

EXHIBIT A – Scope of Services

Monterey County Water Resources Agency - Scope of Services

A. Phase I – Development of Financial Model and Funding Strategy

Financial Review

- (i) Review and update analysis of historical financial results;
- (ii) Review of the current year adopted budget (capital and operations) and amendments, if any;
- (iii) Review of the Agency's CIP;
- (iv) Review of fund balances and investments along with expected expenses to determine liquidity levels and amounts available to meet capital expenditures, if any;
- (v) Review the Agency's reserve and debt management policies;
- (vi) Developing a debt capacity analysis; and
- (vii) Evaluating opportunities to refinance outstanding debt.
- (viii) Other tasks as directed by the Agency.

Financial Model and Long-Range Financial Plan

- (i) Update the financial model that reflects an aggregation of the revenues, operational expenses, and capital expenditures of the Agency and its funds to produce a customary revenue-supported cash flow with key credit criteria, such as days cash and debt service coverage as outputs. The model permits us to advise the Agency in connection with (a) revenue requirements, (b) potential sources of capital funding, (c) possible credit rating outcomes, and (d) timing for the execution of debt. The financial model will meet the requirements of WIFIA and credit rating agencies.
- (ii) Review the debt structures incorporated into the financial model, including but not limited to traditional municipal securities, loans through the California State Water Resources Control Board, loans through the Water Infrastructure and Finance Innovation Act ("WIFIA") program and cash from reserves or from future cash flow. Our analysis will examine the benefits and drawbacks of each of the municipal securities.
- (iii) Develop an overview of a financial plan that will provide approximate timing and amounts to be borrowed and identify the securities to be used to generate proceeds for the CIP.
- (iv) Create, or revise as necessary, debt management and reserve policies that provide a practical approach to supporting the implementation of the long-range financial plan.
- (v) If directed by the Agency, draft a long-range financial plan ("LRFP") document in addition to the financial model, that accurately reflects the LRFP.
- (vi) Recommend a specific course of action to secure the funding of the CIP.
- (vii) Other tasks as directed by the Agency.

B. Phase II – Analysis of Funding Options

- (i) Work with the Agency’s legal team to develop financial covenants which will be intended to optimize the Agency’s credit rating, if possible.
- (ii) Work with the Agency’s legal team to develop a revenue pledge for a proposed issuance of debt.
- (iii) Obtain indicative credit ratings for multiple funding options.
- (iv) Assist with outreach committees or discussion pertaining to public sentiment for implementation of new taxes and assessments.
- (v) Attend any committee or board meetings, as requested.

C. Phase IIIA – Implementing the Funding Strategy -WIFIA Loan

- (i) Prepare and file with US Environmental Protection Agency, or Army Corps of Engineers letter of interest / application.
- (ii) If selected for WIFIA Funding prepare and apply with the appropriate federal agency the necessary documentation.
- (iii) Obtain a credit rating for the WIFIA Loan.
- (iv) Lead the finance team in negotiating terms and conditions of a WIFIA Loan, including due diligence correspondence.
- (v) Compute Sizing and Design Structure of the WIFIA Loan.
- (vi) Provide Pre-Closing and Closing Assistance.
- (vii) Calculate Additional Debt Test Compliance.
- (viii) Price and close the WIFIA Loan.

Phase IIIB – Implementing the Funding Strategy - SRF Funding

- (ix) Prepare and file with the State Water Resources Control Board (“SWRCB”) an application for a State Revolving Fund Loan (“SRF Loan”).
- (x) If selected for SRF funding prepare the required credit package for SWRCB’s analysis and credit approval.
- (xi) Lead the finance team in negotiating terms and conditions of the SRF Loan.
- (xii) Provide Pre-Closing and Closing Assistance.
- (xiii) Calculate Additional Debt Test Compliance.
- (xiv) Close the SRF Loan.

Phase IIIC – Implementing the Funding Strategy – Tax-Exempt Bonds

- (i) Develop the Financing Schedule.
- (ii) Monitor the Transaction Process.
- (iii) Review the Official Statement, both preliminary and final.
- (iv) Procure and Coordinate Additional Service Providers.

- (v) Provide Financial Advice to the Agency Related to Financing Documents.
- (vi) Compute Sizing and Design Structure of the Debt Issue.
- (vii) Plan and Schedule Rating Agency Presentation.
- (viii) Conduct Credit Enhancement Procurement and Evaluation.
- (ix) Conduct Market Analysis and Evaluate Timing of Market Entry.
- (x) Recommend Award of Debt Issuance and Assist with Pricing Discussions.
- (xi) Provide Pre-Closing and Closing Assistance.
- (xii) Calculate Additional Debt Test Compliance.