

**Before the Board of Supervisors in and for the  
County of Monterey, State of California**

**Resolution No. 12-0065**

**RESOLUTION AUTHORIZING AND APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2012-2013; THE ISSUANCE AND SALE OF A 2012-2013 TAX AND REVENUE ANTICIPATION NOTE THEREFOR AT THE MAXIMUM LEGAL AMOUNT, BUT NOT TO EXCEED \$65,000,000, THROUGH PARTICIPATION IN THE CALIFORNIA COMMUNITIES CASH FLOW FINANCING PROGRAM**

WHEREAS, local agencies are authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

WHEREAS, the Board of Supervisors (the Board") of the County of Monterey (the "County") has determined that a sum (the "Principal Amount"), not to exceed the Maximum Amount of Borrowing specified in Section 22 hereof, which Principal Amount is to be confirmed and set in the Pricing Confirmation (as defined in Section 4 hereof), is needed for the requirements of the County, to satisfy obligations of the County, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note or notes therefore in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received or accrued by the County for the general fund of the County, and provided for or attributable to its fiscal year ending June 30, 2013 ("Repayment Fiscal Year");

WHEREAS, the County hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note, as hereinafter defined;

WHEREAS, it appears, and this Board hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed 85% of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the County provided for or attributable to the Repayment Fiscal Year, and available for the payment of the principal of the Note and the interest thereon;

WHEREAS, no money has heretofore been borrowed by or on behalf of the County through the issuance of tax and revenue anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for the Repayment Fiscal Year;

WHEREAS, pursuant to Section 53856 of the Act, certain moneys which will be received or accrued by the County and provided for or attributable to the Repayment Fiscal Year can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

WHEREAS, the County has determined that it is in the best interests of the County to participate in the California Communities Cash Flow Financing Program (the “Program”), whereby participating local agencies (collectively, the “Issuers”) may jointly issue tax and revenue anticipation notes, or alternatively, each may issue its note on a stand-alone basis, dependent on market conditions;

WHEREAS, the Program requires the participating Issuers to sell their tax and revenue anticipation notes to the California Statewide Communities Development Authority (the “Authority”) pursuant to the note purchase agreements (collectively, the “Purchase Agreements”), each between such individual Issuer and the Authority, and dated as of the date of the Pricing Confirmation, a form of which has been submitted to the Board;

WHEREAS, the Authority, in consultation with Bando Public Finance LLC, as financial advisor for certain of the Issuers (the “Financial Advisor”) and, if the County’s Authorized Agent for Sale, as hereinafter defined, in consultation with the Financial Advisor, determines that a negotiated sale is desirable, an underwriter (the “Underwriter”), will form one or more pools of notes (the “Pooled Notes”) and assign each note to a particular pool, which assignment and grouping may include a single note to a particular pool (the “Pool”), and sell a series (the “Series”) of bonds, which may include with respect to a single Pool, a series of senior bonds and a series of subordinate bonds (the “Bonds”) secured by each Pool pursuant to an indenture (the “Indenture”) between the Authority and Wilmington Trust, N.A., as trustee (the “Trustee”), and each Series distinguished by whether or what type(s) of Credit Instrument (as hereinafter defined) secures such notes that are part of each Series, by the principal amounts of the notes assigned to the Pool, by whether interest on the Series of Bonds is a fixed rate of interest or a variable rate of interest swapped to a fixed rate by the Authority, by whether interest on the series of Bonds is includable in gross income for federal income tax purposes, or by other factors, all of which the County hereby acknowledges and approves the discretion of the Authority to assign the Note to such Pool and such Indenture as the Authority, in consultation with the Financial Advisor and the Authorized Agent for Sale, may determine;

WHEREAS, as additional security for the Owners of the Bonds, all or a portion of the payments by the County or by the other Issuers of their respective notes assigned to such Series may or may not be secured either by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or other credit instrument (or instruments) (collectively, the “Credit Instrument”) issued by the credit provider or credit providers designated in the Indenture, as finally executed (collectively, the “Credit Provider”), which may be issued pursuant to a credit agreement or agreements or commitment letter or letters designated in the Indenture (collectively, the “Credit Agreement”) between the Authority and the respective Credit Provider;

WHEREAS, the net proceeds of the Note may be invested by the County in Permitted Investments (as defined in the Indenture) or in any other investment permitted by the laws of the State of California, as now in effect and as hereafter amended, modified or supplemented from time to time;

WHEREAS, the Program requires that each participating Issuer approve the Indenture and the alternative forms of Credit Instruments, if any, in substantially the forms presented to the Board,

or, in the case of the Credit Instruments, if any, if not presented, in a form which complies with such requirements and standards as may be determined by the Board, with the final form of Indenture and type of Credit Instrument and corresponding Credit Agreement, if any, determined upon execution of the Pricing Confirmation by the Authorized Representative;

