

\$ _____
MONTEREY COUNTY FINANCING AUTHORITY
2018 Revenue Refunding Bonds

BOND PURCHASE AGREEMENT

_____, 2018

Monterey County Financing Authority
c/o County of Monterey
168 West Alisal Street
Salinas, California 93901
Attention: Auditor-Controller

Monterey County Water Resources Agency
1441 Schilling Pl., North Bldg.
Salinas, California 93901
Attention: General Manager

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc. (the “**Underwriter**”), offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Monterey County Financing Authority (the “**Authority**”) and the Monterey County Water Resources Agency (the “**Agency**”), which will be binding upon the Authority, the Agency and the Underwriter upon the acceptance hereof by the Authority and the Agency. This offer is made subject to its acceptance by the Authority and the Agency by execution of this Purchase Agreement and its delivery to the Underwriter on or before 11:59 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$_____ aggregate principal amount of the Monterey County Financing Authority 2018 Revenue Refunding Bonds (the “**Bonds**”), at a purchase price equal to \$_____, being the aggregate principal amount thereof, plus [net] original issue premium of \$_____, less an underwriter’s discount of \$_____. As an accommodation to the Authority, the Underwriter will wire, out of the net proceeds of the Bonds described above, to _____ (the “**Insurer**”) the premium of \$_____ for the municipal bond insurance policy issued by the Insurer (the “**Policy**”).

The Authority and the Agency acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the Authority, Agency and Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Authority or the Agency; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the Authority or the Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Authority or the Agency on other matters) nor has it assumed any other obligation to the Authority or the Agency except the obligations expressly set forth in this Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Authority and the Agency; and (v) the Authority and the Agency have consulted with their own legal and financial advisors to the extent they deemed appropriate in connection with the offering of the Bonds. The Authority and the Agency acknowledge that they have previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under rule G-17 of the Municipal Securities Rulemaking Board (the "**MSRB**").

2. Authorizing Instruments and Law. The Authority is issuing the Bonds pursuant to (a) the Chapter 3, Part 1, Division 2 of Title 5 to the Government Code (the "**Bond Law**"); (b) resolutions adopted by the Board of Directors of the Authority (the "**Authority Board**") on _____, 2018 (the "**Authority Resolution**") and by the Board of Supervisors of the Agency (the "**Agency Board**") on _____, 2018 (the "**Agency Resolution**"); and (c) an Indenture, dated as of June 1, 2018 (the "**Indenture**"), by and between the Authority and U.S. Bank National Association, as trustee (the "**Trustee**"). The Bonds shall be as described in the Indenture and the Official Statement (described below).

The Bonds are being issued to provide funds to: (a) refund all of the outstanding \$32,855,000 original principal amount of Monterey County Financing Authority Revenue Bonds, Series A (Salinas Valley Water Project) (the "**Refunded Bonds**"), and (b) pay the costs of issuing the Bonds.

The Bonds will be payable from Authority Revenues, which will consist of the Installment Payments (the "**Installment Payments**") to be made by the Agency pursuant to an Installment Purchase Agreement, dated as of June 1, 2018 (the "**Installment Purchase Agreement**"), by and between the Authority and the Agency. Pursuant to the Installment Purchase Agreement, Installment Payments shall be paid from Revenues (as defined in the Installment Purchase Agreement).

In order to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "**Rule**"), the Agency will execute and deliver a Continuing Disclosure Agreement, dated as of June 1, 2018 (the "**Continuing Disclosure Agreement**").

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on **Appendix A** attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on **Appendix A**. Except as set forth in Section 11(c) hereof, the Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

The Bonds will be subject to redemption as set forth on **Appendix A**.

4. Delivery of Official Statement. The Authority and the Agency have delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Agreement, copies of the Preliminary Official Statement relating to the Bonds (the “**Preliminary Official Statement**”). Such Preliminary Official Statement is the official statement deemed final by the Authority and the Agency for purposes of the Rule and approved for distribution by resolution of each of the Authority Board and the Agency Board. The Authority and the Agency have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as **Appendix B**.

