

**Shared Financial Agreement
By and Among the County Members of the
Monterey Bay Community Power Authority of
Monterey, Santa Cruz and San Benito Counties**

This Shared Financial Agreement (Agreement) is entered into by and among the County of Santa Cruz, the County of Monterey and the County of San Benito (Counties), each a member of the Monterey Bay Community Power Authority of Monterey, Santa Cruz and San Benito Counties (MBCP) and is effective when fully executed by the parties.

WHEREAS, MBCP was formed on February 21, 2017 by and among the cities and counties listed on Exhibit A to this Agreement. The members of the MBCP share various powers common to each party under California law, including but not limited to the power to study, promote, develop, conduct, operate and manage energy, energy efficiency and conservation, and to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions; and

WHEREAS, MBCP requires start-up and initial working capital in the amount of \$3,000,000 (three million dollars); and

WHEREAS, MBCP has selected River City Bank from which to receive the start-up and initial capital; and

WHEREAS, River City Bank requires a non-revolving credit guaranty and other supporting documents (River City Bank Guaranty) from the members of MBCP, the terms of which are still under negotiation. A Credit Guarantee was contemplated in the Joint Exercise of Powers Agreement Relating to and Creating the Monterey Bay Community Power Authority of Monterey, Santa Cruz, and San Benito Counties (JPA Agreement); and

WHEREAS, the JPA Agreement at section 5.3.4 provides that the Credit Guarantee shall be distributed on a per seat basis with shared seat members dividing the Credit Guarantee among the cities sharing those seats;

WHEREAS, the Counties of Monterey, San Benito and Santa Cruz have agreed to provide a Credit Guarantee to River City Bank in a total amount of \$3,000,000 (three million dollars), with each of the counties responsible to provide only an allocated share of the Credit Guarantee as set forth in this Agreement; and

WHEREAS, this document is intended to formalize the understanding of the Counties among themselves in regard to the provision of the Credit Guarantee;

NOW THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Provided the terms of the River City Bank Guaranty are acceptable to each of the Counties, the Counties of Monterey, San Benito and Santa Cruz will enter into the River City Bank Guaranty in a total amount of \$3,000,000 (three million dollars) allocated among the Counties in the amounts below (Allocated Share):
 - a. Monterey County - \$1,363,636 (45.45%)
 - b. San Benito - \$545,455 (18.18%)
 - c. Santa Cruz – \$1,090,909 (36.36%).

Each of the three counties will provide only its Allocated Share of the River City Bank Guarantee and will not be liable for the other two counties' Allocated Share of the River City Bank Guaranty. If the required dollar amount of the River City Bank Guaranty is less than \$3,000,000, the Allocated Share of each county shall be reduced corresponding to the percentage allocation above.

2. The Counties of Monterey, San Benito and Santa Cruz acknowledge and agree that each county will require the city members of the MBCP within each county respectively to accept their share of responsibility for the Credit Guarantee in the amounts provided in Exhibit B (Credit Support). The Credit Support may be in the form of a letter of credit, cash collateral or inter-agency agreement.
3. The Credit Guarantee of the counties and the Credit Support of the cities shall be released after program launch and as soon as possible under the terms of the River City Bank Guaranty. Once a Party has made a Credit Guarantee or provided Credit Support, that Credit Guarantee or Credit Support shall remain in place until released, even if that party withdraws from the JPA.
4. If River City Bank draws on the River City Bank Guaranty in full or in part, the Counties agree that any reimbursement from MBCP for such draw shall be disbursed to each county proportionally to the amount of each of the three guarantees unless the manner of the draw

justifies a different disbursement among the Counties and the Counties agree in writing to that different disbursement.

- 5. The term of this Agreement shall be from the effective date to the date of release of the River City Bank Guaranty.
- 6. This Agreement shall not be amended except in a written amendment executed by all the parties to this Agreement.
- 7. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the parties that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions of this Agreement shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.
- 8. This Agreement may be executed in any number of counterparts, and upon execution by all parties, each executed counterpart shall have the same force and effect as an original instrument and as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed:

COUNTY OF MONTEREY

Chairperson of the Board of Supervisors	Date

APPROVED AS TO FORM:

Office of the County Counsel	Date

COUNTY OF SAN BENITO

Chairperson of the Board of Supervisors	Date

APPROVED AS TO FORM:

Office of the County Counsel

Date

COUNTY OF SANTA CRUZ

Chairperson of the Board of Supervisors

Date

APPROVED AS TO FORM:

Office of the County Counsel

Date

Exhibit A

List of Parties to the MBCP

County of Santa Cruz

City of Santa Cruz

City of Watsonville

City of Capitola

City of Scotts Valley

County of Monterey

City of Salinas

City of Monterey

City of Pacific Grove

City of Carmel

City of Seaside

City of Marina

Sand City

Soledad

Greenfield

Gonzales

County of San Benito

City of Hollister

City of San Juan Bautista

EXHIBIT B
CREDIT SUPPORT

Proposed Monterey Bay Community Power Credit Allocation by Jurisdiction

		Seats on Board	Credit Support	
			Percentage	Amount
<u>Santa Cruz County</u>				
1	County of Santa Cruz	1.00	9.09%	\$ 272,727
2	City of Santa Cruz	1.00	9.09%	272,727
3	Watsonville	1.00	9.09%	272,727
Santa Cruz Cities Rotating				
4	Capitola	0.50	4.55%	136,364
5	Scotts Valley	<u>0.50</u>	<u>4.55%</u>	<u>136,364</u>
<i>Subtotal - Santa Cruz County</i>		<i>4.00</i>	<i>36.36%</i>	<i>\$ 1,090,909</i>
<u>Monterey County</u>				
6	County of Monterey	1.00	9.09%	\$ 272,727
7	Salinas	1.00	9.09%	272,727
Monterey Coastal Cities Rotating				
8	Marina	0.33	3.03%	90,909
9	Seaside	0.33	3.03%	90,909
10	Sand City	0.33	3.03%	90,909
Monterey Peninsula Cities Rotating				
11	Pacific Grove	0.33	3.03%	90,909
12	Carmel	0.33	3.03%	90,909
13	City of Monterey	0.33	3.03%	90,909
Salinas Valley Rotating				
14	Greenfield	0.33	3.03%	90,909
15	Soledad	0.33	3.03%	90,909
16	Gonzales	<u>0.33</u>	<u>3.03%</u>	<u>90,909</u>
<i>Subtotal - Monterey County</i>		<i>5.00</i>	<i>45.45%</i>	<i>\$ 1,363,636</i>
<u>San Benito County</u>				
17	County of San Benito	1.00	9.09%	\$ 272,727
San Benito Cities Rotating				
18	Hollister	0.50	4.55%	136,364
19	San Juan Bautista	<u>0.50</u>	<u>4.55%</u>	<u>136,364</u>
<i>Subtotal - San Benito County</i>		<i><u>2.00</u></i>	<i><u>18.18%</u></i>	<i><u>\$ 545,455</u></i>
Total		11.00	100.00%	\$ 3,000,000