

RESOLUTION NO. ___-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTEREY COUNTY FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF AN INDENTURE, AN INSTALLMENT PURCHASE AGREEMENT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF MONTEREY COUNTY FINANCING AUTHORITY 2018 REVENUE REFUNDING BONDS, AUTHORIZING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$28,000,000, AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

RECITALS:

WHEREAS, the Monterey County Water Resources Agency (the “Agency”) previously financed the acquisition, construction and installation of a Salinas River diversion facility and certain spillway modifications at Nacimiento Dam in order to provide the ability to divert Salinas River water into the existing Castroville Seawater Intrusion Project distribution system (the “Project”);

WHEREAS, the Monterey County Financing Authority (the “Authority”) assisted the Agency in financing the Project through the issuance of its Monterey County Financing Authority Revenue Bonds, Series A (Salinas Valley Water Project), dated July 30, 2008 (the “2008 Bonds”);

WHEREAS, the 2008 Bonds are payable from and secured by installment payments (the “2008 Installment Payments”) made by the Agency pursuant to an Installment Purchase Agreement by and between the Agency and the Authority;

WHEREAS, the Agency desires to refinance the Project;

WHEREAS, to provide funds to refinance the Project, prepay all the 2008 Installment Payments and refund all of the 2008 Bonds, the Authority desires to assist the Agency and issue the Monterey County Financing Authority 2018 Revenue Refunding Bonds (the “Bonds”);

WHEREAS, the Bonds will be payable from and secured by installment payments to be made by the Agency pursuant to an Installment Purchase Agreement, by and between the Agency and the Authority (such Installment Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Installment Purchase Agreement”);

WHEREAS, the County has adopted its Debt Management Policy, dated July 25, 2017 (the “Debt Management Policy”), which Debt Management Policy sets forth procedures that shall be followed in connection with all proposed offerings of bonds, notes, or other debt instrument

financings authorized by the County, and any other entity for which the Board, or other County agency, is the governing body, including the Agency;

WHEREAS, the Authority proposes to issue the Bonds pursuant to an indenture by and between the Authority and U.S. Bank National Association, as trustee (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Indenture”);

WHEREAS, the Authority may or may not determine that securing the timely payment of the principal of and interest on the Bonds by obtaining a bond insurance policy with respect thereto would be economically advantageous;

WHEREAS, Raymond James & Associates, Inc. (the “Underwriter”) has presented the Authority and the Agency with a form of Bond Purchase Agreement, by and among the Authority, the Agency and the Underwriter, pursuant to which the Underwriter proposes to purchase the Bonds (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Purchase Agreement”);

WHEREAS, the Bonds are to be offered pursuant to a Preliminary Official Statement (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution being referred to herein as the “Preliminary Official Statement”);

WHEREAS, there have been prepared and submitted to this meeting forms of:

- a) the Indenture;
- b) the Installment Purchase Agreement;
- c) the Purchase Agreement; and
- d) the Preliminary Official Statement; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, the Board of Directors of the Authority (the “Board”) desires to authorize the issuance of the Bonds and the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Monterey County Financing Authority, as follows;

Section 1. Declaration of the Board. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. Bond Authorization. Subject to the provisions of the following paragraph hereof the issuance of the Bonds, in an aggregate principal amount of not to exceed \$28,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved.

Section 3. Indenture. The form of Indenture, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Chair of the Board, or such other member of the Board as the Chair may designate, the Executive Director of the Authority, the Assistant Executive Director of the Authority, the Treasurer of the Authority and the Secretary of the Authority (collectively, the “Authorized Officers”) is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal amount of Bonds shall not exceed \$28,000,000, the final maturity date of the Bonds shall not be later than September 1, 2037 and the net present value savings resulting from the issuance of the Bonds shall be no less than 3% of the principal amount of the 2008 Bonds being refunded.

Section 4. Installment Purchase Agreement. The form of Installment Purchase Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby- directed, for and in the name and on behalf of the Authority, to execute and deliver the Installment Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Installment Purchase Agreement shall not exceed September 1, 2037.

Section 5. Purchase Agreement. The form of Purchase Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Authority, to execute and deliver the Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the Underwriter’s discount for the sale of the Bonds (exclusive of any original issue discount) shall not exceed 0.5% of the initial aggregate principal amount of the Bonds.

Section 6. Preliminary Official Statement. The form of Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set

forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the distribution of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-1 2 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 7. Official Statement. The preparation and delivery of a final Official Statement (the “Official Statement”), and its use in connection with the offering and sale of the Bonds, are hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Authority, to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Authority.

Section 8. General Authority. Each Authorized Officer and any other official of the Authority and their duly authorized designees, deputies and agents are 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, without limitation, an escrow agreement, which they, or any one of them, may deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds, purchase bond insurance or a reserve surety, enter into an investment agreement, and to effectuate the purposes of the documents herein approved in accordance with this Resolution.

Section 9. Ratification of Prior Actions. All actions heretofore taken by the officers and employees of the Authority with respect to the transactions herein authorized above are hereby approved, confirmed and ratified.

Section 10. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Monterey County Financing Authority on _____, 2018.

Chair of the Board of Directors of the
Monterey County Financing Authority

ATTEST:

Secretary of the
Monterey County Financing Authority

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from KNN Public Finance, LLC (the “Municipal Advisor”) with respect to the bonds (the “Bonds”) approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Bonds:

1. *True Interest Cost of the Bonds.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.48%.

2. *Finance Charge of the Bonds.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$582,119.

3. *Amount of Proceeds to be Received.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds less the finance charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$26,153,814.

4. *Total Payment Amount.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds plus the finance charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$36,496,912.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bonds sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the Authority based on need for escrow funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the Authority’s control.