County of Monterey

Item No.

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

Legistar File Number: RES 26-027

February 10, 2026

Introduced: 1/30/2026 **Current Status:** Agenda Ready

Version: 1 **Matter Type:** BoS Resolution

a. Adopt a Resolution approving the forms of and authorizing the execution and delivery of a Site Lease, Lease Agreement, Trust Agreement, Escrow Agreement, Certificate Purchase Agreement, and a Continuing Disclosure Certificate in connection with the offering and sale of the County of Monterey 2026 Refunding Certificates of Participation (Public Facilities Refinancing) (the "2026 COPs"), and authorizing the distribution of an Official Statement and an Official Notice of Sale in connection therewith and authorizing execution of necessary documents, certificates, and certain other related actions; and
b. Direct the Authorized Officers and the officers and employees of the County the authority to amend and execute documents, determine appropriateness of bond terms and conditions, and to carry out, give effect to, and comply with the terms and intent of this Resolution.

RECOMMENDATION:
It is recommended that the Board of Supervisors:
a. Adopt a Resolution approving the forms of and authorizing the execution and delivery of a Site Lease, Lease Agreement, Trust Agreement, Escrow Agreement, Certificate Purchase Agreement, and a Continuing Disclosure Certificate in connection with the offering and sale of the County of Monterey Certificates of Participation (2026 Public Facilities Refinancing) (the "2026 COPs"), and authorizing the distribution of an Official Statement and an Official Notice of Sale in connection therewith and authorizing execution of necessary documents, certificates, and certain other related actions; and
b. Direct the Authorized Officers and the officers and employees of the County the authority to amend and execute documents, determine appropriateness of bond terms and conditions, and to carry out, give effect to, and comply with the terms and intent of this Resolution.

SUMMARY:
Given favorable conditions in the municipal market and a low interest rate environment, the County Administrative Office has been monitoring debt service savings opportunities associated with the County of Monterey Certificates of Participation 2015 Issuace "COPs". It is estimated that refunding the COPs will result in approximately $3.23 million in gross cash flow savings, or approximately $2.43 million of net present value savings (which equates to 6.21% of the par amount of refunded 2015 COPs), based on current market conditions. Given the dynamic nature of the interest rate market, the actual refinancing savings may vary depending on the municipal market conditions at the time of pricing, which is scheduled to occur in late February 2026. Because the feasibility and value of a refunding are completely dependent on municipal market yields, this authorization is requested now to enable the County to move quickly to maximize savings, when yields are favorable.

DISCUSSION:

In 2015, the County issued $48.44 million of (Tax Exempt) Certificates of Participation (2015 Public Facilities Financing) (the "2015 COPs"). The 2015 COPs were issued to fund the renovations and tenant improvements of the County's Schilling Campus. The COPs were callable on October 1, 2025, at a redemption price of 100 percent (no premium) and eligible for a current refunding beginning on July 3, 2025 (90 days before the call date). The municipal market continues to perform strong and demand for Monterey County transactions is favorable. All outstanding callable maturities of the 2015 COPs will be refunded.

Based on current market conditions, the refunding is estimated to reduce total debt service payments over the next twenty years (2026-2046) by approximately $3.23 million. The refinancing is expected to create approximately $160,000 in annual budgetary savings.

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Board by the County's financing team. The distribution of the Preliminary Official Statement by the County and the Corporation is subject to the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Refunding Certificates. Information is "material information" if there is a substantial likelihood it would have actual significance in the deliberations of a reasonable investor when deciding whether to buy or sell securities. The resolution approves the Preliminary Official Statement, and delegates to staff (a) the ability to make additional changes if needed, and (b) to sign a certificate on behalf of the County that deems the Preliminary Official Statement final for purposes of the federal securities laws.

The Securities and Exchange Commission (SEC), the federal agency with regulatory authority over compliance with the federal securities laws, has indicated that, if a member of a legislative body like the Board of Supervisors has knowledge of any facts or circumstances that an investor would want to know about prior to investing in securities like the Refunding Certificates, whether relating to the County and its financial status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. The steps that a member of the Board of Supervisors could take to fulfill this obligation include becoming familiar with the Preliminary Official Statement and questioning staff and other members of the financing team about the disclosure of such facts.

The attached Board Resolution authorizes the execution and delivery of the Refunding Certificates and related financing and sale documents, and provide that the Refunding Certificates may only be sold if the principal amount does not exceed $41,000,000.00, the term of the Lease Agreement does not extend beyond October 1, 2045 (except for an extension in the event of nonpayment of Lease Payments), and the net present value interest rate savings with respect to the refinancing of the Prior Certificates is at least 3.0% (as provided in the County of Monterey Public Finance Policy dated July 25, 2017).

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:
The Auditor-Controller, Treasurer-Tax Collector, and County Counsel, are working with the County Administrative Office and the County of Montery Public Improvement Corporation on the 2026 COPs transaction.

FINANCING:
It is estimated that refinancing the 2015 COPs and issuance of the 2026 COPs will result in approximately $3.23 million in gross cash flow savings, or approximately $2.43 million of net present value savings (which equates to 6.21% of the par amount of refunded 2015 COPs), based on current market conditions. All costs of issuance will be paid from bond proceeds.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:
The issuance of COPs to refinance the 2015 COPs correlates with the Board's Administration policy area. Refinancing is estimated to create $3.23 million in gross cash flow savings, or approximately $2.43 million of net present value savings, which equates to 6.21% of the par amount of refunded 2015 COPs, thus advancing the County's commitment to achieve a balanced budget that sustains core services and efficiently allocates resources.

Mark a check to the related Board of Supervisors Strategic Plan Goals:
____ Well-Being and Quality of Life
____ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
____ Diverse and Thriving Economy
_X_ Administrative

Link to the Strategic Plan:
<https://www.countyofmonterey.gov/home/showdocument?id=139569>

Prepared and approved by: Michael Beaton, Assistant County Administrative Officer, ext. 3835

Attachments:
County Resolution
Site Lease
Lease Agreement
Assignment Agreement
Trust Agreement
Escrow Agreement
Official Notice of Sale
Certificate Purchase Agreement
Preliminary Official Statement, including Continuing Disclosure Certificate