RESOLUTION - ACTION REQUESTED 2019-304

MEETING: June 4, 2019

TO: The Board of Supervisors

FROM: Dallin Kimble, County Administrative Officer

RE: Note for Purchase of Rose Building

RECOMMENDATION AND JUSTIFICATION:

Approve the Note Purchase Contract, the Mariposa County Note 2019 ($425,000), and a Letter of Representations for the Sale of the Note to the County Treasurer for the Purchase of the Real Property at 5300 Highway 49N ($675,000); Authorize the Board of Supervisors Chair to Sign All Documents Pertaining to the Financing Thereof; and Approve a Budget Action Transferring Funds from Contingency to Administration to Facilitate the Purchase ($250,000)

Staff has been directed to pursue the purchase of real property at APN 013-010-0330, a 1.59-acre parcel currently owned by Robert and Carolyn Rose. The County is currently in escrow on that property, contingent on financing and board approval. The accepted offer is for $675,000.

To finance the building, staff recommends selling a note to the County Treasury for $425,000. The note would carry an interest rate of 3.25% and a term of sixty (60) months. The monthly payment would be $6,000. At the end of the term, a balloon payment for the remaining balance (up to $110,000) would be required.

The interest rate available through this note is positive for both the County and the treasury. For the County, the rate is lower and more affordable than staff was able to secure from a private institution. For the treasury, the rate is higher than most of its other investments are able to achieve.

The remaining $250,000 is recommended to come from contingency. When the Health and Human Services Agency (HHSA) discovered through the consolidation process that they had saved more than enough for a payment to CMSP earlier this year, this amount was placed in contingency for the purpose of purchasing this property. Making this payment up front will reduce the time needed to pay the loan by 7 - 10 years and will save the County approximately $100,000 in interest payments over the life of the loan.
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Once purchased, the County would rent this facility to HHSA for an amount in excess of the required payments. HHSA can claim these rent payments for state and federal reimbursement. It is anticipated that the additional rent would be used to pay down the principle on the note or provide flexibility should external funding be reduced in future years.

Near the end of the term, the County could seek to refinance the note and spread the balloon payment over additional years. Refinancing at five-year intervals introduces some risk that a future interest rate may not be as favorable, but avoids a significant amount in additional fees (approximately $30,000) required for a longer term.

At the request of the sellers, the closing date is set for June 11, 2019. Given the options available, staff recommends approval of the note purchase contract and budget action as explained here.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

Staff was directed to provide a backup offer on this property at the April 9, 2019, meeting of the Board of Supervisors. That offer was accepted on April 18, 2019. The County’s offer is contingent on financing and Board approval.

The County is currently in escrow on this property. The Board approved a Resolution of Intention to purchase the property at its April 23, 2019, regular meeting (Resolution 19-226).

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

Do not approve. The Board could direct staff to find alternate financing or no longer pursue the purchase of this property. If the sale is not completed, the deposit put down for the sale may be lost.

FINANCIAL IMPACT:
The County will incur debt in the amount of $425,000 at an interest rate of 3.25% as specified in the attached Note. $250,000 will be transferred from contingency to facilitate the purchase.

ATTACHMENTS:
Note 2019 Rose Purchase and Letter of Representations (DOCX)
Budget Action Rose Purchase (PDF)

RESULT: ADOPTED [UNANIMOUS]
MOVER: Rosemarie Smallcombe, District I Supervisor
SECONDER: Merlin Jones, District II Supervisor
AYES: Smallcombe, Jones, Long, Cann, Menetrey
### BUDGET ACTION FORM

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**TOTAL** | $250,000 | $250,000 |

### TRANSFER BETWEEN FUNDS

| TRANSFER BETWEEN FUNDS | |
|------------------------||
|                        | |

**TOTALS** | $0 | $0 |

**ACTION REQUESTED:**

- **(X)** Budget appropriation by Board of Supervisors (4/5ths Vote Required): Amending the total amount available in the county budget, or in any one fund of the budget, or appropriating Reserve for Contingencies;

- **( )** Transfer by Board of Supervisors (3/5ths Vote Required): Moving existing appropriations from one budget to another, or between categories within a budget unit;

