

A G E N D A

BOARD OF COMMISSIONERS HOUSING AUTHORITY OF THE COUNTY OF MERCED

Special Meeting
Tuesday, November 27, 2018
5:30 p.m.

Closed session immediately following

Housing Authority of the County of Merced
Administration Building
405 "U" Street
Board Room – Building B (Second Floor)
Merced, CA 95341
(209) 386-4139

Margaret Pia, Chairperson
Jack Jackson, Vice-Chair
Evelyn Dorsey
Rick Osorio
Jose Resendez
Rachel Torres
Hub Walsh

All persons requesting disability related modifications or accommodations may contact the Housing Authority of the County of Merced at (209) 386-4139, 72 hours prior to the public meeting.

All supporting documentation is available for public review in the office of the Administrative Assistant located in the Housing Authority Administration Building, Second Floor, 405 "U" Street, Merced, CA 95341 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday.

The Agenda is available online at www.merced-pha.com

Use of cell phones, pagers, and other communication devices is prohibited while the Board Meeting is in session. Please turn all devices off or place on silent alert and leave the room to use.

I. CALL TO ORDER AND ROLL

II. COMMISSIONER and/or AGENCY ADDITIONS/DELETIONS TO THE AGENDA

(M/S/C): ___/___/___

III. APPROVAL OF THE FOLLOWING MEETING MINUTES:

A. September 18, 2018 Regular Meeting (M/S/C): ___/___/___

B. October 19, 2018 Special Meeting (M/S/C): ___/___/___



IV. UNSCHEDULED ORAL COMMUNICATION

NOTICE TO THE PUBLIC

This portion of the meeting is set aside for members of the public to comment on any item within the jurisdiction of the Commission, but not appearing on the agenda. Items presented under public comment may not be discussed or acted upon by the Commission at this time.

For items appearing on the agenda, the public is invited to comment at the time the item is called for consideration by the Commission. Any person addressing the Commission under Public Comment will be limited to a 5-minute presentation.

All persons addressing the Commission are requested to state their name and address for the record.

V. CONSENT CALENDAR:

- A. Rent Delinquency Report for October 2018
- B. Track Summary Report for September & October 2018
- C. Financial Reports for September 2018

(M/S/C): ___ / ___ / ___

VI. BUSINESS (INFORMATION AND DISCUSSION, RESOLUTION and ACTION ITEMS):

A. Information/Discussion Item(s):

1.) Director's Updates

- i. Revisions to the Housing Authority's Flat Rent Schedule for units in the Public Housing Program in accordance with HUD's PIH published Notice 2017-23.

B. Resolution Item(s):

- 1.) **Resolution No. 2018-25:** Approving the submission of the Section 8 Management Assessment Program (SEMAP) Certification, HUD Form 52648 to HUD for Fiscal Year Ending September 30, 2018.

(M/S/C): ___ / ___ / ___

- 2.) **Resolution No. 2018-26:** Approving the write-off for bad debts from Tenant's Accounts Receivable.

(M/S/C): ___ / ___ / ___

- 3.) **Resolution No. 2018-27:** Authorizing the issuance and sale of Bonds in a principal amount not to exceed \$7,300,000 to refund certain pension obligations of the Authority, approving the form and authorizing the execution of a Bond Purchase Agreement and authorizing actions related thereto.

(M/S/C): ___ / ___ / ___

- 4.) **Resolution No. 2018-28:** Authorizing the Executive Director to enter into an agreement with RSG, Inc. to provide reporting services relating to the Housing Authority's obligations for the Multifamily Housing Pool Revenue Bonds, Series 2003A, the Multifamily Housing Pool Revenue



Bonds Series 2007B, the proposed 2009 Refunding Bonds and the
2019 Pension Obligations Bonds.

(M/S/C): ____ / ____ / ____

C. Action Item(s):

None

VII. COMMISSIONER'S COMMENTS

VIII. CLOSED SESSION ITEM(S):

None

IX. ADJOURNMENT



MINUTES

BOARD OF COMMISSIONERS HOUSING AUTHORITY OF THE COUNTY OF MERCED

Regular Meeting Tuesday, September 18, 2018

- I. The meeting was called to order by Chairperson Pia at 5:35 p.m. and the Secretary was instructed to call the roll.

Commissioners Present:

Margaret Pia, Chairperson
Jack Jackson, Vice Chairperson
Rick Osorio
Jose Resendez
Rachel Torres
Hub Walsh

Commissioners Absent:

Evelyne Dorsey

Chairperson Pia declared there was a quorum present.

Staff Present:

Rosa Vazquez, Executive Director/Board Secretary
Dave Ritchie, Legal Counsel
Blanca Arrate, Director of Housing Programs
Brian Watkins, Finance Officer
Maria F. Alvarado, HR Manager/Clerk of the Board
Sue Speer, Director of Development

Others Present:

Diane Love, Member of the Public

II. **COMMISSIONER and/or AGENCY ADDITIONS/DELETIONS TO THE AGENDA:**

(M/S/C): Commissioner Walsh/Commissioner Jackson/passed unanimously

III. **APPROVAL OF THE FOLLOWING MEETING MINUTES:**

A. August 21, 2018 Regular Meeting

(M/S/C): Commissioner Osorio/Commissioner Jackson/passed unanimously

IV. **UNSCHEDULED ORAL COMMUNICATION:**

Ms. Diane Love requests that the Board and/or Authority issue her a Housing Choice Voucher as her living situation is in jeopardy and is in need of a voucher immediately.



V. CONSENT CALENDAR:

- A. PHAS Report for August 2018
- B. Aged Receivables Report for August 2018
- C. Financial Reports for August 2018

(M/S/C): Commissioner Osorio/Commissioner Jackson/passed unanimously

VI. BUSINESS (INFORMATION AND DISCUSSION, RESOLUTION and ACTION ITEMS):

A. Information/discussion Item(s):

1.) Directors Updates:

- a. Executive Director Vazquez informed the Board that the auditors were on site for two days doing their review.
- b. The Authority is currently in the process of closing out the fiscal year.
- c. Executive Director Vazquez explained that the Felix Torres Center had a site visit from the Department of Housing & Community Development (HCD). The visit led to several findings that have now been addressed.
- d. The Board was informed that the Authority was awarded thirty-five additional VASH vouchers.

B. Resolutions Item(s):

- 1.) **Resolution No. 2018-23:** Approving the Housing Authority of the County of Merced revised Operating Budget for Fiscal Year 2018 – 2019.

(M/S/C): Commissioner Osorio/Commissioner Jackson/Passed

C. Action Item(s):

None

VII. COMMISSIONER’S COMMENTS

The Commission thanked Authority staff for a job well done.

VIII. CLOSED SESSION ITEM(S):

None

IX. ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 6:03 p.m.

Chairperson Signature / Date

Secretary Signature/ Date



MINUTES

BOARD OF COMMISSIONERS HOUSING AUTHORITY OF THE COUNTY OF MERCED

Special Meeting
Friday, October 19, 2018

- I. The meeting was called to order by Chairperson Pia at 12:00 p.m. and the Secretary was instructed to call the roll.

Commissioners Present:

Margaret Pia, Chairperson
Jack Jackson, Vice Chairperson
Evelyne Dorsey
Rick Osorio
Jose Resendez
Rachel Torres

Commissioners Absent:

Hub Walsh

Chairperson Pia declared there was a quorum present.

Staff Present:

Rosa Vazquez, Executive Director/Board Secretary
Dave Ritchie, Legal Counsel
Maria F. Alvarado, HR Manager/Clerk of the Board
Blanca Arrate, Director of Housing Programs
Brian Watkins, Finance Officer
Sue Speer, Director of Development
Tracy Jackson, Director of Housing Programs

Others Present:

None

- II. **COMMISSIONER and/or AGENCY ADDITIONS/DELETIONS TO THE AGENDA:**

None

- III. **APPROVAL OF THE FOLLOWING MEETING MINUTES:**

None

- IV. **UNSCHEDULED ORAL COMMUNICATION:**

None

- V. **CONSENT CALENDAR:**

None



VI. BUSINESS (INFORMATION AND DISCUSSION, RESOLUTION and ACTION ITEMS):

A. Information/discussion Item(s):

1.) Directors Updates:

None

B. Resolutions Item(s):

1.) Resolution No. 2018-24: Consideration and approval of a Resolution clarifying the application of the Housing Authority of the County of Merced (Authority) Management Leave as it applies to the Executive Director agreement and authorization to amend the Executive Director's agreement reflecting the Authority's practice of allowing the option for cashing out Management Leave (No changes to compensation or benefits).

(M/S/C): Commissioner Osorio/Commissioner Torres/passed

C. Action Item(s):

None

VII. COMMISSIONER'S COMMENTS

The Commission welcomed Director Jackson to the Authority.

VIII. CLOSED SESSION ITEM(S):

The Board of Commissioners went into closed session at 12:37 p.m. The following people were present:

Board Members

Margaret Pia, Chair
Jack Jackson, Vice-Chair
Evelyne Dorsey
Rick Osorio
Jose Resendez
Rachel Torres

Others Present

Rosa Vazquez, Executive Director/Board Secretary
David Ritchie, Legal Counsel
Maria F. Alvarado, HR Manager/Clerk of the Board

A. Pursuant to Government Code §54956.9(b)
Anticipated Litigation

The Board returned to Regular Session at 1:28 p.m. direction was given to staff.

IX. ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 1:28 p.m.

Chairperson Signature / Date

Secretary Signature/ Date



Aged Receivables

Age As Of: 10/31/2018

Property	Property Name	0-30 days	31-60 days	61-90 days	Over 90 days	Total Unpaid Charges	Prepays	Balance
AMP3								
ca023004	PH - Los Banos - Abby, B, C & D	3,674.25	1,304.92	207.63	616.55	5,803.35	-	5,803.35
ca023005	PH - Dos Palos - West Globe	1,387.48	791.74	40.57	-	2,219.79	-	2,219.79
ca023011	PH - Los Banos - J & K St	662.00	54.00	25.00	901.00	1,642.00	(162.84)	1,479.16
012c	PH - Dos Palos - Alleyne	1,423.84	71.00	25.00	322.75	1,842.59	(209.58)	1,633.01
012d	PH - Dos Palos - Globe	392.88	458.00	25.00	1,035.00	1,910.88	(206.49)	1,704.39
AMP 3 TOTALS		7,540.45	2,679.66	323.20	2,875.30	13,418.61	(578.91)	12,839.70
AMP 4								
ca023024	PH - 1st Street	100.00	217.00	-	-	317.00	(170.00)	147.00
AMP 4 TOTALS		100.00	217.00	-	-	317.00	(170.00)	147.00
VALLEY VIEW								
mid	Midway	9,464.43	(37.00)	(2,571.00)	(595.75)	6,260.68	(3,324.23)	2,936.45
VALLEY VIEW TOTALS		9,464.43	(37.00)	(2,571.00)	(595.75)	6,260.68	(3,324.23)	2,936.45
FELIX TORRES YEAR ROUND								
ft-yr	Felix Torres Year Round Center	1,035.00	403.00	-	-	1,438.00	(262.05)	1,175.95
FELIX TORRES YEAR ROUND TOTALS		1,035.00	403.00	-	-	1,438.00	(262.05)	1,175.95
Total		18,139.88	3,262.66	(2,247.80)	2,279.55	21,434.29	(4,335.19)	17,099.10

**PHAS Tracking Summary
Fiscal Year Ending 09/30/18**

Indicators	Estimated Status at End of Month												
	Performance Scoring	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Lease Up Days		0	0	0	32	21	21	21	21	21	21	184	184
Average Lease Up Days		0	0	0	5	3	2	2	2	2	1	7	4
Make Ready Time		26	26	111	661	784	883	883	1206	1206	2013	2204	3179
Average Make Ready Days		26	26	56	94	98	98	98	101	93	112	85	68
Down Days		0	0	0	31	31	31	31	147	238	417	1325	2890
Average Down Days		0	0	0	4	4	3	3	12	18	23	51	62
Total # Vacant Units Turned		1	1	2	7	8	9	9	12	13	18	26	47
Total # Turn Around Days		26	26	111	724	836	935	935	1374	1465	2451	3713	6253
Average Turn Around Days (To Date)	A = 0-20 B = 21-25 C = 26-30 D = 31-40 F = more than 50	26	26	56	103	105	104	104	115	113	136	143	133

% Emergency Work Orders Abated W/in 24 hours	A = 99% B=98% C=97% D=96% E=95% F= less than 95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Average # days to complete Non-Emergency Work Orders	A = 25 days or less3 B=26-36 C=31-40 D=41-50 E=51-60 F= greater than 60	29	22	21	21	27	25	25	24	24	53	52	41

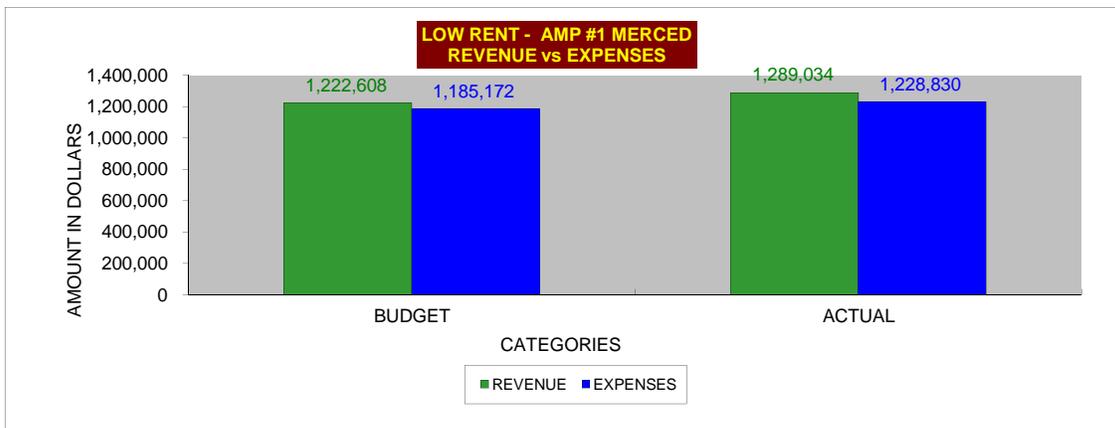
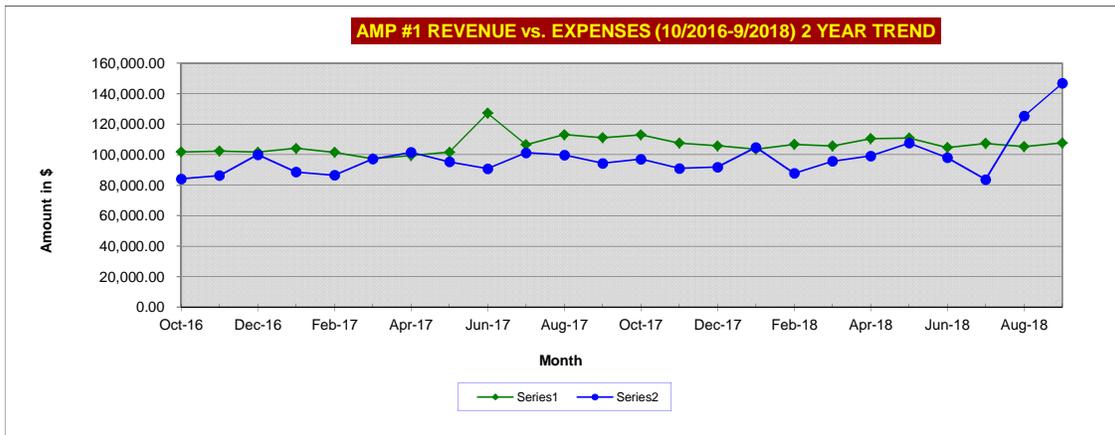
PHAS Tracking Summary Fiscal Year Ending 09/30/19

Indicators	Estimated Status at End of Month												
Sub-Indicator #1	Performance Scoring	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Lease Up Days		3											
Average Lease Up Days		1.5											
Make Ready Time		339											
Average Make Ready Days		169.5											
Down Days		2											
Average Down Days		1											
Total # Vacant Units Turned		2											
Total # Turn Around Days		344											
Average Turn Around Days (To Date)	A = 0-20 B = 21-25 C = 26-30 D = 31-40 F = more than 50	172											

% Emergency Work Orders Abated W/in 24 hours	A = 99% B=98% C=97% D=96% E=95% F= less than 95%	100%											
Average # days to complete Non-Emergency Work Orders	A = 25 days or less B=26-36 C=31-40 D=41-50 E=51-60 F= greater than 60	12											

