



County of Monterey

Board of Supervisors Meeting

February 10, 2026



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Role of the Municipal Advisor

- KNN Public Finance, LLC (KNN) is the County of Monterey’s “Municipal Advisor”.
- Our role is to provide the County with independent, objective analysis and advice to assist the County in making prudent decisions about debt financing. We provide both planning and transaction execution services.
- KNN is a Registered Municipal Advisor with the SEC and MSRB. All advisors are Registered Municipal Representatives (MSRB Series 50).
 - SEC rules assign a fiduciary duty to the Municipal Advisor, including duty of loyalty and duty of care. By law, we must put our clients’ interest ahead of our own.
 - SEC rules require issuers to have an Independent Registered Municipal Advisor (IRMA) under contract in order for broker-dealers to be able to provide tailored ideas or advice, with limited exceptions.
- KNN currently provides Municipal Advisor services to 35 counties in California.
- Today’s meeting is to seek Board of Supervisors approval to move forward with the 2026 Refunding Certificates of Participation to refinance the County’s existing 2015A COPs for present value savings.

The 2015 Certificates of Participation

- The County’s Certificates of Participation (2015 Public Facilities Financing) (the “2015 COPs”) were originally issued to finance the acquisition, construction, and improvements to 1441 Schilling Place and renovations to the Courthouse Complex.
 - The 2015 COPs were issued with a financing term of 30 years.
- The 2015 COPs are callable with no pre-payment penalty as of October 1, 2025 on any date.
- The following properties currently serve as the leased facilities under the 2015 COPs:
 - The Schilling Place Complex
 - Courthouse Complex

Maturity Date	Principal Amount	Coupon
10/1/2026	1,200,000	5.00%
10/1/2027	1,265,000	5.00%
10/1/2028	1,330,000	5.00%
10/1/2029	1,395,000	5.00%
10/1/2030	1,465,000	5.00%
10/1/2031	1,540,000	5.00%
10/1/2032	1,620,000	5.00%
10/1/2033	1,695,000	3.625%
10/1/2034	1,765,000	5.00%
10/1/2035	1,860,000	5.00%
10/1/2038*	6,170,000	5.00%
9/1/2045*	<u>17,880,000</u>	4.00%
Total:	\$39,185,000	

* Term bonds.

The 2026 Refunding Certificates of Participation

- The 2026 Refunding Certificates of Participation (“2026 COPs”) will refund all of the 2015 COPs for present value savings.
- The 2026 COPs will match the existing final maturity of the 2015 COPs and be structured to generate the same dollar amount of savings in each fiscal year, starting with FY2026-27.
- The leased facility will consist of only the South Building of the Schilling Place complex.
- The County’s adopted Debt Management Policy contains a minimum 3.0% present value savings threshold.

Sources:	
Par Amount:	\$34,980,000
Bond Premium:	<u>4,660,512</u>
Total Sources:	\$39,640,512
Uses	
Refunding Escrow Deposit: ¹	\$39,210,574
Cost of Issuance: ²	250,000
Underwriter's Discount: ³	174,900
Bond Rounding:	<u>5,038</u>
Total Uses:	\$39,640,512
True Interest Cost: ⁴	3.59%
Total Gross Savings:	\$3,233,012
Average Annual Gross Savings:	\$161,651
Present Value Savings (\$): ⁵	\$2,432,994
Present Value Savings (%): ⁵	6.21%