**JUSTIFICATION:**

Dollars to be used in purchase of real property for a health clinic and office

**DEPT HEAD SIGNATURE**

Signature

**DATE**

6/24/19

**APPROVED BY RES NO.**

19-504

**CLERK**

Signature

**DATE**

6/25/19

**AUDITOR'S USE ONLY**

BA #

Budget Revision Form Revised 11/95
NOTE PURCHASE CONTRACT

This NOTE PURCHASE CONTRACT, dated June 4, 2019 (the "Note Purchase Contract"), between the County of Mariposa (the "County"), a local government duly organized and existing under the laws of the State of California (the "State"), and the Mariposa County Treasurer (the "Note Holder").

WITNESSETH:

WHEREAS, the County is responsible for housing various departments for the benefit of the people of the County; and

WHEREAS, the County has incurred costs in connection with the purchase of the real property located at 5300 Highway 49N, Mariposa, California, and identified as APN 013-010-0030 (the "Real Property"), and desires to finance these costs; and

WHEREAS, the County has resolved to issue a note, the Mariposa County Note 2019 (the "Note") and has offered to sell the Note to the Note Holder; and

WHEREAS, the Note Holder has determined that the Note is an appropriate investment for the funds held in the Mariposa County Treasurer's Investment Pool and is willing to purchase the Note on the terms and conditions set forth herein; and

WHEREAS, in order to induce the Note Holder to purchase the Note on such terms and conditions, the County has delivered to the Note Holder that certain Letter of Representations of the County (the "Letter of Representations"), as set forth in Appendix C attached hereto;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

1. **Definitions.** Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meaning set forth in Appendix A attached hereto.

2. **Terms of Note.** The Note shall be issued in physical form in a face amount of $425,000.00 and shall mature on June 11, 2024. The Note is attached hereto as Appendix B and shall be executed by an authorized representative of the Board of Supervisors, and attested by the Clerk of the Board.

   The principal amount of the Note as of any given date shall be equal to (i) the total amount advanced by the Note Holder less any Principal Prepayment in accordance with the terms of this Note Purchase Contract, provided the principal amount shall at no time exceed $425,000.00. The Note Holder shall maintain accurate records with respect to the principal amount of the Note from time to time outstanding.

3. **Representations, Warranties, Covenants and Agreements of the County.** The County
hereby represents, warrants and covenants to and agrees with the Note Holder that:

(a) The County is duly organized and existing under the laws of the State of California, and has full legal right, power and authority to (i) execute and deliver this Note Purchase Contract, (ii) issue the Note and sell and deliver the Note to the Note Holder on the terms and conditions set forth in this Note Purchase Contract, (iii) perform its obligations under this Note Purchase Contract, and (iv) the person or persons signing any and all documents associated with this agreement has full authority to sign on behalf of the County;

(b) On June 4, 2019, the Board of Supervisors of the County approved the purchase of the Real Property and duly authorized the Chairperson to sign all documents pertaining to the purchase and financing thereof. This grant of authority authorized the Chairperson to approve the issuance, sale and delivery of the Note, duly authorize and approve the execution and delivery of this Note Purchase Contract, duly authorize and approve the performance by the County of its obligations contained in, and the taking of any and all actions as may be necessary to carry out, give effect to and consummate the transactions contemplated by, the Note and this Note Purchase Contract;

(c) The Note has been duly and validly issued by the County and this Note Purchase Contract has been duly executed and delivered by the County and the Note and this Note Purchase Contract constitute valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors’ rights generally and to general principals of equity;

(d) The County is not in breach of or default under any applicable law or administrative regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, certificate, contract, agreement or other instrument to which the County is a party or is otherwise subject; the execution and delivery of this Note Purchase Contract, the Note and the other instrument contemplated by any of such documents to which the County is or will be a party and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, certificate, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound;

(e) No litigation is pending in any court or before any tribunal or administrative agency or, to the knowledge of the County, threatened in any way affecting the existence of the County or the titles of the members of its Board or officers of the County to their respective offices, or seeking to restrain or enjoin the issuance, sale or
delivery of the Note, the pledge of the County's finances or in any way contesting or affecting the validity or enforceability of the Note or this Note Purchase Contract or the powers of the County or its authority to perform its duties under this Note Purchase Contract;