WHEREAS, pursuant to the Program, in the event that other Issuers participate with the County in a Series of Bonds sold into a pool, each participating Issuer will be responsible for its share of (a) the fees of the Trustee and the costs of issuing the applicable Series of Bonds, and (b), if applicable, the fees of the Credit Provider (which shall be payable from, among other sources, moneys in the Costs of Issuance Fund established and held under the Indenture), the Issuer's allocable share of all Pre-default Obligations and the Issuer's Reimbursement Obligations, if any (each as defined in the Indenture), and in the event that the Note is sold on a stand-alone basis, the County will be responsible for (a) the fees of the Trustee and the costs of issuing the applicable Series of Bonds, and (b), if applicable, the fees of the Credit Provider, all Pre-default Obligations and the Issuer's Reimbursement Obligations, if any;

WHEREAS, pursuant to the Program, the Note and the Notes issued by other Issuers, if any, participating in the same Series (all as represented by a Series of Bonds) which will be secured by the Indenture to which such Pool will be assigned, will be offered for sale through negotiation with an Underwriter or directly to a purchaser or purchasers under the terms of an official notice of sale approved by one or more authorized representatives set forth in Section 22 hereof (each, an "Authorized Representative");

WHEREAS, the Indenture provides, among other things, that for the benefit of Owners of Bonds and the Credit Provider, if any, the County shall provide notices of the occurrence of certain enumerated events, if deemed by the County to be material;

WHEREAS, the County has determined that it may be desirable to provide for the issuance of an additional parity note (the "Parity Note") during the Repayment Fiscal Year, the principal and interest on which are secured by Pledged Revenues, hereinafter defined, on a parity with the Note; and

WHEREAS, it is necessary to engage the services of certain professionals to assist the County in its participation in the Program;

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Supervisors does hereby find, determine, declare and resolve as follows:

**Section 1. Recitals.** All the above recitals are true and correct.

**Section 2. Authorization of Issuance.** This Board hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received or accrued by the County for the general fund of the County and provided for or attributable to the Repayment Fiscal Year, by the issuance of a note or notes, pursuant to the provisions of the Act, designated the County's "2012 Tax and Revenue Anticipation Note," with an appropriate series designation if more than one note is issued (collectively, the "Note"), to be

issued in the form of a fully registered note or notes in the Principal Amount thereof, to be dated the date of its delivery to the initial purchaser thereof, to mature (with or without option of prior redemption at the election of the County) not more than 15 months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation (the "Maturity Date"), and to bear interest, payable on its Maturity Date (and if the Maturity Date is more than 12 months from the date of issuance, payable on the interim interest payment date set forth in the Pricing Confirmation) and computed upon the basis of a 360-day year consisting of twelve 30-day months, or a 365- or 366-day year, as the case may be, and actual days elapsed, at a rate or rates, if more than one Note is issued, not to exceed 12% per annum as determined in the Pricing Confirmation and indicated on the face of the Note (the "Note Rate"). If the Series of Bonds issued in connection with the Note is secured in whole or in part by a Credit Instrument or such Credit Instrument secures the Note in whole or in part and all principal of and interest on the Note is not paid in full at maturity or if payment of principal and/or interest on the Note is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw or claim is not fully reimbursed on such date, such Note shall become a Defaulted Note (as defined in the Indenture), and the unpaid portion thereof (including the interest component, if applicable) thereof (or the portion (including the interest component, if applicable) thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Indenture). If the Note or the Series of Bonds issued in connection with the Note is unsecured in whole or in part and the Note is not fully paid at maturity, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. In each case set forth in the preceding two sentences, the obligation of the County with respect to such Defaulted Note or unpaid Note shall not be a debt or liability of the County prohibited by Article XVI, Section 18 of the California Constitution, and the County shall not be liable thereon except to the extent of any available revenues provided for or attributable to the Repayment Fiscal Year, as provided in Section 8 hereof. The percentage of the Note or the Series of Bonds issued in connection with the Note to which a Credit Instrument, if any, applies (the "Secured Percentage") shall be equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on notes (or portions thereof) of all Issuers of Notes that are part of such Series of Bonds, expressed as a percentage (but not greater than 100%) as of the maturity date. Both the principal of and interest on the Note shall be payable in lawful money of the United States of America. The Note may be issued in conjunction with the note or notes of one or more other Issuers, if any, as part of the Program and within the meaning of Section 53853 of the Act. Anything in this Resolution to the contrary notwithstanding, the Pricing Confirmation (defined below) may specify that a portion of the authorized Principal Amount of the Note shall be issued as a taxable Note the interest on which is includable in the gross income of the holder thereof for federal income tax purposes (a "Taxable Note"). In such event, the Taxable Note shall be issued with an appropriate series designation and other terms reflecting such taxability of interest income, including without limitation, a taxable Note Rate and a taxable Default Rate; the term Note, and other terms as appropriate, shall be deemed to include or refer to such Taxable Note; and the agreements, covenants and provisions set forth in this Resolution to be performed by or on behalf of the County shall be for the equal and proportionate benefit, security and protection of the

holder of any Note without preference, priority or distinction as to security or otherwise of any Note over another Note.

**Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A, as attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures as determined at closing.

**Section 4. Sale of Note; Delegation.** The Note may be sold to the Authority pursuant to the terms and provisions of the Purchase Agreement. The form of the Purchase Agreement, including the form of the pricing confirmation set forth as an exhibit thereto (the "Pricing Confirmation"), presented to this meeting is hereby approved. The sale and delivery of the Note pursuant to the Purchase Agreement may occur in connection with either a negotiated or public sale of the Series of Bonds secured by the Note, as determined by an Authorized Representative, or a designee of any such official, in his or her capacity as agent for sale of the County's Note, (the "Authorized Agent for Sale"), in consultation with the Financial Advisor. Such determination shall occur at least 15 days prior to the execution of the Pricing Confirmation and shall be based upon current market conditions and the best financial interests of the County at such time. If the Authorized Agent for Sale instructs the Authority to proceed with a public sale of the Bonds secured by the County's Note, the public sale shall be at the time and place and upon the terms provided in the Official Notice of Sale pertaining to the Bonds, which shall be in substantially the form on file with the Clerk (the "Notice of Sale"). Bids for the purchase of the Bonds shall be received by the Authorized Agent for Sale at the time and place and in the manner set forth in the Notice of Sale. The Authorized Agent for Sale is authorized to distribute copies of the Notice of Sale. The County hereby authorizes and ratifies publication in The Bond Buyer of a Notice Of Intention To Sell in substantially the form on file with the Clerk, said publication being required to be made in a financial publication generally circulated throughout the State at least 5 days prior to the award of the Bonds at competitive bid pursuant to Section 53692 of the Government Code. The Authorized Agent for Sale is hereby authorized to award the Bonds in an aggregate principal amount (not to exceed the Maximum Amount to the bidder(s) for the Bonds providing the lowest cost as provided in the Notice of Sale. The Authorized Representatives are each hereby authorized and directed to execute and deliver such Purchase Agreement and Pricing Confirmation in substantially said form, with such changes thereto as such Authorized Representative shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; *provided, however*, (i) that the Purchase Agreement shall not be effective and binding on the County until the execution and delivery of the Pricing Confirmation, (ii) that the interest rate on the Note shall not exceed 12% per annum, (iii) that if the Bonds are sold in a negotiated sale to an Underwriter, the County's *pro rata* share of Underwriter's discount on the Note, when added to the County's share of the costs of issuance of the Bonds, shall not exceed 1.0% of the Principal Amount of the Note and (iv) that the Principal Amount shall not exceed the Maximum Amount of Borrowing. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective upon execution and delivery for all purposes.

**Section 5. Program Approval.** The Note may be combined with notes of other Issuers, if any, into a Series of Bonds, as may be described and set forth in the Preliminary Official

Statement, hereinafter mentioned, and sold with such other notes of that Series secured by the Credit Instrument (if any) referred to in the Pricing Confirmation.

The forms of Indenture and alternative general types and forms of Credit Agreements, if any, presented to this meeting or otherwise to the Board, are hereby approved, and it is acknowledged that the Authority will execute and deliver the Indenture and a Credit Agreement, if applicable, which shall be identified in the Pricing Confirmation, in substantially one or more of said forms (a substantially final form of Credit Agreement to be delivered to the Authorized Representative following the execution by the Authorized Representative of the Pricing Confirmation), with such changes therein as said officer shall require or approve, such approval of this Board and such officer to be conclusively evidenced by the execution of the Indenture and the Credit Agreement, if any. A description of this undertaking will be set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The Authorized Representative is hereby authorized and directed to comply with and carry out all of the provisions of the Indenture with respect to continuing disclosure; *provided, however*, that failure of the County to comply with the Continuing Disclosure Agreement, as defined in Article XI of the Indenture, shall not be considered an Event of Default hereunder. Any Credit Agreement identified in the Pricing Confirmation but not at this time before the Board shall include reasonable and customary terms and provisions relating to fees, increased costs of the Credit Provider, if any, payable by the County, negative and affirmative covenants of the County and events of default. Any Authorized Representative of the County is hereby authorized and directed to approve a preliminary offering document, which may be cast as a preliminary official statement, preliminary private offering memorandum or preliminary limited offering memorandum (the "Preliminary Official Statement") relating to the Series of Bonds, that describes the Bonds, the Notes, and the Finances and Operations of the County, with such changes, additions, completion and corrections as any Authorized Representative may approve, and the Financial Advisor or the Underwriter, as appropriate, is hereby authorized and directed to cause to be mailed to prospective bidders the Preliminary Official Statement in connection with the offering and sale of the Series of Bonds. Such Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the County for purposes of Rule 15c2-12, promulgated by the Securities and Exchange Commission (the "Rule"), unless otherwise exempt, but is subject to revision, amendment and completion in a final official statement, private offering memorandum or limited offering memorandum (the "Official Statement"). The Official Statement in substantially said form is hereby authorized and approved, with such changes therein as any Authorized Representative may approve. The Authorized Representative is hereby authorized and directed, at or after the time of the sale of any Series of Bonds, for and in the name and on behalf of the County, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authorized Representative may approve, such approval to be conclusively evidenced by the execution and delivery thereof. Any one of the Authorized Representatives of the County is hereby authorized and directed to provide the Financial Advisor or the Underwriter, as appropriate, with such information relating to the County as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement of the Authority. Upon inclusion of the information relating to the County therein, the Preliminary Official Statement is, except for certain omissions permitted by the Rule, hereby deemed final within the meaning of the Rule; *provided* that no representation is made as