01-Oct-17

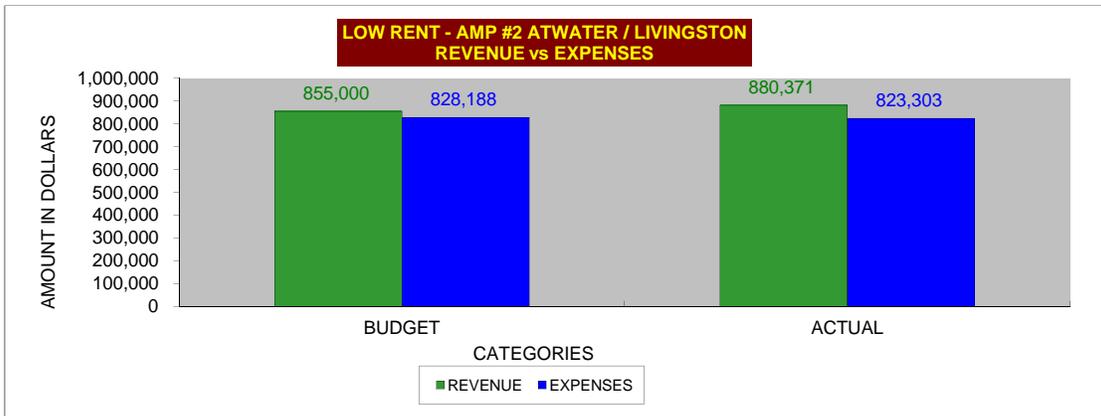
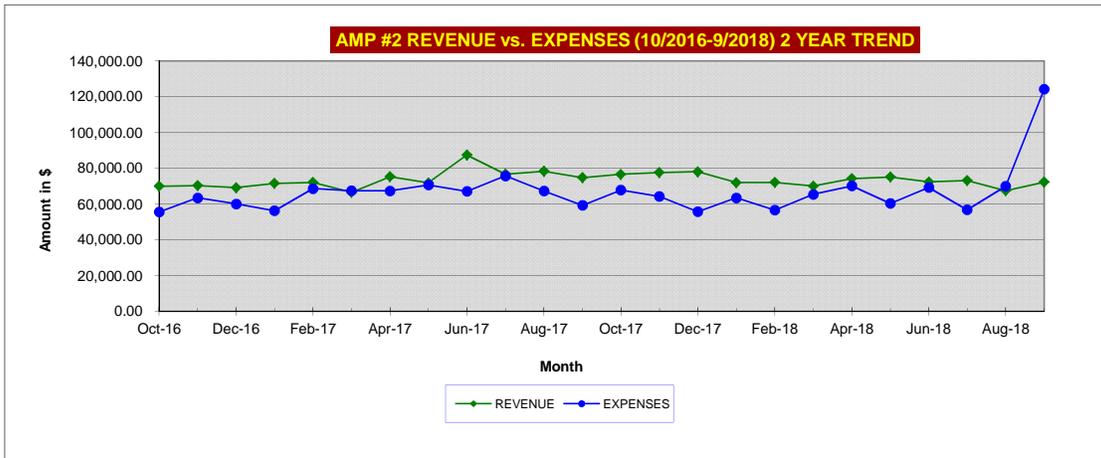
TO: 30-Sep-18



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
RENTS	667,608	696,695	316.10	329.87
NON-DWELL. RENTS	0	0	0.00	0.00
OTHER INCOME	20,000	34,732	9.47	16.45
PFS SUBSIDY	535,000	557,607	253.31	264.02
	1,222,608	1,289,034	578.88	610.34
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	388,710	360,814	184.05	170.84
TENANT SERVICES	0	3,685	0.00	1.74
UTILITIES	186,060	203,509	88.10	96.36
MAINT.	359,352	424,241	170.15	200.87
GENERAL	123,850	110,773	58.64	52.45
DEPRECIATION	127,200	125,808	60.23	59.57
EQUITY TRANSFERS	0	0	0.00	0.00
	1,185,172	1,228,830	561.17	581.83
NET SURPLUS	37,436	60,204		
NET FROM OPERATIONS	37,436	60,204		
ENDING EQUITY BALANCE	2,371,401	2,348,633		
NET SURPLUS	37,436	60,204		
ADD BACK DEPRECIATION	127,200	125,808		
CASH FLOW	164,636	186,012		

01-Oct-17

TO: 30-Sep-18



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
RENTS	570,000	568,689	405.98	405.05
INTEREST	0	0	0.00	0.00
OTHER INCOME	5,000	10,091	3.56	7.19
PFS SUBSIDY	280,000	301,591	199.43	214.81
	855,000	880,371	608.97	627.05
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	278,418	237,284	198.30	169.01
UTILITIES	171,755	176,637	122.33	125.81
MAINT.	209,972	253,612	149.55	180.64
GENERAL	96,943	83,567	69.05	59.52
DEPRECIATION	71,100	70,320	50.64	50.09
EQUITY TRANSFERS	0	0	0.00	0.00
	828,188	823,303	589.87	586.41
NET SURPLUS	26,812	57,067		
NET FROM OPERATIONS	26,812	57,067		
ENDING EQUITY BALANCE	1,801,276	1,771,021		
NET SURPLUS	26,812	57,067		
ADD BACK DEPRECIATION	71,100	70,320		
CASH FLOW	97,912	127,387		

HOUSING AUTHORITY OF THE COUNTY OF MERCED

AMP 3 (.fs-amp3)

REVENUE & EXPENDITURE STATUS REPORT

FISCAL YEAR PERIOD FROM: 10/01/17 TO: 9/30/2018

REPORT PERIOD FROM:

01-Oct-17

TO:

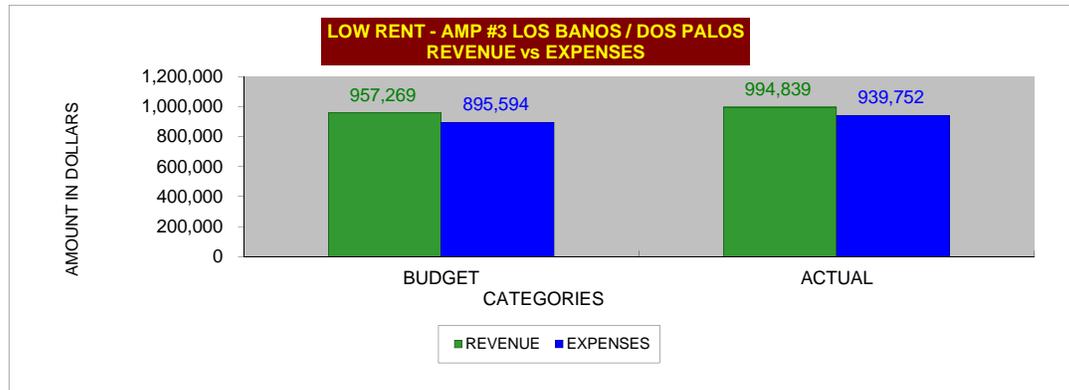
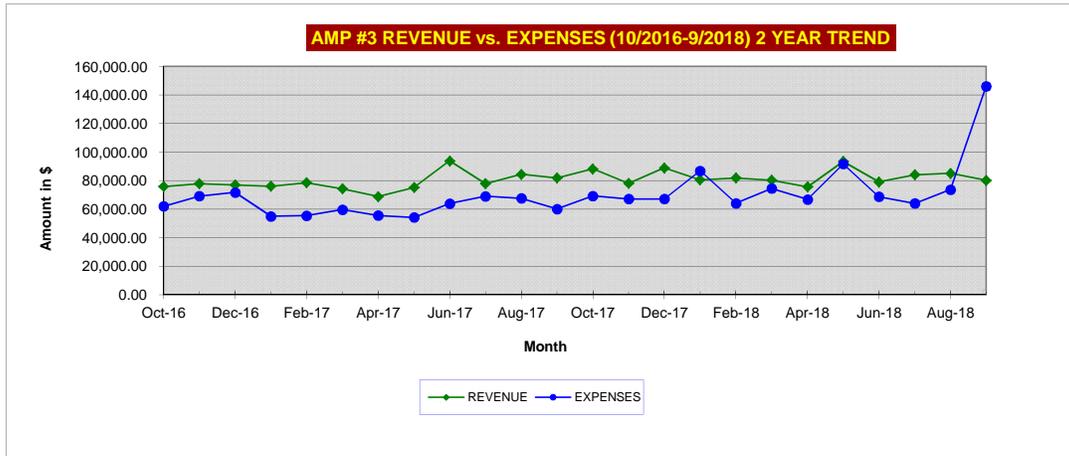
REV. RATE:

100.0%

UNIT/MONTH:

1,464

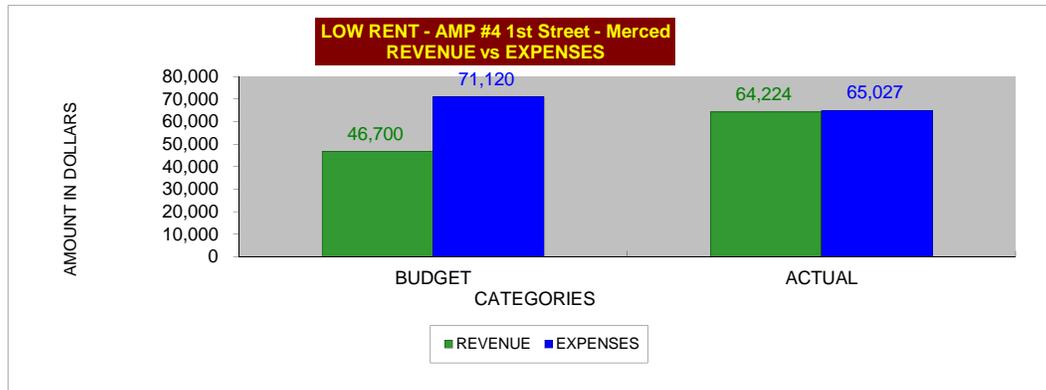
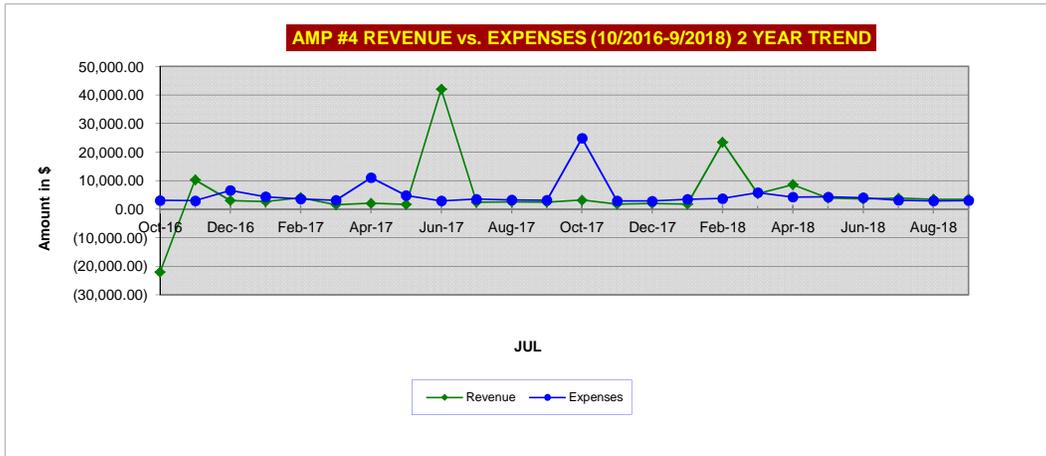
30-Sep-18



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
RENTS	572,248	578,899	390.88	395.42
INTEREST	0	0	0.00	0.00
OTHER INCOME	20,000	34,645	13.66	23.66
PFS SUBSIDY	365,021	381,295	249.33	260.45
	957,269	994,839	653.87	679.53
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	285,447	276,998	194.98	189.21
UTILITIES	150,625	147,221	102.89	100.56
MAINT.	311,747	368,133	212.94	251.46
GENERAL	89,351	87,222	61.03	59.58
DEPRECIATION	58,424	57,780	39.91	39.47
EQUITY TRANSFERS	0	0	0.00	0.00
	895,594	939,752	611.75	641.92
NET SURPLUS	61,675	55,087		
NET FROM OPERATIONS	61,675	55,087		
ENDING EQUITY BALANCE	1,715,452	1,722,039		
NET SURPLUS	61,675	55,087		
ADD BACK DEPRECIATION	58,424	57,780		
CASH FLOW	120,099	112,867		

01-Oct-17

TO: 30-Sep-18



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
RENTS	8,500	8,536	118.06	118.56
OTHER INCOME	3,750	2,484	52.08	34.50
PFS SUBSIDY	12,700	31,454	176.39	436.87
CFP FUNDS	21,750	21,750	302.08	302.08
	<u>46,700</u>	<u>64,224</u>	648.61	892.01
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	14,239	13,791	197.76	191.54
UTILITIES	6,340	6,356	88.06	88.28
MAINT.	32,294	29,083	448.53	403.93
GENERAL	4,447	2,152	61.76	29.90
DEPRECIATION	13,800	13,644	191.67	189.50
EQUITY TRANSFERS	0	0	0.00	0.00
	<u>71,120</u>	<u>65,027</u>	987.78	903.16
NET SURPLUS	(24,420)	(803)		
NET FROM OPERATIONS	(46,170)	(22,553)		
ENDING EQUITY BALANCE	877,798	854,181		
NET SURPLUS	(24,420)	(803)		
ADD BACK DEPRECIATION	13,800	13,644		
CASH FLOW	(10,620)	12,841		

HOUSING AUTHORITY OF THE COUNTY OF MERCED

VOUCHER

REVENUE & EXPENDITURE STATUS REPORT

FISCAL YEAR PERIOD FROM: 10/01/17 TO: 9/30/2018

REPORT PERIOD FROM:

01-Oct-17

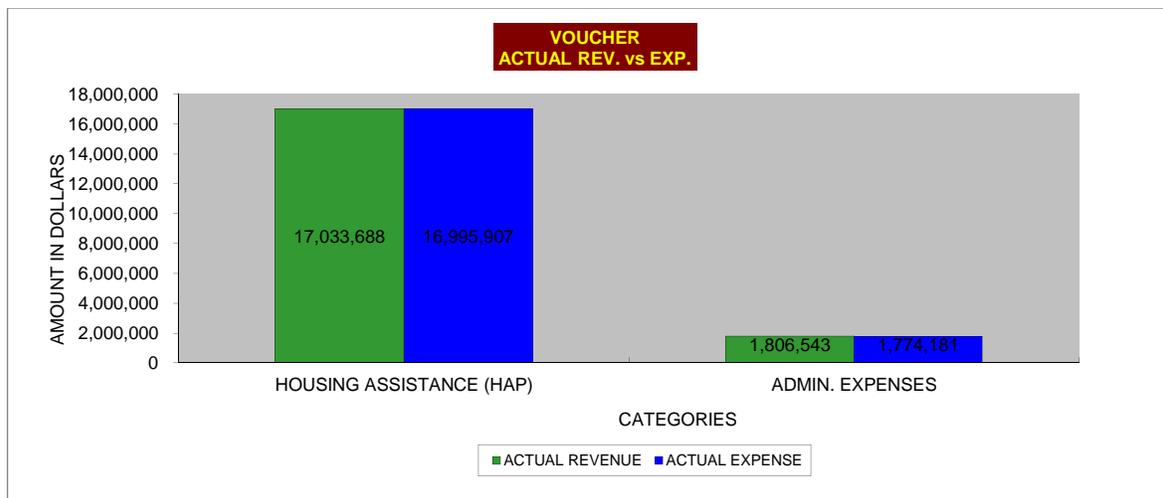
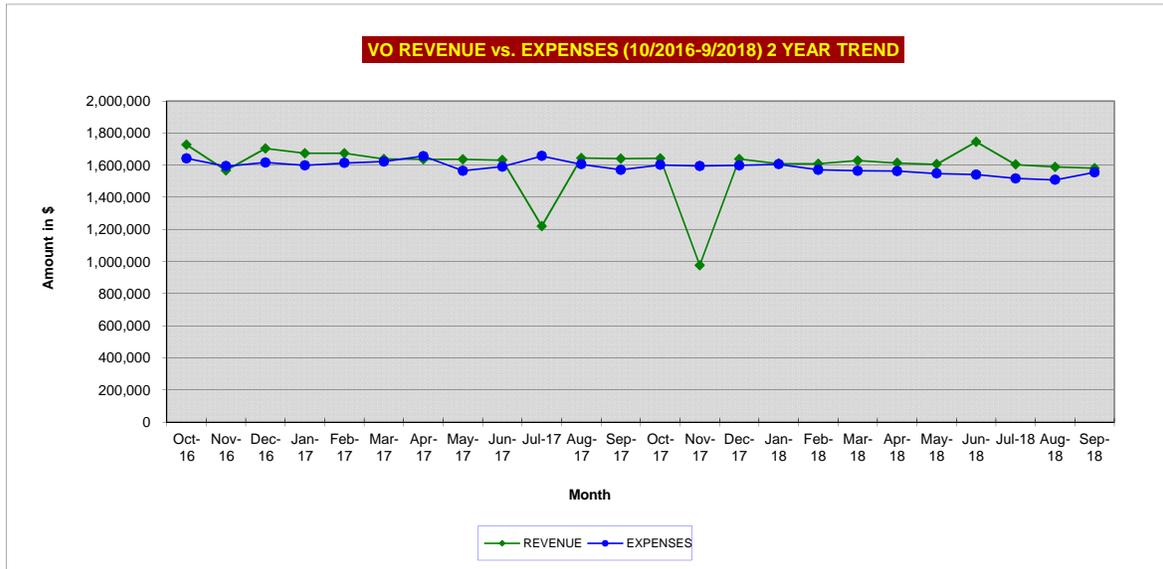
TO: 30-Sep-18

