Public Financing Authority Meeting Agenda

JUNE 24, 2012
7:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

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Chairman
John S. Lazar

Agency Members
William DeHart, Jr. **Mary Jackson**
Forrest White **Amy Bublak**

City Manager
Roy W. Wasden
City Clerk
Kellie E. Weaver
City Attorney
Phaedra A. Norton

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Turlock Public Financing Authority meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, please contact the City Clerk's Office at (209) 668-5540. The City is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Public Financing Authority on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the Public Financing Authority's consideration of the item.

AGENDA PACKETS: Prior to the Public Financing Authority meeting, a complete Agenda Packet is available for review on the City's website at www.cityofturlock.org and in the City Clerk's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Agency after distribution of the Agenda Packet are also available for public inspection in the City Clerk's Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. CALL TO ORDER

2. CITIZEN PARTICIPATION:

This is the time set aside for members of the public to directly address the Board on any item of interest to the public, before or during the Board's consideration of the item, that is within the subject matter jurisdiction of the Public Financing Authority. You will be allowed three (3) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter.

No action or discussion may be undertaken on any item not appearing on the posted agenda, except that Board may refer the matter to staff or request it be placed on a future agenda.

3. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:

4. CONSENT CALENDAR:

Information concerning the consent items listed hereinbelow has been forwarded to each Board Members prior to this meeting for study. Unless the Chairman, a Board Member or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the consent items is set forth in the explanation of the individual items.

A. *Motion*: Accepting Minutes of Regular Meeting of January 10, 2012

5. SCHEDULED MATTERS:

A. Request to authorizing the Issuance and Sale of Turlock Public Financing Authority Sewer Revenue Bonds, Series 2012, in an aggregate principal amount not to exceed: (a) in the event that no debt service reserve fund is funded for the bonds, $60,000,000; or (b) in the event that a debt service reserve fund is funded for the bonds, $65,000,000; Approve the Form of and authorize the Execution and Delivery of an Indenture, a Master Installment Purchase Agreement, a 2012 Supplement thereto, a Bond Purchase Contract and an Official Statement relating to an Installment Purchase Financing; and Approve certain actions in connection therewith. *(Lorenzi)*

Recommended Action:
Resolution: Authorizing the Issuance and Sale of Turlock Public Financing Authority Sewer Revenue Bonds, Series 2012, in an aggregate principal amount not to exceed: (a) in the event that no debt service reserve fund is funded for the bonds, $60,000,000; or (b) in the event that a debt service reserve fund is funded for the bonds, $65,000,000; Approving the Form of and Authorizing the Execution and Delivery of an Indenture, a Master Installment Purchase Agreement, a 2012 Supplement thereto, a Bond Purchase Contract and an Official Statement relating to an Installment Purchase Financing; and Approving certain actions in connection therewith

6. ADJOURNMENT

DRAFT

4A

JANUARY 10, 2012
7:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

MINUTES
Regular Meeting
Turlock Public Financing Authority

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1. **CALL TO ORDER** – Mayor Lazar called the meeting to order at 8:45 p.m.
   PRESENT: Agency Members Amy Bublak, Bill DeHart, Mary Jackson, Forrest White and Chairman Lazar
   ABSENT: None

2. **PUBLIC PARTICIPATION:** None

3. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS**: None

4. **CONSENT CALENDAR:**
   Action: Motion by Agency Member Bublak, seconded by Agency Member DeHart, and unanimously carried to adopt the consent calendar as follows:

   A. *Motion*: Accepting Minutes of Regular Meeting of September 13, 2011

5. **SCHEDULED MATTERS:**

   A. Interim Assistant to the City Manager/Regulatory Affairs Manager Michael Cooke presented the staff report on the request to affirm the City Manager's election to participate in an out-of-court settlement agreement between Bank of America and 28 State Attorneys General, including the California Attorney General, regarding the marking of municipal bond derivatives between 1998 and 2003.

   Mayor Lazar asked for public comment. No one spoke. Mayor Lazar closed public comment.

