



# MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

Home Page: [www.mcwd.org](http://www.mcwd.org)

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## DIRECTORS

GAIL MORTON  
President

JAN SHRINER  
Vice President

HERBERT CORTEZ  
BRAD IMAMURA  
THOMAS P. MOORE

## Agenda

**Regular Board Meeting, Board of Directors  
Marina Coast Water District  
and**

**Regular Board Meeting, Board of Directors  
Marina Coast Water District Groundwater Sustainability Agency  
Hybrid Meeting – Dual Locations**

**920 2<sup>nd</sup> Avenue, Suite A, Marina, California  
and  
3006 Shorebird Place, Marina, California  
and  
Zoom Teleconference**

Monday, July 15, 2024, 6:00 p.m. PST

**Staff and Board members will be attending the July 15, 2024 meeting in person. Members of the public may attend the Board meeting in person or can continue to attend remotely via Zoom conference.**

**Persons who are participating via telephone will need to press \*9 to be acknowledged for comments. Members of the public participating by Zoom will be placed on mute during the proceedings and will be acknowledged only when public comment is allowed, after requesting and receiving recognition from the Board President. Public comment on the action item can also be submitted in writing to Paula Riso at [priso@mcwd.org](mailto:priso@mcwd.org) by 9:00 am on Monday, July 15, 2024; such comments will be distributed to the MCWD Board before the meeting.**

This meeting may be accessed remotely using the following Zoom link:

<https://us02web.zoom.us/j/83802661492?pwd=PhikSA1ZZiqMPGi1cuWTrh5rXVf3we.1>  
Passcode: 639652

To participate via phone: 1-669-900-9128; Meeting ID: 838 0266 1492 Passcode: 639652

***Our Mission: We provide our customers with high quality potable and recycled water, wastewater collection and conservation services that are safe, affordable, reliable and sustainable, through planning, management and the development of water resources in an environmentally sensitive manner.***

### 1. Call to Order

### 2. Roll Call

This agenda is subject to revision and may be amended prior to the scheduled meeting. Pursuant to Government Code section 54954.2(a)(1), the agenda for each meeting of the Board shall be posted at the District offices at 11 Reservation Road, and 920 2nd Avenue, Suite A, Marina. A complete Board packet containing all enclosures and staff materials will be available for public review on the District website, Thursday, July 11, 2024. Information about items on this agenda or persons requesting disability related modifications and/or accommodations should contact the Board Clerk 48 hours prior to the meeting at: 831-883-5931.

### 3. **Pledge of Allegiance**

4. **Public Comment on Closed Session Items** *Anyone wishing to address the Board on matters appearing in Closed Session may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board. Disruptive behavior may result in removal of the individual responsible.*

### 5. **Closed Session**

- A. Pursuant to Government Code 54956.8  
Conference with Real Property Negotiator  
Property: Armstrong Ranch Property  
Negotiating Parties: Sunberry Growers, LLC. and MCWD Negotiators (Legal Counsel and General Manager)  
Under Negotiation: Price and Terms

6. **Reportable Actions Taken During Closed Session** *The Board will announce any reportable action taken during closed session and the vote or abstention on that action of every director present and may take additional action in open session as appropriate. Any closed session items not completed may be continued to after the end of all open session items.*

### 7. **Pledge of Allegiance**

8. **Oral Communications** *Anyone wishing to address the Board on matters not appearing on the Agenda may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board. Disruptive behavior may result in removal of the individual responsible.*

### 9. **Consent Calendar**

- A. [Receive and File the Check Register for the Month of June 2024](#)  
(Page 1)
- B. [Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of June 17, 2024](#)  
(Page 10)
- C. [Approve the Draft Minutes of the Special Joint Board/GSA Meeting of June 18, 2024](#)  
(Page 21)
- D. [Receive the 2nd Quarter 2024 MCWD Water Consumption and Sewer Flow Report](#)  
(Page 24)
- E. [Adopt Resolution No. 2024-32 to Approve New Fees and Charges for Griffith, Masuda & Hobbs Legal Services for 2024 and 2025](#)  
(Page 33)
- F. [Adopt Resolution No. 2024-33 to Amend the FY 2024-2025 Capital Improvement Budget to Fund Imjin Office Park B Side Improvement Project](#)  
(Page 38)

10. **Action Items** *The Board will review and discuss agenda items and take action or direct staff to return to the Board for action at a following meeting. The public may address the Board on these Items as each item is reviewed by the Board. Please limit your comment to four minutes.*

- A. [Adopt Resolution No. 2024-34 to Authorize the Delivery and Sale of Enterprise Revenue Certificates of Participation, Series 2024 in the Principal Amount of Not-to-Exceed \\$23,000,000 to Finance Water and Wastewater System Improvements, and Approving Related Documents and Official Actions](#)  
(Page 45)
- B. [Receive an End of Year Engineering Report](#)  
(Page 228)
- C. [Provide Direction Regarding Election to the Coastal Network, Seat A, of the California Special Districts Association Board](#)  
(Page 232)

**13. Informational Items** *Informational items are normally provided in the form of a written report or verbal update and may not require Board action. The public may address the Board on Informational Items as they are considered by the Board. Please limit your comments to four minutes.*

- A. General Manager's Report
- B. Committee and Board Liaison Reports
  - 1. M1W Board Member Liaison

**14. Board Member Requests for Future Agenda Items**

**15. Director's Comments** *Director reports on meetings with other agencies, organizations and individuals on behalf of the District and on official District matters.*

**16. Adjournment** *Set or Announce Next Meeting(s), date(s), and time(s):*

*Regular Meeting: Monday, August 19, 2024, 6:00 p.m.*

**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 9

**Meeting Date:** July 15, 2024

**Prepared By:** Paula Riso

**Approved By:** Remleh Scherzinger, PE

**Agenda Title:** Consent Calendar

**Staff Recommendation:** Approve the Consent Calendar as presented.

**Background:** *Strategic Plan, Mission Statement – We provide our customers with high quality potable and recycled water, wastewater collection and conservation services that are safe, affordable, reliable and sustainable, through planning, management and the development of water resources in an environmentally sensitive manner.*

Consent calendar consisting of:

- A) Receive and File the Check Register for the Month of June 2024
- B) Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of June 17, 2024
- C) Approve the Draft Minutes of the Special Joint Board/GSA Meeting of June 18, 2024
- D) Receive the 2nd Quarter 2024 MCWD Water Consumption and Sewer Flow Report
- E) Adopt Resolution No. 2024-32 to Approve New Fees and Charges for Griffith, Masuda & Hobbs Legal Services for 2024 and 2025
- F) Adopt Resolution No. 2024-33 to Amend the FY 2024-2025 Capital Improvement Budget to Fund Imjin Office Park B Side Improvement Project

**Discussion/Analysis:** See individual transmittals.

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** See individual transmittals.

**Climate Action:** Not applicable.

**Other Considerations:** The Board of Directors can approve these items together or they can pull them separately for discussion.

**Material Included for Information/Consideration:** Check Register for June 2024; draft minutes of June 17, 2024; draft minutes of June 18, 2024; Water and Sewer Consumption Reports; Resolution No. 2024-32; Rate Request Letter from Griffith, Masuda & Hobbs; Resolution No. 2024-33; and, architectural drawings.

**Action Required:**     \_\_\_\_\_ Resolution     \_\_\_X\_\_\_ Motion     \_\_\_\_\_ Review

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Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_



**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 9-A

**Meeting Date:** July 15, 2024

**Prepared By:** Mary Lagasca, CPA

**Approved By:** Remleh Scherzinger, PE

**Agenda Title:** Receive and File the Check Register for the Month of June 2024

**Staff Recommendation:** Receive and file the June 2024 expenditures totaling \$1,912,188.63.

**Background:** *Strategic Plan, Objective No. 3 – Our objective is to manage public funds to assure financial stability, prudent rate management and demonstrate responsible stewardship. Our fiscal strategy is to forecast, control and optimize income and expenditures in an open and transparent manner. We will efficiently use our financial resources to assure availability to fund current and future demands.*

**Discussion/Analysis:** These expenditures were paid in June 2024 and the Board is requested to receive and file the check register.

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** None required.

**Climate Adaptation:** Not applicable.

**Financial Impact:** \_\_\_\_ Yes     X  No    **Funding Source/Recap:** Expenditures are allocated across the six cost centers; 01-Marina Water, 02-Marina Sewer, 03- Ord Water, 04- Ord Sewer, 05-Recycled Water, 06-Regional Water.

**Other Consideration:** None.

**Material Included for Information/Consideration:** June 2024 Summary Check Register.

**Action Required:**    \_\_\_\_ Resolution     X  Motion    \_\_\_\_ Review

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Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_

## JUNE 2024 SUMMARY CHECK REGISTER

DATE	CHECK #	CHECK DESCRIPTION	AMOUNT
06/03/2024	75395 - 75413	Check Register	325,586.76
06/10/2024	ACH	Friedman & Springwater LLP	174,716.84
06/10/2024	75414 - 75427	Check Register	26,556.75
06/17/2024	75428 - 75479	Check Register	386,547.00
06/26/2024	ACH	Friedman & Springwater LLP	105,212.00
06/26/2024	75480 - 75517	Check Register	287,254.35
06/28/2024	75518 - 75532	Check Register	51,173.01
06/03/2024	501712 - 501721	Check Register	3,905.30
06/07/2024	ACH	Payroll Direct Deposits	138,520.69
06/07/2024	ACH	CalPERS	35,727.93
06/07/2024	ACH	Empower Retirement	15,284.34
06/07/2024	ACH	Internal Revenue Service	58,745.05
06/07/2024	ACH	State of California - EDD	18,198.85
06/07/2024	ACH	WageWorks, Inc.	1,299.16
06/07/2024	501722	Check Register	688.00
06/14/2024	501723 - 501724	Board Compensation Checks and Direct Deposit	461.73
06/14/2024	ACH	Internal Revenue Service	76.54
06/17/2024	501725 - 501727	Check Register	1,023.28
06/21/2024	ACH	Payroll Direct Deposits	137,069.68
06/21/2024	ACH	CalPERS	37,975.34
06/21/2024	ACH	Empower Retirement	16,284.34
06/21/2024	ACH	Internal Revenue Service	57,147.72
06/21/2024	ACH	State of California - EDD	12,495.44
06/21/2024	ACH	WageWorks, Inc.	1,299.16
06/26/2024	501728 - 501729	Board Compensation Checks and Direct Deposit	461.75
06/26/2024	ACH	Internal Revenue Service	76.50
06/28/2024	501730 - 501737	Check Register	18,401.12
<b>TOTAL DISBURSEMENTS</b>			<b><u>1,912,188.63</u></b>

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
75395	05/10/2024	06/03/2024	PG&E	Gas and Electric Service 04/2024	114,261.86
75396	03/31/2024	06/03/2024	Schaaf & Wheeler	Design Phase - B2 Zone Tank, Tate Park LS; Developers (Campus Town, Dunes 1B Promenade, Dunes 1B Rooftops, Dunes 2 North, Dunes 2 West, Dunes 3 Backbone, Layia, Marina Station)	22,494.25
75397	05/21/2024	06/03/2024	Water Awareness Comm Mtry	Zun Zun Performance - Marina Childhood Development Center	800.00
75398	05/16/2024	06/03/2024	Rauch Communication Consultants, Inc.	Public Relations, Strategic Plan Development 02/2024 - 03/2024	42,782.62
75399	05/07/2024	06/03/2024	Harris & Associates	Developers (Dunes 1B Promenade, Dunes 2 North, Dunes 2 West, VTC Lightfighter Village)	28,260.99
75400	05/20/2024	06/03/2024	Monterey County Assessor	Zone 2Y - CSIP Parcel Information	265.00
75401	05/16/2024	06/03/2024	Richards, Watson & Gershon	Legal Services 02/2024, 04/2024	12,277.17
75402	05/26/2024	06/03/2024	U.S. Bank National Association	IOP Office Copier Lease 05/20 - 06/19	287.34
75403	05/13/2024	06/03/2024	Remy Moose Manley, LLP	Legal Services 04/2024	29,852.78
75404	04/25/2024	06/03/2024	Brigantino & Davis Real Estate Appraisal, Brokerage and Consulting	A1/A2 Tanks B/C Booster - Appraisal Report/ CSUMB Easement	7,500.00
75405	05/17/2024	06/03/2024	EKI Environment & Water, Inc.	Monterey Subbasin Groundwater Sustainability Plan Implementation 04/2024	25,654.75
75406	05/06/2024	06/03/2024	Zanjero, Inc.	CIP Tool/ Programming Services Support 01/2024 - 04/2024; Communication/ Internet Infrastructure Investigations - Solar Array; Power Generation/ Delivery Investigations; Water Supply Investigations; Preliminary Design/ Permitting - Reservation Rd Desal Plant, RDP Comprehensive Improvements 04/2024	39,230.00
75407	06/01/2024	06/03/2024	CivicPlus, LLC	Municode Admin Support Fee 06/2024 - 05/2025	225.00
75408	05/16/2024	06/03/2024	Conservation Rebate Program	129 Lakewood Dr - Landscape Rebate	92.00
75409	05/28/2024	06/03/2024	Handyman 831	Whiteboard Installation - IT Administrator Office	190.00
75410			Void		
75411	05/16/2024	06/03/2024	Conservation Rebate Program	3212 Vista Del Camino Cir - Landscape Rebate	1,163.00
75412	05/14/2024	06/03/2024	Conservation Rebate Program	388 Buna Loop - Washer Rebate	150.00
75413	05/16/2024	06/03/2024	Conservation Rebate Program	141 Cypress Grove Ct - Washer Rebate	100.00
ACH	05/10/2024	06/10/2024	Friedman & Springwater LLP	Legal Services 04/2024	174,716.84
75414	05/29/2024	06/10/2024	Jane's Answering Service	Answering Service 05/01 - 05/28	247.26
75415	03/31/2024	06/10/2024	Schaaf & Wheeler	Construction Phase On-Call Engineering Services - A1/A2 Tanks B/C Booster; Developer (Dunes 1B Bldgs A-G)	1,928.00
75416	05/28/2024	06/10/2024	Rauch Communication Consultants, Inc.	Strategic Plan Development 04/2024	6,439.85
75417	05/07/2024	06/10/2024	Harris & Associates	Coe Ave Pipeline Upsizing - Inspection Services 04/2024; Developer (Enclave Phase 3)	536.60
75418	05/31/2024	06/10/2024	Conservation Rebate Program	3210 Melanie Rd - Toilet Rebate	50.00
75419	05/06/2024	06/10/2024	U.S. Bank Corporate Payment Systems	2024 AWWA Conference/ Exposition Airfare, Hotel - (3) O&M; 2024 Maintenance/ Construction Expo - (2) O&M; IT/ Computer Supplies; Monthly/ Annual Software Services; General Supplies	8,130.86
75420	05/01/2024	06/10/2024	Edges Electrical Group, LLC	General Operations/ Maintenance Supplies	1,358.42
75421	05/31/2024	06/10/2024	Peninsula Messenger LLC	Courier Service 06/2024	279.00

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
75422	05/31/2024	06/10/2024	Iron Mountain, Inc.	Shredding Service 05/2024	552.22
75423	05/21/2024	06/10/2024	City of Marina False Alarm Reduction Program	Alarm Permit Renewal - MCWD Offices 07/2024 - 06/2025	60.00
75424	06/03/2024	06/10/2024	Monterey Bay Air Resources District	Generator Permit Modification Fee - A1/A2 Tanks B/C Booster	1,533.00
75425	05/29/2024	06/10/2024	Forest Investment Group Inc	Prop 218 Notice Mailing	5,191.54
75426	05/30/2024	06/10/2024	Conservation Rebate Program	18466 McClellan Cir - Washer Rebate	100.00
75427	05/30/2024	06/10/2024	Conservation Rebate Program	3019 Kennedy Ct - Washer Rebate	150.00
75428	05/31/2024	06/17/2024	Ace Hardware of Watsonville, Inc.	General Meter Readers, Operations/ Maintenance Supplies	574.13
75429	05/31/2024	06/17/2024	Quinn Company	Annual Load Bank Testing - (2) Generators	2,300.00
75430	06/02/2024	06/17/2024	PG&E	Gas and Electric Service 05/2024	131,407.06
75431	06/10/2024	06/17/2024	PG&E	Electric Service 05/2024	2,627.18
75432	05/10/2024	06/17/2024	Grainger	General Operations/ Maintenance Supplies	272.25
75433	04/30/2024	06/17/2024	Schaaf & Wheeler	Construction Phase On-Call Engineering Services, Electrical Transformer Relocation Design - A1/A2 Tanks B/C Booster; Design Phase - B2 Zone Tank, Tate Park LS; GIS Map/ DDW Annual Report Updates - O&M Support; Developers (Dunes 2 West, Layia, Marina Station)	36,021.26
75434	05/13/2024	06/17/2024	Owen Equipment	Hose Nozzle	5,112.04
75435	05/31/2024	06/17/2024	Peninsula Welding & Medical Supply, Inc.	(2) Gas Cylinder Tank Rental Fees	25.80
75436	06/04/2024	06/17/2024	Monterey Bay Analytical Services	Laboratory Testing	4,377.00
75437	05/31/2024	06/17/2024	Monterey One Water	Sewer Treatment Charge 05/2024 - 06/2024	388.50
75438	05/18/2024	06/17/2024	Verizon Wireless	Cell Phone Service 05/2024, Mobile Hotspot - Director of Administrative Services	819.59
75439	05/14/2024	06/17/2024	HD Supply, Inc.	General Operations/ Maintenance Supplies	628.64
75440	05/31/2024	06/17/2024	DataProse, LLC	Customer Billing Statements 05/2024	6,179.73
75441	06/06/2024	06/17/2024	Collins Electrical Company, Inc.	Door Wiring Repair - BLM	307.16
75442	05/22/2024	06/17/2024	American Supply Company	Janitorial Supplies	615.51
75443	05/30/2024	06/17/2024	M&M Backflow & Meter Maintenance	Field/ Bench Testing - (50) Water Meters	2,805.00
75444	05/17/2024	06/17/2024	Wallace Group	Developer (Wathen-Castanos Homes)	5,060.00
75445	06/04/2024	06/17/2024	McGrath Rent Corp.	Locker Room Trailer Rental - Ord Office 06/2024	7,286.98
75446	05/29/2024	06/17/2024	Calcon Systems, Inc.	PLC Replacement Project - Phase 1 Wells 29, 30, 31	87,300.00
75447	06/04/2024	06/17/2024	Cavanaugh & Associates, P.A.	2023 AWWA Water Audit Level 1 Validation	3,000.00
75448	05/17/2024	06/17/2024	East Bay Tire Co.	Tire Replacement - Vehicle #2001	546.70
75449	05/31/2024	06/17/2024	ECAM Secure	Monthly Security Fees - Ord Wastewater Treatment Facility	1,218.50
75450	05/22/2024	06/17/2024	Green Rubber-Kennedy AG, LP	General Operations/ Maintenance Supplies	55.98
75451	05/23/2024	06/17/2024	Marina Tire & Auto Repair	New Tire - Vehicle #1702, Oil Change - Vehicle #2201	289.12
75452	05/06/2024	06/17/2024	Edges Electrical Group, LLC	General Operations/ Maintenance Supplies	382.25
75453	05/16/2024	06/17/2024	Monterey Bay Technologies, Inc.	IT Support Services 05/2024	3,600.00
75454	05/17/2024	06/17/2024	ICONIX Waterworks (US), Inc.	Check Valve - D Booster	5,493.32
75455	05/01/2024	06/17/2024	California Water Efficiency Partnership	(250) Watershed Guidebooks - Conservation	91.05
75456	05/15/2024	06/17/2024	Griffith, Masuda & Hobbs	Legal Services 04/2024	33,772.36
75457	06/06/2024	06/17/2024	Kelley Print Plus LLC	(5,500) AP Checks	1,383.53

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
75458	06/04/2024	06/17/2024	Aleshire & Wynder, LLP	Legal Services 05/2024	110.00
75459	06/05/2024	06/17/2024	Everbank, N.A.	Ord Office Copier Lease 06/2024	251.28
75460	05/28/2024	06/17/2024	AT&T	Phone and Alarm Line Services 05/2024	263.22
75461	06/01/2024	06/17/2024	Simpler Systems, Inc.	UB/ Finance Datapp Maintenance 06/2024	500.00
75462	05/31/2024	06/17/2024	Marina Coast Water District (BLM)	BLM Water, Sewer, Fire Service 05/2024	405.85
75463	06/01/2024	06/17/2024	Pure Janitorial, LLC	Janitorial Service - MCWD, BLM Offices 05/2024	8,381.44
75464	05/09/2024	06/17/2024	Community Printers, Inc.	(17,100) 2023 Consumer Confidence Report - Split/ Shipped	5,595.12
75465	05/23/2024	06/17/2024	Psomas	Construction Management - A1/A2 Tanks B/C Booster	5,618.23
75466	06/03/2024	06/17/2024	Ritter GIS, Inc.	IT Support Services 04/2024 - 05/2024	2,660.00
75467	05/25/2024	06/17/2024	WEX Bank	Fleet Gasoline 05/2024	6,806.71
75468	06/05/2024	06/17/2024	Golden State Truck and Trailer Repair, Inc.	Oil Change - Vehicle #2101	391.05
75469	06/01/2024	06/17/2024	The Ferguson Group, LLC	Grant Writing and Legislative Advocacy 06/2024	1,700.00
75470	06/08/2024	06/17/2024	Todd Groundwater	Development of Testing, Sampling, Rehab Specifications - Well 12 05/2024	565.00
75471	06/03/2024	06/17/2024	Kysmet Security & Patrol, Inc.	Security Patrol Services - MCWD Offices 05/2024	300.00
75472	05/20/2024	06/17/2024	T-Mobile	Cellular Services 03/19 - 05/18	1,349.54
75473	05/21/2024	06/17/2024	T-Mobile	Cell Phone Service 05/2024	1,616.91
75474	06/07/2024	06/17/2024	Office Depot Business Credit	Office Supplies	436.29
75475	05/14/2024	06/17/2024	Aquatic Informatics, Inc.	Software Implementation	4,600.00
75476	06/10/2024	06/17/2024	Conservation Rebate Program	490 Lassen Way - Washer Rebate	150.00
75477	06/01/2024	06/17/2024	Greenwaste Recovery, Inc.	Garbage Collection & Recycling Services 06/2024	847.96
75478	02/21/2024	06/17/2024	Customer Service Refund	Refund Check - 847 Sherman Ct (Re-Issue)	32.20
75479	02/21/2024	06/17/2024	Customer Service Refund	Refund Check - 3114 Arnold Ct (Re-Issue)	25.56
ACH	05/10/2024	06/26/2024	Friedman & Springwater LLP	Legal Services 05/2024	105,212.00
75480	06/13/2024	06/26/2024	Quinn Company	Annual Load Bank Testing - (4) Generators	5,100.00
75481	05/31/2024	06/26/2024	Insight Planners	Web Development/ Maintenance and Hosting 05/2024; 2023 CCR - Layout/ Production	2,839.00
75482	05/28/2024	06/26/2024	Home Depot Credit Services	General Operations/ Maintenance Supplies	1,339.37
75483	05/30/2024	06/26/2024	Grainger	General Operations/ Maintenance Supplies	128.16
75484	06/25/2024	06/26/2024	Petty Cash	Replenishment of Funds	60.50
75485	04/30/2024	06/26/2024	Schaaf & Wheeler	County Clerk Records - D-Reservoir; Ordinance 64 Draft - Landscape Irrigation of Parkway Strips 03/2024; B2 Zone Tank - Input on Tank Sites; Coe Avenue Pipeline Upsizing - Flushing/ Tie-In Planning; CSUMB Capacity Fees Memo; Draft Rate Study Review 04/2024; Developer (Enclave Phase 3)	9,239.00
75486	05/29/2024	06/26/2024	Owen Equipment	Auto Wind/ Hose Reel Repair - Vehicle #2001	462.50
75487	06/11/2024	06/26/2024	Monterey Bay Analytical Services	Laboratory Testing	440.00
75488	06/14/2024	06/26/2024	Rauch Communication Consultants, Inc.	Public Relations 04/2024, Strategic Plan Development 05/2024	38,578.05
75489	03/13/2024	06/26/2024	Anderson Pacific Engineering Construction, Inc.	A1/A2 Tanks B/C Booster - Construction Pmt #28	48,925.00
75490	06/19/2024	06/26/2024	Harris & Associates	Developers (Dunes 1B Promenade, Dunes 2 North, Dunes 2 West, VTC Lightfighter Village)	22,289.92

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
75491	06/08/2024	06/26/2024	Johnson Controls Security Solutions LLC	IOP Security 07/2024 - 06/2025	2,256.01
75492	05/31/2024	06/26/2024	Maggiore Bros Drilling	Remove Existing Equipment, Install/ Remove Test Pump - Well 12	33,810.41
75493	06/01/2024	06/26/2024	Maynard Group	Network Support 06/2024	5,412.11
75494	06/06/2024	06/26/2024	HD Supply, Inc.	General Operations/ Maintenance Supplies	281.97
75495	05/31/2024	06/26/2024	DataProse, LLC	2023 CCR Special Mailer	7,618.98
75496	06/06/2024	06/26/2024	CSC of Salinas	General Operations/ Maintenance Supplies	106.61
75497	06/05/2024	06/26/2024	Fastenal Industrial & Construction Supplies	General Operations/ Maintenance Supplies	465.22
75498	05/31/2024	06/26/2024	Calcon Systems, Inc.	PLC Replacement Project - Phase 1 Wells 31 Repeater, 34; Software Installation	45,460.64
75499	06/04/2024	06/26/2024	Univar Solutions USA, Inc.	(1,868) gals Chlorine - Wells 10, 11, Intermediate Reservoir	6,297.22
75500	05/31/2024	06/26/2024	Pacific Ag Rentals LLC	Mobile Restroom Rental - Beach Office 05/2024	94.31
75501	06/14/2024	06/26/2024	Daiohs USA	Coffee Supplies	720.96
75502	06/05/2024	06/26/2024	Marina Tire & Auto Repair	Oil Change - Vehicle #2103	83.70
75503	06/10/2024	06/26/2024	Richards, Watson & Gershon	Legal Services 05/2024	3,876.10
75504	06/15/2024	06/26/2024	U.S. Bank National Association	Beach Office Copier Lease 06/10 - 07/09	275.32
75505	06/12/2024	06/26/2024	Remy Moose Manley, LLP	Legal Services 05/2024	15,293.57
75506	05/28/2024	06/26/2024	Western Exterminator Company	Pest Control - Beach Office 05/2024	119.60
75507	06/01/2024	06/26/2024	Verizon Connect NWF, Inc.	GPS Service - (37) Fleet Vehicles 05/2024	703.00
75508	05/08/2024	06/26/2024	Ferguson Enterprises, Inc.	Brass Waterworks Supplies	687.40
75509	03/25/2024	06/26/2024	WEX Bank	Fleet Gasoline 03/2024 (Re-Issue)	6,497.25
75510	06/10/2024	06/26/2024	Zanjero, Inc.	CIP Tool/ Programming Services Support; Communication/ Internet Infrastructure Investigations - Solar Array; Preliminary Design/ Permitting - Reservation Rd Desal Plant, RDP Comprehensive Improvements 05/2024	8,589.79
75511	05/31/2024	06/26/2024	SBRK Finance Holdings, Inc.	CivicPay/ IVR Transaction Fees 05/2024	2,134.50
75512	05/31/2024	06/26/2024	Regional Government Services Authority	Grant Management/ Accounting Services 05/2024	4,596.25
75513	06/12/2024	06/26/2024	U-Rock Utility Equipment, Inc.	General Operations/ Maintenance Supplies	473.93
75514	06/11/2024	06/26/2024	NEO Fiber, Inc.	Fiber/ Conduit Design, Monetization Models - Solar Array 05/2024	3,900.00
75515	06/13/2024	06/26/2024	InfoSend, Inc.	2024 Postage Deposit	7,848.00
75516	06/13/2024	06/26/2024	Conservation Rebate Program	2952 Harvey Ct - Washer Rebate	100.00
75517	06/25/2024	06/26/2024	Conservation Rebate Program	3029 Cahoon Ct - Washer Rebate	150.00
75518	06/26/2024	06/28/2024	Jane's Answering Service	Answering Service 05/29 - 06/25	322.50
75519	06/19/2024	06/28/2024	Harris & Associates	Coe Ave Pipeline Upsizing - Inspection Services 05/2024; Developer (Enclave Phase 3)	4,748.20
75520	06/27/2024	06/28/2024	Orkin Central Coast	BLM Pest Control 06/2024	114.00
75521	06/04/2024	06/28/2024	Core & Main LP	Mechanical Joint Sleeve, (2) Joint Restraints - B-Zone Transmission Line	1,911.38
75522	05/28/2024	06/28/2024	Fastenal Industrial & Construction Supplies	General Operations/ Maintenance Supplies	332.84
75523	06/24/2024	06/28/2024	Geiger	(800) Disconnect and (800) Connect Orders	1,262.56

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
75524	05/30/2024	06/28/2024	Calcon Systems, Inc.	100 HP Variable Frequency Drive - D Booster; Level Transmitter Troubleshooting - Reservoir C; Pump Runtime Reports - Dunes LS, East Garrison LS; SCADA/ Dream Report Updates	12,670.00
75525	06/27/2024	06/28/2024	Conservation Rebate Program	3102 Messinger Dr - (2) Toilet Rebates	150.00
75526	05/22/2024	06/28/2024	ICONIX Waterworks (US), Inc.	(4) Reducing Couplings, (2) Gaskets - B-Zone Transmission Line	11,318.82
75527	06/17/2024	06/28/2024	Access Monterey Peninsula, Inc.	Filming and Production 04/2024 - 06/2024	1,380.00
75528	06/10/2024	06/28/2024	Zanjero, Inc.	Water Supply Investigations 05/2024	10,897.50
75529	05/21/2024	06/28/2024	HPS West, Inc.	(2) Octave Meters, (2) Encoder Modules, (2) Pit Units - 304 Carmel Ave, Spare	5,665.21
75530	06/27/2024	06/28/2024	Conservation Rebate Program	3192 Vista Del Camino Cir - (2) Toilet Rebates	150.00
75531	06/27/2024	06/28/2024	Conservation Rebate Program	16711 Pickett Ln - Washer Rebate	150.00
75532	06/27/2024	06/28/2024	Conservation Rebate Program	3050 Mildred Ct - Washer Rebate	100.00
501712	05/25/2024	06/03/2024	AFLAC	Employee Paid Benefits 05/2024	1,781.22
501713	05/28/2024	06/03/2024	Employee Reimbursement	2024 AWWA Conference/ Exposition Per Diem Meals	223.00
501714	05/28/2024	06/03/2024	Employee Reimbursement	2024 AWWA Conference/ Exposition Per Diem Meals	297.00
501715	05/28/2024	06/03/2024	Employee Reimbursement	2024 AWWA Conference/ Exposition Per Diem Meals	223.00
501716	05/18/2024	06/03/2024	Principal Life	Employee Paid Benefits 06/2024	335.12
501717	05/28/2024	06/03/2024	Employee Reimbursement	2024 AWWA Conference/ Exposition Per Diem Meals	223.00
501718	05/16/2024	06/03/2024	Transamerica Life Insurance Company	Employee Paid Benefits 05/2024	313.96
501719	05/30/2024	06/03/2024	MBWWA	Water Treatment/ Distribution Operator Exam Refresher - (3) O&M	150.00
501720	05/21/2024	06/03/2024	Language Testing International Inc.	Language Testing/ Spanish - O&M	98.00
501721	04/30/2024	06/03/2024	Liebert Cassidy Whitmore	Legal Services 04/2024	261.00
ACH	06/07/2024	06/07/2024	Payroll Direct Deposits	Payroll Ending 05/31/24	138,520.69
ACH	06/07/2024	06/07/2024	CalPERS	Payroll Ending 05/31/24	35,727.93
ACH	06/07/2024	06/07/2024	Empower Retirement	Payroll Ending 05/31/24	15,284.34
ACH	06/07/2024	06/07/2024	Internal Revenue Service	Payroll Ending 05/31/24	58,745.05
ACH	06/07/2024	06/07/2024	State of California - EDD	Payroll Ending 05/31/24	18,198.85
ACH	06/07/2024	06/07/2024	WageWorks, Inc.	Payroll Ending 05/31/24	1,299.16
501722	06/07/2024	06/07/2024	Teamsters Local Union No. 856	Payroll Ending 05/31/24	688.00
501723 - 501724	06/14/2024	06/14/2024	Board Compensation Checks and Direct Deposit	Board Compensation 05/2024	461.73
ACH	06/14/2024	06/14/2024	Internal Revenue Service	Board Compensation 05/2024	76.54
501725	06/05/2024	06/17/2024	CWEA - Monterey Bay Section	Membership Renewals - (2) O&M	442.00
501726	04/12/2024	06/17/2024	Employnet, Inc.	Temporary Interim Controller 04/01	405.28
501727	05/23/2024	06/17/2024	WageWorks, Inc.	FSA Admin Fees 05/2024	176.00
ACH	06/21/2024	06/21/2024	Payroll Direct Deposits	Payroll Ending 06/14/24	137,069.68
ACH	06/21/2024	06/21/2024	CalPERS	Payroll Ending 06/14/24	37,975.34
ACH	06/21/2024	06/21/2024	Empower Retirement	Payroll Ending 06/14/24	16,284.34
ACH	06/21/2024	06/21/2024	Internal Revenue Service	Payroll Ending 06/14/24	57,147.72
ACH	06/21/2024	06/21/2024	State of California - EDD	Payroll Ending 06/14/24	12,495.44
ACH	06/21/2024	06/21/2024	WageWorks, Inc.	Payroll Ending 06/14/24	1,299.16

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
501728 - 501729	06/26/2024	06/26/2024	Board Compensation Checks and Direct Deposit	Board Compensation 06/2024	461.75
ACH	06/26/2024	06/26/2024	Internal Revenue Service	Board Compensation 06/2024	76.50
501730	06/06/2024	06/28/2024	Becks Shoe Store, Inc. - Salinas	Boot Benefit - (5) O&M	1,135.11
501731	06/05/2024	06/28/2024	CWEA - Monterey Bay Section	Membership Renewal	221.00
501732	06/10/2024	06/28/2024	Employee Reimbursement	Backflow Assembly Tester Exam Fee	285.00
501733	06/26/2024	06/28/2024	Employee Reimbursement	2024 AWWA Conference/ Exposition Parking and Taxi	186.10
501734	06/25/2024	06/28/2024	Employee Reimbursement	2024 SGMA Implementation Summit/ Workshop Mileage	205.02
501735	06/21/2024	06/28/2024	Federico Embroidery	Uniform Benefit - (6) Engineering, (3) Administration, (7) O&M, Water Resources, Conservation	3,913.90
501736	05/31/2024	06/28/2024	Cintas Corporation No. 630	Uniforms, Towels, Rugs 05/2024; Uniform Benefit - O&M	1,555.83
501737	05/31/2024	06/28/2024	Regional Government Services Authority	Classification/ Compensation Study, Human Resource Consulting Services 05/2024	10,899.16
<b>Total Disbursements for June 2024</b>					<b>1,912,188.63</b>



**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 9-B

**Meeting Date:** July 15, 2024

**Prepared By:** Paula Riso

**Approved By:** Remleh Scherzinger, PE

**Agenda Title:** Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of June 17, 2024

**Staff Recommendation:** Approve the draft minutes of the June 17, 2024 regular joint Board/GSA meeting.

**Background:** *Strategic Plan, Mission Statement – We provide our customers with high quality potable and recycled water, wastewater collection and conservation services that are safe, affordable, reliable and sustainable, through planning, management and the development of water resources in an environmentally sensitive manner.*

**Discussion/Analysis:** The draft minutes of June 17, 2024 are provided for the Board to consider approval.

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** None required.

**Climate Adaptation:** Not applicable.

**Financial Impact:**     Yes     No    **Funding Source/Recap:** None

**Other Considerations:** The Board can suggest changes/corrections to the minutes.

**Material Included for Information/Consideration:** Draft minutes of June 17, 2024.

**Action Required:**     Resolution     Motion     Review

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Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_



# Marina Coast Water District

## Marina Coast Water District

Regular Board Meeting/Groundwater Sustainability Agency Board Meeting  
June 17, 2024

### Draft Minutes

1. Call to Order:

President Morton called the meeting to order at 6:02 p.m. on June 17, 2024 both in-person at 920 2<sup>nd</sup> Avenue, Suite A, Marina, California; and, via Zoom teleconference.

2. Roll Call:

Board Members Present:

Gail Morton – President  
Jan Shriner – Vice President  
Herbert Cortez  
Brad Imamura  
Thomas P. Moore

Board Members Absent:

None

Staff Members Present:

Remleh Scherzinger, General Manager  
David Hobbs, Assistant District Counsel  
Derek Cray, Operations and Maintenance Manager  
Mary Lagasca, Director of Administrative Services  
Garrett Haertel, District Engineer  
Patrick Breen, Water Resources Manager  
Teo Espero, IT Administrator  
Reinel Lagman, District Analyst  
Paula Riso, Executive Assistant/Clerk to the Board

Audience Members:

Peter Le, Marina Resident  
Phil Clark, Seaside Resident  
Doug Yount, Shea Homes  
An Nguyen  
Mike Kennedy  
Paul Lord, MCWD  
Renate Perry  
Andy Sterbenz, Schaaf & Wheeler Consulting Civil Engineers  
Martin Rauch, Rauch Communication Consultants, Inc.

Agenda Item 2 (continued):

Stephen Lovette  
Brian McCarthy, City of Marina Councilmember  
Nisha Patel, City of Seaside  
Michael Amylon  
Antonio Munoz, MCWD  
Rene Magdaleno, MCWD  
Jose Rodriguez, MCWD  
Frank Perry

3. Pledge of Allegiance:

President Morton asked Mr. Martin Rauch, Rauch Communication Consultants, Inc., to lead everyone present in the pledge of allegiance.

4. Oral Communications:

There were no public comments.

5. Presentation:

A. Adopt Resolution No. 2024-31 to Recognize Antonio Munoz, System Operator II, for 5 Years of Service to the Marina Coast Water District:

Mr. Derek Cray, Operations and Maintenance Manager, introduced this item and voiced his appreciation of Mr. Munoz's hard work and positive attitude. Mr. Cray thanked Mr. Munoz and stated he looked forward to many more years working with Mr. Munoz.

Vice President Shriner made a motion to adopt Resolution No. 2024-31 to recognize Antonio Munoz, System Operator II, for 5 years of service to the Marina Coast Water District. Director Moore seconded the motion. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

President Morton, Vice President Shriner, Director Moore, Director Imamura, and, Director Cortez shared in the reading of the Resolution.

Mr. Rene Magdaleno, MCWD employee, stated it was a pleasure to work with Antonio who always has a great attitude and is always willing to help.

Mr. Jose Rodriguez, MCWD employee, also said that he was happy to work with Antonio who is an excellent worker and has a lot of knowledge.

Agenda Item 5-A (continued):

Director Moore noted that District employees play a key role in keeping the water safe for the public, thanked Mr. Munoz for his five years of service, and wished him many more years with the District.

Vice President Shriner voiced her appreciation of Mr. Munoz's hard work and for bringing his family to celebrate this milestone.

Director Cortez praised Mr. Munoz's initiative for completing his certifications so quickly, which shows his dedication for his work.

Director Imamura asked how Mr. Munoz liked working at the District. Mr. Munoz answered that he enjoyed working for the District and looked forward to coming to work every morning and he respects all his coworkers.

President Morton presented Mr. Munoz with a plaque and gift certificate.

President Morton recessed the meeting from 6:20 p.m. to 6:25 p.m.

President Morton announced that all protests to the proposed Marina Coast Water District Water and Wastewater Rates must be submitted to the Board Secretary by not later than the close of the Public Hearing. Any protests submitted after that time shall be rejected as late and shall not be considered.

#### OPEN PUBLIC HEARING

President Morton opened the Public Hearing at 6:26 p.m.

#### 6. Public Hearing:

##### A. Receive Public Comment on Proposed Increases in District Rates, Fees, and Charges for the Marina Coast Water District's Service Areas:

Mr. Peter Le, Marina resident, commented that the District held several meetings in which he submitted comments, but has yet to receive any response. He asked that his comments be made part of the record of this meeting. Mr. Le asked the following questions: 1) how is the Castroville Inter-tie project funded, and asked if it's by rates; 2) the recycled water cost center has been running in a deficit and has been subsidized by Marina water for about \$11 million, how long will it continue to be subsidized, and how much from Ord water; 3) the rate study said in the next five years, the capacity fees from the Seaside golf course will subsidize recycled water and why not charge the true cost of recycled water to Seaside. The proposed recycled water increase is only 5% and it is cheaper than potable water.

Agenda Item 6-A (continued):

A public member commented that he wanted to thank the Monterey County Food Bank who provides 65,000 meals a month to families in need. He then stated that the 325% increase was going to affect a lot of families, mostly seniors who are on fixed incomes. He added that he could understand why an increase is needed, but the increase proposed is too high and should be reasonable. He also suggested providing a ballot for customers to send back and having the notice in Spanish as well as English. He questioned how the District even knows everyone received their notices in the mail, as there were only a few people present.

Mr. Brian McCarthy, City of Marina Councilmember, commented that he was at the meeting to support the process and that most people don't understand the condition of the infrastructure the District inherited from the Army on the Ord Community. He said that although he doesn't want to see gigantic rate increases, he understands what the District is dealing with. Mr. McCarthy added that he appreciated the process of what the District is doing regarding Prop 218.

Ms. Renate Perry, resident, commented that the increase is too high and wanted to know where it was posted showing how the increase was justified.

CLOSE PUBLIC HEARING

President Morton closed the Public Hearing at 6:44 p.m. noting that any protests received after this time will not count as the hearing has been closed.

7. Staff Report

- A. General Manager's Verbal Report on the Result of Proposition 218 Protests to the Proposed Increases in District Rates, Fees, and Charges for the Marina Coast Water District's Service Areas:

Mr. Remleh Scherzinger, General Manager, reported that of the 6,119 parcels, 42 valid protests have been received, which is .7% of the parcels.

Vice President Shriner asked who would respond to the questions raised and when they would be answered. Mr. David Hobbs, Assistant Legal Counsel, stated that the answers would be provided the next day. Director Moore stated that all of the rate study meeting information is available on the District website. Mr. Scherzinger stated that staff will work with Legal Counsel to provide answers to the questions raised and make them available to the Board and public.

8. Action Items:

- A. Adopt Resolution No. 2024-22 Declaring the Results of the Proposition 218 Protest Count for the Proposed Increases in District Rates, Fees, and Charges for the Marina Coast Water District's Service Areas:

Agenda Item 8-A (continued):

Director Moore asked for clarification on what numbers should be inserted into the Resolution. President Morton stated that in the “NOW, THEREFORE, BE IT RESOLVED” Section 1. Findings, Finding 2 should read “the District received a total of 54 timely-filed written protests; and,”; and Finding 3 should read “of the 54 total timely-filed written protests received, 42 protests were submitted by record owners of parcels...”.

Director Cortez made a motion to adopt Resolution No. 2024-22 declaring the results of the Proposition 218 protest count for the proposed increases in District Rates, Fees, and Charges for the Marina Coast Water District’s service areas, as stated by President Morton. Vice President Shriner seconded the motion. The public member voiced his concern over the process and noted that he didn’t feel it was transparent. President Morton stated that Prop 218 was State Law and that the District followed the process required by law. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

Mr. Frank Perry, resident, stated that he felt there is a disconnect with the process as only 42 out of 6,100 people protested the increase.

- B. Adopt Resolution No. 2024-23, CEQA Determination that Proposed Ordinance No. 63, Changing District Rates, Fees, and Charges for the Marina Coast Water District Service Areas is exempt under the California Environmental Quality Act, and that the Board authorizes the General Manager to file a Notice of Exemption with the Monterey County Clerk and with the State Clearinghouse:

Ms. Mary Lagasca, Director of Administrative Services, introduced this item.

