

ATTACHMENT 1



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 13-1163

Introduced: 10/31/2013

Version: 1

Current Status: Scheduled PM

Matter Type: General Agenda Item

In the Matter of the Salinas Valley Solid Waste Authority Revenue Bonds, Series 2013, and the County's Notices of Intent to Withdraw from the Authority and the related Waste Delivery Agreement. (ADDED VIA ADDENDUM)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Conduct a public hearing pursuant to Internal Revenue Code section 147 (f) and California Government Code section 6586.5, and consider whether to:

- a) Rescind the Notices of Intent to withdraw from the Salinas Valley Solid Waste Authority ("Authority") and the related Waste Delivery Agreement (the "Notices of Intent"), and approve the Authority's proposed Series 2013 Revenue Bonds with conditions;
- b) Rescind the Notices of Intent but not approve the Authority's proposed Series 2013 Revenue Bonds;
- c) Not rescind the Notices of Intent but approve the Authority's proposed Series 2013 Revenue Bonds, and instruct staff to return in December of 2013, with a date certain for withdrawal from the Authority and other necessary actions; or
- d) Not rescind the Notices of Intent, not approve the Series 2013 Revenue Bonds, and instruct staff to return in December of 2013, with a date certain for withdrawal from the Authority and other necessary actions.

SUMMARY:

The County is a member of the Authority, which was formed pursuant to a Joint Powers Agreement ("JPA"), along with the cities in the Salinas Valley, and a party to a related Waste Delivery Agreement that requires all waste collected in the unincorporated area within the Authority's boundaries to be delivered to the Authority's facilities at Johnson Canyon.

In July of 2012 the County delivered to the Authority the Notices of Intent, which are required to be delivered one-year in advance of a withdrawal from the Authority and the Waste Delivery Agreement. A reason for the County's delivery of the Notices of Intent is the growing disparity in the rates charged by the Authority for the disposal of waste at its facilities, and those charged by the Monterey Regional Waste Management District (the "District") for disposal at its landfill in Marina ("Marina Landfill"). Withdrawing from the Authority and the Waste Delivery Agreement, and delivery of waste to the Marina Landfill with its more competitive rates for waste disposal, would result in the stabilization of rates in the unincorporated area.

While a disagreement exists between the County and the Authority with respect to the County's ability to withdraw under present circumstances, the Authority has requested that the County rescind the Notices of Intent and approve the issuance of bonds to refinance the remaining

balances on revenue bonds issued in 2002 and on an Installment Purchase Agreement (“IPA”) between the Authority and the City of Salinas for the purchase of the Crazy Horse Landfill.

The Board of Supervisors has several options, outlined above, regarding this matter. Irrespective of whether the County withdraws from the Authority and the Waste Delivery Agreement, the Authority cannot issue new bonds to refinance the 2002 bonds and prepay the IPA without the approval of the County.

DISCUSSION:

The following is a summary only; for a more detailed narrative on the history of the Authority, its finances, and the options for Board consideration please see Attachment A - Detailed Discussion.

The Authority was formed in late 1996 to provide efficient and cost-effective solid waste management services, including acquiring and managing the landfill assets of each member jurisdiction to ensure longer-term landfill capacity for the region, and the implementation of diversion programs to ensure compliance with AB939 requirements.

In 1997, the Authority executed the IPA in the amount of \$8,000,000, and bearing an interest rate of 7.91% per annum, for the acquisition of the Crazy Horse Landfill. Also in 1997, the Authority issued \$9,060,000 in tax-exempt Revenue Bonds. The bond proceeds and other Authority funding sources were used for a variety of projects including development of landfill capacity at the Johnson Canyon Landfill, and lines and a gas collection system and flare at the Crazy Horse Landfill. Prior to the issuance of the 1997 bonds, the County entered into the Waste Delivery Agreement for the purpose of ensuring that all solid waste controlled by the County within the jurisdictional boundaries of the Authority would be delivered to its facilities, thus ensuring a certain level of revenue to the Authority.

In 2002, the Authority and County approved the issuance of \$39,845,000 in new Revenue Bonds. The bond proceeds and funds from other sources were intended to refinance the 1997 bonds, make a partial payment to the City of Salinas on the IPA, invest in various capital projects which included the King City and Salinas Transfer Stations, as well as projects related to the Johnson Canyon, Lewis Road, and Jolon Road landfills.

As mentioned above, the County has been concerned about the growing disparity that exists between the basic tipping fees for waste disposal in the District and Authority (see Attachment B - Authority and District Tipping Fee History). According to the Authority, its rates are higher for two major reasons: 1) a large debt of more than \$37 million which was used to purchase and repair the Crazy Horse Landfill, repair the two old landfills it inherited from the County (Lewis Road and Jolon Road), and develop landfill capacity at the Johnson Canyon Landfill, the main revenue-generating facility the Authority acquired from the County; and, 2) the Authority provides transfer station services that reduce landfill traffic.

Staff believes there are inefficiencies in the way waste is transported within the County due to the arbitrary boundaries and flow control restrictions of the District and Authority. At the same time, the Authority is pursuing a multi-million dollar strategic plan, which includes the relocation of the Sun Street Transfer Station to an alternate location, and the construction of a

facility for the operation of a commercial autoclave at a cost of approximately \$12 million. These projects will further impact the tipping fees charged by the Authority (see Attachment C - Authority and District Tipping Fee Projections).

The growing concern regarding the impact that the Authority's projected tipping fee increase would have on solid waste collection rates led the County to explore other options. A feasibility study conducted in 2010 concluded that, in order to re-direct all or some of the waste generated in the eastern portion of the county, the County would need to withdraw from the Authority and the Waste Delivery Agreement.

In July of 2012, the Board of Supervisors delivered to the Authority the Notices of Intent, consistent with the terms of the JPA and Waste Delivery Agreement. The Authority has informed the County of its intent to issue new revenue bonds primarily to refund the 2002 bonds and prepay to the City of Salinas the balance of the IPA, all at purportedly lower interest rates resulting in savings to the Authority. The Authority has requested that the Board of Supervisors approve the new financing, reaffirm the Waste Delivery Agreement, and rescind its Notices of Intent. Four options for the Board's consideration are listed above. Draft Resolutions to implement each of the respective options are enclosed as Attachments D - G.

OTHER AGENCY INVOLVEMENT:

The County Counsel's office has reviewed the Board Report and associated documents.

FINANCING:

There would be no General Fund Contribution resulting from this Board action; any payment necessary for withdrawal from the Authority and the Waste Delivery Agreement could be financed through a special fund consisting of fees received from the County's franchise waste hauler.

Prepared by:

Approved by:

John Ramirez
Director of Environmental Health

Ray Bullick
Director of Health

Leslie J. Girard
Chief Assistant County Counsel

cc: Lew Bauman, CAO
Dewayne Woods, Assistant CAO
Michael Miller, Auditor - Controller

Attachment A: Detailed discussion
Attachment B: History of Authority and District Tipping Fees
Attachment C: Authority and District Tipping Fee Projections
Attachment D: Draft Resolution and Amendment to Waste Delivery Agreement (option a)
Attachment E: Draft Resolution (option b)
Attachment F: Draft Resolution (option c)

Attachment G: Draft Resolution (option d)

ATTACHMENT A

ATTACHMENT A – DETAILED DISCUSSION

1. The Salinas Valley Solid Waste Authority

The Salinas Valley Solid Waste Authority (“Authority”) was formed in December 1996 through a joint exercise of powers agreement (“JPA”) between the County of Monterey (“County”), and the cities of Salinas, Gonzales, Greenfield, Soledad and King City (individually, each city may be referred to by its proper name, collectively they are referred to as the “Cities”) (the County and the Cities may also be referred to individually as a “Member” or collectively as the “Members”). The jurisdictional boundaries of the Authority are generally those of the Cities and the unincorporated area outside the jurisdictional boundary of the Monterey Regional Waste Management District (“District”). A map of the Authority’s jurisdiction is enclosed as Exhibit 1.

In light of the California Integrated Waste Management Act of 1989, which required the preparation of a County Integrated Waste Management Plan setting forth goals for waste management and reduction, the Members decided that “it would be to their mutual advantage and benefit to work together and share costs to plan and implement source reduction, recycling, composting, public education, household hazardous waste management, and other solid waste management programs, facilities, landfills, and collection services.”¹ The purposes of the Authority are set forth in the JPA:

- a. To acquire and manage the landfill assets of each Member and ensure long-term landfill capacity for the region;
- b. To provide a unified and coordinated solid waste management system for the Members, including efficient facility and program planning and development and comprehensive and cost-effective solid waste management services;
- c. To demonstrate a commitment to, and facilitation of, the development of the most efficient and cost-effective strategies for source reduction, achieving recycling goals, expanding composting and encouraging the establishment of market for recycled products and recycling industries; and
- d. To exercise all other appropriate powers reasonably necessary to carry out the purposes of the JPA.²

Pursuant to the JPA the Authority is a separate entity from each of its constituent Members, and is run by a separate Board of Directors (“Board”). The Board consists of nine members; three appointed by Salinas, two by the County, and one each by the remaining Members. Each Director is entitled to one vote, and five votes are required to do business; however, at least one of those five votes must be by a Salinas representative. Thus Salinas has

¹ Exhibit 2, JPA, at page 1, Recitals D and E. A variety of sources are cited herein. All cited pages from each specific source are grouped together as numbered Exhibits. For example, the cited pages from the JPA are enclosed as Exhibit 2. The initial citation to each Exhibit shall indicate the specific source; thereafter the citation shall be only to the Exhibit with further indentifying information, such as a page, paragraph or section number.