Footnotes

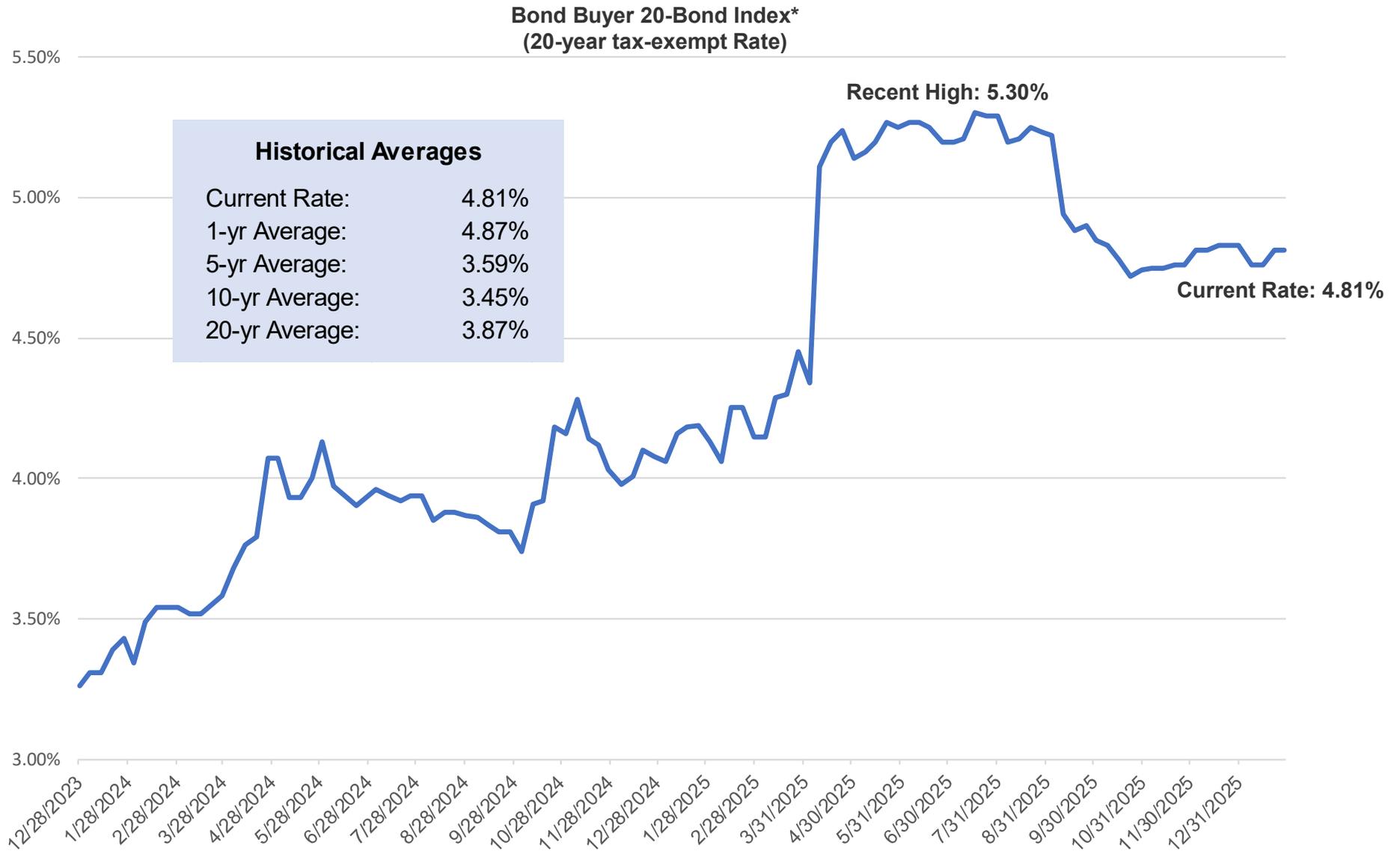
1. Assumes purchase of SLGS securities to fund escrow, rate as of January 14, 2026.
2. Costs of issuance includes estimated fees for bond and disclosure counsel, municipal advisor, rating agency, trustee, financial printer, verification agent, etc.
3. Underwriter’s Discount assumed at \$5.00 per \$1,000 of bond par amount.
4. Reflects market conditions for “AA” category COPs as of January 14, 2026. Preliminary and subject to change.
5. Present values calculated at arbitrage yield of 2026 COPs, estimated to be 3.08%.

Estimated Cash Flow Savings

Fiscal Yr. Ending	Existing 2015 COP Payments	Estimated 2026 Refunding Payments	Gross Savings	Present Value Savings ¹
2027	\$2,927,144	\$2,767,875	\$159,269	\$156,854
2028	2,930,519	2,769,250	161,269	154,109
2029	2,930,644	2,767,875	162,769	150,928
2030	2,927,519	2,763,750	163,769	147,353
2031	2,926,019	2,766,625	159,394	139,173
2032	2,925,894	2,766,250	159,644	135,265
2033	2,926,894	2,762,625	164,269	135,058
2034	2,930,672	2,770,375	160,297	127,762
2035	2,925,825	2,764,375	161,450	124,873
2036	2,930,200	2,769,500	160,700	120,620
2037	2,929,825	2,770,375	159,450	116,151
2038	2,929,575	2,767,000	162,575	114,925
2039	2,929,200	2,769,125	160,075	109,829
2040	2,930,000	2,766,500	163,500	108,748
2041	2,927,800	2,764,000	163,800	105,618
2042	2,926,900	2,766,250	160,650	100,421
2043	2,927,100	2,763,000	164,100	99,422
2044	2,928,200	2,764,000	164,200	96,421
2045	2,930,000	2,768,750	161,250	91,768
2046	2,917,833	2,757,250	160,583	92,657
Total:	\$58,557,762	\$55,324,750	\$3,233,012	\$2,427,956
			Plus Rounding:	\$5,038
			Total PV Savings:	\$2,432,994

1. Present values calculated at arbitrage yield of 2026 COPs, estimated to be 3.08%.

Tax-Exempt Interest Rate Environment



Source: *The Bond Buyer*.

*General obligation bonds maturing in 20 years are used in compiling the indexes. The 20-bond index has an average rating equivalent to Moody's Aa2 and S&P's AA.

Next Steps

- Tuesday, February 10th: Board of Supervisors considers financing Resolution
- Thursday, February 12th: Meeting with Standard & Poor's
- Week of February 23rd: Receive credit rating, post Preliminary Official Statement
- Week of March 2nd: Competitive pricing
- Thursday, April 2nd: Closing of financing.

Appendix