President Morton made a motion to adopt Resolution No. 2024-23, CEQA Determination that Proposed Ordinance No. 63, Changing District Rates, Fees, and Charges for the Marina Coast Water District Service Areas is exempt under the California Environmental Quality Act, and that the Board authorizes the General Manager to file a Notice of Exemption with the Monterey County Clerk and with the State Clearinghouse. Director Moore seconded the motion. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

- C. Consider Waiving the Reading of Ordinance No. 63 in its Entirety; and, Consider Second Reading and Adoption of Ordinance No. 63 Approving New District Rates, Fees and Charges for the Marina Coast Water District’s Service Areas:

Agenda Item 8-C (continued):

Director Moore made a motion to waive the reading of Ordinance No. 63 in its entirety; an Ordinance Amending Sections 6.08.010, 6.08.020, 6.08.030, 6.08.040, 6.08.050, 6.08.060, 6.08.080, 6.08.090, 6.08.100, 6.08.110, 6.12.020, 6.12.030, 6.12.040, 6.12.050, and 6.16.010 of the District Codes Changing Rates Fees and Charges for Water and Sewer Services for the Marina Coast Water District’s Service Areas. Director Imamura seconded the motion. Ms. Lagasca noted that staff corrected a typo for the Ordinance to read “...Marina Coast Water District’s Service Areas.” by pluralizing the word “Area”. Director Moore amended his motion to include the corrected typo. Director Imamura seconded the amended motion. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

Director Moore made a motion to consider the Second Reading and Adoption of Ordinance No. 63. Director Imamura seconded the motion. Mr. Le commented that Ordinance No. 63 was different from the version in the notice and in the First Reading and voiced his concerns with some of the calculations for sewer charges and fire hydrant charges. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

D. Adopt Resolution No. 2024-24 to Adopt District Rates, Fees, and Charges for Recycled Water Service:

Ms. Lagasca introduced this item.

Director Cortez made a motion to adopt Resolution No. 2024-24 to adopt District Rates, Fees, and Charges for Recycled Water Service. President Morton seconded the motion. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

E. Adopt Resolution No. 2024-25 to Adopt the Marina Coast Water District Budget for FY 2024-2025 and Waive Section 6.08.070 of the District Code for FY 2024-2025:

Ms. Lagasca introduced this item. The Board asked clarifying questions. Ms. Lagasca noted that the only change from the previous version of the draft budget was a paragraph on page 5 that was corrected. The Board asked more clarifying questions.

Agenda Item 8-E (continued):

Vice President Shriner made a motion to adopt Resolution No. 2024-25 to adopt the revised Marina Coast Water District Budget for FY 2024-2025 and Waive Section 6.08.070 of the District Code for FY 2024-2025. Director Cortez seconded the motion.

Mr. Doug Yount, Shea Homes, complimented staff for the best budget he has seen and noted it was an excellent presentation. He then encouraged getting the CIP project for the Dunes 30” sewer line down 1<sup>st</sup> Avenue done in the next fiscal year; and, the relocation of the Corporation Yard as they are critical projects.

The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

F. Adopt Resolution No. 2024-26 to Amend the Construction Contract for the A1/A2 Reservoir and B/C Booster Station Project with Anderson Pacific Engineering Construction, Inc. for the California Avenue Pipeline Construction Work:

Mr. Garrett Haertel, District Engineer, introduced this item and explained that this was a critical project to get the A1/A2 Reservoir and B/C Booster Station online.

Director Moore made a motion to adopt Resolution No. 2024-26 to amend the Construction Contract for the A1/A2 Reservoir and B/C Booster Station Project with Anderson Pacific Engineering Construction, Inc. for the California Avenue Pipeline Construction Work. Director Imamura seconded the motion. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

9. Consent Calendar:

President Morton noted that Agenda Item 9-E was pulled from the agenda. Director Imamura asked to pull items B and D from the consent calendar.

Vice President Shriner made a motion approve the Consent Calendar consisting of items A) Receive and File the Check Register for the Month of May 2024; C) Adopt Resolution No. 2024-27 to Approve Prepayment of Marina Coast Water District’s CalPERS Annual Employer Unfunded Accrued Liability Contribution for FY 2024-2025; and F) Adopt Resolution No. 2024-30 to Amend the Capital Improvement Program Budget to Adjust Funding for Imjin Office Park B Side Improvement Project and Solar Array Project. Director Moore seconded the motion.



Agenda Item 9 (continued):

The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

B. Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of May 20, 2024:

President Morton made a motion to approve the draft minutes of the regular joint Board/GSA Meeting of May 20, 2024. Vice President Shriner seconded the motion. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Abstained	President Morton	-	Yes
Director Moore	-	Yes			

D. Adopt Resolution No. 2024-28 to Amend the FY 2023-2024 Professional Services Agreement with Rauch Communications Consultants, Inc. and Approve FY 2024-2025 Professional Services Agreement with Rauch Communications Consultants, Inc. to provide Public Relations Services to the District:

Ms. Lagasca introduced this item. Director Imamura inquired about the extra cost for the FY 2023-2024 contract. Ms. Lagasca answered it was for the additional meetings and outreach regarding the rate increase.

Director Imamura made a motion to Adopt Resolution No. 2024-28 to Amend the FY 2023-2024 Professional Services Agreement with Rauch Communications Consultants, Inc. and Approve FY 2024-2025 Professional Services Agreement with Rauch Communications Consultants, Inc. to provide Public Relations Services to the District. Vice President Shriner seconded the motion. The motion was passed by the following vote:

Director Cortez	-	Yes	Vice President Shriner	-	Yes
Director Imamura	-	Yes	President Morton	-	Yes
Director Moore	-	Yes			

Mr. Scherzinger asked to give the General Manager's Report before going into Closed Session. President Morton moved to Agenda Item 13.

13. Informational Items:

A. General Manager's Report:

Mr. Scherzinger profusely thanked Ms. Lagasca and her staff for their hard work pulling together an outstanding Budget as well as her first five-year rate study. He presented Ms. Lagasca with a celebratory bottle of wine and, in his family's tradition, a 1921 silver dollar in appreciation of all she has accomplished in the last year.

10. Public Comment on Closed Session Items:

There were no comments made.

President Morton recessed the meeting from 8:02 p.m. to 8:07 p.m.

The Board entered into closed session at 8:07 p.m. to discuss the following item:

11. Closed Session:

- A. Pursuant to Government Code 54956.8  
Conference with Real Property Negotiator  
Property: Armstrong Ranch Property  
Negotiating Parties: Sunberry Growers, LLC. and MCWD Negotiators (Legal Counsel and General Manager)  
Under Negotiation: Price and Terms

The Board ended closed session at 8:45 p.m. President Morton reconvened the meeting to open session at 8:47 p.m.

12. Reportable Actions Taken During Closed Session:

President Morton stated there were no reportable actions taken during closed session.

13. Informational Items:

A. General Manager's Report:

Mr. Scherzinger noted that on June 28th, the District would host Leadership Monterey County at lunch and then a brief tour to the A1/A2 Reservoir Tank. He added that in July, staff would be bringing the Bond to the Board for approval.

B. Committee and Board Liaison Reports:

1. M1W Board Member Liaison:

Director Moore gave a brief update on the M1W Board meeting.

14. Board Member Requests for Future Agenda Items:

There were no requests made.

15. Director's Comments:

Director Imamura, Director Cortez, Director Moore, Vice President Shriner, and President Morton made comments.

16. Adjournment:

The meeting was adjourned at 8:52 p.m.

APPROVED:

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Gail Morton, President

ATTEST:

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Paula Riso, Deputy Secretary

**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 9-C

**Meeting Date:** July 15, 2024

**Prepared By:** Paula Riso

**Approved By:** Remleh Scherzinger, PE

**Agenda Title:** Approve the Draft Minutes of the Special Joint Board/GSA Meeting of June 18, 2024

**Staff Recommendation:** Approve the draft minutes of the June 18, 2024 special joint Board/GSA meeting.

**Background:** *Strategic Plan, Mission Statement – We provide our customers with high quality potable and recycled water, wastewater collection and conservation services that are safe, affordable, reliable and sustainable, through planning, management and the development of water resources in an environmentally sensitive manner.*

**Discussion/Analysis:** The draft minutes of June 18, 2024 are provided for the Board to consider approval.

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** None required.

**Climate Adaptation:** Not applicable.

**Financial Impact:** \_\_\_\_ Yes     X  No    **Funding Source/Recap:** None

**Other Considerations:** The Board can suggest changes/corrections to the minutes.

**Material Included for Information/Consideration:** Draft minutes of June 18, 2024.

**Action Required:** \_\_\_\_ Resolution     X  Motion    \_\_\_\_ Review

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Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_



# Marina Coast Water District

## Marina Coast Water District

Special Board Meeting/Groundwater Sustainability Agency Board Meeting

June 18, 2024

Draft Minutes

1. Call to Order:

President Morton called the meeting to order at 5:03 p.m. on June 18, 2024, at 920 2<sup>nd</sup> Avenue, Suite A, Marina, California.

2. Roll Call:

Board Members Present:

Gail Morton – President  
Jan Shriner – Vice President  
Herbert Cortez – arrived at 5:05 p.m.  
Brad Imamura  
Thomas P. Moore – arrived at 5:04 p.m.

Board Members Absent:

None.

Staff Members Present:

Remleh Scherzinger, General Manager  
Roger Masuda, District Counsel  
Mary Lagasca, Director of Administrative Services  
Derek Cray, Operations and Maintenance Manager  
Garrett Haertel, District Engineer  
Patrick Breen, Water Resources Manager  
Paula Riso, Executive Assistant/Clerk to the Board

Audience Members:

Martin Rauch, Rauch Communications

3. Workshop:

A. Strategic Planning Workshop:

Mr. Martin Rauch, Rauch Communications, introduced this item and held a Strategic Planning Workshop for the Board members and management staff. Mr. Rauch reviewed the draft Strategic Plan that resulted from the previous workshop. Discussion was held and additions and deletions were made. A final document will be brought to the Board for approval.

4. Director's Comments:

No comments were made.

5. Adjournment:

The meeting was adjourned at 8:23 p.m.

APPROVED:

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Gail Morton, President

ATTEST:

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Paula Riso, Deputy Secretary

**Marina Coast Water District  
Staff Report**

**Agenda Item:** 9-D

**Meeting Date:** July 15, 2024

**Prepared By:** Tobias Osborne  
**Reviewed By:** Patrick Breen

**Approved By:** Remleh Scherzinger, PE

**Agenda Title:** Receive the 2nd Quarter 2024 MCWD Water Consumption and Sewer Flow Report

**Water Consumption Summary:** The Board of Directors receives the 2nd Quarter of 2024 Water Consumption Report. The report is a ten-year comparative report provided quarterly since 2006 and organized by land-use jurisdiction.

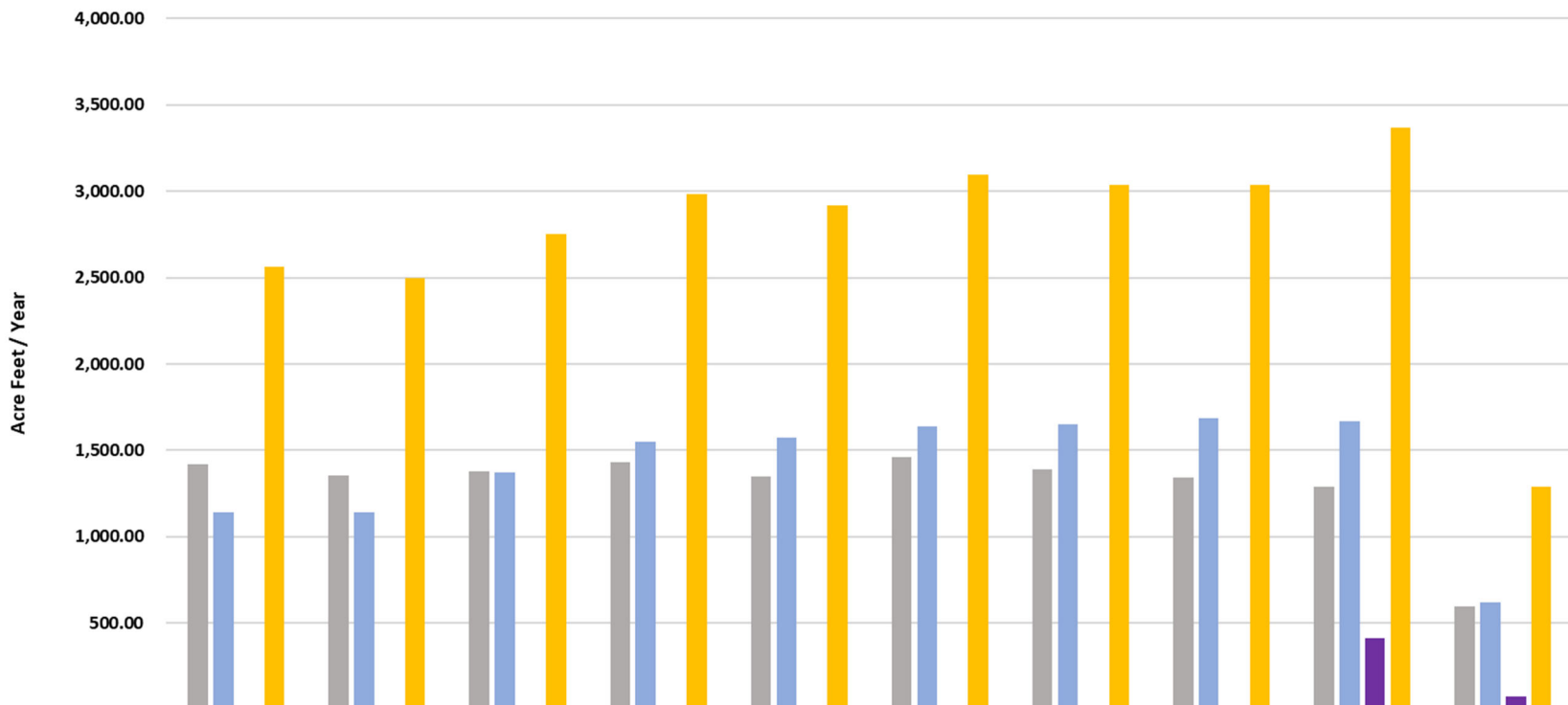
Reports submitted since 2015 have been comprehensive, including the groundwater consumption information and an analysis of variances between current-year projected consumption and prior-year consumption.

At the end of the second quarter of 2024, the Marina Area consumed 594.26 acre-feet (AF) of water, the Ord Area consumed 620.75 AF, and the recycled water delivered to the Blackhorse/Bayonet Golf Courses totaled 73.58 AF, bringing the total consumption to 1,288.59 AF.

Overall, the total water consumption in the second quarter was substantially higher than the 587.84 AF recorded in the first quarter, indicating a rise in water demand. This increase is attributed to the initiation of seasonal irrigation at the beginning of the second quarter. It is a typical occurrence for this time of year, and staff have no concerns regarding consumption increase.

Three graphs of groundwater consumption are included: Chart 1) 10 -Year Annual Consumption of Marina and Ord Area in Acre Feet as of June 30, 2024; Chart 2) 10 -Year Comparison Annual Consumption in Acre Feet by Land Use Jurisdiction in Acre Feet; and Chart 3) a 10-Year Annual Consumption as of June 30, 2024.

**Marina Coast Water District  
10-Year Annual Consumption of Marina and Ord Area**

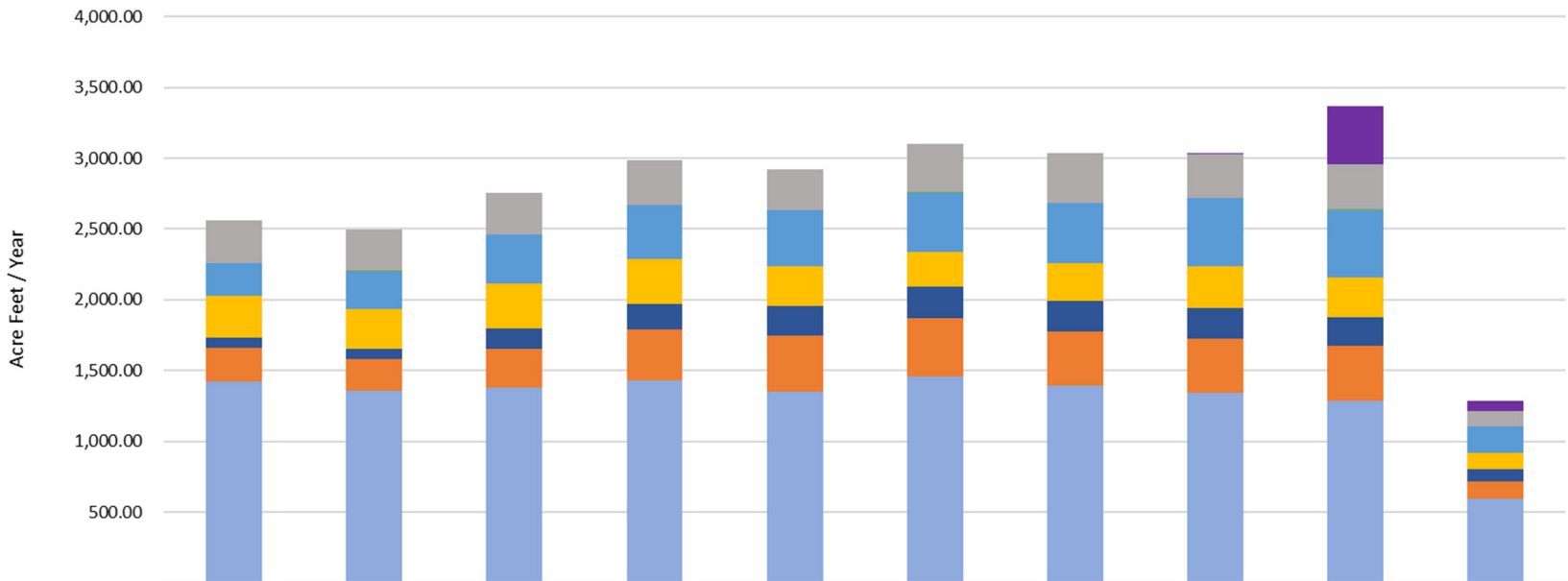


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
■ Marina Area	1,419.05	1,356.31	1,379.33	1,432.05	1,348.77	1,457.78	1,389.95	1,340.35	1,288.91	594.26
■ Ord Area	1,140.75	1,142.10	1,372.75	1,552.13	1,571.34	1,640.15	1,649.50	1,688.07	1,667.69	620.75
■ Recycled Water	-	-	-	-	-	-	-	7.62	412.50	73.58
■ Totals	2,559.80	2,498.41	2,752.09	2,984.18	2,920.11	3,097.93	3,039.45	3,036.05	3,369.09	1,288.59

*Chart 1*



**Marina Coast Water District  
10-Year Comparison Annual Consumption in Acre Feet**



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Recycled Water	-	-	-	-	-	-	-	7.62	412.50	73.58
FOSeaside	299.51	294.17	291.33	312.86	286.85	338.35	357.41	310.68	317.95	106.57
FOUCMBES	0.94	0.75	1.30	1.80	1.10	0.73	1.07	1.02	6.86	0.38
FOMarina	234.28	269.41	348.01	379.41	397.68	422.82	422.07	481.86	471.07	190.06
FOCSUMB	293.08	283.06	314.36	317.98	277.48	242.37	264.81	293.93	287.36	113.42
FOCounty	74.78	72.00	145.68	181.32	207.20	226.62	221.50	215.03	196.10	88.40
FOArmy	238.17	222.71	272.07	358.76	401.03	409.26	382.64	385.55	388.35	121.92
Central Marina	1,419.05	1,356.31	1,379.33	1,432.05	1,348.77	1,457.78	1,389.95	1,340.35	1,288.91	594.26

Chart 2



**Marina Coast Water District**  
 10 Year Annual Consumption as of June 30, 2024.

**Metered Consumption**

Boundary	Subdivision	2015 Consumption	2016 Consumption	2017 Consumption	2018 Consumption	2019 Consumption	2020 Consumption	2021 Consumption	2022 Consumption	2023 Consumption	2024* Consumption	3Yr Running Avg.	5Yr Running Avg.	Allocation / Agreement
<b>POTABLE WATER</b>														
<b>Boundary: Central Marina</b>														
Central Marina	Central Marina	1,388.97	1,327.45	1,349.94	1,400.84	1,315.11	1,402.34	1,343.71	1,308.04	1,243.47	581.68			
Central Marina	East Ridge	8.16	7.92	8.04	8.18	9.30	8.92	8.14	8.68	7.69	3.22			
Central Marina	MarinaConstruction	-	-	-	-	3.33	23.28	14.94	1.52	16.80	0.40			
Central Marina	MB Estates II	9.74	9.40	9.61	10.66	9.10	10.17	9.55	9.29	8.94	3.65			
Central Marina	MB Estates III	3.17	2.73	2.95	3.46	4.00	4.20	3.79	3.71	3.51	1.63			
Central Marina	Sea Breeze	9.02	8.81	8.80	8.91	7.92	8.87	9.83	9.10	8.51	3.68			
<b>Total Central Marina</b>		<b>1,419.05</b>	<b>1,356.31</b>	<b>1,379.33</b>	<b>1,432.05</b>	<b>1,348.77</b>	<b>1,457.78</b>	<b>1,389.95</b>	<b>1,340.35</b>	<b>1,288.91</b>	<b>594.26</b>	<b>1,074.51</b>	<b>1,214.25</b>	<b>3,020.00</b>
<b>Boundary: FOArmy</b>														
FOArmy	Army	19.39	25.05	24.51	26.59	26.71	22.47	18.75	16.98	12.40	5.47			
FOArmy	Fitch Park	60.20	56.96	97.06	101.43	102.71	105.04	96.03	97.84	89.10	28.37			
FOArmy	Hayes Park	53.40	46.78	53.23	59.12	53.65	51.37	49.65	47.23	43.10	9.87			
FOArmy	Marshall Park	-	-	5.66	56.31	59.42	56.48	56.84	56.12	52.75	23.21			
FOArmy	Ord Kidney	71.44	70.02	70.14	83.27	108.33	128.11	116.49	108.94	121.91	29.76			
FOArmy	Stilwell Park	33.74	23.91	21.47	32.05	50.20	45.78	44.89	58.45	69.09	25.24			
<b>Total FOArmy</b>		<b>238.17</b>	<b>222.71</b>	<b>272.07</b>	<b>358.76</b>	<b>401.03</b>	<b>409.26</b>	<b>382.64</b>	<b>385.55</b>	<b>388.35</b>	<b>121.92</b>	<b>298.61</b>	<b>337.55</b>	<b>1,562.00</b>
<b>Boundary: FOCounty</b>														
FOCounty	County	3.17	5.40	8.78	4.91	5.01	1.04	2.10	2.45	3.90	1.20			
FOCounty	CountyConstruction	-	0.68	-	0.86	-	-	-	-	-	-			
FOCounty	EastGarrison	71.61	65.92	136.90	175.55	202.19	225.57	219.40	212.59	192.19	87.19			
<b>Total FOCounty</b>		<b>74.78</b>	<b>72.00</b>	<b>145.68</b>	<b>181.32</b>	<b>207.20</b>	<b>226.62</b>	<b>221.50</b>	<b>215.03</b>	<b>196.10</b>	<b>88.40</b>	<b>166.51</b>	<b>189.53</b>	<b>710.00</b>
<b>Boundary: FOCSUMB</b>														
FOCSUMB	CSUMB	104.04	97.61	128.61	130.90	113.71	86.87	117.16	161.91	157.95	54.14			
FOCSUMB	Frederick Park	65.91	67.34	63.52	56.50	42.83	30.22	32.67	38.26	37.71	17.92			
FOCSUMB	Schoonover I	102.44	97.96	98.39	103.86	99.17	101.81	94.37	74.84	74.53	33.27			
FOCSUMB	Schoonover II	20.69	20.15	23.84	26.73	21.77	23.47	20.61	18.92	17.17	8.09			
<b>Total FOCSUMB</b>		<b>293.08</b>	<b>283.06</b>	<b>314.36</b>	<b>317.98</b>	<b>277.48</b>	<b>242.37</b>	<b>264.81</b>	<b>293.93</b>	<b>287.36</b>	<b>113.42</b>	<b>231.57</b>	<b>240.38</b>	<b>1,035.00</b>
<b>Boundary: FOMarina</b>														
FOMarina											0.22			
FOMarina	Abrams HAuthor	8.39	9.43	10.77	12.02	5.90	7.16	5.09	2.79	4.65	0.25			
FOMarina	Abrams Interim	3.89	3.75	4.12	4.56	3.43	5.15	4.74	4.42	5.32	2.55			
FOMarina	Abrams Park	44.20	39.54	50.91	54.50	52.45	47.92	45.30	42.47	42.94	19.59			
FOMarina	Dunes CHOMP	8.58	6.77	5.41	6.88	6.42	3.51	4.28	7.13	11.42	4.79			
FOMarina	Dunes Comm	12.71	14.06	30.12	32.89	30.66	25.43	30.53	32.45	29.72	11.61			
FOMarina	Dunes on MB Res	4.69	24.69	45.20	64.16	64.39	79.30	83.14	87.20	93.97	38.50			
FOMarina	Dunes UV Apts	33.97	20.23	23.56	23.86	23.85	20.72	23.60	19.82	17.75	5.65			
FOMarina	Dunes UVSpecPlan	1.98	2.45	3.24	2.25	1.34	0.88	0.71	0.79	1.11	0.61			
FOMarina	Dunes VA DOD	-	0.09	5.42	2.08	2.61	2.25	1.92	1.91	2.16	0.89			
FOMarina	Imjin Office Park	2.03	4.89	4.61	2.47	7.93	9.09	7.69	8.40	6.75	2.50			
FOMarina	Marina	16.99	31.61	31.54	33.71	33.89	21.60	23.69	36.51	36.01	17.66			
FOMarina	Marina Construc	-	-	-	-	-	-	-	-	1.67	-			
FOMarina	Marina Construction	-	-	-	-	-	-	-	0.02	1.16	0.09			
FOMarina	MarinaAirport	2.30	2.03	2.77	7.50	3.45	6.24	4.87	5.30	5.10	1.64			
FOMarina	MarinaConstruction	25.33	39.65	42.84	25.35	35.70	45.45	39.93	58.38	37.78	10.91			

Boundary	Subdivision	2015 Consumption	2016 Consumption	2017 Consumption	2018 Consumption	2019 Consumption	2020 Consumption	2021 Consumption	2022 Consumption	2023 Consumption	2024* Consumption	3Yr Running Avg.	5Yr Running Avg.	Allocation / Agreement
FOMarina	MarinaRecreation	-	-	0.05	-	-	-	-	-	-	-	-	-	-
FOMarina	Preston Park	51.93	51.63	56.29	61.31	55.97	66.12	63.13	61.73	55.14	24.94			
FOMarina	Preston Shelter	5.43	6.63	5.83	5.92	5.06	4.16	7.25	7.65	7.52	4.32			
FOMarina	School	4.54	1.93	1.95	2.27	2.72	2.64	1.44	1.81	0.21	0.08			
FOMarina	SeaHaven	7.34	10.02	23.37	37.67	61.92	75.21	74.77	103.06	110.68	43.27			
<b>Total FOMarina</b>		<b>234.28</b>	<b>269.41</b>	<b>348.01</b>	<b>379.41</b>	<b>397.68</b>	<b>422.82</b>	<b>422.07</b>	<b>481.86</b>	<b>471.07</b>	<b>190.06</b>	<b>381.00</b>	<b>397.58</b>	<b>1,340.00</b>
<b>Boundary: FOSeaside</b>														
FOSeaside														0.06
FOSeaside	Bay View	44.24	46.43	57.97	51.60	46.94	57.50	56.77	48.11	50.73	27.91			
FOSeaside	Marina Coast Water Dist	-	-	-	-	0.04	0.08	0.82	1.32	0.78	-			
FOSeaside	School	50.02	48.91	30.95	43.57	44.06	58.89	71.24	62.50	69.78	16.69			
FOSeaside	Seaside	3.91	7.08	5.97	8.06	2.24	3.21	6.51	7.18	9.85	4.61			
FOSeaside	Seaside Construction	-	-	-	-	-	-	-	-	0.01	-			
FOSeaside	Seaside Resort	0.51	0.89	0.98	1.23	1.21	1.89	1.15	1.21	1.19	-			
FOSeaside	Seaside Soper	9.58	9.30	8.50	9.12	8.13	11.04	7.94	8.96	6.86	1.03			
FOSeaside	SeasideConstruction	18.86	14.39	13.41	13.65	8.64	9.64	35.60	14.05	5.99	1.63			
FOSeaside	SeasideHighland	123.69	109.28	114.89	126.20	116.47	134.89	125.56	118.11	116.56	33.09			
FOSeaside	Sun Bay	48.70	57.89	58.66	59.44	59.13	61.21	51.80	45.00	44.15	16.82			
FOSeaside	The Enclave at Cypress (	-	-	-	-	-	-	-	4.25	12.05	4.74			
<b>Total FOSeaside</b>		<b>299.51</b>	<b>294.17</b>	<b>291.33</b>	<b>312.86</b>	<b>286.85</b>	<b>338.35</b>	<b>357.41</b>	<b>310.68</b>	<b>317.95</b>	<b>106.57</b>	<b>245.06</b>	<b>286.19</b>	<b>1,017.50</b>
<b>Boundary: FOUCMBES</b>														
FOUCMBES	UCMBest	0.94	0.75	1.30	1.80	1.10	0.73	1.07	1.02	0.95	0.38			
<b>Total FOUCMBES</b>		<b>0.94</b>	<b>0.75</b>	<b>1.30</b>	<b>1.80</b>	<b>1.10</b>	<b>0.73</b>	<b>1.07</b>	<b>1.02</b>	<b>0.95</b>	<b>0.38</b>	<b>2.98</b>	<b>2.16</b>	<b>230.00</b>
<b>Total Ord Community</b>		<b>1,140.75</b>	<b>1,142.10</b>	<b>1,372.75</b>	<b>1,552.13</b>	<b>1,571.34</b>	<b>1,640.15</b>	<b>1,649.50</b>	<b>1,688.07</b>	<b>1,667.69</b>	<b>620.75</b>	<b>1,325.73</b>	<b>1,453.38</b>	<b>5,894.50</b>
<b>RECYCLED WATER</b>														
<b>Boundary: GolfCourse</b>														
	Seaside Golf Course	-	-	-	-	-	-	-	7.62	412.50	73.58			
		-	-	-	-	-	-	-	<b>7.62</b>	<b>412.50</b>	<b>73.58</b>	<b>210.06</b>	<b>84.02</b>	<b>407.00</b>
<b>Grand Total</b>		<b>2,559.80</b>	<b>2,498.41</b>	<b>2,752.09</b>	<b>2,984.18</b>	<b>2,920.11</b>	<b>3,097.93</b>	<b>3,039.45</b>	<b>3,036.05</b>	<b>3,369.09</b>	<b>1,288.59</b>	<b>2,610.30</b>	<b>3,092.53</b>	<b>9,321.50</b>

\* Consumption as of Period 06 2024

**Sewer Flow Summary:** The 2024 Sewer Flow Report for the 2nd quarter of 2024, which started on January 1st and ended on June 30th, includes information on sewer flows through the Marina Coast Water District wastewater collection system to Monterey One Water (M1W).

A district flume structure adjacent to the retired Main Garrison wastewater treatment plant measures the Fort Ord Community's sanitary sewer flow to the M1W interceptor system. The Ord Community sanitary sewer flow for the quarter was 87.50 million gallons, yielding a combined average daily sewer flow of 0.96 million gallons per day (MGD).

M1W provides the monthly flow data for the Marina Pump Station and Fort Ord Flum through an automated report.

The Marina Community's sanitary sewer flow to the M1W interceptor system is measured at a connection to the M1W interceptor system located at 180 Reservation Road in Marina. Marina sewer flows for the quarter were 102.77 million gallons, yielding a combined average daily sewer flow of 1.13 million gallons per day (MGD).

Overall, the comparison between Q1-Q2 2023 and Q1-Q2 2024, in Chart 2, shows that in 2024, the combined total average daily sewer flow slightly exceeds the 2023 levels for each month. Staff project this small increase is due to the rise in the number of homes the District serves.

The report includes three charts: Chart 1) 2024 Total Monthly Sewer Flow by Area in million gallons at both the Fort Ord Flume and Marina Pump Station; Chart 2) Average Daily Sewer Flow in million gallons per day; and, Chart 3) Average Quarterly Sewer Flow in million gallons.

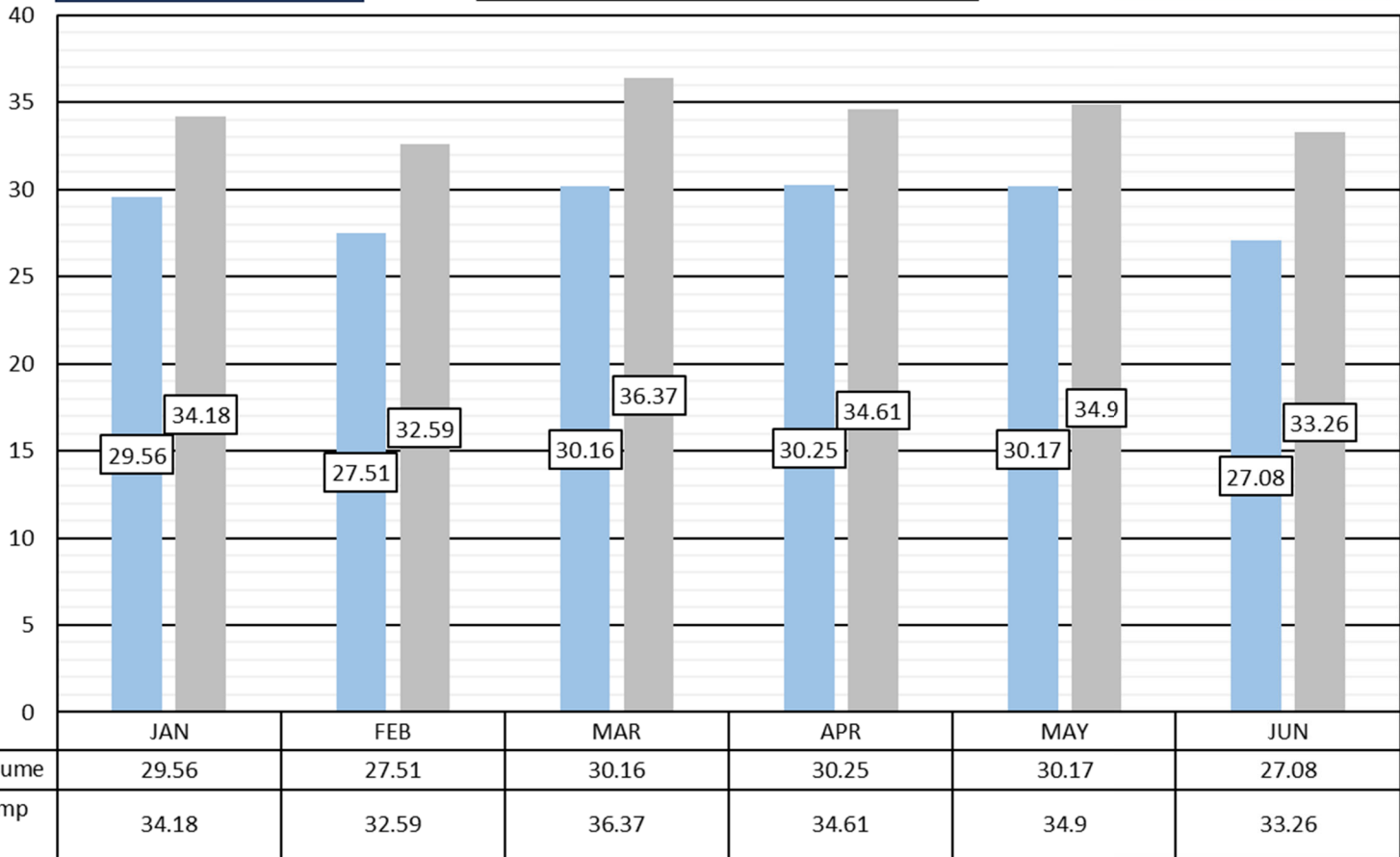


**Fort Ord Flume Total = 87.50 MG**

**Quarter 2**  
**Total Monthly Sewer Flow by Area**

**Marina Pump Station Total = 102.77 MG**

Total MG (Million Gallons)



Month

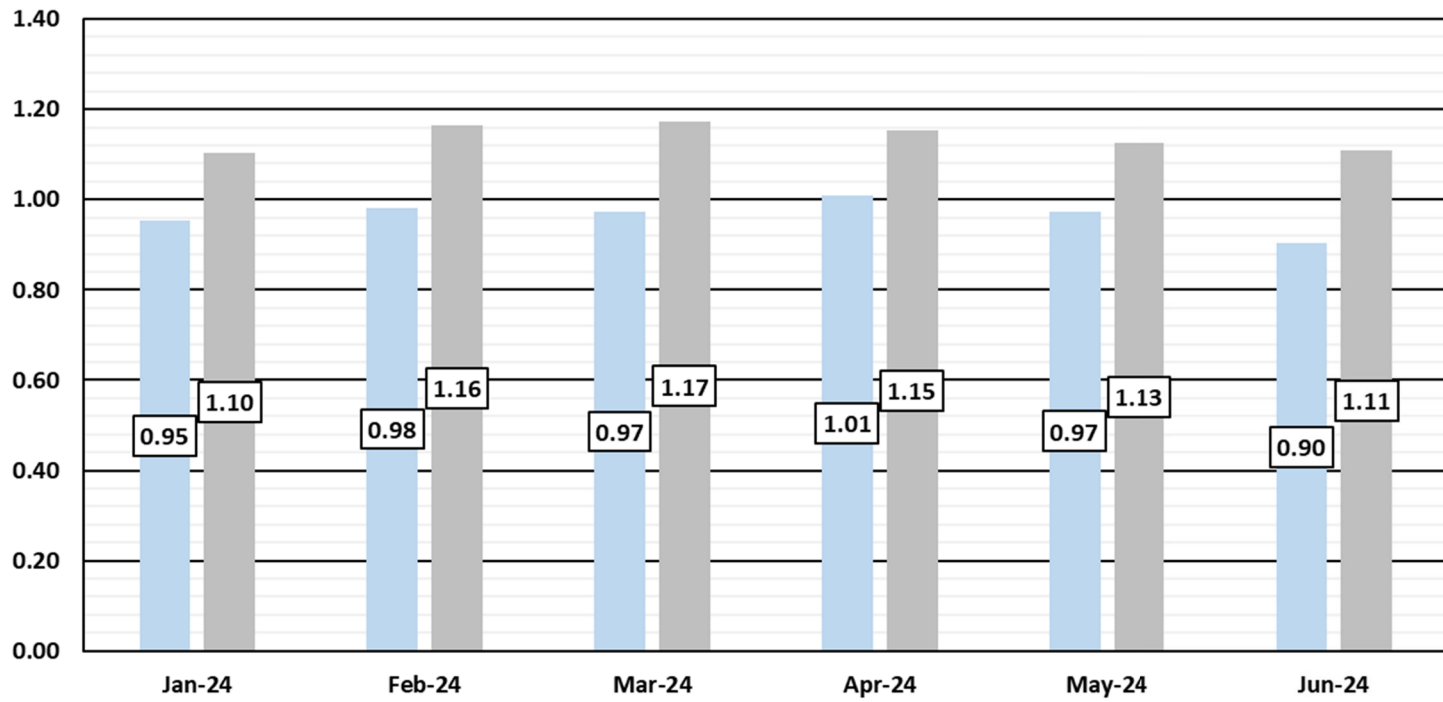
Chart 1



**Quarter 2  
Average Daily Sewer Flow  
(Ord and Marina)**

■ Fort Ord Flume   ■ Marina Pump Station

Daily Flow MGD (Million Gallons per Day)



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
■ Fort Ord Flume	0.95	0.98	0.97	1.01	0.97	0.90
■ Marina Pump Station	1.10	1.16	1.17	1.15	1.13	1.11

Month

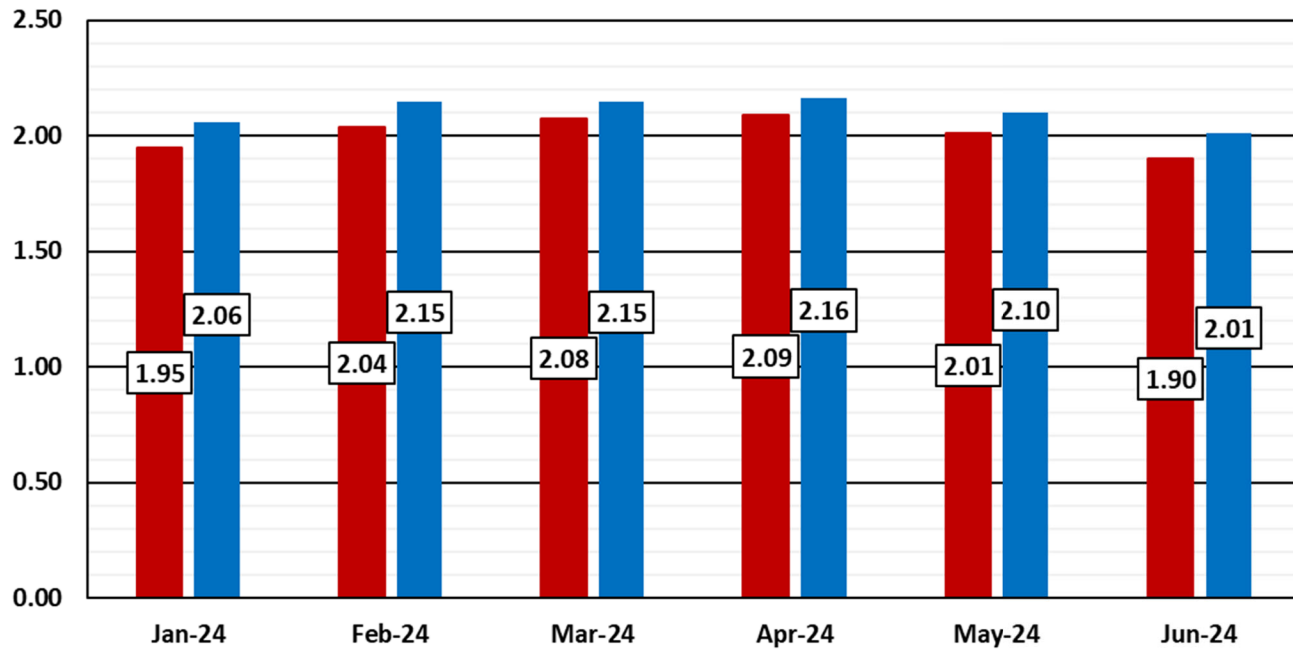
Chart 2



**Quarter 2  
Average Quarterly Sewer Flow  
(Ord and Marina)**

■ Combined Total 2023 Q1-Q2    ■ Combined Total 2024 Q1-Q2

Daily Flow MGD (Million Gallons per Day)



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
■ Combined Total 2023 Q1-Q2	1.95	2.04	2.08	2.09	2.01	1.90
■ Combined Total 2024 Q1-Q2	2.06	2.15	2.15	2.16	2.10	2.01

Month

Chart 3

**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 9-E

**Meeting Date:** July 15, 2024

**Prepared By:** Paula Riso

**Approved By:** Remleh Scherzinger

**Agenda Title:** Adopt Resolution No. 2024-32 to Approve New Fees and Charges for Griffith, Masuda & Hobbs Legal Services for 2024 and 2025

**Staff Recommendation:** Approve the new fees and charges for Griffith, Masuda & Hobbs Legal Services for 2024.

**Background:** *Strategic Plan, Mission Statement – We provide our customers with high quality potable and recycled water, wastewater collection and conservation services that are safe, affordable, reliable and sustainable, through planning, management and the development of water resources in an environmentally sensitive manner.*

In October 2012, the Board hired Griffith and Masuda for interim legal counsel services. In May 2015, the Board approved a contract with Griffith and Masuda to continue to provide legal services.

**Discussion/Analysis:** The law firm of Griffith and Masuda has served as District counsel since 2012 and is familiar with the challenges of the District as well the regulatory and bureaucratic obstacles in Monterey County as it relates to water and sewer services. The proposed fees are as follows:

Position	Existing Rates since 2021	Proposed 7/1/2024 Rates	Proposed 7/1/2025 Rates
Legal Counsel	\$250	\$265	\$280
Chief Assistant Counsel	\$250	\$265	\$280
Assistant Legal Counsel	\$245	\$265	\$280
Law School Graduate (taking July 2024 Bar Examination)	N/A	\$155	Upon Certification by State Bar: \$195
Paralegal Law Clerk who has completed at least the 2 <sup>nd</sup> year of law school	\$85	\$90	\$95

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** None required.

**Financial Impact:**   X   Yes           No    **Funding Source/Recap:** Marina Water, Marina Sewer, Ord Water Ord Sewer, and Recycled Water.