Within seven (7) business days from the date hereof, or such earlier date identified by the Underwriter to meet its obligation under MSRB Rule G-32, the Authority and the Agency shall deliver to the Underwriter a final Official Statement, executed on behalf of the Authority and the Agency and dated the date of delivery thereof to the Underwriter, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Authority, the Agency and the Underwriter (the “**Official Statement**”) and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with the Rule and to meet potential customer requests for copies of the Official Statement.

The Underwriter agrees to comply with the Rule and applicable rules of the MSRB with respect to the Preliminary Official Statement and the Official Statement.

5. The Closing. At 8:00 a.m., California time, on June ___, 2018, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Authority, the Agency and the Underwriter (the “**Closing Date**”), the Authority will deliver (a) the Bonds in definitive form to the Underwriter duly executed and authenticated by the Trustee, and (b) the closing documents hereinafter mentioned at the offices of Norton Rose Fulbright US LLP, San Francisco, California (“**Bond Counsel**”), or another place to be mutually agreed upon by the Authority, the Agency and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “**Closing**.” The Bonds will be delivered as fully registered, book-entry-only bonds initially in denominations equal to the principal amount of each maturity thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and will be made available for checking by the Underwriter at such place as the Underwriter and Bond Counsel shall agree not less than 24 hours prior to the Closing.

6. Authority Representations, Warranties and Covenants. The Authority represents, warrants and covenants to the Underwriter that:

(a) Due Organization, Existence and Authority. The Authority is a joint powers authority, duly organized and existing under the laws of the State with full right, power and authority to issue the Bonds and to execute, deliver and perform its obligations under the Bonds, this Purchase Agreement, the Installment Purchase Agreement and the Indenture (collectively, the “**Authority Documents**”) and to carry out and consummate the transactions contemplated by the Authority Documents and described in the Official Statement.

(b) Due Authorization and Approval. By all necessary official action, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority

of the obligations contained in, the Bonds, the Preliminary Official Statement, the Official Statement, and the Authority Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Bonds and the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The Authority has complied, and will at the Closing be in compliance in all respects, with the terms of the Bonds and the Authority Documents.

(c) Official Statement Accurate and Complete. The information in the section of the Preliminary Official Statement (excluding information about The Depository Trust Company and its book-entry system, the Insurer, and the Policy) titled "THE AUTHORITY" was as of its date, and the information in the section of the Official Statement (excluding information about The Depository Trust Company and its book-entry system, the Insurer, and the Policy) titled "THE AUTHORITY" is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true, complete and correct in all material respects and the Preliminary Official Statement and the Official Statement contain no misstatement of any material fact and do not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

(d) Underwriter's Consent to Amendments and Supplements to Official Statement. Until the date which is twenty-five (25) days after the "end of the underwriting period" (as defined below), if any event shall occur of which the Authority is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Authority shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to said sections and the Authority shall promptly furnish to the Underwriter a reasonable number of copies of such supplement.

As used herein, the term "**end of the underwriting period**" means the later of such time as (i) the Authority delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Authority at or prior to the Closing Date and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(e) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Authority is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach or default would materially adversely affect the security of the Bonds or the Authority's performance under the Authority Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Documents and the Bonds and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute

a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(f) No Litigation. As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending and served or, to the best of the Authority's knowledge, threatened (i) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, the Authority Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority or its authority to issue the Bonds; (iii) which may result in any material adverse change relating to the Authority or the Authority's ability to pay debt service on the Bonds; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(g) Preliminary Official Statement. For purposes of the Rule, the Authority has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule.

[(h) Continuing Disclosure. Except as disclosed in the Preliminary Official Statement and the Official Statement, the Authority has not failed in any material respect to comply with any undertaking under the Rule in the past five years.][Discuss]

(i) No Senior or Parity Debt. Except as disclosed in the Preliminary Official Statement and the Official Statement, there are no obligations outstanding that are payable from Authority r. Any certificate signed by any official of the Authority and delivered to the Underwriter shall be deemed to be a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(k) Cooperation with Blue Sky. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the Authority shall not be required to register in any such state or jurisdiction or consent to service of process therein.