EXPEND. RATE: 100.0%

BUDGET # VOUCHER MONTHS: 33,498

YTD VOUCHERS 30,977

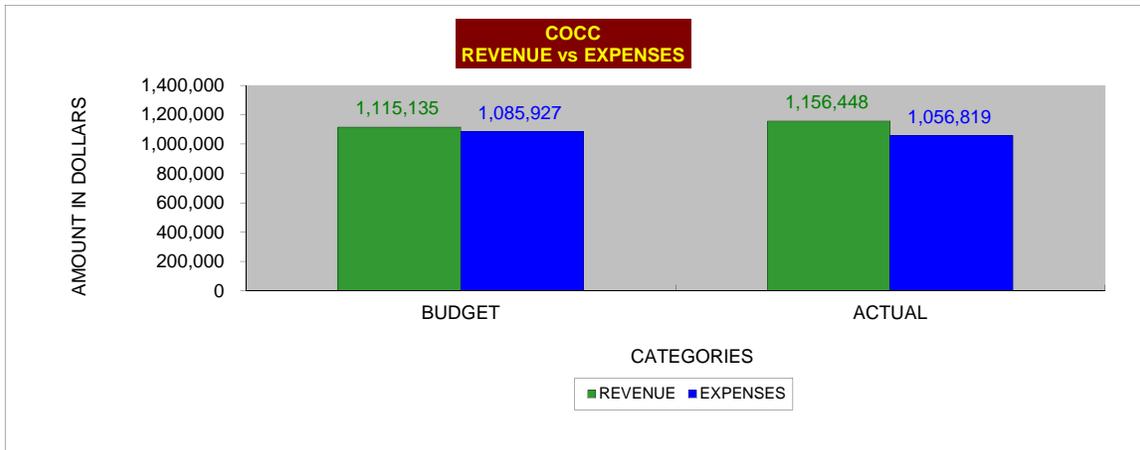
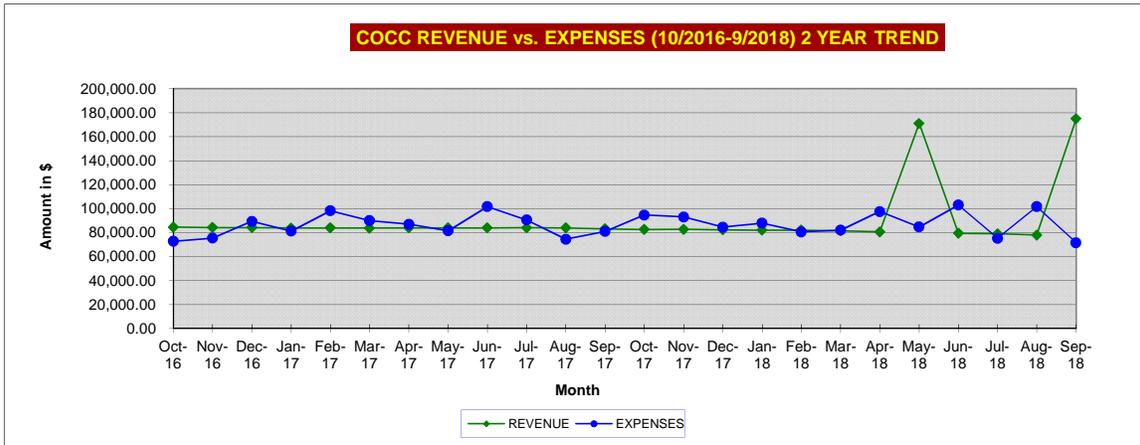
YTD % 92.5%



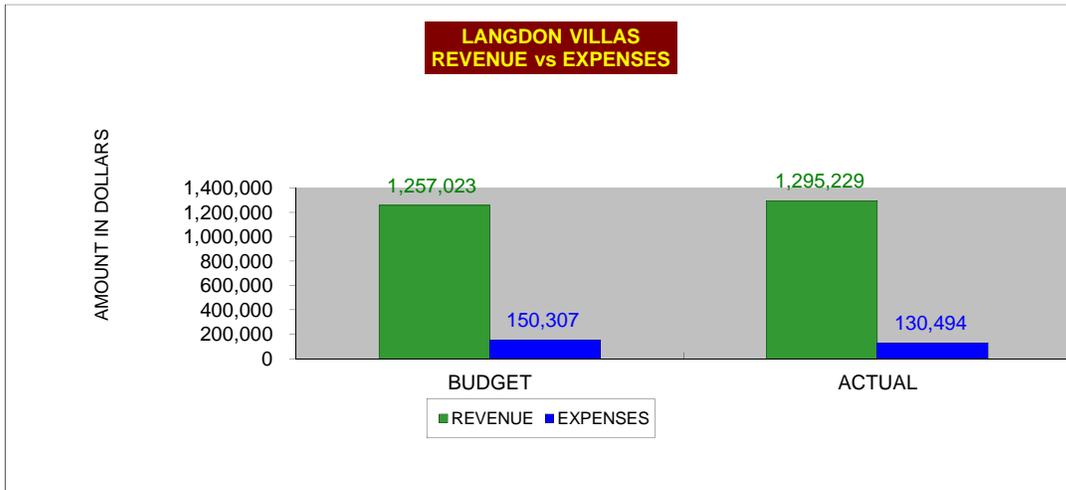
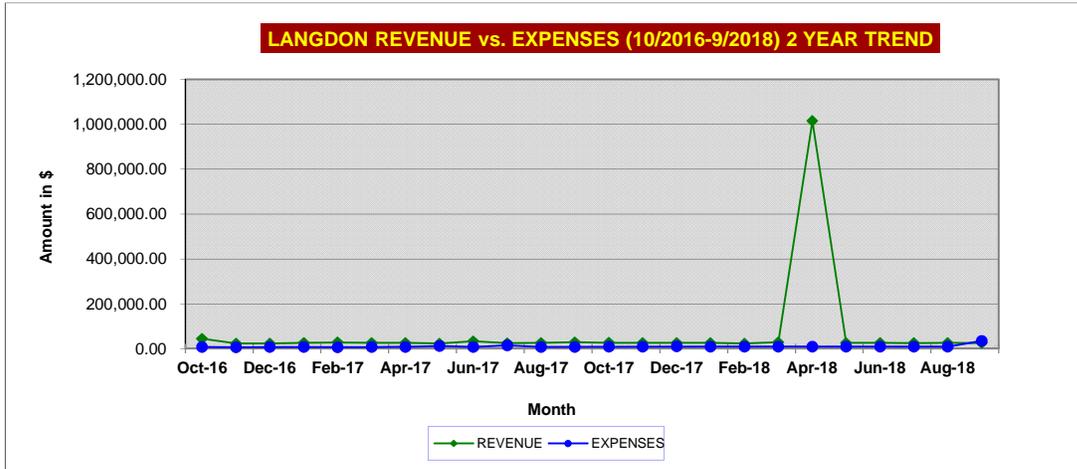
REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
HOUSING ASSISTANCE (HAP)	16,951,800	17,033,688	506.05	508.50
ADMIN. FEES	1,776,800	1,806,543	53.04	53.93
	18,728,600	18,840,230	559.09	562.43
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
HOUSING ASSISTANCE (HAP)	16,950,000	16,995,907	506.00	507.37
ADMIN. EXPENSES	1,800,585	1,774,181	53.75	52.96
	18,750,585	18,770,088	559.75	560.33
NET SURPLUS	(21,985)	70,143		
HAP SURPLUS YTD Change	1,800	37,781		
ADMIN SURPLUS YTD Change	(23,785)	32,362		
HAP SURPLUS BALANCE	151,092	187,073		
ADMIN SURPLUS BALANCE	(39,333)	16,814		

01-Oct-17

TO: 30-Sep-18



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
INTEREST	0	0	0.00	0.00
OTHER INCOME	0	80,855	0.00	27.50
MANAGEMENT FEES	975,030	968,214	331.64	329.32
ASSET MANAGEMENT FEES	50,105	0	17.04	0.00
CFP ADMIN FEES	90,000	107,378	30.61	36.52
	1,115,135	1,156,448	379.29	393.34
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	836,040	844,481	284.37	287.24
UTILITIES	40,100	44,422	13.64	15.11
MAINT.	76,420	72,868	25.99	24.79
GENERAL	133,367	94,389	45.36	32.10
	1,085,927	1,056,819	369.36	359.46
NET SURPLUS	29,208	99,629		
NET FROM OPERATIONS	29,208	99,629		
ENDING RESERVE BALANCE		(260,731) (190,310)		
NET SURPLUS	29,208	99,629		
ADD BACK DEPRECIATION	0	0		
CASH FLOW	29,208	99,629		



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
RENTS	46,200	46,200	3,850.00	3,850.00
INTEREST	0	0	0.00	0.00
MANAGEMENT FEES	220,823	218,638	18,401.92	18,219.83
OTHER INCOME	990,000	1,030,391	82,500.00	85,865.93
	1,257,023	1,295,229	104,751.92	107,935.76
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	58,006	54,839	4,833.83	4,569.89
UTILITIES	1,650	1,491	137.50	124.28
MAINT. & OPER.	3,900	16,931	325.00	1,410.89
GENERAL	86,751	57,233	7,229.25	4,769.43
	150,307	130,494	12,525.58	10,874.49
NET SURPLUS	1,106,716	1,164,735		
ENDING EQUITY BALANCE	10,923,861	10,981,880		

HOUSING AUTHORITY OF THE COUNTY OF MERCED

Langdon

ASSETS, LIABILITIES & FUND EQUITY

FISCAL YEAR PERIOD FROM: 10/01/17 TO: 9/30/2018

REPORT PERIOD FROM:

01-Oct-17

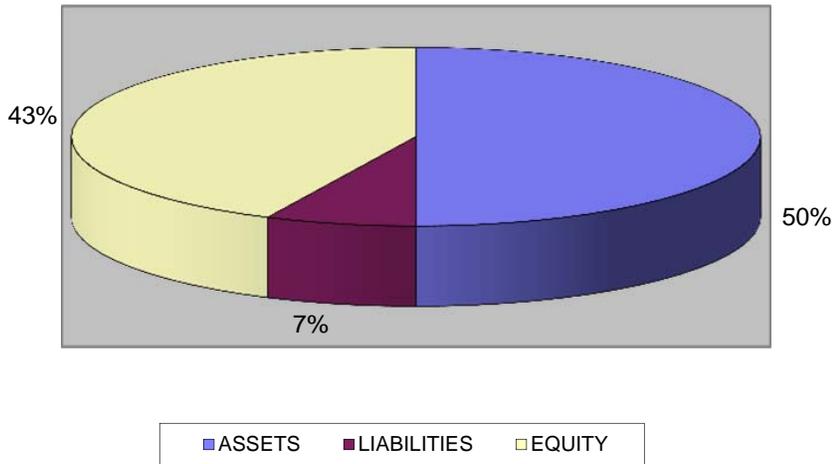
TO:

30-Sep-18

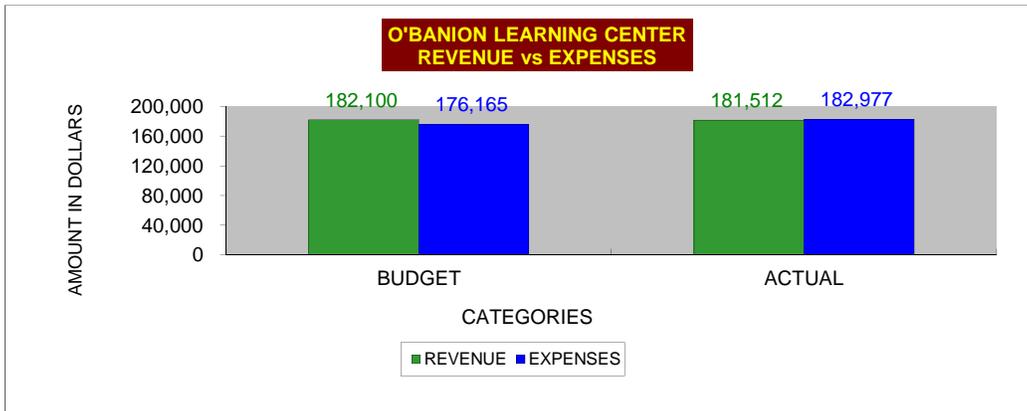
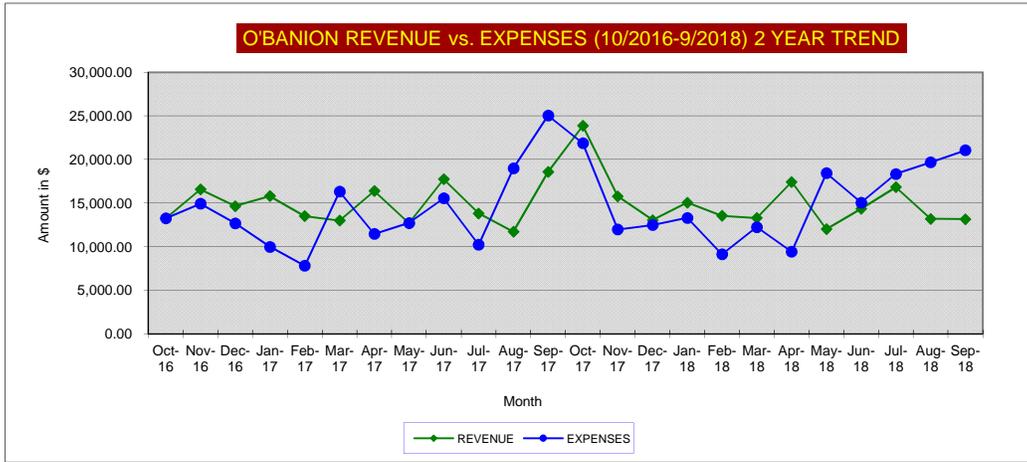
EXPEND. RATE:

UNIT/MONTH:

**LANGDON VILLA
BALANCE SHEET**

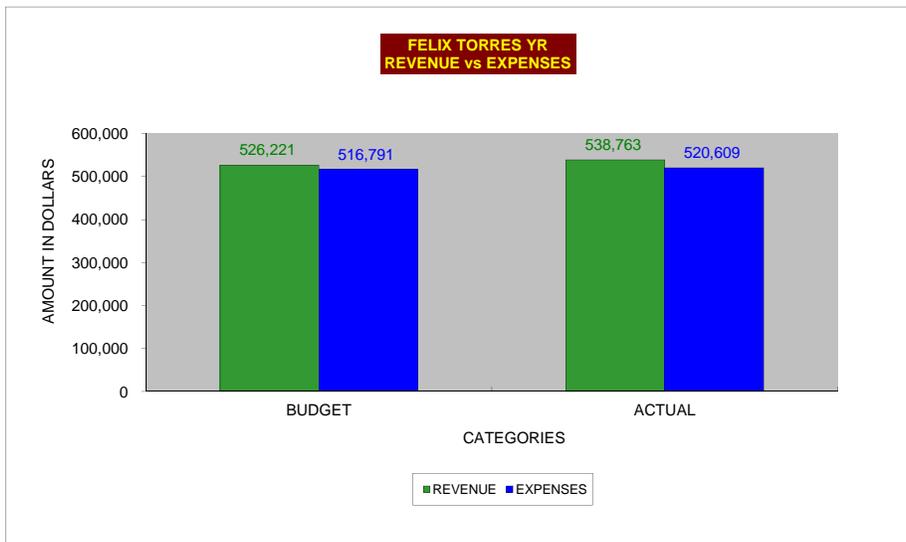


CATEGORIES	ASSETS	LIABILITIES	EQUITY	
CASH	4,977,474			
ACCTS. RECEIVABLE	131			
FIXED ASSETS	123,871			
NOTES RECEIVABLE	895,953			
2nd Trust Deeds	4,343,437			
OTHER L/T ASSETS	2,795,178			
DEFERRED OUTFLOWS	120,881			
ACCOUNTS PAYABLE		2,503		
Other Current Liabilities		157,570		
NOTES PAYABLE		0		
Other Non Current Liabilities		1,541,159		
DEFERRED INFLOWS		173,421		
PRIOR YEARS			10,217,537	
CURRENT YEAR			1,164,735	
EQUITY TRANSFERS			0	
	\$13,256,926	\$1,874,653	\$11,382,273	\$13,256,926
				LIAB. + EQUITY



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
NON-DWELL. RENTS	182,100	181,512	2,529.17	2,521.01
OTHER INCOME	0	0	0.00	0.00
	182,100	181,512	2,529.17	2,521.01
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	19,400	19,753	269.44	274.35
UTILITIES	64,550	73,490	896.53	1,020.70
MAINT. & OPER.	37,095	34,673	515.21	481.57
GENERAL	1,320	1,260	18.33	17.50
DEPRECIATION	53,800	53,800	747.22	747.22
	176,165	182,977	2,446.73	2,541.34
NET SURPLUS	5,935	(1,464)		
ENDING EQUITY BALANCE	2,437,654	2,430,255		
ADD BACK DEPRECIATION	53,800	53,800		
CASH FLOW	59,735	52,336		

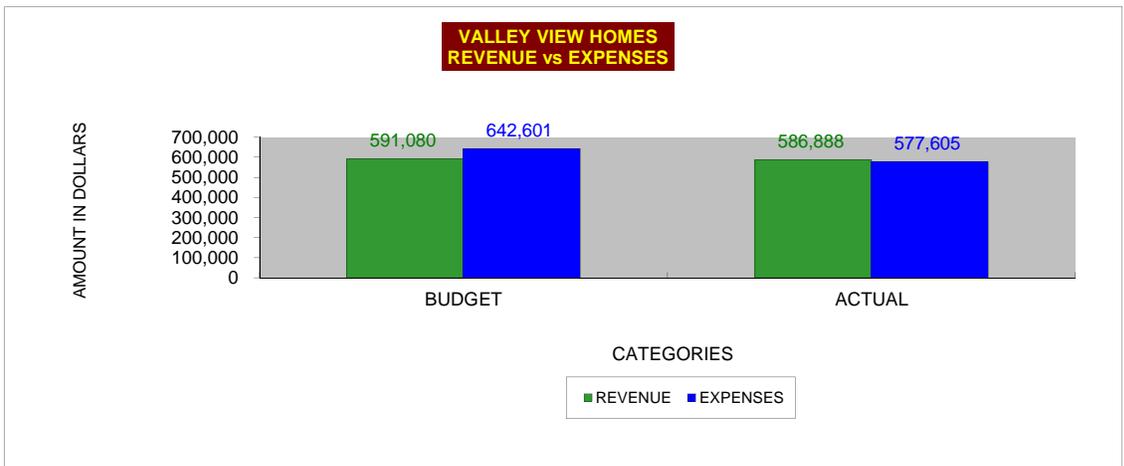
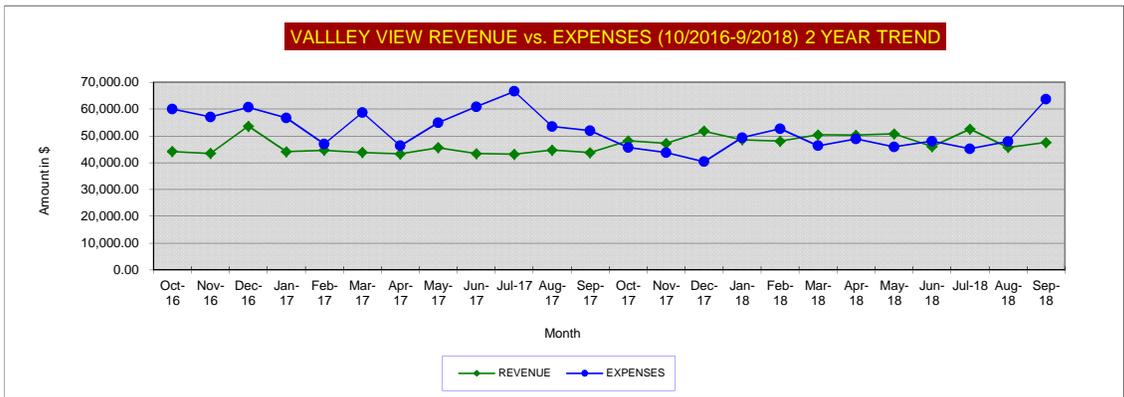
01-Oct-17 TO: 30-Sep-18