July 15, 2024

Resolution No. 2024-32  
Resolution of the Board of Directors  
Marina Coast Water District  
Approving New Fees and Charges for Griffith, Masuda & Hobbs Legal Services  
for 2024 and 2025

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on July 15, 2024, at 920 Second Avenue Suite A, Marina, California as follows:

WHEREAS, in October 2012, the Board hired Griffith and Masuda for interim legal counsel services. In May 2015, the Board approved a contract with Griffith and Masuda to continue to provide legal services; and,

WHEREAS, the last increase in fees was in 2020; and,

WHEREAS, Griffith, Masuda & Hobbs is proposing a rate increase as follows:

Position	Existing Rates since 2021	Proposed 7/1/2024 Rates	Proposed 7/1/2025 Rates
Legal Counsel	\$250	\$265	\$280
Chief Assistant Counsel	\$250	\$265	\$280
Assistant Legal Counsel	\$245	\$265	\$280
Law School Graduate (taking July 2024 Bar Examination)	N/A	\$155	Upon Certification by State Bar: \$195
Paralegal Law Clerk who has completed at least the 2 <sup>nd</sup> year of law school	\$85	\$90	\$95

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby approve the rate increase as proposed.

PASSED AND ADOPTED on July 15, 2024, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors \_\_\_\_\_

Noes: Directors \_\_\_\_\_

Absent: Directors \_\_\_\_\_

Abstained: Directors \_\_\_\_\_

\_\_\_\_\_  
Gail Morton, President

ATTEST:

\_\_\_\_\_  
Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2024-32 adopted July 15, 2024.

\_\_\_\_\_  
Remleh Scherzinger, Secretary

# GRIFFITH, MASUDA & HOBBS

A PROFESSIONAL LAW CORPORATION

W. Coburn Cook, 1892-1953  
Lin H. Griffith, 1923-2014

-----  
Roger K. Masuda  
rmasuda@calwaterlaw.com

517 East Olive Street  
Turlock, California 95380  
(209) 667-5501  
www.calwaterlaw.com  
Founded 1920

*Celebrating our  
104<sup>th</sup> Anniversary*

July 5, 2024

To: Gail Morton, President, Marina Coast Water District

From: \_\_\_\_\_  
Roger K. Masuda, District Legal Counsel

RE: Request for Hourly Rate Adjustments for FY 2024-25 and FY 2025-26

We greatly appreciate serving as District Legal Counsel for the Marina Coast Water District. We request that the hourly rates that the District compensates this law firm for legal services be adjusted effective July 16, 2024, and July 1, 2025, as follows:

Position	Existing Rates since 1/1/2021	Proposed 7/16/2024 rates	Proposed 7/1/2025 Rates
Roger K Masuda, District Legal Counsel	\$250	\$265	\$280
David L. Hobbs, Chief Assistant Counsel	\$250	\$265	\$280
Sara J. Lima, Assistant Counsel	\$245	\$265	\$280
Law School Graduate (e.g., Josef Polk taking July 2024 Bar Examination)	NA	\$155	Upon certification by State Bar: \$195
Catherine Pasma, Paralegal Law Clerk who has completed at least the 2 <sup>nd</sup> year of law school*	\$85	\$90	\$95

\*Rates for Law Clerk have been adjusted at President Morton's request.

In addition to the above, the District will reimburse the law firm for all costs and expenses actually incurred by the law firm in its representation of the District including, but are not limited to, online/computer legal research time, mileage to and from at the then applicable IRS reimbursement rate, lodging, meals, airfare, and all other travel expenses, photocopying and printing costs, postage for large envelopes and packages, overnight and express mail charges, filing fees, transcript costs, and other expenses incurred on behalf of the District.

For travel to the District for Board regular meetings, we will only charge travel time for one-way. For travel on District business for any other purpose, we will charge travel time for both ways.

Please do not hesitate to contact me if you have any questions or need any additional information.

cc: Rem Scherzinger, General Manager

**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 9-F

**Meeting Date:** July 15, 2024

**Prepared By:** Garrett Haertel, PE

**Approved By:** Remleh Scherzinger, PE

**Agenda Title:** Adopt Resolution No. 2024-33 to Amend the FY 2024-2025 Capital Improvement Budget to Fund Imjin Office Park B Side Improvement Project

**Staff Recommendation:** Adopt Resolution No. 2024-33 to Amend the FY 2024-2025 Capital Improvement Budget to Fund Imjin Office Park B Side Improvement Project (WD-2401).

**Background:** *Strategic Plan, Element No. 2 – Infrastructure – Our objective is to provide a high quality water distribution system and an efficiently operating wastewater collection system to serve existing and future customers. Through the master planning process, our infrastructure strategy is to carefully maintain our existing systems and ensure future additions and replacements will meet District standards.*

In June 2010, a contract was issued for construction of 920 2nd Avenue within the Imjin Office Park (IOP) in Marina, California on the former Fort Ord. The contract consisted of a single building containing two suites (“A” and “B”) with the A suite built to suit the Fort Ord Reuse Authority (FORA). Suite B was never completed and has remained in that state since. This project has the primary goal of building out the B side suite to suit the requirements of the District. The project will include a fully functional Board Room complete with closed session chambers, secure and accessible customer service facilities, and District server room for onsite assets. The B Side will support the migration of all administrative and customer service staff to the IOP location. The combining of customer service, water resources, accounting, engineering and administrative staff will improve collaboration and efficiencies throughout the District.

**Discussion/Analysis:** Capital Improvement Program (CIP) project WD-2401 needs funding to perform construction activities to complete the IOP 920 2nd Avenue B Side improvements that have been designed and permitted to improve customer accessibility and overall District efficiencies, and bolster the District’s cybersecurity defenses through upgraded server technology. Initial CIP Project WD-2401 design and project scoping activities were completed in FY2023/2024. During the FY 2024/2025 CIP planning process, subsequent rate setting activities, and capital project bond funding exercises, this project and a handful of others were pushed out to later fiscal years. Based on further study and the constant prevalence of cybersecurity threats, it has been determined that this project should move forward in the overall CIP and commence in FY 2024/2025.

In order to fund the overall project and solicit bids from qualified contractors to commence work for building out the B Side, staff recommends amending FY 2024-2025 CIP Budget to add and fund the Imjin Office Park B Side Improvement Project (WD-2401) through authorization to transfer funds from Capacity Fee Reserves to CIP project WD-2401.

**Environmental Review Compliance:** Not Applicable.

**Climate Adaptation:** This project will address the District’s threat of coastal erosion and sea level rise due to climate change by migrating staff and assets inland east of Highway 1. By minimizing usage of the District facilities west of highway 1, it will reduce overall impacts to the coastal dunes environment. This project also moves staff and IT equipment from antiquated facilities to a LEED (Leadership in Energy and Environmental Design) certified building, reducing daily trips from separate office locations saving greenhouse gas (GHG) emissions. The relocation of District servers and associated appurtenances to an appropriately designed and constructed facility will improve overall system efficiency reducing the District’s carbon footprint.

**Legal Counsel Review:** None Required

**Other considerations:** None

**Financial Impact:**  Yes  No **Funding Source/Recap:** Transfer of funds from Capacity Fee Reserves to CIP Project WD-2401 for FY 2024-2025.

The proposed CIP budget amendment is as follows:

CIP Budget Amendment	Budget	Change	Balance
<b>From:</b> Capacity Fee Reserves	\$ 7,798,805**	\$ (1,000,000)	\$ 6,798,805
<b>To:</b> FY24/25 WD-2401 IOP B Side Improvement Project	\$ 0	\$ 1,000,000	\$ 1,000,000

\*\* Projected Capacity Fee Reserve Balance 6/30/2025

The projected balance of the Capacity Fee Reserve account for June 30, 2025 is \$7,798,805. Staff recommends authorization to transfer \$1,000,000 from Capacity Fee Reserves to CIP project WD-2401 for FY 2024-2025 which leaves \$6,798,805 in the Capacity Fee Reserves.

**Material Included for Information/Consideration:** Resolution No. 2024-33; and, Sheets A2.0, A2.1, and A2.2 from architectural drawings.

**Action Required:**  Resolution  Motion  Review  
(Roll call vote is required.)

Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_

July 15, 2024

Resolution No. 2024-33  
Resolution of the Board of Directors  
Marina Coast Water District  
Amend the FY 2024-2025 Capital Improvement Budget to Fund Imjin Office Park B Side  
Improvement Project WD-2401

Authorize a Transfer of Funds from  
Capacity Fee Reserves to Capital Improvement Program Project WD-2401 for FY 2024-2025

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on July 15, 2023, at 920 Second Avenue Suite A, Marina, California as follows:

WHEREAS, the District, established in 1958, owns and operates a potable water system, recycled water system, and sewer collection system that serves the Marina Community and Ord Community within northern Monterey County; and,

WHEREAS, the District’s continued orderly expansion and improvements of the systems to deliver quality service at reasonable costs; and,

WHEREAS, improved and combined administrative facilities and assets in the form of a fully functional and built out Suite B of 920 Second Avenue, Marina, California within the Imjin Office Park was identified as a planned improvement project; and,

WHEREAS, this Capital Improvement Program (CIP) project would migrate staff and assets away from the Pacific Ocean where they are susceptible to coastal erosion and sea level rise due to climate change; and,

WHEREAS, this CIP project would improve customer accessibility, improve overall District efficiencies, and bolster the District’s cybersecurity defenses through upgraded server technology; and,

WHEREAS, funding approval for this CIP project will commence solicitation for qualified contractors for construction of previously designed architectural modifications; and,

WHEREAS, the projected balance of Capacity Fee Reserves for June 30, 2025 is \$7,798,805. Staff recommends authorizing a transfer of \$1,000,000 from Capacity Fee Reserves to CIP project WD-2401 for FY 2024-2025.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby amend the FY 2024-2025 CIP Budget as follows:

<b>CIP Budget Amendment</b>	<b>Budget</b>	<b>Change</b>	<b>Balance</b>
<b>From:</b> Capacity Fee Reserves	\$ 7,798,805**	\$ (1,000,000)	\$ 6,798,805
<b>To:</b> FY24/25 WD-2401 IOP B Side Improvement Project	\$ 0	\$ 1,000,000	\$ 1,000,000

\*\* Projected Capacity Fee Reserve Balance 6/30/2025

PASSED AND ADOPTED on July 15, 2024 by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors \_\_\_\_\_

Noes: Directors \_\_\_\_\_

Absent: Directors \_\_\_\_\_

Abstained: Directors \_\_\_\_\_

\_\_\_\_\_  
Gail Morton, President

ATTEST:

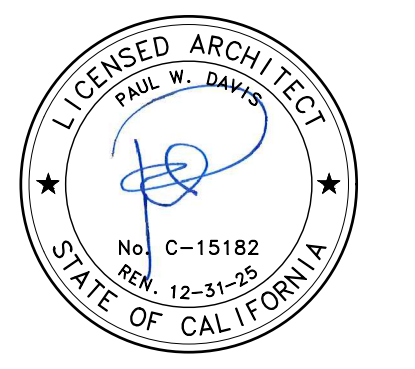
\_\_\_\_\_  
Remleh Scherzinger Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2024-33 adopted on July 15, 2024.

\_\_\_\_\_  
Remleh Scherzinger, Secretary





Drawn By: VQ  
Drawing Date: 06.15.2022  
Project Number: 2027

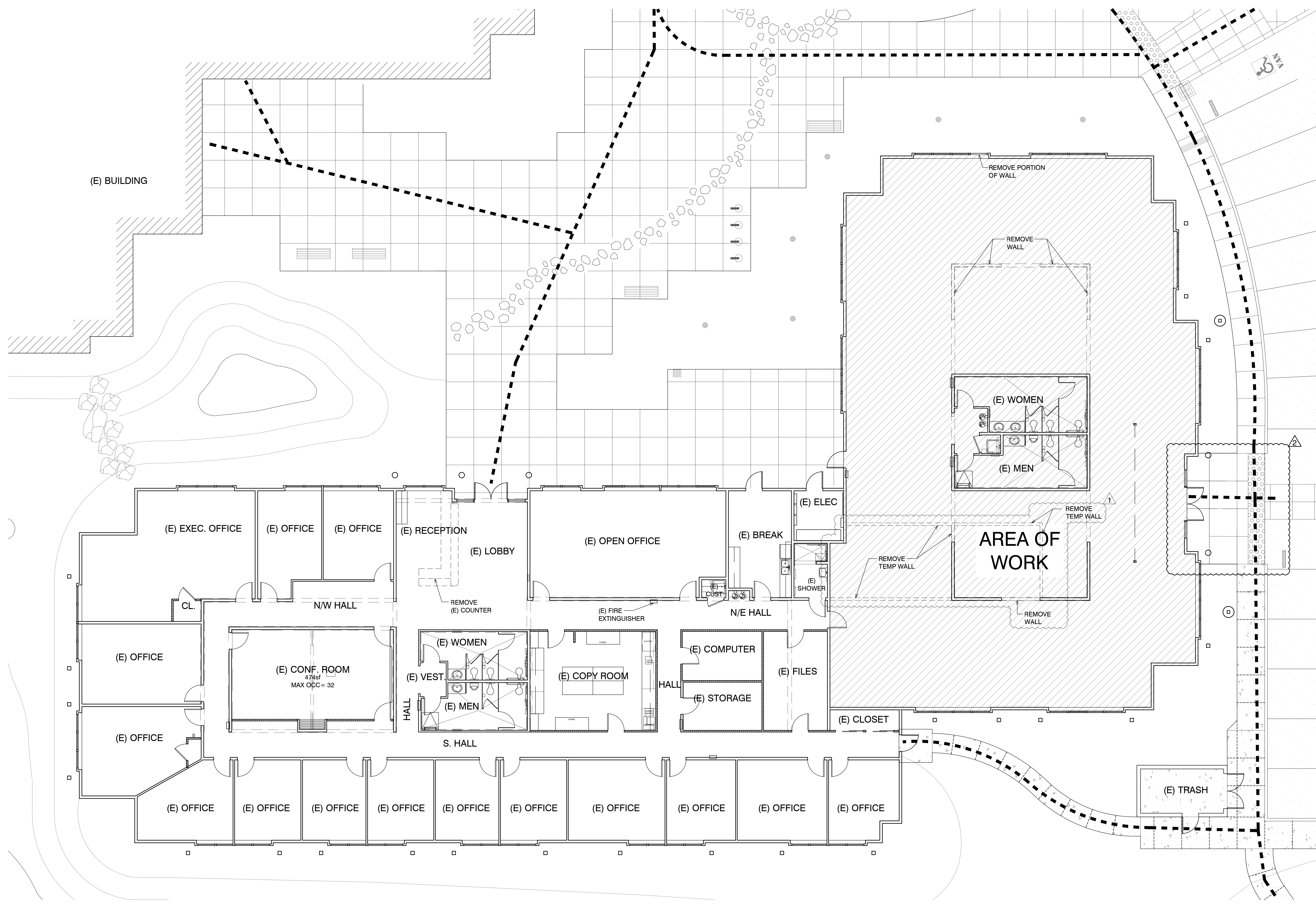
Revisions:

1	Plan Check	08.23.2023
2	Plan Check	10.13.2023
3	Plan Check	11.06.2023
BID SET		01.08.2024

The use of these plans and specifications is restricted to the original site for which they were prepared, and publication thereof is expressly limited to such use. Re-use, reproduction or publication by any method in whole or in part is prohibited. Title to the plans and specifications remains with the architect, and visual control with them constitutes prima facie evidence of the acceptance of the restrictions.

Sheet Title:  
EXISTING / DEMO FLOOR PLAN

Sheet Number:

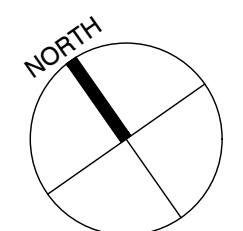


ACCESSIBLE PATH OF TRAVEL (POT) NOTES:

1. Accessible path of travel as indicated (---) shall be a barrier free access route without any abrupt level changes exceeding 1/2" beveled at 1:2 max. slope, or vertical level changes not exceeding 3/4" max. and at least 48" wide. Surface is slip resistant, stable firm, and smooth.
2. Cross slope shall not exceed 2% and slope in the direction of travel shall be less than 5% unless otherwise indicated on plans.

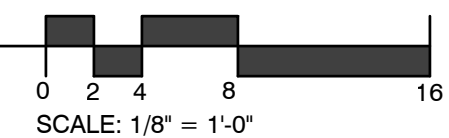
WALL LEGEND

- (E) WALL
- (E) PARTIAL HEIGHT WALL (8'-0" TALL NO CEILING)
- (N) WALL
- (N) 1-HR RATED WALL



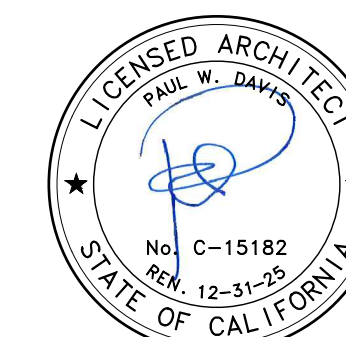
EXISTING / DEMO FLOOR PLAN

SCALE: 1/8" = 1'-0"



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Drawn By: VQ  
 Drawing Date: 06.15.2022  
 Project Number: 2027

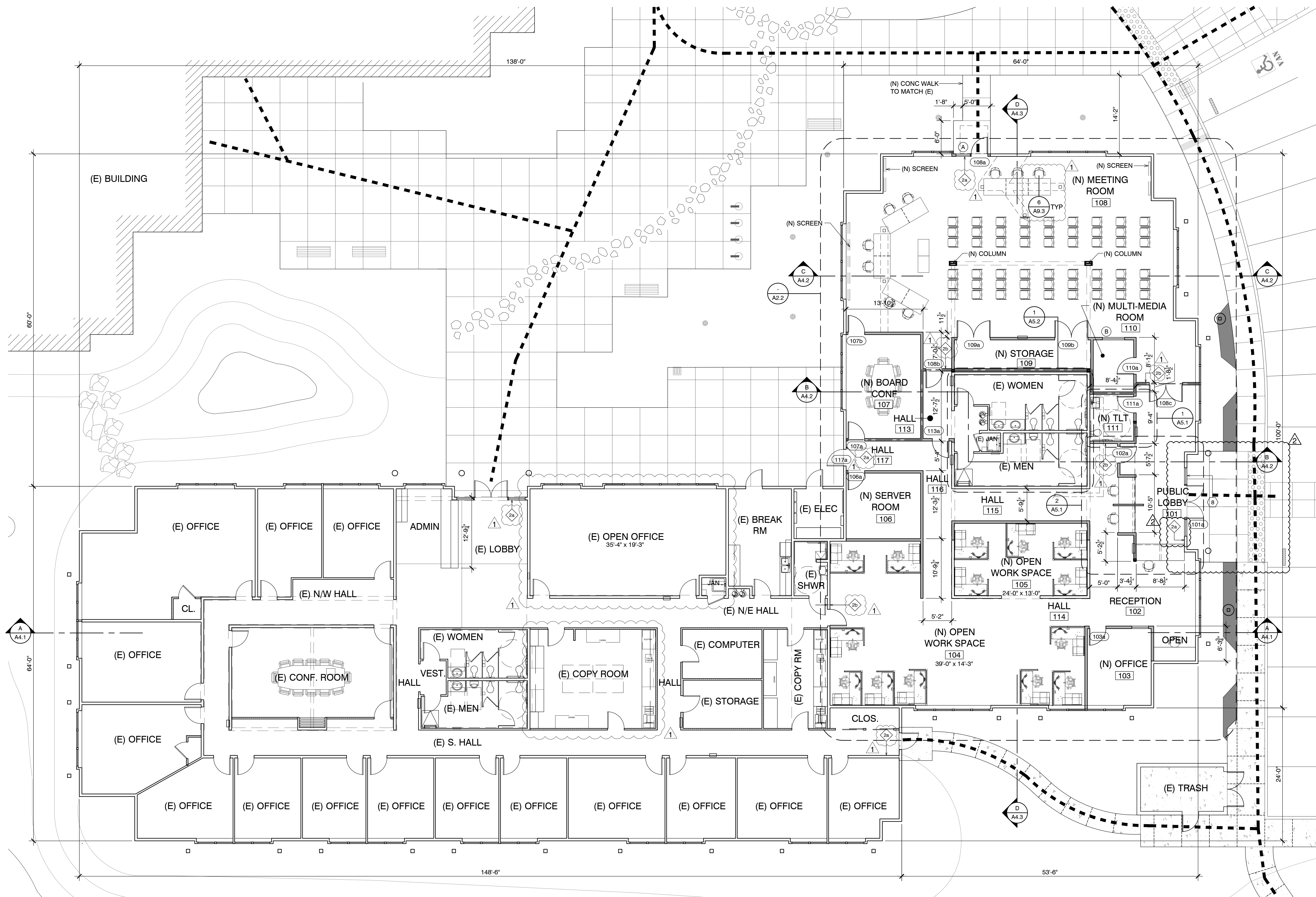
Revisions:  
 1. Plan Check 08.23.2023  
 2. Plan Check 10.13.2023  
 3. Plan Check 11.06.2023  
 BID SET 01.08.2024

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Sheet Title:  
**(N) FLOOR PLAN**

Sheet Number:

**A2.1**



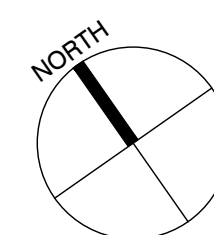
ALL DOORS & WINDOWS EXISTING  
 UNLESS OTHERWISE NOTED

**ACCESSIBLE PATH OF TRAVEL (POT) NOTES:**

1. Accessible path of travel as indicated (---) shall be a barrier free access route without any abrupt level changes exceeding  $\frac{1}{2}$ " beveled at 1:2 max. slope, or vertical level changes not exceeding  $\frac{1}{4}$ " max. and at least 48" wide. Surface is slip resistant, stable firm, and smooth.
2. Cross slope shall not exceed 2% and slope in the direction of travel shall be less than 5% unless otherwise indicated on plans.

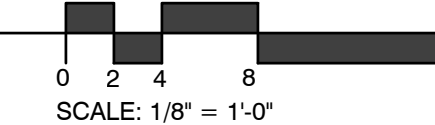
**WALL LEGEND**

- (E) WALL
- (E) PARTIAL HEIGHT WALL (8'-0" TALL NO CEILING)
- (N) WALL
- (N) 1-HR RATED WALL



**NEW FLOOR PLAN**

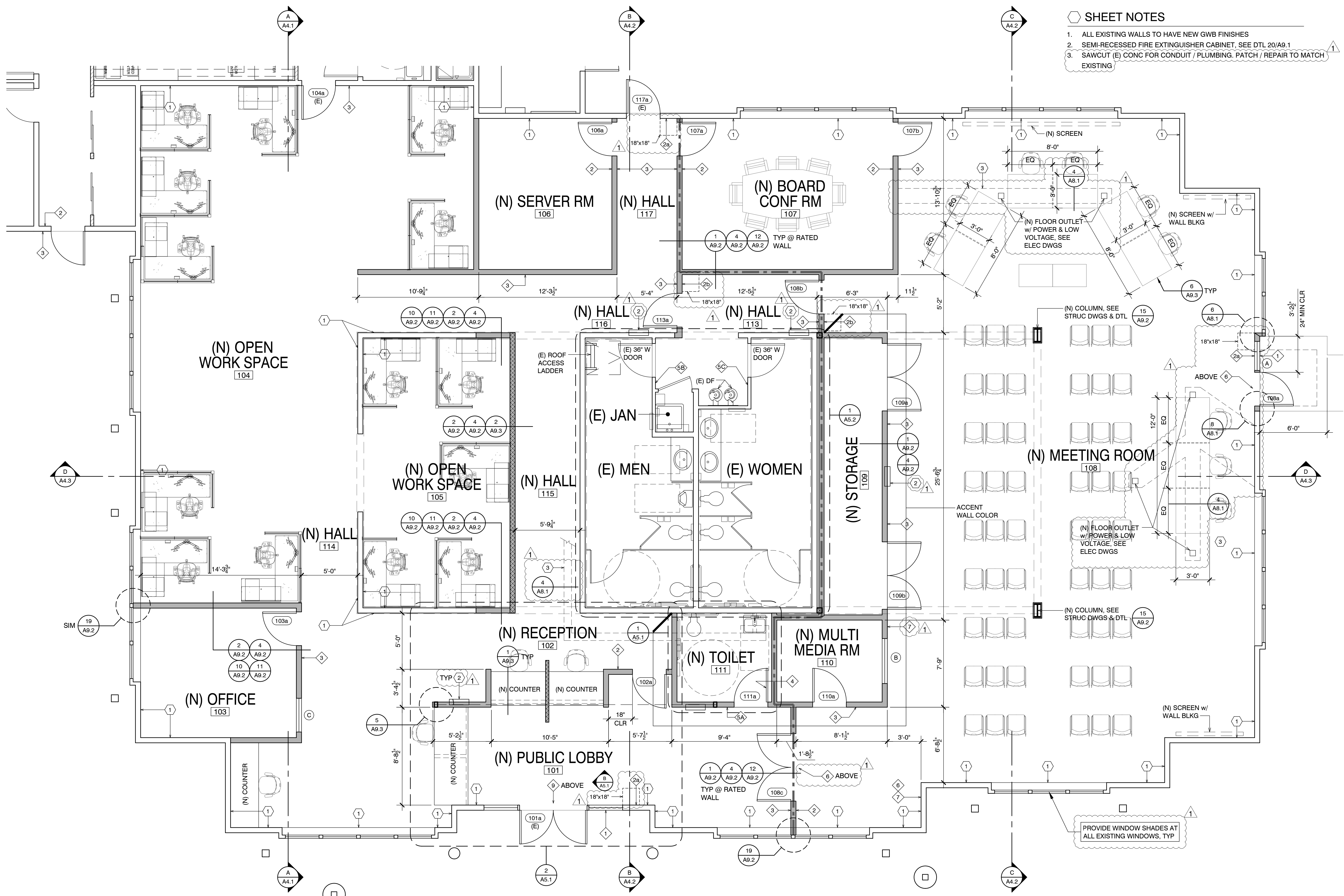
SCALE: 1/8" = 1'-0"





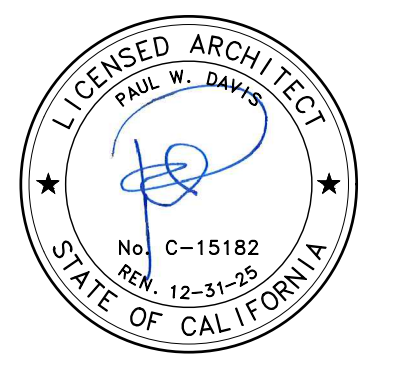
**SHEET NOTES**

1. ALL EXISTING WALLS TO HAVE NEW GWB FINISHES
2. SEMI-RECESSED FIRE EXTINGUISHER CABINET, SEE DTL 20/A9.1
3. SAWCUT (E) CONC FOR CONDUIT / PLUMBING, PATCH / REPAIR TO MATCH EXISTING



**THE  
PAUL DAVIS  
PARTNERSHIP**  
ARCHITECTS & PLANNERS

The Paul Davis Partnership, LLP  
286 Eldorado Street  
Monterey, CA 93940  
(831) 373-2784 FAX (831) 373-7459  
EMAIL: info@pauldavispartnership.com



Drawn By: VQ  
Drawing Date: 06.15.2022  
Project Number: 2027

- Revisions:
- 1. Plan Check 08.23.2023
  - 2. Plan Check 10.13.2023
  - 3. Plan Check 11.06.2023
  - BID SET 01.08.2024

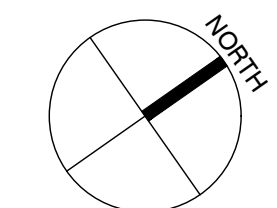
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Sheet Title:  
**ENLARGED PARTIAL  
FLOOR PLAN**

Sheet Number:

**ENLARGED PARTIAL FLOOR PLAN**

SCALE: 1/4" = 1'-0"



**WALL LEGEND**

(E) WALL
(E) PARTIAL HEIGHT WALL (8'-0" TALL NO CEILING)
(N) WALL
(N) 1-HR RATED WALL
(N) PARTIAL HEIGHT WALL

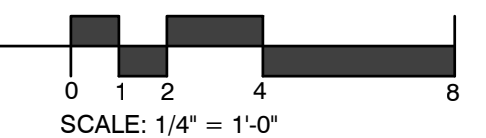
**COLORS**

WALLS	SW 6112 BISCUIT
TRIM	SW 7039 TAUPE
ACCENT	SW 6211 RAINWASHED

ALL DOORS & WINDOWS EXISTING UNLESS OTHERWISE NOTED

SIGNAGE, SEE SHEET A0.6

PROVIDE WINDOW SHADES AT ALL EXISTING WINDOWS, TYP



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**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 10-A

**Meeting Date:** July 15, 2024

**Prepared By:** Reinel Lagman

**Approved By:** Remleh Scherzinger PE

**Agenda Title:** Adopt Resolution No. 2024-34 to Authorize the Delivery and Sale of Enterprise Revenue Certificates of Participation, Series 2024 in the Principal Amount of Not-to-Exceed \$23,000,000 to Finance Water System and Wastewater System Improvements; and, Approve Related Documents and Official Actions

**Staff Recommendation:** The Board authorize the delivery and sale of Enterprise Revenue Certificates of Participation, Series 2024 (the “Certificates”) to finance water system and wastewater system improvements of the District and approve related documents and official actions.

**Background:** *Strategic Plan, Goal No. 4 – To manage the District’s finances in the most effective and fiscally responsible manner.*

On June 17, 2024, the Board adopted Resolution No. 2024-23, approving Ordinance No. 63 to establish rates for the next five years. This rate plan aligns with the Rate Study adopted on April 29, 2024 via Resolution No. 2024-17, which informed the 2024 financial forecast including a \$20 million borrowing to fund projects for the first three years of the plan. The resolution further authorizes the competitive sale of Certificates in an amount not-to-exceed \$23,000,000 to finance capital improvements.

**Discussion/Analysis:** The financing team for the debt issuance has been working diligently on the financing since November 2023 when the Rates team recognized the need for financing to reduce rate impacts on district customers. The team consists of the following:

<b><u>Issuer - Marina Coast Water District</u></b> Remleh Scherzinger PE, General Manager Mary Lagasca CPA, Director of Administrative Services	<b><u>Trustee - U.S. Bank</u></b> Sonia N. Flores, Vice President
<b><u>Bond Counsel/Disclosure Counsel - Jones Hall, APLC</u></b> Charles "Chick" Adams James Wawrzyniak , Esq.	<b><u>Trustee's Counsel - Thompson Hine LLP</u></b> Irving C. Apar, Partner Alexandra Williams, Associate Karen Fox, Paralegal
<b><u>General Counsel – Griffith, Masuda &amp; Hobbs, APLC</u></b> Roger K. Masuda Esq., District Counsel David Hobbs Esq., Chief Assistant Counsel	
<b><u>Financial Advisor - Fieldman Rolapp &amp; Associates</u></b> Robert A. Porr, Executive Vice President Lora Nichols, Vice President	

The District’s Financial Advisor, Fieldman Rolapp & Associates will provide an update on the debt service numbers, market update as well an update to the financing schedule. Bond/Disclosure Counsel will present the legal documents that the Board is required to approve which include:

- Installment Sale Agreement
- Trust Agreement
- Preliminary Official Statement which includes the Continuing Disclosure Certificate
- Official Notice of Sale

The same Financial Advisor and Bond/Disclosure Counsel team successfully issued the District’s \$17,725,000 Enterprise Revenue Certificates of Participation, Series 2019.

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** District Counsel has reviewed the transmittal and resolution.

**Climate Adaptation:** Not applicable.

**Financial Impact**  Yes  No Funding Source/Recap: The cost of issuance of the bonds will be funded through the bond proceeds at time of issuance based on each cost center’s proportion of projects designated for funding.

The following chart represents each cost centers estimated share of the debt issuances:

Cost Center	Approved CIP	Issuance Cost
Marina Water	\$3,627,430	TBD
Marina Sewer	\$3,896,300	TBD
Ord Water	\$12,473,020	TBD
<b>Grand Total</b>	<b>\$19,996,750</b>	TBD

**Other Considerations:** It is important to note that services provided by the financial advisor, the purchaser of the debt and bond counsel are paid only if the transaction is completed.

**Material Included for Information/Consideration:** Resolution No. 2024-34; Installment Sale Agreement; Trust Agreement; Official Notice of Sale; and, Preliminary Official Statement.

**Action Required:**  Resolution  Motion  Review  
(Roll call vote is required.)

Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_

July 15, 2024

Resolution No. 2024-34  
Resolution of the Board of Directors  
Marina Coast Water District

Authorizing The Delivery and Sale of Enterprise Revenue Certificates of Participation, Series 2024 in the Principal Amount of Not-to-Exceed \$23,000,000 to Finance Water System and Wastewater System Improvements, and Approving Preliminary Official Statement, Official Notice of Sale and Related Documents and Official Actions

RESOLVED by the Board of Directors (the “Board”) of the Marina Coast Water District (the “District”), at a regular meeting duly called and held on July 15, 2024, at 920 Second Avenue, Suite A, Marina, California, as follows:

WHEREAS, the District owns and operates facilities and property for the supply, treatment and distribution of water, including recycled wastewater (the “Water System”), and the collection, treatment and disposal of wastewater (the “Wastewater System”) and the District wishes to provide funds for the acquisition, construction and installation of improvements to the Water System and the Wastewater System, consisting generally of infrastructure improvements to pipelines, pumping stations, storage, groundwater wells, other water supply sources, facilities, and District operational systems to modernize the District’s water, wastewater and recycled water systems (the “Projects”); and,

WHEREAS, in order to provide funds to finance the Projects, the District has requested the CSDA Finance Corporation of California (the “Corporation”) to enter into an Installment Sale Agreement with the District, and has proposed to authorize the execution, delivery and sale of Enterprise Revenue Certificates of Participation, Series 2024 in the aggregate principal amount of not to exceed \$23,000,000 (the “Certificates”), which evidence the direct, undivided fractional interests of the owners thereof in the Installment Payments (the “Installment Payments”) which the District is obligated to pay under the Installment Sale Agreement; and,

WHEREAS, the obligations of the District with respect to the financing will be secured by a pledge of and lien on the net revenues of the Water System and the Wastewater System, on a parity with certain other outstanding bonds and obligations of the District as described more fully in the Installment Sale Agreement; and,

WHEREAS, the Board wishes to approve the execution, delivery and sale of the Certificates, and the approval of all related financing documents and official actions needed to implement the financing, in the public purposes of the District; and,

WHEREAS, as required by Government Code Section 5852.1 enacted January 1, 2018 by Senate Bill 450, attached hereto as Appendix A is the information relating to the Certificates that has been obtained by the Board and is hereby disclosed and made public; and,

WHEREAS, the District has previously approved a Debt Issuance and Management Policy which complies with Government Code Section 8855, and the delivery of the Certificates will be in compliance with said policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Marina Coast Water District as follows:

**Section 1. Approval of Financing Plan and Related Documents.** The Board hereby approves the execution, delivery and sale of the Certificates for the purpose of providing funds to finance the acquisition, construction and installation of the Projects. To that end, the Board hereby approves each of the following financing documents in substantially the respective forms on file with the Clerk of the Board, together with any changes therein or additions thereto approved by the General Manager or the Director of Administrative Services (each, an “Authorized Officer”):

- Installment Sale Agreement dated as of August 1, 2024, between the District and the Corporation, under which the Corporation agrees to provide financing for the Projects in consideration of the payment of the Installment Payments by the District, to be secured by a pledge of the net revenues of the Water System and the Wastewater System.
- Trust Agreement dated as of August 1, 2024, among the District, the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), whereby the Trustee agrees to execute and deliver the Certificates.

The General Manager is hereby authorized and directed for and in the name and on behalf of the District to execute the final form of each of the foregoing documents, and the Director of Administrative Services is hereby authorized and directed to attest to the final form of each of the foregoing documents. Execution of each of the foregoing documents by an Authorized Officer shall be conclusive evidence of the approval of any changes therein or additions thereto. The schedule of Installment Payments attached to the Installment Sale Agreement shall correspond to the payments of principal and interest represented by the Certificates, to be determined upon the sale thereof as set forth in Section 2.

**Section 2. Sale of Certificates; Approval of Official Notice of Sale.** The Board of Directors hereby authorizes and directs the sale of the Certificates by competitive public bidding. Bids shall be received, and the Certificates shall be sold, subject to the terms and conditions set forth in the Official Notice of Sale in substantially the form on file with the Clerk of the Board together with any additions thereto or changes therein deemed advisable by an Authorized Officer. An Authorized Officer is hereby authorized and directed to accept the best bid determined in accordance with the Official Notice of Sale, in the name and on behalf of the District.

Pursuant 53692 of the Government Code the law firm of Jones Hall, as bond counsel to the District, is hereby authorized and directed to cause a notice of the District’s intention to sell the Certificates to be published once in *The Bond Buyer*. Such publication shall be made not later than five days prior to the date set for receipt of bids on the Certificates.

**Section 3. Official Statement.** The Board hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Certificates in the form on file with the Clerk of the Board. An Authorized Officer is hereby authorized to execute an appropriate certificate affirming the Board’s determination that the Preliminary Official Statement has been deemed final within the meaning of such Rule. Distribution of the Preliminary Official Statement by the municipal advisor to prospective bidders for the Certificates is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution

thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board hereby authorizes the distribution of the final Official Statement by the purchaser of the Certificates. The final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

**Section 4. Professional Services.** The Board hereby affirms the engagement of Jones Hall, A Professional Law Corporation, for bond counsel and disclosure counsel services in connection with the delivery and sale of the Certificates, pursuant to an agreement between the District and such firm in the form on file with the Clerk of the Board, which the General Manager is hereby authorized and direct to execute on behalf of the District. The Board further affirms the engagement of Fieldman, Rolapp & Associates, Inc. for municipal advisory services in connection with the delivery and sale of the Certificates, pursuant to the existing agreement between the District and such firm. The estimated costs of issuing the Certificates are set forth in Appendix A, which is hereby approved.

**Section 5. Official Actions.** The President, the General Manager, the Director of Administrative Services, the Secretary, the Clerk of the Board and all other officers of the District, are authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the District is directed 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 is absent or unavailable.

**Section 6. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED on July 15, 2024, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors \_\_\_\_\_

Noes: Directors \_\_\_\_\_

Absent: Directors \_\_\_\_\_

Abstained: Directors \_\_\_\_\_

\_\_\_\_\_  
Gail Morton, President

Attest:

\_\_\_\_\_  
Remleh Scherzinger, Secretary



CERTIFICATE OF THE SECRETARY

The undersigned Secretary of the Board of Directors of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2024-34 adopted July 15, 2024.

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Remleh Scherzinger, Secretary

## APPENDIX A

### REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the Certificates (Estimated): 4.17%.
2. Finance charge of the Certificates, being the sum of all fees and charges paid to third parties, in the amount of approximately \$326,714. Such amount consists of costs of issuing the Certificates in the amount of approximately \$217,334 together with estimated purchaser's compensation in the amount of approximately \$109,380.
3. Proceeds of the Certificates expected to be received by the District, net of proceeds for Costs of Issuance in (2) above to paid, capitalized interest and reserves (if any) from the principal amount of the Certificates (Estimated): \$20,000,000.
4. Total Payment Amount for the Certificates, being the sum of all debt service to be paid on the Certificates to final maturity (Estimated): \$36,310,221.

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*\*All amounts and percentages are estimates, and are made in good faith by the District based on information available as of the date of adoption of this Resolution. Estimates include certain assumptions regarding tax-exempt rates available in the bond market at the time of pricing the Certificates.*

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# INSTALLMENT SALE AGREEMENT

Dated as of August 1, 2024

between the

**CSDA FINANCE CORPORATION,**  
*as Seller*

and the

**MARINA COAST WATER DISTRICT,**  
*as Purchaser*

Relating to  
\$ \_\_\_\_\_  
**Enterprise Revenue Certificates of Participation,  
Series 2024**

## **INSTALLMENT SALE AGREEMENT**

This INSTALLMENT SALE AGREEMENT (this “Agreement”), dated as of August 1, 2024, is between the CSDA FINANCE CORPORATION, a corporation duly organized and existing under the laws of the State of California (the “Corporation”), as seller, and the MARINA COAST WATER DISTRICT, a county water district duly organized and existing under the County Water District Law of the State of California (the “District”), as purchaser.

### *B A C K G R O U N D :*

1. The District owns and operates facilities and property for the supply, treatment and distribution of water, including recycled wastewater (the “Water Enterprise”), and the collection, treatment and disposal of wastewater within the service area of the District (the “Wastewater Enterprise”) and the District has initiated proceedings to construct various improvements to the Water Enterprise and the Wastewater Enterprise, as such improvements are described more fully in Appendix B hereto (collectively, the “Projects”).

2. In order to provide funds to finance the Projects, the District has requested the Corporation to enter into this Agreement with the District, under which the Corporation agrees to provide funds for such purposes, and to sell the completed Projects to the District in consideration of the agreement by the District to pay the purchase price of the Projects in semiannual installments (the “Installment Payments”).

3. The Installment Payments will be secured by a pledge of and lien on the net revenues of the Water Enterprise and the Wastewater Enterprise (collectively, the “Enterprises”), on a parity with outstanding bonds and obligations of the District as described more fully herein.

4. For the purpose of obtaining the moneys required to finance the acquisition and construction of the Projects, the Corporation will assign and transfer certain of its rights under this Agreement to U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) under a Trust Agreement dated as of August 1, 2024, among the District, the Corporation and the Trustee, under which the Trustee will execute and deliver Enterprise Revenue Certificates of Participation, Series 2024 in the aggregate principal amount of \$\_\_\_\_\_ (the “Certificates”), evidencing direct, undivided fractional interests in the Installment Payments.

### *A G R E E M E N T :*

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Corporation formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement have the respective meanings given them in Appendix A to the Trust Agreement. Any terms defined in the recitals to this Agreement and not otherwise defined in this Section shall have the respective meanings given such terms in the recitals. In addition, when used in this Agreement the following defined terms have the meanings given those terms in this Section.

“Additional Parity Debt” means any bonds, notes, leases, installment sale agreements, contracts or other obligations of the District which are secured by a pledge of and lien upon any of the Net Revenues on a parity with the Installment Payments, entered into or issued under and in accordance with Section 5.7.

“Additional Revenues” means, with respect to the issuance of any Additional Parity Debt, any or all of the following amounts:

- (a) An allowance for Net Revenues from any additions or improvements to or extensions of the Enterprises to be made from the proceeds of such Additional Parity Debt in an amount equal to 100% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of an Independent Financial Consultant.
- (b) An allowance for Net Revenues arising from any increase in the charges made for service from the Enterprises which has become effective prior to the incurring of such Additional Parity Debt but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District pursuant to Section 5.7(b), was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, all as shown by the certificate or opinion of an Independent Financial Consultant.

“Debt Service” means, for any period of calculation, the sum of the Installment Payments coming due and payable in such period plus the principal of and interest on all outstanding Prior Parity Debt and any Additional Parity Debt coming due and payable in such period, except to the extent the interest evidenced and represented thereby is capitalized.

“Enterprise Funds” means, collectively, the Water Fund and the Wastewater Fund.

“Enterprises” means, collectively, the Water Enterprise and the Wastewater Enterprise.

“Fiscal Year” means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the District as its fiscal year.

“Gross Revenues” means all gross income and revenue received by the District from the ownership and operation of the Enterprises, including, without limiting the generality of the foregoing:

- (a) all *ad valorem* taxes allocable to the Enterprises which are levied upon taxable property in the District by the Board of Supervisors of Monterey County, and which are allocated to the District under the provisions of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code of the State of California, including all payments, subventions and reimbursements, if any, to the District specifically attributable to taxes lost by reason of tax exemptions and tax rate limitations; but excluding any taxes levied for the sole purpose of providing for payment of principal and interest on any voter-approved indebtedness incurred by the District, which taxes would not otherwise be subject to levy but for the issuance of such indebtedness;
- (b) all amounts levied by the District as a fee for connecting to the Enterprises, as such fee is established from time to time under the applicable laws of the State of California;
- (c) all income, rents, rates, fees, charges and other moneys received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Enterprises or otherwise arising from the Enterprises;
- (d) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Enterprises;
- (e) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Enterprises as permitted hereunder; and
- (f) amounts transferred from the Rate Stabilization Fund (if any) to the Enterprise Funds in any Fiscal Year in accordance herewith.