to the information contained in the Preliminary Official Statement relating to the other Issuers, if any, or any Credit Provider. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the County might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the County shall promptly notify the Financial Advisor or the Underwriter, as appropriate. The Authority is hereby authorized and directed, at or after the time of the sale of any Series of Bonds, for and in the name and on behalf of the County, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof. Subject to Section 8 hereof, the County hereby agrees that if the Note shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to the Note or the Series of Bonds issued in connection with the Note, and therefore with respect to all or a portion of the County's Note, has been reimbursed for any drawings, payments or claims made under or from the Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and (ii) the holders of the Note or the Series of the Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee. The County agrees to pay or cause to be paid, in addition to the amounts payable under the Note, any fees or expenses of the Trustee and, to the extent permitted by law, if the County's Note is secured in whole or in part by a Credit Instrument (by virtue of the fact that the Series of Bonds is secured by a Credit Instrument), any Pre-default Obligations and Reimbursement Obligations (to the extent not payable under the Note), (i) arising out of an "Event of Default" hereunder (or pursuant to Section 7 hereof) or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Pre-default Obligations, the County shall owe only the percentage of such fees, expenses and Pre-default Obligations equal to the ratio of the principal amount of its Note over the aggregate principal amounts of all notes, including the Note, of the Series of which the Note is a part, at the time of original issuance of such Series. Such additional amounts will be paid by the County within twenty-five (25) days of receipt by the County of a bill therefore from the Trustee.

**Section 6. No Joint Obligation; Owners' Rights.** The Note shall be marketed and sold on either a stand-alone basis or simultaneously with the notes of other Issuers, if any, and aggregated and combined with notes of such other Issuers participating in the Program, and assigned to secure a Series of Bonds, representing an interest in several, and not joint, obligations of each such Issuer. The obligation of the County to Owners is a several and not a joint obligation and is strictly limited to the County's repayment obligation under this Resolution and

the Note. Owners of Bonds, to the extent of their interest in the Note, and the Credit Provider, if any, shall be treated as owners of the Note and shall be entitled to all the rights and security thereof in accordance with the Indenture, including the right to enforce the obligations and covenants contained in this Resolution and the Note. The County hereby recognizes the right of the Owners and the Credit Provider, if any, acting directly or through the Trustee to enforce the obligations and covenants contained in the Note, this Resolution and the Indenture. The County shall be directly obligated to each Owner for the principal and interest payments on the Note without any right of counterclaim or offset arising out of any act or failure to act on the part of the Trustee.

**Section 7. Disposition of Proceeds of Note.** The moneys received from the sale of the Note allocable to the County's costs related to the issuance of the Notes and Series of Bonds (if sold on a stand-alone basis) or the County's share of the costs of issuance (which shall include any issuance fees in connection with a Credit Instrument applicable to the Note, if any) shall be deposited in the Costs of Issuance Fund held and invested by the Trustee under the Indenture and expended on costs of issuance as provided in the Indenture. The moneys received from the sale of the Note (net of the County's costs related to the issuance of the Notes and Series of Bonds (if sold on a stand-alone basis) or the County's share of the costs of issuance) shall be deposited in the County's Proceeds Subaccount within the Proceeds Fund hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Indenture for the County and said moneys may be used and expended by the County for any purpose for which it is authorized to expend funds upon requisition from the Proceeds Subaccount as specified in the Indenture. Amounts in the Proceeds Subaccount are hereby pledged to the payment of the Note. The Trustee will not create subaccounts within the Proceeds Fund, but will keep records to account separately for proceeds of the Bonds allocable to the County's Note on deposit in the Proceeds Fund which shall constitute the County's Proceeds Subaccount.

