

RESOLUTION NO: 18 – _____

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
MONTEREY COUNTY WATER RESOURCES AGENCY AUTHORIZING
THE EXECUTION AND DELIVERY BY THE AGENCY OF AN
INSTALLMENT PURCHASE AGREEMENT, A PLEDGED AD
VALOREM AND PLEDGED ASSESSMENT PAYMENT AGREEMENT, A
CONTINUING DISCLOSURE CERTIFICATE AND A BOND PURCHASE
AGREEMENT IN CONNECTION WITH THE ISSUANCE OF
MONTEREY COUNTY FINANCING AUTHORITY 2018 REVENUE
REFUNDING BONDS, AUTHORIZING THE DISTRIBUTION OF A
PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL
STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING
THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES
AND RELATED ACTIONS**

RECITALS:

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

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

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

WHEREAS, the Agency desires to refinance the Project;

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

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

WHEREAS, a portion of the Installment Payments will be transferred directly from the Auditor-Controller of the County (the “Auditor-Controller”), on behalf of the Agency, to U.S. Bank National Association, as trustee (the “Trustee”) pursuant to a Pledged Ad Valorem Tax and Pledged Assessment Payment Agreement by and among the Agency, the Auditor-Controller and

the Trustee (such Pledged Ad Valorem Tax and Pledged Assessment Payment Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Pledged Ad Valorem Tax and Pledged Assessment Payment Agreement”);

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

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

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), requires that, in order to be able to purchase or sell the Bonds, the Underwriter must have reasonably determined that the issuer or one or more obligated persons has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial and operating data and certain material events on an ongoing basis;

WHEREAS, to assist in providing for the satisfaction of such requirement, the Agency desires to execute a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”);

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

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

- a) the Installment Purchase Agreement;
- b) Pledged Ad Valorem Tax and Pledged Assessment Payment Agreement;
- c) the Indenture;
- d) the Purchase Agreement;
- e) the Continuing Disclosure Certificate; and
- f) the Preliminary Official Statement; and

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

WHEREAS, the Board of Supervisors of the Agency (the “Board”) desires to approve the transactions contemplated hereby and the execution of such documents and the performance of such acts as may be necessary or desirable to effect such transactions;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the Monterey County Water Resources Agency, as follows:

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

Section 2. Installment Purchase Agreement. The form of Installment Purchase Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Chair of the Board, and any such other member of the Board as the Chair may designate, the General Manager of the Agency, the Deputy General Manager of the Agency and the Finance Manager of the Agency (collectively, the “Authorized Officers”) is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Agency, to execute and deliver the Installment Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of Installment Payments payable by the Agency under the Installment Purchase Agreement to be applied to the payment of the principal of the Bonds shall not exceed \$28,000,000, the term of the Installment Purchase Agreement shall not exceed September 1, 2037 and the net present value savings applicable to the Installment Payments payable by the Agency under the Installment Purchase Agreement (which, for purposes hereof, shall be deemed to be equivalent to the net present value savings resulting from the issuance of the Bonds) shall be no less than 3% of the installment payments relating to the 2008 Bonds being refunded.

Section 3. Pledged Ad Valorem Tax and Pledged Assessment Payment Agreement. The form of Pledged Ad Valorem Tax and Pledged Assessment Payment Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Agency, to execute and deliver the Pledged Ad Valorem Tax and Pledged Assessment Payment Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized

Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Issuance of Bonds. The issuance of the Bonds in accordance with the terms of the Indenture, in substantially the form presented to this meeting, is hereby approved.

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

Section 6. Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Agency, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Preliminary Official Statement. The form of Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the distribution of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, to certify on behalf of the Agency that the information regarding the Agency contained in the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule).

Section 8. Official Statement. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Agency, to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Agency.

Section 9. Senate Bill 450 Disclosures. In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds.

Section 10. General Authority. Each Authorized Officer and any other official of the Agency and their duly authorized designees, deputies and agents are authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents including, without limitation, an escrow agreement, which they, or any one of them, may deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds, purchase bond insurance or a reserve surety, enter into an investment agreement, and to effectuate the purposes of the documents herein approved in accordance with this Resolution.

Section 11. Ratification of Prior Actions. All actions heretofore taken by the officers and employees of the Agency with respect to tire transactions herein authorized above are hereby approved, confirmed and ratified.

Section 12. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the Monterey County Water Resources Agency on _____, 20____, upon motion of Supervisor _____, seconded by Supervisor _____.

Chair of the Board of Supervisors of the
Monterey County Water Resources Agency

(SEAL)

ATTEST:

Clerk of the Board of Supervisors of the Monterey
County Water Resources Agency

CERTIFICATE OF CLERK

I, _____, Clerk of the Board of Supervisors of the Monterey County Water Resources Agency, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of the Monterey County Water Resources Agency duly and regularly held at the regular meeting place thereof on _____, 2018, of which meeting all of the members of said Board had due notice, and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

I do hereby further certify that an agenda of said meeting was posted at least 72 hours before said meeting at 168 West Alisal Street, Salinas, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

I do hereby further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

Dated: _____, 2018

_____, Clerk of the Board of
Supervisors, Monterey County Water
Resources Agency, State of California

By _____
Deputy

[SEAL]

EXHIBIT A

GOOD FAITH ESTIMATES

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

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

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

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

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

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