The term “Gross Revenues” does not include (i) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the District, and (ii) the proceeds of any special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Enterprises.

“Independent Accountant” means any independent certified public accountant or firm of independent certified public accountants appointed and paid by the District, and

who, or each of whom (a) is in fact independent and not under domination of the District; (b) does not have any substantial interest, direct or indirect, with the District; and (c) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“Independent Financial Consultant” means any firm of independent municipal advisors appointed by the District, and who, or each of whom (a) is in fact independent and not under domination of the District; (b) does not have any substantial interest, direct or indirect, with the District; and (c) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“Installment Payment Date” means, with respect to any Interest Payment Date, the fifth Business Day preceding such Interest Payment Date.

“Operation and Maintenance Costs” means costs paid or incurred by the District for maintaining and operating the Enterprises, determined in accordance with generally accepted accounting principles, including but not limited to (a) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Enterprises in good repair and working order, (b) all administrative costs of the District that are charged directly or apportioned to the operation of the Enterprises, such as salaries and wages of employees, overhead, taxes (if any) and insurance, and (c) administrative costs which the District is required to pay hereunder with respect to the Bonds. “Operating and Maintenance Costs” do not include (i) payments of debt service on bonds, notes, contracts or other obligations issued by the District with respect to the Enterprises, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other book-keeping entries of a similar nature.

“Overdue Rate” means the highest rate of interest represented by any of the Outstanding Certificates.

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement, contract or other document which authorizes the issuance of, or which otherwise evidences, the Prior Parity Debt or any Additional Parity Debt.

“Prior Parity Debt” means, collectively: (a) the Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A, issued in the original principal amount of \$29,840,000; (b) the obligations of the District under the Installment Purchase Agreement dated January 18, 2017, between the District and Holman Capital Corporation, issued in the original principal amount of \$2,799,880; (c) the obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01011, between the District and the California State Water Resources Control Board, which are outstanding in the principal amount of \$4,925,469 as of the Closing Date; (d) the obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01045, between the District and the California State Water Resources Control Board, which are outstanding in the principal amount of \$6,740,985 as of the Closing Date; and (e) the obligations of the District under the Installment Sale Agreement dated as of December 1, 2019, between the District and Corporation, relating to the \$17,725,000 original principal amount of Enterprise Revenue Certificates of Participation, Series 2019.

“Project Costs” means, with respect to the Projects, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the Project Fund, including but not limited to the following:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the Projects;
- (b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Projects;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Projects;
- (d) all preliminary costs of the Projects, including but not limited to design, environmental, engineering and architectural services, costs for testing, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees and costs for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Projects;
- (e) any sums required to reimburse the District for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of the Projects;
- (f) all financing costs incurred in connection with the acquisition, construction and installation of such Projects; and
- (g) the interest components of the Installment Payments during the period of acquisition, construction and installation of the Projects.

“Projects” means, collectively, all of the facilities, improvements and other property described more fully in Appendix B hereto, as that Appendix may be amended from time to time in accordance with this Agreement.

“Rate Stabilization Fund” means any fund established and held by the District as a fund for the stabilization of rates and charges imposed by the District with respect to the Enterprises, which fund is established, held and maintained in accordance with Section 4.6.

“Term” means, when used with respect to this Agreement, the time during which this Agreement is in effect, as provided in Section 4.2.

“Wastewater Enterprise” means the entire wastewater collection, treatment and disposal system owned or operated by the District, including but not limited to all facilities, properties and improvements at any time owned or operated by the District for the collection, treatment and disposal of wastewater within the service area of the District,



together with any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the District.

“Wastewater Fund” means the fund or funds established and held by the District with respect to the Wastewater Enterprise for the deposit of Gross Revenues from the Wastewater Enterprise.

“Water Enterprise” means the entire water supply, storage and distribution system of the District, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the District for the supply, treatment and storage of water and recycled wastewater to residents of the District and adjacent areas, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District.

“Water Fund” means the fund or funds established and held by the District with respect to the Water Enterprise for the deposit of Gross Revenues from the Water Enterprise.

SECTION 1.2. *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 do 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 Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

(d) Whenever the term “may” is used herein with respect to an action by one of the parties hereto, such action shall be discretionary and the party who “may” take such action shall be under no obligation to do so.

(e) The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

**ARTICLE II**  
**REPRESENTATIONS, COVENANTS AND**  
**WARRANTIES**

SECTION 2.1. *Representations, Covenants and Warranties of the District.* The District represents, covenants and warrants to the Corporation as follows:

- (a) Due Organization and Existence. The District is a county water district duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under said laws to enter into this Agreement and the Trust Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Board of Directors of the District has duly authorized the execution and delivery of this Agreement and the Trust Agreement.
- (b) Due Execution. The representatives of the District executing this Agreement and the Trust Agreement are fully authorized to execute the same.
- (c) Valid, Binding and Enforceable Obligations. This Agreement and the Trust Agreement have been duly authorized, executed and delivered by the District and constitute the legal, valid and binding agreements of the District enforceable against the District in accordance with their respective terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.
- (d) No Conflicts. The execution and delivery of this Agreement and the Trust Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement and the Trust Agreement or the financial condition, assets, properties or operations of the District, including but not limited to the performance of the District's obligations under this Agreement and the Trust Agreement.

- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement or the Trust Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or the Trust Agreement, or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement or the Trust Agreement, or the financial conditions, assets, properties or operations of the District, including but not limited to the payment and performance of the District's obligations under this Agreement and the Trust Agreement.
- (g) Prior Indebtedness. The District has not issued or incurred any obligations which are currently outstanding having any lien on the Gross Revenues or priority in payment out of the Net Revenues over the payment of the Installment Payments as provided herein.

SECTION 2.2. *Representations, Covenants and Warranties of Corporation*. The Corporation represents, covenants and warrants to the District as follows:

- (a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, and has power to enter into this Agreement and the Trust Agreement and to perform the duties and obligations imposed on it hereunder and thereunder. The Board of Directors of the Corporation has duly authorized the execution and delivery of this Agreement and the Trust Agreement.
- (b) Due Execution. The representatives of the Corporation executing this Agreement and the Trust Agreement are fully authorized to execute the same.
- (c) Valid, Binding and Enforceable Obligations. This Agreement and the Trust Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding

agreements of the Corporation with the Corporation, enforceable against the Corporation in accordance with their respective terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

- (d) No Conflicts. The execution and delivery hereof and of the Trust Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated hereby and by the Trust Agreement or the financial condition, assets, properties or operations of the Corporation, including but not limited to the performance of the Corporation's obligations under this Agreement and the Trust Agreement.
- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery hereof or of the Trust Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or the Trust Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the

consummation of the transactions contemplated by this Agreement or the Trust Agreement or the financial conditions, assets, properties or operations of the Corporation, including but not limited to the performance of the Corporation's obligations hereunder and under the Trust Agreement.

### ARTICLE III

#### EXECUTION AND DELIVERY OF CERTIFICATES; APPLICATION OF PROCEEDS

SECTION 3.1. *The Certificates.* The Corporation shall cause the Certificates to be executed and delivered under the Trust Agreement in the aggregate principal amount of \$\_\_\_\_\_. The proceeds received by the Trustee from the sale of the Certificates to the Original Purchaser shall be deposited in the respective funds and accounts, and in the respective amounts, as set forth in Section 3.01 of the Trust Agreement.

SECTION 3.2. *Acquisition and Construction of the Projects.* The Corporation hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the Projects in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law. All contracts for, and all work relating to, the acquisition, construction and installation of the Projects are subject to all applicable provisions of law relating to the acquisition and construction of public works by the District. The failure to complete the Projects by their estimated completion date shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall any such failure result in the diminution, abatement or extinguishment of the obligations of the District hereunder to pay the Installment Payments when due.

SECTION 3.3. *Appointment of District as Agent.* The Corporation hereby appoints the District as its agent to carry out all phases of the acquisition, construction and installation of the Projects under and in accordance with the provisions hereof. The District hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Corporation regarding the acquisition, construction and installation of the Projects. As agent of the Corporation hereunder, the District shall enter into, administer and enforce all purchase orders or other contracts relating to the Projects. Payment of Project Costs shall be made by the District from amounts held by the Trustee in the Project Fund in accordance with the provisions of this Agreement and the provisions of the Trust Agreement. If and to the extent the amounts on deposit in the Project Fund are insufficient to enable the District to complete the Projects in full, the District has the sole responsibility for completing the Projects and financing such completion from any source of legally available funds of the District.

SECTION 3.4. *Plans and Specifications; Modification of Project Description.* The District has the right, in its sole discretion, to specify the exact scope, nature and identification of the Projects and the respective components thereof. The District may from time to time amend any plans and specifications for the Projects, and thereby change or modify the description of the Projects or any component thereof.

SECTION 3.5. *Certificate of Project Completion.* Not later than 60 days following the final acceptance of the Projects, a District Representative shall execute and deliver to the Corporation and the Trustee a written certificate which (a) states that the acquisition and construction of the Projects have been substantially completed, (b) identifies the total Project Costs thereof, and (c) identifies the amounts, if any, to be reserved in the Project Fund for payment of future Project Costs. Any amounts remaining on deposit in the Project Fund and not required for payment of future Project Costs will be transferred to the Installment Payment Fund to be applied, at the written direction of a District Representative, to pay the Installment Payments next coming due and payable, or to prepay Installment Payments under Section 7.2 and thereby prepay the Certificates under Section 4.01(a) of the Trust Agreement.

## ARTICLE IV

### SALE OF PROJECTS; INSTALLMENT PAYMENTS

SECTION 4.1. *Sale of Projects.* The Corporation hereby sells the Projects to the District, and the District hereby purchases the Projects from the Corporation, upon the terms and conditions set forth in this Agreement.

SECTION 4.2. *Term.* The Term of this Agreement begins on the Closing Date and ends on June 1, 20\_\_\_, or such later or earlier date on which the Certificates cease to be Outstanding under and within the meaning of the Trust Agreement.

SECTION 4.3. *Transfer of Title.* Title to the Projects, and each component thereof, shall be deemed conveyed by the Corporation to and vested in the District upon the completion of the acquisition, construction and installation thereof. The Corporation and the District agree that no further action or documentation is intended to be required to cause the transfer of title to the Projects; however, if any further actions or documentation is so required, the Corporation and the District shall take such actions and execute, deliver and cause to be recorded all such documents.

SECTION 4.4. *Installment Payments.*

(a) Obligation to Pay. The District hereby agrees to pay to the Corporation, as the purchase price of the Projects hereunder, the aggregate principal amount of \$\_\_\_\_\_ together with interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual Installment Payments in the respective amounts and on the respective Interest Payment Dates specified in Appendix A. The Installment Payment coming due and payable on any Interest Payment Date shall be deposited by the District with the Trustee, as assignee of the Corporation under the Trust Agreement, on the related Installment Payment Date in an amount which, together with amounts then held by the Trustee in the Installment Payment Fund, is equal to the full amount of such Installment Payment. The Installment Payments are secured by and payable solely from the sources specified in Section 4.5.

(b) Effect of Prepayment. If the District prepays all remaining Installment Payments in full under Section 7.2 or Section 7.3, the District's obligations under this Agreement will thereupon cease and terminate, including but not limited to the District's obligation to pay Installment Payments therefor under this Section; *provided, however*, that the District's obligations to compensate and indemnify the Trustee under Sections 7.03 and 10.03 of the Trust Agreement will survive such prepayment. If the District prepays the Installment Payments in part but not in whole under Section 7.2 or Section 7.3, the principal component of each succeeding Installment Payment will be reduced as provided in such Sections, and the interest component of each remaining Installment Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby prepaid under the applicable provisions of Section 4.01 of the Trust Agreement.

(c) Rate on Overdue Payments. If the District fails to make any of the payments required in this Section or in Section 4.8, the payment in default will continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Overdue Rate.

(d) Assignment. The District understands and agrees that certain rights of the Corporation, including but not limited to the right of the Corporation to receive payment of the Installment Payments, have been assigned by the Corporation to the Trustee in trust under the Trust Agreement, for the benefit of the Owners of the Certificates, and the District hereby consents to such assignment. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Trustee at its Trust Office, all payments payable by the District under this Section and all amounts payable by the District under Article VII.

#### SECTION 4.5. *Pledge and Application of Revenues.*

(a) Pledge of Net Revenues. All of the Net Revenues and all moneys on deposit in any of the funds and accounts established and held by the Trustee under the Trust Agreement are hereby irrevocably pledged, charged and assigned to the punctual payment of the Installment Payments. Such pledge, charge and assignment constitute a lien on and security interest in the Net Revenues and such other moneys for the payment of the Installment Payments in accordance with the terms hereof, are on a parity with the pledge and lien which secures the Prior Parity Debt and any Additional Parity Debt.

(b) Deposit of Gross Revenues Into Enterprise Funds; Transfers to Make Payments. The District has previously established the Enterprise Funds, which the District shall continue to hold and maintain for the purposes and uses set forth herein. The District shall deposit all Gross Revenues from the Water Enterprise into the Water Fund, and all of the Gross Revenues from the Wastewater Enterprise into the Wastewater Fund, immediately on receipt. The District shall apply amounts in the Enterprise Funds as set forth in this Agreement and any Parity Debt Documents. The District shall apply amounts on deposit in the Enterprise Funds to pay when due the following amounts in the following order of priority:

- (i) all Operation and Maintenance Costs;

- (ii) the Installment Payments and all payments of principal of and interest on the Prior Parity Debt and any Additional Parity Debt;
- (iii) to the Trustee the amount of any deficiency in any reserve fund established for Additional Parity Debt, the notice of which deficiency has been given to the District in accordance with the related Parity Debt Documents;
- (iv) any other payments required to comply with the provisions of this Agreement and any Parity Debt Documents; and
- (v) any other purposes authorized under subsection (d) of this Section.

(c) No Preference or Priority. Payment of the Installment Payments and the principal of and interest on Prior Parity Debt and any Additional Parity Debt shall be made without preference or priority. If the amount of Net Revenues on deposit in the Enterprise Funds are any time insufficient to enable the District to pay when due the Installment Payments and the principal of and interest on Prior Parity Debt and any Additional Parity Debt, such payments will be made on a pro rata basis.

(d) Other Uses Permitted. The District shall manage, conserve and apply the amounts on deposit in the Enterprise Funds in such a manner that all deposits required to be made under the preceding subsection (b) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the District may use and apply moneys in the Enterprise Funds for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the acquisition and construction of improvements to the Enterprises, (iii) the prepayment of any other obligations of the District relating to the Enterprises, or (iv) any other lawful purposes of the District.

SECTION 4.6. *Establishment of Rate Stabilization Fund*. The District has the right (but not the obligation) at any time to establish a fund to be held by it and administered in accordance with this Section, for the purpose of stabilizing the rates and charges imposed by the District with respect to the Enterprises. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Installment Payments, the Prior Parity Debt and any Additional Parity Debt, as the District may determine.

The District may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Funds in any Fiscal Year for the purpose of paying the Installment Payments or the principal of and interest on Prior Parity Debt and any Additional Parity Debt coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Enterprise Funds in any Fiscal Year constitute Gross Revenues for that Fiscal Year and will be applied for the purposes of the Enterprise Funds. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Installment Payments, the Prior Parity Debt and any Additional Parity Debt. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the District, be applied for any other lawful purposes. The District has the right at any time to withdraw any or all amounts on deposit



in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the District.

SECTION 4.7. *Special Obligation of the District; Obligations Absolute.* The District's obligation to pay the Installment Payments and any other amounts coming due and payable hereunder is a special obligation of the District limited solely to the Net Revenues. Under no circumstances is the District required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments and such other amounts, and no other funds or property of the District are liable for the payment of the Installment Payments.

The obligation of the District to make the Installment Payments from the Net Revenues and to perform and observe the other agreements contained herein is absolute and unconditional and is not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Corporation or the Trustee of any obligation to the District or otherwise with respect to the Enterprises, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Corporation or the Trustee. Until all of the Installment Payments and other amounts coming due and payable hereunder have been fully paid or prepaid, the District will:

- (a) not suspend or discontinue payment of any Installment Payments or such other amounts,
- (b) perform and observe all other agreements contained in this Agreement, and
- (c) not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprises, failure to complete the acquisition and construction of the Projects by the estimated completion date thereof, sale of the Enterprises, the taking by eminent domain of title to or temporary use of any component of the Enterprises, commercial frustration of purpose, any change in the tax or law other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Corporation or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement.

Nothing contained in this Section releases the Corporation from the performance of any of the agreements on its part contained herein or in the Trust Agreement, and if the Corporation fails to perform any such agreements, the District may institute such action against the Corporation as the District may deem necessary to compel performance so long as such action does not abrogate the obligations of the District contained in the preceding paragraph. The District may, however, at its cost and expense and in its name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to secure or protect the District's rights hereunder, and in that event the Corporation will cooperate fully with the District and to take such action necessary to effect the

substitution of the District for the Corporation in such action or proceeding at the request of the District.

SECTION 4.8. *Additional Payments.* In addition to the Installment Payments, the District shall pay when due the following amounts to the following parties:

- (a) to the Corporation, all reasonable costs and expenses which have been billed to the Corporation by third parties in connection with the execution and delivery of the Certificates or otherwise in connection with the performance of any duties of the Corporation under this Agreement or the Trust Agreement;
- (b) to the Trustee upon request therefor, all of its costs and expenses (including attorneys' fees and expenses) payable as a result of the performance of and compliance with its duties hereunder or under the Trust Agreement or any related documents, which costs and expenses have been mutually agreed upon by the Trustee and the District;
- (c) to the Corporation and the Trustee, all amounts required to indemnify the Corporation and the Trustee under Section 10.03 of the Trust Agreement; and
- (d) all costs and expenses of auditors, engineers and accountants, which costs and expenses have been mutually agreed upon by the District and such auditors, engineers and accountants.

Subject to the provisions of Section 7.03 of the Trust Agreement, the amounts payable under this Section are payable from, but are not secured by a pledge or lien upon, the Net Revenues. The rights of the Trustee and the Corporation under this Section, and the obligations of the District under this Section, survive the termination of this Agreement and the resignation or removal of the Trustee.

## **ARTICLE V**

### **FINANCIAL COVENANTS**

SECTION 5.1. *Disclaimer of Warranties.* The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District of the Projects or any component thereof, or any other representation or warranty with respect to any of the Projects or any component thereof. In no event are the Corporation or the Trustee liable for incidental, indirect, special, punitive or consequential damages, in connection with or arising out of this Agreement or the Trust Agreement for the existence, furnishing, functioning or use of the Projects.

SECTION 5.2. *Sale or Eminent Domain of Enterprises.* Except as provided herein, the District covenants that neither the Enterprises nor any portion thereof will be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of,

as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the District to pay the Installment Payments or the principal of or interest on Prior Parity Debt and any Additional Parity Debt, or would materially adversely affect its ability to comply with the terms of this Agreement or any Parity Debt Documents. The District may not enter into any agreement which impairs the operation of the Enterprises or any part of it necessary to secure adequate Net Revenues to pay the Installment Payments or Prior Parity Debt and any Additional Parity Debt, or which otherwise would impair the rights of the Certificate Owners or the Trustee with respect to the Net Revenues. If any substantial part of the Enterprises is sold, the payment therefor must either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied on a pro rata basis to prepay the Installment Payments, the Prior Parity Debt and any Additional Parity Debt on the next available prepayment date.

Any amounts received as awards as a result of the taking of all or any part of the Enterprises by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the District, shall either (a) be used for the acquisition or construction of improvements and extension of the Enterprises, or (b) be applied on a pro rata basis to prepay the Installment Payments, the Prior Parity Debt and any Additional Parity Debt on the next available prepayment date.

SECTION 5.3. *Insurance.* The District shall at all times maintain with responsible insurers all such insurance on the Enterprises as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Enterprises. All amounts collected from insurance against accident to or destruction of any portion of the Enterprises will be used, at the option of the District, either (a) to repair or rebuild such damaged or destroyed portion of the Enterprises, or (b) to prepay on a pro rata basis the Installment Payments, the Prior Parity Debt and any Additional Parity Debt on the next available prepayment date.

The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District, the Corporation, the Trustee and the Owners of the Certificates.

Any policy of insurance required under this Section may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of self-insurance by the District or in the form of the participation by the District in a joint powers agency or other program providing pooled insurance.

SECTION 5.4. *Records and Accounts.* The District shall keep proper books of record and accounts of the Enterprises in which complete and correct entries shall be made of all transactions relating to the Enterprises. Said books shall, upon prior request, be subject to the reasonable inspection of Trustee on behalf of the Owners of not less than 10% of the Outstanding Certificates, or their representatives authorized in writing, upon not less than 5 Business Days' prior notice to the District.

The District shall cause the books and accounts of the Enterprises to be audited annually by an Independent Accountant, which audit shall be completed not more than six

months after the close of each Fiscal Year. Such audit report may be part of a combined financial audit or report covering all or part of the District's finances.

SECTION 5.5. *Rates and Charges.*

(a) Gross Revenue Covenant. The District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water Enterprise during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues from the Water Enterprise sufficient to pay the following amounts in the following order of priority:

- (i) All Operation and Maintenance Costs of the Water Enterprise estimated by the District to become due and payable in the Fiscal Year.
- (ii) All Installment Payments which are allocable to the Water Enterprise and all payments of principal of and interest on the Prior Parity Debt or any Additional Parity Debt of the Water Enterprise as they become due and payable during the Fiscal Year, without preference or priority, except to the extent payable from the proceeds of Additional Parity Debt held for that purpose.
- (iii) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues of the Water Enterprise during such Fiscal Year.

In addition, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater Enterprise during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues from the Wastewater Enterprise sufficient to pay the following amounts in the following order of priority:

- (i) All Operation and Maintenance Costs of the Wastewater Enterprise estimated by the District to become due and payable in the Fiscal Year.
- (ii) All Installment Payments which are allocable to the Wastewater Enterprise and all payments of principal of and interest on the Prior Parity Debt or any Additional Parity Debt of the Wastewater Enterprise as they become due and payable during the Fiscal Year, without preference or priority, except to the extent payable from the proceeds of Additional Parity Debt held for that purpose.
- (iii) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues of the Wastewater Enterprise during such Fiscal Year.

(b) Net Revenue Covenant. In addition, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water

Enterprise during each Fiscal Year which are sufficient to yield Net Revenues of the Water Enterprise which are at least equal to 125% of the amount of Debt Service calculated for such Fiscal Year with respect to the Water Enterprise. For purposes of this subsection (b), the amount of Net Revenues for a Fiscal Year will be computed by including in Gross Revenues all amounts transferred into the Water Fund from the Rate Stabilization Fund during the Fiscal Year.

In addition, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater Enterprise during each Fiscal Year which are sufficient to yield Net Revenues of the Wastewater Enterprise which are at least equal to 125% of the amount of Debt Service calculated for such Fiscal Year with respect to the Wastewater Enterprise. For purposes of this subsection (b), the amount of Net Revenues for a Fiscal Year will be computed by including in Gross Revenues all amounts transferred into the Wastewater Fund from the Rate Stabilization Fund during the Fiscal Year.

In the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet the requirements of this subsection (b), such event shall not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

SECTION 5.6. *Superior and Subordinate Obligations.* The District may not issue or incur any additional bonds or other obligations during the Term of this Agreement having any lien on the Net Revenues which is senior to the lien which secures the Installment Payments, or having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. Nothing herein limits or affects the ability of the District to issue or incur (a) Additional Parity Debt under Section 5.7, or (b) obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder.

SECTION 5.7. *Issuance of Additional Parity Debt.* The District may issue or incur any Additional Parity Debt during the Term hereof upon satisfaction of all of the following conditions:

- (a) No Event of Default has occurred and is continuing.
- (b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Accountant or an Independent Financial Consultant or shown in the audited financial statements of the District, plus at the option of the District any or all of the Additional Revenues, are at least equal to 125% of the Debt Service for such Fiscal Year. For purposes of this subsection (b), the term "Debt Service" shall include the principal of (if any) and interest on the Additional Parity Debt then proposed to be issued, calculated on the assumption that such Additional Parity Debt had been issued at the beginning of such Fiscal Year.

- (c) The District shall deliver to the Trustee a Certificate of the District certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Additional Parity Debt set forth in the foregoing provisions of this Section have been satisfied.

Nothing herein limits or affects the ability of the District to issue or incur obligations which are either unsecured or which are secured by an interest which is junior and subordinate to the pledge of and lien on the Net Revenues which secures the Installment Payments, the Prior Parity Debt and any Additional Parity Debt.

SECTION 5.8. *Operation of Enterprises in Efficient and Economical Manner.* The District shall operate the Enterprises in an efficient and economical manner and to operate, maintain and preserve the Enterprises in good repair and working order.

SECTION 5.9. *No Competing Facilities.* The District will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the jurisdiction of the District any water system or wastewater system which is competitive with the Enterprises.

SECTION 5.10. *Compliance With Parity Debt Documents.* The District shall observe and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the Parity Debt Documents. The District will not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under and within the meaning of the Parity Debt Documents.

SECTION 5.11. *Assignment and Amendment Hereof.* This Agreement may not be assigned by the District in whole or in part. This Agreement may be amended by the District and the Corporation, but only (a) for the purpose of providing for the issuance of any Additional Parity Debt under and in accordance with Section 5.7, or (b) otherwise under the circumstances and to the extent permitted under Sections 8.01 or 8.02 of the Trust Agreement.

SECTION 5.12. *Continuing Disclosure.* The District shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the District on the Closing Date. Notwithstanding any other provision hereof, failure of the District to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however,* that any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under this Section.

## ARTICLE VI

### EVENTS OF DEFAULT

SECTION 6.1. *Events of Default Defined.* The following events constitute Events of Default hereunder:

- (a) Failure by the District to pay any Installment Payment when due and payable hereunder.
- (b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clause (a), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however*, that if the District notifies the Corporation and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within the 60-day period, such failure will not constitute an event of default hereunder if the District commences to cure such failure within the 60-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.
- (e) The acceleration of any indebtedness which is evidenced by any Prior Parity Debt or Additional Parity Debt under and in accordance with the provisions of the related Parity Debt Documents.

SECTION 6.2. *Remedies on Default.* If an Event of Default occurs and is continuing, the Trustee as assignee of the Corporation has the right, at its option and without any further demand or notice, to take any one or more of the following actions:

- (a) Declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the Overdue Rate from the immediately preceding Interest Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable. Notwithstanding the foregoing provisions of this subsection (a), however, if, at any time after the principal components of the unpaid Installment Payments have been so declared due and payable under this subsection (a), and before any judgment or decree for the payment of the moneys due have been obtained or entered, the District shall deposit with the

Trustee a sum sufficient to pay all principal components of the Installment Payments coming due prior to such declaration and all matured interest components (if any) of the Installment Payments, with interest on such overdue principal and interest components calculated at the Overdue Rate, and the reasonable expenses of the Trustee (including any fees and expenses of its attorneys), and any and all other defaults known to the Trustee (other than in the payment of the principal and interest components of the Installment Payments due and payable solely by reason of such declaration) have been made good, then, and in every such case, the Trustee shall rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon. As provided in Section 6.6, the Trustee is required to exercise the remedies provided herein in accordance with the Trust Agreement.

- (b) Take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement.
- (c) As a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Certificate Owners hereunder, cause the appointment of a receiver or receivers of the Net Revenues and other amounts pledged hereunder, with such powers as the court making such appointment may confer.

SECTION 6.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article, it is not necessary to give any notice, other than such notice as may be required in this Article or by law.

SECTION 6.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Agreement defaults under any of the provisions hereof and the non-defaulting party, the Trustee or the Owner of any Certificates employs attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party, the Trustee and/or such Owner, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred. The provisions of this Section will survive the expiration of the Term of this Agreement and the resignation or removal of the Trustee.



SECTION 6.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Agreement is breached by either party and thereafter waived by the other party, the waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

SECTION 6.6. *Trustee and Certificate Owners to Exercise Rights.* Such rights and remedies as are given to the Corporation under this Article have been assigned by the Corporation to the Trustee under the Trust Agreement, to which assignment the District hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement.

## ARTICLE VII

### PREPAYMENT OF INSTALLMENT PAYMENTS

SECTION 7.1. *Security Deposit.* Notwithstanding any other provision hereof, the District may on any date secure the payment of Installment Payments, in whole or in part, by irrevocably depositing with the Trustee an amount of cash which, together with other available amounts, is either:

- (a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, when due under Section 4.4(a), or
- (b) invested in whole or in part in non-callable Federal Securities the payments of principal of and interest on which, together with other available cash, are sufficient to pay the Installment Payments when due under Section 4.4(a) or when due on any optional prepayment date under Section 7.2, as the District instructs at the time of said deposit.

The sufficiency of amounts deposited with the Trustee under the foregoing subsection (b) shall be verified by the report of an Independent Accountant which is addressed and delivered to the Trustee.

If the District makes a security deposit under this Section for the payment of all remaining Installment Payments, all obligations of the District hereunder, and the pledge of Net Revenues and all other security provided by this Agreement for said obligations, will cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Installment Payments from such security deposit. A security deposit constitutes a special fund for the payment of such Installment Payments in accordance with the provisions hereof.

SECTION 7.2. *Optional Prepayment.* The District may exercise its option to prepay the principal components of the Installment Payments in whole or in part on any date on or after \_\_\_\_\_, 20\_\_\_. Such option shall be exercised by payment of a prepayment price equal to the sum of (a) the aggregate principal components of the Installment Payments to be prepaid, plus (b) the interest component of the Installment Payment required to be paid on or accrued to such date. Such prepayment price shall be deposited by the Trustee in the Installment Payment Fund to be applied to the prepayment of Certificates under Section 4.01(a) of the Trust Agreement. If the District prepays the Installment Payments

in part but not in whole, the principal components shall be prepaid among such maturities and in such integral multiples of \$5,000 as the District designates in written notice to the Trustee. The District shall give the Trustee written notice of its intention to exercise its option not less than 45 days in advance of the date of exercise.

SECTION 7.3. *Mandatory Prepayment From Proceeds of Insurance, Sale or Condemnation.* The District shall prepay the Installment Payments on any date, in whole, or in part among maturities on a pro rata basis in any integral multiple of \$5,000, from and to the extent of any proceeds of insurance, sale or condemnation awards with respect to the Enterprises theretofore paid to the Trustee for such purpose under Sections 5.3 or 5.4. The District and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Installment Payments, shall be deposited in the Installment Payment Fund and credited towards the District's obligations under this Section.

SECTION 7.4. *Credit for Amounts on Deposit.* If the District prepays the Installment Payments in full under this Article, such that the Trust Agreement is discharged by its terms as a result of such prepayment, and upon payment in full of all Additional Payments and other amounts then due and payable hereunder, all available amounts then on deposit in the funds and accounts established under the Trust Agreement shall be credited towards the amounts then required to be so prepaid.

## ARTICLE VIII

### MISCELLANEOUS

SECTION 8.1. *Further Assurances.* The District agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Corporation or the Trustee to carry out the intention or to facilitate the performance of this Agreement, including, without limitation, to perfect and continue the security interests herein intended to be created.

SECTION 8.2. *Notices.* Any notice, request, complaint, demand or other communication under this Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice will be effective either (a) upon transmission by facsimile confirmed by a receipt transmission, (b) in the case United States mail, postage prepaid, upon actual receipt or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation and the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder. Notices may be delivered in via e-mail to the officer identified below but will only be effective upon receipt by the sender of an acknowledgment of such recipient.

*If to the District:*

Marina Coast Water District  
11 Reservation Road  
Marina, California 93933  
Attention: General Manager

*If to the Corporation:* CSDA Finance Corporation  
2945 Townsgate Road, Suite 200  
Westlake Village, California 93309  
Attention: Treasurer

*If to the Trustee:* U.S. Bank Trust Company, National Association  
1 California Street, Suite 1000  
San Francisco, California 94111  
Attention: Global Corporate Trust

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

SECTION 8.3. *Governing Law.* This Agreement shall be construed in accordance with and governed by the laws of the State of California.

SECTION 8.4. *Binding Effect.* This Agreement inures to the benefit of and is binding upon the Corporation, the District and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 8.5. *Severability of Invalid Provisions.* If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Corporation and the District each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

SECTION 8.6. *Article and Section Headings and References.* The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and do not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 8.7. *Payment on Non-Business Days.* Whenever any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the immediate subsequent Business Day.

SECTION 8.8. *Execution of Counterparts.* This Agreement may be executed in any number of counterparts, each of which for all purposes is deemed to be an original and all of which shall together constitute but one and the same instrument.

SECTION 8.9. *Waiver of Personal Liability.* No member of the Board of Directors, officer, agent or employee of the District has any individual or personal liability for the payment of Installment Payments or Additional Payments or be subject to any personal liability or accountability by reason of this Agreement; but nothing herein contained shall relieve any such member of the Board of Directors, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

SECTION 8.10. *Trustee as Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary hereof and shall be entitled to the benefits of this Agreement with the same force and effect as if the Trustee were a party hereto.

\* \* \* \* Remainder of page left blank intentionally \* \* \* \*

IN WITNESS WHEREOF, the Corporation and the District have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

**CSDA FINANCE CORPORATION, as  
Seller**

By \_\_\_\_\_  
Stefan Morton  
Treasurer

**MARINA COAST WATER DISTRICT, as  
Purchaser**

By \_\_\_\_\_  
Remleh Scherzinger  
General Manager

Attest:

\_\_\_\_\_  
Mary Lagasca  
Director of Administrative Services

## APPENDIX A

### SCHEDULE OF INSTALLMENT PAYMENTS

<u>Installment Payment Date<sup>(1)</sup></u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Payment</u>
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- (1) Installment Payment Dates are the 5<sup>th</sup> Business Day immediately preceding each Interest Payment Date shown in the table.

## **APPENDIX B**

### **DESCRIPTION OF PROJECTS**

The Projects consists of the following improvements to the Enterprises, subject to the right of the District to modify this list as provided in Section 3.4:

The Projects will consist generally of rehabilitation, renewal, and replacement projects related to aging infrastructure as part of the District's asset management efforts. Projects will implement infrastructure improvements to pipelines, pumping stations, storage, groundwater wells, other water supply sources, facilities, and District operational systems to bring the District's water, wastewater, and recycled water systems up to the most current industry standards.

As provided in Section 3.4, the District has the right, in its sole discretion, to specify the exact scope, nature and identification of the Projects and the respective components thereof. The District may from time to time amend any plans and specifications for the Projects, and thereby change or modify the description of the Projects or any component thereof.

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# TRUST AGREEMENT

Dated as of August 1, 2024

among

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,**  
*as Trustee*

**CSDA FINANCE CORPORATION**

and the

**MARINA COAST WATER DISTRICT**

Relating to

\$ \_\_\_\_\_  
**Enterprise Revenue Certificates of Participation,  
Series 2024**



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APPENDIX A	Definitions
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APPENDIX C	Form of Requisition

## TRUST AGREEMENT

This TRUST AGREEMENT, made and entered into as of August 1, 2024 (this “Trust Agreement”), is among U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), the CSDA FINANCE CORPORATION, a corporation duly organized and existing under the laws of the State of California (the “Corporation”), and the MARINA COAST WATER DISTRICT, a county water district duly organized and existing under the County Water District Law of the State of California (the “District”).

### *BACKGROUND:*

1. The District owns and operates facilities and property for the supply, treatment and distribution of water and the collection, treatment and disposal of wastewater within the service area of the District (collectively, the “Enterprises”) and the District has initiated proceedings to construct various improvements to the Enterprises, consisting generally of infrastructure improvements to pipelines, pumping stations, storage, groundwater wells, other water supply sources, facilities, and District operational systems to bring the District’s water, wastewater, and recycled water systems up to the most current industry standards (collectively, the “Projects”).

2. In order to provide funds to finance the Projects, the Corporation and the Corporation have entered into an Installment Sale Agreement dated as of August 1, 2024 (the “Installment Sale Agreement”), under which the Corporation has agreed to provide funds for such purposes and to sell the completed Projects to the District in consideration of the agreement by the District to pay the purchase price of the Projects in semiannual installments (the “Installment Payments”).

3. The Installment Payments will be secured by a pledge of and lien on the net revenues of the Enterprises on a parity with various outstanding bonds and other obligations of the District as described more fully in the Installment Sale Agreement.

4. For the purpose of obtaining the moneys required to finance the acquisition and construction of the Projects, the Corporation wishes to assign and transfer certain of its rights under the Installment Sale Agreement to the Trustee, including its right to receive the Installment Payments, and at the written direction of the Corporation the Trustee will execute and deliver Enterprise Revenue Certificates of Participation, Series 2024 in the aggregate principal amount of \$\_\_\_\_\_, evidencing direct, undivided fractional interests in the Installment Payments.

### *AGREEMENT:*

In consideration of the foregoing and the material covenants hereinafter contained, the District, the Corporation and the Trustee formally covenant, agree and bind themselves as follows:

**ARTICLE I**  
**DEFINITIONS**

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Trust Agreement have the respective meanings specified in that Appendix when used in this Trust Agreement. Any terms defined in the recitals to this Trust Agreement and not otherwise defined in this Section shall have the respective meanings given such terms in the recitals. In addition, the terms defined in Section 1.01 of the Installment Sale Agreement and not otherwise defined in this Trust Agreement have the respective meanings given them in the Installment Sale Agreement.

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and 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 do 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 Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

(d) Whenever the term "may" is used herein with respect to an action by one of the parties hereto, such action shall be discretionary and the party who "may" take such action shall be under no obligation to do so.

(e) The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation."

**ARTICLE II**

**THE CERTIFICATES OF PARTICIPATION**

SECTION 2.01. *Authorization.* The Trustee is hereby authorized and directed upon written request from the Corporation to register, execute and deliver, to the Original Purchaser, Certificates in an aggregate principal amount of \$\_\_\_\_\_, which represent the direct, undivided fractional ownership interests of the Owners thereof in the Installment Payments.

SECTION 2.02. *Date.* Each Certificate shall be dated as of the Closing Date. Interest represented by a Certificate is payable from the Interest Payment Date next preceding the date of execution thereof, unless:

- (a) it is executed after a Record Date and on or before the following Interest Payment Date, in which event interest represented thereby is payable from such Interest Payment Date; or
- (b) it is executed on or before the first Record Date, in which event interest represented thereby is payable from the Closing Date; or
- (c) interest represented by such Certificate is in default as of the date of its execution, in which event interest represented thereby is payable from the Interest Payment Date to which interest represented thereby has previously been paid or made available for payment.

SECTION 2.03. *Terms of Certificates.* Principal represented by the Certificates is payable on June 1 in each of the respective years and in the respective amounts, and interest represented thereby will be computed at the respective rates, as follows:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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SECTION 2.04. *Fully Registered Form; Interest.* The Certificates shall be delivered in the form of fully registered Certificates without coupons in the authorized denominations of \$5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The Certificates shall be assigned such alphabetical and numerical designation as shall be deemed appropriate by the Trustee.

Interest represented by the Certificates is payable on each Interest Payment Date to and including the date of maturity or prepayment, whichever is earlier, as provided in Section 2.09. Said interest represents the portion of Installment Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Installment Payments designated as interest with respect to any Certificate will be computed by multiplying the portion of Installment Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (calculated on the basis of a 360-day year comprised of twelve 30-day months).

SECTION 2.05. *Book Entry System.*

(a) Original Delivery. The Certificates shall be initially delivered in the form of a separate single fully registered Certificate (which may be typewritten) for each maturity of the Certificates. Upon initial delivery, the ownership of each such Certificate shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Certificates shall be registered in the name of the Nominee on the Registration Books.

With respect to Certificates the ownership of which is registered in the name of the Nominee, the District and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the District holds an interest in the Certificates. Without limiting the generality of the immediately preceding sentence, the District and the Trustee have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any notice with respect to the Certificates, including any notice of prepayment, (iii) the selection by the Depository of the beneficial interests in the Certificates to be prepaid if the District elects to prepay the Certificates in part, (iv) the payment to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any amount with respect to principal or interest represented by the Certificates or (v) any consent given or other action taken by the Depository as Owner of the Certificates. The District and the Trustee may treat and consider the person in whose name each Certificate is registered as the absolute owner of such Certificate for the purpose of payment of principal and interest represented by such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers of ownership of such Certificate, and for all other purposes whatsoever. The Trustee will pay the principal and interest represented by the Certificates only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal and interest represented by the Certificates to the extent of the sum or sums so paid. No person other than a Certificate Owner shall receive a Certificate evidencing the obligation of the District to make payments of principal and interest under this Trust Agreement. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Certificates for the Depository's book-entry system, the District and the Trustee will execute and deliver to such Depository

a letter representing such matters as shall be necessary to so qualify the Certificates. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Certificates other than the Certificate Owners. Upon the written acceptance by the Trustee, the Trustee will agree to take all action reasonably necessary for all representations of the District in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the District may take any other actions, not inconsistent with this Trust Agreement, to qualify the Certificates for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Certificates, or (ii) the District determines to terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the District and the Trustee in the issuance of replacement Certificates by providing the Trustee with a list showing the interests of the Depository System Participants in the Certificates, and by surrendering the Certificates, registered in the name of the Nominee, to the Trustee on or before the date such replacement Certificates are to be issued. The Depository, by accepting delivery of the Certificates, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the District fails to identify another Securities Depository to replace the Depository, then the Certificates shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Certificates shall designate, in accordance with the provisions hereof.

If the District determines that it is in the best interests of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the District may notify the Depository System Participants of the availability of such certificated Certificates through the Depository. In such event, the Trustee will execute, transfer and exchange Certificates as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the District shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Certificates to any Depository System Participant having Certificates credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Certificates, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Certificate is registered in the name of the Nominee, all payments with respect to principal and interest represented by such Certificate and all notices with respect to such Certificate shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.06. *Form and Execution of Certificates*. The Certificates shall be substantially in the form set forth in Appendix A attached hereto and by this reference incorporated herein. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized signatory of the Trustee. If any person whose signature appears on any Certificate ceases to be an authorized signatory before the date

of delivery of said Certificate, such signature shall nevertheless be as effective as if such person had remained an authorized signatory until such date.

SECTION 2.07. *Transfer and Exchange.*

(a) Transfer of Certificates. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by a duly authorized attorney, upon surrender of such Certificate for cancellation at the Trust Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee will execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations. The District shall pay all costs of the Trustee incurred in connection with any such transfer, except that the Trustee may require the payment by the Certificate Owner of any tax or other governmental charge required to be paid with respect to such transfer.

(b) Exchange of Certificates. Certificates may be exchanged at the Trust Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The District shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) Limitations on Transfer or Exchange. The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) the portion of any Certificate which the Trustee has selected for prepayment under the provisions of Section 4.02.

SECTION 2.08. *Certificates Mutilated, Lost, Destroyed or Stolen.* If any Certificate is mutilated, the Trustee, at the expense of the Owner of such Certificate, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity in replacement for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. The Trustee will cancel and destroy every mutilated Certificate surrendered to it and shall dispose of canceled securities in accordance with its customary procedures. If any Certificate is lost, destroyed or stolen, evidence of such loss, destruction or theft must be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and the District and, if an indemnity satisfactory to the Trustee and the District shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity and numbered as the Trustee will determine in lieu of and in replacement for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each replacement Certificate delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Certificate issued under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee is not required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and

the same. Notwithstanding any other provision of this Section, in lieu of delivering a replacement for a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trustee and the District.

SECTION 2.09. *Payment.* The Trustee will pay interest represented by the Certificates on each Interest Payment Date, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the Record Date immediately preceding such Interest Payment Date, by check mailed to the Owner by first class mail at the Owner's address appearing on the Registration Books. At the written request of the Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of the Record Date preceding any Interest Payment Date, the Trustee will pay interest represented by the Certificates by wire transfer in immediately available funds to such account in the United States as is specified in the written request. The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment is payable in lawful money of the United States of America upon surrender of such Certificate at the Trust Office of the Trustee. Notwithstanding anything in this Trust Agreement, so long as the Certificates are maintained in the book-entry system of the Depository, all payments of principal and interest represented by the Certificates shall be made in accordance with the provisions of the Depository's book-entry system as provided in Section 2.05.

SECTION 2.10. *Execution of Documents and Proof of Ownership.* Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

- (a) The fact and date of the execution by any Owner, attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of authority.
- (b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of holding the same shall be proved by the Registration Books.



Nothing contained in this Section limits the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate binds every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee under such request or consent.

SECTION 2.11. *Registration Books.* The Trustee will keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times upon prior notice be open to inspection by the District and the Corporation during regular business hours; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as hereinbefore provided.