(f) All of the information provided by the County to the Note Holder in connection with the negotiation of the terms and the execution and delivery of the Note Purchase Contract is true, correct and complete in all material respects;

(g) The County will punctually pay the principal of and interest on the Note in strict conformity with the terms thereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Note and in this Note Purchase Contract required to be observed and performed by it, and will not terminate this Note Purchase Contract for any cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Note Holder to observe or perform any agreement, conditions, covenant or term contained herein required to be observed and performed by it, whether express or implied;

(h) The County will preserve and protect the security hereof and the rights of the Note Holder to the payment of principal of and interest on the Note and will warrant and defend such rights against all claims and demands of all persons;

(i) The County will, so long as the Note remains outstanding, apply amounts as provided herein;

(j) The County will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to repayment of the Note, which records shall be available for inspection by the Note Holder at reasonable hours and under reasonable conditions;

(k) Promptly upon learning of such occurrence, the County shall provide written notice to the Note Holder of the occurrence of any of the following:

i. Discovery that a representation or warranty made by the County in this Note Purchase Contract or the Letter of Representations is inaccurate in any material respect;

ii. Any material breach by the County under this Note Purchase Contract or the Letter of Representations;

iii. The filing of any claim or suit, or the threat of any litigation, or the commencing of any administrative proceedings against the County respecting the Note, this Note Purchase Contract, the Letter of Representations or (if
such claim, suit, litigation, or proceeding could materially adversely affect the interest of the Note Holder or the security for the Note) the Real Property; or

(l) The County will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and to assure and confirm to the Note Holder the rights and benefits provided to it herein; and

(m) Any certificate signed by the Chairman of the Board of Supervisors, the County Administrative Office or Clerk of the Board, or any other authorized representative of the County shall be deemed a representation and warranty by the County to the Note Holder as to the statements made therein.

4. Annual Appropriations. Notwithstanding anything contained in this agreement to the contrary, in the event the funds appropriated by County’s governing body or otherwise available by any means whatsoever in any fiscal period of County for payments or other amounts due under this agreement are insufficient therefor, this agreement shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to the Note Holder of any kind whatsoever, except to the portions of payments or other amounts herein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available. The County will immediately notify the Note Holder of such occurrence. In the event of such termination, the County acknowledges and expressly agrees that the Note Holder may, nonetheless, exercise its remedies set forth in Section 5 of this Note Purchase Contract.

5. Default, Events and Remedies.

(a) The following shall constitute an Event of Default of the County’s obligations under the Note, the Note Purchase Contract and the Letter of Representations:

i. Nonpayment of interest and/or principal when due;

ii. Default shall be made by the County in the performance of any of the other agreements or covenants contained in the Note or in this Note Purchase Contract, or the Letter of Representations, which shall have continued for a period of thirty days after the County shall have been given notice in writing of such default by the Note Holder;

iii. Any representation or warranty made by the County in this Note Purchase Contract or the Letter of Representations shall be untrue or incorrect in any material respect when made or deemed made, and not promptly corrected; or

iv. If the County shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court or competent jurisdiction shall approve a petition filed with or without the consent of the County seeking arrangement or reorganization under the federal bankruptcy
laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the County or of the whole or any substantial part of its property.

(b) Upon the occurrence of default the Note Holder may:

i. Present a claim against the County’s account against the County’s current fiscal year revenues held in the County treasury, to direct the Auditor to make such distributions to the Note Holder as may be required to satisfy any defaulted amount;

ii. Attach the County’s account of any of the County’s funds held in the County treasury, and direct the Auditor and/or the Treasurer to make such distributions to the Note Holder as may be required to satisfy any defaulted amounts;

iii. Bring suit by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the County or any member of the County, Board of Supervisors, officer or employee, in their official capacity with the County, thereof, and to compel the County or any such member of the County, Board of Supervisors, officer or employee to perform and carry out its duties under agreements and covenants required to be performed by it or him or her contained herein;

iv. Bring suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Note Holder.