**Section 8. Source of Payment.** The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are accrued, received or held by the County for the general fund of the County and are provided for or attributable to the Repayment Fiscal Year and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the County hereby pledges all Unrestricted Revenues (as hereinafter provided, the "Pledged Revenues") which are accrued, received or held by the County for the general fund of the County and are provided for or attributable to the Repayment Fiscal Year, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the County from such Pledged Revenues and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully available therefore (all as provided for in Sections 53856 and 53857 of the Act). The term "Unrestricted Revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the County provided for or attributable to the Repayment Fiscal Year and which are generally available for the payment of current expenses and other obligations of the County. The holders of the Notes, Owners and Credit Provider, if any, shall have a first lien and charge on such Unrestricted Revenues as herein provided which are accrued, received or



held by the County and are provided for or attributable to the Repayment Fiscal Year. The County may incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of Pledged Revenues hereunder and may issue subordinate tax and revenue anticipation notes. In order to effect the pledge referenced in the preceding paragraph, the County hereby agrees to the establishment and maintenance of a special account of the County (the "Payment Account") by the Trustee as the responsible agent to maintain such an account until the payment of the principal of the Note and the interest thereon, and the County further agrees to cause to be deposited an amount in the Payment Account on the last Business Day of the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and, if necessary, any amounts received thereafter provided for or attributable to the Repayment Fiscal Year) so that the amount on deposit in the Payment Account, is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentage of the principal and interest due on the Note specified in the Pricing Confirmation. Any such deposit may take into consideration anticipated investment earnings on amounts deposited in an Investment Agreement that is a Permitted Investment, as defined in the Indenture, through the Maturity Date. Transfers from the Payment Account shall be made in accordance with the Indenture.

Any Authorized Representative of the County is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note required to be on deposit in the Payment Account in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Board and such Authorized Representative; provided, however, that the maximum number of Repayment Months shall be six. In the event on the day in each such Repayment Month that a deposit to the Payment account is required to be made, the County has not received sufficient unrestricted revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the County lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available.

Any moneys placed in the Payment Account shall be for the benefit of (i) the owner of the Note and the holders of Bonds issued in connection with the Notes (ii) (to the extent provided in the Indenture) the Credit Provider, if any. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity (in accordance with the requirements for defeasance of the Bonds as set forth in the Indenture) and (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the payment of all Pre-default Obligations and Reimbursement Obligations owing to the Credit Provider, if any.

The County hereby directs the Trustee to transfer on the Note Payment Deposit Date (as defined in the Indenture), any moneys in the Payment Account to the Bond Payment Fund (as defined in the Indenture). In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full when due, such moneys shall be applied in the

following priority: first, to pay interest on the Note; second, to pay principal of the Note; third, to reimburse the Credit Provider for payment, if any, of interest with respect to the Note; fourth, to reimburse the Credit Provider for payment, if any, of principal with respect to the Note; and fifth, to pay any Reimbursement Obligations of the County and any of the County's pro rata share of Pre-default Obligations owing to the Credit Provider, if any. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon and any Pre-default Obligations and Reimbursement Obligations, if applicable, have been paid, or provision for such payment has been made, shall be transferred to the general fund of the County, subject to any other disposition required by the Indenture, or, if applicable, the Credit Agreement. Nothing herein shall be deemed to relieve the County from its obligation to pay its Note in full on the Maturity Date.

Moneys in the Proceeds Subaccount and in the Payment Account shall be invested by the Trustee pursuant to the Indenture as directed by the County in Permitted Investments as described in and under the terms of the Indenture. Any such investment by the Trustee shall be for the account and risk of the County, and the County shall not be deemed to be relieved of any of its obligations with respect to the Note, the Predefault Obligations or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount or the Payment Account.

The County shall promptly file with the Trustee and the Credit Provider, if any, such financial reports at the times and in the forms required by the Indenture. At the written request of the Credit Provider, if any, the County shall, within ten (10) Business Days following the receipt of such written request, file such report or reports to evidence the transfer to and deposit in the Payment Account required by this Section 8 and provide such additional financial information as may be required by the Credit Provider, if any.

Anything herein to the contrary notwithstanding, the County may at any time during the Repayment Fiscal Year issue a Parity Note, secured by a first lien and charge on Pledged Revenues; provided that (i) the County shall have received confirmation from each rating agency rating the outstanding Note or Series of Bonds related to the Note, that the issuance of such Parity Note (or related series of bonds if sold into a pool) will not cause a reduction or withdrawal of such rating agency's rating on the outstanding Note or Series of Bonds related to the Note, (ii) the maturity date of any such Parity Note shall be later than the outstanding Note and (iii) the County shall have received the written consent of the Credit Provider, if any, to the issuance of the Parity Note. In the event that the County issues a Parity Note, the County shall make appropriate deposits into the Payment Account with respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the holders of the Parity Note.