7. **Agency Representations, Warranties and Covenants.**

The Agency represents, warrants and covenants to the Underwriter that:

(a) Due Organization, Existence and Authority. The Agency is a flood control and water agency organized and existing under and by virtue of the laws of the State of California, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Agreement and the Installment Purchase Agreement (collectively, the “**Agency Documents**”) and to carry out and consummate the transactions contemplated by the Agency Documents and described in the Official Statement.

(b) Due Authorization and Approval. By all necessary official action, the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained in, the Preliminary Official Statement, the Official Statement, and the Agency Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Agency Documents will constitute the legally valid and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. The Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Documents.

(c) Official Statement Accurate and Complete. The Preliminary Official Statement (excluding information about The Depository Trust Company and its book-entry only system, the Insurer, the Policy and the information in the section titled “THE AUTHORITY,” as to which no opinion is expressed by the Agency) was as of its date, and the Official Statement (excluding information about The Depository Trust Company and its book-entry only system, the Insurer, the Policy and the information in the section titled “THE AUTHORITY,” as to which no opinion is expressed by the Agency) is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true, complete and correct in all material respects and the Preliminary Official Statement and the Official Statement contain no misstatement of any material fact and do not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

(d) Underwriter’s Consent to Amendments and Supplements to Official Statement. Until the date which is twenty-five (25) days after the “end of the underwriting period” (as defined above), if any event shall occur of which the Agency is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Agency shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to said sections and the Agency shall promptly furnish to the Underwriter a reasonable number of copies of such supplement.

(e) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Agency is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a

default or event of default under any such instrument which breach or default would materially adversely affect the security of the Bonds or the Agency's performance under the Agency Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Agency Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Documents.

(f) No Litigation. As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending and served or, to the best of the Agency's knowledge, threatened (i) in any way questioning the existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, the Agency Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Agency or its authority to make the Installment Payments; (iii) which may result in any material adverse change relating to the Agency or relating to the financial condition of the Project or the Agency's ability to make the Installment Payments; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(g) Preliminary Official Statement. For purposes of the Rule, the Agency has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule.

(h) Continuing Disclosure. Except as disclosed in the Preliminary Official Statement and the Official Statement, the Agency has not failed in any material respect to comply with any undertaking under the Rule in the past five years.

(i) Existing Senior and Parity Obligations. There are no obligations outstanding that are payable from Revenues on a senior or parity basis to the Installment Payments.

(j) Representation to Underwriter. Any certificate signed by any official of the Agency and delivered to the Underwriter shall be deemed to be a representation and warranty by the Agency to the Underwriter as to the statements made therein.

(k) Cooperation with Blue Sky. The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the Agency shall not be required to register in any such state or jurisdiction or consent to service of process therein.

8. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants herein and the performance by the Authority and the Agency of their obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Agreement to purchase and pay for the Bonds shall be subject to the following additional conditions:

(a) Bring-Down Representations. The representations and warranties of the Authority and the Agency contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing, (i) the Authority Documents and the Agency Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter and (ii) there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement, the Authority Documents and the Agency Documents.

(c) Termination Events. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Authority and the Agency if at any time at or prior to the Closing:

(i) any event shall occur which causes any material misstatement in the Official Statement or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially

adversely affecting the federal or State tax status of the Authority or the Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or

(vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) there shall have occurred any outbreak of hostilities or other local, national or international calamity or crisis, or a default with respect to the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any state of the United States or agency thereof, or any city in the United States having a population of over one million, the effect of which on the financial markets of the United States will be such as in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds; or

(viii) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, or there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Authority's or the Agency's obligations; or

(ix) the commencement of any action, suit or proceeding described in Section 6(f) or Section 7(f) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(x) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(xi) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets; or

(xii) there shall have been any materially adverse change in the affairs of the Authority or the Agency which in the Underwriter's reasonable judgment materially adversely affects the ability of the Underwriter to market the Bonds.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) *Bond Opinion*. An approving opinion of Bond Counsel dated the Closing Date and substantially in the form appended to the Official Statement, together with a letter from such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(2) *Supplemental Opinion*. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in substantially the form and to the following effect:

