

EXHIBIT 3-A

UNDERWRITING AGREEMENT

BETWEEN

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND
RAYMOND JAMES & ASSOCIATES, INC.**

THIS AGREEMENT (“Agreement”) is by and between the Monterey Peninsula Water Management District (“Client”) and Raymond James & Associates, Inc. (“Underwriter”).

WHEREAS, Client wishes to avail itself of the services of Underwriter with respect to the Client’s anticipated Water Rate Relief Revenue Bonds (the “Bonds”) to fund its public contribution (the “Financing”) to the California American Water Company’s (“Cal Am”) proposed Monterey Peninsula Water Supply Project (the “Cal Am Project”); and, whereas the Client may wish to avail itself of the services of the Underwriter with respect to other potential bond financings; and Underwriter, through its Public Finance Department, is engaged in the business of providing, and is authorized under applicable Federal and State statutes to provide, such bond underwriting services;

NOW THEREFORE, it is agreed by all parties signing this Agreement that:

I. SCOPE OF SERVICES OF RAYMOND JAMES

- 1) Underwriter, in cooperation with the District’s bond counsel, will:
 - Advise and consult with the Client on strategic, tactical and finance matters relating to the Project including, but not limited to: taxable and tax exempt issues; fixed rate and variable rate issues; current and forecasted interest rates; bond market conditions and other capital market developments; new and innovative methods of finance; and any other matters as reasonably requested by the Client to enable the Client to make fully informed decisions pertaining to the size, timing, sources, and related issues for funding of the Project.
 - Assist the Client in making presentations concerning the Project to the various internal and external groups whose approval will be required. Support shall include, but is not limited to creation and presentation, as requested, of appropriate presentation materials and assistance to the Client in negotiating and structuring said presentation
 - Provide to the Client (and periodically update as requested) one or more analytic computer models showing key financial assumption and alternative financing mixes, including alternatives that detail flexible and cost-effective combinations of funding mechanisms.

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- Assist the Client in obtaining a private rating indication for the Bonds to determine the cost-effectiveness of the Bonds.
 - Assist in the preparation of a Public Offering Memorandum, Private Placement Memorandum or other applicable information and offering material (the “Memorandum”). Responsibility for the contents of such Memorandum shall be solely that of Client and any issuer of the Bonds.
 - Review all related Bond documents.
 - Manage, structure, arrange for and participate in all discussions with nationally recognized rating agencies for obtaining ratings on the Bonds, if appropriate.
 - Assist in presenting the Bonds to potential bond insurers
 - Assist in presentations to potential issuers.
 - Engage in the marketing and underwriting of the Bonds.
 - Submit a bond purchase agreement for the purchase of the Bonds.
- 2) Any services in connection with either financing noted above with respect to reinvestment of proceeds or swaps or derivative products shall not be included within the scope of this Agreement and shall be governed by a separate Agreement.

II. UNDERTAKINGS AND REPRESENTATIONS BY THE CLIENT

- 1) The Client shall make available to Underwriter financial and other data and information concerning the Client and the Project. Client management and staff shall cooperate with the Underwriter in collecting and assembling the documentation essential to its financing activities and disclosure responsibilities.
- 2) As relevant, the Client shall work with legal counsel who shall issue an approving legal opinion to accompany the issuance of any debt, and appropriate legal counsel with respect to any loans. The Client shall also retain counsel to advise it as to the adequacy of disclosure and to assist in the preparation of any offering documents, as relevant, and to assist in all matters related to any proposed debt.
- 3) With respect to the Cal Am Project and the Bonds, in order that Client and the Underwriter can best coordinate efforts to effect a financing satisfactory to Client, Client grants the Underwriter sole and exclusive right and authority to perform the services described herein and agrees that it will not initiate or participate in any discussions relating to the financing with any person other than Raymond James.

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It is expressly understood that the Client may engage the services of other underwriters with respect to other bond financings.

- 4) The Client understands that the consummation of the Bonds will be based upon, among other things, the truth, accuracy and completeness of the information included in the Memorandum or otherwise provided to the Underwriter. The Client agrees that all such information will be true, correct and complete, and that it will update such information during the course of the underwriting, or placement, as appropriate, and that all projections provided to the Underwriter will have been prepared in good faith and based upon reasonable assumptions. The Client acknowledges and agrees that the Underwriter will rely upon such information and projections without independent verification. Any bond purchase or placement agreement entered into between the Underwriter and the Client will, to the extent permitted by law, contain customary indemnification and contribution provisions to indemnify the Underwriter and its affiliates and their officers, directors, employees and agents and any person controlling any of the foregoing.