(c) Nothing in this Section 5 or in any other provision hereof shall affect or impair the obligation of the County, which is absolute and unconditional, to pay the principal of and interest on the Note when due as provided herein, or shall affect or impair the right of the Note Holder, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Note Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract, and no delay or omission by the Note Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy accruing or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Note Holder by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Note Holder.

(d) No remedy herein conferred upon or reserved to the Note Holder is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall
be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by applicable law.

(e) If an Event of Default shall exist under the Note or this Note Purchase Contract and the Note Holder employs attorneys or consultants or incurs other expenses for the collection of any amounts due on the Note or hereunder, or for the enforcement of performance of any obligation or agreement on the part of the County under the Letter of Representations, the County shall upon demand pay to the Note Holder reasonable fees, whether suit be brought or not, of such attorneys or consultants and such other expenses so incurred.

6. Expenses. The Note Holder shall have no obligation to pay, and the County shall pay or cause to be paid, all expenses incident to the execution and delivery of this Note Purchase Contract, the Note issuance, sale and delivery of the Note, and all expenses incident to the performance of the County’s obligations under this Note Purchase Contract.

7. Amendment; Emergency.

(a) Except as otherwise specifically provided in this Note Purchase Contract, this Note Purchase Contract may not be amended, changed, modified, altered or terminated without the written consent of both the Note Holder and the County.

(b) Upon the occurrence of an Emergency, the Note Holder and the County will negotiate in good faith such amendments to this Note Purchase Contract and the Note as shall be necessary to address such Emergency; provided, no such amendment shall materially adversely affect the interests of the Note Holder or the security for the Note without the consent of the Note Holder, which consent shall be given in the Note Holder’s sole and absolute discretion.

8. Miscellaneous.

(a) No member of the Board of Supervisors, officer or employee of the County, in their individual capacity with the County shall be personally liable for the payment of the principal of or interest on the Note, but nothing contained herein shall relieve any member of the Board of Supervisors, officer or employee of the County from the performance of any official duty provided by any applicable provisions of law or hereby.

(b) The headings or titles of the several articles and sections hereof shall be solely for convenience of reference and shall not affect the meaning, convenience or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Sections” and “paragraphs” are to the corresponding sections or paragraphs hereof; and the words “hereby,” “herein,” hereto,” “herewith,” “hereunder,” and words of similar import refer to this Note
Purchase Contract as a whole and not to any particular article, section, subdivision or clause hereof.

(c) Whenever either the Note Holder or the County is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Note Holder or the County, and all agreements and covenants required hereby to be performed by or on behalf of the Note Holder or the County shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

(d) Except as provided in paragraph (d), nothing contained herein, express or implied, is intended to give to any person other than the Note Holder, the County and their assigns any right, remedy or claim under or pursuant hereto.

(e) This Note Purchase Contract and the Note constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Note Holder and the County with respect to the subject matter hereof.

(f) If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Note Holder or the County shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Note Holder and the County hereby declare that they would have executed this Note purchase Contract and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

(g) Note Holder’s approval of any matter in connection with this Note Purchase Contract and the Note is for the sole purpose of protecting the security and rights of the Note Holder. No such approval will result in a waiver of any default of the County. In no event may the Note Holder’s approval be a representation of any kind with regard to the matter being approved.

(h) Any payment or act required to be done or made on a day that is not a Business Day shall be done or made on the next succeeding day that is a Business Day with the same force and effect as if it had been done on the date originally scheduled for such payment or act.

(i) This Note Purchase Contract shall be governed exclusively by and construed in accordance with the applicable laws of the State of California.
(j) All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Note Holder:
Mariposa County Treasurer-Tax Collector
PO Box 36
Mariposa, CA 95338

If to the County:
County Administrative Officer
PO Box 784
Mariposa, CA 95338

(k) It is agreed and acknowledged by the parties hereto that the provisions of this Note Purchase Contract have been arrived at through negotiation and that each of the parties has had a full and fair opportunity to review the provisions of this Note Purchase Contract and to have such provisions reviewed by legal counsel. Therefore, any rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Note Purchase Contract.

(l) This Note Purchase Contract shall be in full force and effect from the date hereof until such time as the Note shall have been fully paid. Time is of the essence in this Note Purchase Contract.