(i) The statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," and in APPENDICES C and F, insofar as such statements expressly purport to summarize certain provisions of the Bonds, the Indenture and the Continuing Disclosure Agreement and the final approving opinion of Bond Counsel, fairly and accurately summarize the information presented therein in all material respects; provided, that Bond Counsel is not required to express any opinion with respect to any financial, statistical or numerical information contained therein;

(ii) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) The Purchase Agreement has been duly authorized, executed and delivered by the Authority and the Agency, and, assuming due authorization, execution and delivery by the Underwriter, constitutes the legal, valid and binding agreement of the Authority and the Agency enforceable against the Authority and the Agency in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and limitations on remedies against public agencies, and except as the enforceability of the indemnification or waiver provisions may be limited by applicable securities laws or public policy.

(3) *Defeasance Opinion*. An opinion of Bond Counsel dated the Closing Date, to the effect that the Authority and the Agency have taken all actions required to defease the Refunded Bond, and that such Refunded Bonds are no longer outstanding under the terms of the indenture pursuant to which they were issued.

(4) *Disclosure Counsel Letter.* A letter of Norton Rose Fulbright US LLP, San Francisco, California, as disclosure counsel ("**Disclosure Counsel**"), dated the Closing Date, addressed to the Underwriter substantially to the effect that on the basis of the information made available to such firm in the course of its participation in the preparation of the Official Statement (but without having undertaken to determine or verify independently, or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the Authority and the Agency in connection with the preparation of the Official Statement which cause such firm to believe that the Official Statement as of its date (excluding therefrom financial, engineering and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information relating to The Depository Trust Company and the book-entry only system, the Insurer and the Policy, and the appendices thereto; as to all of which no view need be expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(5) *Authority Counsel Opinion.* An opinion of the County of Monterey Office of County Counsel, as counsel to the Authority, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to the Underwriter, substantially to the following effect:

(i) The Authority is a joint powers authority, duly created and lawfully existing under the laws of the State;

(ii) The Authority Resolution approving and authorizing the execution and delivery of the Authority Documents and approving the Official Statement was duly adopted at a regular meeting of the Authority Board, and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded;

(iii) The Authority Documents have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority enforceable against the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(iv) The execution and delivery of the Authority Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the Authority a breach of or default under, any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject;

(v) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the Closing Date for the Authority to enter into and execute the Authority Documents, or to perform its obligations thereunder;

(vi) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such counsel after due investigation, threatened against the Authority, challenging the creation, organization or existence of the Authority, or the validity of the Authority Documents or seeking to restrain or enjoin the Authority's obligations under the Authority Documents or in any way contesting or affecting the validity of the Authority Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the Authority to enter into or perform its obligations under any of the Authority Documents, or under which a determination adverse to the Authority would have a material adverse effect upon the financial condition or the revenues of the Authority, or which, in any manner, questions or affects the right or ability of the Authority to enter into the Authority Documents or affects in any manner the right or ability of the Authority to pay debt service on the Bonds; and

(vii) On the basis of the information made available to such firm including discussions with officials of the Authority (but without having undertaken to determine or verify independently, or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of such firm in connection with the preparation of the Official Statement which cause such firm to believe that the Official Statement as of its date (excluding therefrom financial, engineering and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information relating to The Depository Trust Company and the book-entry only system, the Insurer and the Policy; as to all of which no view need be expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(6) *Agency Counsel Opinion.* An opinion of the County of Monterey Office of County Counsel, as counsel to the Agency, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to the Underwriter, substantially to the following effect:

(i) The Agency a flood control and water agency organized and existing under and by virtue of the laws of the State of California;

(ii) The Agency Resolution approving and authorizing the execution and delivery of the Agency Documents and approving the Official Statement has been duly adopted at a regular meeting of the Agency Board, and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(iii) The Agency Documents have been duly authorized, executed and delivered by the Agency and constitute the legal, valid and binding agreements of the Agency enforceable against the Agency in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(iv) The rates, fees and charges for the services provided by the Agency have been established in a manner that complies in all material respects with the applicable requirements of Articles XIIC and XIID of the California Constitution and other applicable laws of the State;