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
RENTS	525,221	536,645	951.49	972.18
INTEREST	0	190	0.00	0.34
OTHER INCOME	1,000	1,928	1.81	3.49
	526,221	538,763	953.30	976.01
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	69,300	67,255	125.54	121.84
UTILITIES	85,430	83,984	154.76	152.14
MAINT.	110,900	125,793	200.91	227.89
GENERAL	51,370	43,787	93.06	79.32
DEPRECIATION	199,791	199,791	361.94	361.94
EQUITY TRANSFERS	0	0	0.00	0.00
	516,791	520,609	936.21	943.13
NET SURPLUS	9,430	18,154		
NET FROM OPERATIONS	9,430	18,154		
ENDING EQUITY BALANCE	(155,398)	(146,674)		
NET SURPLUS	9,430	18,154		
ADD BACK DEPRECIATION	199,791	199,791		
LESS CAPITAL EXPENDITURES	0	0		
CASH FLOW	209,221	217,945		

01-Oct-17

TO: 30-Sep-18



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
RENTS	589,280	558,694	672.69	637.78
INTEREST	0	0	0.00	0.00
OTHER INCOME	1,800	28,194	2.05	32.18
	591,080	586,888	674.74	669.96
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
ADMIN.	132,468	129,196	151.22	147.48
UTILITIES	103,200	95,421	117.81	108.93
MAINT. & OPER.	141,913	117,014	162.00	133.58
GENERAL	34,691	26,225	39.60	29.94
DEPRECIATION	40,519	40,068	46.25	45.74
BOND INTEREST	171,560	169,680	195.84	193.70
BOND REPLACEMENT RESV	18,250	0	20.83	0.00
	642,601	577,605	733.55	659.37
NET SURPLUS	(51,521)	9,282		
BOND PRINCIPAL	75,000	0		
ADJUSTED SURPLUS	(126,521)	9,282		
ADD BACK DEPRECIATION	40,519	40,068		
ADD BACK BOND COST AMORT	0	0		
CASH FLOW	(86,002)	49,350		
ENDING EQUITY BALANCE	(2,580,382)	(2,444,578)		

HOUSING AUTHORITY OF THE COUNTY OF MERCED

Migrant (.migrant)

REVENUE & EXPENDITURE STATUS REPORT

FISCAL YEAR PERIOD FROM: 07/01/2018 TO: 06/30/2019

REPORT PERIOD

FROM:

01-Jul-18

TO:

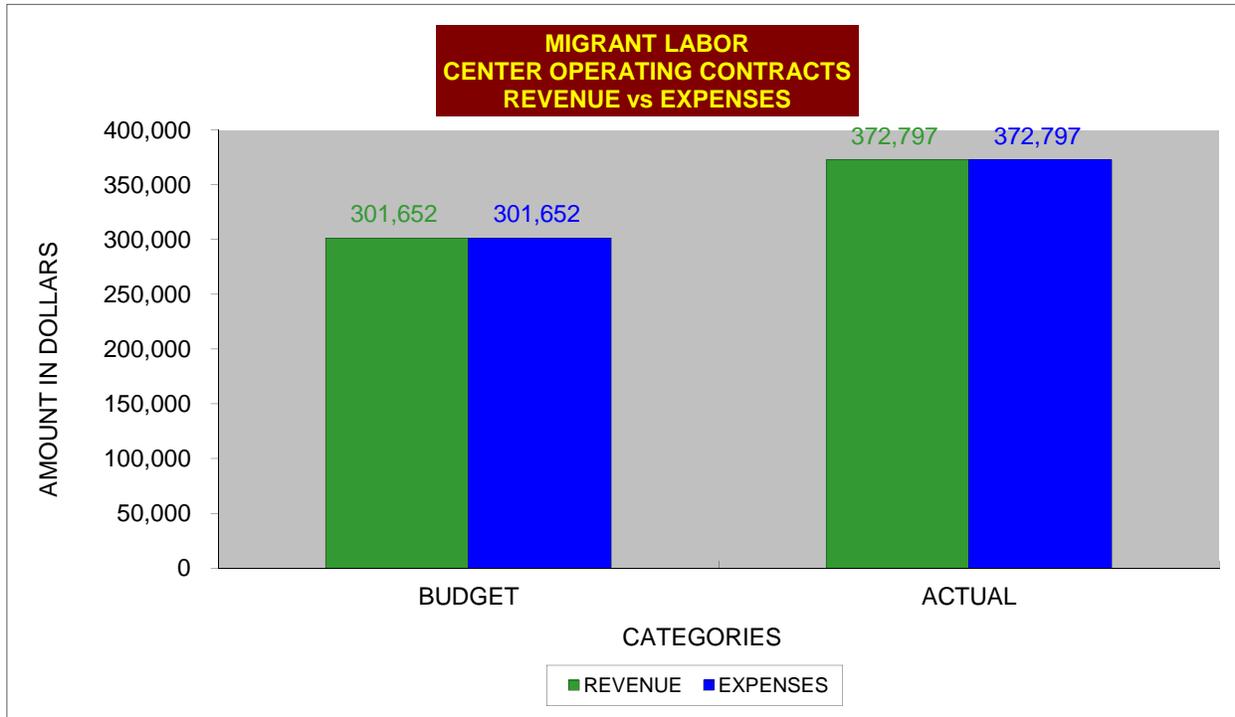
30-Sep-18

EXPEND. RATE:

25.0%

UNIT/MONTH:

1,548



REVENUE	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
OMS OPERATING	301,652	372,797	779.46	963.30
	301,652	372,797	779.46	963.30
EXPENSES	YTD BUDGET	YTD ACTUAL	PUM BUDGET	PUM ACTUAL
PERSONNEL	150,418	153,354	388.68	396.26
OPERATIONS	80,323	130,915	207.55	338.28
MAINTENANCE	4,663	20,727	12.05	53.56
ADMINISTRATION	28,648	26,358	74.03	68.11
DEBT SERVICE	37,600	41,443	97.16	107.09
	301,652	372,797	779.47	963.30
NET SURPLUS	-	-		

MEMORANDUM

TO: Board of Commissioners,
Housing Authority of the County of Merced

FROM: Rosa Vazquez, Executive Director

DATE: November 27, 2018

SUBJECT: Revisions to the Housing Authority’s Flat Rent Schedule for units in the Public Housing Program in accordance with HUD’s PIH published Notice 2017-23.

On August 19, 2014, the Board of Commissioners approved Resolution No. 2014-08, adjusting the Flat Rent Schedule for the Public Housing Program.

The Fair Market Rents for the County of Merced were increased effective October 1, 2018. The new Flat Rent schedule amounts will be effective January 1, 2019.

	1BR	2 BR	3 BR	4 BR
Current FRs	\$452	\$571	\$847	\$1,012
New FRs	\$504	\$617	\$905	\$1,066

For current program participants that pay the flat rental amount, the new flat rental amount will be offered as well as the income-based rental amount, at the next annual rental option.

STAFF REPORT

TO: Board of Commissioners,
Housing Authority of the County of Merced

FROM: Rosa Vazquez, Executive Director

DATE: November 27, 2018

SUBJECT: Recommendation to adopt **Resolution No. 2018-25:** Approving the submission of the Housing Authority's Section 8 Management Assessment Program (SEMAP) Certification, HUD Form 52648 to HUD for the Fiscal Year Ending September 30, 2018.

The Section 8 Management Assessment Program (SEMAP) is required by HUD as established by the Federal Regulation dated September 10, 1998, and is sent electronically to HUD after approval by the Board.

SEMAP was established to objectively measure the Housing Authority's performance in key Housing Choice Voucher tenant-based assistance program areas. There are 14 key indicators as indicated on the attached SEMAP form.

Attached for your review and approval is HUD Form 52648, Section 8 Housing Management Assessment Program (SEMAP) Certification.

RECOMMENDATION

It is hereby recommended that the Board of Commissioners of the Housing Authority of the County of Merced adopt **Resolution No. 2018-25**, approving the submission of the Section 8 Management Assessment Program (SEMAP) Certification, HUD Form 52648 to HUD for Fiscal Year Ending September 30, 2018.

RESOLUTION NO. 2018-25

APPROVING SUBMISSION OF THE SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION, HUD FORM 52648 TO HUD FOR FISCAL YEAR ENDING SEPTEMBER 30, 2018

WHEREAS, it is necessary that this Authority submit correct information to the HUD Area Office for the Section 8 Management Assessment Program (SEMAP), and

WHEREAS, the information gathered by the Staff of this Authority has been reviewed closely by the Staff as to its authenticity and accuracy;

THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the County of Merced does hereby adopt **Resolution No. 2018-25**, acknowledging the SEMAP Certification, HUD Form 52648 data from Fiscal Year Ending September 30, 2018, and authorizes the Executive Director to verify and submit the required data to HUD.

The foregoing resolution was introduced at the November 27, 2018 Board meeting of the Board of Commissioners of the Housing Authority of the County of Merced and adopted by the following vote:

Motion:

Second:

Ayes:

Nayes:

Absent

Abstain:

Chairperson, Board of Commissioners
Housing Authority of the County of Merced

Dated: November 27, 2018



Assessment Profile | Reports

List Summary Certification Profile Comments

Tracy Jackson
(MATF14)
PIC Main
SEMAP
Logoff

Field Office: 9APH SAN FRANCISCO HUB OFFICE
Housing Agency: CA023 Merced
PHA Fiscal Year End: 9/30/2018

OMB Approval No. 2577-0215

SEMAP CERTIFICATION (Page 1)

Public reporting burden for this collection of information is estimated to average 12 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

This collection of information is required by 24 CFR sec 985.101 which requires a Public Housing Agency (PHA) administering a Section 8 tenant-based assistance program to submit an annual SEMAP Certification within 60 days after the end of its fiscal year. The information from the PHA concerns the performance of the PHA and provides assurance that there is no evidence of seriously deficient performance. HUD uses the information and other data to assess PHA management capabilities and deficiencies, and to assign an overall performance rating to the PHA. Responses are mandatory and the information collected does not lend itself to confidentiality.

Check here if the PHA expends less than \$300,000 a year in federal awards

Indicators 1 - 7 will not be rated if the PHA expends less than \$300,000 a year in Federal awards and its Section 8 programs are not audited for compliance with regulations by an independent auditor. A PHA that expends less than \$300,000 in Federal awards in a year must still complete the certification for these indicators.

Performance Indicators

1 Selection from Waiting List (24 CFR 982.54(d)(1) and 982.204(a))

a. The HA has written policies in its administrative plan for selecting applicants from the waiting list.

PHA Response Yes No

b. The PHA's quality control samples of applicants reaching the top of the waiting list and admissions show that at least 98% of the families in the samples were selected from the waiting list for admission in accordance with the PHA's policies and met the selection criteria that determined their places on the waiting list and their order of selection.

PHA Response Yes No

2 Reasonable Rent (24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507)

a. The PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units (i) at the time of initial leasing, (ii) before any increase in the rent to owner, and (iii) at the HAP contract anniversary if there is a 5 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. The PHA's method takes into consideration the location, size, type, quality, and age of the program unit and of

similar unassisted units and any amenities, housing services, maintenance or utilities provided by the owners.

PHA Response **Yes** **No**

b. The PHA's quality control sample of tenant files for which a determination of reasonable rent was required to show that the PHA followed its written method to determine reasonable rent and documented its determination that the rent to owner is reasonable as required for (check one):

PHA Response **At least 98% of units sampled** **80 to 97% of units sampled**
 Less than 80% of units sampled

3 Determination of Adjusted Income (24 CFR part 5, subpart F and 24 CFR 982.516)

The PHA's quality control sample of tenant files show that at the time of admission and reexamination, the PHA properly obtained third party verification of adjusted income or documented why third party verification was not available; used the verified information in determining adjusted income; properly attributed allowances for expenses; and, where the family is responsible for utilities under the lease, the PHA used the appropriate utility allowances for the unit leased in determining the gross rent for (check one):

PHA Response **At least 90% of files sampled** **80 to 89% of files sampled**
 Less than 80% of files sampled

4 Utility Allowance Schedule (24 CFR 982.517)

The PHA maintains an up-to-date utility schedule. The PHA reviewed utility rate data that it obtained within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised.

PHA Response **Yes** **No**

5 HQS Quality Control (24 CFR 982.405(b))

The PHA supervisor (or other qualified person) reinspected a sample of units during the PHA fiscal year, which met the minimum sample size required by HUD (see 24 CFR 985.2), for quality control of HQS inspections. The PHA supervisor's reinspected sample was drawn from recently completed HQS inspections and represents a cross section of neighborhoods and the work of cross section of inspectors.

PHA Response **Yes** **No**

6 HQS Enforcement (24 CFR 982.404)

The PHA's quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if HQS deficiencies were not corrected within the required time frame, the PHA stopped housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce the family obligations for (check one):

PHA Response **At least 98% of cases sampled** **Less than 98% of cases sampled**

7 Expanding Housing Opportunities.**(24 CFR 982.54(d)(5), 982.153(b)(3) and (b)(4), 982.301(a) and 983.301(b)(4) and (b)(12))**

Applies only to PHAs with jurisdiction in metropolitan FMR areas

Check here if not applicable

a. The PHA has a written policy to encourage participation by owners of units outside areas of poverty or minority concentration which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration, and which includes actions the PHA will take to encourage owner participation.

PHA Response **Yes** **No**

b. The PHA has documentation that shows that it took actions indicated in its written policy to encourage participation by owners outside areas of poverty and minority concentration.

PHA Response **Yes** **No**

c. The PHA has prepared maps that show various areas, both within and neighboring its jurisdiction, with housing opportunities outside areas of poverty and minority concentration; the PHA has assembled information about job opportunities, schools and services in these areas; and the PHA uses the maps and related information when briefing voucher holders.

PHA Response **Yes** **No**

d. The PHA's information packet for certificate and voucher holders contains either a list of owners who are willing to lease, or properties available for lease, under the voucher program, or a list of other organizations that will help families find units and the list includes properties or organizations that operate outside areas of poverty or minority concentration.

PHA Response **Yes** **No**

e. The PHA's information packet includes an explanation of how portability works and includes a list of neighboring PHAs with the name, address and telephone number of a portability contact person at each.

PHA Response **Yes** **No**

f. The PHA has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, where such difficulties were found, the PHA has considered whether it is appropriate to seek approval of exception payment standard amounts in any part of its jurisdiction and has sought HUD approval when necessary.

PHA Response **Yes** **No**

Page 1 of 2

[Go to Comments](#)

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Reset

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Assessment Profile Reports

Tracy Jackson (MATF14) PIC Main SEMAP Logoff

List Summary Certification Profile Comments
Field Office: 9APH SAN FRANCISCO HUB OFFICE
Housing Agency: CA023 Merced
PHA Fiscal Year End: 9/30/2018

SEMAP CERTIFICATION (Page 2)

Performance Indicators

8 Payment Standards(24 CFR 982.503)

The PHA has adopted current payment standards for the voucher program by unit size for each FMR area in the PHA jurisdiction and, if applicable, for each PHA-designated part of an FMR area, which do not exceed 110 percent of the current applicable FMR and which are not less than 90 percent of the current FMR (unless a lower percent is approved by HUD). (24 CFR 982.503)

PHA Response Yes No

FMR Area Name Merced, CA MSA

No records have been entered.

Enter current FMRs and payment standards (PS)

0-BR FMR 579 1-BR FMR 680 2-BR FMR 839 3-BR FMR 1213 4-BR FMR 1465
PS 637 PS 748 PS 923 PS 1334 PS 1612
Save Add

If the PHA has jurisdiction in more than one FMR area, and/or if the PHA has established separate payment standards for a PHA-designated part of an FMR area, add similar FMR and payment standard comparisons for each FMR area and designated area.

9 Timely Annual Reexaminations(24 CFR 5.617)

The PHA completes a reexamination for each participating family at least every 12 months.(24 CFR 5.617)

PHA Response Yes No

10 Correct Tenant Rent Calculations(24 CFR 982, Subpart K)

The PHA correctly calculates tenant rent in the rental certificate program and the family rent to owner in the rental voucher program (24 CFR 982,Subpart K)

PHA Response Yes No

11 Pre-Contract HQS Inspections(24 CFR 982.305)

Each newly leased unit passes HQS inspection before the beginning date of the assisted lease and HAP contract. (24 CFR 982.305)

PHA Response Yes No

12 Continuing HQS Inspections(24 CFR 982.405(a))

The PHA inspects each unit under contract as required (24 CFR 982.405(a))

PHA Response Yes No

13 Lease-Up

The PHA executes assistance contracts on behalf of eligible families for the number of units that has been under budget for at least one year. The PHA executes assistance contracts on behalf of eligible families for the number of units that has been under budget for at least one year

PHA Response Yes No

14 Family Self-Sufficiency (24 CFR 984.105 and 984.305)

14a.Family Self-Sufficiency Enrollment. The PHA has enrolled families in FSS as required. Applies only to PHAs required to administer an FSS program.

Check here if not applicable

a. Number of mandatory FSS slots (Count units funded under the FY 1992 FSS incentive awards and in FY 1993 and later through 10/20/1998. Exclude units funded in connection

156

with Section 8 and Section 23 project-based contract terminations; public housing demolition, disposition and replacement; HUD multifamily property sales; prepaid or terminated mortgages under section 236 or section 221(d)(3); and Section 8 renewal funding. Subtract the number of families that successfully completed their contracts on or after 10/21/1998.)