² Exhibit 2 at page 2, paragraph 1.

an effective veto, and exercises significant control or influence over the business of the Board and the activities of the Authority.³

The JPA authorized the Authority to acquire the various solid waste disposal assets of the Members, including, but not limited to, the Crazy Horse Landfill owned by Salinas, and the Johnson Canyon, Jolon Road, and Lewis Road Landfills, owned or controlled by the County. Exhibit A to the JPA set out the terms of acquisition of these assets: the Authority would pay \$8 million to the City of Salinas for the acquisition of the Crazy Horse Landfill, but the County would essentially receive nothing for its transferred assets.⁴

2. The Crazy Horse Landfill Installment Purchase Agreement

In furtherance of the Crazy Horse Landfill purchase, in August of 1997 Salinas and the Authority entered into an Installment Purchase Agreement (“IPA”) in the principal amount of \$8,000,000. The IPA carried an interest rate of 7.91%, and called for level payments of approximately \$700,000 per year over 30 years. The principle and interest components of the payment varied over time, with an interest component starting at approximately \$631,500 in 1998 and ending at approximately \$29,500 in 2027. Interest payments would total

³ Exhibit 3, Official Statement, Salinas Valley Solid Waste Authority Revenue Bonds, Series 1997 (“1997 OS”), page 13. (An “Official Statement” is the equivalent of a prospectus for a corporate bond issuance or stock offering, and sets forth facts upon which potential purchasers of municipal bonds rely when deciding whether to purchase the securities. Pursuant to federal securities regulations, the representations in the OS are required to be materially accurate.) The 1997 OS also states that the County has “significant influence” over the activities of the Authority, but that statement is difficult to justify based upon the structure of the Authority which requires that to do business, one Salinas vote is always required; the County has no equivalent voting advantage (nor does any other Member for that matter). The 1997 OS also noted that, at the time, the day-to-day activities of the Authority were carried out by Salinas staff, and that the Acting Executive Director of the Authority was the Salinas City Manager. Exhibit 3 at page 13. The source of much of the information for the 1997 OS is an accompanying Report on Solid Waste Projects prepared by the Authority’s Consulting Engineer, Brown, Vence & Associates (the “1997 Engineer’s Report”).

⁴ Exhibit 2 at Exhibit A thereto, “City of Salinas Landfill Transfer of Ownership Requirements,” Item 3.3; Salinas Crazy Horse Landfill Preliminary 18 month budget, “Capital Projects,” “Crazy Horse purchase;” Monterey County Landfill Preliminary 18 month budget. Exhibit A to Exhibit 2 also called for the Authority to pay to the County “\$2,500,000.00 or such other amount as is prudent or necessary to allow the authority [sic] to fund certain obligations of the Authority for no more than three years from the date escrow closes on the sale of the landfills to the Authority.” This amount was to be deposited into an escrow account to be used by the Authority for its costs or obligations. Exhibit A to Exhibit 2, County of Monterey Landfill Transfer of Ownership Requirements, Item 5.3 Financing Arrangement. Thus, unlike Salinas, the County did not receive any compensation for the transfer of its assets to the Authority. The 1997 OS states that “due to the unique nature of the parties and transactions, the Authority makes no representations as to whether [these landfills transfers] occurred at arms length or at fair market value.” Exhibit 3 at page 13.

approximately \$13,000,000 for a total payment (including the \$8,000,000 in principal) of approximately \$21,000,000.⁵ The Authority could prepay all or a portion of the balance due with a prepayment premium of 1% of principal if prepaid prior to March of 2003.⁶

3. The Waste Delivery Agreement

In about September of 1997, each Member entered into a Waste Delivery Agreement with the Authority. These agreements obligated the Members to cause all waste collected by them or their franchise haulers to be delivered to the Authority's facilities.⁷ This "flow control" was designed to ensure maximum revenues to the Authority. The Waste Delivery Agreements were an important prerequisite to the issuance of revenue bonds by the Authority in order to raise capital for projects. In the Waste Delivery Agreement the Authority covenanted to provide solid waste disposal services, but also to "exercise all reasonable efforts to minimize the costs incurred [in providing such services]."⁸

4. The Series 1997 Revenue Bonds

At about the same time, in November of 1997, the Authority issued its first series of revenue bonds, the Series 1997 Revenue Bonds ("1997 Bonds") in the principal amount of \$9,060,000 payable over 30 years (final maturity in 2027). The bonds were issued to fund various projects associated with the operation of the solid waste landfill system acquired by the Authority and to be operated by it, including a gas collection and flare system, and landfill liner for the Crazy Horse Landfill, and a partial liner for the Johnson Canyon Landfill.⁹ Also included would be various costs of bond issuance.¹⁰ The bonds were issued in various maturities and ranged in interest rates from a low of 4.40% for a maturity in 1999, to a high of 5.80% for a maturity in 2027. These rates were consistent with the yield for a 30-year high grade municipal bond issued in 1997 (5.50%), being slightly lower than the yield on a 30-year U.S. Treasury bond (6.50%), and significantly lower than a corporate bond (7.26%) issued at the same time.¹¹ The rates on the 1997 Bonds are significantly lower than the rate given to Salinas for the purchase of the Crazy Horse Landfill.

The 1997 OS also included a forecast of waste deliveries to the Authority's system through 2028 on a fiscal year ("FY") basis. For FYs 1998/99, 1999/00, and 2000/01 the forecast was for 202,729 tons, 200,495 tons, and 193,652 tons, respectively. Beginning in FY 2012/13 the forecast called for delivery of approximately 230,000 tons of waste, with that rate increasing through FY 2027/28 with a forecast high of approximately 287,000 tons.¹² The forecast of waste delivery is significant in that repayment of the Series 1997 Revenue Bonds was pledged from the

⁵ Exhibit 4, IPA at pages 1 – 3, and Exhibit C thereto.

⁶ Exhibit 4 at pages 4-5, Section 311

⁷ Exhibit 5, Waste Delivery Agreement, at pages 4 – 5, Section 2.1.

⁸ Exhibit 5 at pages 5 – 6, section 2.2 (a).

⁹ Exhibit 3 at pages 2-3.

¹⁰ Exhibit 3 at page 3.

¹¹ See, Exhibit 6.

¹² Exhibit 3 at page 25.

net revenues of the Authority, which are based on revenues primarily from the delivery of waste (“tipping fees”) minus operating expenses.¹³ In theory, because the repayment of the bonds was fixed over time, the tipping fee charged by the Authority could be inversely proportional to the amount of waste delivered; the more waste delivered the lower the tipping fee.¹⁴

The 1997 OS also discussed competition for waste delivery. At the time, the Authority’s tipping fee was \$39 per ton for waste delivered from all Members except Salinas, for which the tipping fee was \$23.30 per ton until January of 2000. In January of 2000 the Authority’s tipping fees were to be equalized, resulting in an approximate \$40 per ton fee for waste delivered from all Members.¹⁵ The 1997 Engineer’s Report noted that, assuming the \$40 per ton equalized rate, “the Authority landfills will continue to be a more economical alternative than [Monterey Regional Waste Management District’s] Marina Landfill,” for which the tipping fee was approximately \$39 per ton.¹⁶

Citing the 1997 Engineer’s Report, the 1997 OS stated the following with respect to the potential for waste disposal competition: “The Authority believes that the tipping fees charged by the Authority are, and will continue to be competitive with other waste disposal sites which potentially could be utilized by waste haulers in the Authority service area, . . .”¹⁷ The 1997 OS went on to point out that factors outside the control of the Authority could affect the relation between the Authority’s fees and those of its competitors, making the alternative disposal locations more cost effective.¹⁸ The 1997 Engineer’s Report concluded “[t]he competition should not interfere with the Authority’s ability to attract sufficient waste over the term of the bonds.”¹⁹

The 1997 Bonds were accompanied by a Master Indenture (“1997 Master Indenture”) between the Authority and the Trustee (BNY Western Trust Co.) on behalf of the purchasers of

¹³ Exhibit 3 at page iii, “Security and Source of Payment for the Series 1997 Bonds.” This description is an oversimplification. At the time, the Authority did not operate the landfills, and shared a portion of the tipping fee at each with the operator. In the case of the Crazy Horse Landfill, the Authority received a percentage of the tipping fee, characterized as the “Crazy Horse Landfill Surcharge.” The Authority anticipated that the relationship with the operators would change in the future and that it would receive all tipping fee revenue. Exhibit 7, 1997 Engineer’s Report, at pages 5-4 through 5-8.

¹⁴ This assumed, of course, relatively constant operating costs. Covenants associated with the issuance of the 1997 Bonds also required the Authority to maintain net revenues equaling 120% of debt service. This ensured sufficient total revenues at any one time to pay debt service and cover operating costs.

¹⁵ Exhibit 7 at pages 3-13 through 3-16.

¹⁶ Exhibit 7 at pages 3-13 through 3-16.

¹⁷ Exhibit 3 at page 27.

¹⁸ Exhibit 3 at page 30.

¹⁹ Exhibit 7 at page 3-16

the securities.²⁰ The 1997 Master Indenture contained numerous covenants with respect to the 1997 Bonds. One of those covenants was to maintain “competitive” tipping fees: “The Authority will, to the extent permitted by law, use its best efforts and take whatever actions are within the scope of its powers to insure that the tipping fees charged by the Authority for the disposal of solid waste remain competitive with the tipping fees charged by other operations similar to [the Authority in the Authority’s vicinity]; *provided, however*, [this covenant does not affect] the obligation of the Authority to set rates, charges and tipping fees to generate Net Revenues as required by the [1997 Master Indenture]” (emphasis in original).²¹

Considering the statements in the 1997 OS and the 1997 Engineer’s Report, the import of this covenant is readily apparent; while required to maintain a certain level of Net Revenues, the Authority is required to maintain competitive tipping fees in order that other disposal facilities in the area do not become an attractive option for the Members, which would present a risk that the gross revenues (and thus Net Revenues) available to the Authority would be reduced.

5. The Series 2002 Revenue Bonds

In 2002, the Authority issued a second series of revenue bonds (“2002 Bonds”) in the principal amount of \$39,845,000 payable over 30 years (final maturity in 2031). The bonds were issued to refund the remaining balance on the 1997 Bonds (approximately \$8,000,000), pre-pay to Salinas a portion of the IPA (approximately \$3,422,000), and, along with other revenues available to the Authority, fund various projects associated with the operation of the Crazy Horse, Johnson Canyon, Lewis Road and Jolon Road Landfills, and acquire a transfer station located in Salinas.²² Also included would be various costs associated with planning for long term disposal capacity, and costs of bond issuance.²³ The bonds were issued in various maturities and ranged in coupon rates from a low of 3.70% for a maturity in 2008, to a high of 5.625% for maturities in 2015 – 2018. The bonds were sold with varying premiums and discounts with yields ranging from 3.25% to 5.48%.²⁴

The 2002 OS also included a summary of historical waste deliveries to Authority facilities since the issuance of the 1997 Bonds and an updated forecast of waste deliveries to the Authority’s system through FY 2031/32. For FYs 1998/99, 1999/00, and 2000/01, the historical data was better than the forecast in the 1997 OS.²⁵ The updated forecast showed significant increases in anticipated tonnage over the forecast in the 1997 OS. Beginning in FY 2012/13 the

²⁰ An indenture is essentially a contract between the issuer of securities and the trustee (on behalf of the purchasers) through which the issuer makes certain promises (covenants) in order to provide security to the purchasers that the debt service will be paid.