SECTION 2.12. *CUSIP Numbers.* The District may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such numbers in notices of prepayment as a convenience to the Certificate Owners; provided that the Trustee shall have no liability for any defect in the CUSIP numbers as they appear on any Certificates, notice or elsewhere, and *provided further* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any prepayment notice and that reliance may be placed only on the other identification numbers printed on the Certificates, and any such prepayment shall not be affected by any defect in or omission of such numbers. The District will promptly notify the Trustee in writing of any change in the CUSIP numbers which are assigned to the Certificates.

### ARTICLE III

#### DISPOSITION OF PROCEEDS; PROJECT FUND; COSTS OF ISSUANCE FUND

SECTION 3.01. *Application of Proceeds.* At the direction of the District which is hereby given to the Trustee, the Trustee will deposit the net proceeds of the Certificates received on the Closing Date in the amount of \$\_\_\_\_\_ (representing the par amount of the Certificates plus net original issue premium received on the sale thereof in the amount of \$\_\_\_\_\_ and less underwriter's discount in the amount of \$\_\_\_\_\_) shall be paid to the Trustee, who shall deposit such proceeds in a temporary account called the Proceeds Fund which the Trustee shall establish and maintain, and the Trustee shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows (whereupon said temporary account shall be closed):

- (a) The Trustee will deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund.
- (b) The Trustee will deposit the amount of \$\_\_\_\_\_, constituting the remainder of such proceeds, in the Project Fund.

SECTION 3.02. *Costs of Issuance Fund.* The Trustee will establish and maintain a special fund designated as the "Costs of Issuance Fund" to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates, and applied solely as

provided herein. The Trustee will disburse amounts in the Costs of Issuance Fund to pay Costs of Issuance from time to time in accordance with written requisitions in substantially the form attached hereto as Appendix C which are filed by the District with the Trustee. Each such written requisition must be signed by a District Representative and must state, with respect to each payment to be made thereby, (i) the amounts to be disbursed for payment or reimbursement of Costs of Issuance, (ii) the name and address of the person or persons to whom said amounts are to be disbursed, and (iii) that all amounts to be disbursed are for Costs of Issuance properly chargeable to the Costs of Issuance Fund. Each requisition must be accompanied by an invoice or statement evidencing each payment to be made thereunder. Each requisition will be sufficient evidence to the Trustee of the facts stated therein and the Trustee has no duty to confirm the accuracy of such facts. On the date which is six months following the Closing Date, or upon the earlier written request of a District Representative filed with the Trustee, the Trustee shall transfer any funds remaining in the Costs of Issuance Fund to the Project Fund and thereupon shall close the Costs of Issuance Fund.

SECTION 3.03. *Project Fund.* The Trustee will establish and maintain a separate fund to be known as the "Project Fund". The District will disburse moneys in the Project Fund from time to time to pay Project Costs or to reimburse the District for payment of Project Costs, in accordance with written requisitions filed by the District with the Trustee substantially in the form attached hereto as Appendix C. Each such written requisition shall be signed by a District Representative and shall state, with respect to each payment to be made thereby, the name and address of the firm or corporation to whom such payment is to be made, the amount and purpose of such payment and that such constitutes payment of a Project Cost. Each such requisition is sufficient evidence to the Trustee of the facts stated therein and the Trustee has no duty to confirm the accuracy of such facts. The Trustee is not responsible for payments made in accordance with this Section. The District shall maintain accurate records showing all disbursements from the Project Fund. Upon the determination by the District that no further amounts are intended to be requisitioned from the Project Fund, the District will notify the Trustee of such fact, whereupon the Trustee shall withdraw all amounts remaining in the Project Fund and transfer such amounts to the Installment Payment Fund to be applied, at the written direction of a District Representative, to pay the Installment Payments next coming due and payable, or to prepay Installment Payments under Section 7.2 of the Installment Sale Agreement and thereby prepay the Certificates under Section 4.01(a).

**ARTICLE IV**

**PREPAYMENT OF CERTIFICATES**

SECTION 4.01. *Prepayment.*

(a) Optional Prepayment. The Certificates maturing on or before June 1, 20\_\_, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after June 1, 20\_\_, are subject to optional prepayment in whole or in part, on any date on or after June 1, 20\_\_, from prepayments of the Installment Payments made at the option of the District under Section 7.2 of the Installment Sale Agreement. Certificates shall be subject to prepayment under this subsection at a prepayment price equal to 100% of the principal amount of Certificates or portions thereof to be prepaid together with accrued interest represented thereby to the prepayment date, without premium.

If Certificates are prepaid in part but not in whole, the Trustee will select Certificates for prepayment among maturities on such basis as the District designates in written notice to the Trustee, and by lot within a maturity.

(b) Prepayment From Net Proceeds of Insurance, Sale and Condemnation. The Certificates are subject to mandatory prepayment, on any date, in whole, or in part on a pro rata basis among maturities, from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Installment Payments by the District under Section 7.3 of the Installment Sale Agreement. Certificates are subject to prepayment under this subsection at a prepayment price equal to the principal amount represented thereby to be prepaid, without premium, together with accrued interest represented thereby to the prepayment date.

(c) Sinking Fund Prepayment. The Term Certificates are subject to mandatory prepayment prior to such stated maturity in part (by lot) on each June 1 on and after June 1, 20\_\_ in integral multiples of \$5,000, solely from scheduled Installment Payments paid by the District under the Installment Sale Agreement, at a prepayment price of the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedules:

<b>Term Certificates Maturing</b>	
<b>June 1, 20__</b>	
Sinking Fund	
Prepayment Date	Principal Amount
<u>(June 1)</u>	<u>To Be Prepaid</u>

**Term Certificates Maturing  
June 1, 20\_\_**

Sinking Fund Prepayment Date <u>(June 1)</u>	Principal Amount <u>To Be Prepaid</u>
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Notwithstanding the foregoing provisions of this subsection (c), if some but not all of the Term Certificates are prepaid under any of the preceding provisions of this Section, the aggregate principal amount of the Term Certificates to be prepaid in each year thereafter under this subsection (c) shall be reduced by the aggregate principal amount of Term Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of \$5,000 such that the resulting amount of principal represented by the Term Certificates subject to prepayment on any date under this subsection (c) is equal to the principal component of the Installment Payment coming due and payable on such date.

SECTION 4.02. *Selection of Certificates for Prepayment.* Whenever provision is made herein for the prepayment of Certificates and less than all Outstanding Certificates of any one maturity are called for prepayment, the Trustee will select Certificates for prepayment within such maturity by lot in any manner deemed fair by the Trustee. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid. The Trustee will promptly notify the District in writing of the Certificates or portions thereof so selected for prepayment. The selection by the Trustee of any Certificates for prepayment is final and conclusive.

SECTION 4.03. *Notice of Prepayment.* When prepayment is authorized or required under Section 4.01, the Trustee will give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice must state the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates of any maturity are to be called for prepayment, shall designate the numbers of the Certificates to be prepaid by giving the individual number (including the CUSIP number) of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall require that such Certificates be surrendered on the designated prepayment date at the Trust Office of the Trustee for prepayment at said prepayment price, giving notice also that further interest represented by the Certificates will not accrue from and after the prepayment date. With regard to any prepayment under Section 4.01(a), if the funds required to pay the prepayment price are not on deposit at the time notice of such prepayment is sent, the notice shall include a statement to the effect that the prepayment is conditioned upon the receipt by the Trustee of the funds required to pay the prepayment on or before the prepayment date. The notice shall further state that on the specified date there shall become due and payable upon each Certificate, the principal, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

At least 20 days but not more than 60 days prior to the prepayment date, the Trustee shall mail notice of prepayment by first class mail with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, and shall cause such notice to be posted on the Electronic Municipal Market Access (EMMA) website in accordance with the requirements of the Municipal Securities Rulemaking Board. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid; *provided, however*, that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

SECTION 4.04. *Partial Prepayment of Certificates.* Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

SECTION 4.05. *Effect of Notice of Prepayment.* Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Installment Payment Fund, the Certificates shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Trust Office of the Trustee, said Certificates will be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in trust uninvested.

All Certificates paid at maturity or prepaid prior to maturity under the provisions of this Article shall be cancelled upon surrender thereof and destroyed under Section 12.09.

SECTION 4.06. *Purchase of Certificates.* In lieu of prepayment of Certificates as provided in this Article, amounts held by the Trustee for such prepayment shall, at the written request of a District Representative received by the Trustee no later than 60 days prior to the prepayment date, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment under this Section may not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment.

## ARTICLE V

### INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND

SECTION 5.01. *Assignment of Rights in Installment Sale Agreement.* The Corporation hereby irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Corporation, all of its rights in the Installment Sale Agreement (excepting only the Corporation's rights under Sections 4.8 and 6.4 thereof), including but not limited to all of the Corporation's rights to receive and collect all of the Installment Payments and all other amounts required to be deposited in the Installment Payment Fund. The Trustee hereby accepts such assignment; *provided, however*, that such assignment shall neither create any obligations nor give rise to any duties on the part of the Trustee other than those obligations and duties contained herein and is not liable for any covenants, representations or warranties of the Corporation. All Installment Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Installment Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one (1) Business Day after the receipt thereof, and all such Installment Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Installment Payment Fund.

SECTION 5.02. *Establishment of Installment Payment Fund.* The Trustee will establish and maintain a special fund designated as the "Installment Payment Fund", into which the Trustee will deposit all amounts paid to the Trustee for such purpose under the Installment Sale Agreement. All moneys at any time deposited by the Trustee in the Installment Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Corporation have any beneficial right or interest in the Installment Payment Fund or the moneys deposited therein, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

SECTION 5.03. *Application of Installment Payment Fund.* Except as provided in Sections 5.04 and 11.03, the Trustee will apply amounts in the Installment Payment Fund solely for the purpose of paying the principal and interest represented by the Certificates as the same become due and payable, in accordance with the provisions of Article II and Article IV.

SECTION 5.04. *Surplus.* At the written request of the District any surplus remaining in the Installment Payment Fund, after the payment and discharge of the Certificates in full in accordance with Section 12.01, will be withdrawn by the Trustee and remitted to the District.

## ARTICLE VI

### MONEYS IN FUNDS; INVESTMENT

SECTION 6.01. *Held in Trust.* The moneys and Permitted Investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates solely for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and is not subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the District or the Owner of any Certificates.

SECTION 6.02. *Investments Authorized.* Upon the written request of the District filed with the Trustee from time to time, moneys held by the Trustee in any fund or account established hereunder shall be invested and reinvested by the Trustee in Permitted Investments which mature not later than the date such moneys are required or estimated by the District to be required to be expended hereunder. In the absence of any written request of the District directing the investment of uninvested moneys held by the Trustee hereunder, the Trustee shall hold such moneys uninvested. Such investments, if registrable, shall be registered in the name of the Trustee, as trustee or in the name of its nominee, and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section and shall be entitled to its customary fee therefor. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. Whenever in this Trust Agreement any moneys are required to be transferred by the District to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee is not responsible or liable for any loss, fee, tax or other charge suffered in connection with any investment, reinvestment or liquidation of funds made by it in accordance with this Section.

The District shall invest amounts held by it in any fund or account established hereunder or under the Installment Sale Agreement in any investments which are authorized for the investment of District funds under the laws of the State of California. Such authorized investments specifically include the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California.

SECTION 6.03. *Accounting.* The Trustee will furnish to the District, not less than monthly, an accounting (in the form customarily used by the Trustee) of all investments and other transactions made by the Trustee under this Trust Agreement. The District acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law.

SECTION 6.04. *Allocation of Earnings.* Any income, profit or loss on such investments shall be deposited in or charged to the respective funds and accounts from which such investments were made.

SECTION 6.05. *Valuation and Disposition of Investments.*

(a) Except as otherwise provided in subsection (b) of this Section, all investments of amounts deposited in any fund or account created by or under this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow (i) the investment directions of the District in any written directions of a District Representative, and (ii) its normal practices in the purchase, sale and determining the value of Permitted Investments.

(b) Investments in any funds or accounts (or portions thereof) that are subject to a yield restriction under the Tax Code shall be valued at their present value (within the meaning of Section 148 of the Tax Code). The District shall inform the Trustee which funds are subject to a yield restriction.

(c) Except as provided in subsection (b), for the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be valued by the Trustee at the Fair Market Value thereof at least semiannually on or before each Interest Payment Date. The Trustee may sell or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee is not liable or responsible for any loss resulting from any such Permitted Investment.

(d) For purposes of this Section, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and any related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.



## ARTICLE VII

### THE TRUSTEE

SECTION 7.01. *Appointment of Trustee.* U.S. Bank Trust Company, National Association is hereby appointed Trustee by the Corporation and the District for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided herein. The District agrees that it will maintain a Trustee having a corporate trust office in California, with a reported capital and surplus of at least \$100,000,000, duly authorized to exercise trust powers and subject to supervision or examination by Federal or state authority, so long as any Certificates are Outstanding. If such bank, corporation or trust company publishes a report of condition at least annually under law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section the combined capital and surplus of such bank, corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The District and the Corporation covenant that they will maintain a Trustee qualified under the provisions of the foregoing provisions of this Section, so long as any Certificates are Outstanding.

The Trustee is hereby authorized to pay or prepay the Certificates when duly presented for payment at maturity, or on prepayment, or on purchase by the Trustee as directed by the District prior to maturity in accordance with Section 4.06, and to cancel all Certificates upon payment thereof. The Trustee will keep accurate records of all funds administered by it and of all Certificates paid and discharged. The Trustee will be compensated for its services rendered under the provisions hereof.

SECTION 7.02. *Acceptance of Trusts.* The Trustee hereby accepts the trusts imposed upon it hereby, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

- (a) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth herein, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.
- (b) No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if the repayment of such funds or adequate indemnity against such risk or liability is not assured to it. The Trustee will be entitled to receive interest on any amounts advanced by it in the performance of its duties hereunder.

- (c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers and the Trustee is not responsible for any misconduct or willful misconduct on the part of any attorney, agent or receiver appointed with due care by it hereunder. The Trustee will be entitled to advice of counsel of its selection concerning all matters of trust and its duty hereunder and shall be protected in any action taken or suffered by it hereunder in reliance on such advice.
- (d) The Trustee is not responsible for the validity hereof or for any recital herein, or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby and the Trustee is not bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the District under the Installment Sale Agreement. The Trustee is not responsible or liable for any loss, tax, fee or other charge suffered in connection with any investment, reinvestment or liquidation of investment of funds made by it in accordance with Article VI hereof.
- (e) The Trustee is not accountable for the use or application of any Certificates or the proceeds thereof. The Trustee may become the Owner of Certificates secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Certificates then Outstanding.
- (f) In the absence of negligence or willful misconduct on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, requisition, affidavit, letter, facsimile or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith hereunder on the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or in place thereof.
- (g) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee will be entitled to rely upon a certificate signed by a Corporation Representative or a District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is

deemed to have notice, as provided in Section 7.02(i), shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Corporation Representative or a District Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or the District, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

- (h) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and it is not answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee will extend to its officers, directors, employees and agents.
- (i) The Trustee is not required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the District to make any of the Installment Payments to the Trustee required to be made by the District under the Installment Sale Agreement or failure by the Corporation or the District to file with the Trustee any document required hereby or by the Installment Sale Agreement to be so filed subsequent to the delivery of the Certificates, unless a responsible officer of the Trustee is specifically notified in writing of such default by the Corporation, the District or the Owners of at least 25% in aggregate principal amount of Certificates then Outstanding and all notices or other instruments required hereby or by the Installment Sale Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.
- (j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right (but not the duty) to inspect the Enterprises including all books, papers and records of the District pertaining to the Enterprises and the Certificates, and to take such memoranda from and with regard thereto as may be desired.
- (k) The Trustee is not required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.
- (l) Notwithstanding anything elsewhere herein with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview hereof, the Trustee has the right, but is not required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition so that by the terms hereof required as a condition of such action, by the Trustee deemed

desirable for the purpose of establishing any right to the execution of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

- (m) Before taking any action referred to in Section 11.02 at the direction of the Certificate Owners, the Trustee may require that a satisfactory indemnity acceptable to the Trustee be furnished by the Certificate Owners, or any of them, for the reimbursement of all expenses to which it may be put and to protect it against any and all claim, damage, loss, expense or liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.
- (n) All moneys received by the Trustee will, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee has no liability for interest on any moneys received hereunder except such as may be agreed upon in writing.
- (o) The Trustee is not responsible for the sufficiency of the Installment Payments under the Installment Sale Agreement or its right to receive moneys under the Installment Sale Agreement.
- (p) The Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, hereunder.
- (q) The Trustee is not liable for any error of judgment made in good faith by a responsible officer of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts relating thereto.
- (r) The Trustee has no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Certificates.
- (s) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses survive its resignation or removal and final payment or discharge of the Certificates.
- (t) The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

SECTION 7.03. *Fees, Charges and Expenses of Trustee.* The Trustee is entitled to payment and reimbursement from the District and the Corporation for fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses mutually agreed upon in writing made or incurred by the Trustee in connection with such services and defending itself against any claim (whether asserted by the District, the Corporation, any Certificate Owners or any other person). Upon the occurrence of an Event of Default, but only upon such occurrence, the Trustee has a first lien with right of payment prior to payment on account of principal and interest represented by any Certificate upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

SECTION 7.04. *Notice to Certificate Owners of Default.* If an Event of Default occurs of which the Trustee has been given or is deemed to have notice, as provided in Section 7.02(i), then the Trustee will promptly give written notice thereof by first class mail, postage prepaid, by first class mail, postage prepaid, to the Owner of each Outstanding Certificate, unless such Event of Default has been cured before the giving of such notice; *provided, however,* that unless such Event of Default consists of the failure by the District to make any Installment Payment when due, the Trustee may elect not to give such notice to the Certificate Owners if and so long as the Trustee in good faith determines that it is in the best interests of the Certificate Owners not to give such notice.

SECTION 7.05. *Removal of Trustee.* The District may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (a) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding (or their attorneys duly authorized in writing) or (b) if at any time the Trustee ceases to be eligible in accordance with Section 7.01, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal will be accomplished by the giving of 30 days' prior written notice of such removal by the District to the Trustee, whereupon the District shall appoint a successor Trustee in accordance with Section 7.07.

SECTION 7.06. *Resignation by Trustee.* The Trustee and any successor Trustee may at any time resign by giving written notice by registered or certified mail to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the District shall mail notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books.

SECTION 7.07. *Appointment of Successor Trustee.* If the Trustee is removed or resigns under Sections 7.05 or 7.06, respectively, the District shall promptly appoint a successor Trustee. If the District for any reason whatsoever fails to appoint a successor Trustee within 30 days following the delivery to the Trustee of the instrument described in Section 7.05 or within 30 days following the receipt of notice by the District under Section 7.06, at the expense of the District the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 7.01. Any such successor Trustee appointed by such court shall become the

successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 30-day period.

SECTION 7.08. *Merger or Consolidation.* Any company or association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 7.09. *Concerning any Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Corporation and the District an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Corporation, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Corporation be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Corporation.

SECTION 7.10. *Non-Liability of Trustee.* The recitals, statements and representations by the District and the Corporation contained herein or in the Certificates shall be taken and construed as made by and on the part of the District and the Corporation, as the case may be, and not by the Trustee, and the Trustee has no responsibility or obligation for the correctness of any thereof.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District of the Enterprise. In no event shall the Trustee be liable for indirect, special, punitive or consequential damages in connection with or arising from this Trust Agreement or the Installment Sale Agreement for the existence, furnishing or use of the Enterprises.

SECTION 7.11. *Actions Through Agents.* The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee is not answerable for the negligence or willful misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee is not answerable for the exercise of any power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own negligence or willful misconduct.

SECTION 7.12. *Nature of Trust Engagement.* The Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into the Trust Agreement against the Trustee. In accepting the trusts hereby created, the Trustee acts solely as Trustee and not in its individual capacity and all persons, including without limitation the Certificate Owners, the District and the Corporation having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations represented by the Certificates.

## ARTICLE VIII

### MODIFICATION OR AMENDMENT OF AGREEMENTS

SECTION 8.01. *Amendments Permitted Without Consent of Owners.* This Trust Agreement and the rights and obligations of the Owners of the Certificate, and the Installment Sale Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any of the Certificate Owners, only to the extent permitted by law and only for any one or more of the following reasons:

- (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the District,
- (b) to cure, correct or supplement any ambiguous or defective provision contained herein or therein,
- (c) in any respect whatsoever in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which do not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Certificates, or
- (d) to provide for matters relating to the issuance of Additional Parity Debt.

Any such supplemental agreement entered into under this Section will become effective upon execution and delivery by the parties hereto or thereto as the case may be.

SECTION 8.02. *Amendments Permitted With Consent of Owners.* Except as permitted under Section 8.01, this Trust Agreement and the rights and obligations of the Owners of the Certificates, and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which will become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding have been filed with the Trustee.

No modification or amendment under this Section may (a) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect

thereto or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Certificate, or (b) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Installment Sale Agreement, without the consent of the Owners of 100% in aggregate principal amount of the Outstanding Certificates, or (c) modify any of the rights or obligations of the Trustee without its written assent thereto.

Any such supplemental agreement may not become effective unless there is filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and the Trustee has given the notice required below. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.10. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Certificates have filed their consents to such supplemental agreement, the Trustee will mail a notice thereof to (a) the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, and (b) each Rating Agency, which notice to the Rating Agencies must be mailed at least 15 days prior to the effective date of the supplement agreement. The notice mailed under the preceding sentence must state in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice will not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective and shall be deemed conclusively binding upon the parties hereto, the Owners of all Certificates at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60 day period.

SECTION 8.03. *Effect of Supplemental Agreement.* Notice of the proposed execution of any supplemental agreement shall be prepared by the District. From and after the time any supplemental agreement becomes effective under this Article, this Trust Agreement or the Installment Sale Agreement, as the case may be, shall be deemed to be the legal, valid and binding obligation of the District and shall be deemed to be modified and amended in accordance therewith; and the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, 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 agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Installment Sale Agreement for any and all purposes.

SECTION 8.04. *Endorsement or Replacement of Certificates Delivered After Amendments.* The Trustee may determine that Certificates shall bear a notation, by



endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of such Owner's Certificate for the purpose at the Trust Office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action, which substitute Certificates shall thereupon be prepared, executed and delivered at the expense of the District. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Trust Office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

SECTION 8.05. *Amendatory Endorsement of Certificates.* The provisions of this Article do not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by such Owner, provided that proper notation thereof is made on such Certificates.

SECTION 8.06. *Notice to Rating Agencies.* The District shall send copies of any proposed amendment or modification hereof to each Rating Agency at least 10 days prior to the effective date of any such amendment or modification.

## ARTICLE IX

### OTHER COVENANTS

SECTION 9.01. *Compliance With and Enforcement of Installment Sale Agreement.* The District covenants and agrees with the Trustee, for the benefit of the Owners of the Certificates, to perform all obligations and duties imposed on it under the Installment Sale Agreement. The District will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Sale Agreement by the Corporation thereunder.

SECTION 9.02. *Observance of Laws and Regulations.* The District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, including its right to exist and carry on business as a public agency, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

SECTION 9.03. *Recordation and Filing.* The District shall record and file all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

SECTION 9.04. *Tax Covenants.*

(a) Private Business Use Limitation. The District shall assure that the proceeds of the Certificates are not used in a manner which would cause any of the obligations of the District under the Installment Sale Agreement to become “private activity bonds” under and within the meaning of Section 141(a) of the Tax Code.

(b) Private Loan Limitation. The District shall assure that the lesser of \$5,000,000 or 5% of the aggregate amount of the proceeds of the Certificates are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose obligations as defined in the Tax Code or constituting assessments) to persons other than state or local government units.

(c) Federal Guarantee Prohibition. The District will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the obligations of the District under the Installment Sale Agreement to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the obligations of the District under the Installment Sale Agreement to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(e) Rebate of Excess Investment Earnings to United States. The District shall calculate or cause to be calculated the Excess Investment Earnings in all respects at the times and in the manner required under the Tax Code. The District shall pay the full amount of Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code. Such payments shall be made by the District from any source of legally available funds of the District.

The District shall keep or cause to be kept, and retain or cause to be retained for a period of 6 years following the retirement of the Certificates, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the District may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the District may deem appropriate. The Trustee has no duty or obligation to monitor or enforce compliance by the District of any of the requirements herein.

SECTION 9.05. *Continuing Disclosure.* The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain document entitled “Continuing Disclosure Certificate” which has been executed by the District as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Trust Agreement, failure of the District to comply with such Continuing Disclosure Certificate shall not constitute an Event of Default; *provided, however,* that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Certificates may take such actions as may be necessary and appropriate to compel performance by the District of its obligations under this Section, including seeking mandate or specific performance by court order.

SECTION 9.06. *Further Assurances.* The Corporation and the District will 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 hereof and of the Installment Sale Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

## ARTICLE X

### LIMITATION OF LIABILITY

SECTION 10.01. *Limited Liability of District and Corporation.* Except for the payment of Installment Payments when due in accordance with the Installment Sale Agreement and the performance of the other covenants and agreements of the District contained in the Installment Sale Agreement and herein, the District has no pecuniary obligation or liability to the Corporation, the Trustee or the Owners of the Certificates with respect hereto or the terms, execution, delivery or transfer of the Certificates, or the distribution of Installment Payments to the Owners by the Trustee, except as expressly set forth herein.

The Corporation has no pecuniary obligation or liability to the District or the Trustee, or to any of the Owners of the Certificates, with respect to the performance by the District of its obligations under the Installment Sale Agreement or this Trust Agreement, with respect hereto or the terms, execution, delivery or transfer of the Certificates, or with respect to the distribution of Installment Payments to the Owners by the Trustee.

SECTION 10.02. *No Liability for Trustee Performance.* Neither the District nor the Corporation have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it hereunder.

SECTION 10.03. *Indemnification of Corporation and Trustee.* To the extent permitted by law, the District shall indemnify the Corporation and Trustee, and their respective officers, agents and employees, against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of or in connection with any of the following: (a) the failure by the District to observe and perform any of its obligations under this Trust Agreement or the Installment Sale Agreement, (b) the Trustee's exercise and performance of its powers and duties hereunder, or (c) the execution, delivery and sale of the Certificates.

No indemnification will be made under this Section or elsewhere herein for willful misconduct or negligence hereunder by the Trustee or the Corporation, or their respective officers, agents, employees, successors or assigns. The District's obligations under this Section shall remain valid and binding notwithstanding maturity and payment of the Certificates and the resignation or removal of the Trustee.

SECTION 10.04. *Opinion of Counsel.* Before being required to take any action, the Trustee may require an opinion of counsel acceptable to the Trustee, or an opinion of Bond Counsel acceptable to the Trustee with respect to any federal tax matters, or a

verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, Trustee shall be absolutely protected in relying on any such opinion or certificate obtained by the Trustee.

SECTION 10.05. *Limitation of Rights to Parties and Certificate Owners.* Nothing herein or in the Certificates expressed or implied is intended or shall be construed to give any person other than the District, the Corporation, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect hereof or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee and the Owners.

## ARTICLE XI

### EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

SECTION 11.01. *Assignment of Rights.* Under Section 5.01, the Corporation transfers, assigns and sets over to the Trustee all of the Corporation's rights in and to the Installment Sale Agreement (excepting only the Corporation's rights under Sections 4.8 and 6.4 thereof), including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation under the Installment Sale Agreement as may be necessary or convenient (a) to enforce payment of the Installment Payments and any other amounts required to be deposited in the Installment Payment Fund, and (b) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee on behalf of the Certificate Owners, upon the occurrence of an Event of Default.

SECTION 11.02. *Remedies.* If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding the Trustee (to the extent indemnified as provided herein) shall, exercise any and all remedies available under law or granted under this Trust Agreement or the Installment Sale Agreement.

SECTION 11.03. *Application of Funds.* All moneys received by the Trustee under any right given or action taken under the provisions of this Trust Agreement or the Installment Sale Agreement and any other funds then held by the Trustee shall be applied by the Trustee in the following order:

First, to the payment of the fees, costs and expenses of the Trustee in declaring and enforcing such Event of Default and in the performance of its powers and duties under the Trust Agreement including reasonable compensation to its agents, attorneys and counsel, and then to the Certificate Owners in declaring and enforcing an Event of Default, including compensation to their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the Overdue Rate (but such

interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

SECTION 11.04. *Institution of Legal Proceedings.* If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee will deem most effectual in support of any of its rights or duties hereunder.

SECTION 11.05. *Non-waiver.* Nothing in this Article or in any other provision hereof or in the Certificates, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay or prepay the Installment Payments as provided in the Installment Sale Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

SECTION 11.06. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

SECTION 11.07. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, has taken any action, by judicial proceedings or otherwise, under its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action.

SECTION 11.08. *Limitation on Certificate Owners' Right to Sue.* No Owner of any Certificate issued hereunder has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless:

- (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default hereunder;

- (b) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;
- (c) the Owners have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has refused or omitted to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates has any right in any manner whatever by its or their action to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners).

The right of any Owner of any Certificate to receive payment of said Owner's direct, undivided fractional interest in the Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision hereof.

## **ARTICLE XII**

### **MISCELLANEOUS**

SECTION 12.01. *Discharge of this Trust Agreement.* If and when the obligations represented by any Outstanding Certificates are paid and discharged in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest represented by such Certificates Outstanding, as and when the same become due and payable; or
- (b) by irrevocably depositing with the Trustee or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of Installment Payments relating to such Certificates as more particularly described in Section 7.1 of the Installment Sale Agreement, said security to be held by the Trustee or by such other fiduciary to pay or prepay such Installment Payments as the same become due, under Section 7.1 of the Installment Sale Agreement;

then, notwithstanding that such Certificates have not been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District with respect to such Certificates shall cease and terminate, except only the obligations of the Trustee under Sections 2.07 and 2.08, the obligations of the District under Section 9.04 and the obligation of the Trustee to pay or cause to be paid, from Installment Payments paid by or on behalf of the District from funds deposited under the preceding paragraph (b) of this Section, to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits under the preceding paragraph (b), such Certificates shall continue to represent direct, undivided fractional interests of the Owners thereof in the Installment Payments.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in the preceding paragraphs (a) or (b) of this Section, which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the District.

SECTION 12.02. *Notices.* Any notice, request, complaint, demand or other communication under this Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice will be effective either (a) upon transmission by facsimile confirmed by a receipt transmission, (b) in the case United States mail, postage prepaid, upon actual receipt or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation and the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder. Notices may be delivered in via e-mail to the officer identified below but will only be effective upon receipt by the sender of an acknowledgment of such recipient.

*If to the District:* Marina Coast Water District  
11 Reservation Road  
Marina, California 93933  
Attention: General Manager

*If to the Corporation:* CSDA Finance Corporation  
2945 Townsgate Road, Suite 200  
Westlake Village, California 93309  
Attention: Treasurer

*If to the Trustee:* U.S. Bank Trust Company, National Association  
1 California Street, Suite 1000  
San Francisco, California 94111  
Attention: Global Corporate Trust

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the

Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties

SECTION 12.03. *Records.* The Trustee will keep complete and accurate records of all moneys received and disbursed hereunder, which shall be available for inspection by the District, the Corporation and any Owner, or the agent of any of them, upon prior written request during regular business hours.

SECTION 12.04. *Payment of Certificates After Discharge.* Notwithstanding any provisions hereof, but subject to any applicable laws of the State of California relating to the escheat of funds or property, any moneys held by the Trustee for the payment of the principal or interest represented by any Certificates and remaining unclaimed for two years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided herein), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the District free from the trusts created hereby upon receipt of an indemnification agreement acceptable to the District and the Trustee indemnifying the Trustee with respect to claims of Owners of Certificates which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail, by first class mail postage prepaid, to the Owners of Certificates which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. Any moneys so held by the Trustee will be held uninvested.

SECTION 12.05. *Governing Law.* This Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 12.06. *Binding Effect; Successors; Benefits Limited to Parties.* This Trust Agreement is binding upon and inures to the benefit of the parties, and their respective successors and assigns. Whenever herein any of the Corporation, the District or the Trustee is named or referred to, such reference includes the successors or assigns thereof, and all the covenants and agreements contained herein by or on behalf of the Corporation, the District or the Trustee will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Nothing herein expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Corporation, the District, the Trustee or the Certificate Owners, any right, remedy or claim hereunder or by reason hereof or of any covenant, condition or stipulation contained herein. All covenants, stipulations, promises and agreements contained herein by or on behalf of the Corporation or the District shall be for the sole and exclusive benefit of the Corporation, the District, the Trustee and the Certificate Owners.

SECTION 12.07. *Execution in Counterparts.* This Trust Agreement may be executed in several counterparts, each of which is an original and all of which constitute but one and the same agreement. The exchange of copies of this Trust Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Trust Agreement as to the parties hereto and may be used in lieu of the original Trust Agreement and signature pages for all purposes.



SECTION 12.08. *Delivery of Cancelled Certificates.* Whenever provision is made herein for the surrender to or cancellation by the Trustee of any Certificates, the Trustee will cancel and destroy such Certificates and shall deliver a certificate of destruction with respect thereto to the District.

SECTION 12.09. *Corporation and District Representatives.* Whenever under the provisions hereof the approval of the Corporation or the District is required, or a written certificate, requisition, direction or order is required to be delivered by the District or the Corporation to the Trustee, or the Corporation or the District is required to take some action at the request of the other, such approval or such request shall be given, and such certificate, requisition, direction or order shall be executed, for the Corporation by a Corporation Representative and for the District by a District Representative, and any party hereto shall be authorized to rely upon any such approval, request, certificate, requisition, direction or order.

SECTION 12.10. *Headings.* The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, are solely for convenience of reference and do not affect the meaning, construction or effect hereof. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions hereof; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 12.11. *Waiver of Notice.* Whenever the giving of notice by mail or otherwise is required hereunder, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice are not a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 12.12. *Severability of Invalid Provisions.* In case any one or more of the provisions contained herein or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases hereof may be held illegal, invalid or unenforceable.

SECTION 12.13. *Force Majeure.* In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 12.14. *U.S.A. Patriot Act.* The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Trust Agreement agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

\* \* \* \* Remainder of page left blank intentionally \* \* \* \*

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, *as Trustee***

By \_\_\_\_\_  
Authorized Officer

**MARINA COAST WATER DISTRICT**

By \_\_\_\_\_  
Remleh Scherzinger  
General Manager

Attest:

\_\_\_\_\_  
Mary Lagasca  
Director of Administrative Services

**CSDA FINANCE CORPORATION**

By \_\_\_\_\_  
Stefan Morton  
Treasurer

## APPENDIX A

### DEFINITIONS

Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Trust Agreement have the respective meanings specified in this Appendix A.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code.

“Business Day” means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State of California are closed.

“Certificates” means the \$\_\_\_\_\_ aggregate principal amount of certificates of participation, designated the Enterprise Revenue Certificates of Participation, Series 2024, executed and delivered and at any time Outstanding hereunder.

“Corporation” means CSDA Finance Corporation, a corporation duly organized and existing under the laws of the State of California.

“Corporation Representative” means the President or Secretary of the Corporation, or any other person authorized by resolution of the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect hereto.

“Closing Date” means August \_\_, 2024, being the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution, sale and delivery of the Certificates. Costs of Issuance include (but are not limited to) the following: filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (which may include legal fees and the first annual administration fee), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates, and any charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 3.02.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.05.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“District” means the Marina Coast Water District, a county water district formed under the County Water District Law of the State of California (constituting Division 12 of the California Water Code, commencing with Section 30000).

“District Representative” means the President, General Manager or Director of Administrative Services of the District, or any other person authorized by resolution of the Board of Directors of the District to act on behalf of the District under or with respect to the Installment Sale Agreement and this Trust Agreement.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Excess Investment Earnings” means an amount required to be rebated to the United States of America under Section 148(f) of the Tax Code due to investment of gross proceeds of the Certificates at a yield in excess of the yield represented by the Certificates.

“Event of Default” means an event of default under the Installment Sale Agreement, as described in Section 6.1 thereof.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Installment Payment” means all payments required to be paid by the District on any date under Section 4.5 of the Installment Sale Agreement, including any amounts payable upon delinquent installments and including any prepayment thereof under Section 7.2 or 7.3 of the Installment Sale Agreement.

“Installment Payment Fund” means the fund by that name established and held by the Trustee under Section 5.02.

“Installment Sale Agreement” means the Installment Sale Agreement, dated as of August 1, 2024, between the District and the Corporation, together with any duly authorized and executed amendments thereto.

“Interest Payment Date” means, with respect to any Certificate, December 1, 2024, and each June 1 and December 1 thereafter to and including the date of maturity or the date of prepayment of such Certificate.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.05(a).

“Original Purchaser” means \_\_\_\_\_, as original purchaser of the Certificates upon the competitive public sale thereof.

“Outstanding,” when used as of any particular time with respect to Certificates, means all Certificates theretofore executed and delivered by the Trustee hereunder except (a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates paid and discharged in accordance with Section 12.01, provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment has been given as provided in Section 4.03 or provision satisfactory to the Trustee has been made for the giving of such notice; and (c) Certificates in lieu of or in exchange for which other Certificates have been executed and delivered by the Trustee under Section 2.08.

“Owner”, when used with respect to a Certificate, means the person in whose name the ownership of such Certificate shall be registered on the Registration Books.

“Permitted Investments” means any of the following:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least

AAAm-G, AAAm or AAAm, and a rating by Moody's of Aaa, Aa1 or Aa2, excluding those with a floating net asset value (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services).

- (e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral.
- (f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC, including BIF and SAIF.
- (g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P.
- (h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.
- (i) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P.
- (j) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.
- (k) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

"Project Fund" means the fund by that name established and held by the Trustee under Section 3.03.

"Rating Agency" means, as of any date, each nationally-recognized municipal bond rating agency which then maintains a rating on the Certificates.

“Record Date” means the close of business on the 15<sup>th</sup> day of the month preceding each Interest Payment Date, whether or not such 15<sup>th</sup> day is a Business Day.

“Registration Books” means the records maintained by the Trustee under Section 2.11 for registration of the ownership and transfer of ownership of the Certificates.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a written request of the District delivered to the Trustee.

“S&P” means Standard & Poor’s Ratings Services, its successors and assigns.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official guidance published, under the Tax Code.

“Term Certificates” means the Certificates maturing on June 1, 20\_\_ and on June 1, 20\_\_.

“Trust Agreement” means this Trust Agreement, together with any amendments or supplements hereto permitted to be made hereunder.

“Trust Office” means, with respect to the Trustee, the corporate trust office of the Trustee set forth in 12.02.

“Trustee” means U.S. Bank Trust Company, National Association, or any successor thereto acting as Trustee hereunder.



**APPENDIX B**

**FORM OF CERTIFICATE OF PARTICIPATION**

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**ENTERPRISE REVENUE CERTIFICATE OF PARTICIPATION, SERIES 2024**

**Evidencing the Direct, Undivided Fractional Interest of the Owner Hereof in Installment Payments to be Made by the**

**MARINA COAST WATER DISTRICT, CALIFORNIA**

**As the Purchase Price For Certain Property Under an Installment Sale Agreement with the CSDA Finance Corporation**

RATE OF INTEREST:    MATURITY DATE:    ORIGINAL ISSUE DATE:    CUSIP:  
August \_\_, 2024

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:    DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (this "Certificate") is the owner of a direct, undivided fractional interest in Installment Payments (the "Installment Payments") payable by the Marina Coast Water District, a county water district duly organized and existing under the laws of the State of California (the "District"), under an Installment Sale Agreement dated as of August 1, 2024 (the "Installment Sale Agreement"), between the District and CSDA Finance Corporation, a corporation duly organized and existing under the laws of the State of California (the "Corporation"), as the purchase price for certain property which is to be used in the enterprises of the District for the supply, treatment and distribution of water and the collection, treatment and disposal of wastewater within the service area of the District (collectively, the "Enterprises"). The Installment Payments and certain other rights and interests under the Installment Sale Agreement have been assigned to U.S. Bank Trust Company, National Association, as trustee under the herein described Trust Agreement (the "Trustee"), having a corporate trust office in San Francisco, California or such other place as designated by the Trustee (the "Trust Office").

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Installment Sale Agreement and the Trust Agreement, on the Maturity Date

identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Installment Payments designated as principal, and to receive on June 1 and December 1 of each year commencing December 1, 2024 (the "Interest Payment Dates") until payment in full of said principal, the Registered Owner's direct, undivided fractional share of the Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed after the close of business on the 15<sup>th</sup> day of the month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (b) unless this Certificate is executed on or before November 15, 2024, in which event interest shall be payable from the Original Issue Date identified above. The Registered Owner's share of the portion of the Installment Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Installment Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months.

Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Trust Office of the Trustee. Interest represented hereby is payable by check mailed by first class mail by the Trustee on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trustee as of the close of business on the 15<sup>th</sup> day of the preceding month; *provided, however*, that at the written request of the owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of the 15<sup>th</sup> day of the month preceding an Interest Payment Date, interest represented by such Certificates shall be paid on such Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such request.

This Certificate has been executed and delivered by the Trustee under a Trust Agreement dated as of August 1, 2024, among the Trustee, the Corporation and the District (the "Trust Agreement"). The District has certified that it is authorized to enter into the Installment Sale Agreement and the Trust Agreement under the laws of the State of California, for the purpose of financing the acquisition, construction and improvement of properties used for the public purposes of the District relating to the Enterprise. Reference is hereby made to the Installment Sale Agreement and the Trust Agreement (copies of which are on file at the Trust Office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the District under the Installment Sale Agreement, to all of the provisions of the Installment Sale Agreement and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The District is obligated under the Installment Sale Agreement to pay the Installment Payments from the Net Revenues of the Enterprises (as such terms are defined in the Trust Agreement). The obligation of the District to pay the Installment Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay the Installment Payments does not constitute indebtedness of the District, the State of California or any of its political

subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates maturing on or before June 1, 20\_\_, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after June 1, 20\_\_, are subject to optional prepayment in whole or in part, on any date on or after June 1, 20\_\_, from prepayments of the Installment Payments made at the option of the District under Section 7.2 of the Installment Sale Agreement. Certificates shall be subject to prepayment under this subsection at a prepayment price equal to 100% of the principal amount of Certificates or portions thereof to be prepaid together with accrued interest represented thereby to the prepayment date, without premium.

The Certificates are subject to mandatory prepayment on any date, in whole, or in part among maturities on a pro rata basis and by lot within a maturity, from the net proceeds of insurance, sale or condemnation proceedings with respect to the Enterprises which are credited towards the prepayment of the Installment Payments under the Installment Sale Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificates maturing on June 1, 20\_\_ and on June 1, 20\_\_, are also subject to mandatory sinking fund prepayment by lot on June 1 in each year as set forth in the following tables, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

**Term Certificates Maturing  
June 1, 20\_\_**

Sinking Fund Prepayment Date <u>(June 1)</u>	Principal Amount <u>To Be Prepaid</u>
--	--

**Term Certificates Maturing  
June 1, 20\_\_**

Sinking Fund  
Prepayment Date  
(June 1)

Principal Amount  
To Be Prepaid

As provided in the Trust Agreement, notice of prepayment shall be mailed by the Trustee by first class mail, postage prepaid, not less than 20 nor more than 60 days before the prepayment date, to the registered owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest, will be delivered to the transferee in exchange herefor. The District, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the District, the Corporation and the Trustee will not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein. The Trustee has no obligation or liability to the Registered Owners of the Certificates for the payment of interest or principal with respect to the Certificates out of the Trustee's own funds; the

Trustee's sole obligations are those described in the Trust Agreement. The recitals of facts herein shall be taken as statements of the District and the Corporation and the Trustee does not have any responsibility for the accuracy thereof.

The District has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Installment Sale Agreement and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by U.S. Bank Trust Company, National Association, as trustee, acting under the Trust Agreement.

Execution Date:

**U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Trustee**

By: \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

For value received the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.

## APPENDIX C

### FORM OF REQUISITION

U.S. Bank Trust Company, National Association, as Trustee  
Attn: Corporate Trust Services

Re: Marina Coast Water District  
Enterprise Revenue Certificates of Participation, Series 2024

The undersigned, on behalf of the Marina Coast Water District (the "District"), hereby requests payment from the Enterprise Revenue Certificates of Participation, Series 2024 [Costs of Issuance Fund] [Project Fund] for the 2024 Certificates identified above, upon receipt of an invoice from each payee shown on the attached schedule, to each payee so listed, the amount of each invoice but no more than the amount shown on such Schedule, as payment or reimbursement for costs incurred or expenditures made in connection with the issuance of the above-captioned Certificates.