(v) The execution and delivery of the Agency Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the Agency a breach of or default under, any agreement or other instrument to which the Agency is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Agency is subject;

(vi) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the Closing Date for the Agency to enter into the Agency Documents, or to perform its obligations thereunder;

(vii) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such counsel after due investigation, threatened against the Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Documents or seeking to restrain or enjoin the Agency's obligations under the Agency Documents or in any way contesting or affecting the validity of the Agency Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions or affects the right or ability of the Agency to enter into the Agency Documents or affects in any manner the right or ability of the Agency to make the Installment Payments; and

(viii) On the basis of the information made available to such firm including discussions with officials of the Agency (but without having undertaken to determine or verify independently, or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of such firm in connection with the preparation of the Official Statement which cause such firm to believe that the Official Statement as of its date (excluding therefrom financial, engineering and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information relating to The Depository Trust Company and the book-entry only system, the Insurer and the Policy; as to all of which no view need be expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) *Trustee Counsel Opinion.* The opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indenture;

(ii) The Indenture has been duly authorized, executed and delivered by the Trustee, and constitute the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture, or the consummation of the transactions contemplated by the Indenture; and

(iv) The Bonds have been duly authenticated by the Trustee.

(8) *Letter of Underwriter's Counsel.* A letter of Jones Hall, A Professional Law Corporation, counsel to the Underwriter, dated the Closing Date, and addressed to the Underwriter, in form and substance satisfactory to the Underwriter.

(9) *Trustee's Certificate.* A certificate of the Trustee, dated the Closing Date, in form and substance acceptable the Underwriter, to the following effect:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture;

(ii) The Trustee has duly and validly executed the Indenture, and the Indenture constitutes the legal, valid and binding agreement of the Trustee, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases; and

(iii) To the best knowledge of the Trustee after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of the Trustee or its authority to enter into, accept and perform its obligations under the Indenture.

(10) *Authority Certificate.* A certificate of the Authority, dated the Closing Date, signed on behalf of the Authority by a duly authorized officer of the Authority to the effect that:

(i) The representations and warranties of the Authority contained in the Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the Authority has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date; and

(ii) No event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(11) *Agency Certificate.* A certificate of the Agency, dated the Closing Date, signed on behalf of the Agency by a duly authorized officer of the Agency to the effect that:

(i) The representations and warranties of the Agency contained in the Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the Agency has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the Agency at or prior to the Closing Date; and

(ii) No event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(12) *Municipal Advisor Certificate.* A certificate of KNN Public Finance, LLC, as municipal advisor to the Authority and the Agency, dated the Closing Date, to the effect that on the basis of the information made available to such firm including discussions with officials of the Authority (but without having undertaken to determine or verify independently, or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of such firm in connection with the preparation of the Official Statement which cause such firm to believe that the Official Statement as of its date (excluding therefrom financial, engineering and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions, including without limitation, the descriptions of the District's finances and operation; information relating to The Depository Trust Company and the book-entry only system, the Insurer and the Policy as to all of which no view need be expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(13) *Documents.* An original executed copy of this Purchase Agreement and of each of the other Authority Documents and each of the other Agency Documents.

(14) *Resolutions.* A certified copy of the Authority Resolution and the Agency Resolution.

(15) *Form 8038-G.* Evidence that the federal tax information form 8038-G has been prepared for filing.

(16) *Tax Certificate.* A tax certificate in form satisfactory to Bond Counsel.

(17) *CDIAC Statement.* A copy of the preliminary and final reports of sale to be delivered to the California Debt and Investment Advisory Commission with respect to the Bonds.

(18) *Ratings.* Evidence that the Bonds have been given the ratings shown in the Official Statement.

[(19) *Insurer Documents.* A certificate of the Insurer in form and substance satisfactory to the Underwriter as to the accuracy of the information in the Official Statement relating to the Insurer and the Policy, together with an opinion of counsel to the Insurer in form and substance satisfactory to the Underwriter as to the due authorization and enforceability of the Policy.]

(20) *Additional Documents.* Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee, the Authority and the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied in connection with the delivery and sale of the Bonds.