   Action: Motion by Agency Member Jackson, seconded by Agency Member DeHart, Affirming the City Manager's election to participate in and out-of-court settlement agreement between Bank of America and 28 State Attorneys General, including the California Attorney General, regarding the marking of municipal bond derivatives between 1998 and 2003. Motion carried unanimously.

6. **ADJOURNMENT**

   Mayor Lazar adjourned the meeting at 8:46 p.m.

RESPECTFULLY SUBMITTED

Kellie E. Weaver
City Clerk

DRAFT

5A

Turlock Public Financing Authority Synopsis

July 24, 2012

From: Dan Madden, Municipal Services Director

Prepared by: Marie Lorenzi, Senior Accountant

Agendized by: Roy Wasden, City Manager

1. ACTION RECOMMENDED:

Resolution: Authorizing the Issuance and Sale of Turlock Public Financing Authority Sewer Revenue Bonds, Series 2012, in an aggregate principal amount not to exceed: (a) in the event that no debt service reserve fund is funded for the bonds, $60,000,000; or (b) in the event that a debt service reserve fund is funded for the bonds, $65,000,000; Approving the Form of and Authorizing the Execution and Delivery of an Indenture, a Master Installment Purchase Agreement, a 2012 Supplement thereto, a Bond Purchase Contract and an Official Statement relating to an Installment Purchase Financing; and Approving certain actions in connection therewith

2. DISCUSSION OF ISSUE:

As has occurred with other debt issuances, the Turlock Public Financing Authority is the legal entity through which the City issues debt. At this time the Authority's Board is being asked to approve documents related to the refunding (refinancing) of the outstanding 1999 and 2003 Sewer Revenue Bonds.

In 1999 and 2003 the Turlock Public Financing Authority issued Sewer Revenue Bonds, the proceeds of which were loaned to the City to be used to construct improvements related to the City's Regional Water Quality Control Facility. Sewer system revenues were pledged as the repayment source for both these bond issuances. As of June 30, 2012, the outstanding principal related to these bonds is $16,470,000 for the 1999 Bonds and $43,355,000 for the 2003 Bonds. The interest costs for both these bonds is significantly higher than current market interest rates and Staff is proposing the refunding of the outstanding bonds to take advantage of the near historic low interest rate environment.

In order to proceed with this refunding, the following documents are before Authority's Board for approval. The same documents are also before the Turlock City Council for approval.

- ✓ Indenture between the Turlock Public Financing Authority and U.S. Bank National Association (City's third party trustee);
- ✓ Master Installment Purchase Agreement between the City of Turlock and the Turlock Public Financing Authority;
- ✓ 2012 Supplement to the Master Installment Purchase Agreement between the City of Turlock and the Turlock Public Financing Authority;

- ✓ Bond Purchase Contract among E.J. De La Rosa, Co. (underwriter), the Turlock Public Financing Authority and the City of Turlock;
- ✓ Continuing Disclosure Agreement between the City of Turlock and U.S. Bank National Association; and
- ✓ Official Statement

Under the Indenture, the Authority Board is also being asked to appoint U.S. Bank National Association as trustee. U.S. Bank is the trustee for all other outstanding bonds issued by the Authority and Staff recommends the continuation of this relationship.

The City's bond counsel has reviewed and approved all the pertinent documents before the City and the Authority for approval. It should be noted that these documents are in what is commonly referred to as "substantially complete form". This means that there are still blanks to fill in which cannot be completed until the bonds are sold. If any changes effect the financial parameters outlined in the Resolution before the Authority, these changes will be brought back before the Authority Board and the City Council for further discussion and direction.

3. BASIS FOR RECOMMENDATION:

As noted above, the current interest rate environment is at near historic low levels. The refunding of the outstanding bonds would allow the Authority and City to take advantage of this environment. In addition, the current Sewer Revenue Bond documents were first drafted in the 1990's. Since the proposal before the Authority is to refinance all of the outstanding Sewer Revenue Bonds, we also have the option to update some outdated provisions of the bonds documents.