**Section 9. Execution of Note.** Any one of the Authorized Representatives of the County or any other officer designated by the Board shall be authorized to execute the Note by manual or facsimile signature, and the Secretary or Clerk of the Board of the County or any duly appointed assistant thereto shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the County are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Pricing Confirmation. Said officers are

hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to accept delivery of the Note pursuant to the terms and conditions of the Purchase Agreement and Indenture. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note need not bear the seal of the County, if any.

**Section 10. Representations and Covenants of the County.** The County makes the following representations for the benefit of the holder of the note, the owners of the Bonds, the Underwriter, if any, and the Credit Provider, if any.

- (A) The County is duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority (i) to adopt this Resolution and perform its obligations thereunder, (ii) to enter into and perform its obligations under the Purchase Agreement, and (iii) to issue the Note and perform its obligations thereunder.
- (B) Upon the issuance of the Note, the County shall have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and the County has full legal right, power and authority to issue and deliver the Note.
- (C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, Indenture and Credit Agreement, if any, and compliance with the provisions hereof and thereof will not conflict with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the County is subject or by which it is bound.
- (D) Except as may be required under blue sky or other securities laws of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the County required for the issuance and sale of the Note or the consummation by the County of the other transactions contemplated by this Resolution, except those the County shall obtain or perform prior to or upon the issuance of the Note.
- (E) The County has (or will have prior to the issuance of the Note) duly, regularly and properly adopted a preliminary budget for the Repayment Fiscal Year setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The County hereby covenants that it shall (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year, (ii) provide to the Trustee, the Credit Provider, if any, the Financial Advisor and the Underwriter (or holder of the Series of Bonds), promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.
- (F) The sum of the principal amount of the County's Note plus the interest payable thereon, on the date of its issuance, will not exceed 85% of the estimated amounts of the County's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received or accrued by the County for the general fund of the County and provided

for or attributable to the Repayment Fiscal Year all of which will be legally available to pay principal of and interest on the Note.

- (G) The County (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation and (ii), to the best knowledge of the County, has never defaulted on any debt obligation.
- (H) The County's most recent audited financial statements present fairly the financial condition of the County as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Financial Advisor and the Underwriter, if any, and the Credit Provider, if any, and in the Preliminary Official Statement and to be set forth in the final Official Statement, there has been no change in the financial condition of the County since the date of such audited financial statements that will in the reasonable opinion of the County materially impair its ability to perform its obligations under this Resolution and the Note. The County agrees to furnish to the Financial Advisor and the Underwriter, if any, (or holders of the Series of Bonds), the Authority, the Trustee and the Credit Provider, if any, promptly, from time to time, such information regarding the operations, financial condition and property of the County as such party may reasonably request.
- (I) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the County, threatened against or affecting the County questioning the validity of any proceeding taken or to be taken by the County in connection with the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the County of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the County's financial condition or results of operations or on the ability of the County to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the County to perform its obligations under, the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, or this Resolution.
- (J) Upon issuance of the Note and execution of the Purchase Agreement, this Resolution, the Purchase Agreement (including the Pricing Confirmation) and the Note will constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.
- (K) The County and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.
- (L) Except for Parity Notes, if any, pursuant to Section 8 hereof, the County shall not incur any indebtedness secured by a pledge of its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged Revenues hereunder.

- (M) So long as the Credit Provider, if any, is not in payment default under the Credit Instrument, the County hereby agrees to pay its pro rata share of all Pre-default Obligations and all Reimbursement Obligations attributable to the County in accordance with provisions of the Credit Agreement, if any, and/or the Indenture, as applicable. Prior to the Maturity Date, moneys in the County's Payment Account and/or Payment Subaccount shall not be used to make such payments. The County shall pay such amounts promptly upon receipt of notice from the Credit Provider that such amounts are due to it.
- (N) So long as any Bonds issued in connection with the Notes are Outstanding, or any Pre-default Obligation or Reimbursement Obligation is outstanding, the County will not create or suffer to be created any pledge of or lien on the Note other than the pledge and lien of the Indenture.
- (O) The information describing the County contained in the Official Statement (excluding the statements and information pertaining to the Credit Provider, if any, and information under the heading "UNDERWRITING" or "PLACEMENT" or similar heading and in the Appendix entitled "BOOK-ENTRY ONLY SYSTEM"), as of the time of delivery thereof to the purchaser of the Bonds and at all times subsequent thereto up to and including the Closing, will be true, complete, correct and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (P) The information contained in the Credit Questionnaire (including the Cashflow Worksheet therein) (the "Credit Questionnaire") completed by the County and submitted to the Authority and the Underwriter, if any, (or holders of the Series of Bonds), will be at the time submitted and on the Closing Date true and accurate.