(m) The Note Holder will keep appropriate records regarding the Note, this Note Purchase Contract and the transactions hereunder, which records shall be available for inspection by the County at reasonable hours and under reasonable conditions.

IN WITNESS WHEREOF, the County and Note Holder have executed this Note Purchase Contract as of the date first written above.

NOTE HOLDER

By: [Signature]
Keith M. Williams
Mariposa County Treasurer

APPROVED AS TO FORM:

STEVEN W. DAHLEM
COUNTY COUNSEL

COUNTY of Mariposa

By: [Signature]
Miles Menetrey, Chairperson
Mariposa County Board of Supervisors
Appendix A

Business Day

“Business Day” means any day that both the County and the County of Mariposa are normally open for business as declared by their respective governing boards, and the federal banking system is open for money transactions.

Closing Date

“Closing Date” means June 11, 2019

Dated Date

“Dated Date” means June 11, 2019

Default

“Default” means the failure by the County to pay interest or to pay scheduled principal on the Note on the Maturity Date, or any event defined in Section 5.

Maturity Date

“Maturity Date” means June 11, 2024

Principal Prepayment Date

“Principal Prepayment Date” means any date prior to June 11, 2024, wherein the County makes a payment to the Note Holder applicable to repayment of principal advanced in whole or in part.
APPENDIX B

Mariposa County Note 2019

Dated Date: June 11, 2019  Maturity Date: June 11, 2024

Registered Owner:  Mariposa County Treasurer

Face Amount (Maximum Principal Amount): Four Hundred Twenty Five Thousand Dollars ($425,000)

The County of Mariposa (the “County”), a local government duly organized and existing under the laws of the State of California (the “State”), for value received, hereby promises to pay, subject only to the provisions of that certain Note Purchase Contract dated June 4, 2019. (the “Note Purchase Contract”), between the County and the Mariposa County Treasurer (the “Note Holder”), providing for the allocation and application of amounts received and held by the County, by wire transfer or deposit to an account specified by the Note Holder, the principal amount hereof, on the date described below, with interest on the unpaid principal balance hereof at the rates determined as described below and on the dates described below (each date as “Maturity Date”), in lawful money of the United States of America. Unless defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the Note Purchase Contract.

Pledge: Limited Obligation

To secure the payment of principal of and interest on this Note, the County hereby agrees that it will promptly pay its obligations hereunder subject to annual appropriation of funds. Notwithstanding anything contained in this Note to the contrary, in the event the funds appropriated by the County’s governing body or otherwise available by any means whatsoever in any fiscal period of County for payments or other amounts due under this Note are insufficient therefore, this Note shall terminate on the last day of the fiscal period for which appropriations were received. The County will immediately notify the Note Holder of such occurrence. The County acknowledges that the Note Holder will have the right to pursue its remedies to recover any amounts remaining unpaid, as described more fully in the Note Purchase Contract dated June 4, 2019.

Neither the faith and credit nor the taxing powers of the State, any public agency or any political subdivision of the State is pledged for the purpose of repayment of the principal or interest on this Note. Neither the Board of Supervisors, nor any person executing this Note shall be personally liable on this Note by reason of its issuance. The County Board of Supervisors members, and any officer or employee of the County, in their individual capacity with the County, shall not be personally liable for any obligations set forth herein, including the repayment of principal of or interest on this Note, or in respect of any undertakings by the County under the Note Purchase Contract.
**Interest**

Interest on this Note shall be due and payable at the interest rate determined as set forth in Table 1 below, which is attached hereto and incorporated fully into this Note.

From the Dated Date of this Note through the Maturity Date, the Note shall bear interest on the outstanding principal balance at the rate of 3.25%. The amount of interest due and payable on the Maturity Date will be computed on the actual/360 day count basis for the number of days elapsed.

In the event the County prepays any or all principal due under this Note, the County shall also pay interest from the Dated Date to the date such prepayment is made. Interest will continue to accrue on any unpaid principal thereafter outstanding.

**Principal**

The principal amount of this Note as of any given date shall be equal to the total amount advanced by the Note Holder less any Principal Prepayment in accordance with the terms of the Note Purchase Contract as principal on this Note.