²¹ Exhibit 8, 1997 Master Indenture, at page 33, Section 4.16.

²² Exhibit 9, 2002 OS, at page 21-22. A detailed list of the projects was included at Exhibit A to the Tax Certificate for the Series 2002 Revenue Bonds, which is attached hereto as Exhibit 10.

²³ Exhibit 9 at pages 6, 23.

²⁴ Exhibit 9 at Cover.

²⁵ Compare Exhibit 9 at page 33, Table 1 with Exhibit 3 at page 25, Table 5.

updated forecast called for delivery of approximately 269,000 tons of waste, with that rate increasing through FY 2031/32 with a forecast high of approximately 357,000 tons.²⁶

As did the 1997 OS, the 2002 OS discussed competition for waste delivery. In 2002 the Authority's tipping fee had increased to \$43 per ton for waste delivered from all Members.²⁷ The 2002 Engineer's Report noted that the District's tipping fee remained at approximately \$39 per ton, a lower fee than the Authority's.²⁸ Nevertheless, the 2002 Engineer's Report opined that, for a variety of reasons, the District's lower tipping fee would not cause the Members to redirect waste to the Marina Landfill. One of those reasons was that the Member doing so would be responsible for certain costs "including repaying its pro rata share of its Authority debt."²⁹ Similar to the 1997 Engineer's Report, the 2002 Engineer's Report concluded "[t]he competition should not interfere with the Authority's ability to attract sufficient waste over the term of the Bonds."³⁰

The 2002 OS, similar to the 1997 OS, stated the following with respect to the potential for competition for waste disposal: "The Authority believes that the tipping fees charged by the Authority are, and will continue to be competitive with other waste disposal sites which potentially could be utilized by waste haulers in the Authority service area, . . ."³¹ Also similar to the 1997 OS, the 2002 OS went on to point out that factors outside the control of the Authority could affect the relation between the Authority's fees and those of its competitors, making the alternative disposal locations more cost effective.³²

The 2002 Bonds utilized the same Master Indenture as the 1997 Bonds, supplemented by a Second Supplemental Indenture executed in 2002 ("2002 Supplemental Indenture"). Thus the same covenants applicable to the 1997 Bonds, including the covenant to maintain "competitive" tipping fees, were applicable to the 2002 Bonds.³³

The pre-payment to the City of Salinas of a portion of the IPA (which included a 1% pre-payment penalty) left a principle balance due of approximately \$4,168,000. Pursuant to the IPA, a new debt service schedule was created that reduced the level annual payments to approximately \$385,000 through 2027. Not including the September 2002 pre-payment totals, the revised total of interest payable to Salinas was approximately \$5,459,000, for a total of remaining principal and interest of approximately \$9,627,000.³⁴

²⁶ Compare Exhibit 9 at page 34, Table 2 with Exhibit 3 at page 25, Table 5.

²⁷ Exhibit 11, 2002 Consulting Engineer's Report (Brown, Vence & Associates) ("2002 Engineer's Report") at page 3-16.

²⁸ Exhibit 11 at page 3-19, Table 3-6.

²⁹ Exhibit 11 at page 3-16 – 3-17.

³⁰ Exhibit 11 at page 3-17.

³¹ Exhibit 9 at page 36.

³² Exhibit 9 at pages 36-38.

³³ Exhibit 12, 2002 Second Supplemental Indenture, at page 1, Recitals, and page 8, section 2.06 (a); Exhibit 8 at page 33, Section 4.16.

³⁴ Exhibit 13, Revised IPA Payment Schedule.

6. The County's Notices of Intent to Withdraw

Each of the JPA and Waste Delivery Agreements contain similar provisions regarding the ability of Members to withdraw from each. The JPA states:

- (a) A [Member] may not withdraw from the Authority for a period of 15 years after the execution of the Agreement. After the 15-year initial period, a [Member] may withdraw by a majority vote of the governing body thereof giving to the other [Members] one year's written notice of such intention to withdraw, so long as all revenue bonds or other forms of indebtedness issues pursuant hereto, and the interest thereon, shall have been paid or adequate provision for such payment shall have been made in accordance with the resolution (or indenture) adopted by the Authority Board pursuant to the law authorizing [the debt]. The [Member] withdrawing from the [JPA] will retain its fair share of financial liability for closure and post-closure and site remediation costs based on the tons of material it has contributed to the Authority's solid waste system and as determined by the Authority in its sole discretion and such determination of the Authority shall be binding on the [Members]. The [Member] withdrawing shall be afforded the same rights and ability to use Authority facilities and service as any other governmental jurisdiction which is not a [Member].
- (b) Upon receipt of a [Member's] one year [Notice of Intention], the [remaining Members] shall meet and prepare appropriate amendments to this Agreement to reflect the changed membership status. Such amendment shall become effective upon the effective date of the [Member's] withdrawal.³⁵

The initial 15-year period referenced in the JPA expired on or about January of 2012.

The Waste Delivery Agreement provides:

- (a) The County may not withdraw from this Agreement so long as it remains a [Member].
- (b) Should the County cease to be a [Member], the County may withdraw from this Agreement by a majority vote of the governing body thereof giving to the Authority one year's written notice of such intention to withdraw, so long as all revenue bonds or other forms of indebtedness issues pursuant hereto, and the interest thereon, shall have been paid or adequate provision for such payment shall have been made in accordance with the resolution (or indenture) adopted by the Authority governing board pursuant to the law authorizing [the debt].³⁶

³⁵ Exhibit 2 at page 10, paragraph 19.

³⁶ Exhibit 5 at page 6, Section 3.1 (a) and (b)

Pursuant to these provisions, the County delivered to the Authority and the Members in July of 2012 Notices of Intent to withdraw first from the Authority and then from the Waste Delivery Agreement. The one year notice period for each passed on July 13 and 16, 2013, respectively, and the County is may now make a decision with respect to actual withdrawal.

The County believes that a reasonable interpretation of these provisions is that it may withdraw without payment of any kind to the Authority for debt service. The purpose of the one year advance notice is for the remaining Members to address how the indebtedness is to be paid, which could be from issuing refunding bonds based on the new circumstances, reducing costs, or raising fees, thus the obligation to meet and prepare amendments to the JPA. Notwithstanding this interpretation, the County is prepared to commit to pay to the Authority, in either a lump sum or in annual installments, its proportionate share of current indebtedness, and also continue to pay its share of other long term liabilities (e.g., closure and post-closure costs). This payment could be accomplished in several ways, but likely would come from a special fund created to receive from its franchise waste hauler the difference between established residential and commercial rates and a tipping fee to be negotiated with the District. This special fund would be sufficient to pay either on an annual basis, or potentially be capitalized to make a one-time payment. The County's payment(s), along with the continued collection of tipping fees from waste delivered from the remaining Members, would be sufficient to pay current debt service. Thus, in the County's opinion, adequate provision will be made for the continued payment of the Authority's indebtedness.

We understand that the Authority disputes that the County currently has the ability to withdraw, and may not do so unless all current indebtedness is paid off in full.

7. The Series 2013 Revenue Bonds

Beginning in about 2012, the Authority began looking in earnest at refinancing the 2002 Bonds and paying off the balance due on the IPA. Ostensibly, the Authority looked to take advantage of lower interest rates to achieve savings. A staff report from the August 16, 2012, Authority agenda item no. 12, "Refinancing of 2002 Revenue Bonds," noted that, provided the Authority maintained an A+ Standard and Poor's rating, the 2002 Bonds could be refinanced at an interest rate of 3.75%, achieving annual savings of \$210,000 over 19 years, or \$2,800,000 if "taken up front." It was also noted that paying off the IPA at a similar interest rate could save an additional \$60,000 per year.³⁷

A further report was received by the Authority Board in May of 2013. At that time expected interest rates had fallen to 3.46%, resulting in annual savings of \$288,000 over the remaining life, or \$3,700,000 if "taken up front." It appears from the discussion that the Authority does not intend to use the savings to lower tipping fees, but rather would use the savings, either on an annual "pay-as-you-go" basis or "taken up front," for other capital projects.³⁸

³⁷ Exhibit 14, August 16, 2012, Authority meeting agenda report and Meeting Highlights.

³⁸ Exhibit 15, May 16, 2013, Authority meeting agenda report, "Next Steps for Refinancing of 2002 Revenue Bonds and Installment Purchase Agreement."

The Authority has prepared a draft of an Official Statement for the proposed refinance, called a “Preliminary Official Statement” or “POS” (“2013 POS”). The 2013 POS is for a proposed issuance of revenue bonds in a preliminary principal amount of \$35,090,000 (“2013 Bonds”). The 2013 Bonds would be issued in 2 series, one for which the interest is tax-exempt and one for which the interest is taxable. The taxable series would serve to pay off the IPA, and provide Salinas with a lump sum payment of approximately \$3,225,000.³⁹

The 2013 Bonds will also be accompanied by a Master Indenture (“2013 Master Indenture”) between the Authority and a new Trustee (Bank of New York Mellon Trust Company N.A.). The draft 2013 Master Indenture contains the “competitive tipping fee” covenant identical to that in the 1997 Master Indenture (that also applied to the 2002 Bonds): “The Authority will, to the extent permitted by law, use its best efforts and take whatever actions are within the scope of its powers to insure that the tipping fees charged by the Authority for the disposal of solid waste remain competitive with the tipping fees charged by other operations similar to [the Authority in the Authority’s vicinity]; *provided, however*, [this covenant does not affect] the obligation of the Authority to set rates, charges and tipping fees to generate Net Revenues as required by the [2013 Master Indenture]” (emphasis in original).⁴⁰

The 2013 POS discusses historical and projected waste deliveries. The historical data shows that deliveries to Authority facilities from within the service area were significantly less than projected in the 2002 OS.⁴¹ In order to obtain more tonnage, the Authority in FY 2003/04 began receiving out of County waste (the “South Valley” waste). Even with this additional tonnage, the Authority was falling short of projections beginning in FY 2009/10.⁴² The South Valley waste is to cease being delivered during calendar year 2014, and projected deliveries through 2021 are only 166,500 tons, almost one-half that projected back in 2002.⁴³

The 2013 POS also discusses competition and the County’s Notices of Intent. For the first time, it was acknowledged that “if a major price differential between Authority and non-Authority landfills were to develop, it is conceivable that one or more Members may consider other, more cost-effective disposal options. The competing alternative would likely need to be a significant savings for a jurisdiction to consider withdrawing from the Authority and breaching its contractual obligations or complying with prepay obligations.” Nevertheless, the 2013 POS concludes that the Authority will continue to be competitive.⁴⁴

³⁹ Exhibit 16, 2013 POS, at “Series 2013 Preliminary Maturity Schedule” and page 1, “Purpose.”