4. FISCAL IMPACT / BUDGET AMENDMENT:

The current coupon rates for the outstanding 1999 and 2003 Bonds range from 4.00% to 5.5% with the higher interest rates being for the later maturities. The 1999 Bonds currently mature in September 2029 and the 2003 Bonds currently mature in September 2033. Current combined annual debt service on the two bonds is just under $4.8 million.

The refunding proposes coupon rates ranging from 2% to 5%. The all in interest rate for the refunding is 3.41% which is 1.67% below the 5.08% average interest cost for the existing bonds. The final maturity for these bonds would be March 2034 and the annual debt service would approximate $4 million for the next 12 years and then would decrease to varying amounts for the final 9 years the refunding bonds are outstanding. When this debt service is combined with the debt service requirements of the State Revolving Fund (SRF) loans recently entered into for the construction of the Harding Drain Bypass project and for improvements to various treatment processes at the RWQCF, total debt service will approximate $6.8 million when the repayment for the SRF loans begins in fiscal 2014-15.

Based on the proposed interest rates, the refunding will provide current annual savings of approximately $750,000 in debt service payments. The overall net present value savings over the life of the outstanding bonds (including the lost interest earnings on the debt service reserve funds) is projected to be just under $4 million.

Attached to this Synopsis are schedules showing the current debt service requirements through maturity and the proposed debt service requirements. Debt service payments are included in the annual operating budget for Water Quality Control (Fund 410). The costs of issuance will be paid out of proceeds from the Sewer Revenue Bonds.

The Authority is being asked to approve a bond principal amount (par) not to exceed (a) $60,000,000 in the event that no debt service reserve fund is funded for the bonds; or (b) $65,000,000 in the event that a debt service reserve fund is funded for the bonds with a true interest cost that does not exceed 4%. The purpose for setting the maximum par and interest rate higher than the currently projected amount needed is so that in the event market conditions change between now and the time of pricing, which is currently planned for August 21, 2012, this item does not need to be brought back to the Authority for further consideration and direction in order to proceed with the issuance.

5. CITY MANAGER COMMENTS:

Recommend approval

6. ENVIRONMENTAL DETERMINATION:

Not applicable at this point in the process.

7. ALTERNATIVES:

No alternative is recommended since the refunding proposal reduces overall and annual costs for The Water Quality Control (Fund 410) budget.