If the Authority or the Agency shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter, the Authority nor the Agency shall be under further obligation hereunder, except as further set forth in Section 9 hereof.

9. Expenses. The Underwriter shall be under no obligation to pay and the Authority and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Authority and the Agency hereunder, including but not limited to (a) the costs of the preparation and printing, or other reproduction of the Authority Document and the Agency Documents, and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, municipal advisor, accountants or other experts or consultants retained by the Authority and the Agency, including Bond Counsel and Disclosure Counsel, (c) the cost of preparation and printing of the Preliminary Official Statement and the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter, and any supplements and amendments thereto, and (d) charges of rating agencies for the rating(s) of the Bonds.

The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including the fees and expenses of Underwriter's counsel.

10. Notice. Any notice or other communication to be given to the Authority or the Agency under this Purchase Agreement may be given by delivering the same in writing to the

applicable address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Raymond James & Associates, Inc., One Embarcadero Center, Suite 650, San Francisco, California 94111, Attention: Rob Larkins, Managing Director.

11. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Appendix C**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority, and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. [All actions to be taken by the Authority under this section to establish the issue price of the Bonds may be taken on behalf of the Authority by the Authority’s municipal advisor, and any notice or report to be provided to the Authority may be provided to the municipal advisor.]

(b) [Except as otherwise set forth in **Appendix A**,] the Authority will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Prior to the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, and if the parties hereto have agreed that the hold-the-offering-price rule (set forth in subsection (c) below) shall not apply to that maturity, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(c) If the parties hereto have agreed that the hold-the-offering price rule set forth in this subsection (c) shall apply to one or more maturities of the Bonds, then the Underwriter shall comply with the restrictions described in this subsection (c). The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in **Appendix A** attached hereto, except as otherwise set forth therein. **Appendix A** also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

With respect to each maturity of the Bonds subject to the hold-the-offering-price rule, the Underwriter shall promptly advise the Authority when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) **“public”** means any person other than an underwriter or a related party,
- (ii) **“underwriter”** means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a **“related party”** to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership

(including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) **“sale date”** means the date of execution of this Purchase Agreement by all parties.

12. Entire Agreement; Survival. This Purchase Agreement, when accepted by the Authority and the Agency, shall constitute the entire agreement among the Authority, the Agency and the Underwriter and is made solely for the benefit of the Authority, the Agency and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. The representations and warranties of the parties set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of them (or statements as to the results of such investigations) concerning such representations and statements of the parties and regardless of delivery of and payment for the Bonds.

13. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

14. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

15. State of California Law Governs. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State.

16. No Assignment. The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter, the Authority or the Agency without the prior written consent of the other parties hereto.

RAYMOND JAMES & ASSOCIATES, INC.

By: _____
Managing Director

Accepted as of the date first stated above at _____ a.m./p.m.:

MONTEREY COUNTY FINANCING AUTHORITY

By: _____
Authorized Officer

MONTEREY COUNTY WATER RESOURCES AGENCY

By: _____
Authorized Officer

APPENDIX A

Maturity Schedule

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to the Hold-The- Offering-Price Rule</u>
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C: Priced to first optional redemption date of September 1, 20__ at par.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed immediately after the execution of this Purchase Agreement.

Redemption Provisions

Optional Redemption from any Source of Available Funds. [The Bonds are subject to redemption prior to their respective stated maturities, on or after September 1, 20__, in whole or on any date or in part, in Authorized Denominations (as defined in the Indenture), on any date, upon the exercise by the Agency of its right to cause the redemption of Bonds in accordance with Section 7.01 of the Installment Purchase Agreement, from and to the extent of any source of available funds, at a redemption price equal to the sum of the principal amount of each Bond or the portion thereof so redeemed, without premium, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ are also subject to mandatory redemption prior to their fixed maturity date on September 1 of each year, commencing September 1, 20__, at a redemption price equal to the principal amount thereof so redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Principal Amount to be Redeemed</u>
	\$

(Maturity)

APPENDIX B

FORM OF RULE 15c2-12 CERTIFICATE

**MONTEREY COUNTY FINANCING AUTHORITY
2018 Revenue Refunding Bonds**

The undersigned hereby certifies to Raymond James & Associates, Inc. (the "Underwriter") that we are authorized representatives of the Monterey County Financing Authority (the "**Authority**") and the Monterey County Water Resources Agency (the "**Agency**"), respectively, and as such, we are authorized to execute and deliver this Certificate and further hereby certify and confirm on behalf of the Authority and the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the above-captioned bonds (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds, the Authority and the Agency (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is, accurate and complete except for the Permitted Omissions.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this ____ day of _____, 2018.