Or, Number of mandatory FSS slots under HUD-approved exception (If not applicable, leave blank)

b. Number of FSS families currently enrolled

c. Portability: If you are the initial PHA, enter the number of families currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA

Percent of FSS slots filled (b+c divided by a) (This is a nonenterable field. The system will calculate the percent when the user saves the page)

14b. Percent of FSS Participants with Escrow Account Balances. The PHA has made progress in supporting family self-sufficiency as measured by the percent of currently enrolled FSS families with escrow account balances.(24 CFR 984.305)

Applies only to PHAs required to administer an FSS program

Check here if not applicable

PHA Response Yes No

Portability: If you are the initial PHA, enter the number of families with FSS escrow accounts currently enrolled in your FSS program, but who have moved under portability and whose Section 8 assistance is administered by another PHA

15 Deconcentration Bonus

The PHA is submitting with this certification data which show that :

(1) Half or more of all Section 8 families with children assisted by the PHA in its principal operating area resided in low poverty census tracts at the end of the last PHA FY;

(2) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last PHA FY is atleast two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the last PHA FY; or

(3) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area over the last two PHA FY is at least two percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last PHA FY.

PHA Response Yes No

[Deconcentration Addendum](#)

[Go to Comments](#)

[Back to Page1](#)

STAFF REPORT

TO: Board of Commissioners,
Housing Authority of the County of Merced

FROM: Rosa Vazquez, Executive Director

DATE: November 27, 2018

SUBJECT: Recommendation to adopt **Resolution No. 2018-26:** It is recommended that the Board of Commissioners authorize the Executive Director or her designee to declare the amounts (\$92,995.98) uncollectible and to write off the uncollected amounts as a loss.

Every year the Housing Authority of the County of Merced (“Authority”) writes off uncollectable amounts from former tenants’ accounts. The write-off of \$92,995.98 is permitted under Federal Regulation. Allowable write-off’s impact the Authority Tenant Accounts Receivable Public Housing Assessment System (“PHAS”) score and is an accepted accounting practice. The Authority takes action to collect all tenant charges and will continue to pursue collection of the accounts included in this write-off. Amounts to be written-off are summarized by program below.

PH AMP1:	\$18,016.57
PH AMP2:	\$4,593.09
PH AMP3:	\$27,778.81
PH AMP4:	\$5,798.37
Valley View:	\$26,999.09
Felix Torres Year Round:	\$9,810.05
TOTAL:	\$92,995.98

RECOMMENDATION

It is hereby recommended that the Board of Commissioners of the Housing Authority of the County of Merced adopt **Resolution No. 2018-26**, authorizing the Executive Director or her designee to declare the amounts uncollectible and to authorize the write off as a loss.

RESOLUTION NO. 2018-26

**APPROVING THE WRITE-OFF FOR BAD DEBTS
FROM TENANTS' ACCOUNTS RECEIVABLE**

WHEREAS, every year the Housing Authority of the County of Merced (“Authority”) operates a number of rental housing projects throughout the county for low-income tenants; and

WHEREAS, certain former tenants have been unable or unwilling to pay their rent and/or work orders; and it is no longer prudent to carry over these receivables on the books of account; and

WHEREAS, allowable write-off’s impact Authority Tenant Accounts Receivable Public Housing Assessment System (“PHAS”) score and is an accepted accounting practice; and

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of the County of Merced do hereby approve the write-off of the tenant delinquent accounts in the amount of \$92,995.98, that are attached for the Housing Programs administered by the Housing Authority of the County of Merced.

The foregoing resolution was introduced at the November 27, 2018 Board of Commissioners meeting of the Housing Authority of the County of Merced and adopted by the following vote:

Motion: Second:

Ayes:

Nayes:

Absent:

Abstain:

Date: November 27, 2018

Chairperson, Board of Commissioners
Housing Authority of the County of Merced

STAFF REPORT

TO: Board of Commissioners,
Housing Authority of the County of Merced

FROM: Rosa Vazquez, Executive Director

DATE: November 27, 2018

SUBJECT: Recommendation to adopt **Resolution No. 2018-27**: approving the form and authorizing the Executive Director to execute necessary documents in connection with the offering and sale of Pension Obligation Bonds to refinance the Housing Authority's Unfunded Actuarial Accrued Liability owed to the California Public Employee's Retirement System.

The Housing Authority of the County of Merced ("Authority") has previously authorized and entered into an agreement for Municipal consulting to review the current outstanding bond debts and evaluate the feasibility of refunding some or all of the Authority's existing debts, and issuing a pension obligation bond ("POB") relating to the debt caused by CalPERS unfunded liability ("UAL"). The POB will be an Authority general fund obligation and will require certain undesignated funds to be set aside as security for the POBs.

Wulff, Hansen, the Authority's Municipal Advisor, has been working with Brandis Tallman as Placement Agent who previously worked with the Authority, to find an investor for the 2018 Pension Obligation Bond transaction. The Placement Agent found a local bank that is interested in purchasing the 2018 POB issue. The Resolution provides the form of the legal documents and authorization for the Executive Director to execute documents at the appropriate time to sell the Pension Obligation Bonds.

Bud Levine and Mark Pressman will be in attendance to review the transaction and timeline for moving forward and to respond to any questions

FISCAL IMPACT:

Issuing Pension Obligation Bonds with an estimated average interest rate of 5.47%, would reduce the Authority's current payment to PERS by approximately \$45,000 each year, totaling over \$1,200,000 over the life of the Bonds. The Authority's debt service payments with respect to the POBs would replace its payment obligation to PERS for the amount prepaid.

The Total Estimated Cost of Issuance, which is subject to change when Bonds are priced, is estimated at \$143,000. All fees are contingent on the sale and closing of the POBs.

ALTERNATIVES

The Board could choose not to approve the Resolution or to wait for a later date. This is not recommended, because the Authority has a UAL balance with CalPERS that is currently costing approximately 7.25%. The current expectation is that the UAL can be refinanced to a rate of approximately 5.47% if done now. With interest rates expected to continue to rise, waiting would reduce potential savings to be gained from the POB transaction.

RECOMMENDATION

It is recommended that the Board authorize the executive director to execute necessary documents in connection with the offering and sale of Pension Obligation Bonds to refinance the Authority's Unfunded Actuarial Accrued Liability owed to the California Public Employee's Retirement System.

ATTACHMENTS:

Resolution No. 2018-27

Savings Report to be presented at meeting

HOUSING AUTHORITY OF THE COUNTY OF MERCED

RESOLUTION NO. 2018-27

RESOLUTION OF THE BOARD OF COMMISSIONERS OF HOUSING AUTHORITY OF THE COUNTY OF MERCED, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$7,300,000 TO REFUND CERTAIN PENSION OBLIGATIONS OF THE AUTHORITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT AND AUTHORIZING ACTIONS RELATED THERETO

Adopted November 27, 2018

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS; AUTHORITY

Section 1.01.	Definitions	2
Section 1.02.	Interpretation	4
Section 1.03.	Authority for this Resolution; Findings	4

ARTICLE II

THE BONDS

Section 2.01.	Authorization	5
Section 2.02.	Terms of Bonds	5
Section 2.03.	Redemption	6
Section 2.04.	Form of Bonds	7
Section 2.05.	Execution of Bonds	7
Section 2.06.	Transfer of Bonds	7
Section 2.07.	Bond Register	8
Section 2.08.	Temporary Bonds	8
Section 2.09.	Bonds Mutilated, Lost, Destroyed or Stolen	8

ARTICLE III

SALE AND ISSUANCE OF BONDS; SECURITY FOR THE BONDS

Section 3.01.	Sale, Issuance and Delivery of Bonds	10
Section 3.02.	Official Action	10
Section 3.03.	Security for the Bonds	10

ARTICLE IV

APPLICATION OF PROCEEDS OF THE SALE OF THE BONDS; ACCOUNTS; INVESTMENT

Section 4.01.	Application of Proceeds of Sale of Bonds	11
Section 4.02.	Debt Service Account	11
Section 4.03.	Redemption Account	11
Section 4.04.	Investment of Moneys	12
Section 4.05.	Requirements of section 5852.1 of the California Government Code	12

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.01.	Punctual Payment	13
Section 5.02.	Extension of Time for Payment	13
Section 5.03.	Books and Accounts	13
Section 5.04.	Protection of Security and Rights of Owner	13
Section 5.05.	Further Assurances	13
Section 5.06.	Dissemination of Information to the Owner	13
Section 5.07.	Financial Covenants	14

ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES

Section 6.01.	Events of Default	15
Section 6.02.	Remedies of Owner	15
Section 6.03.	Remedies Not Exclusive	16
Section 6.04.	Absolute Obligation of the Authority	16
Section 6.05.	Application of Revenues and Other Funds After Default	16
Section 6.06.	Non-Waiver	17

ARTICLE VII
AMENDMENTS

Section 7.01.	Amendments	18
Section 7.02.	Effect of Supplemental Resolution	18
Section 7.03.	Endorsement or Replacement of Bonds After Amendment	18

ARTICLE VIII
MISCELLANEOUS

Section 8.01.	Benefits of Resolution Limited to Parties	19
Section 8.02.	Defeasance	19
Section 8.03.	Execution of Documents and Proof of Ownership by Owner	20
Section 8.04.	Waiver of Personal Liability	21
Section 8.05.	Destruction of Canceled Bonds	21
Section 8.06.	Funds and Accounts	21
Section 8.07.	All Obligations Due on Business Days	21
Section 8.08.	Partial Invalidity	21
Section 8.09.	Execution of Documents	22
Section 8.10.	Effective Date of Resolution	22

EXHIBIT A:	FORM OF BOND	
EXHIBIT B:	FORM OF BOND PURCHASE AGREEMENT	

ARTICLE I

DEFINITIONS; AUTHORITY

Section 1.01. Definitions. The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

"Authority" means Housing Authority of the County of Merced, a political subdivision organized under the Constitution and laws of the State of California, and any successor thereto.

"Authorized Investments" means any investments permitted by law to be made with moneys belonging to, or in the custody of, the Authority, as limited by the Authority's investment policy, as set forth in applicable law, including but not limited to section 53601 of the California Government Code.

"Board" means the Board of Commissioners of the Authority.

"Bonds" means Housing Authority of the County of Merced, 2018 Taxable Pension Obligation Bonds, at any time Outstanding pursuant to this Resolution.

"Business Day" means a day other than a Saturday, a Sunday or a day on which the New York Stock Exchange is closed or banks in the Authority are authorized or obligated by law or executive order to close.

"Bond Counsel" means (a) the firm of Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality of securities issued by public entities.

"Bond Purchase Agreement" means the Bond Purchase Agreement by and between the Authority and the Owner, for the purchase and sale of the Bonds.

"Authority Representative" means the Chair of the Board, the Executive Director or any other person authorized by resolution of the Board to act on behalf of the Authority with respect to this Resolution and the Bonds.

"Closing Date" means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the bonds by the Owner.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to the costs of preparation and reproduction of documents, printing expenses, filing and recording fees, fees and disbursements of consultants and

professionals, fees and disbursements of counsel to the Owner, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Debt Service Account" means the account by that name established and held by the Authority pursuant to Section 4.02.

"Federal Securities" means non-callable United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Interest Payment Date" means (i) each February 1 and August 1, commencing February 1, 2019, and (ii) the date any Bonds mature or are redeemed or are otherwise paid in full.

"Outstanding," when used as of any particular time with reference to Bonds, means all Bonds except: (a) Bonds theretofore canceled by the Authority or surrendered to the Authority for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 8.02 hereof; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Authority pursuant to this Resolution.

"Owner" means the initial purchaser and owner of the Bonds, or such owner's designee.

"Redemption Account" means the account by that name established and held by the Authority pursuant to Section 4.03.

"Refunding Law" means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code, as is in effect on the date of adoption hereof and as amended hereafter.

"Resolution" means this Resolution, as originally adopted by the Board and including all amendments hereto and supplements hereof which are duly adopted by the Board from time to time in accordance herewith.

"Supplemental Resolution" means any resolution supplemental to or amendatory of this Resolution, adopted by the Board in accordance with Article VI.

"Written Request of the Authority" means an instrument in writing signed by a City Representative or by any other officer of the Authority duly authorized to act on behalf of the Authority pursuant to a written certificate of a City Representative.

Section 1.02. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Authority for this Resolution; Findings. This Resolution is entered into pursuant to the provisions of the Refunding Law. It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of the Bonds do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that the amount of the Bonds, together with all other indebtedness of the Authority, does not exceed any limit prescribed by any laws of the State of California.

ARTICLE II

THE BONDS

Section 2.01. Authorization. Bonds in the aggregate principal amount of not to exceed seven million three hundred thousand dollars (\$7,300,000) are hereby authorized to be issued by the Authority under and subject to the terms of the Refunding Law and this Resolution for the purpose of refunding the PERS Obligation. This Resolution constitutes a continuing agreement with the Owner to secure the full and final payment of principal of and interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Housing Authority of the County of Merced, 2018 Taxable Pension Obligation Bonds."

Section 2.02. Terms of Bonds.

(a) *Form; Numbering*. The Bonds shall be issued as one fully registered Bond, without coupons, in the full principal amount thereof. The Bonds shall be delivered in physical form and shall not be subject to any book entry system.

(b) *Date of Bonds*. The Bonds shall be dated as of their date of delivery.

(c) *Maturity*. The Bonds shall mature, subject to the provisions of Section 2.03, on the date determined at the time of sale of the Bonds by an authorized officer of the Authority and as set forth in the Bond Purchase Agreement, but not later than August 1, 2043.

(d) *Interest*. Interest on the Bonds shall be payable on each Interest Payment Date, at a per annum rate of interest to be determined at the time of sale of the Bonds by an authorized officer of the Authority and as set forth in the Bond Purchase Agreement. Such interest will accrue from the next preceding Interest Payment Date except that interest payable on the first Interest Payment Date will accrue from the Closing Date; *provided, however*, that if, on any Interest Payment Date, interest on the Bonds is in default, interest shall be payable from the Interest Payment Date to which interest represented hereby has previously been paid or made available for payment.

(e) *Payment*. Principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Authority mailed via first-class mail to the Owner at such address as the Owner may have filed with the Authority for that purpose; *provided however*, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to the Owner if the Owner provides written wire instructions to the Authority at least five (5) days before the applicable Interest Payment Date or standing directions for all such payments.

Section 2.03. Redemption.

(a) *Optional Redemption.* The Bonds shall be subject to redemption prior to maturity as shall be determined at the time of sale of the Bonds by an authorized officer of the Authority and as set forth in the Bond Purchase Agreement.

(b) *Mandatory Sinking Fund Redemption.* The Bonds shall be subject to mandatory sinking fund redemption on the dates and in the amounts determined at the time of sale of the Bonds by an authorized officer of the Authority and as set forth in the Bond Purchase Agreement, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption. If some but not all of the Bonds have been redeemed pursuant to the preceding subsection (a) of this Section 2.03, the aggregate principal amount of such the Bonds to be redeemed in each year pursuant to this subsection (b) shall be reduced on a *pro rata* basis in integral multiples of \$5,000.

(c) *Selection of Bonds for Redemption.* If less than all of the Bonds shall be called for redemption, the Authority shall select the Bonds for redemption by lot.

(d) *Notice of Redemption.* The Authority shall give written notice of the redemption of the Bonds as provided herein at the expense of the Authority. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the date of notice and the date of redemption, and (c) the place or places where the redemption will be made. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Written notice of redemption shall be given by the Authority to the Owner by registered or otherwise secured mail or delivery service, postage prepaid, at least fifteen (30) days prior to the redemption date.

(e) *Partial Redemption of Bonds.* Upon the surrender of any Bond redeemed in part only, the Authority shall execute and deliver to the Owner a new Bond or Bonds of like tenor and maturity equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to the Owner in good funds and the Authority shall be released and discharged thereupon from all liability to the extent of such payment.

(f) *Effect of Redemption.* Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for such purpose, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in this Section 2.03, together with interest to such redemption date, shall be held by the Authority so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date and payment to the Owner on such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Authority for the redemption of Bonds shall be held in trust for the account of the Owner.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 2.03 shall be canceled upon surrender thereof and be delivered to or upon the order of the Authority.

Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution and sufficient moneys shall be held by the Authority irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, all as provided in this Resolution, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Authority for cancellation.

Section 2.04. Form of Bonds. The Bonds shall be substantially in the form with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution, as is set forth in Exhibit A attached hereto.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature its Clerk of the Board (although at least one of such signatures shall be manual) who are in office on the date of adoption of this Resolution or at any time thereafter. If any officer whose signature appears on the Bonds ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bonds may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Authority although at the nominal date of such Bond any such person shall not have been such officer of the Authority.

Section 2.06. Transfer of Bonds.

(a) The Bonds may, in accordance with their terms, be transferred by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Authority for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Authority, duly executed. Whenever any Bonds shall be surrendered for registration of transfer, the Authority shall execute and shall deliver a new Bond of like interest rate, maturity and principal amount. The Authority shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Authority in connection with any transfer shall be paid by the transferee.

The Authority may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Authority for the selection of Bonds for redemption, or (b) any Bonds selected by the Authority for redemption.

(b) Ownership of the Bonds may be transferred in whole only and only to a person or persons that the Owner reasonably believes is either:

(i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended,

(ii) an accredited investor as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or

(iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors;

in each case that executes and delivers to the Authority an investor letter in substantially the form attached hereto as Exhibit B.