All capitalized terms used herein shall have the meanings given such terms in the Trust Agreement dated as of August 1, 2024 (the "Trust Agreement"), among the CSDA Finance Corporation, the District and U.S. Bank Trust Company, National Association

The undersigned hereby certifies that each obligation mentioned herein is a [Cost of Issuance] [Project Cost] as defined in the Trust Agreement, has been properly incurred and is a proper charge against the [Costs of Issuance Fund] [Project Fund]. None of the items for which payment is requested has been reimbursed previously from the [Costs of Issuance Fund] [Project Fund], and none of the payments herein requested will result in a breach of the representations and covenants in the Trust Agreement.

All such payments shall be made pursuant to this Requisition shall be made by check or wire transfer in accordance with payment instructions contained herein or the invoice submitted in accordance therewith and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof, other than in accordance with the provisions of the Trust Agreement.

Dated: \_\_\_\_\_, 20\_\_

**MARINA COAST WATER DISTRICT**

By: \_\_\_\_\_  
Authorized District Representative

**Schedule of Payments**

<u>Payee Name and Address</u>	<u>Purpose of Payment</u>	<u>Payment Amount</u>
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**OFFICIAL NOTICE OF SALE**

\$ \_\_\_\_\_ \*

**MARINA COAST WATER DISTRICT  
ENTERPRISE REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2024**

**Date of Sale:**

\_\_\_\_\_ - \_\_, 2024

**Bid Time 8:30 a.m., Pacific Time**

**BIDS TO BE RECEIVED VIA PARITY®**

For further information, please contact the Municipal Advisor to Marina Coast Water District,  
Fieldman, Rolapp & Associates, Inc.

Robert Porr, Executive Vice President  
Fieldman, Rolapp & Associates, Inc.  
(949) 751-8445  
[rporr@fieldman.com](mailto:rporr@fieldman.com)

Lora Nichols, Vice President  
Fieldman, Rolapp & Associates, Inc.  
(949) 660-7312  
[lnichols@fieldman.com](mailto:lnichols@fieldman.com)

**A copy of the Preliminary Official Statement and Investor Roadshow  
may be obtained at:  
[www.munios.com](http://www.munios.com) or through Parity®**

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\* Preliminary, subject to change.



## OFFICIAL NOTICE OF SALE

### MARINA COAST WATER DISTRICT Enterprise Revenue Certificates of Participation, Series 2024

Notice is hereby given that all-or-none bids will be received by Marina Coast Water District, established under the laws of the State of California (the “District”), for the purchase of \$\_\_\_\_\_† par value of Enterprise Revenue Certificates of Participation, Series 2024 (the “2024 Certificates”).

**TIME: 8:30 a.m., Pacific Time**

**DATE: \_\_\_\_\_, 2024**

Provided, however, that without further advertising, and so long as an electronic bid has not been accepted by the District, electronic bids via I-Deal LLC BiDCOMP/PARITY® system *Parity*® (“*PARITY*®”) will be accepted at such time and place on -----, 2024.

**This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the 2024 Certificates. Bidders must read the entire Preliminary Official Statement (the “POS”) to obtain information essential to making an informed investment decision. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the POS.**

#### **Terms of the 2024 Certificates**

**The District has made available a POS and an Investor Roadshow relating to the 2024 Certificates, copies of which have been posted to [www.munios.com](http://www.munios.com).** The POS, including the cover page and all appendices thereto, provides certain information concerning the sale and delivery of the 2024 Certificates. Each bidder must have obtained and reviewed the POS prior to bidding for the 2024 Certificates.

#### **Issue: The 2024 Certificates**

The 2024 Certificates will be dated the date of delivery thereof (which is expected to be -----, 2024) (the “**Delivery Date**”), will be in the denomination of \$5,000 each, or integral multiples thereof, and will represent interest from the date of the 2024 Certificates to the final maturity of the 2024 Certificates. The interest rates with respect to the 2024 Certificates shall not exceed 5.00% per annum. Interest will be payable on December 1, 2024 and semiannually on each June 1 and December 1, of each year during the term of the 2024 Certificates. Principal will be

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† Preliminary, subject to change.

payable on June 1 of each year during the term of the 2024 Certificates, commencing on June 1, 2038. **The final maturity date of the 2024 Certificates is June 1, 2049 (the “Final Maturity”).**

The proceeds of the sale of the 2024 Certificates will be used to: (i) finance the acquisition and construction of certain capital improvements, betterments, renovations and expansions of facilities within its Water Enterprise and Wastewater Enterprise (the “Enterprises”); and (ii) to pay certain costs of delivery of the 2024 Certificates.

## **Security**

The 2024 Certificates evidence the direct, undivided interest of the owners thereof in installment payments (the “Installment Payments”) which are payable by the District under an Installment Sale Agreement (the “Installment Sale Agreement”) between the District and CSDA Finance Corporation. The obligation of the District to make Installment Payments is a special obligation payable solely from Net Revenues, consisting of (1) Gross Revenues of the District’s Enterprises less the payment of Operation and Maintenance Costs. The term “Gross Revenues” means (1) ad valorem taxes allocable to the Enterprises, (2) all amounts levied by the District as a fee for connecting to the Enterprises, (3) all income, rents, rates, fees, charges and other moneys received for, and all the gross income and receipts derived by the District from the ownership and operation of the Enterprises, (4) the earnings on and income derived from the investment of funds in (1) – (3) above, (5) proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Enterprises, and (5) amounts (if any) transferred from the Rate Stabilization. The term “Net Revenues” means, for any Fiscal Year of the District (currently, the District’s Fiscal Year begins July 1), the Gross Revenues of such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. See Appendix B of the POS for detailed definitions of “Gross Revenues,” “Operation and Maintenance Costs” and “Water Enterprise” and Wastewater Enterprise. Refer to the POS section “SECURITY FOR THE CERTIFICATES”.

The 2024 Certificates will not be secured by a debt service reserve account.

## **Optional Prepayment**

The 2024 Certificates with stated maturities on or after June 1, 2035, are subject to prepayment prior to maturity, at the option of the District, in whole or in part by lot, from any available source of funds, on June 1, 2034 and on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2024 Certificates to be prepaid, together with accrued interest thereon to the date fixed for prepayment, without premium.

## **Sinking Fund Prepayment**

Any bidder may, at its option, specify that one or more maturities of the 2024 Certificates will consist of term 2024 Certificates which are subject to mandatory sinking fund prepayment in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. If the bid of the successful bidder specifies that any maturity of 2024 Certificates will be term 2024 Certificates, such term 2024 Certificates will be subject to mandatory sinking fund prepayment on June 1 in each year so designated in the bid, in the respective amounts for such years as set forth in the schedule set forth below, at a prepayment price equal to the principal amount thereof to be prepaid

together with accrued interest to the prepayment date, without premium.

**Principal Payments**

The 2024 Certificates shall be serial maturities, as specified by each bidder, and principal shall be payable on June 1 of each year, commencing on June 1, 2038 as shown below. The final maturity of the 2024 Certificates shall be June 1, 2049. The principal amount of the 2024 Certificates maturing or subject to mandatory sinking fund prepayments in any year shall be in integral multiples of \$5,000. Bidders will provide bids on all of the 2024 Certificates only. Subject to adjustment as hereinafter provided, the serial maturities are as follows:

Principal Payment Date (June 1)	Principal Amount*
2038	
2039	
2040	
2041	
2042	
2043	
2044	
2045	
2046	
2047	
2048	
2049	

\* Preliminary, subject to change.

**Adjustment of Principal Amount**

The principal amount of the 2024 Certificates set forth above reflects certain assumptions of the District and Fieldman, Rolapp & Associates, Inc., the District’s Independent Registered Municipal Advisor (the “**Municipal Advisor**”) with respect to the likely coupon and yield, and related original issue discount or premium, of the winning bid. Following the determination of the successful bidder, the District reserves the right to increase or decrease the aggregate principal amount of the 2024 Certificates and any individual maturity thereof, in \$5,000 increments. Such adjustment shall be made within 5 hours of the bid award and in the sole discretion of the District, and notice thereof will be promptly provided to the winning bidder. **In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid may not be withdrawn, and the successful bidder will not be permitted to change its bid price, the interest rate or yield in its bid for the 2024 Certificates.** The District shall not be responsible for the effect of any such adjustment on the compensation to the successful bidder and will use its reasonable best efforts to maintain a proportionate level of compensation to the successful bidder. The aggregate principal amount of the 2024 Certificates shall not exceed \$23,000,000.

The principal amortization schedule may be changed prior to the time bids are to be received and if adjustments are made, bidders must bid on the basis of the adjusted amortization schedule. Such changes, if any, will be communicated through *PARITY*® or Thompson, not later than 2:00 p.m. Pacific Time, on the business day prior to the bid opening.

## **Interest Rates**

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2024 Certificates shall represent interest from their Delivery Date at rates to be determined at the sale thereof. The interest rates with respect to each maturity of the 2024 Certificates shall not exceed 5.00% per annum. Interest with respect to the 2024 Certificates is payable semiannually on December 1, and June 1 of each year (the “**Interest Payment Dates**”), commencing December 1, 2024.

Bidders may specify only a single interest rate for each maturity; provided, however, that (i) the interest rate specified must be in a multiple of 1/20 of 1% or 1/8 of 1%; (ii) a zero rate of interest cannot be specified; (iii) each of the 2024 Certificates shall represent interest from the Delivery Date to its Final Maturity or earlier prepayment at the interest rate specified in the bid; (iv) no bid will be accepted which provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the 2024 Certificates. Bids that do not conform to the terms of this or the preceding paragraph will be rejected.

## **TERMS OF SALE**

### **Basis of Award – Lowest True Interest Cost and Bid Price Compliance**

The 2024 Certificates will be awarded to the responsible bidder whose bid produces the **lowest true interest cost** (the “**TIC**”) on the 2024 Certificates and the premium being offered. The TIC shall be the interest rate required to discount the payments of principal and interest with respect to the 2024 Certificates which produces an amount equal to the bidder’s purchase price, utilizing the expected Delivery Date and the Final Maturity.

Bidders are requested to supply a calculation of the TIC of the 2024 Certificates to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District. If two or more bidders submit identical bids based on the considerations set forth herein, the 2024 Certificates will be awarded to the bidder whose bid was first submitted. In the event that multiple bids are received from a single bidder, the District shall accept the best of such bids, and each bidder agrees by submitting any bid to be bound by its best bid. The determination of the bid representing the lowest TIC will be made without regard to any adjustments, as described under the caption “Adjustment of Principal Amount”, even if such adjustments would have the effect of raising the TIC of the successful bid to a level higher than the bid containing the next lowest TIC prior to adjustment.

All bids are subject to verification and approval by the District. The District has the absolute right, in its sole discretion, to deem final each bid as reported by PARITY® immediately after the deadline for receipt of bids to be accurate and binding on the bidder.

### **All or None Bid**

Prospective purchaser may only submit a bid for all of the 2024 Certificates.

### **Minimum Premium Permitted**

No bid shall be for less than 100% of the aggregate principal amount of the 2024 Certificates.

### **Purchaser's Discount**

The Purchaser's Discount shall not exceed 0.6% of the aggregate principal amount of the 2024 Certificates.

### **Form of Bid / Electronic Bids Only**

All bids for the 2024 Certificates must be unconditional and for not less than all of the respective maturities of the 2024 Certificates offered for sale. **Each bid must be in accordance with the terms and conditions set forth in this Official Notice of Sale.** Only electronic bids via PARITY® will be accepted in accordance with this Official Notice of Sale on the bid date. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control.

Once the bids are communicated electronically via PARITY® to the District as described herein, each bid will constitute a Bid for Purchase of the 2024 Certificates and will be deemed to be an irrevocable offer to purchase the 2024 Certificates on the terms provided in this Official Notice of Sale.

The District may discontinue use of electronic bidding via PARITY® by issuing a notification to such effect via PARITY®'s Internet website (<https://www.newissuehome.i-deal.com>) by no later than 2:00 p.m. Pacific Time on the last business day prior to the date of sale. In such case, a substitute bidding arrangement will be described in an amended Official Notice of Sale.

For purposes of submitting bids to purchase the 2024 Certificates, the time as maintained on PARITY® shall constitute the official time. No bid received after the deadline shall be considered. In any case, each bid must be in accordance with terms and conditions set forth in this Official Notice of Sale.

**WARNINGS:** The District assumes no responsibility for ensuring or verifying bidder compliance with Parity's procedures. The District shall be entitled to assume that any bid received via PARITY® has been made by a duly authorized agent of the bidder. The District, the Municipal Advisor and Bond Counsel assume no responsibility for any malfunction of the PARITY® bidding platform, any failure of a bid to be received at the official time, or any error contained in any bid submitted electronically.

### **Bid Award Deposit**

The winning bidder of the 2024 Certificates (the "**Purchaser**") will be required to submit a **Bid Award Deposit equal to \$200,000** not later than 12:00 p.m. Pacific Time on the first business day following the bid date (----- --, 2024) for the 2024 Certificates. The deposit shall be made by wire to an account of the District; wire instructions will be provided directly to the

Purchaser. In the event the Purchaser's Bid Award Deposit is not received by the designated time, the underlying bid may be disqualified at the option of the District.

No interest will be paid by the District on the amount of the Bid Award Deposit. The proceeds of the Bid Award Deposit will be applied to the purchase price of the 2024 Certificates, or in the event of the failure of a Purchaser to pay for the 2024 Certificates in compliance with the terms of the bid, at the option of the District, its Bid Award Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the District.

### **Insurance**

[No bids with municipal bond insurance will be accepted].

### **Delivery and Payment**

Delivery of the 2024 Certificates will be made to the Purchaser on the Delivery Date of the 2024 Certificates, which is expected to be ----- --, 2024 . Payment of the purchase price (less the amount of the good faith deposit described above) must be made in funds immediately available to the District. Any expenses of providing federal funds shall be borne by the Purchaser.

### **Right to Modify or Amend**

The District reserves the right to modify or amend this Official Notice of Sale including, but not limited to the right to adjust and change the aggregate principal amounts of the 2024 Certificates being offered. Such notifications or amendments shall be made not later than 2:00 p.m. Pacific Time on the business day immediately preceding the day of the bid opening through the PARITY® bidding platform.

### **Right to Reject Bids or Waive Irregularities**

The District reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

### **Right to Cancel, Postpone, or Reschedule Sale**

The District reserves the right to cancel, postpone or reschedule the sale of the 2024 Certificates upon notice given through the PARITY® bidding platform, Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or The Bond Buyer Wire no later than 2:00 p.m. Pacific Time the business day before the bids are to be received. If any date is postponed, any alternative sale date will be announced through I-Deal LLC BiDCOMP/PARITY® system, Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or The Bond Buyer Wire at least 23 hours prior to such alternative sale date and at a time as the District shall determine. On any such alternative sale date, any bidder may submit a bid for the purchase of the 2024 Certificates in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced by through I-Deal LLC BiDCOMP/PARITY® system at the time the sale date and time are announced.

## **Registration of 2024 Certificates as to Principal and Interest and Place of Payment**

The 2024 Certificates, when delivered, will be issued only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2024 Certificates. Ownership interests in the 2024 Certificates may be purchased in book-entry form, in any integral multiple of \$5,000, as described in the POS.

## **CUSIP Numbers and Other Fees**

The Municipal Advisor has applied for CUSIP registration on the 2024 Certificates, and it is anticipated that CUSIP numbers will be printed on the 2024 Certificates, but neither the failure to print such numbers on any 2024 Certificates nor error with respect thereto shall constitute cause for a failure or refusal by the Purchaser thereof to accept delivery of and pay for the 2024 Certificates in accordance with the terms of the purchase contract. Expenses of a CUSIP number will be the Purchaser’s responsibility. Any delay, error or omission with respect thereto will not constitute cause for the Purchaser to refuse to accept delivery of and pay for the 2024 Certificates. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the 2024 Certificates (see, “California Debt and Investment Advisory Commission Fee” below).

## **California Debt and Investment Advisory Commission Fee**

The successful bidder will be required, pursuant to State of California law, to pay any fees to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the successful bidder after the Delivery Date.

## **Bond Counsel Legal Opinion**

The 2024 Certificates are sold with the understanding that the Purchaser will be furnished with the approving opinion of Bond Counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, approving the validity of the 2024 Certificates and the Installment Sale Agreement under California Law as set forth in the form of which is attached as Appendix C to the POS.

## **Tax-Exempt Status**

As set forth in Appendix C to the POS, in the opinion of Jones Hall, LLC., San Francisco, California, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the POS, interest (and original issue discount) represented by the 2024 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) represented by the 2024 Certificates is exempt from State of California personal income tax. See the POS under the caption “TAX MATTERS” for a fuller description of tax consequences relating to the 2024 Certificates, including with respect to the alternative minimum tax imposed on certain large corporations.

Should changes in the law cause Bond Counsel's opinion to materially change prior to delivery of the 2024 Certificates to the Purchaser, the Purchaser will be relieved of its responsibility to take delivery of and pay for the 2024 Certificates, and in that event its Bid Award Deposit will be returned.

### **Disclosure Counsel Negative Assurance Letter**

The firm of Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel to the District, will provide a letter to the Purchaser of the 2024 Certificates regarding the Official Statement. Such letter will be substantially to the effect that during the course of Disclosure Counsel's work with regard to the 2024 Certificates, no facts have come to their attention that cause them to believe that the Official Statement (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning the Depository Trust Company and the book-entry system, any information contained in the appendices to the Official Statement, CUSIPs or any statements with respect to the District's compliance with its obligations under SEC Rule 15c2-12) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

### **No Litigation and Tax Certificate**

The District will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the 2024 Certificates and the Installment Sale Agreement. The District will also deliver a Tax Certificate covering its reasonable expectations concerning the 2024 Certificates and the use of proceeds thereof.

### **Qualification for Sale; Blue Sky**

The Purchaser will assume responsibility for taking any action necessary to qualify the 2024 Certificates for offer and sale in jurisdictions other than California, and for complying with the laws of all jurisdictions on resale of the 2024 Certificates, and shall indemnify, defend and hold harmless the District and its officers and officials from any loss or damage resulting from any failure to comply with any such law. Compliance with Blue Sky laws shall be the sole responsibility of the Purchaser, and the Purchaser shall pay all fees and disbursements related to the qualification of the 2024 Certificates for sale under the securities or Blue Sky laws of various jurisdictions. The District will furnish such information and take such action not inconsistent with law as the Purchaser may request and the District shall deem necessary or appropriate to qualify the 2024 Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, however, that the District shall not be required to execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. **The Purchaser will not offer to sell, or solicit any offer to buy, the 2024 Certificates in any jurisdiction where it is unlawful for such Purchaser to make such offer, solicitation or sale, and the Purchaser shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions.**



## **Preliminary Official Statement and Final Official Statement Dissemination**

The District has made available a POS relating to the 2024 Certificates, a copy of which has been posted to [www.munios.com](http://www.munios.com). Such POS, together with any supplements thereto, shall be in form “deemed final” by the District for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement. The District shall deliver, at closing, a certificate, executed by appropriate officers of the District acting in their official capacities, to the effect the Official Statement relating to the 2024 Certificates is true and correct in all material respects, and that the Official Statement does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

By making a bid for the 2024 Certificates, the successful bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the District, (2) to promptly file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System, and (3) to take any and all other actions necessary to comply with applicable SEC rules and MSRB rules governing the offering, sale and delivery of its 2024 Certificates to ultimate purchasers. The Final Official Statement for the 2024 Certificates will be made available electronically not later than 7 business days following the bid date; no hard copies will be provided to the Purchaser.

### **Closing Certificate Concerning Preliminary Official Statement and Official Statement.**

As a condition of delivery of the 2024 Certificates, the Purchaser will be required to execute and deliver to the District, prior to the Delivery Date, a certificate to the following effect:

(i) The Purchaser, as the initial purchaser of the 2024 Certificates, has provided to the District the initial reoffering price and yield on the 2024 Certificates as set forth in the Official Statement.

(ii) The Purchaser has not undertaken any responsibility for the contents of the POS or the Official Statement; however, the Purchaser, in accordance with and as part of its responsibilities under Federal securities laws, (1) has reviewed the information in the POS and the Official Statement, (2) did not notify the District of the need to modify or supplement the POS on or before the bid date, and (3) has not notified the District of the need to modify or supplement the Official Statement on or before the Delivery Date of the 2024 Certificates.

### **Continuing Disclosure**

In order to assist the Purchaser in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, the District will undertake in a Continuing Disclosure Certificate to provide certain annual financial information and notice of the occurrence of certain events. A description of these undertakings and form of the Continuing Disclosure Certificate are included in the POS as Appendix D.

## Rating

A rating from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, has been assigned to the 2024 Certificates. The rating is shown in the POS under the caption "RATING." **The cost of obtaining such rating will be borne entirely by the District and not by the successful bidder.**

## Establishment of Issue Price / Purchaser's Certificate

The Purchaser shall, within one (1) hour after being notified of the award of the 2024 Certificates, advise the Municipal Advisor by electronic transmission or writing by facsimile transmission of the initial public offering prices of the 2024 Certificates.

The Purchaser shall assist the District in establishing the issue price of the 2024 Certificates and shall execute and deliver to the District at closing a closing issue price certificate setting forth the reasonably expected initial offering prices to the public, actual initial offering prices to the public or the sales price or prices of the 2024 Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the District and Bond Counsel.

In making the representations in the closing issue price certificate, the Purchaser must reflect the anticipated existence, if any, of a "derivative product" (e.g., a tender option) offered or to be offered by the Purchaser or any affiliate in connection with the initial sale of any of the 2024 Certificates. The Purchaser must also provide additional information if necessary in the judgment of Bond Counsel to determine the issue price of the 2024 Certificates.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2024 Certificates) will apply to the initial sale of the 2024 Certificates (the "**Competitive Sale Requirements**") because:

- (1) the District shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the 2024 Certificates to the bidder who submits a firm offer to purchase the 2024 Certificates at the highest price (or lowest true interest cost), as set forth in this Official Notice of Sale.

*Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the 2024 Certificates, as specified in the bid.*

Bidders should prepare their bids on the assumption that the District will determine the issue price of the 2024 Certificates either based on the reasonably expected initial offering price to the public

or by application of the hold-the-offering-price rule.

If the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, the District shall treat the first price at which 10% of a maturity of the 2024 Certificates (the “**10% test**”) is sold to the public as the issue price of that maturity unless the Purchaser has elected on the bid form to apply the “**hold-the-offering price rule**,” as described below, in which case the initial offering price to the public as of the sale date of any maturity of the 2024 Certificates will be treated as the issue price of that maturity, in each case applied on a maturity-by-maturity basis. In the event that the competitive sale requirements are not satisfied, the Purchaser shall advise the District if any maturity of the 2024 Certificates satisfies the 10% test as of the date and time of the award of the 2024 Certificates, and if the Purchaser has elected to apply the hold-the-offering-price rule, the Purchaser shall notify the District, within one hour of the time of award of the 2024 Certificates, as to which maturities of the 2024 Certificates satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

The Purchaser shall also either: (i) confirm that the underwriters have offered or will offer each maturity of the 2024 Certificates to the public on or before the date of award at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the Purchaser; or (ii) if the Purchaser has elected to use the hold-the-offering-price rule, the Purchaser agrees, on behalf of the underwriters participating in the purchase of the 2024 Certificates, that the underwriters will neither offer nor sell unsold 2024 Certificates of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the 2024 Certificates to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall report to the District the status as of the sale date, regarding the underwriters having sold 10% of a maturity of the 2024 Certificates to the public at the applicable initial offering price, and within one business day, when the underwriters have sold 10% of a maturity of the 2024 Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The Purchaser shall cooperate with the District and Bond Counsel, including by providing requested information to assist in establishing the issue price of the 2024 Certificates and compliance with the hold-the-offering-price rule.

In making the representations set forth above, the Purchaser will confirm that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which any Purchaser is a party) relating to the initial sale of the 2024 Certificates to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement to: (A) report the prices at which it sells to the public the unsold

2024 Certificates of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the 2024 Certificates of that maturity or all 2024 Certificates of that maturity have been sold to the public; and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires; and

(ii) any agreement among underwriters relating to the initial sale of the 2024 Certificates to the public, together with the related pricing wires, will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2024 Certificates to the public to: (A) report the prices at which it sells to the public the unsold 2024 Certificates of each maturity allotted to it until it is notified by the Purchaser or such underwriter that either the 10% test has been satisfied as to the 2024 Certificates of that maturity or all 2024 Certificates of that maturity have been sold to the public; and (B) require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser or the related underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that sales of any 2024 Certificates to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this section of Official Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party to an underwriter;
- (2) “underwriter” means: (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Certificates to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2024 Certificates to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2024 Certificates to the public);
- (3) a purchaser of any of the 2024 Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date that the 2024 Certificates are awarded by the District to the Purchaser.

**Right of Cancellation**

The successful bidder will have the right, at its option, to cancel its purchase of the 2024 Certificates if the District fails to execute the 2024 Certificates and tender the same for delivery within 60 days from the date of the award thereof. In such event, the successful bidder will be entitled to the return of the Bid Award Deposit accompanying the bid.

Dated: \_\_\_\_\_, 2024

MARINA COAST WATER DISTRICT

/s/ Remleh Scherzinger  
General Manager  
Marina Coast Water District

ATTACHMENT 1 - BIDDER'S CERTIFICATE

§ \_\_\_\_\_  
MARINA COAST WATER DISTRICT  
Revenue Certificates of Participation, Series 2024A

\_\_\_\_\_ (the “**Purchaser**”) is making these certifications in connection with the above-captioned certificates described in Schedule A attached hereto (the “**Obligations**”) and hereby certifies and represents the following, based upon the information available to it; provided, however, that: (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Bond Counsel; (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the “**Code**”); and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

[IF 3 BIDS RECEIVED]

**A. Issue Price.**

1. On ---- \_\_, 2024 the Purchaser won on a competitive basis the right to reoffer the Obligations.

2. As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the “**Expected Offering Prices**”), and the Purchaser has offered the Maturities to the public at the Expected Offering Prices. The Expected Offering Prices are the prices for the Maturities of the Obligations used by the Purchaser in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Obligations.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

**B. Defined Terms.**

1. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.

2. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

3. *Related Party* means any entity if an Underwriter and the entity are subject, directly or indirectly, to: (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50%

common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is \_\_\_\_\_, 2024.

5. *Underwriter* means: (i) any person that agrees pursuant to a written contract with the issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

#### A. Issue Price.

1. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “**Initial Offering Prices**”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.

2. As of the date hereof, the first price at which 10% of each of the Maturities of the Obligations listed on Schedule A as a “10% Test Maturity” was sold to the Public was the Initial Offering Price for such Maturity.

3. EITHER [With respect to the Maturities of the Obligations listed on Schedule A as unsold maturities (the “**Undersold Maturities**”), 10% of each of the Undersold Maturities has not been sold to the Public at any single price. The Purchaser will promptly report to the issuer the first price at which 10% of such Undersold Maturities have been sold to the public. If all of an Undersold Maturity is sold to the Public but not more than 10% of the Undersold Maturity is sold to the Public at any particular price, the Purchaser will notify the issuer in writing of the amount of the Undersold Maturity sold to the Public at each respective price] OR [With respect to each of the Maturities of the Obligations listed on Schedule A as a “Hold-The-Offering-Price Maturity,” the Purchaser has agreed that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**hold-the-offering-price rule**”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.]

#### B. Defined Terms.

1. *Hold-the-Offering-Price Maturities* means those Maturities of the Obligations where the issue price was established under Treasury Regulations § 1.148-1(f)(2)(ii), as shown in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

2.  *Holding Period*  means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

3.  *Issuer*  is as defined in the attached Tax Certificate.

4. [ *Maturity*  means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are generally treated as separate maturities for purposes of determining compliance.]

5. [ *Public*  means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.]

6. [ *Related Party*  means any entity if an underwriter and the entity are subject, directly or indirectly, to: (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).]

7. [ *Sale Date*  means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is \_\_\_\_\_, 2024.]

8. [ *Underwriter*  means: (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).]

Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.



All terms not defined herein have the meaning ascribed in the attached Tax Certificate.

Dated: August \_\_, 2024

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

[IF 3 BIDS]

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
*(Attached)*

[IF 3 BIDS]

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE A**

<i><b>Maturity Date (June 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Rate</b></i>	<i><b>Initial Offering Price</b></i>	<i><b>10% Test Maturities</b></i>	<i><b>Hold-the- Offering- Price Maturities</b></i>
	\$	%			

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE B**  
**PRICING WIRE**

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2024****NEW ISSUE – BOOK-ENTRY ONLY****RATING: S&P: “\_\_\_”  
See “RATING” herein**

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of the Installment Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Certificates may be subject to the corporate alternative minimum tax. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”*

\$ \_\_\_\_\_ \*

**Marina Coast Water District  
Enterprise Revenue Certificates of Participation,  
Series 2024**

**Dated: Date of Delivery****Due: June 1, as shown below**

The captioned certificates (the “Certificates”) evidence direct, undivided and fractional interests of the Owners thereof in certain installment payments (the “Installment Payments”) to be made by the Marina Coast Water District (the “District”) pursuant to an Installment Sale Agreement (the “Installment Sale Agreement”), between the District and CSDA Finance Corporation (the “Corporation”). The Corporation, for the benefit of the Owners of the Certificates, has assigned, among other things, its right to receive Installment Payments to U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) under that certain Trust Agreement, dated as of August 1, 2024 (the “Trust Agreement”), by and among the District, the Corporation and the Trustee, pursuant to which the Certificates will be executed and delivered.

The Certificates are being issued to finance the acquisition and construction of various improvements to the District’s Water Enterprise and the District’s Wastewater Enterprise, and pay the costs of executing and delivering the Certificates. See “FINANCING PLAN.”

The Certificates will be delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in integral multiples of \$5,000, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of certificates representing their ownership interest in the Certificates. The portion of the Installment Payments designated as and comprising interest is payable on June 1 and December 1 of each year, commencing December 1, 2024, by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Certificates.

***The Certificates are subject to prepayment prior to maturity. See “THE CERTIFICATES – Prepayment.”***

The District’s obligation to make Installment Payments is a special obligation of the District payable and secured exclusively from Net Revenues (as defined in this Official Statement) of the District under the Installment Sale Agreement and from amounts on deposit in certain funds and accounts established under the Trust Agreement. A debt service reserve fund for the Certificates will not be established in connection with the execution and delivery thereof. The District previously incurred obligations that are outstanding and that are payable on a parity basis with the Installment Payments. In addition, under the Installment Sale Agreement, the District may incur additional debt secured by Net Revenues on a parity with the Installment Payments, provided that the conditions set forth in the Installment Sale Agreement are met. See “RISK FACTORS” and “SECURITY FOR THE CERTIFICATES – Parity Debt; Limitations on Future Debt.”

**THE INSTALLMENT PAYMENTS ARE PAYABLE SOLELY FROM NET REVENUES PLEDGED BY THE DISTRICT AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE TRUST AGREEMENT.**

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Certificates. Investors should review the entire Official Statement before making any investment decision.

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**MATURITY SCHEDULE  
(See inside cover)**

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*The Certificates will be sold and awarded pursuant to a competitive bidding process to be held on August 14, 2024, subject to change or cancellation, as set forth in the Official Notice of Sale with respect to the Certificates. The Certificates are offered when, as and if executed and delivered to the winning bidder, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Jones Hall is also acting as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by Griffith, Masuda & Hobbs, A Professional Law Corporation, as General Counsel. It is anticipated that the Certificates will be available for delivery in book-entry form on or about August \_\_, 2024.*

The date of this Official Statement is: \_\_\_\_\_, 2024.

\* Preliminary; subject to change.

## MATURITY SCHEDULE

(Base CUSIP<sup>†</sup> Number: \_\_\_\_\_)

<u>Maturity</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP<sup>†</sup></u> <u>Number</u>
------------------------------------	-----------------------------------	--------------------------------	--------------	--------------	---

\$ \_\_\_\_\_ - \_\_\_\_\_% Term Certificates due June 1, 20\_\_;  
Yield \_\_\_\_%; Price \_\_\_\_; CUSIP<sup>†</sup>: \_\_\_\_

\$ \_\_\_\_\_ - \_\_\_\_\_% Term Certificates due June 1, 20\_\_;  
Yield \_\_\_\_%; Price \_\_\_\_; CUSIP<sup>†</sup>: \_\_\_\_

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<sup>†</sup> CUSIP is a Registered Trademark of The American Bankers Association (ABA). FactSet Research Systems Inc. operates The CUSIP Service Bureau for the ABA. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP services. None of the District, the Corporation, the Underwriter, or their agents, is responsible for the selection or correctness of the CUSIP numbers set forth above.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Certificates will, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the Certificates referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Certificates.

**Preparation of this Official Statement.** The information contained in this Official Statement has been obtained from sources that are believed to be reliable.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Document References and Summaries.** All references to and summaries of the Trust Agreement, the Installment Sale Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

**Stabilization of Prices.** In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

**Estimates and Projections.** Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**Website.** The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website.



**MARINA COAST WATER DISTRICT  
(MONTEREY COUNTY, CALIFORNIA)**

**BOARD OF DIRECTORS**

Gail Morton, President  
Jan Shriner, Vice President  
Herbert Cortez, Director  
Brad Imamura, Director  
Thomas Moore, Director

**DISTRICT STAFF**

Remleh Scherzinger, General Manager  
Mary Lagasca, Director of Administrative Services

**SPECIAL SERVICES**

**General Counsel**

Griffith, Masuda & Hobbs, A Professional Law Corporation  
Turlock, California

**Special Counsel and Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
San Francisco, California

**Municipal Advisor**

Fieldman, Rolapp & Associates, Inc.  
Irvine, California

**Trustee**

U.S. Bank Trust Company, National Association  
San Francisco, California

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**Marina Coast Water District  
(MONTEREY COUNTY, CALIFORNIA)**

[INSERT DISTRICT MAP]

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## OFFICIAL STATEMENT

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**Marina Coast Water District  
Enterprise Revenue Certificates of Participation,  
Series 2024**

### INTRODUCTION

*This Official Statement, including the cover page, inside cover and appendices, is provided to furnish information in connection with the execution and delivery of the Marina Coast Water District Enterprise Revenue Certificates of Participation, Series 2024 (the “**Certificates**”). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”*

**The District.** The Marina Coast Water District (the “**District**”) is a county water district organized in 1960 under the provisions of the County Water District Law. The District provides water (including recycled water) and wastewater services to customers within the service area of the District. See “THE DISTRICT AND THE ENTERPRISES.” For selected financial, economic and demographic information about the District, see “THE DISTRICT AND THE ENTERPRISES.” The audited financial statements of the District for the fiscal year ended June 30, 2023, are attached as Appendix A.

**The Certificates.** The Certificates are being executed and delivered pursuant to the provisions of a Trust Agreement, dated as of August 1, 2024 (the “**Trust Agreement**”), among the District, CSDA Finance Corporation (the “**Corporation**”), a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “**State**”), and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

**Prepayment.** The Certificates are subject to prepayment prior to their scheduled payment dates as described in this Official Statement. See “THE CERTIFICATES – Prepayment.”

**Security for the Certificates.** The Certificates evidence direct, undivided and fractional interests in certain installment payments (the “**Installment Payments**”) to be made by the District pursuant to an Installment Sale Agreement, dated as of August 1, 2024 (the “**Installment Sale Agreement**”), between the District and the Corporation. The Corporation, for the benefit of the Owners of the Certificates, has assigned, among other things, its right to receive Installment Payments to the Trustee pursuant to the Trust Agreement.

The Installment Payments are payable from and secured by Net Revenues (as defined in this Official Statement) derived from the operation of the water enterprise (as defined herein, the

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\* Preliminary; subject to change.

“**Water Enterprise**”) and wastewater enterprise (as defined herein, the “**Wastewater Enterprise**”) of the District (each an “**Enterprise**” and together, the “**Enterprises**”), and from amounts on deposit in certain funds and accounts established under the Trust Agreement. A debt service reserve fund for the Certificates will not be established by the District in connection with the execution and delivery thereof. See “SECURITY FOR THE CERTIFICATES.” The term Water Enterprise includes both the District’s potable water system and recycled water system.

**Use of Proceeds.** The proceeds of the Certificates will be used to finance (i) the acquisition and construction of certain capital improvements to the Enterprises, as more particularly described herein (the “**Projects**”), and (ii) the costs of executing and delivering the Certificates. See “FINANCING PLAN.”

**Rate Covenant.** In the Installment Sale Agreement, the District covenants to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished separately by each of the Enterprises during each Fiscal Year which at the time of fixing are sufficient to yield Net Revenues of such Enterprise which are at least equal to the sum of 125% of the amount of Debt Service calculated for such Fiscal Year which is allocable to such Enterprise. See “SECURITY FOR THE CERTIFICATES – Rate Covenant; Collection of Rates and Charges.”

**Prior Parity Debt.** The District’s pledge of Net Revenues to the Installment Payments is on a parity with the District’s pledge of Net Revenues to the following existing obligations of the District (collectively, “**Prior Parity Debt**”):

- (i) the Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A (the “**2015 Bonds**”), which are currently outstanding in the aggregate principal amount of \$21,605,000;
- (ii) the obligations of the District under the Installment Purchase Agreement dated January 18, 2017 (the “**2017 Taxable Installment Purchase Agreement**”), between the District and Holman Capital Corporation (and subsequently assigned to Santa Cruz County Bank), which obligations are currently outstanding in the principal amount of \$2,152,725;
- (iii) the installment payment obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01011 (“**SRF Agreement No. D17-01011**”), between the District and the California State Water Resources Control Board (the “**SWRCB**”), in the maximum principal amount of \$10,513,217 (excluding grants made or to be made thereunder to the District), of which \$4,925,469 is currently outstanding;
- (iv) the installment payment obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01045 (“**SRF Agreement No. D17-01045**”) and together with the SRF Agreement No. D17-01011, the “**SRF Agreements**”), between the District and the SWRCB, in the maximum principal amount of \$11,439,582 (excluding grants made or to be made thereunder to the District), of which \$6,740,985 is currently outstanding; the installment payment obligations of the District under the SRF Agreements are referred to in this Official Statement as the “**SRF Loans**”; and

- (v) the obligations of the District under the Installment Sale Agreement dated as of December 1, 2019, between the District and Corporation, relating to the \$17,725,000 aggregate principal amount of Enterprise Revenue Certificates of Participation, Series 2019 (“**2019 Certificates**”), which are currently outstanding in the amount of \$16,250,000.

See “SECURITY FOR THE CERTIFICATES – Prior Parity Debt; Limitations on Future Debt” and “DEBT SERVICE SCHEDULE.”

**Future Parity Debt.** The District is authorized to issue or incur any bonds, notes, leases, installment sale agreements, contracts or other obligations of the District which are secured by a pledge of and lien upon any of the Net Revenues on a parity with the Installment Payments (collectively, “**Additional Parity Debt**”) subject to the satisfaction of certain conditions. See “SECURITY FOR THE CERTIFICATES – Prior Parity Debt; Limitations on Future Debt.”

**Subordinate and Other Debt.** Nothing in the Installment Sale Agreement limits or affects the ability of the District to issue or incur additional obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

**Assignment.** Pursuant to the Trust Agreement, the Corporation has transferred, conveyed and assigned to the Trustee, for the benefit of the Owners, substantially all of the Corporation’s rights in the Installment Sale Agreement, including the right to receive and collect all of the Installment Payments and all other amounts required to be deposited in the Installment Payment Fund and the right to exercise any remedies provided therein in the event of a default by the District thereunder.

**Limited Obligation.** THE DISTRICT’S OBLIGATION TO MAKE INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES AND OTHER FUNDS PROVIDED THEREFOR IN THE TRUST AGREEMENT. THE DISTRICT HAS NOT AGREED TO LEVY AND DOES NOT LEVY ANY FORM OF TAXATION TO PAY THE INSTALLMENT PAYMENTS.

**Risk Factors.** The purchase of the Certificates involves certain risks. For a description of some of these risks, see “RISK FACTORS.”

**Definitive Statement.** All descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document. Certain capitalized terms used in this Official Statement and not defined in this Official Statement have the meaning given them in APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

## FINANCING PLAN

### General

The proceeds of the sale of the Certificates will be used to: (i) finance the acquisition and construction of certain capital improvements to the Water Enterprise and Wastewater Enterprise (herein referred to as, the “**Projects**”), and (ii) pay certain costs of executing and delivering the Certificates. The District anticipates that the Projects will consist generally of rehabilitation, renewal, and replacement projects related to aging infrastructure as part of the District’s asset management efforts. Projects will implement infrastructure improvements to pipelines, pumping stations, storage, groundwater wells, other water supply sources, facilities, and District operational systems to modernize the District’s water, wastewater, and recycled water systems.

The District has the right, in its sole discretion, to specify the exact scope, nature and identification of the Projects and the respective components thereof. The District may from time to time amend any plans and specifications for the Projects, and thereby change or modify the description of the Projects or any component thereof.

### Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Certificates are as follows:

**Sources:**

Principal Amount

Plus: [Net] Original Issue Premium

Total Sources:

\_\_\_\_\_

**Uses:**

Project Fund

Costs of Issuance <sup>(1)</sup>

Total Uses:

\_\_\_\_\_

\_\_\_\_\_

(1) Includes Underwriter’s discount, Trustee fees, Special Counsel and Disclosure Counsel fees, General Counsel fees, Municipal Advisor fees, printing costs, rating agency fees, and other related costs.

## THE CERTIFICATES

### Description

The Certificates will be dated as of the date of original delivery, will represent interest at the rates per annum set forth on the inside cover page hereof payable semiannually on June 1 and December 1 (each, a “**Interest Payment Date**”), commencing December 1, 2024, and principal represented thereby will mature on the dates and in the amounts set forth on the inside front cover. Said interest represents the portion of Installment Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Installment Payments designated as interest with respect to any Certificate will be computed by multiplying the portion of Installment Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (on the basis of a 360-day year of twelve 30-day months).

The Certificates will be executed and delivered in fully registered form without coupons. The Certificates are being executed and delivered in denominations of \$5,000 principal amount or any integral multiple thereof. The Certificates, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”). Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Trust Agreement. See the discussion under “– Transfer and Exchange” below.

The Trustee will pay interest represented by the Certificates on each Interest Payment Date, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day (the “Record Date”), immediately preceding such Interest Payment Date, by check mailed to the Owner by first class mail at the Owner’s address appearing on the Registration Books. At the written request of the Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of the Record Date preceding any Interest Payment Date, the Trustee will pay interest represented by the Certificates by wire transfer in immediately available funds to such account in the United States as is specified in the written request. The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment is payable in lawful money of the United States of America upon surrender of such Certificate at the Trust Office of the Trustee. Notwithstanding the foregoing, while the Certificates are held in the book-entry only system of DTC, all such payments of principal, and interest and premium, if any, will be made to Cede & Co. as the registered owner of the Certificates, for subsequent disbursement to Participant and beneficial owners.

**While the Certificates are held in the book-entry only system of DTC, all notice and payments will be made to Cede & Co., as the registered owner of the Certificates.**

See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

#### **Prepayment\***

**Optional Prepayment.** The Certificates maturing on or before June 1, 2034, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after June 1, 2035, are subject to optional prepayment in whole or in part, on any date on or after June 1, 2034, from prepayments of the Installment Payments made at the option of the District under prepayment provisions of the Installment Sale Agreement. Certificates shall be subject to prepayment at a prepayment price equal to 100% of the principal amount of Certificates or portions thereof to be prepaid together with accrued interest represented thereby to the prepayment date, without premium.

**Prepayment From Net Proceeds of Insurance, Sale and Condemnation.** The Certificates are subject to mandatory prepayment, on any date, in whole, or in part on a pro rata basis among maturities, from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Installment Payments by the District under the Installment Sale Agreement. The Certificates are subject to prepayment from such net proceeds at a prepayment price equal to the principal amount represented thereby to be prepaid, without premium, together with accrued interest represented thereby to the prepayment date.

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\* Preliminary; subject to change.