III. PAYMENT TO RAYMOND JAMES

- 1) For performance of the services related to the Cal-Am Project enumerated in Article I, the Client will compensate the Underwriter with: 1) a quarterly retainer of \$10,000 payable on the Start Date and quarterly thereafter through the issuance of a Financing Order upon receipt of an invoice, and 2) upon issuance of a Financing Order by the Public Utilities Commission of the State of California, payment of \$40,000 shall be made upon receipt of an invoice. The Start Date shall be the date the financing for the Cal Am Project is authorized to proceed, as determined by the Client in consultation with Cal Am. Payment and services provided hereunder may be suspended in the event the Cal Am project is stalled, delayed, or cancelled. Client will notify Underwriter of such suspension.

For performance of the services related to other bond financings, Client will compensate the Underwriter within the quarterly retainer described above, or in the event services and payment for underwriting services for the Cal Am Project have not been initiated or have been suspended, then at the rate of \$300 per hour, not to exceed 80 hours without written authorization by the Client.

Client may also suspend services and payment in the event Robert Larkins leaves the employment of the Underwriter.

- 2) As compensation for the Underwriter's services hereunder, Client will pay an underwriting fee equal as follows:
 - \$6/\$1,000 bond, assuming a minimum rating of BBB-, but less than the A category;
 - \$5/\$1,000 bond if A category; and
 - \$4/\$1,000 bond if AA category or better,

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- each exclusive of the Underwriter's out-of-pocket expenses, assuming the Client retains separate disclosure counsel, and assuming a term not to exceed 30 years.
- 3) The Client and the Underwriter expressly agree that the Underwriter's services will be fully performed and such underwriting fee will be due and payable only upon issuance of the Bonds, whether or not the issuance of the Bonds was arranged or underwritten by the Underwriter or such issuance occurs subsequent to the expiration of this Agreement.
 - 4) The Client agrees to pay the Underwriter's out-of-pocket expenses in connection with any services provide hereunder, which shall include, but not be limited to, travel, delivery and similar charges, and fees and expenses of the Underwriter's legal counsel.

IV. PAYMENT OF COSTS OF ISSUANCE

Regardless of the plan of financing selected, the Client shall be responsible for payment of all the costs of issuing the Bonds or other debt instruments and completing a financing, including but not limited to:

- a) Printing and distribution of any offering documents (as relevant);
- b) Other printing costs;
- c) Counsel fees;
- d) Financial advisory fees
- e) Auditor fees;
- f) Feasibility Consultant fees;
- g) Rating Agency fees;
- h) Bond Trustee fees;
- i) Letter of Credit fees;
- j) Bank fees and expenses as required (for bank loans or direct purchase arrangements); and
- k) Bond insurance premiums, if any.

V. GENERAL PROVISIONS

- 1) Client acknowledges and agrees that this Agreement does not constitute a guarantee by the Underwriter to underwrite or place any bonds or other financing. It is understood that the Underwriter's obligations under this agreement are to use reasonable efforts throughout the term of this agreement to perform the services described herein. The Client acknowledges and agrees that the Underwriter is being retained to act solely as underwriter for the Bonds, and not as an agent or advisor. This agreement is not intended to confer rights or benefits on any member, affiliate, shareholder or creditor of Client or any other person or entity or to provide Client or any other person with any assurances that the transaction will be consummated. Underwriter shall act as an independent contractor under this Agreement, and not in any other capacity, including as a fiduciary. Client acknowledges and agrees

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- that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between Client and the Underwriter in which Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Client; (ii) Underwriter has not assumed any advisory or fiduciary responsibility to the Client with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Client on other matters); (iii) the only obligations Underwriter has to the Client with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the Client has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.
- 2) The Underwriter will enter into a definitive agreement to underwrite or place bonds if and only if the security, structure, disclosure and other aspects of the issue are satisfactory in all respects to the Underwriter. Without limiting the generality of the foregoing, the approval of the Underwriter's management and its appropriate internal credit committee(s), based upon independent internal credit review and analysis of the Bonds, will be required for the Underwriter to serve as underwriter or placement agent for the bonds. Client acknowledges and agrees that if either the Underwriter's management or the Underwriter's internal credit committee does not approve such underwriting or private placement, the Underwriter's obligations under this agreement will terminate immediately, with no liability to the Underwriter. Upon such termination Client shall be obligated to pay any unreimbursed out of pocket expenses described above.
 - 3) Client should be aware that the Underwriter or its affiliates may have trading and other business relationships with public agencies within Cal Am's Monterey Service District, other participants in the proposed transaction, including financial services firms engaged by Cal Am, as well as potential purchasers of the Bonds. These relationships include, but may not be limited to, trading lines, frequent purchases and sales of securities and other engagements through which the Underwriter may have, among other things, an economic interest. . In addition, you should be aware that the primary role of an underwriter is to purchase, or arrange for the placement of, securities in an arm's-length commercial transaction between the issuer and the underwriter and that the Underwriter has financial and other interests that differ from those of the issuer. Notwithstanding the foregoing, the Underwriter will not receive any compensation with respect to the Bonds other than as disclosed above or otherwise disclosed to Client. The Underwriter is involved in a wide range of activities from which conflicting interests or duties may arise. Information which is held elsewhere within the Underwriter, but of which none of the Underwriter's personnel involved in the proposed transaction actually has knowledge, will not for any purpose be taken into account in determining Underwriter's responsibilities to the Client.
 - 4) Both parties acknowledge and agree that the Underwriter is not serving as a financial advisor, municipal advisor or other fiduciary to the Client, nor is the