City of Turlock

Current Debt Service Supported by Sewer System Revenues

Debt Service for 1999 and 2003 Revenue Bonds				Debt Service for SRF Loans			
Pmt Date	Prin Pmt	Int Pmt	Fiscal Year Total	Pmt Date	$20 m Principal	$24 m Principal	Grand Total
15-Mar-12							
15-Sep-12	1,810,000.00	1,499,320.00					
15-Mar-13		1,459,820.00	4,769,140.00				4,769,140.00
15-Sep-13	1,900,000.00	1,459,820.00					
15-Mar-14		1,411,970.00	4,771,790.00				4,771,790.00
15-Sep-14	1,995,000.00	1,411,970.00					
15-Mar-15		1,367,305.62	4,774,275.62	15-Feb-15	1,280,754.65	1,539,969.88	7,595,000.15
15-Sep-15	2,085,000.00	1,367,305.62					
15-Mar-16		1,319,124.38	4,771,430.00	15-Feb-16	1,280,754.65	1,539,969.88	7,592,154.53
15-Sep-16	2,190,000.00	1,319,124.38					
15-Mar-17		1,268,144.37	4,777,268.75	15-Feb-17	1,280,754.65	1,539,969.88	7,597,993.28
15-Sep-17	2,290,000.00	1,268,144.38					
15-Mar-18		1,213,894.37	4,772,038.75	15-Feb-18	1,280,754.65	1,539,969.88	7,592,763.28
15-Sep-18	2,400,000.00	1,213,894.38					
15-Mar-19		1,155,935.00	4,769,829.38	15-Feb-19	1,280,754.65	1,539,969.88	7,590,553.91
15-Sep-19	2,520,000.00	1,155,935.00					
15-Mar-20		1,091,025.00	4,766,960.00	15-Feb-20	1,280,754.65	1,539,969.88	7,587,684.53
15-Sep-20	2,660,000.00	1,091,025.00					
15-Mar-21		1,022,000.00	4,773,025.00	15-Feb-21	1,280,754.65	1,539,969.88	7,593,749.53
15-Sep-21	2,795,000.00	1,022,000.00					
15-Mar-22		949,462.50	4,766,462.50	15-Feb-22	1,280,754.65	1,539,969.88	7,587,187.03
15-Sep-22	2,950,000.00	949,462.50					
15-Mar-23		872,887.50	4,772,350.00	15-Feb-23	1,280,754.65	1,539,969.88	7,593,074.53
15-Sep-23	3,105,000.00	872,887.50					
15-Mar-24		792,287.50	4,770,175.00	15-Feb-24	1,280,754.65	1,539,969.88	7,590,899.53
15-Sep-24	3,270,000.00	792,287.50					
15-Mar-25		707,387.50	4,769,675.00	15-Feb-25	1,280,754.65	1,539,969.88	7,590,399.53
15-Sep-25	2,900,000.00	707,387.50					
15-Mar-26		632,925.00	4,240,312.50	15-Feb-26	1,280,754.65	1,539,969.88	7,061,037.03
15-Sep-26	3,055,000.00	632,925.00					
15-Mar-27		554,475.00	4,242,400.00	15-Feb-27	1,280,754.65	1,539,969.88	7,063,124.53
15-Sep-27	3,220,000.00	554,475.00					
15-Mar-28		471,775.00	4,246,250.00	15-Feb-28	1,280,754.65	1,539,969.88	7,066,974.53
15-Sep-28	3,390,000.00	471,775.00					
15-Mar-29		384,700.00	4,246,475.00	15-Feb-29	1,280,754.65	1,539,969.88	7,067,199.53
15-Sep-29	3,565,000.00	384,700.00					
15-Mar-30		293,125.00	4,242,825.00	15-Feb-30	1,280,754.65	1,539,969.88	7,063,549.53
15-Sep-30	2,715,000.00	293,125.00					
15-Mar-31		225,250.00	3,233,375.00	15-Feb-31	1,280,754.65	1,539,969.88	6,054,099.53
15-Sep-31	2,855,000.00	225,250.00					
15-Mar-32		153,875.00	3,234,125.00	15-Feb-32	1,280,754.65	1,539,969.88	6,054,849.53
15-Sep-32	3,000,000.00	153,875.00					
15-Mar-33		78,875.00	3,232,750.00	15-Feb-33	1,280,754.65	1,539,969.88	6,053,474.53
15-Sep-33	3,155,000.00	78,875.00					
			3,233,875.00	15-Feb-34	1,280,754.56	1,539,969.84	6,054,599.40
Total	59,825,000.00	36,351,807.50	96,176,807.50		25,615,092.91	30,799,397.56	152,591,297.97