⁴⁰ Exhibit 17, Draft 2013 Master Indenture, at page 33, Section 4.16.

⁴¹ Exhibit 16 at page 24, Table 1. For example, in 2002 it was projected that the Authority would receive in FY 2006/07 245,721 tons of waste, but the historical data shows a delivery of only 222,906 tons. For FY 2012/13 it was forecast that 268,682 would be delivered, but only 166,500 was delivered. Compare, Exhibit 9 at page 34, Table 2 with Exhibit 16 at page 24, Table 1.

⁴² Compare Exhibit 9 at page 34, Table 2 with Exhibit 16 at page 24, Table 1.

⁴³ Compare Exhibit 9 at page 34, Table 2 with Exhibit 16 at page 24, Table 2.

⁴⁴ Exhibit 16 at page 26, “Competition.”

With respect to the County's potential withdrawal, the 2013 POS noted that the County had delivered the Notices of Intent, and that, as a result of discussions, "the Authority agreed to not spend any of the savings from the bond refunding until a comprehensive solid waste management study is conducted" to assess the most effective and cost efficient manner of waste disposal in the County.⁴⁵ The 2013 POS also noted that "[t]he actual withdrawal of a Member would likely be subject of litigation and could have a material adverse impact on the finances and operations of the Authority and a negative impact on the ratings of any Authority bonds and the market price of such bonds (including the Series 2013 Bonds)."⁴⁶

8. Options

As discussed in the main Board Report and shown on Attachments B and C thereto, since about FY 2005/06 the Authority's tipping fee net of long term liability costs (closure and post-closure) ("Net Fee") has grown such that by the FY ending June 30, 2013, the Authority's Net Fee is slightly more than the District's; the differential being \$1.42. Beginning in January of 2014, however, the disparity grows significantly. At that time the Authority's Net Fee for the unincorporated area will rise to \$61.67 per ton, and the difference will rise to \$9.92. In FY 2018/19, when the Authority's Net Fee is projected to rise to \$90.70 per ton (Net Fee plus AB 939 cost), the disparity will be \$33.56.⁴⁷ Staff believes it is possible to negotiate a long term agreement with the Monterey Regional Waste Management District ("District") for disposal of all solid waste from the unincorporated County that will create even a greater differential in the tipping fees, and that it is possible to reach agreement with the County's franchise hauler, Waste Management, Inc., to transport such waste at no additional cost due to efficiencies that can be implemented in hauling patterns. Using such arrangements, the County should be able to, as the 2002 Engineer's Report noted, pay its pro rata share of the Authority's debt and provide for its long term liability obligations, all while stabilizing rates for customers in the unincorporated County and not subjecting them to the projected steep rise in the Authority's tipping fees.

Staff believes there are discretionary projects within the Authority's Strategic Plan, and discretionary items in the Authority's operational budget, the deletion of which could result in lower tipping fees more competitive with those of the District. The projected savings from the bond refinance could also be used to lower operational costs rather than invest in additional capital projects. While these are business decisions of the Authority, current circumstances have made the potential discussed in the 2013 POS, about more cost effective disposal options being presented, come true.

Accordingly, the County has a number of options with respect to the request of the Authority to rescind its Notices of Intent and approve the 2013 Bonds. As listed in the main

⁴⁵ Exhibit 16 at page 35, "Withdrawal of Members."

⁴⁶ Exhibit 16 at page 35, "Withdrawal of Members."

⁴⁷ Please note, as mentioned the Authority's Net Fee does not include \$17.33 of long term liabilities that are built into the published Tipping Fee (Slide 9 from Authority's presentation to Board of Supervisors, April 30, 2013). If these amounts are included, the disparity between the Authority's fees and the District's are even greater.

body of the Board Report these are:

- a) Rescind the Notices of Intent and approve the 2013 Bonds with conditions;
- b) Rescind the Notices of Intent but not approve the 2013 Bonds;
- c) Not rescind the Notices of Intent but approve the 2013 Bonds, and instruct staff to return in December of 2013, with a date certain for withdrawal from the Authority and other necessary actions; or
- d) Not rescind the Notices of Intent, not approve the 2013 Bonds, and instruct staff to return in December of 2013, with a date certain for withdrawal from the Authority and other necessary actions.

With respect to Option a), the County could condition approval on a variety of conditions; acceptance of those conditions would be up to the Authority Board. The draft Resolution enclosed with the Board Report as Attachment D has three conditions: 1) that the Authority not raise rates following the implementation of a previously approved increase in the unincorporated area on January 1, 2014, for a period of 18 months (unless the County's 2 representatives to the Authority approve); 2) that the Authority participate in and fund a fair share of the Regional Study mentioned in the 2013 POS; and 3) that the Authority not invest in an autoclave or other experimental/developmental waste disposal technologies (also unless the County's 2 representatives approve). Staff believes these conditions will stabilize rates until the results of the Regional Study are received and considered.

Because the County is under no duty to approve the 2013 Bonds, it may, as described in Option b), rescind the Notices of Intent, but not approve the 2013 Bonds. If the County desires to withdraw from the Authority but still permit it to take advantage of potential interest rate savings, the County could follow Option c). Staff would need to return to the Board for approval of a long term agreement with the District, as well as the funding mechanism to allow it to meet any prepayment obligations. The County could benefit from the refinance in that the prepayment amounts would be lower considering interest rate savings. The Board would announce a date in the future at which time it will withdraw, after all preparations have been made.

Finally, under Option d), the County could pursue withdrawal but not approve the 2013 Bonds.

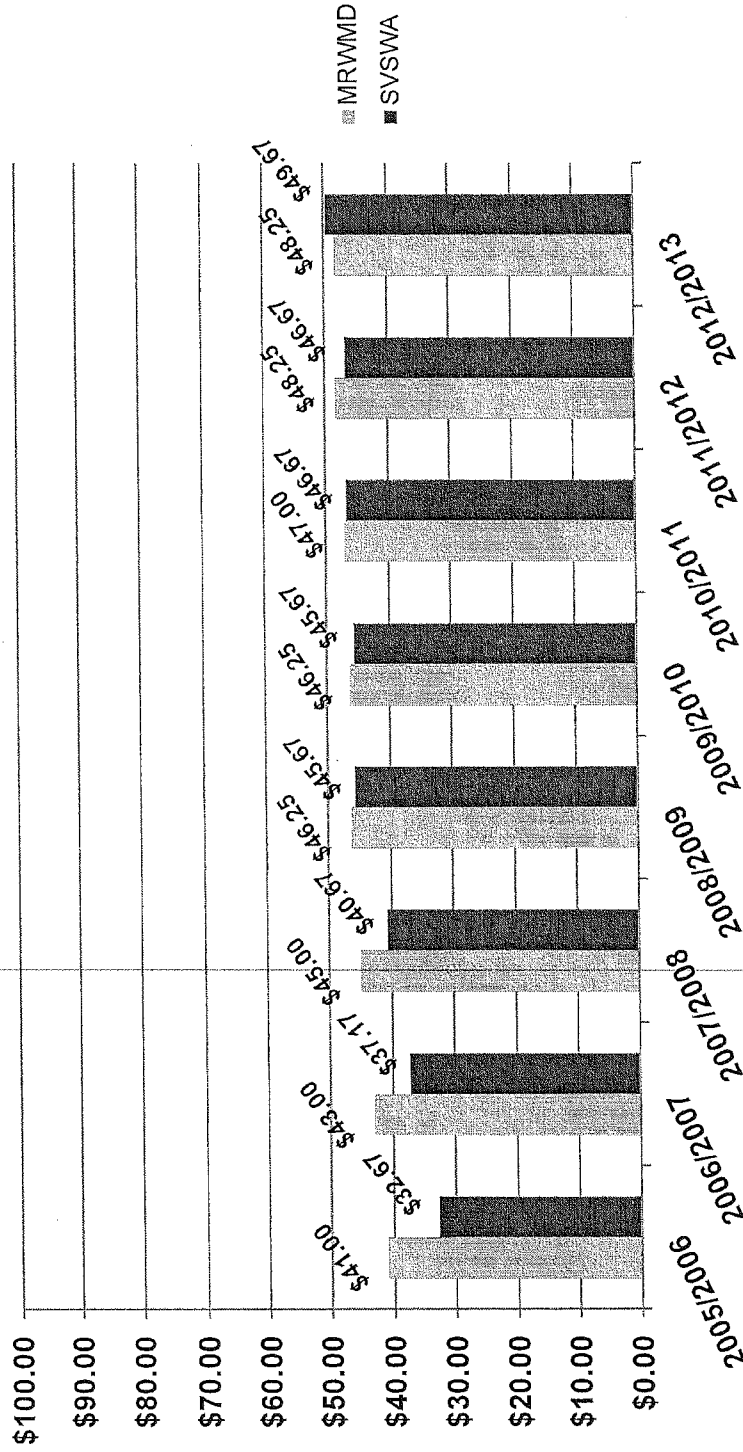
**Exhibits to Attachment A
Not Included**

**See Staff Report Submitted
On November 5, 2013 for Item 25.1**

ATTACHMENT B

SVSWA and MRWMD Disposal Rate

History (without \$17.33 (1) per ton LTL built into the disposal rate)



1 April 30, 2013 Monterey County Board of Supervisors and SVSWA Board of Directors Joint Meeting, SVSWA PP Presentation slide #9