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- Underwriter serving as a fiduciary of any other party to the transaction. The Underwriter is not providing legal or accounting advice. Client also acknowledges that Susan N. Story, a Director of the Underwriter, is President and Chief Executive Officer of American Water Works Company, Inc., parent of Cal Am.
- 5) Either Client or the Underwriter may terminate this agreement in its sole discretion upon 30 days' written notice without liability to the other except that the Underwriter shall be entitled to the prompt payment of any unreimbursed out-of-pocket expenses described above, and Client shall remain obligated to the Underwriter as provided in Article III, above. Client's indemnification obligation shall survive any termination of this agreement.
 - 6) No opinion or advice of the Underwriter shall be reproduced, disseminated, quoted or referred to at any time without the prior written consent of the Underwriter. Upon the completion of the financing, the Underwriter will be entitled to advertise the transaction in publications and at times selected by it at its own expense.
 - 7) It is understood that any decision to enter into any Financing and acceptance of the terms and conditions of any Financing is the sole responsibility of the Client.
 - 8) The Client hereby covenants and agrees that it will indemnify and hold harmless the Underwriter against any and all losses, claims, demands, damages or liabilities of any kind whatsoever, arising from or out of the acts, omissions or doings of the Client, its representatives, agents or employees, or in any way relating to the Financing or other matter within the purview of this Agreement, whether pursuant to statute or at common law or otherwise (hereinafter, "Claims"), and will reimburse the Underwriter for any legal or other expense reasonably incurred by it in connection with investigating or defending any such Claims or actions or proceedings arising from such Claims, whether or not resulting in any liability.
 - 9) The term of this Agreement shall be for three years from the date shown in the signature block, below.
 - 10) This Agreement embodies all the terms, agreements, conditions and rights contemplated and negotiated by Client and the Underwriter, and supersedes any and all discussions and understandings, written or oral, between the Client and the Underwriter regarding the subject matter hereof. Any modifications and/or amendments must be made in writing and signed by both parties.
 - 11) This agreement shall be governed by and construed in accordance with the laws of the State of California without reference to any conflicts of law provisions that would require application of the law of a different jurisdiction.
 - 12) Any dispute arising out of this Agreement or the performance hereof shall be resolved in binding arbitration before the American Arbitration Association, pursuant to its commercial arbitration rules. Each party, to the fullest extent permitted by law, knowingly, voluntarily and intentionally waives its right to a jury

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trial in any action or other legal proceeding arising out of or relating to this agreement or the performance hereof.

VI. INSURANCE

- 1) Underwriter shall obtain and keep insurance policies in full force and effect for the following form of coverage:
 - a. Automobile liability including property damage and bodily injury with a combined single limit of \$300,000.
 - b. Commercial General Liability (CGL) with a combined single limit of \$1,000,000.
 - c. Consultant shall add to his/her Commercial General Liability insurance policy a severability or interest clause or such similar wording if his/her policy does not automatically have this clause already written into it. Such language shall be similar to: "The insurance afforded applies separately to each insured against whom claim is made or suit is brought, including claims made or suits brought by any person any other such person or organization."
- 2) Underwriter shall provide photocopies of its current Automobile insurance policy or policies including endorsements thereto, or current certificates of insurance in lieu thereof, to the Client.
- 3) Underwriter shall require any subcontractor to provide evidence of the same insurance coverages specified in Article VI paragraph 1.
- 4) Underwriter shall provide notice to the Client of any non-payment cancellation in insurance coverage where the Client has been named as additional insured, such notice to be delivered to the Client at least ten (10) days before the effective date of such non-payment cancellation of insurance.
- 5) Evidence acceptable to the Client that Underwriter has complied with the provisions of this Article VI shall be provided to the Client, prior to commencement of work under this Agreement.
- 6) All policies carried by the Underwriter, under which the Client is named additional insured, shall provide primary coverage instead of any and all other policies that may be in force. The Client shall not be responsible for any premium due for the insurance coverages specified in this Agreement.

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IN WITNESS WHEREOF, THE PARTIES HERETO HAVE DULY CAUSED THIS AGREEMENT to be signed and sealed by their respective authorized officers this ____ day of _____, 2019.

Monterey Peninsula Water Management District

By: _____
Name:
Title:

Raymond James & Associates, Inc.

By: _____
Name:
Title:

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