Outstanding Principal - June 30, 2012

1999 Bonds	$16,470,000.00
2003 Bonds	$43,355,000.00
	$59,825,000.00

City of Turlock

Proposed Debt Service Supported by Sewer System Revenues

Debt Service for 2012 Revenue Bonds				Debt Service for SRF Loans			
Pmt Date	Prin Pmt	Int Pmt	Fiscal Year Total	Pmt Date	$20 m Principal	$24 m Principal	Grand Total
15-Mar-13		1,131,952.50	1,131,952.50				1,131,952.50
15-Sep-13		1,078,050.00					
15-Mar-14	1,835,000.00	1,078,050.00	3,991,100.00				3,991,100.00
15-Sep-14		1,059,700.00					
15-Mar-15	1,880,000.00	1,059,700.00	3,999,400.00	15-Feb-15	1,280,754.65	1,539,969.88	6,820,124.53
15-Sep-15		1,031,500.00					
15-Mar-16	1,930,000.00	1,031,500.00	3,993,000.00	15-Feb-16	1,280,754.65	1,539,969.88	6,813,724.53
15-Sep-16		1,002,550.00					
15-Mar-17	1,995,000.00	1,002,550.00	4,000,100.00	15-Feb-17	1,280,754.65	1,539,969.88	6,820,824.53
15-Sep-17		972,625.00					
15-Mar-18	2,050,000.00	972,625.00	3,995,250.00	15-Feb-18	1,280,754.65	1,539,969.88	6,815,974.53
15-Sep-18		931,625.00					
15-Mar-19	2,125,000.00	931,625.00	3,988,250.00	15-Feb-19	1,280,754.65	1,539,969.88	6,808,974.53
15-Sep-19		889,125.00					
15-Mar-20	2,210,000.00	889,125.00	3,988,250.00	15-Feb-20	1,280,754.65	1,539,969.88	6,808,974.53
15-Sep-20		844,925.00					
15-Mar-21	2,305,000.00	844,925.00	3,994,850.00	15-Feb-21	1,280,754.65	1,539,969.88	6,815,574.53
15-Sep-21		798,825.00					
15-Mar-22	2,390,000.00	798,825.00	3,987,650.00	15-Feb-22	1,280,754.65	1,539,969.88	6,808,374.53
15-Sep-22		751,025.00					
15-Mar-23	2,495,000.00	751,025.00	3,997,050.00	15-Feb-23	1,280,754.65	1,539,969.88	6,817,774.53
15-Sep-23		701,125.00					
15-Mar-24	2,585,000.00	701,125.00	3,987,250.00	15-Feb-24	1,280,754.65	1,539,969.88	6,807,974.53
15-Sep-24		636,500.00					
15-Mar-25	2,715,000.00	636,500.00	3,988,000.00	15-Feb-25	1,280,754.65	1,539,969.88	6,808,724.53
15-Sep-25		568,625.00					
15-Mar-26	2,325,000.00	568,625.00	3,462,250.00	15-Feb-26	1,280,754.65	1,539,969.88	6,282,974.53
15-Sep-26		510,500.00					
15-Mar-27	2,440,000.00	510,500.00	3,461,000.00	15-Feb-27	1,280,754.65	1,539,969.88	6,281,724.53
15-Sep-27		449,500.00					
15-Mar-28	2,570,000.00	449,500.00	3,469,000.00	15-Feb-28	1,280,754.65	1,539,969.88	6,289,724.53
15-Sep-28		385,250.00					
15-Mar-29	2,695,000.00	385,250.00	3,465,500.00	15-Feb-29	1,280,754.65	1,539,969.88	6,286,224.53
15-Sep-29		317,875.00					
15-Mar-30	2,825,000.00	317,875.00	3,460,750.00	15-Feb-30	1,280,754.65	1,539,969.88	6,281,474.53
15-Sep-30		247,250.00					
15-Mar-31	2,295,000.00	247,250.00	2,789,500.00	15-Feb-31	1,280,754.65	1,539,969.88	5,610,224.53
15-Sep-31		189,875.00					
15-Mar-32	2,410,000.00	189,875.00	2,789,750.00	15-Feb-32	1,280,754.65	1,539,969.88	5,610,474.53
15-Sep-32		129,625.00					
15-Mar-33	2,530,000.00	129,625.00	2,789,250.00	15-Feb-33	1,280,754.65	1,539,969.88	5,609,974.53
15-Sep-33		66,375.00					
15-Mar-34	2,655,000.00	66,375.00	2,787,750.00	15-Feb-34	1,280,754.56	1,539,969.84	5,608,474.40
Total	49,260,000.00	28,256,852.50	77,516,852.50		25,615,092.91	30,799,397.56	133,931,342.97