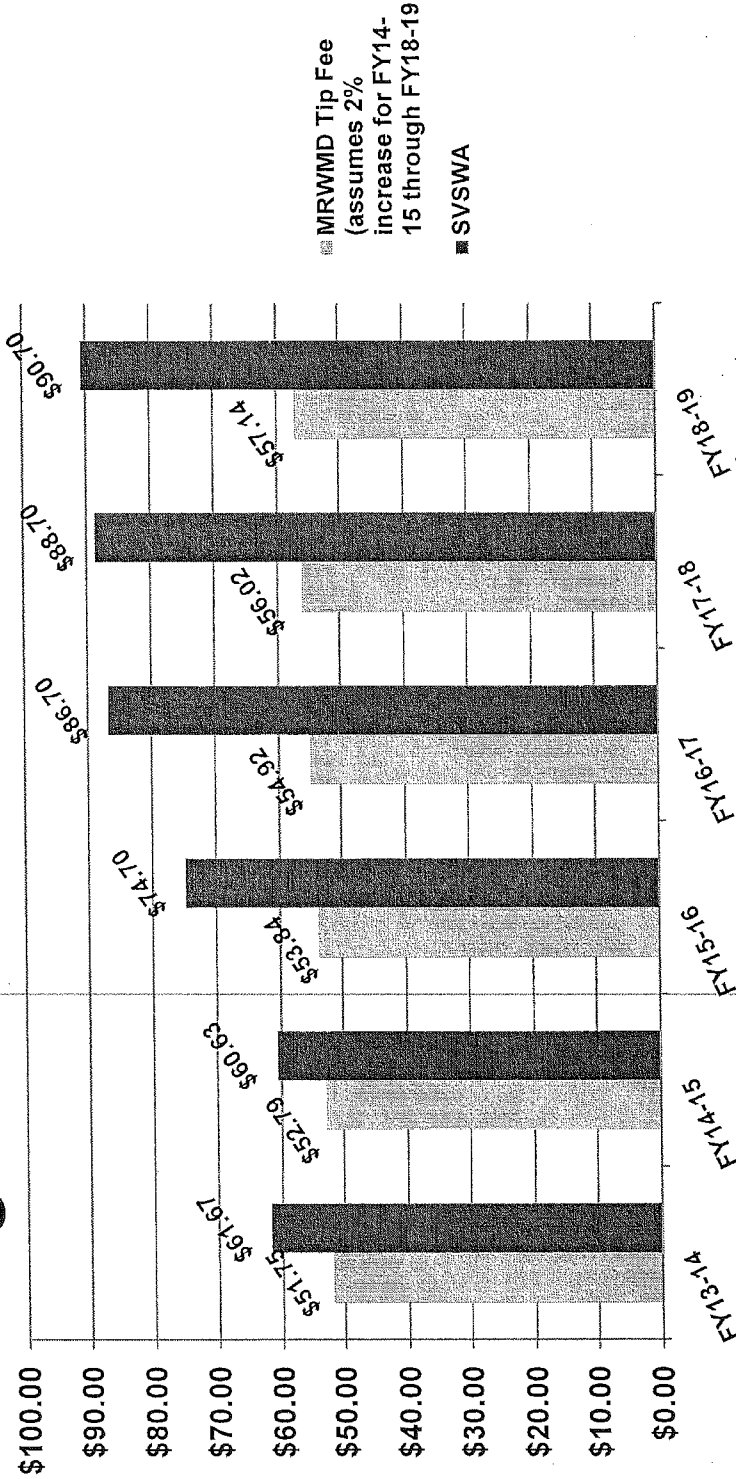
MRWMD disposal rate changes go into effect on January 1st

SVSWA disposal rate changes go into effect on July 1st

ATTACHMENT C

SVSWA⁽¹⁾ and MRWMD⁽²⁾ Projected Disposal Rate

Changes (without \$17.33⁽³⁾ per ton LTL built into the disposal rate)



FY13-14: \$12/ton increase
 To fund operations (\$1.7 million). Eliminates use of Recology revenue for operations

FY14-15: \$1/ton decrease
 Rate increase to City of Salinas ONLY. Small decrease to for all other SVSWA member agencies

FY15-16: \$14.07/ ton increase
 To fund the operational costs of the Autoclave. Includes CPI

FY16-17: \$12.00/ ton increase
 To fund the operational costs of the Autoclave. Includes CPI

FY17-18: \$2/ton increase
 Projected CPI increase ONLY

FY18-19: \$2/ton increase
 Projected CPI increase ONLY

- February 21, 2013 SVSWA Board meeting Agenda item #10 and March 21, 2013 SVSWA Board Meeting Agenda Item #9, and April 2, 2013 Meeting between SVSWA and EHB staff
- February 8, 2013 MRWMD Presentation to City Managers of Monterey County
- * April 30, 2013 Monterey County Board of Supervisors and SVSWA Board of Directors Joint Meeting, SVSWA PP Presentation slide #9

ATTACHMENT D

DRAFT

**BEFORE THE BOARD OF SUPERVISORS IN AND FOR
THE COUNTY OF MONTEREY, STATE OF CALIFORNIA**

RESOLUTION NO. _____

In the Matter of the Salinas)
Valley Solid Waste Authority)
Revenue Bonds, Series 2013,)
and the County's Notices of)
Intent to Withdraw from the)
Authority and the related Waste)
Delivery Agreement.)
)

RECITALS

A. Pursuant to that certain Joint Exercise of Powers Agreement dated as of January 1, 1997 (the "JPA Agreement") by and among the County of Monterey and the cities of Gonzalez, Salinas, Greenfield, King City and Soledad, the Salinas Valley Solid Waste Authority (the "Authority") has been created and the Authority owns, manages and operates a sanitary landfill system for the disposal of municipal solid waste generated by the City members and in the unincorporated area of the County within the Authority boundaries;

B. The Authority has previously issued its \$39,845,000 Salinas Valley Solid Waste Authority Revenue Bonds, Series 2002 (the "2002 Bonds") to finance and refinance certain expenditures of the Authority;

C. In connection with the issuance of certain prior bond indebtedness of the Authority in 1997 (the Series 1997 Revenue Bonds), the County of Monterey (the "County") and the Authority entered into that certain Waste Delivery Agreement as of September, 1997 (the "Waste Delivery Agreement") for the purpose of ensuring that all solid waste controlled by the County may be directed by the Authority to the disposal system of the Authority;

D. In connection with the 2002 Bonds, the County reaffirmed the validity and enforceability of the Waste Delivery Agreement.

E. The Authority has informed the County that the 2002 Bonds and the remaining sum on that certain Note of the Authority in favor of the City of Salinas (the "Salinas Note") related to certain property purchase obligations activity can be refinanced at significant savings to the Authority and its rate payers through the issuance of its refunding revenue bonds, to be issued in an amount sufficient to refinance all or a portion of the Salinas Note and the 2002 Bonds, fund necessary reserves in connection therewith and pay costs of issuance related thereto, including any cost of credit enhancement, if applicable (the "Refunding Bonds"), all pursuant to the Marks-Roos Local Bond Pooling Act of 1986 (the "Bond Law");

F. The County by letters dated July 13, 2012 and July 16, 2012 has previously given notice of its intent to withdraw from the Authority and the Waste Delivery Agreement pursuant to the terms of the JPA Agreement (collectively, the "Withdrawal Notice");

DRAFT

G. The Authority has asked the County to rescind the Withdrawal Notice for all purposes of the JPA Agreement and the Waste Delivery Agreement, to affirm its obligations under and pursuant to the Waste Delivery Agreement and the JPA Agreement and to furnish information and certify such information and to take such other action to facilitate the issuance of the Refunding Bonds as may be reasonably requested by the Authority in connection with the issuance of the Refunding Bonds, including without limitation execution of any facilitating amendments to the Waste Delivery Agreement as are set forth in that certain Amendment to Waste Delivery Agreement on file with the Clerk of the Board, (the "Amendment to Waste Delivery Agreement"), and attached hereto as Exhibit A, or as may otherwise be determined by the Chief Administrative Officer to be reasonably related to the issuance of the Refunding Bonds, the rating by any nationally recognized rating agency of the Refunding Bonds or the underwriter/initial purchaser of the Refunding Bonds or with respect to establishing and assuring the security for the Refunding Bonds represented by the JPA Agreement and the Waste Delivery Agreement, such actions being referred to herein as the "Member Refunding Bonds Actions;"

H. The Board of Supervisors wishes hereby to facilitate the issuance of the Refunding Bonds and to approve and direct the Member Refunding Bonds Actions for the purpose of facilitating the issuance of the Refunding Bonds and the realization of savings associated with such issuance.

I. The Authority proposes to issue the Refunding Bonds in the aggregate principal amount not to exceed \$38,000,000, the proceeds of which will be used to: (i) refinance the Authority's \$39,845,000 original principal amount Revenue Bonds Series 2002 (the "Prior Bonds") which in turn financed and/or refinanced the acquisition, installation and construction of a south county transfer station; wells, erosion mitigation improvements, leachate storage system, sediment basin, power pole relocation and flare for the Authority's Lewis Road Landfill; two new lined cells, water monitoring systems and pumps, leachate handling system improvements, paving, permitting and administration at the Authority's Johnson Canyon Road Landfill; leachate system improvements, erosion control, groundwater system and monitoring system, liquids handling system, LFG system expansion and flare, burn dump remediation, scalehouse area liner and construction engineering at the Crazy Horse Landfill; gas flare, gas perimeter probes, groundwater monitoring improvements, sediment basin drainage overhaul and access road improvements at Jolon Road Landfill; planning, engineering and permitting for expansion of the Johnson Canyon Road Landfill and certain other capital improvements (the "Project"), refund the Authority's 1997 Revenue Bonds, prepay a part of the Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas which in turn financed the purchase by the Authority of the Crazy Horse Landfill, (ii) prepay the remaining balance of Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas, (iii) fund a reserve account for the Bonds to be held by the Trustee, and (iv) pay certain expenses related to the issuance of the Bonds; and

J. Notice of a public hearing concerning the Bonds and the nature and location of the facilities to be financed was published in two newspapers of general circulation in the County of Monterey.

K. The Board of Supervisors of the County of Monterey (the "Board") has conducted a public hearing whereby interested parties were given a reasonable opportunity to state their

DRAFT

views concerning the issuance of the Bonds and the nature and location of the facilities to be refinanced with a portion of the proceeds thereof.

L. Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires, as a condition of the exclusion from income of the holders thereof of interest on the Bonds, that before the Bonds are issued, the Bonds be approved by the Board after a public hearing following reasonable public notice.