MONTEREY COUNTY FINANCING AUTHORITY

By: _____
Authorized Officer

MONTEREY COUNTY WATER RESOURCES AGENCY

By: _____
Authorized Officer

APPENDIX C

FORM OF ISSUE PRICE CERTIFICATION

\$ _____
MONTEREY COUNTY FINANCING AUTHORITY
2018 Revenue Refunding Bonds

CERTIFICATE OF THE UNDERWRITER

This Certificate is furnished by Raymond James & Associates, Inc., as the underwriter (the "Raymond James") in connection with the issuance on _____, 2018 (the "Issue Date") of the \$ _____ Monterey County Financing Authority 2018 Revenue Refunding Bonds (the "Bonds"), dated _____, 2018, issued by the Monterey County Financing Authority (the "Authority")

The undersigned, as authorized representative, based on available records and information which the undersigned believes to be correct, does hereby certify as follows:

A. Issue Price.

1. As of _____, 2018 (the "Sale Date"), for each [Maturity] [of the General Rule Maturities] of the Bonds has been the subject of a bona fide offering to the Public at the prices not higher than and yields not lower than shown in the Official Statement (the "Initial Offering Price").

2. As of the Sale Date the first price or yield at which at least 10% of each [Maturity] [of the General Rule Maturities] of the Bonds was sold by Raymond James to the Public was the Initial Offering Price, as listed in the Official Statement.

3. [Raymond James has offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in **Schedule A** (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as **Schedule B**.

As set forth in the Bond Purchase Agreement, Raymond James has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

For purposes of this certificate the following definitions apply:

“General Rule Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

“Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

“Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Raymond James has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

“Maturity” shall refer to Bonds with the same maturity date, interest rate and credit terms.

“Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriter.

“Underwriter” means (i) Raymond James, (ii) any person that agrees pursuant to a written contract to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this definition to participate in the initial sale of the Bonds to the Public, including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public.

“Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

B. Bond Yield.

We have been asked to calculate the arbitrage yield on the Bonds, under Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel has advised us that the yield on the Bonds is to be computed under the economic accrual method using an assumed 30-day month/360-day year, semiannual compounding. We have also been advised by the Authority that no other transaction (such as an interest rate swap or other hedge) has been entered into by the Authority in connection with the issuance of the Bonds or is otherwise to be taken into account in the computation of the yield on the Bonds. In calculating the yield on the Bonds, the annual debt service amounts used are equivalent to those amounts that generate the lowest yield for the investor. Based on this methodology, to the best of our understanding of the

computational methodology imposed by the Code, the arbitrage yield on the Bonds is not less than ____%.

C. Weighted Average Maturity.

We have been asked to calculate the weighted average Maturity in the following manner: divide (a) the sum of the products determined by taking the issue price of each maturity of the Bonds times the number of years from the date hereof to the date of such Maturity (treating the mandatory sinking fund redemption of Bonds as a maturity), by (b) the aggregate issue price of the Bonds. Based on this calculation, the weighted average maturity of the Bonds is ____ years.

The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. All terms not defined herein have the meanings ascribed to those terms in the attached Tax Certificate.

Notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the calculations described above to be correct, we do not warrant them to be so, and the Underwriter makes no representations as to the legal sufficiency of the factual matters set forth herein.

The undersigned is authorized to execute this certificate on behalf of Raymond James & Associates, Inc., and the certifications set forth above are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: _____, 2018

RAYMOND JAMES & ASSOCIATES, INC.

By: _____
Name: _____
Title: _____