Principal on this Note shall be due and payable as set forth in Table 1, below.

**Prepayment of Principal**

Principal on this Note may be prepaid at the option of the County, in whole or in part, without premium or penalty, on any date upon the County giving a minimum of two business days’ advance written notice to the Note Holder that the County shall make a prepayment. The amount available for prepayment of principal and accrued interest on the prepayment amount shall be specified in such written notice. Prepayment of principal by the County shall be in the amount of $500.00 or greater, unless the amount is the remaining balance for payment in full.

Upon written receipt of such notice, the Note Holder shall calculate the amount to be applied to outstanding principal and the amount of accrued interest and thereby notify the County of such amounts within one business day of receipt of the notice of prepayment from the County.

**Incorporation of Note Purchase Contract**

All of the agreements, covenants, conditions, limitations, provisions and stipulations contained in the Note Purchase Contract are hereby made a part of this Note to the same extent and with the same effect as if they were fully set forth herein.
Actions and Remedies Upon Default

Upon the occurrence of a Default, the Note Holder may take any or all of the actions authorized by the Note Purchase Contract. In the event of a Default, all principal and interest amounts due together with any attorney’s fees incurred by the Note Holder in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder or under the Note Purchase Contract, notwithstanding anything to the contrary therein and payment thereof may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided in this Note or the Note Purchase Contract.

The remedies of the Note Holder, as provided herein and in the Note Purchase Contract, may be pursued at the sole discretion of the Note Holder and may be exercised as often as occasion therefore shall occur. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Note Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Note Holder and then only to the extent specifically set forth in the waiver.

A waiver with reference to one event shall not be construed as a continuing waiver or as a bar to or waiver of any right or remedy as to a subsequent event.

Registration: Transfer Only to Legal Successor

This Note is transferable upon the books of the County by the registered Note Holder hereof in person or by its attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the County, duly executed by the registered Note Holder or its duly authorized attorney; provided, this Note may be transferred only to a legal successor of the Note Holder. Upon such transfer, the County will note the date of registration and the name and address of the newly registered Note Holder on the books of the County. The County may deem and treat the person in whose name this Note is last registered upon the books of the County as the absolute owner hereof for the purpose of payments so made to the registered Note Holder, and the County shall not be affected by any notice to the contrary.

It is intended that this Note is made with reference to and shall be construed as a contract governed by the laws of the State of California.
IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen and be performed precedent to or in the issuance of this Note do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the County has caused this Note to be executed and attested on its behalf by the manual signatures of its duly authorized officers, all as of the date first set forth above.

COUNTY OF MARIPOSA

By: ________________________________
    Miles Menetrey, Chairperson
    Mariposa County Board of Supervisors

ATTEST:

_______________________________
Clerk of the Board
### TABLE 1

#### DEBT SERVICE SCHEDULE

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APPENDIX C  
Letter of Representations  

June 4, 2019  

Keith M. Williams  
Mariposa County Treasurer  
PO Box 36  
Mariposa, CA 95338  

Re: Mariposa County Note 2019  

Dear Mr. Williams:  

We hereby deliver this letter to you in connection with your execution of a Note Purchase Contract (the “Note Purchase Contract”), dated June 4, 2019, pursuant to which the County has agreed to sell the above referenced Note (the “Note”) to you, as Note Holder, which Note will be held as an investment in the Mariposa County Treasurer’s investment pool in which are invested the funds of a number of public agencies, including the school district, the County and special districts serving the residents of Mariposa County.  

The County has read and is familiar with the terms of the Note Purchase Contract, and, unless otherwise defined in this letter, capitalized terms used herein which are defined in the Note Purchase Contract shall have the respective meanings therein specified.  