M. Pursuant to the Bond Law, and in particular Section 6586 and Section 6586.5 of the California Government Code, the Authority is not entitled to authorize the issuance of Bonds unless a local agency within whose boundaries the Projects are to be located approves the financing and makes a finding of significant public benefit in accordance with the Bond Law.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS IN AND FOR THE COUNTY OF MONTEREY, AS FOLLOWS:

SECTION 1 The County hereby approves the issuance not to exceed \$38,000,000 aggregate principal amount of Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2013 (the "Bonds"), pursuant to Section 147(f)(2) of the Code.

SECTION 2 Pursuant to the Bond Law, the County hereby finds and determines that "significant public benefits" will be experienced by the County and its residents from the issuance of the Bonds and the financing of the Project, including without limitation demonstrable savings in effective interest rate and other bond related costs associated with the delivery of waste disposal services to residential and commercial development within the County's boundaries.

SECTION 3 The Bonds, if any are issued by the Salinas Valley Solid Waste Authority, will be special revenue obligations only of the Authority and will be secured by revenues pledge to repayment thereof by the Authority, and certain other assets of the Authority, but shall not be general obligations of the Authority, the County or the State of California (the "State") for which is pledged the taxing power or the full faith and credit of the Authority, the County or the State. The County, the State and the other members of the Authority will not be obligated to pay, or otherwise be liable for, the payments due on the Bonds.

SECTION 4 The Board of Supervisors hereby approves the Member Refunding Bonds Actions (including without limitation the rescission for all purposes of the Withdrawal Notice pertaining to the JPA Agreement and the Waste Delivery Agreement) and directs the Chief Administrative Officer or his/her written designee, the Chair or Vice-Chair, the Clerk of the Board or any Deputy Clerk of the Board, County Counsel and/or any other authorized officer thereof ("Authorized Officer") to execute and deliver as part of the Member Refunding Bonds Actions such documents, certificates, agreements, opinion letters (in the case of County Counsel) or other instruments (the "Other Instruments") as may be reasonably requested by the Authority to facilitate the issuance of the Refunding Bonds, including but not limited to further amendments to the Waste Delivery Agreement or estoppel certificates with respect to the JPA Agreement, the Waste Delivery Agreement and the rescission of the Withdrawal Notice; provided, however, that such authority and direction is granted solely and exclusively if, in the opinion of the Chief

DRAFT

Administrative Officer and County Counsel, such Other Instruments do not modify or eliminate material rights of the County under the JPA Agreement, Waste Delivery Agreement, or other related agreements. Without limiting the generality of the foregoing, the Amendment to Waste Delivery Agreement attached hereto as Exhibit A is hereby approved in substantially the form presented and any Authorized Officer (other than County Counsel) is hereby authorized and directed to execute and deliver such instrument in substantially the form presented subject to such further changes as may be consistent with the purposes and limitations of this resolution, such Authorized Officer's execution thereof to be conclusive evidence of such approval.

SECTION 5 This Resolution shall take effect upon delivery by the Authority to the County of a resolution of its Board of Directors, and receipt thereof by the County's Chief Administrative Officer, resolving: a) that, to the extent permitted by law, the Authority shall not raise rates or impose new rates for the disposal or processing of waste of any kind at any facilities owned, controlled, managed or leased by the Authority (including without limitation tipping fees or AB 939 fees) through and including June 30, 2015, without the express approval of both the County's representatives to the Authority's Board of Directors, other than implementation of the previously approved rate increase effective January 1, 2014, in the unincorporated area of the Authority's jurisdiction; b) to participate in and fund its fair share of a Regional Solid Waste Study; and c) the Authority shall not pursue an autoclave, or other developmental or experimental waste disposal technologies with the express approval of both the County's representatives to the Authority's Board of Directors.

PASSED AND ADOPTED on this ____ day of _____, 2013, upon motion of Supervisor _____, seconded by Supervisor _____, by the following vote, to wit:

- AYES:
- NOES:
- ABSENT:
- ABSTENTION:

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book _____ for the meeting on _____.

Dated: Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____, Deputy

AMENDMENT TO WASTE DELIVERY AGREEMENT

by and between

COUNTY OF MONTEREY

and

SALINAS VALLEY SOLID WASTE AUTHORITY

AMENDMENT TO WASTE DELIVERY AGREEMENT

THIS AMENDMENT TO WASTE DELIVERY AGREEMENT, dated _____, 2013, by and between County of Monterey ("County"), a political subdivision of the State of California, and the Salinas Valley Solid Waste Authority ("Authority"), a joint exercise of powers entity, amends the Waste Disposal originally entered into as of the __ day of September, 1997.

RECITALS:

The Authority owns, manages and operates a sanitary landfill system for the disposal of municipal solid waste generated by the cities and the unincorporated area within the Authority boundaries (the "Disposal System" as defined herein).

In December 1996, Monterey County and the cities of Gonzales, Greenfield, King, Salinas and Soledad ("Member Agencies") formed the Authority for the express purpose of managing the Disposal System and ensuring long-term disposal capacity for its Member Agencies.

In the Joint Powers Agreement which creates the Authority (the "JPA Agreement"), the Member Agencies transferred to the Authority the right to exercise flow control of solid waste within the Disposal System.

In order to meet its obligations under the Joint Powers Agreement and in reliance on this agreement, the Authority issued certain revenue bonds, and may issue additional revenue bonds to finance or refinance Authority facilities from time to time in the future.

In 1997, the County and the Authority entered into a Waste Disposal Agreement for the purpose of ensuring that all solid waste controlled by the County may be directed by the Authority to the Disposal System.

The Authority is issuing its revenue bonds (the "Refunding Bonds") pursuant to the JPA Agreement, the Marks-Roos Local Bond Pooling Act of 1985 as amended (California Government Code Section 5084, *et seq.*) (the "Bond Act") and pursuant to a Master Indenture and First Supplemental Indenture, each dated as of _____, 2013 (collectively, the "Indenture") to refund certain existing obligations of the Authority.

The MEMBER and the Authority have determined to amend the Waste Disposal Agreement as provided herein.

NOW, THEREFORE, taking into account the foregoing Recitals and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. The Definition of "Disposal System" is amended by inserting the following at the end thereof:

"Disposal System" shall also include any facilities (including transfer stations, landfills, or other waste management facilities) with respect to which the Authority from time to time may make contractual or other arrangements for the processing or disposal of solid waste.

Section 2. The Members acknowledge the issuance of the Refunding Bonds by the Authority pursuant to the Bond Act and the Indenture and further acknowledge that the Refunding Bonds shall constitute revenue bonds issued pursuant to the Waste Delivery Agreement for purposes of Section 3.1(b) of the Waste Delivery Agreement.

Section 3. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

Section 4. This Amendment shall become effective immediately upon execution by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date first above written.

ATTEST:

MEMBER

CLERK OF THE BOARD OF SUPERVISORS

COUNTY OF MONTEREY

APPROVED AS TO FORM:

CHARLES J. MCKEE, County Counsel

by _____

ATTEST:

SALINAS VALLEY SOLID
WASTE AUTHORITY

CLERK OF THE AUTHORITY

PRESIDENT OF THE
BOARD OF DIRECTORS

APPROVED AS TO FORM:

AUTHORITY COUNSEL

EXHIBIT A

ATTACHMENT E

DRAFT

**BEFORE THE BOARD OF SUPERVISORS IN AND FOR
THE COUNTY OF MONTEREY, STATE OF CALIFORNIA**

RESOLUTION NO. _____

In the Matter of the Salinas)
Valley Solid Waste Authority)
Revenue Bonds, Series 2013,)
and the County's Notices of)
Intent to Withdraw from the)
Authority and the related Waste)
Delivery Agreement.)
)

RECITALS

A. Pursuant to that certain Joint Exercise of Powers Agreement dated as of January 1, 1997 (the "JPA Agreement") by and among the County of Monterey and the cities of Gonzalez, Salinas, Greenfield, King City and Soledad, the Salinas Valley Solid Waste Authority (the "Authority") has been created and the Authority owns, manages and operates a sanitary landfill system for the disposal of municipal solid waste generated by the City members and in the unincorporated area of the County within the Authority boundaries;

B. The Authority has previously issued its \$39,845,000 Salinas Valley Solid Waste Authority Revenue Bonds, Series 2002 (the "2002 Bonds") to finance and refinance certain expenditures of the Authority;

C. In connection with the issuance of certain prior bond indebtedness of the Authority in 1997 (the Series 1997 Revenue Bonds), the County of Monterey (the "County") and the Authority entered into that certain Waste Delivery Agreement as of September, 1997 (the "Waste Delivery Agreement") for the purpose of ensuring that all solid waste controlled by the County may be directed by the Authority to the disposal system of the Authority;

D. In connection with the 2002 Bonds, the County reaffirmed the validity and enforceability of the Waste Delivery Agreement.

E. The Authority has informed the County that the 2002 Bonds and the remaining sum on that certain Note of the Authority in favor of the City of Salinas (the "Salinas Note") related to certain property purchase obligations activity can be refinanced at significant savings to the Authority and its rate payers through the issuance of its refunding revenue bonds, to be issued in an amount sufficient to refinance all or a portion of the Salinas Note and the 2002 Bonds, fund necessary reserves in connection therewith and pay costs of issuance related thereto, including any cost of credit enhancement, if applicable (the "Refunding Bonds"), all pursuant to the Marks-Roos Local Bond Pooling Act of 1986 (the "Bond Law");

F. The County by letters dated July 13, 2012 and July 16, 2012 has previously given notice of its intent to withdraw from the Authority and the Waste Delivery Agreement pursuant to the terms of the JPA Agreement (collectively, the "Withdrawal Notice");

DRAFT

G. The Authority has asked the County to rescind the Withdrawal Notice for all purposes of the JPA Agreement and the Waste Delivery Agreement, to affirm its obligations under and pursuant to the Waste Delivery Agreement and the JPA Agreement and to furnish information and certify such information and to take such other action to facilitate the issuance of the Refunding Bonds as may be reasonably requested by the Authority in connection with the issuance of the Refunding Bonds, including without limitation execution of any facilitating amendments to the Waste Delivery Agreement as are set forth in that certain Amendment to Waste Delivery Agreement on file with the Clerk of the Board, (the "Amendment to Waste Delivery Agreement"), and attached hereto as Exhibit A, or as may otherwise be determined by the Chief Administrative Officer to be reasonably related to the issuance of the Refunding Bonds, the rating by any nationally recognized rating agency of the Refunding Bonds or the underwriter/initial purchaser of the Refunding Bonds or with respect to establishing and assuring the security for the Refunding Bonds represented by the JPA Agreement and the Waste Delivery Agreement, such actions being referred to herein as the "Member Refunding Bonds Actions;"