Section 2.07. Bond Register. The Authority will keep or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by any Owner with reasonable prior written notice during regular business hours; and, upon presentation for such purpose, the Authority shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the Authority upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor and the Authority shall deliver in exchange for such temporary Bonds definitive Bonds. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Bonds executed and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated the Authority, at the expense of the Owner, shall execute and deliver, a new Bond in exchange and substitution for the Bond so mutilated, but only upon surrender to the Authority of the Bond so mutilated. Every mutilated Bond so surrendered to the Authority shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or

stolen, evidence of such loss, destruction or theft may be submitted to the Authority and, if such evidence be satisfactory to the Authority and indemnity satisfactory to it shall be given, the Authority, at the expense of the Owner, shall execute and deliver, a new Bond in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Authority may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.08 and of the expenses which may be incurred by the Authority in connection therewith. Any Bond issued under the provisions of this Section 2.08 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution.

ARTICLE III

SALE AND ISSUANCE OF BONDS; SECURITY FOR THE BONDS

Section 3.01. Sale, Issuance and Delivery of Bonds.

(a) *Issuance of Bonds.* At any time after the execution of this Resolution and award of the sale of the Bonds, the Authority may issue and deliver Bonds in the aggregate principal amount of not to exceed seven million three hundred thousand dollars (\$7,300,000).

(b) *Sale of Bonds.* The Board hereby authorizes the negotiated sale of the Bonds to the Owner. A Bond Purchase Agreement, in the form attached hereto as Exhibit B, together with any additions thereto or changes therein deemed necessary or advisable by an Authority Representative, or any designee thereof, is hereby approved by the Board. Any Authority Representative or any designee thereof is hereby authorized and directed to execute the Bond Purchase Agreement for and in the name and on behalf of the Authority. The present value savings to be realized by the Authority with respect to the PERS Obligation as a result of the issuance of the Bonds shall not be less than 3%.

(c) *Preparation of Bonds.* Authority Representatives, or any designee thereof, are hereby directed to cause the Bonds to be printed, signed and sealed.

Section 3.02. Official Action. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the Bonds are hereby approved, and the Chair of the Board, the Authority Administrative Officer, and any and all other officers of the Authority are hereby authorized and directed for and in the name and on behalf of the Authority, to do any and all things and take any and all actions relating to the execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this resolution.

Section 3.03. Security for the Bonds. The obligations of the Authority with respect to the Bonds, including the obligation to make all payments of interest and principal on the Bonds when due, are obligations of the Authority imposed by law and are absolute, unconditional and irrevocable, without any right of set-off or counterclaim whatsoever. The Bonds do not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the Authority to make payments on the Bonds constitute an indebtedness of the Authority, the State or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. The Board shall be obligated to make annual or more frequent appropriations to pay the Bonds from any source of legally available funds of the Authority. The Board shall be obligated in each Fiscal Year to appropriate all amounts from any such funds as may be required to pay the aggregate amount of the principal of and the interest on the Bonds coming due and payable in such Fiscal Year.

ARTICLE IV

APPLICATION OF PROCEEDS OF THE SALE OF THE BONDS; ACCOUNTS; INVESTMENT

Section 4.01. Application of Proceeds of Sale of Bonds. On the date of delivery of the Bonds (the "Closing Date"), the proceeds of sale of the Bonds shall be paid by the Owner as follows:

- (a) to PERS the amount required to satisfy the PERS Obligation; and
- (b) to various payees in payment of the Costs of Issuance of the Bonds.

Section 4.02. Debt Service Account.

(a) There is hereby created an account to be known as the "2018 Pension Bond Debt Service Account" (the "Debt Service Account"), which shall be maintained by the Authority as a separate account, held in trust, distinct from all other funds and accounts of the Authority. The Debt Service Account shall be administered, and disbursements made in the manner and in the order progressively set forth in this Section 4.02.

(b) On or before the Business Day immediately preceding each Interest Payment Date, the Authority shall transfer to the Debt Service Fund from the General Fund or any other available fund or funds of the Authority an amount which, when added to the amount contained in the Debt Service Account on that date, if any, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date.

(c) On or before the Business Day immediately preceding each Interest Payment Date, the Authority shall transfer to the Debt Service Fund from the General Fund of the Authority an amount which will be equal to the principal or sinking fund installment, if any, becoming due and payable on such Interest Payment Date.

(d) All moneys in the Debt Service Account shall be used and withdrawn by the Authority solely for the purpose of paying the principal of and interest on the Bonds as the same shall become due and payable. On each Interest Payment Date, the Authority shall apply moneys on deposit in the Debt Service Account to the payment of principal of or interest on the Bonds, or both.

Section 4.03. Redemption Account. There is hereby created, as an account within the General Fund of the Authority, a separate account to be known as the "2018 Pension Bond Redemption Account" (the "Redemption Account"), which shall be maintained by the Authority as a separate account, distinct from all other funds and accounts. The Redemption Account shall be maintained by the Authority to pay for the prior optional redemption of the Bonds. Any funds

legally available may, at any time, at the option of the Authority, be deposited in the Redemption Account and applied to the prior optional redemption of Bonds pursuant to Section 2.03(a).

Section 4.04. Investment of Moneys. Amounts on deposit in the Debt Service Account and the Redemption Account may be invested in Authorized Investments. Earnings on the investment of amounts held in any fund or account established hereunder shall be credited to the respective fund or account from which such investments are made.

Section 4.05. Requirements of Section 5852.1 of the California Government Code. As required by section 5852.1 of the California Government Code, the Authority hereby provides the following good faith estimates regarding the Bonds (based on a principal amount of \$6,825,000):

(a) The true interest cost of the Bonds: 5.471%

(b) The finance charge of the Bonds (the sum of all fees and charges paid to third parties): \$194,535.00

(c) The amount of proceeds to be received less the sum of all fees and charges paid to third parties, any reserves or capitalized interest: \$6,630,465.00

(d) The sum total of all payments the Authority will make to pay debt service on the Bonds, calculated to the final maturity of the Bonds: \$11,048,922.60

The foregoing constitute good faith estimates only.

The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates with respect to the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.01. Punctual Payment. The Authority shall punctually pay, or cause to be paid, the principal of and interest on the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and of the Bonds. Nothing herein contained shall prevent the Authority from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Section 5.02. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Authority will not, directly or indirectly, extend or consent to the extension of the maturity of the Bonds or the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case the maturity of the Bonds or the time of payment of any such claim for interest shall be extended or funded, whether or not with the consent of the Authority, such Bonds or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.03. Books and Accounts. The Authority will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Authority in which complete and correct entries shall be made of all transactions relating to the Bonds. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owner.

Section 5.04. Protection of Security and Rights of Owner. The Authority will preserve and protect the security of the Bonds and the rights of the Owner and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Authority, the Bonds shall be incontestable by the Authority.

Section 5.05. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owner of the rights and benefits provided in this Resolution.

Section 5.06. Dissemination of Information to the Owner. The Authority shall provide the following items to the Owner, in each case in an electronic format which is acceptable to the Owner and otherwise in form and detail satisfactory to the Owner:

- (a) audited annual financial statements of the Authority within 270 days after the end of the Fiscal Year;
- (b) quarterly interim financial statements of the Authority, within 45 days after the end of each fiscal quarter, or such other frequency as required by Owner;
- (c) annual proposed Authority budgets within 30 days after the adoption thereof;
- (d) 90 days' prior notice of any intention to file a Chapter 9 bankruptcy proceeding; and
- (e) such additional information as the Owner shall reasonably request from time to time pursuant to written notice to the Authority.

Section 5.07. Financial Covenants. The Authority shall comply with such financial covenants as shall be required by the Owner, as shall be determined at the time of sale of the Bonds by an authorized officer of the Authority and as set forth in the Bond Purchase Agreement.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default The following events shall be Events of Default:

(a) Default in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable.

(b) Default in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part contained in this Resolution or the Bonds, if such default shall have continued for a period of ten (10) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Owner; *provided, however,* if in the reasonable judgment of the Authority the default stated in the notice can be corrected, but not within such ten (10) day period, such default shall not constitute an Event of Default if corrective action is instituted by the Authority within such ten (10) day period and diligently pursued until the default is corrected, but in no event shall any such cure period extend longer than twenty (20) days without the consent of the Owner.

(d) The filing by the Authority, or any filing required by State law to be made by the Authority, of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or the approval by a court of competent jurisdiction of a petition, filed with or without the consent of the Authority, seeking reorganization of the Authority under the federal bankruptcy laws or any other applicable law of the United States of America, or the assumption of custody or control of the Authority or of the whole or any substantial part of its property, under the provisions of any other law for the relief or aid of debtors, by any court of competent jurisdiction.

Upon the occurrence and during the continuance of any Event of Default, the Owner shall unanimously declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable anything in this Resolution or in the Bonds contained to the contrary notwithstanding, and upon such declaration of acceleration, interest shall cease to accrue on the Bonds.

Section 6.02. Remedies of Owner. Upon the happening and continuation of any Event of Default by the Authority hereunder or under the Bonds, the Owner shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its members, officers, agents or employees to perform each and every term, provision and covenant contained

in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Owner's rights; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustee of an express trust.

Section 6.03. Remedies Not Exclusive. No remedy herein conferred upon the Owner shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Owner.

Section 6.04. Absolute Obligation of the Authority The Authority's obligation to pay the principal of and interest on the Bonds to the Owner when due and all of its other obligations under the Bond Purchase Agreement are absolute and unconditional under any and all circumstances and notwithstanding any amendment or waiver of or any consent to departure from any circumstance or happening whatsoever, whether or not similar to any of the foregoing. To the fullest extent permitted by law, the Authority hereby waives presentment, demand, notice of demand, protest, notice of protest, notice of dishonor and notice of non-payment and all statutes of limitation, and the Authority agrees that any forbearance, change of interest rate or acceptance, release or substitution of any security, guaranty or loan or any change of any term or condition under any Financing Document (other than by mutual agreement between the Authority and the Owner) shall not in any way affect the liability of the Authority under the Financing Documents.

Section 6.05. Application of Revenues and Other Funds After Default. All amounts received by the Owner pursuant to any right given or action taken under the provisions of this Resolution shall be applied in the following order upon presentation of the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of any and all expenses necessary, in the opinion of the Owner, to protect the interests of the Owner;

Second, at the Owner's direction, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Section 6.06. Non-Waiver. Nothing in this Article VI or in any other provision of this Resolution, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the Owner at the date of maturity, as herein provided.

A waiver of any default or breach of duty or contract by the Owner 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. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default or breach shall impair any such right or power or shall be construed to be a waiver of any such default or breach or an acquiescence therein; and every power and remedy conferred upon the Owner by this Article VI may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owner.

ARTICLE VII
AMENDMENTS

Section 7.01. Amendments. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted shall be fully effective in accordance with its terms:

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

(b) To establish any additional funds or accounts to be held under this Resolution; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution, which in any event shall not materially adversely affect the interests of the Owner, in the opinion of Bond Counsel filed with the Authority.

Any modification or amendment of this Resolution and of the rights and obligations of the Authority and of the Owner, in any particular, may be made by a Supplemental Resolution, with the written consent of the Owner. No such modification or amendment shall permit a change in the terms of maturity of the principal of any the Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall change any of the provisions relating to Events of Default, or shall reduce the amount of moneys pledged for the repayment of the Bonds without the consent of the Owner.

Section 7.02. Effect of Supplemental Resolution. From and after the time any Supplemental Resolution becomes effective pursuant to this Article VII, this Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and the Owner, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such amendment or modification and in that case upon demand of the Authority, the Owner shall present such Bonds for that purpose, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Authority may determine that, at the expense of the Authority, new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Authority the Owner shall present such Bonds for exchange without cost to the Owner.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Benefits of Resolution Limited to Parties. Nothing in this Resolution, expressed or implied, is intended to give to any person other than the Authority and the Owner, any right, remedy, claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Owner. Whenever in this Indenture or any Supplemental Resolution either the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

Section 8.02. Defeasance.

(a) *Discharge of Resolution.* Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

(i) by paying or causing to be paid the principal of and interest on Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 8.02(c) hereof) to pay or redeem Outstanding Bonds; or

(iii) by delivering Outstanding Bonds to the Authority for cancellation by it.

If the Authority shall pay all Outstanding Bonds and shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority, and notwithstanding that any Bonds shall not have been surrendered for payment, this Resolution, and all covenants, agreements and other obligations of the Authority under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 8.02(b).

(b) *Discharge of Liability on Bonds.* Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 8.02(c) hereof) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 2.03 or provision shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease

and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the Authority, and the Authority shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for such payment, provided further, however, that the provisions of Section 8.02(d) shall apply in all events.

The Authority may at any time cancel any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) *Deposit of Money or Securities*. Whenever in this Resolution it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by in the funds and accounts established pursuant to this Resolution and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Section 2.03 or provision shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the Authority, will provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 2.03 or provision satisfactory to the Paving Agent shall have been made for the giving of such notice.

(d) *Payment of Bonds After Discharge of Resolution*. Notwithstanding any provisions of this Resolution, any moneys held in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Resolution), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the Authority, be repaid to the Authority free from the trusts created by this Resolution.

Section 8.03. Execution of Documents and Proof of Ownership by Owner. Any request, declaration or other instrument which this Resolution may require or permit to be executed by

Owner may be in one or more instruments of similar tenor and shall be executed by the Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bonds Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Section 8.04. Waiver of Personal Liability. No Board member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law.

Section 8.05. Destruction of Canceled Bonds. Whenever in this Resolution provision is made for the surrender to the Authority of any Bonds which have been paid or canceled pursuant to the provisions of this Resolution, a certificate of destruction shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Authority shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 8.06. Funds and Accounts. Any fund or account required by this Resolution to be established and maintained by the Authority may be established and maintained in the accounting records of the Authority either as a fund or an account and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles with due regard for the protection of the security of the Bonds and the rights of every Owner thereof. Any fund or account required by this Resolution to be established and maintained by the Authority may be established and maintained in the form of multiple funds, accounts or sub-accounts therein.

Section 8.07. All Obligations Due on Business Days. If the date for making any payment, or the date for performing any act or exercising any right hereunder, is a day which is not a Business Day, such payment may be made, act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein.

Section 8.08. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The Authority hereby declares that it would have adopted this Resolution and each and every other section, paragraph, sentence, clause or

phrase hereof and authorized the issue of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 8.09. Execution of Documents. The Chair of the Board, the Authority Administrative Officer, the Clerk of the Board, and any and all other officers of the Authority, are each authorized and directed in the name and on behalf of the Authority to make any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Bonds. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 8.10. Effective Date of Resolution. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED this 27th day of November, 2018.

Chair

Attest:

Clerk of the Board

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

HOUSING AUTHORITY OF THE COUNTY OF MERCED
2018 TAXABLE PENSION OBLIGATION REFUNDING BOND

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:
_____ %	August 1, 2043	December 20, 2018

OWNER: FARMERS & MERCHANTS BANK OF CENTRAL CALIFORNIA

PRINCIPAL SUM: _____ DOLLARS

HOUSING AUTHORITY OF THE COUNTY OF MERCED, a political subdivision organized and existing under the Constitution and laws of the State of California (the "City"), for value received, hereby promises to pay to the owner identified above (the "Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America, and to pay interest thereon in like lawful money on each February 1 and August 1 commencing February 1, 2019 (each, a "Interest Payment Date"), to and including the date of final principal payment or redemption, whichever is earlier. Such interest will accrue from the next preceding Interest Payment Date except that interest payable on the first Interest Payment Date, will accrue from the Issue Date identified above; *provided, however,* that if, on any Interest Payment Date, interest represented by this Bond is in default, interest represented by this Bond shall be payable from the Interest Payment Date to which interest represented hereby has previously been paid or made available for payment.

This Bond is one of a duly authorized issue of bonds of the Authority designated the "Housing Authority of the County of Merced, 2018 Taxable Pension Obligation Bonds (the "Bonds"), issued in the aggregate principal amount to \$_____, under and secured by a resolution, adopted by the Board of Commissioners of the Authority on November 27, 2018 (the "Resolution"). Reference is hereby made to the Resolution and all resolutions supplemental thereto for a description of the rights thereunder of the owner of the Bonds, of the nature and extent of the security therefor, and of the rights and obligations of the Authority thereunder; and all of the terms of the Resolution are hereby incorporated herein and constitute a contract

between the Authority and the Owner hereof, and to all of the provisions of which Resolution the Owner hereof, by acceptance hereof, assents and agrees.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Resolution.

The Bonds are authorized to be issued pursuant to the provisions of the Articles 10 and 11 (commencing with section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code for the purpose of refunding the Authority's PERS Obligation. The Bonds are issuable as one fully registered Bond without coupons.

THE OBLIGATIONS OF THE AUTHORITY WITH RESPECT TO THE BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF INTEREST AND PRINCIPAL ON THE BONDS WHEN DUE, ARE OBLIGATIONS OF THE AUTHORITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATIONS OF THE AUTHORITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE BOARD SHALL BE OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE BONDS FROM ANY SOURCE OF LEGALLY AVAILABLE FUNDS OF THE AUTHORITY. THE BOARD SHALL BE OBLIGATED IN EACH FISCAL YEAR TO APPROPRIATE ALL AMOUNTS FROM SUCH FUNDS AS MAY BE REQUIRED TO PAY THE AGGREGATE AMOUNT OF THE PRINCIPAL OF AND THE INTEREST ON THE BONDS COMING DUE AND PAYABLE IN SUCH FISCAL YEAR.

The principal amount of this Bond is payable at the office of the Authority upon presentation and surrender of this Bond to the Authority. Payment of the interest on this Bond will be made to the Owner, such interest to be paid by check mailed by the Authority by first class mail on the Interest Payment Date to the Owner or, at the option of the Owner and upon written notice received by the Authority on or prior to the Record Date, by wire transfer, at the Owner's address or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds are callable for redemption at the option of the Authority, in whole or in part on any date, (in inverse order of sinking fund payment date), and may be redeemed prior to the maturity thereof by payment of principal, plus accrued interest to date of redemption, and a redemption premium calculated as a percentage of the amount redeemed, as set forth below:

Redemption Period	Premium
-------------------	---------

The Bonds shall be subject to mandatory sinking fund redemption on the dates and in the amounts set forth below at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption. If some but not all of the Bonds have been optionally redeemed, the aggregate principal amount of such Bonds to be redeemed by mandatory sinking fund redemption in each year shall be reduced on a *pro rata* basis in integral multiples of \$5,000, as shall be designated by the Authority.