**Mandatory Sinking Fund Prepayment.** The Certificates maturing on June 1, 20\_\_ and on June 1, 20\_\_ (together, the “**Term Certificates**”) are subject to mandatory prepayment prior to such stated maturity in part (by lot) on each June 1 on and after June 1, 20\_\_ and June 1, 20\_\_, respectively, in integral multiples of \$5,000, solely from scheduled Installment Payments paid by the District under the Installment Sale Agreement, at a prepayment price of the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedules:

**Term Certificates Maturing June 1, 20\_\_**

Sinking Fund Prepayment Date <u>(June 1)</u>	Principal Amount <u>To Be Prepaid</u>
--	--

**Term Certificates Maturing June 1, 20\_\_**

Sinking Fund Prepayment Date <u>(June 1)</u>	Principal Amount <u>To Be Prepaid</u>
--	--

Notwithstanding the foregoing provisions, if some but not all of the Term Certificates are prepaid under any of the optional prepayment or prepayment from net proceeds of insurance, sale or condemnation provisions described above, the aggregate principal amount of the Term Certificates to be prepaid in each year thereafter shall be reduced by the aggregate principal amount of Term Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of \$5,000 such that the resulting amount of principal represented by the Term Certificates subject to mandatory sinking fund prepayment on any date is equal to the principal component of the Installment Payment coming due and payable on such date.

**Notice of Optional Prepayment.** When prepayment is authorized or required as under the Trust Agreement as described above, the Trustee will give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice must state the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates of any maturity are to be called for prepayment, shall designate the numbers of the Certificates to be prepaid by giving the individual number (including the CUSIP number) of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall require that such Certificates be surrendered on the designated prepayment date at the Trust Office of the Trustee for prepayment at said prepayment price, giving notice also that further

interest represented by the Certificates will not accrue from and after the prepayment date. With regard to any optional prepayment, if the funds required to pay the prepayment price are not on deposit at the time notice of such prepayment is sent, the notice shall include a statement to the effect that the prepayment is conditioned upon the receipt by the Trustee of the funds required to pay the prepayment on or before the prepayment date. The notice shall further state that on the specified date there shall become due and payable upon each Certificate, the principal, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

At least 20 days but not more than 60 days prior to the prepayment date, the Trustee will mail notice of prepayment by first class mail with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, and shall cause such notice to be posted on the Electronic Municipal Market Access website in accordance with the requirements of the Municipal Securities Rulemaking Board. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid; *provided, however*, that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

*However, while the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of prepayment to the Beneficial Owners of the Certificates to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayments or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment set forth in the Trust Agreement.*

**Partial Prepayment.** Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the un-prepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

**Manner of Prepayment.** Whenever any Certificates are to be selected for prepayment and unless otherwise provided herein, the District shall determine the Certificates or portions thereof to be prepaid among series and maturities within a series and notify the Trustee, and the Trustee shall select the Certificates or portions thereof to be prepaid by lot within a maturity and notify the District.

**Selection of Certificates for Prepayment.** Whenever provision is made in the Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates of any one maturity are called for prepayment, the Trustee will select Certificates for prepayment within such maturity by lot in any manner deemed fair by the Trustee. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid. The Trustee will promptly notify the District in writing of the Certificates or portions thereof so selected for prepayment. The selection by the Trustee of any Certificates for prepayment is final and conclusive.

***Effect of Notice of Prepayment.*** Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Installment Payment Fund, the Certificates shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Trust Office of the Trustee, said Certificates will be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in trust uninvested.

***Purchase in Lieu of Prepayment.*** In lieu of prepayment of Certificates as described above, amounts held by the Trustee for such prepayment shall, at the written request of the District Representative received by the Trustee no later than 60 days prior to the prepayment date, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment may not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment.

## **Book-Entry System**

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co., as nominee of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The District and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The District and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

## **Transfer and Exchange**

*So long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges by beneficial owners of their interest in the Certificates will be made in accordance with DTC procedures and not as hereinafter described.* See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by a duly

authorized attorney, upon surrender of such Certificate for cancellation at the Trust Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed.

Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee will execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations. The District shall pay all costs of the Trustee incurred in connection with any such transfer, except that the Trustee may require the payment by the Certificate Owner of any tax or other governmental charge required to be paid with respect to such transfer.

Certificates may be exchanged at the Trust Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The District shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) the portion of any Certificate which the Trustee has selected for prepayment under the provisions of the Trust Agreement.

## **SECURITY FOR THE CERTIFICATES**

### **General**

Each Certificate evidences and represents a direct, undivided fractional interest of the Owner thereof in the Installment Payments to be made by the District under the Installment Sale Agreement. The Corporation, pursuant to the Trust Agreement, has transferred, conveyed and assigned to the Trustee, for the benefit of the Owners of the Certificates, substantially all of the Corporation's rights under the Installment Sale Agreement, including the right to receive Installment Payments from the District and the right to exercise any remedies in the event of a default by the District.

### **Limited Obligation**

The District's obligation to pay the Installment Payments is a special obligation, limited solely to the Net Revenues. Under no circumstances will the District be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified in the Installment Sale Agreement for the payment of the Installment Payments, or to levy any form of taxation. No other funds or property of the District will be liable for the payment of the Installment Payments.

### **Security for the Installment Payments**

***Pledge of Net Revenues.*** Pursuant to the Installment Sale Agreement, all of the Net Revenues and all moneys on deposit in any of the funds and accounts established and held by the Trustee under the Trust Agreement are irrevocably pledged, charged and assigned to the punctual payment of the Installment Payments. Such pledge, charge and assignment constitutes

a lien on and security interest in the Net Revenues and such other moneys for the payment of the Installment Payments in accordance with the terms of the Installment Sale Agreement, are on a parity with the pledge and lien which secures the Prior Parity Debt and any Additional Parity Debt. ***The Installment Payments do not constitute an obligation of the District for which the District is obligated to levy any form of taxation.***

***Definitions.*** Set forth in the following paragraphs are some of the terms defined in the Trust Agreement that are most relevant to understanding the pledge of Net Revenues to the Installment Payments.

**“Net Revenues”** means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

**“Gross Revenues”** means all gross income and revenue received by the District from the ownership and operation of the Enterprises, including, without limiting the generality of the foregoing:

- (a) all *ad valorem* taxes allocable to the Enterprises which are levied upon taxable property in the District by the Board of Supervisors of Monterey County, and which are allocated to the District under the provisions of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code of the State, including all payments, subventions and reimbursements, if any, to the District specifically attributable to taxes lost by reason of tax exemptions and tax rate limitations; but excluding any taxes levied for the sole purpose of providing for payment of principal and interest on any voter-approved indebtedness incurred by the District, which taxes would not otherwise be subject to levy but for the issuance of such indebtedness;
- (b) all amounts levied by the District as a fee for connecting to the Enterprises, as such fee is established from time to time under the applicable laws of the State;
- (c) all income, rents, rates, fees, charges and other moneys received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Enterprises or otherwise arising from the Enterprises;
- (d) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Enterprises;
- (e) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Enterprises as permitted by the Installment Sale Agreement; and
- (f) amounts transferred from the Rate Stabilization Fund (if any) to the Enterprise Funds in any Fiscal Year in accordance with the Installment Sale Agreement.

The term “Gross Revenues” does not include (i) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the District, and (ii) the proceeds of any special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Enterprises.

**“Operation and Maintenance Costs”** means costs paid or incurred by the District for maintaining and operating the Enterprises, determined in accordance with generally accepted accounting principles, including but not limited to (a) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Enterprises in good repair and working order, (b) all administrative costs of the District that are charged directly or apportioned to the operation of the Enterprises, such as salaries and wages of employees, overhead, taxes (if any) and insurance, and (c) administrative costs which the District is required to pay with respect to the Certificates. “Operating and Maintenance Costs” do not include (i) payments of debt service on bonds, notes, contracts or other obligations issued by the District with respect to the Enterprises, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other book keeping entries of a similar nature.

## **Flow of Funds**

***Deposit of Net Revenues into Enterprise Funds; Transfers to Make Payments.*** The District will deposit all of the Gross Revenues from the Water Enterprise into the Water Fund and all of the Gross Revenues from the Wastewater Enterprise into the Wastewater Fund held by it (each, an **“Enterprise Fund”** and, collectively, the **“Enterprise Funds”**), immediately on receipt. The District will apply amounts in the Enterprise Funds as set forth in the Installment Sale Agreement and any Parity Debt Documents. The District shall apply amounts on deposit in the Enterprise Funds to pay when due the following amounts in the following order of priority:

- (a) all Operation and Maintenance Costs;
- (b) the Installment Payments and all payments of principal of and interest on the Prior Parity Debt and any Additional Parity Debt;
- (c) to the Trustee the amount of any deficiency in any reserve fund established for Additional Parity Debt, the notice of which deficiency has been to the District in accordance with the related Parity Debt Documents; and
- (d) any other payments required to comply with the provisions of this Agreement and any Parity Debt Documents.

The Installment Sale Agreement further provides that the District shall manage, conserve and apply the amounts on deposit in the Enterprise Funds in such a manner that all deposits required to be made thereunder as described above will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the District may use and apply moneys in the Enterprise Funds for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the acquisition and construction of improvements to the Enterprises, (iii) the prepayment of any other obligations of the District relating to the Enterprises, or (iv) any other lawful purposes of the District.

***No Preference or Priority.*** The payment of the Installment Payments and the principal of and interest on Prior Parity Debt and any Additional Parity Debt shall be made without preference or priority. If the amount of Net Revenues on deposit in the Enterprise Funds are any time insufficient to enable the District to pay when due the Installment Payments and the principal of and interest on Prior Parity Debt and any Additional Parity Debt, such payments will be made on a pro rata basis.

## Rate Covenant; Collection of Rates and Charges

The District has made the following rate covenants in the Installment Sale Agreement.

**Gross Revenues.** The District will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished separately by each of the Enterprises during each Fiscal Year (July 1 through June 30) which at the time of fixing are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues from such Enterprise sufficient to pay the following amounts in the following order of priority:

- (a) all Operation and Maintenance Costs of such Enterprise estimated by the District to become due and payable in such Fiscal Year;
- (b) all Installment Payments which are allocable to such Enterprise and all payments of principal of and interest on the Prior Parity Debt or any Additional Parity Debt of such Enterprise, as they become due and payable during the Fiscal Year, without preference or priority, except to the extent payable from the proceeds of Additional Parity Debt held for that purpose; and
- (c) all payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues of such Enterprise during such Fiscal Year.

**Net Revenues.** In addition, the District will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished separately by each of the Enterprises during each Fiscal Year which at the time of fixing are sufficient to yield Net Revenues of such Enterprise which are at least equal to the sum of 125% of the amount of Debt Service calculated for such Fiscal Year which is allocable to such Enterprise. For purposes of such covenant, the amount of Net Revenues for a Fiscal Year will be computed by including in Gross Revenues all amounts transferred into such Enterprise Fund from the Rate Stabilization Fund during the Fiscal Year. See “– Rate Stabilization Fund,” below. In the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet such requirements, such event will not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

“**Debt Service**” means, for any period of calculation, the sum of the Installment Payments coming due and payable in such period plus the principal of and interest on all outstanding Prior Parity Debt and any Additional Parity Debt coming due and payable in such period, except to the extent the interest evidenced and represented thereby is capitalized.

## Rate Stabilization Fund

Under the Installment Sale Agreement, the District has the right (but not the obligation) at any time to establish a fund to be held by it and administered in accordance with the Installment Sale Agreement (the “**Rate Stabilization Fund**”), for the purpose of stabilizing the rates and charges imposed by the District with respect to the Enterprises. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Gross Revenues which are released from the pledge and lien which secures the Installment Payments, the Prior Parity Debt and any Additional Parity Debt, as the District may determine.

The District may, but is not required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Funds in any Fiscal Year for the purpose of paying the Installment Payments or the principal of and interest on Prior Parity Debt and any Additional Parity Debt coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Enterprise Funds in any Fiscal Year constitute Gross Revenues for that Fiscal Year and will be applied for the purposes of the Enterprise Funds. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Installment Payments, the Prior Parity Debt and any Additional Parity Debt. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the District, be applied for any other lawful purposes. The District has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the District. The District maintains a Rate Stabilization Fund, currently with a \$0 balance.

### **Parity Debt; Limitations on Future Debt**

**General.** Under the Installment Sale Agreement, the District may issue Additional Parity Debt only in compliance with the conditions described below.

**Prior Parity Debt.** The District's pledge of Net Revenues to the Installment Payments is on a parity with the District's pledge of Net Revenues to the Prior Parity Debt. The Prior Parity Debt consists of the following:

- (a) the 2015 Bonds, which are currently outstanding in the aggregate principal amount of \$21,605,000;
- (b) the 2017 Taxable Installment Purchase Agreement, which is currently outstanding in the principal amount of \$2,152,725;
- (c) the SRF Agreement No. D17-01011, which is currently outstanding in the principal amount of \$4,925,469;
- (d) the SRF Agreement D17-01045, which is currently outstanding in the amount of \$6,740,985; and
- (e) the 2019 Certificates, which are currently outstanding in the amount of \$16,250,000.

**Future Parity Debt.** Under the Installment Sale Agreement, the District may issue or incur any Additional Parity Debt during the Term thereof upon satisfaction of all of the following conditions:

- (a) no Event of Default has occurred and is continuing;
- (b) the Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Accountant or an Independent Financial Consultant or shown in the audited financial statements of the District, plus at the option of the District any or all of the Additional Revenues, are at least equal to 125% of the Debt Service for such Fiscal Year. For purposes of this subsection (b), the term "Debt Service" shall include



the principal of (if any) and interest on the Additional Parity Debt then proposed to be issued, calculated on the assumption that such Additional Parity Debt had been issued at the beginning of such Fiscal Year; and

- (c) the District shall deliver to the Trustee a Certificate of the District certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Additional Parity Debt as described above have been satisfied.

The Installment Sale Agreement defines “**Additional Revenues**” to mean with respect to the issuance of any Additional Parity Debt, any or all of the following amounts:

- (i) An allowance for Net Revenues from any additions or improvements to or extensions of the Enterprises to be made from the proceeds of such Additional Parity Debt in an amount equal to 100% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of an Independent Financial Consultant.
- (ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Enterprises which has become effective prior to the incurring of such Additional Parity Debt but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, all as shown by the certificate or opinion of an Independent Financial Consultant.

**No Superior Obligations.** Under the Installment Sale Agreement, the District may not issue or incur any additional bonds or other obligations during the Term of the Installment Sale Agreement having any lien on the Net Revenues which is senior to the lien which secures the Installment Payments, or having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments.

**Subordinate Obligations.** Nothing in the Installment Sale Agreement limits or affects the ability of the District to issue or incur additional obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

### **No Debt Service Reserve Fund**

The District will not fund a debt service reserve fund for the Certificates in connection with the execution and delivery thereof.

### **Additional Covenants**

The District makes certain additional covenants in the Installment Sale Agreement and the Trust Agreement, including a covenant to maintain and preserve the Enterprises and a covenant to maintain insurance. See APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

## DEBT SERVICE SCHEDULE

Scheduled debt service for the Certificates and the Prior Parity Debt is shown in the following table.

Fiscal Year Ending June 30	Total Prior Parity Debt Service	2024 Certificates Principal Amount	2024 Certificates Interest Amount	Total 2024 Certificates Debt Service	Total Parity Debt Service
2025	\$4,021,854				
2026	4,026,854				
2027	4,027,604				
2028	4,024,104				
2029	4,021,354				
2030	4,024,104				
2031	4,021,854				
2032	4,024,604				
2033	4,023,604				
2034	4,024,317				
2035	4,024,254				
2036	4,023,604				
2037	4,027,204				
2038	1,537,166				
2039	1,535,766				
2040	1,538,366				
2041	1,534,766				
2042	1,535,166				
2043	1,534,366				
2044	1,537,366				
2045	1,538,966				
2046	1,537,866				
2047	1,536,016				
2048	1,538,416				
2049	1,534,916				
2050	530,666				
2051	530,666				
2052	530,666				
2053	304,068				
2054	-				
2055	-				
<b>Total</b>	<b>\$72,650,533</b>				

Source: *Fieldman, Rolapp & Associates, Inc.*

## THE CORPORATION

The Corporation is a non-profit public benefit corporation duly organized and existing under the laws of the State. The Corporation was formed by the California Special District Association (CSDA) to provide its members with affordable, tax-exempt financing for purchases and projects essential to district operations. The Corporation is unrelated to the District and has no financial liability to the owners of the Certificates with respect to the payment of Installment Payments by the District or with respect to the performance by the District of the other agreements and covenants it is required to perform.

## THE DISTRICT AND THE ENTERPRISES

### General

**Formation.** The District is a county water district organized in 1960 under the provisions of the California Water Code Division 12 (the “**County Water District Law**”) for the purpose of installing and operating a water supply, water distribution system and wastewater collection system for the community of Marina, which was later incorporated as the City of Marina (the “**City**”). The District has the powers under the County Water District Law to, among other things, provide potable water, wastewater treatment and collection and reclaimed water services. In connection therewith, the District has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District first commenced wastewater service within the community of Marina in 1964 after constructing a trunk sewer system and treatment plant. The District first began providing potable water service within the City in 1966 after acquiring the assets of a private water company. The District was the first to pilot test desalination operations in 1996 and successfully operated its plant until 2003 when the plant was placed on stand-by. In 1998, the District began providing water and sewer services to the former Fort Ord area pursuant to a contract with the Fort Ord Reuse Authority (“**FORA**”). In 2000, the District entered into utility services contracts with the U.S. Army to provide water and sewer services to the Army and other Federal agencies within the former Fort Ord utilizing the Federal Government’s retained MCWRA groundwater allocation and retained wastewater treatment capacity. With the dissolution of FORA in 2020, the District assumed full control of the Fort Ord water and sewer systems budgeting, planning, and operations. In 2022, the District began providing Advanced Treated Water (“**ATW**”) recycled water services within the Ord service area.

**Service Areas.** The District serves approximately 41,000 residents through more than 11,000 customer accounts and approximately 20,500 connections in its Marina and Ord service areas. The District currently provides water, recycled water and wastewater service to 8 jurisdictions, consisting of 2 cities (Marina and Seaside); 2 universities (California State University Monterey Bay and University of California Santa Cruz); 2 federal entities (U.S. Army and Bureau of Land Management); the County of Monterey; and California State Parks. Additionally, the District will provide water and recycled water services to the City of Del Rey Oaks and water service to the City of Monterey when development occurs within each city’s lands within the former Fort Ord. See “– Service Area” below for more details.

**Systems.** The District operates three separate systems: the wastewater system, the potable water system, and the recycled water system. Each is accounted for separately in the District’s financial records and for purposes of levying rates and charges in compliance with Proposition 218. However, because the recycled water system was recently established and

currently has a single customer (the City of Seaside), for the purposes of the legal documents pursuant to which the Certificates and Parity Debt are issued and this Official Statement, the financial results of the recycled water system have been included within the Water Enterprise. See “THE DISTRICT AND THE ENTERPRISES.”

**2024 Rate Study.** In April 2024, the District adopted new rates and charges for its water system, wastewater system and recycled water system. The rates and charges are based on a rate study and final plan prepared by Hildebrand Consulting, LLC and delivered to the District in April 2024 (the “**2024 Rate Study**”) that covers a 5-year period. The 2024 Rate Study also includes a review and update of the cost allocation plan between the District’s various cost centers. Between the two service areas there are six “cost centers”: Marina water, Ord water, Marina sewer, Ord sewer, recycled water and the Groundwater Sustainability Agency (GSA).

The new rates and charges were adopted by the Board of Directors on June 17, 2024, after conducting a notification process under Proposition 218. Additional details on the new rates and charges are described under “– Water Enterprise of the District” and “– Wastewater Enterprise of the District.”

## **Service Areas**

**General.** The District serves approximately 41,000 residents through more than 20,500 water, recycled water and sewer connections, within its Marina and Ord service areas. The Marina service area consists of approximately 5.6 square miles. The Ord service area consists of approximately 16 square miles that constitute the former Fort Ord Army Base. The Marina and Ord service areas are maintained as separate service areas, with separate financial records, accounts, and capital improvement programs. All lands within the Marina service area have been annexed into the District’s jurisdictional boundaries. Lands within the Ord service area that receive both water and wastewater services or that have received required land use approvals have been annexed into the District’s jurisdictional boundaries. Additional lands within the Ord service area will become eligible for annexation in the future. Certain lands within the Ord service area only receive or will only receive the District’s water service. For example, wastewater services are provided by the Seaside County Sanitation District for portions of the City of Seaside and for the City of Del Rey Oaks. The District’s Board of Directors has determined that only lands that receive both water and wastewater services from the District are eligible for annexation to the District.

As required by State law, the Local Agency Formation Commission in Monterey County (“**LAFCO**”) has established a “sphere of influence” for the District, which defines the area which may be annexed to the District. The sphere of influence includes a major undeveloped area - Armstrong Ranch. The Marina Station development area within the Armstrong Ranch has been annexed to the District. The District purchased a portion of the Armstrong Ranch (approximately 224 acres) in June 2010 and is in the process of annexing the parcel. The Lonestar Property, now known as CEMEX, is currently involved in a sale transaction which the District anticipates may result in annexation in the near term.

## **Regulatory Matters**

**General.** The District is not aware of any environmental or regulatory issues that would adversely impact its ability to operate its systems.

**Potable Water.** The applicable drinking water standards for the District’s Water Enterprise are provided in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the U.S. Environmental Protection Agency in conformance with the Safe Drinking Water Act (PL 93-523). The standards specify water quality sampling frequencies and location as well as maximum concentrations of chemical constituents and are continuously revised and amended. The District operates under a Domestic Water Supply Permit issued by the State Water Resources Control Board (“**SWRCB**”).

**Recycled Water.** The production and use of recycled water may be permitted through general or individual waste discharge requirements (California Water Code §13263), water reclamation requirements (California Water Code §13523), a master reclamation permit (California Water Code §13523.1), or amendments to an adopted order, such as an existing National Pollution Discharge Elimination System Permit. The District’s recycled water system is operated under a permit from the SWRCB, for which M1W is the holder. Accordingly, compliance with the permit, including with respect to water quality and related matters, is the primary responsibility of M1W.

**Wastewater System.** Regulatory requirements applicable to the Wastewater Enterprise are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State’s Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the Regional Water Board. The District is not aware of any environmental or regulatory issues that would adversely impact its ability to provide wastewater service. The waste discharge requirements applicable to the Wastewater Enterprise are a product of “Waste Discharge Requirements for the Monterey Regional Water Pollution Control Agency Regional Treatment Plant,” imposed by Order No. R3-2014-0013/NPDES No. CA0048551 of the California Regional Water Quality Control Board, Central Coast Region (“**Order R3-2013-0013**”). Order No. R3-2014-0013 governs discharge of secondary treated municipal wastewater treatment effluent and brine wastes by M1W from the M1W Regional Wastewater Treatment Plant.

**Air Emissions Permits.** The District operates pursuant to a variety of permits from the Monterey Bay Unified Air Pollution Control District.

**Governance and Management**

The District is governed by a 5-member Board of Directors, the members of which are elected at large within the Marina and Ord service areas for staggered 4-year terms. The current members of the Board of Directors, the expiration dates of their terms and their occupations are set forth below.

<b>Member</b>	<b>Expiration of Term</b>	<b>Occupation</b>
Gail Morton, President	December 2026	Attorney
Jan Shriner, Vice President	December 2026	Environmental Educator
Herbert Cortez, Director	December 2024	Associate Dean & Project Director
Brad Imamura, Director	December 2026	Retired Environmental Health Specialist
Thomas Moore, Director	December 2024	Professor

Annually, a President and Vice President are chosen among the members of the Board of Directors. The District operates under a Board-Manager form of government. The Board of Directors appoints the General Manager who is responsible for the administration of the District.

The General Manager organizes and directs District activities in accordance with the policies of the Board of Directors. Management of the District's finances is the responsibility of the Director of Administrative Services. Set forth below are brief resumes of the General Manager and the Director of Administrative Services:

**General Manager.** Remleh Scherzinger was appointed the District's General Manager in April 2021. Mr. Scherzinger has more than 25 years of experience in management and engineering in the water and electric utility industry. He has served as a senior manager or the general manager for 16 years. Mr. Scherzinger has a Bachelor of Science degree in Civil/Environmental Engineering from California Polytechnic University at Pomona, a Master's degree in Business Administration from Sonoma State University with a focus on financial and organizational management and is a registered Professional Civil Engineer. Mr. Scherzinger is also a Certified Special District Manager by the California Special District Association (CSDA).

Mr. Scherzinger has spent a majority of his career developing and executing highly efficient capital improvement programs which deliver projects in a timely fashion within budgeted parameters. His desire to serve his community to the maximum extent drives his desire to provide the highest levels of customers service while maximizing the benefits to the rate payer base. His optimistic belief and problem solving further support his fiscal conservatism by providing solutions that emphasize cost-effectiveness without compromising quality.

**Director of Administrative Services.** Mary Lagasca was appointed the District's Director of Administrative Services in August 2022. Ms. Lagasca has over 17 years of experience in municipal/governmental accounting, budget management and debt administration. Ms. Lagasca has a Bachelor of Science degree in Business Economics and a Master's in Accounting and Financial Management. Ms. Lagasca is a Certified Public Accountant in the State of California.

Ms. Lagasca is a member of the California Municipal Finance Officers Association (CSMFO) and Government Finance Officers Association (GFOA). Ms. Lagasca has strong municipal public sector experience and has successfully managed operating budgets and capital improvement budgets over \$200 million.

## **Employees**

**General.** The District had 46 full-time employees as of June 30, 2024. Of the 46 employees of the District, 1 employee is unrepresented by collective bargaining units, 8 employees are included in the bargaining units represented by the Teamsters Local 890 (the "**Teamsters**") and the rest are in the bargaining unit represented by the Marina Coast Water District Employee Association (the "**Association**"). The contracts with the Teamsters and the Association expire on June 30, 2027. The District has never experienced a work stoppage or other employee action.

## **Pension Plan**

*This caption contains certain information relating to the California Public Employees' Retirement System ("**CalPERS**"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. None of the District, the Municipal Advisor or the Underwriter has independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS. The comprehensive annual financial reports of CalPERS are available on its Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The CalPERS website also contains CalPERS' most*

recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. None of the District, the Municipal Advisor or the Underwriter can guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plan.

**Plan Description.** The Miscellaneous Plan of the Marina Coast Water District (the “**Miscellaneous Plan**”) is part of the Public Agency portion of CalPERS, a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. Menus of benefit provisions as well as other requirements are established by state statutes within the Public Employees’ Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The District’s Miscellaneous Plan is comprised of the following tiers: (i) a tier for employees employed prior to July 1, 2015 (the “**Classic Miscellaneous Plan**”), and (ii) a tier for employees employed on or after July 1, 2015 (the “**PEPRA Miscellaneous Plan**”). The Classic Miscellaneous Plan and PEPRA Miscellaneous Plan are each referred to as a “**Tier.**” The following table shows the number of District employees within each Tier as of June 30, 2024.

<u>Tier</u>	<u>Number of Employees</u>
Classic Miscellaneous Plan	18
PEPRA Miscellaneous Plan	28
Total	46

Source: The District.

**CalPERS Contributions and Funding Policy.** The California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to pay the Miscellaneous Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and the Miscellaneous Plan’s allocated share of the amortized unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

The District’s employer contribution rates (including unfunded accrued liability contribution) for each Tier of the Miscellaneous Plan as a percentage of payroll for the last four

fiscal years and for Fiscal Year 2024-25 are set forth in the following table. Pursuant to its bargaining agreement with District employees, the District pays 100% of employee contributions for all employees that are members of the Classic Miscellaneous Plan. The rates in the following tables do not include such employee contributions.

**CalPERS Employer Contribution Rates  
Fiscal Years 2020-21 through 2024-25<sup>(1)</sup>**

Tier	By Tier				
	Fiscal Year <u>2020-21</u>	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>	Fiscal Year <u>2023-24</u>	Fiscal Year <u>2024-25</u>
Classic Miscellaneous Plan	9.281%	9.13%	9.12%	10.66%	10.71%
PEPRA Miscellaneous Plan	7.732%	7.59%	7.47%	7.68%	7.87%

(1) The rates shown provide a recent history of the required and discretionary employer contributions for the plan. The required amounts are based on the actuarial valuation from two years prior without subsequent adjustments, if any. Additional discretionary payments before July 1, 2019 or after April 28, 2023 are not included.

Source: CalPERS Annual Valuation Actuarial Reports as of June 30 of the years 2020 through 2025.

The following table shows the contributions made by the District and its employees to the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan in Fiscal Years 2019-20 through 2022-23

**CalPERS Contributions By Tier  
Fiscal Years 2019-20 through 2022-23**

	Fiscal Year <u>2019-20</u>	Fiscal Year <u>2020-21</u>	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>
<b>Classic Miscellaneous Plan</b>				
Contributions - employer	\$259,501	\$267,381	\$242,876	\$253,722
Contributions - employee (paid by District)	\$212,135	\$201,651	\$186,214	194,743
Total	\$471,636	\$469,032	\$429,090	\$448,465
<b>PEPRA Miscellaneous Plan</b>				
Contributions - employer	\$80,747	\$100,360	\$124,896	\$147,609
Contributions - employee	\$78,031	\$87,613	\$111,074	133,382
Total	\$158,778	\$187,973	\$235,970	\$280,991

Source: The District.

The District's total actuarially determined employer contributions and rates for the Pension Plans in aggregate as a percentage of payroll for the last four Fiscal Years are set forth in the following table.

**CalPERS Employer Contributions  
Miscellaneous Rate Plan  
Fiscal Years 2019-20 through 2022-23**

	Fiscal Year <u>2019-20</u>	Fiscal Year <u>2020-21</u>	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>
District Contribution	\$525,416	\$592,479	\$645,776	\$733,319
Contribution as % of Covered Payroll	12.55%	14.18%	15.52%	15.39%

Source: The District.

**Funded Status.** The following table sets forth the schedule of funding for each Tier as of June 30 of the years 2018 through 2022. *The following information was provided to the District*



by CalPERS and has not been reviewed for accuracy or audited by the Auditor (as hereinafter defined). CalPERS is responsible for the assumptions, estimates and data that are used to create the funded ratios.

**CalPERS Funded Status  
As of June 30, of the years 2018 through 2022 –By Pension Plan**

**Classic Miscellaneous Plan**

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Plan's Share of Pool's Market Value of Assets	Plan's Share of Unfunded Accrued Liability	Funded Ratio <sup>(1)</sup>	Annual Covered Payroll	Unfunded Accrued Liability as % of Payroll
2018	\$16,676,421	\$13,084,888	\$3,591,533	78.5%	\$2,932,468	122.5%
2019	18,754,765	14,871,873	3,882,892	79.3	2,941,856	131.1
2020	19,372,830	14,978,213	4,394,617	77.3	2,826,169	155.5
2021	20,493,562	17,878,153	2,615,409	87.2	2,713,538	96.4
2022	20,495,282	15,266,758	5,228,524	74.5	2,533,035	206.4

**PEPRA Miscellaneous Plan**

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Plan's Share of Pool's Market Value of Assets	Plan's Share of Unfunded Accrued Liability	Funded Ratio <sup>(1)</sup>	Annual Covered Payroll	Unfunded Accrued Liability as % of Payroll
2018	\$159,993	\$146,549	\$13,444	91.6%	\$689,515	2%
2019	260,022	233,551	26,471	89.8	986,443	2.7
2020	429,198	385,332	43,866	89.8	1,241,192	3.5
2021	661,517	691,626	(30,109)	104.6	1,448,317	(2.1)
2022	887,465	767,152	120,313	86.4	1,718,200	7.0

Source: CalPERS Annual Valuation Actuarial Report as of June 30, 2022 for each Tier.

**Projected Annual Contributions.** The following table shows the District's actuarially-determined required employer contribution (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount) for Fiscal Year 2024-25, and projected employer contributions (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount) for Fiscal Years 2025-26 through 2029-30. The minimum employer contributions for Fiscal Year 2022-23 were calculated using a discount rate of 6.80% and assume the realized rate of return on assets for Fiscal Year 2025-26 and beyond is 6.80%.

**CalPERS Projected Employer Contributions  
As of June 30, 2022 – By Tier**

**Classic Miscellaneous Plan**

	Fiscal Year 2024-25 <sup>(1)</sup>	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30
<b>Normal Cost %</b>	10.71%	10.7%	10.7%	10.7%	10.7%	10.7%
<b>UAL Payment</b>	\$402,742	\$438,000	\$472,000	\$497,000	\$567,000	\$578,000

**PEPRA Miscellaneous Plan**

	Fiscal Year <u>2024-25</u> <sup>(1)</sup>	Fiscal Year <u>2025-26</u>	Fiscal Year <u>2026-27</u>	Fiscal Year <u>2027-28</u>	Fiscal Year <u>2028-29</u>	Fiscal Year <u>2029-30</u>
<b>Normal Cost %</b>	7.87%	7.9%	7.9%	7.9%	7.9%	7.9%
<b>UAL Payment</b>	\$5,806	\$8,800	\$12,000	\$15,000	\$16,000	\$16,000

(1) Fiscal Year 2024-25 represent the District’s actuarially-determined required employer contribution (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount); remaining fiscal year figures are projections.  
Source: CalPERS Actuarial Valuation Reports as of June 30, 2022 for each Tier.

According to CalPERS, due to the change in the discount rate for the next valuation in combination with the 5-year phase-in ramp, the increases in the required contributions are expected to continue for six years from Fiscal Year 2024-25 through Fiscal Year 2029-30. See APPENDIX A – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023, NOTES TO BASIC FINANCIAL STATEMENTS, Note 7, Defined Benefit Pension Plan” for additional information about the District’s retirement plans.

*The information set forth in the previous table was provided to the District by CalPERS and has not been reviewed for accuracy or audited by the Auditor. CalPERS is responsible for the assumptions, estimates and data that are used to create the such information.*

**Other Post-Employment Benefits (OPEB)**

The District provides other post-employment benefits (“OPEBs”) to certain former employees as described below.

**Plan Description.** The District administers a single-employer defined-benefit post-employment healthcare plan (the “OPEB Plan”). It offers two retirement options: Option 1 provides retirees aged at least 62 with 25 years of continuous district service 100% coverage of medical insurance premiums, Option 2 offers retirees aged at least 62 with 10 years of continuous district service 80% coverage of medical insurance premiums. District will provide continued +1 health, vision and dental benefits for the retiree provided the minimum requirements established by the District are met, at the sole cost of the retired employee.

As of the June 30, 2021 actuarial valuation, the following current and former employees of the District were covered under the OPEB Plan:

	Number of <u>Employees</u>
Active Employees:	39
Inactive currently receiving benefits	6
Inactive employees entitled to, but not yet receiving benefits:	<u>-</u>
Total	45

**Contributions.** The contribution requirements of the plan members and the District are established and may be amended by the District’s Board of Directors, and/or employee associations. Currently, contributions from plan members are not required. The District pays retiree benefits (premium contributions) as they come due. For fiscal year ended June 30, 2023, the District paid \$22,614 in pay-as-you-go premiums and estimated implicit subsidy was \$15,885 resulting in total payments of \$38,499. For fiscal year ended June 30, 2022, the District paid \$29,537 in pay-as-you-go premiums and the estimated implicit subsidy was \$14,953 resulting in total payments of \$44,490.

**Total OPEB Obligation.** The District’s total OPEB liability was valued as of June 30, 2021 and was used to calculate the OPEB liability measured as of June 30, 2022. The District’s total OPEB liability as of June 30, 2023 was \$2,033,377.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual requires contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. See APPENDIX A – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023, NOTES TO BASIC FINANCIAL STATEMENTS, Note 8, Other Post-Employment Benefits (OPEB)” for a description of the actuarial methods and assumptions used to measure the District’s total OPEB liability as of June 30, 2023.

**OPEB Funded Status.** The status of the OPEB Plan as of the June 30, 2022 and June 30, 2023 measurement dates is as follows:

	June 30, 2022	June 30, 2023
Total OPEB Liability – Beginning	\$2,462,886	\$1,533,102
Total OPEB Liability – Ending	\$1,533,102	\$2,033,377
Covered employee payroll	\$3,361,265	\$3,569,242
Total OPEB Liability as % of covered-employee payroll	45.61%	56.97%

Source: *The District.*

See APPENDIX A – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022, NOTES TO BASIC FINANCIAL STATEMENTS, Note 9, Other Post-Employment Benefits (OPEB)” and “Schedule of Changes in the Total OPEB Liability and Related Ratios” therein for additional information regarding the District’s OPEB costs.

## Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Association of California Water Agencies - Joint Powers Insurance Authority (“**ACWA-JPIA**”), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The ACWA-JPIA arranges and administers pooled coverage programs where loss is retained and shared among its member agencies, and it purchases excess or specialty-insurance coverage above retained limits. Additional details can be found in the District’s audited financial statements attached as APPENDIX A.

## Budget Process

Annually, the district prepares and adopts an operating budget and updates its five-year Capital Improvement Program (CIP). Both serve as the District’s financial planning and fiscal control. Budgets are adopted on a basis consistent with governmental GAAP. Budgetary controls are set at the department level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District’s budget includes the projects, services, and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The budget represents a process wherein policy decisions

made by the Board of Directors are adopted, implemented, and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis. The General Manger has the discretion to transfer appropriations between activities. Board approval is required for any overall increase in appropriations or changes to the Capital Improvement Program. Annual audits for all District funds are conducted and usually completed by December 31 of the following Fiscal Year.

### **Financial Information of the District**

A copy of the most recent audited financial statements of the District prepared by The Pun Group, LLP, Certified Public Accountants (the “**Auditor**”) are included as APPENDIX A hereto (the “**Financial Statements**”). The Auditor’s letter concludes that the audited financial statements present fairly, in all material respects, the financial position of the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position and cash flows, where applicable, for the Fiscal Year then ended in conformity with accounting principles generally accepted in the United States of America.

The summary operating results contained under the caption “Historical Operating Results” for Fiscal Years 2019-20 through 2023-24 are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

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## Historical Operating Results and Debt Service Coverage

The following table is a summary of operating results and debt service coverage for the District for the last five fiscal years. The results for Fiscal Years 2019-20 through 2022-2023 have been derived from the audited financial statements, and the data for Fiscal Year 2023-24 is based on the District's estimated actuals.

### Marina Coast Water District Historical Operating Results Fiscal Year Ended June 30<sup>(1)</sup>

	2020	2021	2022	2023	2024 <sup>(2)</sup>
<b>Gross Revenues</b>					
Water Services <sup>(3)</sup>	\$11,652,404	\$12,366,437	\$13,133,302	\$13,624,939	\$13,554,801
Wastewater Services	\$4,484,940	\$4,633,032	\$4,930,600	\$5,315,471	\$5,582,119
Capacity and Connection Fees <sup>(4)</sup>	\$3,679,241	\$1,595,664	\$5,035,396	\$14,362,216	\$4,823,788
Other Services and Fees	\$822,682	\$599,085	\$747,980	\$1,654,967	\$543,000
Grants	\$6,063,324	\$2,187,939	\$590,598	\$2,502,600	\$1,850,363
Other Revenue/Rental Income	\$497,152	\$204,702	\$204,702	\$201,755	\$940,090
Interest Earned <sup>(5)</sup>	\$359,505	\$274,739	\$241,183	\$1,117,546	\$1,292,923
Gain on disposal of capital assets				\$31,436	
<b>Total Gross Revenues</b>	<b>\$27,559,248</b>	<b>\$21,861,598</b>	<b>\$24,883,761</b>	<b>\$38,810,930</b>	<b>\$28,587,084</b>
<b>Operation and Maintenance Costs<sup>(6)</sup></b>					
General and Administrative <sup>(7)</sup>	\$7,245,471	\$6,456,567	\$6,431,233	\$9,186,105	\$10,177,943
Operations and Maintenance	\$3,698,491	\$4,083,157	\$4,600,041	\$4,916,612	\$5,777,368
Laboratory	\$255,418	\$87,294	\$142,525	\$208,003	\$217,444
Conservation	\$326,074	\$286,123	\$341,615	\$385,864	\$400,690
Engineering	\$1,525,620	\$1,336,329	\$1,534,122	\$1,690,881	\$2,337,868
Water Resources	\$948,216	\$1,019,506	\$824,856	\$715,230	\$888,296
<b>Total Operation and Maintenance Costs</b>	<b>\$13,999,290</b>	<b>\$13,268,976</b>	<b>\$13,874,392</b>	<b>\$17,102,695</b>	<b>\$19,799,609</b>
<b>Net Revenues</b>	<b>\$13,559,958</b>	<b>\$8,592,622</b>	<b>\$11,009,369</b>	<b>\$21,708,235</b>	<b>\$8,787,475</b>
<b>Senior Debt Service<sup>(8)</sup></b>					
2015 Revenue Bonds	\$2,249,150	\$2,249,350	\$2,252,600	\$2,249,000	\$2,252,500
2017 Taxable Installment Loan	\$237,388	\$237,388	\$237,388	\$237,388	\$237,388
SRF Loans	\$0	\$0	\$0	\$226,274	\$530,666
2019 Certificates	\$453,425	\$1,007,300	\$1,004,700	\$1,006,700	\$1,008,100
<b>Total Debt Service</b>	<b>\$2,939,963</b>	<b>\$3,494,038</b>	<b>\$3,494,688</b>	<b>\$3,719,362</b>	<b>\$4,028,654</b>
<b>Senior Debt Service Coverage</b>	<b>4.61</b>	<b>2.46</b>	<b>3.15</b>	<b>5.84</b>	<b>2.18</b>
Net Revenues Available for Subordinate Debt Service	\$10,619,995	\$5,098,584	\$7,514,681	\$17,988,873	\$4,758,821
Subordinate Debt Service <sup>(8)</sup>					
2010 Subordinate Bonds	\$966,179	\$0	\$0	\$0	\$0
<b>Total Debt Service Coverage</b>	<b>3.47</b>	<b>2.46</b>	<b>3.15</b>	<b>5.84</b>	<b>2.18</b>
Cash Available for Capital Projects or Other Purposes	\$9,653,816	\$5,098,584	\$7,514,681	\$17,988,873	\$4,758,821

(1) All figures in this table, excluding debt service, are presented on an accrual basis in accordance with the District's financial statements. Portions of the District's financial statements for Fiscal Year 2021 were restated in Fiscal Year 2022 to implement GASB Statement No. 87 related to lease accounting.

(2) Reflects estimated and unaudited results.

(3) Fiscal Year 2023 and Fiscal Year 2024 includes recycled water sales revenue.

(4) Capacity and connection fees include developer contributions.

(5) Includes interest earned on all water and wastewater accounts including moneys deposited in the Recycled Water Fund, related to RUWAP. Excludes unrealized gains or losses in investments.

(6) Excludes non-cash items, including those related to GASB pension and OPEB costs.

(7) Increase in General and Administrative in Fiscal Years 2022-23 and 2023-24 primarily due to expenses and staff time related to the Groundwater Sustainability Agency (GSA).

(8) Debt service presented on a cash basis.

Source: The District.

## Projected Operating Results and Debt Service Coverage

The estimated projected operating results for the District for the Fiscal Years ending June 30, 2025 through June 30, 2029 together with projected debt service coverage on the Certificates and the other Parity Debt, are shown in the following table. The fiscal forecast represents the District's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. Actual operating results achieved during the projection period may vary from those presented in the forecast, and such variations may be material. See "RISK FACTORS." See also "– Water Enterprise of the District" and "– Wastewater Enterprise of the District" for further information regarding the District's projected operating results of the Water Enterprise and Wastewater Enterprise, respectively.