H. The Authority proposes to issue the Refunding Bonds in the aggregate principal amount not to exceed \$38,000,000, the proceeds of which will be used to: (i) refinance the Authority's \$39,845,000 original principal amount Revenue Bonds Series 2002 (the "Prior Bonds") which in turn financed and/or refinanced the acquisition, installation and construction of a south county transfer station; wells, erosion mitigation improvements, leachate storage system, sediment basin, power pole relocation and flare for the Authority's Lewis Road Landfill; two new lined cells, water monitoring systems and pumps, leachate handling system improvements, paving, permitting and administration at the Authority's Johnson Canyon Road Landfill; leachate system improvements, erosion control, groundwater system and monitoring system, liquids handling system, LFG system expansion and flare, burn dump remediation, scalehouse area liner and construction engineering at the Crazy Horse Landfill; gas flare, gas perimeter probes, groundwater monitoring improvements, sediment basin drainage overhaul and access road improvements at Jolon Road Landfill; planning, engineering and permitting for expansion of the Johnson Canyon Road Landfill and certain other capital improvements (the "Project"), refund the Authority's 1997 Revenue Bonds, prepay a part of the Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas which in turn ~~financed the purchase by the Authority of the Crazy Horse Landfill,~~ (ii) ~~prepay the remaining~~ balance of Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas, (iii) fund a reserve account for the Bonds to be held by the Trustee, and (iv) pay certain expenses related to the issuance of the Bonds; and

I. Notice of a public hearing concerning the Bonds and the nature and location of the facilities to be financed was published in two newspapers of general circulation in the County of Monterey.

J. The Board of Supervisors of the County of Monterey (the "Board") has conducted a public hearing whereby interested parties were given a reasonable opportunity to state their views concerning the issuance of the Bonds and the nature and location of the facilities to be refinanced with a portion of the proceeds thereof.

K. Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires, as a condition of the exclusion from income of the holders thereof of interest on the

DRAFT

Bonds, that before the Bonds are issued, the Bonds be approved by the Board after a public hearing following reasonable public notice.

L. Pursuant to the Bond Law, and in particular Section 6586 and Section 6586.5 of the California Government Code, the Authority is not entitled to authorize the issuance of Bonds unless a local agency within whose boundaries the Projects are to be located approves the financing and makes a finding of significant public benefit in accordance with the Bond Law.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS IN AND FOR THE COUNTY OF MONTEREY, AS FOLLOWS:

SECTION 1 The County hereby disapproves the issuance of not to exceed \$38,000,000 aggregate principal amount of Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2013 (the "Bonds").

SECTION 2 Pursuant to the Bond Law, the County hereby finds and determines that "significant public benefits" will not be experienced by the County and its residents from the issuance of the Bonds and the financing of the Project due to the continuing projected rise in costs associated with disposal of waste within the Authority and the failure of the Authority to properly mitigate or control those costs.

SECTION 3 The Board of Supervisors hereby does not approve the Member Refunding Bonds Actions and directs the Chief Administrative Officer or his/her written designee, the Chair or Vice-Chair, the Clerk of the Board or any Deputy Clerk of the Board, County Counsel and/or any other authorized officer thereof ("Authorized Officer") to not execute and deliver any part of the Member Refunding Bonds Actions or any such documents, certificates, agreements, opinion letters (in the case of County Counsel) or other instruments (the "Other Instruments") as may be requested by the Authority to facilitate the issuance of the Refunding Bonds, including but not limited to further amendments to the Waste Delivery Agreement or estoppel certificates with respect to the JPA Agreement, and the Waste Delivery Agreement.

SECTION 4 Notwithstanding the foregoing Section 3, the County hereby rescinds for all purposes its Withdrawal Notice regarding the JPA and the Waste Delivery Agreement dated July 13 and 16, 2012, respectively.

SECTION 5 Staff is hereby directed to return before the Board of Supervisors at a meeting in December of 2013, with a report identifying a date certain for withdrawal from the Authority and the Waste Delivery Agreement, and identifying such other documents or actions as may be necessary to implement such withdrawals. Staff is further authorized and directed to begin discussions with any person or entity for which an agreement may be necessary to implement the withdrawals.

DRAFT

SECTION 6 This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED on this ____ day of _____, 2013, upon motion of Supervisor _____, seconded by Supervisor _____, by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTENTION:

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book ____ for the meeting on _____.

Dated:

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____
, Deputy

ATTACHMENT F

DRAFT

**BEFORE THE BOARD OF SUPERVISORS IN AND FOR
THE COUNTY OF MONTEREY, STATE OF CALIFORNIA**

RESOLUTION NO. _____

In the Matter of the Salinas)
Valley Solid Waste Authority)
Revenue Bonds, Series 2013,)
and the County's Notices of)
Intent to Withdraw from the)
Authority and the related Waste)
Delivery Agreement.)
)

RECITALS

A. Pursuant to that certain Joint Exercise of Powers Agreement dated as of January 1, 1997 (the "JPA Agreement") by and among the County of Monterey and the cities of Gonzalez, Salinas, Greenfield, King City and Soledad, the Salinas Valley Solid Waste Authority (the "Authority") has been created and the Authority owns, manages and operates a sanitary landfill system for the disposal of municipal solid waste generated by the City members and in the unincorporated area of the County within the Authority boundaries;

B. The Authority has previously issued its \$39,845,000 Salinas Valley Solid Waste Authority Revenue Bonds, Series 2002 (the "2002 Bonds") to finance and refinance certain expenditures of the Authority;

C. In connection with the issuance of certain prior bond indebtedness of the Authority in 1997 (the Series 1997 Revenue Bonds), the County of Monterey (the "County") and the Authority entered into that certain Waste Delivery Agreement as of September, 1997 (the "Waste Delivery Agreement") for the purpose of ensuring that all solid waste controlled by the County may be directed by the Authority to the disposal system of the Authority;

D. In connection with the 2002 Bonds, the County reaffirmed the validity and enforceability of the Waste Delivery Agreement.

E. The Authority has informed the County that the 2002 Bonds and the remaining sum on that certain Note of the Authority in favor of the City of Salinas (the "Salinas Note") related to certain property purchase obligations activity can be refinanced at significant savings to the Authority and its rate payers through the issuance of its refunding revenue bonds, to be issued in an amount sufficient to refinance all or a portion of the Salinas Note and the 2002 Bonds, fund necessary reserves in connection therewith and pay costs of issuance related thereto, including any cost of credit enhancement, if applicable (the "Refunding Bonds"), all pursuant to the Marks-Roos Local Bond Pooling Act of 1986 (the "Bond Law");

F. The County by letters dated July 13, 2012 and July 16, 2012 has previously given notice of its intent to withdraw from the Authority and the Waste Delivery Agreement pursuant to the terms of the JPA Agreement (collectively, the "Withdrawal Notice");

DRAFT

G. The Authority has asked the County to rescind the Withdrawal Notice for all purposes of the JPA Agreement and the Waste Delivery Agreement, to affirm its obligations under and pursuant to the Waste Delivery Agreement and the JPA Agreement and to furnish information and certify such information and to take such other action to facilitate the issuance of the Refunding Bonds as may be reasonably requested by the Authority in connection with the issuance of the Refunding Bonds, including without limitation execution of any facilitating amendments to the Waste Delivery Agreement as are set forth in that certain Amendment to Waste Delivery Agreement on file with the Clerk of the Board, (the "Amendment to Waste Delivery Agreement"), and attached hereto as Exhibit A, or as may otherwise be determined by the Chief Administrative Officer to be reasonably related to the issuance of the Refunding Bonds, the rating by any nationally recognized rating agency of the Refunding Bonds or the underwriter/initial purchaser of the Refunding Bonds or with respect to establishing and assuring the security for the Refunding Bonds represented by the JPA Agreement and the Waste Delivery Agreement, such actions being referred to herein as the "Member Refunding Bonds Actions;"

H. The Board of Supervisors wishes hereby to facilitate the issuance of the Refunding Bonds and allow the Authority to realize savings associated with such issuance, and to take such actions as may be necessary or appropriate to do so; however, the Board of Supervisors does not wish to rescind the Withdrawal Notice.

I. The Authority proposes to issue the Refunding Bonds in the aggregate principal amount not to exceed \$38,000,000, the proceeds of which will be used to: (i) refinance the Authority's \$39,845,000 original principal amount Revenue Bonds Series 2002 (the "Prior Bonds") which in turn financed and/or refinanced the acquisition, installation and construction of a south county transfer station; wells, erosion mitigation improvements, leachate storage system, sediment basin, power pole relocation and flare for the Authority's Lewis Road Landfill; two new lined cells, water monitoring systems and pumps, leachate handling system improvements, paving, permitting and administration at the Authority's Johnson Canyon Road Landfill; leachate system improvements, erosion control, groundwater system and monitoring system, liquids handling system, LFG system expansion and flare, burn dump remediation, scalehouse area liner and construction engineering at the Crazy Horse Landfill; gas flare, gas perimeter probes, groundwater monitoring improvements, sediment basin drainage overhaul and access road improvements at Jolon Road Landfill; planning, engineering and permitting for expansion of the Johnson Canyon Road Landfill and certain other capital improvements (the "Project"), refund the Authority's 1997 Revenue Bonds, prepay a part of the Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas which in turn financed the purchase by the Authority of the Crazy Horse Landfill, (ii) prepay the remaining balance of Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas, (iii) fund a reserve account for the Bonds to be held by the Trustee, and (iv) pay certain expenses related to the issuance of the Bonds; and

J. Notice of a public hearing concerning the Bonds and the nature and location of the facilities to be financed was published in two newspapers of general circulation in the County of Monterey.

K. The Board of Supervisors of the County of Monterey (the "Board") has conducted a public hearing whereby interested parties were given a reasonable opportunity to state their

DRAFT

views concerning the issuance of the Bonds and the nature and location of the facilities to be refinanced with a portion of the proceeds thereof.

L. Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires, as a condition of the exclusion from income of the holders thereof of interest on the Bonds, that before the Bonds are issued, the Bonds be approved by the Board after a public hearing following reasonable public notice.