**Section 11. Tax Covenants.** The County will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note or Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Without limiting the generality of the foregoing, the County will not make any use of the proceeds of the Note or Bonds or any other funds of the County which would cause the Note or Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The County, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect. The County hereby (i) represents that the aggregate face amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the County during calendar year 2012, including the Note, is not reasonably expected to exceed \$5,000,000; **or, in the alternative**, (ii) covenants that the County will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

Notwithstanding any other provision of this Resolution to the contrary, upon the County's failure to observe, or refusal to comply with, the covenants contained in this Section 11, no one other than the holders or former holders of the Note, the Owners, the Credit Provider, if any, or the Trustee on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the County's failure to observe, or refusal to comply with, such covenants. The covenants contained in this Section 11 shall survive the payment of the Note. The provisions of this Section 11 shall not apply to a Taxable Note.

**Section 12. Events of Default and Remedies.** If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the County to make or cause to be made the transfers and deposits to the Payment Account, or any other payment required to be paid hereunder, including payment of principal and interest on the Note, on or before the date on which such transfer, deposit or other payment is due and payable;

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the County by the Trustee or the Credit Provider, if applicable, unless the Trustee and the Credit Provider shall agree in writing to an extension of such time prior to its expiration;

(c) Any warranty, representation or other statement by or on behalf of the County contained in this Resolution or the Purchase Agreement (including the Pricing Confirmation) or in any requisition or any financial report delivered by the County or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(d) A petition is filed against the County under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' (or Noteholders') interests;

(e) The County files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(f) The County admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the County or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' (or Noteholders') interests;

Whenever any Event of Default referred to in this Section 12 shall have happened and be continuing, the Trustee, as holder of the Note, shall, in addition to any other remedies provided herein or by law or under the Indenture, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Without declaring the Note to be immediately due and payable, require the County to pay to the Trustee, as holder of the Note, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the County the same shall become immediately due and payable by the County without further notice or demand; and
- (b) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, if the County's Note is secured in whole or in part by a Credit Instrument or if the Credit Provider is subrogated to rights under the County's Note, as long as the Credit Provider is not in default of its payment obligations under the Credit Instrument, the Credit Provider, if any, shall have the right to direct the remedies upon any Event of Default hereunder, and the Credit Provider's prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder.

If the Credit Provider is not reimbursed for any drawing, payment or claim, as applicable, used to pay principal of and interest on the Note due to a default in payment on the Note by the County, or if any principal of or interest on the Note remains unpaid after the Maturity Date, the Note shall be a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate until the County's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

**Section 13. Trustee.** The Trustee is hereby appointed as paying agent and registrar for the Note. The County hereby directs and authorizes the payment by the Trustee of the interest on and principal of the Note when such become due and payable, from the Payment Account held by the Trustee in the name of the County in the manner set forth herein. The County hereby covenants to deposit funds in such account at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution. The County hereby agrees to maintain as paying agent and registrar of the Note, the Trustee under the Indenture.

**Section 14. Sale of Note; Payment of Certain Expenses if Sale Does Not Occur.** The Note shall be sold to the Authority, in accordance with the terms of the Purchase Agreement, hereinbefore approved, issued and payable to the Trustee, as assignee of the Authority. In the event that the County determines not to proceed with the issuance and sale of its Note, the County will nevertheless be responsible for the fees of the rating agencies and other direct out-of-pocket expenses incurred in connection with the Program.

**Section 15. Approval of Actions.** The aforementioned Authorized Representatives of the County are hereby authorized and directed to execute the Note and cause the Trustee to accept delivery of the Note, pursuant to the terms and conditions of this Resolution, the Purchase Agreement and the Indenture. All actions heretofore taken by the officers and agents of the County or this Board with respect to the sale and issuance of the Note and participation in the Program are hereby approved, confirmed and ratified, and the Authorized Representatives and agents of the County are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution. Each of the Authorized Representatives of the County referred to in Section 22 hereof is hereby designated as an “Authorized County Representative” under the Indenture.

In the event that the Note or a portion thereof is secured by a Credit Instrument, any Authorized Representative of the County is hereby authorized and directed to provide the Credit Provider, with any and all information relating to the County as such Credit Provider may reasonably request.

**Section 16. Proceedings Constitute Contract.** The provisions of the Note and of this Resolution shall constitute a contract between the County and the registered owner of the Note and the Credit Provider, if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable. The Credit Provider, if any, is a third party beneficiary of the provisions of this Resolution and the Note.

**Section 17. Limited Liability.** Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note or to any Series of Bonds to which the Note may be assigned, the County shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefore as set forth in Section 8 hereof.

**Section 18. Amendments.** At any time or from time to time, the County may adopt one or more Supplemental Resolutions with the written consents of the Authority and the Credit Provider, if any, but without the necessity for consent of the owner of the Note or of the Bonds issued in connection with the Note for any one or more of the following purposes:

(a) to add to the covenants and agreements of the County in this Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;



(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or (e) to amend or supplement this Resolution in any other respect; provided, however, that any such Supplemental Resolution does not adversely affect the interests of the owner of the Note or of the Bonds issued in connection with the Notes.