Outstanding Principal - June 30, 2012

1999 Bonds	$16,470,000.00
2003 Bonds	$43,355,000.00
	$59,825,000.00

BEFORE THE BOARD OF DIRECTORS OF THE TURLOCK PUBLIC FINANCING AUTHORITY

IN THE MATTER OF AUTHORIZING THE ISSUANCE AND SALE OF TURLOCK PUBLIC FINANCING AUTHORITY SEWER REVENUE BONDS, SERIES 2012, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED: (A) IN THE EVENT THAT NO DEBT SERVICE RESERVE FUND IS FUNDED FOR THE BONDS, $60,000,000; OR (B) IN THE EVENT THAT A DEBT SERVICE RESERVE FUND IS FUNDED FOR THE BONDS, $65,000,000; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A MASTER INSTALLMENT PURCHASE AGREEMENT, A 2012 SUPPLEMENT THERETO, A BOND PURCHASE CONTRACT AND AN OFFICIAL STATEMENT RELATING TO AN INSTALLMENT PURCHASE FINANCING; AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH	}	**RESOLUTION NO. PFA 2012 -**

WHEREAS, the City of Turlock (the "City") and the former Turlock Redevelopment Agency entered into a Joint Exercise of Powers Agreement establishing the Turlock Public Financing Authority (the "Authority"), a California joint exercise of powers entity duly organized to provide financial assistance to the City; and

WHEREAS, the City has previously acquired, constructed, installed and improved its sewer system (the "Project"); and

WHEREAS, in order to effect such acquisition, construction, installation and improvement, the Authority has previously sold components of the Project to the City pursuant to a Master Installment Purchase Agreement, dated as of September 1, 1999 (as supplemented and amended, the "Prior Installment Purchase Agreement"); and

WHEREAS, to provide funds for the purchase of various components of the Project, in order that such components of the Project could be sold to the City pursuant to the Prior Installment Purchase Agreement, the Authority previously issued its Sewer Revenue Bonds, Series 1999 and its Sewer Revenue Bonds, Series 2003A (collectively, the "Prior Bonds"); and

WHEREAS, the Authority and the City now desire to refinance the outstanding payments for the purchase of the components of the Project previously sold by the Authority to the City pursuant to the Prior Installment Purchase Agreement by refunding the outstanding Prior Bonds;

WHEREAS, in order to effectuate such refunding, the City proposes to purchase such components of the Project from the Authority pursuant to a new Master Installment Purchase Agreement (the "Installment Purchase Agreement"), as supplemented by a 2012 Supplement

thereto (the "2012 Supplement") and as subsequently amended and supplemented from time to time; and

WHEREAS, under the Installment Purchase Agreement and the 2012 Supplement, the City will be obligated to make installment payments to the Authority for the purchase of such components of the Project; and

WHEREAS, to provide funds to refinance the outstanding payments under the Prior Installment Purchase Agreement and refund the outstanding Prior Bonds, the Authority desires to issue its Sewer Revenue Bonds, Series 2012 (the "Bonds"); and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the repayment thereof, it is proposed that the Authority and U.S. Bank National Association (the "Trustee") enter into an Indenture (the "Indenture");

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Turlock Public Financing Authority as follows:

Section 1. The issuance of the Bonds in the aggregate principal amount of not to exceed: (a) in the event that no debt service reserve fund is funded for the Bonds, $60,000,000; or (b) in the event that a debt service reserve fund is funded for the Bonds, $65,000,000, on the terms and conditions set forth in and subject to the limitations specified in the Indenture, is hereby authorized and approved. The Bonds are authorized to be executed for and in the name and on behalf of the Authority by the manual or facsimile signature of the Chair or Executive Director of the Authority and attested to by the manual or facsimile signature of the Secretary of the Authority. The Bonds, when so executed and attested, are authorized to be delivered to the Trustee for authentication.