In order to induce you to enter into this Note Purchase Contract, and to purchase the Note as therein contemplated, and to provide assurances to the investors in the Mariposa County Treasurer’s investment pool, the undersigned, Chairperson of the Board of Supervisors (the “County”), hereby represents, warrants and covenants to you that:  

(a) The County is a political subdivision of the State, and has full legal right, power and authority to (i) execute and deliver this Letter of Representations, and (ii) perform its obligations under this Letter of Representations;  

(b) The County has duly authorized and approved the performance by the County of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by this Letter of Representations;  

(c) This Letter of Representations has been duly executed and delivered by the County and constitutes valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other
similar laws affecting the enforcement of creditors’ rights generally and to general principles of equity;

(d) The County is not in breach of or default under any applicable law or administrative regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative agency to which the County is a party or is otherwise subject, which breach or default could materially adversely affect the ability of the County to perform its obligations under this Letter of Representations; the execution and delivery of this Letter of Representations will not conflict with or constitute a breach of or default under any applicable law or administrative agency of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, certificate, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound;

(e) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction that would constitute a condition precedent to the performance by the County of its obligations under this Letter of Representations have been obtained and are in full force and effect;

(f) The County is in compliance, in all material respects, with the Note Purchase Contract and this Letter of Representations;

(g) No litigation is pending in any court or before any tribunal or administrative agency or, to the knowledge of the County, threatened in any way affecting the existence of the County or the title of the members of its Board of Supervisors, or officers of the County to their respective office, or seeking to restrain or enjoin the issuance, sale or delivery of the Note or the application of the proceeds of the Note or in any way contesting or affecting the validity or enforceability of this Letter of Representations or the powers of the County or its authority to perform its duties under this Letter of Representations;

(h) All of the information provided by the County to the Note Holder in connection with the negotiation of the terms and the execution and delivery of the Note Purchase Contract is true, correct and complete in all material respects;

(i) The County will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be kept, observed and performed by it contained in all contracts affecting or involving the Real Property to the extent that the County is a party thereto;

(j) Promptly upon learning of such occurrence, the County shall provide written notice to the Note Holder of the occurrence of any of the following:

   i. Discovery that a representation or warranty made by the County in this Letter of Representations is inaccurate in any material respect;

   ii. Any material breach by the County under this Letter of Representations; or
iii. The filing of any claim or suit, or the threat of any litigation, or the commencing of any administrative proceeding against the County respecting the Note or this Letter of Representations;

(k) The County will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and to assure and confirm to the Note Holder the rights and benefits provided to it herein; and

(l) Any certificate signed by the Board of Supervisors, the County Administrative Officer, or any other authorized representative of the County shall be deemed a representation and warranty by the County to the Note Holder as to the statements made therein.

The words “hereby,” “herein,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Letter of Representations as a whole and not to any particular paragraph hereof.

Whenever either the Note Holder or the County is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Note Holder or the County and all agreements and covenants required hereby to be performed by or on behalf of the Note Holder or the County with respect to the Note shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Except as provided in the preceding paragraph, nothing contained herein, express or implied, is intended to give to any person other than the Note Holder and the Note Holder’s assigns any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the County shall be for the sole and exclusive benefit of the Note Holder and the Note Holder’s assigns.

The Note Purchase Contract and this Letter of Representations constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Note Holder and the County with respect to the subject matter hereof.

Note Holder’s approval of any matter in connection with this Note Purchase Contract and the Note is for the sole purpose of protecting the security and rights of the Note Holder. No such approval will result in a waiver of any default of the County. In no event may Note Holder’s approval be a representation of any kind with regard to the matter being approved.

All written notices to be given by the Note Holder under the terms of the Note Purchase Contract shall be given by mail to the County at its address set forth below, or at such other address as the County may provide to the Note Holder in writing from time to time, namely:

County Administrative Officer
PO Box 784
Mariposa, CA 95338
It is agreed and acknowledged by the County that the provisions of the Note Purchase Contract and this Letter of Representations have been arrived at through negotiation and that each of the parties has had a full and fair opportunity to review the provisions of the Note Purchase Contract and this Letter of Representations and to have such provisions reviewed by legal counsel. Therefore, any rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting the Note Purchase Contract and this Letter of Representations.

This Letter of Representations shall be in full force and effect from the date hereof until such time as the Note shall have been fully paid.

COUNTY OF MARIPOSA

By: Miles Menetrey, Chairperson
Mariposa County Board of Supervisors

APPROVED AS TO FORM:

STEVEN W. DAHLEM
COUNTY COUNSEL