Any modifications or amendment of this Resolution and of the rights and obligations of the County and of the owner of the Note or of the Bonds issued in connection with the Notes may be made by a Supplemental Resolution, with the written consents of the Authority and the Credit Provider, if any, and with the written consent of the owners of at least a majority in principal amount of the Note and of the Bonds issued in connection with the Notes outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as the Note or any or of the Bonds issued in connection with the Notes remain outstanding, the consent of the owners of such Note or of the Bonds issued in connection with the Notes shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the owners of such Note or the owners of all of the Bonds issued in connection with the Notes, or shall reduce the percentage of the Note or the owners of all of the Bonds issued in connection with the Notes, the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

**Section 19. Severability.** In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 20. Appointment of Bond Counsel.** The County approves and consents to the appointment of the law firm of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California as Bond Counsel for the Program. The County acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters, and that Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other consultants who may have a role or interest in the proposed financing or that may be involved with or adverse to County in this or some other matter. Given the special, limited role of Bond Counsel described above, the County acknowledges that no conflict of interest exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all such relationships.

**Section 21. Appointment of Financial Advisor and Underwriter.** The County approves the appointment of Bando Public Finance LLC as financial advisor for the County, and any Authorized Representative is authorized to execute an agreement for financial advisory services with such firm, substantially in the form presented to this meeting. In the event that the Authorized Agent for Sale, in consultation with the Financial Advisor determines that a negotiated sale of the Series of Bonds secured by the Note is desirable, the County authorizes and ratifies the selection of one or more brokers or dealers of municipal securities to serve as

senior and/or co-managers for the negotiated sale of the Bonds, by the Authorized Agent for Sale, in consultation with the Financial Advisor; provided such selection is also acceptable to the Authority as Underwriter for the Program.

**Section 22. Resolution Parameters.**

(a) Maximum Amount of Borrowing: \$65,000,000

(b) Authorized Representatives:

TITLE

(1) Auditor-Controller

(2) Chief Administrative Officer

(3) Debt Manager

**Section 23. Effective Date.** This Resolution shall take effect from and after its date of adoption.

EXHIBIT A

FORM OF NOTE

COUNTY OF MONTEREY

2012 TAX AND REVENUE ANTICIPATION NOTE, SERIES \_\_\_\_\*/

<u>Interest Rate</u> %	<u>Maturity Date</u>	<u>Date of Original Issue</u> _____, 2012
<u>First Repayment Date</u>	<u>Second Repayment Date</u>	
___% (Total of principal and interest due on Note at maturity)	___% (Total of principal and interest due on Note at maturity)	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, the County executing this Note (the "County") acknowledges itself indebted, and promises to pay, to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon on each Interest Payment Date, as defined in the Indenture, at the Interest Rate specified above (the "Note Rate"). Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal to be paid upon surrender hereof at the principal corporate trust office of Wilmington Trust, N.A. in [Los Angeles], California, or its successor in trust (the "Trustee"). Interest is payable as specified in the Indenture. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment. If the County fails to pay this Note when due or the Credit Provider (as defined in

\*/ If more than one Series is issued under the Program in the Repayment Fiscal Year.

\*\*/ Number of Repayment Dates and percentages to be determined in Pricing Confirmation (as defined in the Resolution).

the Resolution hereinafter described), if any, is not reimbursed in full for the amount drawn on or paid pursuant to the Credit Instrument (as defined in the Resolution) to pay all or a portion of this Note on the date of such payment, this Note shall become a Defaulted Note (as defined and with the consequences set forth in the Resolution).

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and by authority of certain resolutions of the Board of the County duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received or accrued by the County for the general fund of the County and are provided for or attributable to the Repayment Fiscal Year, as defined in the Resolution, and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the County has pledged certain unrestricted revenues of the County which are to be deposited on the last business day of the Repayment Months (as defined in the Resolution) identified in the Pricing Confirmation (as defined in the Resolution) (and, if necessary, any amounts received thereafter attributable to the Repayment Fiscal Year) so that the amount on deposit in the Payment Account (as defined in the Resolution) in each such month, is equal to the corresponding percentages of principal of and interest due on the Note as set forth in the Pricing Confirmation (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the County lawfully available therefore as set forth in the Resolution. The full faith and credit of the County is not pledged to the payment of the principal or interest on this Note.

The County and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the County and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the County, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

INWITNESS WHEREOF, the Board of the County has caused this Note to be executed by the manual or facsimile signature of a duly Authorized Representative of the County and countersigned by the manual or facsimile signature of the Clerk of the Board as of the date of authentication set forth below.

COUNTY OF MONTEREY

By: \_\_\_\_\_

Title:

Countersigned

By: \_\_\_\_\_

Title: Clerk of the Board