Section 2. The form of Indenture, a copy of which is on file in the office of the Secretary of the Authority or his or her designee (the "Secretary") and submitted to this meeting, is hereby approved. The Chair or the Executive Director and the designees of any of them (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute the Indenture, and the Secretary is authorized to attest thereto, with such additions and changes therein (including, but not limited to, any additions or changes necessary to provide for the funding of a debt service reserve fund for the Bonds) as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of Master Installment Purchase Agreement, a copy of which is on file in the office of the Secretary and submitted to this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute the Master Installment Purchase Agreement, and the Secretary is authorized to attest thereto, with such additions and changes therein (including, but not limited to, any additions or changes necessary to provide for the funding of a debt service reserve fund for the Bonds) as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of the 2012 Supplement, a copy of which is on file in the office of the Secretary and submitted to this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the 2012 Supplement, and the Secretary is authorized to attest thereto, with such additions and changes therein (including, but not limited to, any additions or changes necessary to provide for the funding of a debt service reserve fund for the Bonds) as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the installment payments to be contained in the 2012 Supplement shall be determined or approved by the Executive Director of the Authority or the designee thereof (the "Executive Director") upon the sale of the Bonds, but the principal portion thereof shall not exceed: (a) in the event that no debt service reserve fund is funded for the Bonds, $60,000,000 in aggregate principal amount; or (b) in the event that a debt service reserve fund is funded for the Bonds, $65,000,000 in aggregate principal amount and, in either case, shall be for a term ending not later than March 15, 2034.

Section 5. The form of Bond Purchase Contract relating to the sale of the Bonds (the "Bond Purchase Contract"), among the underwriter named therein (the "Underwriter"), the Authority and the City, a copy of which is on file in the office of the Secretary and submitted to this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Contract, and the Secretary is authorized to attest thereto, with such additions and changes therein (including, but not limited to, any additions or changes necessary to provide for the funding of a debt service reserve fund for the Bonds) as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the Bonds shall bear interest at a true interest cost not to exceed 4.00% per annum and the Bond Purchase Contract shall provide for an underwriter's discount of not more than 0.50% of the principal amount of the Bonds.

Section 6. The form of the preliminary official statement relating to the Bonds (the "Preliminary Official Statement"), a copy of which is on file in the office of the Secretary and submitted to this meeting, is hereby approved, with such additions and changes (including, but not limited to, any additions or changes necessary to provide for the funding of a debt service reserve fund for the Bonds) as may be approved, with the advice of counsel, by any Authorized Officer. The Authorized Officers, each acting alone, are hereby authorized on behalf of the Authority to certify to potential purchasers of the Bonds that the Preliminary Official Statement is deemed "final" (as it relates to the Authority) for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver to the Authority and the Underwriter a final Official Statement (the "Official Statement") in substantially the form of the Preliminary Official Statement, with such additions and changes (including, but not limited to, any additions or changes necessary to provide for the funding of a reserve fund for the Bonds) as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution of said Official Statement. The printing, delivery and distribution of the Preliminary Official Statement and the Official Statement is hereby approved, and the Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement and the Official Statement to persons who may be interested in the purchase of the Bonds and is directed to deliver copies of the Official Statement to all purchasers of the Bonds.

Section 7. All actions heretofore taken by any officers, employees or agents of the Authority with respect to the issuance, delivery or sale of the Bonds, or in connection with or related to any of the documents referenced herein or the refinancing of the portions of the Project financed with the proceeds of the Prior Bonds, are hereby approved, confirmed and ratified; and the Authorized Officers are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents (including but not limited to a Tax Certificate and Agreement and any escrow agreements), which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds, the disbursement of proceeds thereof in accordance with this Resolution and the refunding of the outstanding Prior Bonds.

Section 8. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Turlock Public Financing Authority this 24th day of July, 2012 by the following vote:

AYES:
NOES:
ABSTAIN:
NOT PARTICIPATING:
ABSENT

ATTEST:

_____
Kellie E. Weaver
Secretary, Turlock Public Financing Authority,
County of Stanislaus, State of California

See Item 8A
for supporting backup