Sinking Fund Redemption Date	Principal Amount Redeemed	Sinking Fund Redemption Date	Principal Amount Redeemed
---------------------------------	---------------------------------	---------------------------------	---------------------------------

+ Maturity

The Authority shall cause notice of any redemption to be mailed, first class mail, postage prepaid, at least fifteen (15) days prior to the date fixed for redemption, to the Owner.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bonds or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Bonds are not transferable or exchangeable, except as provided in the Resolution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, Housing Authority of the County of Merced has caused this Bond to be signed by the manual or facsimile signature of the Chair of the Board of Commissioners of the Authority, countersigned by the manual or facsimile signature of the Clerk of the Board of Commissioners of the Authority, and has caused this Bond to be dated as set forth above.

HOUSING AUTHORITY OF THE COUNTY OF
MERCED

By _____
Chair of the Board of Commissioners

ATTEST:

Clerk of the Board of Commissioners

EXHIBIT B

FORM OF INVESTOR'S LETTER

Housing Authority of the County of Merced
Plumas, California

Re: Housing Authority of the County of Merced 2018 Taxable Pension Obligation Refunding Bond

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the Housing Authority of the County of Merced that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

[] is a qualified institutional buyer (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

[] is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

[] a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

(b) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the Authority. The Authority has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the

Authority or with any affiliate in connection with the Bonds, other than as disclosed to the Authority.

(d) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(f) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.06 of the bond resolution adopted by the Authority on November 27, 2018, including in certain circumstances the requirement for the delivery to the Authority of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.05 of the Indenture shall cause the purported transfer to be null and void.

(h) Neither the Authority's bond counsel, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Authority or its financial condition, the provision for payment of the Bonds, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Authority has not undertaken to provide any continuing disclosure with respect to the Bonds, except as otherwise provided in the Indenture.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By _____
Name _____
Title _____

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

\$_____

HOUSING AUTHORITY OF THE COUNTY OF MERCED
2018 TAXABLE PENSION OBLIGATION REFUNDING BONDS

BOND PURCHASE AGREEMENT

December __, 2018

Housing Authority of the County of Merced
405 U Street
Merced, CA 95341
Attention: Executive Director

Ladies and Gentlemen:

The undersigned, _____ (the "Purchaser"), hereby offers to enter into this Bond Purchase Agreement (this "Bond Purchase Agreement") with Housing Authority of the Authority of Merced (the "Authority"), which upon acceptance of this offer by the Authority, will be binding upon the Authority and the Purchaser. This offer is made subject to its acceptance by the Authority by execution and delivery of this Bond Purchase Agreement to the Purchaser by 11:59 p.m., Pacific Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Purchaser upon written notice to the Authority at any time prior to acceptance hereof by the Authority.

Section 1. Purchase and Sale of Bonds.

(a) Subject to the conditions, and upon the basis of the representations, warranties and covenants hereinafter set forth, the Purchaser hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Purchaser, all (but not less than all) of the \$_____ aggregate principal amount of Housing Authority of the Authority of Merced, 2018 Taxable Pension Obligation Refunding Bonds (the "Bonds"), at a price of \$_____ (which price is equal to the aggregate principal amount of the Bonds).

The Authority acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Authority and the Purchaser, (ii) in connection with such transaction, the Purchaser is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Authority, (iii) the Purchaser has not assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering and sale of the Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the Authority on other matters) and the Purchaser has no obligation to the Authority with respect to the offering and sale of the Bonds contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Purchaser has financial and other interests that differ from those of the Authority and (v) the Authority has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Authority has represented to the Purchaser that (i) the Bonds are authorized pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code (the "Refunding Law"), and a resolution adopted by the Board of Supervisors of the Authority adopted on November 27, 2018 (the "Bond Resolution"), (ii) the Bonds are being issued to provide funds (A) for the purpose of refunding certain outstanding indebtedness of the Authority, specifically the Authority's obligation to make certain payments to the California Public Employees' Retirement System ("PERS"), and (B) pay the costs of issuing the Bonds, and (iii) issuance of the Bonds and execution of this Bond Purchase Agreement was approved by the Bond Resolution.

(b) The Bonds shall be dated as their date of delivery and shall mature on the date, bear interest at the rate per annum payable on the dates and be subject to redemption as set forth in Exhibit A hereof. The Authority agrees to comply with the financial conditions required by the Purchaser as set forth in Exhibit B hereof.

As provided in the Resolution, the obligations of the Authority with respect to the Bonds, including the obligation to make all payments of interest and principal on the Bonds when due, are obligations of the Authority imposed by law and are absolute and unconditional, without any right of set-off or counterclaim.

As provided in the Resolution, the Bonds do not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the Authority to make payments on the Bonds constitute an indebtedness of the Authority, the State or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction.

The Authority Board of Supervisors (the "Board") shall be obligated to make annual or more frequent appropriations to pay the Bonds from any source of legally available funds of the

Authority. The Board shall be obligated in each fiscal year of the Authority to appropriate all amounts from such funds as may be required to pay the aggregate amount of the principal of and the interest on the Bonds coming due and payable in such fiscal year.

All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Section 2. Private Placement; Bonds Constitute Investment of Purchaser.

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a view to, or for sale in connection with, any distribution of the Bonds or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds *provided, however,* such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the Indenture. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds.

(c) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the Authority and the Bonds, based upon information supplied by the Authority, and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the Authority set forth in the Indenture and this Bond Purchase Agreement and in the information set forth in any materials submitted to the Purchaser by the Authority. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information regarding the Authority, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Authority and the Bonds.

(d) The Purchaser has been informed and understands that the Bonds have not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein by execution of this Bond Purchase Agreement on behalf of the Purchaser.

(f) The Purchaser has been informed and understands that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(g) The Purchaser acknowledges that the Bonds are not transferable or exchangeable.

(h) The Purchaser has been informed and understands that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Authority has not undertaken and will not undertake to provide any continuing disclosure with respect to the Bonds, except as set forth in the Resolution and in this Bond Purchase Agreement.

Section 3. Closing. At 8:00 a.m., Pacific Standard time, December 20, 2018, or at such other time on such earlier or later date as shall have been mutually agreed upon by the Authority and the Purchaser (the "Closing Date"), the Authority will deliver or cause to be delivered to the Purchaser the Bonds duly executed by the Authority, together with the other documents hereinafter mentioned, and the Purchaser will accept such delivery and pay the purchase price of such Bonds as set forth in Section 1 hereof. The consummation of the purchase and delivery of the Bonds as aforesaid shall be made at the offices of Quint & Thimmig LLP, Larkspur, California, or at such other place as shall be agreed upon by the Authority and the Purchaser. Such purchase and delivery is herein called the "Closing" and the date and time of the Closing is herein called the "Closing Date."

The Bonds shall be executed and delivered under and in accordance with the provisions of this Bond Purchase Agreement and the Bond Resolution. The Bonds shall be in definitive form, shall be delivered as one fully-registered bond, registered in the name of the Purchaser.

The Purchaser agrees that, on the Closing Date, the purchase price for the Bonds shall be disbursed as follows, less the sum of \$_____ retained by the Purchaser as a loan fee:

(a) to PERS, \$_____.

(b) to Cota Cole & Huber LLP, counsel to the Authority, \$_____;

(c) to Wulff Hansen & Co., as municipal advisor, \$_____;

(d) to Brandis Tallman LLC, as placement agent, \$_____;

(e) to Quint & Thimmig LLP, as bond counsel, \$_____;

(f) to Kathleen Johnson, Esq., as counsel to the Purchaser, \$_____; and

(g) to the Authority, \$_____ to pay the fee payable to the California Debt and Investment Advisory Commission (\$_____), to pay the costs of the Authority relating to the Bonds or to be applied to pay interest on the Bonds on the first Interest Payment Date.

Section 4. Representations and Warranties.

(a) The Purchaser hereby represents that it has full power and authority to enter into this Bond Purchase Agreement, that the execution, delivery and performance of this Bond Purchase Agreement and the purchase of the Bonds contemplated herein have been duly authorized by the Purchaser, and that this Bond Purchase Agreement, upon due authorization, execution and delivery by the Authority, will be a valid and binding obligation of the Purchaser.

(b) The Authority, by its acceptance hereof, represents, warrants, covenants and agrees with the Purchaser as follows:

(i) The Authority is a political subdivision organized and existing under the constitution and laws of the State of California and the Board, by adoption of the Bond Resolution, has duly approved the execution and delivery of this Bond Purchase Agreement and the issuance, execution, sale and delivery of the Bonds, and the Authority has full right, power and authority to execute, deliver and perform its obligations under this Bond Purchase Agreement and the Bonds and to carry out and consummate the transactions contemplated by the Bond Resolution and this Bond Purchase Agreement.

(ii) The Authority has, on or before the date hereof, duly adopted the Bond Resolution and taken all action necessary to be taken by it prior to such date for (A) the issuance, sale and delivery of the Bonds upon the terms and conditions and for the purposes described herein, in the Bond Resolution, (B) the execution and delivery of this Bond Purchase Agreement and performance of its obligations thereunder, and (C) the carrying out of, giving effect to, consummating and performing the transactions and obligations contemplated to be performed by it by the Bond Resolution and this Bond Purchase Agreement, provided that no representation is made with respect to compliance with the securities or "Blue Sky" laws of the various states of the United States, and such resolution has not been amended, modified or repealed and is in full force and effect on the date hereof.

(iii) The execution and delivery by the Authority of this Bond Purchase Agreement, the issuance, execution, sale and delivery of the Bonds, the compliance by it with the terms, conditions or provisions thereof, and the consummation on its part of the transactions herein and therein contemplated do not and will not, in any respect material for the performance by the Authority of its obligations under the Bond Resolution, this Bond Purchase Agreement or the Bonds, conflict with or constitute a breach of or a default under nor contravene any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor does any such execution, delivery, adoption 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 the properties or assets of the Authority under any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, deed of trust, resolution, agreement or other instrument in any respect material to the performance by the Authority of its obligations under this the Bond Resolution, the Bond Purchase Agreement and the Bonds.

(iv) There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution, delivery and sale of the Bonds or the consummation by the Authority of the transactions contemplated by the Bond Resolution and this Bond Purchase Agreement, which has not been duly obtained or made on or prior to the date hereof and each such matter is in full force and effect.

(v) Under the laws of the State of California, the Authority cannot assert sovereign immunity as a defense to the enforcement of its obligations under the Bonds or this Bond Purchase Agreement.

(vi) To the best knowledge of the Authority, none of the matters referred to in Section 6(a) or (b) hereof has occurred or is pending.

(vii) The financial statements of the Authority for the fiscal year ended June 30, 2017, were prepared in accordance with generally accepted accounting principles in the United States ("GAAP") consistently applied and present fairly the financial position of the Authority at the date thereof and the changes in financial position for the fiscal year ended on such date. Since June 30, 2017, there has been no material adverse change in such position or in the operation, properties or condition (financial or otherwise) of the Authority.

(viii) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or, to the best knowledge of the Authority, threatened against or affecting the Authority wherein an unfavorable decision, ruling or finding would adversely affect (A) the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, the Bond Resolution and this Bond Purchase Agreement or (B) the transactions contemplated to be performed by it under the Bond Resolution and this Bond Purchase Agreement.

(ix) The proceeds from the sale to the Purchaser of the Bonds will be applied in the manner and for the purposes specified in this Bond Purchase Agreement.

(x) Any certificate of the Authority delivered to the Purchaser in connection with the transactions contemplated by the Bond Resolution and this Bond Purchase Agreement shall be deemed a representation by the Authority to the Purchaser as to the statements made therein.

(xi) No default or event of default has occurred and is continuing by the Authority under the Bond Resolution or this Bond Purchase Agreement, and no such event has occurred and is continuing that with the lapse of time, the giving of notice or both would constitute a default by the Authority or an event of default under the Bond Resolution or this Bond Purchase Agreement.

Section 5. Conditions to the Obligations of the Purchaser. The obligations of the Purchaser under this Bond Purchase Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the parties hereto of their respective obligations and agreements to be performed hereunder, and on and as of the date of delivery of this Bond Purchase Agreement and on and as of the Closing Date. The obligations of the Purchaser hereunder to accept delivery of and pay for the Bonds at the Closing are also subject, in the discretion of the Purchaser, to the following further conditions:

(a) At the time of the Closing, (i) the Bond Resolution and this Bond Purchase Agreement shall be in full force and effect and shall not have been rescinded, amended, modified or supplemented, except as may have been agreed to by the Purchaser, and the Authority shall have adopted or executed and delivered, as the case may be, and there shall be in full force and effect such additional resolutions, agreements, opinions and certificates, which resolutions, agreements, opinions and certificates shall be reasonably satisfactory in form and substance to the Purchaser, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of the Purchaser, be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly issued and delivered, (iii) the Authority shall perform or have performed all of its obligations under or specified in this Bond Purchase Agreement to be performed by the Authority at or prior to the Closing, and (iv) all representations and warranties contained in this Bond Purchase Agreement shall be true and correct in all material respects.

(b) On the Closing Date, there shall be delivered to the Purchaser in form satisfactory to the Purchaser:

(i) Executed counterparts of this Bond Purchase Agreement, certified copies of the Bond Resolution and such other documents and certificates as the Purchaser or its counsel may reasonably require in order to evidence the accuracy or satisfaction of any of the representations, warranties or conditions herein contained.

(ii) An approving opinion of Quint & Thimmig LLP, Bond Counsel, and a letter from Bond Counsel addressed to the Purchaser expressly permitting the Purchaser to rely on such final approving opinion as if the Purchaser was an addressee thereof.

(iii) A certificate, dated the Closing Date, signed by an authorized official of the Authority, and in form and substance satisfactory to the Purchaser, to the effect that:

(A) Except as previously disclosed to the Purchaser, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the best knowledge of the Authority, threatened against or affecting the Authority wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, the Bond Resolution or this Bond Purchase Agreement, or which would restrain or enjoin the sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds, the proceedings of the Authority taken with respect to the issuance, delivery or sale thereof, the pledge or application of any moneys or securities provided for the payment of the Bonds and the existence or powers of the Authority or the title of any officers of the Authority to their respective positions.

(B) The representations and warranties of the Authority contained in this Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Date.

(C) The Authority has complied, or is presently in compliance, with all agreements and has satisfied all conditions on its part to be observed or satisfied under this Bond Purchase Agreement at or prior to the Closing Date; and

(iv) Such additional legal opinions, certificates, instruments and documents as the Purchaser may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Authority's representations and warranties contained herein and the due performance or satisfaction by the Authority on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Authority.

If the conditions to the obligations of the Purchaser contained in this Bond Purchase Agreement shall not be satisfied, unless otherwise waived by the Purchaser, this Bond Purchase Agreement shall terminate with the effect stated in paragraph (c) of Section 5 hereof.

Section 6. Termination of Agreement.

(a) The Purchaser may terminate this Bond Purchase Agreement at any time subsequent to the date of this Bond Purchase Agreement and at or prior to the Closing by notifying the Authority in writing or by telegram of its election so to do, if legislation shall be introduced, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of 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 United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act, the Securities Exchange Act of 1934 (the "Securities Exchange Act")

or the Trust Indenture Act, as any of the foregoing Acts are amended, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby.

(b) If this Bond Purchase Agreement is terminated as herein provided, the parties hereto shall have no obligations one to the other.

Section 7. Expenses. Except as otherwise provided herein, the Purchaser shall be under no obligation to pay and the Authority shall pay any expenses incident to, or in connection with, the offering, issuance and sale of the Bonds.

Section 8. Miscellaneous.

(a) Except as otherwise specifically provided in this Bond Purchase Agreement, all notices, demands and formal actions under this Bond Purchase Agreement shall be in writing and mailed, telegraphed or personally delivered to:

The Purchaser: _____

Attention: _____

The Authority: Housing Authority of the County of Merced
405 U Street
Merced, CA 95341
Attention: Executive Director

(b) This Bond Purchase Agreement will inure to the benefit of and be binding upon the Authority and the Purchaser and their respective successors and assigns and will not confer any rights upon any other person, partnership, association or corporation other than the Authority and persons, if any, controlling the Purchaser within the meaning of the Securities Act or the Securities Exchange Act. The terms "successors" and "assigns" shall not include any purchaser or holder of any of the Bonds.

(c) All of the representations, warranties and covenants of the Authority in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Purchaser, (ii) delivery of and any payment for the Bonds hereunder or (iii) termination of the Purchaser's obligation to accept delivery of the Bonds pursuant to this Bond Purchase Agreement.

(d) Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience or for reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

(e) If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

(f) This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(g) This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 9. Survival. The provisions of Sections 1(b), 4 and 8 of this Bond Purchase Agreement shall survive until the Bonds and all other costs are fully paid to Purchaser.

_____, as Purchaser

By _____
Name _____
Title _____

This Bond Purchase Agreement is accepted and agreed to by the undersigned duly authorized signatory as of the date first above written:

HOUSING AUTHORITY OF THE COUNTY OF
MERCED

By _____
Name _____
Title _____

EXHIBIT A

MATURITY DATE, PRINCIPAL AMOUNT, INTEREST RATE, INTEREST
PAYMENT DATES AND REDEMPTION PROVISIONS

Maturity Schedule

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
8/1/2043	\$_____	____%

Interest on the Bonds shall be payable on quarterly on each March 1, June 1, September 1 and December 1, commencing February 1, 2019 (each, an "Interest Payment Date").

Redemption Provisions

The Bonds are subject to redemption at the option of the Authority, in whole or in part on any date, (in inverse order of sinking fund payment date), and may be redeemed prior to the maturity thereof by payment of principal, plus accrued interest to date of redemption, and a redemption premium calculated as a percentage of the amount redeemed, as set forth below:

<u>Redemption Period</u>	<u>Premium</u>
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The Bonds are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth below at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption. If some but not all of the Bonds have been optionally redeemed, the aggregate principal amount of such Bonds to be redeemed by mandatory sinking fund redemption in each year shall be reduced on a *pro rata* basis in integral multiples of \$5,000, as shall be designated by the Authority.