M. Pursuant to the Bond Law, and in particular Section 6586 and Section 6586.5 of the California Government Code, the Authority is not entitled to authorize the issuance of Bonds unless a local agency within whose boundaries the Projects are to be located approves the financing and makes a finding of significant public benefit in accordance with the Bond Law.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS IN AND FOR THE COUNTY OF MONTEREY, AS FOLLOWS:

SECTION 1 The County hereby approves the issuance not to exceed \$38,000,000 aggregate principal amount of Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2013 (the "Bonds"), pursuant to Section 147(f)(2) of the Code.

SECTION 2 Pursuant to the Bond Law, the County hereby finds and determines that "significant public benefits" will be experienced by the County and its residents from the issuance of the Bonds and the financing of the Project, including without limitation demonstrable savings in effective interest rate and other bond related costs associated with the delivery of waste disposal services to residential and commercial development within the County's boundaries.

SECTION 3 The Bonds, if any are issued by the Salinas Valley Solid Waste Authority, will be special revenue obligations only of the Authority and will be secured by revenues pledge to repayment thereof by the Authority, and certain other assets of the Authority, but shall not be general obligations of the Authority, the County or the State of California (the "State") for which is pledged the taxing power or the full faith and credit of the Authority, the County or the State. The County, the State and the other members of the Authority will not be obligated to pay, or otherwise be liable for, the payments due on the Bonds.

SECTION 4 The Board of Supervisors hereby directs the Chief Administrative Officer or his/her written designee, the Chair or Vice-Chair, the Clerk of the Board or any Deputy Clerk of the Board, County Counsel and/or any other authorized officer thereof ("Authorized Officer") to execute and deliver such documents, certificates, agreements, opinion letters (in the case of County Counsel) or other instruments (the "Other Instruments") as may be reasonably requested by the Authority to facilitate the issuance of the Refunding Bonds; however, the Board of Supervisors expressly declines to rescind the Withdrawal Notice. Furthermore, such authority and direction is granted solely and exclusively if, in the opinion of the Chief Administrative Officer and County Counsel, such Other Instruments do not modify or eliminate material rights of the County.

SECTION 5 Staff is hereby directed to return before the Board of Supervisors at a meeting in December of 2013, with a report identifying a date certain for withdrawal from the Authority and

DRAFT

the Waste Delivery Agreement, and identifying such other documents or actions as may be necessary to implement such withdrawals. Staff is further authorized and directed to begin discussions with any person or entity for which an agreement may be necessary to implement the withdrawals.

SECTION 6 This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED on this ____ day of _____, 2013, upon motion of Supervisor _____, seconded by Supervisor _____, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTENTION:

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book ____ for the meeting on _____.

Dated:

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____
, Deputy

ATTACHMENT G

DRAFT

**BEFORE THE BOARD OF SUPERVISORS IN AND FOR
THE COUNTY OF MONTEREY, STATE OF CALIFORNIA**

RESOLUTION NO. _____

In the Matter of the Salinas)
Valley Solid Waste Authority)
Revenue Bonds, Series 2013,)
and the County's Notices of)
Intent to Withdraw from the)
Authority and the related Waste)
Delivery Agreement.)
)

RECITALS

A. Pursuant to that certain Joint Exercise of Powers Agreement dated as of January 1, 1997 (the "JPA Agreement") by and among the County of Monterey and the cities of Gonzalez, Salinas, Greenfield, King City and Soledad, the Salinas Valley Solid Waste Authority (the "Authority") has been created and the Authority owns, manages and operates a sanitary landfill system for the disposal of municipal solid waste generated by the City members and in the unincorporated area of the County within the Authority boundaries;

B. The Authority has previously issued its \$39,845,000 Salinas Valley Solid Waste Authority Revenue Bonds, Series 2002 (the "2002 Bonds") to finance and refinance certain expenditures of the Authority;

C. In connection with the issuance of certain prior bond indebtedness of the Authority in 1997 (the Series 1997 Revenue Bonds), the County of Monterey (the "County") and the Authority entered into that certain Waste Delivery Agreement as of September, 1997 (the "Waste Delivery Agreement") for the purpose of ensuring that all solid waste controlled by the County may be directed by the Authority to the disposal system of the Authority;

D. In connection with the 2002 Bonds, the County reaffirmed the validity and enforceability of the Waste Delivery Agreement.

E. The Authority has informed the County that the 2002 Bonds and the remaining sum on that certain Note of the Authority in favor of the City of Salinas (the "Salinas Note") related to certain property purchase obligations activity can be refinanced at significant savings to the Authority and its rate payers through the issuance of its refunding revenue bonds, to be issued in an amount sufficient to refinance all or a portion of the Salinas Note and the 2002 Bonds, fund necessary reserves in connection therewith and pay costs of issuance related thereto, including any cost of credit enhancement, if applicable (the "Refunding Bonds"), all pursuant to the Marks-Roos Local Bond Pooling Act of 1986 (the "Bond Law");

F. The County by letters dated July 13, 2012 and July 16, 2012 has previously given notice of its intent to withdraw from the Authority and the Waste Delivery Agreement pursuant to the terms of the JPA Agreement (collectively, the "Withdrawal Notice");

DRAFT

G. The Authority has asked the County to rescind the Withdrawal Notice for all purposes of the JPA Agreement and the Waste Delivery Agreement, to affirm its obligations under and pursuant to the Waste Delivery Agreement and the JPA Agreement and to furnish information and certify such information and to take such other action to facilitate the issuance of the Refunding Bonds as may be reasonably requested by the Authority in connection with the issuance of the Refunding Bonds, including without limitation execution of any facilitating amendments to the Waste Delivery Agreement as are set forth in that certain Amendment to Waste Delivery Agreement on file with the Clerk of the Board, (the "Amendment to Waste Delivery Agreement"), and attached hereto as Exhibit A, or as may otherwise be determined by the Chief Administrative Officer to be reasonably related to the issuance of the Refunding Bonds, the rating by any nationally recognized rating agency of the Refunding Bonds or the underwriter/initial purchaser of the Refunding Bonds or with respect to establishing and assuring the security for the Refunding Bonds represented by the JPA Agreement and the Waste Delivery Agreement, such actions being referred to herein as the "Member Refunding Bonds Actions;"

H. The Authority proposes to issue the Refunding Bonds in the aggregate principal amount not to exceed \$38,000,000, the proceeds of which will be used to: (i) refinance the Authority's \$39,845,000 original principal amount Revenue Bonds Series 2002 (the "Prior Bonds") which in turn financed and/or refinanced the acquisition, installation and construction of a south county transfer station; wells, erosion mitigation improvements, leachate storage system, sediment basin, power pole relocation and flare for the Authority's Lewis Road Landfill; two new lined cells, water monitoring systems and pumps, leachate handling system improvements, paving, permitting and administration at the Authority's Johnson Canyon Road Landfill; leachate system improvements, erosion control, groundwater system and monitoring system, liquids handling system, LFG system expansion and flare, burn dump remediation, scalehouse area liner and construction engineering at the Crazy Horse Landfill; gas flare, gas perimeter probes, groundwater monitoring improvements, sediment basin drainage overhaul and access road improvements at Jolon Road Landfill; planning, engineering and permitting for expansion of the Johnson Canyon Road Landfill and certain other capital improvements (the "Project"), refund the Authority's 1997 Revenue Bonds, prepay a part of the Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas which in turn financed the purchase by the Authority of the Crazy Horse Landfill, (ii) prepay the remaining balance of Installment Purchase Agreement dated as of September 1, 1997, by and between the Authority and the City of Salinas, (iii) fund a reserve account for the Bonds to be held by the Trustee, and (iv) pay certain expenses related to the issuance of the Bonds; and

I. Notice of a public hearing concerning the Bonds and the nature and location of the facilities to be financed was published in two newspapers of general circulation in the County of Monterey.

J. The Board of Supervisors of the County of Monterey (the "Board") has conducted a public hearing whereby interested parties were given a reasonable opportunity to state their views concerning the issuance of the Bonds and the nature and location of the facilities to be refinanced with a portion of the proceeds thereof.

K. Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires, as a condition of the exclusion from income of the holders thereof of interest on the

DRAFT

Bonds, that before the Bonds are issued, the Bonds be approved by the Board after a public hearing following reasonable public notice.

L. Pursuant to the Bond Law, and in particular Section 6586 and Section 6586.5 of the California Government Code, the Authority is not entitled to authorize the issuance of Bonds unless a local agency within whose boundaries the Projects are to be located approves the financing and makes a finding of significant public benefit in accordance with the Bond Law.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS IN AND FOR THE COUNTY OF MONTEREY, AS FOLLOWS:

SECTION 1 The County hereby disapproves the issuance of not to exceed \$38,000,000 aggregate principal amount of Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2013 (the "Bonds").

SECTION 2 Pursuant to the Bond Law, the County hereby finds and determines that "significant public benefits" will not be experienced by the County and its residents from the issuance of the Bonds and the financing of the Project due to the continuing projected rise in costs associated with disposal of waste within the Authority and the failure of the Authority to properly mitigate or control those costs.

SECTION 3 The Board of Supervisors hereby does not approve the Member Refunding Bonds Actions and directs the Chief Administrative Officer or his/her written designee, the Chair or Vice-Chair, the Clerk of the Board or any Deputy Clerk of the Board, County Counsel and/or any other authorized officer thereof ("Authorized Officer") to not execute and deliver any part of the Member Refunding Bonds Actions or any such documents, certificates, agreements, opinion letters (in the case of County Counsel) or other instruments (the "Other Instruments") as may be requested by the Authority to facilitate the issuance of the Refunding Bonds, including but not limited to further amendments to the Waste Delivery Agreement or estoppel certificates with respect to the JPA Agreement, and the Waste Delivery Agreement. The Board of Supervisors expressly declines to rescind the Withdrawal Notice.

~~**SECTION 4** Staff is hereby directed to return before the Board of Supervisors at a meeting in December of 2013, with a report identifying a date certain for withdrawal from the Authority and the Waste Delivery Agreement, and identifying such other documents or actions as may be necessary to implement such withdrawals. Staff is further authorized and directed to begin discussions with any person or entity for which an agreement may be necessary to implement the withdrawals.~~

SECTION 5 This Resolution shall take effect immediately upon its adoption.

DRAFT

PASSED AND ADOPTED on this _____ day of _____, 2013, upon motion of Supervisor _____, seconded by Supervisor _____, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTENTION:

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book _____ for the meeting on _____.

Dated:

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____
, Deputy