

EXHIBIT 2-B



Christopher D. Roberts
Director

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September 24, 2019

Monterey Peninsula Water Management District
C/O De Lay & Laredo
Attn: David Laredo, District Counsel
606 Forest Avenue
Pacific Grove, CA 93950

Re: Monterey Peninsula Water Management District: Revenue Bond Financing - Acquisition of the California-American Water Company Monterey Main System

Dear Mr. Laredo:

Barclays Capital Inc. ("*Barclays*") is pleased to submit this letter to express our confidence in Monterey Peninsula Water Management District's (the "*District*") ability to access capital markets to successfully secure a financing (the "*Proposed Financing*") to acquire the assets of California-American Water Company's ("*CA-AM*") Monterey Main System (the "*System*") and fund current and future capital requirements.

Barclays believes there is a market for the type of financing structure being contemplated and that it will be feasible to execute the Proposed Financing, subject to successful implementation of structuring terms that are consistent with investors' expectations for transactions of this nature. Barclays has reviewed the financial results forecasted by Raftelis and concludes that given the assumptions for capital and operational costs, revenues and rates established by the District and Raftelis, the District is able to finance the proposed purchase of the System based on comparisons with financing structures and coverage margins for similar water systems.

Additionally, if pursued by the District, we recognize the unique attributes of eminent domain law might warrant the issuance of fully collateralized short-term bond anticipation notes ("*BANs*") payable from: (i) the special fund established to receive delivery of an eminent domain court awarded purchase amount and (ii) proceeds from the District; with a take-out refinancing of the *BANs* secured by an installment sale agreement following a Final Order of Condemnation and the vesting of title with the District.

Barclays is highly experienced in successfully structuring, managing, purchasing, placing and delivering financings of a similar type, size and scope as the Proposed Financing and we would assist in achieving the financial solution that delivers the highest value to the District. This letter of support is based on current market conditions, our present understanding of the contemplated financing structure, which includes a number of terms that have not yet been finalized, and our estimation of potential investor interest in the Proposed Financing.

Proposed issuance terms, which are based on generally accepted standard market parameters, include:

- **Amount of issuance:** An amount sufficient to acquire the System and to pay related costs, fees, reserves and capital and operational requirements to meet customer needs; Currently estimated at \$585 - \$615 million;
- **Title:** The District obtains title to the System;
- **Security:** Pledge of Net Revenues of the System (i.e. Revenues – Operating and Maintenance expenses);
- **Term of financing:** Up to 30 years;
- **Credit rating:** Minimum of investment grade ratings;
- **Legal covenants:** Standard legal covenants, including a rate covenant, additional bonds test and reserve requirements sufficient to secure investment grade ratings;



Monterey Peninsula Water Management District
September 24, 2019
Page 2

- **Debt Service Reserve:** One year of debt service (e.g., maximum annual debt service), funded from proceeds of the Proposed Financing;
- **Working capital:** 180 days of cash for operations; and
- **Technical Study:** The District will engage a qualified technical consultant to evaluate the condition of the System and summarize their findings in a report to be included in the Proposed Financing disclosure document

Barclays has a long history of leadership in the municipal market, including a strong track record in the issuance of water revenue bonds. Over the last five years, Barclays has served as book-running senior manager on nearly 500 bond offerings, totaling over \$100 billion in principal across all municipal sectors. In addition to our overall municipal experience, Barclays has senior managed 65 transactions, totaling over \$10.3 billion, during this timeframe for revenue bond issuances for water, sewer and other utility systems. This experience includes the direct purchase by Barclays of the \$138.225 million City of Missoula, Montana Water System Revenue Bond Anticipation Notes inaugural credit in 2017 and subsequent publicly offered \$96.68 million long-term refinancing of the Bond Anticipation Notes in 2019 to fund the City's water system acquisition from Liberty Utilities.

Barclays is a 329-year-old company with a global financial services network that employs 80,000 people worldwide. Barclays Bank and its subsidiaries serve large governmental, corporate and institutional clients with a full spectrum of solutions to their strategic advisory, financing and risk management needs. Our client base includes corporations, domestic and international governmental agencies, money managers, insurance companies, pension funds, hedge funds, depository institutions, trust banks, money market and mutual funds, official institutions and central banks.

Barclays carries long-term credit ratings in the "A" category from each of Fitch Ratings (A+), Moody's Investor Service (A2) and Standard & Poor's Ratings Group (A) and has a balance sheet approaching \$800 billion. Evidence of Barclays' long-term, unsecured debt ratings can be found at:

<https://www.home.barclays/barclays-investor-relations/credit-ratings.html>.

The Proposed Financing would remain subject to usual conditions for a transaction of this nature including, without limitation, (i) completion of all financial, technical, environmental, legal and other due diligence relating to the Proposed Financing, (ii) the accuracy and completeness of all Information (as defined below), (iii) prevailing capital market conditions, (iv) mutual agreement on the form and content of the documentation relating to the Proposed Financing, and (v) our receipt of all internal approvals (credit, underwriting, etc.).

You will appreciate that this letter is not an offer of financing or any commitment on our part, nor is it intended to be legally binding or to give rise to any legal or fiduciary relationship between us or between Barclays Bank PLC (or its affiliates) and any other person. Notwithstanding anything to the contrary, nothing in this letter shall be construed to be accounting, legal or tax advice. This letter shall be treated as confidential and is being provided to you solely in connection with the Proposed Financing and shall not, without Barclays' prior written consent, be disclosed by you to any person other than the District's accountants, lawyers and other advisers and then only on a confidential basis and in connection with the Proposed Financing.

In reaching the preliminary views described herein, Barclays has relied solely on certain information, assumptions, and projections provided by you or publicly available, and has not independently reviewed any of the Information for completeness or accuracy. Barclays may terminate its discussions with you for any reason including if any of such Information proves to have been inaccurate or incomplete or if any change occurs, or any additional information is disclosed to or is discovered by Barclays, which Barclays deems materially adverse in respect of the condition (financial or otherwise), business, operations, assets, liabilities



Monterey Peninsula Water Management District
September 24, 2019
Page 3

or prospects of the borrower. This letter is governed by New York law.

We hope that this letter demonstrates the value that Barclays continues to place on its relationship with the District. We look forward to discussing it with you in greater detail at your convenience. Please do not hesitate to contact me at (310) 481-4963 with any questions or comments about this letter.

For and on behalf of Barclays Capital Inc.,

A handwritten signature in blue ink that reads "Christopher D. Roberts".

Chris Roberts
Director