<u>Sinking Fund Redemption Date</u>	<u>Principal Amount Redeemed</u>	<u>Sinking Fund Redemption Date</u>	<u>Principal Amount Redeemed</u>
2019		2032	
2020		2033	
2021		2034	
2022		2035	
2023		2036	
2024		2037	
2025		2038	
2026		2039	
2027		2040	
2028		2041	
2029		2042	
2030		2043 [†]	
2031			

[†] Maturity

EXHIBIT B
FINANCIAL COVENANTS

STAFF REPORT

TO: Board of Commissioners,
Housing Authority of the County of Merced

FROM: Rosa Vasquez, Executive Director
David. G. Ritchie, General Counsel

DATE: November 27, 2018

SUBJECT: Recommendation to adopt **Resolution No. 2018-28**, authorizing the Executive Director to enter into an agreement with RSG, Inc. to provide reporting services relating to the Housing Authority's obligations for the Multifamily Housing Pool Revenue Bonds, Series 2003A, the Multifamily Housing Pool Revenue Bonds Series 2007B, the proposed 2009 Refunding Bonds and the 2019 Pension Obligations Bonds.

For your consideration, is Resolution No 2018-28. The Housing Authority has previously authorized and entered into an agreement for Municipal consulting to review the current outstanding bond debts and evaluate the feasibility of refunding some or all of the Housing Authority's existing debts, and issuing a pension obligation bond relating to the debt caused by CalPERS unfunded liability.

The Municipal advisor has sought to ensure that mandatory disclosures associated with the issuance of bonds described herein are complied with and has recommended RSG, Inc. be retained to perform those services, inclusive of the first report following issuance of the bonds.

The costs for this initial report for the existing and Refunding bonds are on a flat-rate basis as follows:

Series 2003A	\$1,900 per report
Series 2007B	\$1,200 per report
2019 Refunding Bonds	\$2,000 first report following issuance

The costs for the first report due after issuance of the Pension Obligation Bonds are on a time and materials basis as follows:

Pension Obligation Bonds	Not to Exceed \$5,500
--------------------------	-----------------------

This time and materials cost include necessary out-of-pocket expenses such as postage, printing and messenger services billable with a 10% administrative surcharge, as well as hourly rates for professional services as follows:

Principal/Director	\$ 235
Senior Associate	\$ 180
Associate	\$ 160
Senior Analyst	\$ 135

Analyst \$ 125
Research Assistant \$ 100
Technician \$ 80
Clerical \$ 60

The above costs do not represent an additional cost to the agency as they are included in the costs of issuance of the bonds, each respectively.

The agreement for continuing disclosure provides for additional future disclosure and mandatory reporting to be conducted by RSG, Inc. on a continuing basis in successive years on a task order basis, the future costs of which are yet to be determined and which would come before the Board on a future agenda.

ALTERNATIVES

In referring the recommendation to enter into agreement with RSG, Inc. to the Board for approval, the Municipal advisor was asked by HACM General Counsel to evaluate other potential providers, and did so. Two providers in total were identified who have the necessary perform these professional services.

RSG provided a proposal, described above, that was inclusive of all costs regardless of the events and amount of material disseminated (annual basis).

The alternative (Willdan FS) provided a fee quote that included a-la-carte charges of \$250 per issue/year for review, \$450/issue/yr per report, \$250/issue per year for each period and \$100/document for each document disseminated (for remedial reporting). For ongoing reporting Firm B proposed a fee of \$250 per year for retention, \$1,250 base fee per issue for each bond issue, \$1,450 base fee for the Pension Obligation Bond issue, \$250 per report, and \$100 per document disseminated.

The Board could choose not to enter into any agreement for reporting. This is not recommended, because staff would then be tasked with ensuring that all disclosures and continuing reports are completed so that the Agency remains in compliance. It is important to note that the Agency may not have, in the past, fully met its Continuing Disclosure requirements on its own since approximately 2007.

The Board could alternatively choose to authorize entering into agreement with Willdan FS. This is not recommended as it cannot be easily ascertained what the total cost would be while the schedule of proposed fees and costs appears to exceed the all-inclusive flat-rate costs quote from RSG, Inc.

RECOMMENDATION

It is recommended that the Board authorize the executive director to enter into an agreement for Continuing Disclosures as described herein and in the attached proposed contract with RSG, Inc.

ATTACHMENTS:

Comparison of continuing disclosure cost proposals prepared by Wulff Hansen
RSG Standard Form of Contract
Resolution No. 2018-28

RESOLUTION 2018-28

A resolution authorizing the Executive Director to execute an agreement with RSG, Inc. to provide reporting services related to the Housing Authority's reporting obligations for the Multifamily Housing Pool Revenue Bonds, Series 2003A, the Multifamily Housing Pool Revenue Bonds, Series 2007B, the proposed Refunding Bonds and the 2019 Pension Obligation Bonds

WHEREAS, the Housing Authority of the County of Merced (the "Housing Authority") has previously authorized and selected Wulff Hansen, Inc. as Municipal Advisor to the Housing Authority; and,

WHEREAS, the Municipal Advisor and General Counsel have identified a need associated with the issuance of refunding bonds, pension obligation bonds and prior issued bonds to provide for continuing disclosures and comply with the reporting requirements of such bonds; and,

WHEREAS, a review of specially trained and qualified professional services providers has been conducted in a fair, competitive selection process by Wulff Hansen and reviewed by HACM General Counsel

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF MERCED HEREBY FINDS AND RESOLVES AS FOLLOWS:

1. The professional services sought are from a limited supply of providers with the necessary specialized training and experience that no competitive advantage is gained by a full RFP process;
2. A comparison of the limited number of professional services firms has been conducted in a fair competitive selection process;
3. The results of that competitive selection process have revealed that RSG, Inc. have the requisite and necessary specialized training, expertise and experience to provide reporting services associated with the Housing Authority's existing and proposed bond issues;
4. That the Executive Director is hereby authorized to execute an agreement with RSG, Inc. to provide reporting services ensuring that the Housing Authority remains in compliance with its continuing disclosure obligations associated with existing and future bond issues.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Merced at a regular meeting duly held on the 27th day of November, 2018, by the following vote:

Motion:

Second:

Ayes:

Nays:

Absent:

Abstain:

Chairperson, Board of Commissioners
Housing Authority of the County of Merced

Dated: November 27, 2018

**HOUSING AUTHORITY OF THE COUNTY OF MERCED
CONTINUING DISCLOSURE PROPOSALS
11/7/18**

Consultant	Review	Remedial				Apprx Base Ann Total	Ongoing Reporting				Apprx Base Ann Total
		Report	Event	Dissemination	Engagement		Base	Dissemination	Event		
Willdan FS	\$250/issue/yr	450/issue/yr	250/issue/yr	100/Doc *	1,050	250/issue/yr	1,250 Rev	100/issue/yr	250/notice	1,600	
						250/issue/yr	1,450 POB	100/issue/yr	250/notice	1,800	
RSG	2003A	1,900/yr	incl	incl	1,900	Rev Bds	2,000/issue/yr	incl	incl	2,000	
	2007B	1,200/yr	incl	incl	1,200	POB	5,500/yr **	incl	incl	5,500 **	

* May require several documents per year

** Includes Audit, AV, Largest tax payers, Tax Levies & Collections, Tax Revs by Source, Updates to Retirement Plan & OPEB descriptions.
May be less for private placement transaction. Disclosure depends on CD requirements for transaction.

The Authority apparently has not fully met its Continuing Disclosure covenants since 2007.
However, for any new publicly offered underwriting, the last 5 years of Continuing Disclosure must be brought current.

Prepared by Wulff, Hansen & Co.

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is entered into this 1st day of December, 2018, by and between the Housing Authority of the County of Merced (hereinafter referred to as "CLIENT") and the RSG, Inc. (hereinafter referred to as "CONSULTANT").

WITNESSETH

The parties hereto do agree as follows:

SECTION 1. RECITALS. This Agreement is made and entered into with respect to the following facts:

(a) The CLIENT desires to undertake certain activities pursuant to Division 24 of the Health and Safety Code (the "Act") necessary for the planning, development and execution of projects thereunder; and

(b) The CLIENT desires a highly qualified CONSULTANT to provide technical assistance in the area of dissemination agent consulting; and

(c) The CONSULTANT represents that it is qualified to perform such services and has agreed to do so pursuant to this Agreement; and

(d) The CLIENT desires to contract with the CONSULTANT on the basis of the following terms and conditions.

SECTION 2. EMPLOYMENT. The CLIENT hereby employs the CONSULTANT and the CONSULTANT hereby accepts such employment, as CONSULTANT to the CLIENT, for purposes of providing annual reporting services with respect to the CLIENT's obligations for the Multifamily Housing Pool Revenue Bonds, Series 2003A and the Multifamily Housing Pool Revenue Bonds, Series 2007B, as well as the proposed 2019 Refunding Bonds and 2019 Pension Obligation Bonds that may be issued by the CLIENT in the near future.

SECTION 3. SCOPE OF SERVICES. The CONSULTANT will diligently perform the tasks and prepare the documents necessary as described in the CONSULTANT'S proposed work program incorporated herein by reference as Exhibit A.

SECTION 4. TERM. The term of this Agreement shall be the period from the date of this Agreement as first shown above until June 30, 2020 or until its abandonment by the CLIENT, whichever occurs first. The schedule of performance shall be as outlined in the preliminary schedule prepared by the CONSULTANT. If necessary, the schedule may be modified upon approval of the CLIENT staff.

SECTION 5. CONSULTANT PROJECT TEAM. Jim Simon, Principal, will be designated as the responsible party for the CONSULTANT. Other CONSULTANT staff may be assigned as needed.

SECTION 6. COMPENSATION. The CONSULTANT will perform those tasks and deliver the products pursuant to Section 3 of this AGREEMENT as follows: on a FIXED FEE basis as follows: 2003A Bond Continuing Disclosure, \$1,900 per report, 2007B Bond Continuing Disclosure, \$1,200 per report, proposed 2019 Refunding Bond Continuing Disclosure, and \$2,000 for first report due after the issuance of the bonds.

For the proposed 2019 Pension Obligation Bonds Continuing Disclosure, the services shall be billed on a time-and-materials basis NOT TO EXCEED \$5,500 for first report due after issuance of the bonds.

Reimbursable expenses shall mean necessary out-of-pocket expenses incurred by the CONSULTANT in the performance of this Agreement for postage, printing and duplication costs, and messenger costs. Reimbursable expenses shall be billable at the actual costs reasonably incurred therefor plus a 10% surcharge.

Within ten (10) days after the last day of any month, the CONSULTANT shall submit an invoice to the CLIENT itemizing tasks performed and related reimbursable expenses. The hourly rates for professional services rendered pursuant to this Agreement shall be those presented below.

Principal/Director	\$ 235
Senior Associate	\$ 180
Associate	\$ 160
Senior Analyst	\$ 135
Analyst	\$ 125
Research Assistant	\$ 100
Technician	\$ 80
Clerical	\$ 60

SECTION 7. PAYMENT PERIOD. The CLIENT shall review the invoices submitted by CONSULTANT to determine whether the nature and extent of the services performed are consistent with this Agreement. Payment shall be made within thirty-five (35) days following receipt of the invoice by the CLIENT or CLIENT shall give to CONSULTANT a written notice objecting to charges, including a statement of reasons for such objections.

SECTION 8. RIGHT OF TERMINATION. This Agreement may be terminated by the CLIENT, with or without cause, in its sole discretion, on ten (10) days written notice to the CONSULTANT.

In such event, the CONSULTANT shall, on the CLIENT's request, promptly surrender to the CLIENT all completed work and work in progress, and all materials, records, and notes procured or produced pursuant to this Agreement. The CONSULTANT may retain copies of such work products as a part of its record of professional activity. The CONSULTANT is cognizant of the fact that all information and material obtained by the CONSULTANT from the CLIENT during the performance of this Agreement shall be treated as strictly confidential, and shall not be used by the CONSULTANT for any purpose other than the performance of this Agreement. The CONSULTANT shall be reimbursed for all expenses incurred to the date of termination.

SECTION 9. REPORTS AND DOCUMENTS. All reports, agreements and other documents prepared by the CONSULTANT pursuant to this Agreement are the property of the CLIENT and shall be turned over to the CLIENT upon expiration or termination of this Agreement.

The CLIENT may use, duplicate, disclose, and/or disseminate, in whole or in part, in any manner it deems appropriate, all papers, writings, documents, reports and other materials of

whatever kind prepared, produced or procured in the performance of this Agreement, which are delivered to or acquired by CLIENT.

SECTION 10. INDEPENDENT CONTRACTOR. The parties hereby acknowledge that the CONSULTANT is an independent contractor and shall not be considered to be an employee of the CLIENT.

SECTION 11. INDEMNITY. CONSULTANT hereby agrees to and does indemnify, defend and hold harmless the CLIENT, and any and all of their respective officers, employees, and representatives from any and all claims, liabilities and expenses, including attorney fees and costs that arise out of CONSULTANT'S performance of this Agreement. However, if the CONSULTANT is joined in any legal action taken against the CLIENT except actions based on the negligent or wrongful acts of the CONSULTANT, the CLIENT will indemnify, defend and hold harmless the CONSULTANT.

SECTION 12. NOTICES. Notices pursuant to this Agreement shall be given by personal service or by deposit of the same in the custody of the United States Postal Service, postage prepaid, addressed as follows:

TO CLIENT: Housing Authority of the County of Merced
Attention: Brian Watkins, Finance Officer
405 U Street
Merced, CA 95341

TO CONSULTANT: RSG, Inc.
17872 Gillette Avenue, Suite 350
Irvine, CA 92614

Notices shall be deemed to be given as of the date of personal service, or two (2) days following the deposit of the same in the course of transmission of the United States Postal Service.

SECTION 13. BINDING EFFECT. This Agreement shall be binding upon the parties hereto and their successors in interest.

SECTION 14. ASSIGNMENT. CONSULTANT shall not be permitted to assign any of its rights or obligations hereunder, except to subconsultants as approved by the CLIENT and except for the payment of funds due from the CLIENT, without prior written consent of the CLIENT. The consent of the CLIENT to an assignment shall not be unreasonably withheld, but prior to approving any assignment involving the performance of any obligations pursuant to this Agreement, the CLIENT shall be satisfied by competent evidence that the assignee is financially able and technically qualified to perform those services proposed to be assigned. In the event of such assignment, the CLIENT may condition the same so as to ensure compliance with the provisions of this Agreement.

SECTION 15. COMPLIANCE WITH LAWS. CONSULTANT shall comply with all applicable laws in performing its obligations under this Agreement.

SECTION 16. CONFIDENTIALITY. Information and materials obtained by the CONSULTANT from the CLIENT during the performances of this Agreement shall be treated as strictly confidential, and shall not be used by the CONSULTANT for any purpose other than the performance of this Agreement.

SECTION 17. CONSULTANT'S LIABILITY AND INSURANCE, PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE. The CONSULTANT shall assume all responsibility for damages to property or injuries to persons, including accidental death, which may be caused by the CONSULTANT'S performance of a contract, whether such performance be by himself, his subcontractor, or anyone directly or indirectly employed by him and whether such damage shall accrue or be discovered before or after termination of contract. The CLIENT shall be provided a certificate of insurance verifying the CONSULTANT'S liability insurance coverage.

SECTION 18. WORKERS' COMPENSATION INSURANCE. The CONSULTANT agrees to maintain at its expense, during the term of this Agreement, all necessary insurance for its employees engaged in the performance of this Agreement, including, but not limited to, workers' compensation insurance, and to provide the CLIENT with satisfactory evidence of such insurance coverage upon the CLIENT'S request.

SECTION 19. DISCRIMINATION. The CONSULTANT agrees that no person shall be excluded from employment in the performance of this Agreement on grounds of race, creed, color, sex, age, marital status, or place of national origin. In this connection, the CONSULTANT agrees to comply with all County, State and Federal laws relating to equal employment opportunity rights.

SECTION 20. WAIVER. The failure of either party to enforce any term or provision of this agreement shall not constitute a waiver of the right to enforce the same term or provision or any other term or provision thereafter.

SECTION 21. SEVERABILITY. In the event any clause, sentence term, condition, or provision of this agreement shall be held by any court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, the remaining portions of this agreement shall nonetheless remain in full force and effect.

SECTION 22. CONSUMMATION. The parties agree to execute all instruments and documents and to take all actions require to facilitate and effectuate this agreement.

SECTION 23. JURISDICTION AND VENUE. This agreement and its terms and conditions shall be considered, review and decided in accordance with the law of the State of California. The negotiations, terms and final agreement were made and entered into in the County of Orange. Performance of this agreement is deemed to have happened in the County of Orange. If a legal dispute occurs over the terms and conditions of this agreement, including its enforcement, the venue for redress of such claims will be in the County of Orange, State of California.

SECTION 24. AMENDMENT. No amendment or modification of this agreement shall be valid or binding upon the parties unless made in writing and duly signed on behalf of each of the parties by their respective authorized representatives.

SECTION 25. RECOVERY OF LITIGATION COSTS. If any legal or equitable action or any arbitration or other proceeding is brought for the enforcement or interpretation of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party in such action or proceeding shall be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceeding in addition to any other relief to which such party may be entitled.

SECTION 26. ENTIRE AGREEMENT. This document constitutes the sole and entire agreement between the parties with respect to the rendering of Professional Services and/or an amendment to a professional services agreement. Any and all prior or contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, with respect to the subject matter hereof, are hereby superseded.

IN WITNESS WHEREOF, this Agreement has been duly authorized and executed by the parties hereto on the day and year first herein above written.

HOUSING AUTHORITY OF THE COUNTY OF MERCED

By: _____

ATTEST:

RSG, INC.

By: _____
Jim Simon, President