### Marina Coast Water District Projected Operating Results Fiscal Year Ended June 30

	Budget 2025 <sup>(1)</sup>	Projections 2026	Projections 2027	Projections 2028	Projections 2029
<b>Gross Revenues</b>					
Water Services <sup>(2)</sup>	\$17,095,827	\$19,350,000	\$22,427,000	\$24,619,000	\$27,032,000
Wastewater Services <sup>(3)</sup>	6,047,000	6,708,000	7,447,000	8,158,000	8,938,000
Capacity and Connection Fees <sup>(4)</sup>	5,401,000	5,415,000	4,415,000	4,415,000	4,415,000
Grants <sup>(5)</sup>	2,304,000	0	0	0	0
Other Services and Fees	2,063,659	2,310,000	2,310,000	2,310,000	2,310,000
Other Revenue/Rental Income <sup>(6)</sup>	939,234	418,000	418,000	418,000	418,000
Interest Earned <sup>(7)</sup>	930,400	799,506	808,411	1,030,328	1,068,999
<b>Total Gross Revenues</b>	<b>\$34,781,120</b>	<b>\$35,000,506</b>	<b>\$37,825,411</b>	<b>\$40,950,328</b>	<b>\$44,181,999</b>
<b>Operation and Maintenance Costs</b>					
General and Administrative <sup>(8)(9)</sup>	\$11,057,463	\$11,720,911	\$12,072,538	\$12,434,714	\$12,807,756
Operations and Maintenance <sup>(8)(10)</sup>	7,100,155	6,042,164	6,223,429	6,410,132	6,602,436
Laboratory <sup>(8)(11)</sup>	284,440	292,973	301,762	310,815	320,140
Conservation <sup>(8)(12)</sup>	548,837	565,302	582,261	599,729	617,721
Engineering <sup>(8)(13)</sup>	3,338,805	3,438,969	3,542,138	3,648,402	3,757,854
Water Resources <sup>(8)(14)</sup>	2,609,613	1,000,000	1,030,000	1,060,900	1,092,727
<b>Total Operation and Maintenance Costs</b>	<b>\$24,939,313</b>	<b>\$23,060,320</b>	<b>\$23,752,129</b>	<b>\$24,464,693</b>	<b>\$25,198,634</b>
<b>Net Revenue</b>	<b>\$9,841,807</b>	<b>\$11,940,186</b>	<b>\$14,073,281</b>	<b>\$16,485,635</b>	<b>\$18,983,366</b>
<b>Debt Service</b>					
2015 Revenue Bonds	\$2,249,900	\$2,253,150	\$2,253,150	\$2,249,900	\$2,248,400
2017 Taxable Installment Loan	237,388	237,388	237,388	237,388	237,388
SRF Loans <sup>(15)</sup>	530,666	530,666	530,666	530,666	530,666
2019 Certificates	1,003,900	1,005,650	1,006,400	1,006,150	1,004,900
2024 Certificates <sup>(16)</sup>	707,715	933,250	933,250	933,250	933,250
<b>Total Debt Service*</b>	<b>\$4,729,569</b>	<b>\$4,960,104</b>	<b>\$4,960,854</b>	<b>\$4,957,354</b>	<b>\$4,954,604</b>
<b>Debt Service Coverage*</b>	<b>2.08</b>	<b>2.41</b>	<b>2.84</b>	<b>3.33</b>	<b>3.83</b>
Cash Available for Capital Projects or Other Purposes*	\$5,112,238	\$6,980,082	\$9,112,427	\$11,528,281	\$14,028,761

Footnotes Follow On Next Page

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\* Preliminary; subject to change.

- (1) Reflects the District's recently approved Fiscal Year 2025 Budget with certain adjustments.
- (2) Based on projected water deliveries and rate increases approved pursuant to the District's 2024 Rate Study and Public Hearing.
- (3) Based on projected rate increases approved pursuant to the District's 2024 Rate Study and Public Hearing.
- (4) Reflects the District's estimated capacity fees based on ongoing development
- (5) Fiscal Year 2025 includes \$978,000 in funds received from FORA for ongoing building improvements and a \$1.3 million grant for operations.
- (6) Reflects estimated rental income from the Bureau of Land Management.
- (7) Reflects 3.0% earnings on the District's reserves.
- (8) Fiscal Year 2025 reflects an increase in salaries and benefits based on a 10% COLA adjustment.
- (9) Projected to increase by 6% in Fiscal Year 2026 and 3% annually thereafter.
- (10) Projected to decrease by 15% in Fiscal Year 2026 due to a reduction in utility electricity cost increase and lower legal expenses. Projected to increase annually by 3% thereafter starting in Fiscal Year 2027.
- (11) Projected to increase by 3% annually thereafter starting in Fiscal Year 2026.
- (12) Projected to increase by 3% annually thereafter starting in Fiscal Year 2026.
- (13) Projected to increase by 3% annually thereafter starting in Fiscal Year 2026.
- (14) Projected to decrease by 62% in Fiscal Year 2026 due to a reduction in one-time O&M Costs in Fiscal Year 2025. Projected to increase annually by 3% thereafter starting in Fiscal Year 2027.
- (15) Reflects estimated SRF Loan repayments at 1.80%.
- (16) Reflects estimated principal of \$18,665,000 and all-in true interest cost of 4.41%.

Source: *The District*.

## **Water Enterprise of the District**

**General.** As used herein and in the legal documents for the Certificates, the term “**Water Enterprise**” means the entire water supply, storage and distribution system of the District, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the District for the supply, treatment and storage of water to residents of the District and adjacent areas, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District. The term Water Enterprise includes both the District’s potable water system and recycled water system.

The District has historically provided potable water services to the residents within the City through its Central Marina system, which lies at the northern end of the Salinas Valley on the Monterey Bay. In August 2005, the “Central Marina” and “Ord Community” water systems were connected; integrated operations allow water to flow between the two systems to meet peak demands and improve overall services. The amount of water exchanged between the systems is automatically monitored and recorded. In July 2007, the California Department of Public Health approved the consolidation of the water systems as the “Marina Coast Water District Water System.”

The District’s potable water system encompasses approximately 234 miles of potable water pipeline. The District owns and operates 9 production wells with an estimated capacity of approximately 20 million gallons of potable water per day (“**MGD**”). District potable water storage includes 11 water storage tanks with a combined capacity of 11 million gallons and 6 booster pump stations. In addition, 34 monitoring wells are strategically located throughout the District to monitor water quality and groundwater levels in the aquifers that are the source for the District’s potable water supply. All wells are sampled to identify the presence of chemicals, the threat of saltwater intrusion, and to monitor water levels.

**Potable Water Sources and Water Rights.** Currently, the sole source of potable water supply for the District is the Salinas Valley Groundwater Basin, both Marina and the Ord service areas have relied upon this source of supply since the areas were initially developed. The District owns and operates its production wells, and does not purchase wholesale potable water supply. The MCWRA in the 1993 and 1996 Annexation Agreements for Zones 2 and 2A granted groundwater allocations of 6,600 AFY to the Army and 3,020 AFY to the District. Under the 1993 and 1996 Annexation Agreements, MCWRA has "allocated groundwater pumping rights" to Fort Ord and to the Marina Area Lands. Under the Annexation Agreements, MCWRA has agreed to backstop those groundwater allocations in the event that the actual available groundwater is not physically or legally available (e.g., because of a Salinas Valley Groundwater Basin adjudication).

Under the 1996 Marina Area Lands annexation, MCWRA recognized the District’s right to pump 3,020 AFY to serve water demands within the City of Marina. The 1996 Annexation Agreement recognized the Armstrong Ranch’s right to use groundwater for overlying irrigation uses and allocated 20 AFY of potable water. The agreement reserved an additional 900 AFY of potable water (920 AFY total) for urban uses within the Armstrong Ranch subject to annexation to MCWRA Zones 2/2A (now Zone 2C) and to the District and the City of Marina. Approximately 306 acres of the Armstrong Ranch is currently being developed for the Marina Station development. That land has already been annexed into the City of Marina and the District. The Armstrong Ranch owners annexed into MCWRA Zone 2C in 2021 thereby triggering under the 1996 Annexation Agreement the following phase-in of urban water allocations, “20 afy when this Agreement and Framework becomes effective, 150 afy upon annexation to the Zones, and an



additional 150 afy every two years thereafter, up to the total of 920 afy for potable purposes from the [Salinas River Groundwater] Basin.” Assuming that the phase-in started in 2021, the full 920 AFY will not vest until 2031.

By an October 24, 2001 Quitclaim Deed, the Federal Government by and through the Secretary of the Army, conveyed Fort Ord’s potable water system and 4,871 AFY of the 6,600 AFY recognized under the 1993 Ord Annexation Agreement to the Fort Ord Reuse Authority (“FORA”). On October 25, 2001, FORA in turn conveyed the same potable water system and 4,871 AFY to the District. The Federal Government retained the rights to 1,729 AFY of potable water for its exclusive use. In 2007, FORA allocated most of 4,871 AFY to its land use jurisdictions but the underlying groundwater right is owned and managed by the District. Pursuant to a prior agreement, an additional 38 AFY needs to be conveyed by the Federal Government to the District.

In summary, the MCWRA has recognized the District’s right to pump a total of 10,540 AFY of potable water from the Salinas River Groundwater Basin, consisting of the following: 3,020 AFY for the Marina service area, 920 AFY for the Armstrong Ranch within the Marina service area, and 6,600 AFY for the Ord service area. Under the District’s utility services contract with the Army, the District pumps water under the Federal Government’s retained rights to meet potable water demands of the Army and the Bureau of Land Management within the former Fort Ord. The District is in the process of restarting its Reservation Road Desalination facility which can produce up to 300 AFY to support development demand and provide a supplemental water supply.

**Potable Water Supply Reliability.** The Salinas Valley Groundwater Basin has an estimated 19.8 million acre-feet of storage capacity, and groundwater levels have not declined significantly during drought cycles, so pumping within the agreed-upon limits is considered reliable. Recycled water originates as municipal wastewater from indoor water uses. Indoor water use sees less of a decline during drought restrictions than outdoor water use, so recycled supply is considered reliable as well. As a municipal water district with comparatively minimal pumping from the Salinas Valley Groundwater Basin (as compared with agriculture) and access to recycled municipal wastewater, the District is positioned to be less impacted should a significant reliability issue arise basin wide. However, the Sustainable Groundwater Management Act may impact the long-term availability of groundwater within the Salinas Valley Groundwater Basin.

**Historical Water Connections.** The following table shows the growth in the number of water connections to the Water Enterprise for the five most recent fiscal years.

**Marina Coast Water District  
Historical Water Connections**

Fiscal Year Ending June 30	Total	% Increase
2020	9,477	2.52%
2021	9,632	1.64
2022	9,954	3.34
2023	10,005	0.51
2024	10,530	5.25

Source: The District.

**Historical Water Deliveries.** The following chart presents a summary of historical water deliveries for the Water Enterprise in AFY for the five most recent Fiscal Years. The table includes both potable water and recycled water.

**Marina Coast Water District  
Historical Water Deliveries (Potable and Recycled) (Acre Feet Per Year)<sup>(1)</sup>**

Fiscal Year Ending June 30	Potable	Recycled	Total	% Increase/ Decrease
2020	2,991	--	2,991	3.57%
2021	3,159	--	3,159	5.62
2022	3,182	--	3,182	0.73
2023	2,810	178	2,988	(6.10)
2024	3,018	386	3,404	13.92

(1) Water production refers to the total amount of water treated and processed by the district. On the other hand, deliveries specifically indicate the amount of water actually transported and supplied to customers or designated locations. While production numbers reflect the total output, delivery figures focus solely on the quantity distributed to end users.

Source: The District.

**Historical Water Sales Revenues.** The following table shows annual water sales revenues from water sales for the five most recent fiscal years.

**Marina Coast Water District  
Historical Water Sales Revenues (Potable and Recycled)**

Fiscal Year Ending June 30	Potable		Recycled	Total	% Increase/ Decrease
	Marina	Ord			
2020	\$3,970,782	\$7,681,622		\$11,652,404	8.96%
2021	4,174,833	8,191,604		12,366,437	6.13
2022	4,280,991	8,852,311		13,133,302	6.20
2023	4,211,031	8,825,990	\$587,918	13,624,939	3.74
2024	3,838,325	8,310,454	1,406,022	13,554,801	(0.51)

Source: The District.

**Largest Customers.** The following table sets forth the largest customers of the Water Enterprise for Fiscal Year 2023-24, which accounted for approximately 34.05% of water demand from the Water Enterprise in such Fiscal Year. See “RISK FACTORS – Concentration of Largest Customers.”

**Marina Coast Water District  
Largest Water Customers Fiscal Year 2023-24 (Potable and Recycled)**

Customer	Service Area	Water Usage (acre feet)	% of Total
1. City of Seaside <sup>(1)</sup>	Ord	394	11.58%
2. Monterey Bay Military Housing	Ord	268	7.89
3. California State University Monterey Bay	Ord	153	4.49
4. University Corporation at Monterey Bay	Ord	139	4.08
5. Seaside Highlands H.O. Association	Ord	52	1.53
6. Bay View Mobile Home Park	Ord	47	1.37
7. Sun Bay Apartments	Ord	46	1.34
8. MPUSD-Seaside High School	Ord	34	0.99
9. The Gates at Marina LLC	Ord and Marina	29	0.85
10. City of Marina	Marina	27	0.78
<b>Total Largest Users</b>		<b>1,187</b>	<b>34.88%</b>
		<b>Total All Users</b>	<b>3,404</b>

(1) The City of Seaside's total water usage increased from 178 AF in Fiscal Year 2022-23 to 394 AF in Fiscal Year 2023-24. This increase was due primarily to the City of Seaside being required to shut-down their groundwater wells used to irrigate the Bayonet Golf Course in November 2022 and, instead, taking over the recycled water account of the Bayonet Golf Course and obtaining recycled water from the District for that purpose. Of the total water use for the City of Seaside, 8 AF was potable water and 386 AF was recycled water. Source: The District.

**Potable Water Rates and Charges.** The following tables show the District's monthly water rates for the Marina and Ord service areas for fiscal years 2025 through 2029. Such rates are based on the 2024 Rate Study.

**Marina Coast Water District  
Monthly Water Rates – Marina Service Area**

**Single Family Consumption Charge (\$/hcf)**

Tier	Effective 7/1/24	Effective 7/1/25	Effective 7/1/26	Effective 7/1/27	Effective 7/1/28
Tier 1 <sup>(1)</sup>	\$4.36	\$5.23	\$6.28	\$6.78	\$7.32
Tier 2	\$7.00	\$8.40	\$10.08	\$10.89	\$11.76

(1) Tier 1 – For the first 10 hcf per month

**Multi-Family and Non-Residential Consumption Charge (\$/hcf)**

Rate	Effective 7/1/24	Effective 7/1/25	Effective 7/1/26	Effective 7/1/27	Effective 7/1/28
Uniform Rate	\$4.64	\$5.57	\$6.68	\$7.22	\$7.79

**Marina Coast Water District  
Monthly Water Rates – Ord Service Area**

**Single Family Consumption Charge (\$/hcf)**

<u>Tier</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
Tier 1 <sup>(1)</sup>	\$6.79	\$7.47	\$8.22	\$8.71	\$9.23
Tier 2	\$10.37	\$11.41	\$12.55	\$13.30	\$14.10

(1) Tier 1 – For the first 10 hcf per month

**Multi-Family and Non-Residential Consumption Charge (\$/hcf)**

<u>Rate</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
Uniform Rate	\$7.30	\$8.03	\$8.83	\$9.36	\$9.92

**Marina Coast Water District  
Monthly Water Service Fees – Marina Service Area**

<u>Meter Size</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
5/8" or 3/4"	\$42.29	\$50.75	\$60.90	\$65.77	\$71.03
1"	\$65.06	\$78.07	\$93.69	\$101.18	\$109.28
1.5"	\$122.01	\$146.41	\$175.69	\$189.75	\$204.93
2"	\$190.34	\$228.41	\$274.09	\$296.02	\$319.70
3"	\$372.56	\$447.07	\$536.49	\$579.41	\$625.76
4"	\$577.55	\$693.06	\$831.67	\$898.21	\$970.06
6"	\$1,146.99	\$1,376.39	\$1,651.67	\$1,783.80	\$1,926.50
8"	\$1,830.31	\$2,196.37	\$2,635.65	\$2,846.50	\$3,074.22
10"	\$3,196.95	\$3,836.34	\$4,603.61	\$4,971.90	\$5,369.65
12"	\$4,791.37	\$5,749.64	\$6,899.57	\$7,451.54	\$8,047.66

**Marina Coast Water District  
Monthly Fire Service Fees – Marina Service Area**

<u>Meter Size</u>	<u>Meter Charges July 1, 2024<sup>(1)</sup></u>
1"	\$2.07
1.5"	\$6.01
2"	\$12.82
2.5"	\$23.04
3"	\$37.23
4"	\$79.33
6"	\$230.45
8"	\$491.08

(1) Private fire meter charges will be increased by the CPI report each July 1 through July 2028.

**Marina Coast Water District Monthly Water Service Fees – Ord Service Area**

<u>Meter Size</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
5/8" or 3/4"	\$52.34	\$57.57	\$63.33	\$67.13	\$71.16
1"	\$78.61	\$86.47	\$95.12	\$100.83	\$106.87
1.5"	\$144.31	\$158.74	\$174.62	\$185.09	\$196.20
2"	\$223.14	\$245.45	\$270.00	\$286.20	\$303.37
3"	\$433.35	\$476.69	\$524.35	\$555.81	\$589.16
4"	\$669.85	\$736.84	\$810.52	\$859.15	\$91.70
6"	\$1,326.78	\$1,459.46	\$1,605.40	\$1,701.73	\$1,803.83
8"	\$2,115.09	\$2,326.60	\$2,559.26	\$2,712.81	\$2,875.58
10"	\$3,691.72	\$4,060.89	\$4,466.98	\$4,735.00	\$5,019.10
12"	\$5,531.12	\$6,084.23	\$6,692.66	\$7,094.21	\$7,519.87

**Marina Coast Water District  
Monthly Fire Service Fees – Ord Service Area**

<u>Meter Size</u>	<u>Meter Charges July 1, 2024</u>
1"	\$2.97
1.5"	\$8.65
2"	\$18.45
2.5"	\$33.16
3"	\$53.56
4"	\$114.13
6"	\$331.51
8"	\$706.48

(1) Private fire meter charges will be increased by the CPI report each July 1 through July 2028.

The table below sets forth a comparison of the monthly water rates of the District and charges for a single-family residential user (based on 6 HCF per month) to those of nearby water purveyors as of July 1, 2024.

**Marina Coast Water District  
Comparative Water Rates**

<u>Community</u>	<u>Total Monthly Bill</u>
City of Seaside <sup>(1)</sup>	\$111
Cal/Am Water - Monterey	101
<b>District - Ord Service Area</b>	<b>93</b>
<b>District - Marina Service Area</b>	<b>68</b>
Cal/Am Water - Salinas	49

(1) Area within City of Seaside serviced by City's water system; not connected to the District.  
Source: The District.

**Recycled Water Rates.** Recycled water rates adopted as part of the recent 2024 Rate Study are as follows.

**Marina Coast Water District  
Monthly Water Service Fees – Recycled Water**

	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
<b><u>Consumption Charge (\$/hcf)</u></b>					
Per HCF	\$7.10	\$7.46	\$7.83	\$8.22	\$8.63
<b><u>Fixed Monthly Service Charge (Based on Meter Size)</u></b>					
5/8" or 3/4"	\$55.13	\$57.89	\$60.78	\$63.82	\$67.01
1"	78.16	82.07	86.17	90.48	95.00
1.5"	135.77	142.56	149.69	157.17	165.03
2"	204.90	215.15	225.91	237.21	249.07
3"	423.78	444.97	467.22	490.58	515.11
4"	746.36	783.68	822.86	864.00	907.20
6"	1,518.25	1,594.16	1,673.87	1,757.56	1,845.44
8"	3,246.34	3,408.66	3,579.09	3,758.04	3,945.94
10"	4,694.47	4,929.19	5,175.65	5,434.43	5,706.15
12"	5,918.77	6,214.71	6,525.45	6,851.72	7,194.31

Source: The District.

**Collection Procedures.** The District operates monthly billing cycles for water, wastewater collection, and recycled water service. A consolidated bill is sent to District customers each month, and payment is due by the 15th day after the billing date. After this date, the payment is considered delinquent, and a delinquency message will appear on a reminder bill if payment is not received. If accounts are not paid in full within 60 days of the billing date, service will be discontinued until full payment, which includes late penalties, a deposit fee of \$45.00, and a \$20.00 reconnection fee.

On September 28, 2018, Governor Brown signed Senate Bill 998 ("SB 998"), introducing new restrictions on reducing residential water service for customers behind on their payments. SB 998 changed existing practices, policies, and procedures related to delinquent accounts and discontinuation of water service by retail water suppliers. For urban and community water systems like the District, the requirements of SB 998 came into effect on February 1, 2020. Under SB 998, water systems were required to have written policies for discontinuing service available in multiple languages spoken by at least ten percent of the population in the system's service area. Moreover, SB 998 imposed restrictions on when water systems can be cut off from residential water service. It further limited reconnection fees for specific low-income customers to \$50 during regular business hours and \$150 during non-regular hours. By February 1, 2020, the District had already updated its billing and collection policies to comply with SB 998. Based on the District's billing, collection, and delinquency history over the previous fiscal years since its implementation, the District did not experience any adverse effects from complying with SB 998.

**Projected Water Connections (Potable and Recycled).** The following table shows the increase in the number of water connections to the Water Enterprise projected by the District for the next five Fiscal Years.

**Marina Coast Water District  
Projected Water Connections**

<b>Fiscal Year Ending June 30</b>	<b>Total</b>	<b>% Increase/ (Decrease)</b>
2025	11,071	5.14%
2026	11,447	3.39
2027	11,840	3.43
2028	12,251	3.47
2029	12,681	3.51

Source: The District.

**Projected Water Deliveries (Potable and Recycled).** The District currently estimates that water deliveries for the next five Fiscal Years will be as follows.

**Marina Coast Water District  
Projected Water Deliveries (In Acre Feet Per Year)**

<b>Fiscal Year Ending June 30</b>	<b>Total</b>	<b>% Increase/ (Decrease)</b>
2025	3,503	2.90%
2026	3,604	2.90
2027	3,709	2.90
2028	3,816	2.90
2029	3,927	2.90

Source: The District.

**Projected Water Sales Revenues (Potable and Recycled).** The following table projects annual water sales revenues of the Water Enterprise, which projections are based on the increases in projected water deliveries described under “– Projected Water Deliveries” and rates described under “– Water Enterprise Rates and Charges.”

**Marina Coast Water District  
Projected Water Sales Revenues**

<b>Fiscal Year Ending June 30</b>	<b>Potable</b>			<b>Recycled</b>	<b>Total</b>	<b>% Increase/ (Decrease)</b>
	<b>Marina</b>	<b>Ord</b>				
2025	\$5,043,000	\$10,320,500		\$1,732,327	\$17,095,827	26.12%
2026	6,092,000	11,501,000		1,757,000	19,350,000	13.19
2027	7,359,000	13,226,000		1,842,000	22,427,000	15.9
2028	8,007,000	14,681,000		1,931,000	24,619,000	9.77
2029	8,712,000	16,296,000		2,024,000	27,032,000	9.8

Source: The District.

**Water Shortage Contingency Plan.** The District maintains a Water Shortage Contingency Plan in compliance with California Water Code Section 10632 (the “**Water Shortage**”).

**Contingency Plan**). The Water Shortage Contingency Plan provides for five stages of action that are triggered based on specific water supply conditions applicable to each stage. The following table generally describes the five stages of the Water Shortage Contingency Plan. Upon declaration of a particular water conservation stage, the District will automatically increase rates.

**Marina Coast Water District  
Water Conservation Stages and Demand Reduction Goals**

<u>Stage</u>	<u>Water Shortage Level</u>	<u>Demand Reduction Goal</u>	<u>Type of Program</u>
Stage 1	0 – 10%	10% reduction	Voluntary Compliance
Stage 2	>10 - 25%	20% reduction	Voluntary Compliance
Stage 3	>25 - 35%	30% reduction	Mandatory Compliance
Stage 4	>35 – 50%	40% reduction	Mandatory Compliance
Stage 5	>50%	50%+ reduction	Mandatory Compliance

**Priorities for use of available water, based on California Water Code are:**

1. Health and Safety - interior residential and fire fighting
2. Commercial, Industrial, and Governmental - maintain jobs & economic base
3. Existing Landscaping - especially trees and shrubs
4. New Demand - projects without permits when shortage declared

Source: The District.

Recycled water deliveries are not subject to the above Water Shortage Contingency Plan. A major purpose of the District expansion into recycled water is to diversify its water supply sources and reduce dependence on groundwater supplies.

**Groundwater Sustainability.** The Marina and Ord service areas overlie portions of the Monterey Subbasin, the 180/400 Foot Aquifer Subbasin (the **“180/400 Subbasin”**), and part of the Seaside Adjudicated Basin which are all part of the Salinas Valley Groundwater Basin. Two of the seven active wells of the District are located in the Marina service area and five wells are in the Ord service area, as previously described. All seven wells are located in the northern portion of the Monterey Subbasin.

**Marina Coast Water District Groundwater Sustainability Agency.** Pursuant to the Sustainable Groundwater Management Act (**“SGMA”**) effective January 1, 2015, the California Department of Water Resources (**“DWR”**) granted the District exclusive Groundwater Sustainability Agency (**“GSA”**) status within its jurisdictional boundaries within the Monterey Subbasin and the 180/400 Subbasin. Within the Monterey Subbasin (48.2 square miles) of the greater Salinas Valley Groundwater Basin, the District is the Groundwater Sustainability Agency (**“GSA”**) for the Marina-Ord Management Area (**“MCWDGSA”**), which includes areas within the District’s Ord service area that are not within the District’s jurisdictional boundaries. The Salinas Valley Basin Groundwater Sustainability Agency (**“SVBGSA”**) is the GSA for the smaller Corral de Tierra Management Area of the Monterey Subbasin. The District in conjunction with the SVBGSA submitted to the California Department of Water Resources (**“DWR”**) the Monterey Subbasin Groundwater Sustainability Plan (**“GS Plan”**) in 2022; the plan was approved on April 27, 2023. The MCWDGSA is currently working in tandem with the SVBGSA to bring the Monterey Subbasin into sustainable balance and is focused on implementing the GS Plan. DWR has classified the Monterey Subbasin as a medium priority subbasin.



**Water Enterprise Improvements.** The District projects substantial capital improvements to the Water Enterprise for existing and future users in the amount of approximately \$92.9 million over the next five Fiscal Years. The District expects that such capital improvements will be funded by facility capacity fees, grants, loans, the net proceeds of the Certificates, and Net Revenues remaining after the payment of the Installment Payments and debt service on the Prior Parity Debt, any Additional Parity Debt, and any other debt of the District. Such capital improvements include pipeline improvements, replacement of booster pumps, lift station enhancements, construction of reservoir tanks, acquisition of emergency generators at key well sites, booster stations and sewer pumping facilities to maintain operation during power outages, demolition of existing corporation yard and construction of new yard, well rehabilitation.

**Recycled Water System.** Recycled water is wastewater treated to various treatment levels, which are primary, secondary, tertiary, advanced treated, and direct potable reuse. As shown in the table below, entitled “Marina Coast Water District, Historical Wastewater Enterprise Usage in Daily Average Flow in Million Gallons Per Day (‘MGD’),” for the Fiscal Year ending June 30, 2024, Marina wastewater flows were 1.173 MGD (1,314 AFY) and Ord Community were 0.973 MGD (1,090 AFY).

*Wastewater treatment capacity rights.* Under the April 25, 1989 Annexation Agreement to the Monterey Regional Water Pollution Control Agency (MRWPCA) (now known as Monterey One Water or M1W), MPWPCA agreed to treat up to 2.0 MGD of wastewater from MCWD from its Marina service area. Under the October 24, 2001 Quitclaim Deed for Water and Wastewater Systems on the former Fort Ord, the Federal Government via the Fort Ord Reuse Authority quitclaimed 2.22 MGD of the Government’s prepaid wastewater treatment capacity in the Regional Treatment Plant (“RTP”) to the District. Consequently, MCWD owns 4.22 MGD of treatment capacity in the RTP, which treats wastewater to the secondary treatment level.

Secondarily treated wastewater is sent from the RTP to either the Salinas Valley Reclamation Plant (“SVRP”) for tertiary treatment for delivery to the Castroville Seawater Intrusion Project or to the Advanced Water Treatment Facility (“AWTF”), also called the Advanced Water Purification Facility. The brine waste created in the treatment process is disposed of via M1W’s ocean outfall. Treating wastewater through the AWTF results in a 19% treatment loss, e.g., 100 AF of untreated wastewater results in 81 AF of advanced treated water (“ATW”).

*District’s Right to Recapture Central Marina Wastewater Flows in the form of Tertiary Treated Wastewater.* The 1989 Annexation Agreement also granted MCWD the right to obtain from the MRWPCA regional treatment plant, wastewater for reuse within MCWD (“sewer flow recapture right”). The 1996 Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands recognized MCWD’s right to tertiary treated water from the Marina sewer flows, but limited MCWD’s right to 300 AF of tertiary treated water during the period April through September. During the October through March period, MCWD was granted first priority to recapture any sewer flows above 300 AF in addition to any actual October through March sewer flows. Subject to limitations, tertiary treated water can be used for non-potable irrigation purposes. The District is reserving its right to this tertiary treated water. In the future, the District should have the option to take this recycled water as tertiary treated water, advanced treated water, or for direct potable reuse depending upon the construction of the necessary infrastructure.

*District's Rights to Advanced Treated Wastewater for Use within the Ord Service Area.* The 1,427 AFY of ATW for the Ord service area is the result of the Regional Urban Water Augmentation Project (“**RUWAP**”) effort to develop an additional 2,400 AFY of water for the redevelopment of the former Fort Ord. In 2007, FORA allocated 1,427 AFY of recycled water expected to be produced by RUWAP to its member land use jurisdictions. In 2016, the District and MRWPCA entered into the Pure Water Delivery and Supply Project Agreement, which provided for a Phase 1 delivery of 600 AFY of ATW to the District and a Phase 2 delivery of the remaining 827 AFY to the District. The Agreement integrated RUWAP into the larger Pure Water Monterey Groundwater Replenishment Project (the “**PWM Project**”). The PWM Project is designed to provide up to 1,427 AFY of ATW for the District and up to 3,700 AFY of recycled water for use on the Monterey Peninsula. The PWM Project is a partnership between MRWPCA (now Monterey One Water, “**M1W**”) and the District to construct the following facilities: the AWTF with a treatment capacity of 4 MGD (a 5 MGD plant was actually construction), a new 13-mile transmission pipeline which would incorporate an existing District-owned recycled water pipeline, and an ATW tank reservoir. The treatment plant would be constructed, owned, and operated by MRWPCA with the District having treatment capacity rights in the plant. The transmission pipeline would be constructed, owned, and operated by the District with MRWPCA having carrying capacity rights for up to 3,700 AFY in the new and existing pipelines. The 2 million gallon tank reservoir would be constructed, owned and operated by the District with MRWPCA having junior storage rights in the tank.

The RUWAP Pipeline will initially deliver up to 600 AFY of ATW to District customers in the Ord service area. The source waters for the PWM Project are wastewater, industrial process water, crop drainage water, and urban stormwater runoff, which including the District's wastewater. The advanced treated water is suitable for direct injection into the Seaside Groundwater Basin for indirect potable reuse. This water is of higher quality than tertiary treated and disinfected recycled water, and may be used for urban landscape irrigation, reducing the reliance on groundwater. The RUWAP Pipeline is used to transport advanced treated water to District customers and for injection into the Seaside Groundwater Basin by M1W. M1W sells the water to the Monterey Peninsula Water Management District (“**MPWMD**”). The MPWMD in turn sells the water to the California American Water Company who extracts the water for direct use in its Monterey Peninsula service area.

All elements of the PWM Project, including injection/extraction wells within the Seaside Groundwater Basin, began startup operations in 2020. During CY 2023, the AWTF treated an average of 6.06 MGD of influent and produced on average 4.0 MGD of ATW.

## **Wastewater Enterprise of the District**

**General.** As used herein and in the legal documents for the Certificates, the term “**Wastewater Enterprise**” means the entire wastewater collection, treatment and disposal system owned or operated by the District, including but not limited to all facilities, properties and improvements at any time owned or operated by the District for the collection, treatment and disposal of wastewater within the service area of the District, together with any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the District.

Through the Wastewater Enterprise, the District provides wastewater collection service to customers in the Marina and Ord service areas. The District owns and operates 20 sewer lift stations, more than 162 miles of gravity pipeline and 7 miles of forced main with the right to convey

up to 4.22 mgd of sewage to the Monterey One Water’s Regional Treatment Plant (the “**M1W Regional Wastewater Treatment Plant**”), which has a daily treatment capacity of 29.6 mgd and is owned and operated by Monterey One Water (“**M1W**”). M1W is a Joint Power Authority of which the District is a member and a 14.257% owner. Raw wastewater is conveyed to an interceptor and measured at the M1W pump station for the District’s Marina service area and at the flume structure for the Ord service area.

**Historical Wastewater Connections.** The following table shows the growth in the number of wastewater connections to the Wastewater Enterprise for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Wastewater Connections**

Fiscal Year Ending June 30	Total	% Increase/ (Decrease)
2020	9,477	2.52%
2021	9,632	1.64
2022	9,954	3.34
2023	10,005	0.51
2024	10,051	0.46

Source: The District.

**Historical Wastewater Enterprise Usage.** The following table summarizes the volume of wastewater treated for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Wastewater Enterprise Usage  
In Daily Average Flow In Million Gallons Per Day (“MGD”)**

Fiscal Year Ending June 30	Marina	Ord	Total	% Increase/ (Decrease)
2020	1.044	0.897	1.941	(2.36%)
2021	1.063	0.837	1.900	(2.11)
2022	0.99	0.907	1.897	(0.16)
2023	1.91	1.035	1.945	2.53
2024	1.173	0.973	2.146	10.33

Source: The District.

**Historical Wastewater Service Charge Revenues.** The following table shows annual wastewater service charge revenues of the Wastewater Enterprise for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Wastewater Service Charge Revenues**

Fiscal Year Ending June 30	Marina	Ord	Total	% Increase/ (Decrease)
2020	\$1,398,578	\$3,086,362	\$4,484,940	6.88%
2021	1,445,422	3,187,610	4,633,032	3.30
2022	1,514,468	3,416,132	4,930,600	6.42
2023	1,584,549	3,730,922	5,315,471	7.81
2024	1,717,739	3,864,380	5,582,119	5.02

Source: The District.

**Wastewater Enterprise Rates and Charges.** The following tables show the District's monthly wastewater rates for the Marina and Ord service areas for fiscal years 2025 through 2029. Such rates are based on a five-year rate study and financial plan that was completed in April 2024. The rates for the Marina and Ord service areas were adopted by the Board of Directors on June 17, 2024, after conducting a notification process under Proposition 218 to adopt rate increases for the Marina and Ord service areas. The wastewater rates adopted by the Board of Directors in 2024 are referred to in this Official Statement as the **"2024 Wastewater Rates"**.

**Marina Coast Water District  
Monthly Wastewater Rates – Marina Service Area**

Sewer Charges	Effective 7/1/24	Effective 7/1/25	Effective 7/1/26	Effective 7/1/27	Effective 7/1/28
Fixed Monthly Charges (per EDU)	\$9.45	\$10.87	\$12.50	\$13.75	\$15.13
Flow-Based Charges (per HCF)	\$1.85	\$2.13	\$2.45	\$2.70	\$2.97

**Marina Coast Water District  
Monthly Wastewater Rates – Ord Service Area**

Sewer Charges	Effective 7/1/24	Effective 7/1/25	Effective 7/1/26	Effective 7/1/27	Effective 7/1/28
Fixed Monthly Charges (per EDU)	\$20.55	\$21.37	\$22.22	\$23.11	\$24.03
Flow-Based Charges (per HCF)	\$4.02	\$4.18	\$4.35	\$4.52	\$4.70

The table below sets forth a comparison of the average monthly wastewater billings of the District for a single family residential user to those of similar wastewater service providers as of July 1, 2024.

**Marina Coast Water District  
Comparative Wastewater Rates**

<u>Community</u>	<u>Monthly Bill</u>
City of Seaside	\$60.52
City of Monterey	54.77
Pacific Grove	55.03
City of Salinas	49.45
<b>District - Ord Service Area</b>	<b>40.65</b>
<b>District - Marina Service Area</b>	<b>18.70</b>

Source: The District.

**Collection Procedures.** The District is on a monthly billing cycle for water, wastewater collection and recycled water service. A consolidated bill is sent monthly to District customers. Payment is due by the 15th day after the billing date and is considered delinquent if not paid by that date. If payment is not received, a delinquency message appears on a reminder bill. If bills are not paid, the District has the ability to shut-off water and/or sewer service.

**Projected Wastewater Connections.** The following table shows the increase in the number of wastewater connections to the Wastewater Enterprise projected by the District for the current and next four Fiscal Years.

**Marina Coast Water District  
Projected Wastewater Connections**

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>% Increase/ (Decrease)</u>
2025	10,393	3.41%
2026	10,751	3.43
2027	11,126	3.48
2028	11,518	3.53
2029	11,928	3.56

Source: The District.

**Projected Wastewater Enterprise Usage.** The District currently estimates that Wastewater Enterprise usage for the current and next four Fiscal Years as shown in the following table.

**Marina Coast Water District  
Projected Wastewater Enterprise Usage  
In Daily Average Flow In MGD**

Fiscal Year Ending June 30	Total	% Increase/ (Decrease)
2025	2.205	2.75%
2026	2.265	2.72
2027	2.328	2.78
2028	2.394	2.84
2029	2.463	2.88

Source: The District.

**Projected Wastewater Service Charge Revenues.** The following table projects annual wastewater service charge revenues of the Wastewater Enterprise for the current and next five Fiscal Years.

**Marina Coast Water District  
Projected Wastewater Service Charge Revenues**

Fiscal Year Ending June 30	Total	% Increase/ (Decrease)
2025	\$6,047,000	8.33%
2026	6,708,000	10.93
2027	7,447,000	11.02
2028	8,158,000	9.55
2029	8,938,000	9.56

Source: The District.

**Future Wastewater Enterprise Improvements.** The District projects capital improvements to the Wastewater Enterprise for existing and future users in the amount of approximately \$25 million over the next five years. The District expects that such capital improvements will be funded by facility capacity fees, grants, loans, the net proceeds of the Certificates, and Net Revenues remaining after the payment of the Installment Payments and debt service on the Prior Parity Debt, any Additional Parity Debt, and any other debt of the District.

## **RISK FACTORS**

*The following information should be considered by prospective investors in evaluating the Certificates. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to purchasing the Certificates. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

The purchase of the Certificates involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and interest on the Certificates. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

### **Net Revenues; Rate Covenant**

Net Revenues are dependent upon the demand for water and wastewater services, which can be affected by population factors, more stringent water standards, water regulations, wastewater regulations, water conservation, water shortages, problems with the Enterprises and other factors. There can be no assurance that water and wastewater service demand will be consistent with the levels contemplated in this Official Statement. A decrease in demand could require an increase in rates or charges in order to comply with the rate covenants contained in the Installment Sale Agreement. The District's ability to meet its rate covenants is dependent upon its capacity to increase rates without driving down demand to a level insufficient to make the Installment Payments and pay debt service on the Prior Parity Debt and any Additional Parity Debt.

### **Projections**

The projections in this Official Statement are not necessarily indicative of future performance. In addition, certain assumptions with respect to future business and financing decisions of the District are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Certificates are cautioned not to place undue reliance upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability of the District to make timely payment of the Installment Payments may be materially adversely affected.

Neither the Auditor, nor any other independent accountants nor the Municipal Advisor have compiled, examined or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenue forecast.

### **Risks Related to Facilities and Operations**

The operation of the Enterprises and physical condition of the facilities of the Enterprises are subject to a number of risk factors that could adversely affect the reliability of water or

wastewater service or increase the operating expenses of the Enterprises. Prolonged damage to the facilities of the Enterprises could interrupt the ability of the District to realize revenues sufficient to pay Installment Payments, require substantial increases in rates or charges in order to comply with the rate covenant in the Installment Sale Agreement (which could drive down demand for groundwater and related services), or require the District to increase expenditures for repairs significantly enough to adversely impact the District's ability to pay Installment Payments and pay debt service on the Prior Parity Debt and any Additional Parity Debt.

These factors could include, among others, the following.

***Aging Facilities.*** Over the life of the Certificates, the Enterprise facilities may become aged and in need of replacement or refurbishment. Long-lived facilities result in decreased reliability due to unplanned outages and place a greater maintenance burden on the District's operations.

***Seismic Hazards.*** The Enterprises are not located in an Alquist-Priolo Earthquake Fault Zone. However, the Enterprises are located in a region of high seismic activity in the form of frequent medium earthquakes with nearby epicenters, as well as infrequent major earthquakes. Earthquakes can cause two types of hazards: primary and secondary. Primary seismic hazards include ground shaking and ground displacement, which in turn can induce secondary hazards. Secondary hazards include ground failure (lurch cracking, lateral spreading and slope failure), liquefaction, tsunamis and seiches and dam failure. The San Andreas Fault runs through the southeastern portion of the County for approximately 30 miles and poses the single greatest seismic risk to the City. Two other active faults include the Palo Colorado-San Gregorio Fault zone and the Monterey Bay Fault zone, which lies seaward of the City extending northwesterly to the Pacific Ocean. The western boundary of the City is located on the Pacific Ocean and the City is at risk of tsunami inundation along the shoreline and in the Salinas River flood plain to the north of the City.

***Natural Calamities Generally.*** From time to time, the service area of the District may be subject to other natural disasters, including without limitation wildfires (see below), flooding and landslides, or man-made disasters that could interrupt operation of the Enterprises or adversely affect economic activity in the District's service area. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the Enterprises, including exacerbated infiltration and/or inflow of ground and other waters into the Enterprises, or that the District would have insurance or other resources available to make repairs in order to generate sufficient Net Revenues to pay the Installment Payments when due, and pay debt service on the Prior Parity Debt and any Additional Parity Debt. The casualty and liability insurance maintained by the District may not cover damages and losses to the Enterprises due to earthquake, fire or flood.

***Wildfires.*** In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. In November 2018, for example, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Several wildfires in recent years are believed to have been caused by power distribution and transmission lines coming into contact with dry trees and other vegetation during extreme



weather events (such as high winds) and malfunctions in electric equipment. See “– PG&E Public Safety Power Shutoffs” below. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The California Public Utilities Commission (the “**California PUC**”) has designated the District’s service areas as Tier 2 fire-threat areas on its Fire-Threat Map. According to the California PUC, Tier 2 fire-threat areas depict areas where there is an elevated risk (including likelihood and potential impacts on people and property) from utility associated wildfires. If wildfires were to substantially damage or destroy the District’s water system or portions thereof, the District’s ability to pay the Installment Payments when due, and pay debt service on the Prior Parity Debt and any Additional Parity Debt could be affected.

***Climate Change; Sea Level Rise.*** The issue of climate change has become an important factor in water resources planning in the State. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts. Based on these studies, global warming could result in the following types of water resources impacts in the State, including impacts on the District:

- Changes in the timing, intensity, and variability of precipitation and replenishment of the groundwater basin,
- Long-term changes in watershed vegetation and increased incidence of wildfires that could affect water quality,
- Sea level rise and an increase in saltwater intrusion,
- Increased water temperatures with accompanying adverse effects on some fisheries,
- Increases in evaporation and concomitant increased irrigation need, and
- Changes in urban and agricultural water demand.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resource Agency, the Governor’s Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled “Rising Seas in California: An Update on Sea Level Rise Science” (the “**Sea Level Rise Report**”) to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline.

Projections of the effects of global climate change on the District are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. A rise in sea level may impact the Enterprises and operations of the District. In fact, to better protect against sea level rise and flooding, the District has already moved certain facilities away from the coast and may do so with respect to other facilities in the future.

***Statutory and Regulatory Compliance.*** The operation of the Enterprises is subject to a variety of federal and State statutory and regulatory requirements. Any failure by the District to comply with applicable laws and regulations could result in significant fines and penalties. In addition, state and federal laws and regulations may be changed in the future in a manner that imposes additional obligations and costs on the District's operations of the Enterprises. For example, on July 3, 2024, the State Water Resources Control Board adopted new water conservation rules that will impact 400 urban water suppliers in the State, including the District. The new long-term water rules include specific goals for water usage in urban areas to lessen the need for mandatory water reductions during the next drought, and take effect on January 1, 2025 with a multi-year phase-in process.

***Casualty Losses.*** The Installment Sale Agreement obligates the District to obtain and keep in force various forms of insurance for repair or replacement of a portion of the Enterprises in the event of damage or destruction to such portions of the Enterprises. No assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement of any other portion of the Enterprises.

## **Droughts and Other Threats to Water Supply**

Areas within the State, including the service area served by the District, are subject to drought conditions from time-to-time. In particular, drought conditions have occurred numerous times in recent years. Groundwater aquifers, upon which the District relies for potable water, recover more slowly than surface water reservoirs and are limited by how much and how fast water can recharge. Unlike surface water reservoirs, which can recover during one water year of heavy precipitation, groundwater aquifer recovery often takes years or decades. Excessive, long-term groundwater over-use resulting in groundwater depletion can cause subsidence and permanent loss of groundwater storage as well as water quality degradation and seawater intrusion.

In addition, irrigation for County of Monterey agriculture is almost entirely provided by groundwater pumping from the Salinas Basin. The Salinas Basin is the largest coastal groundwater basin within the Central Coast of California. It lies within the southern coast ranges between the San Joaquin Valley and the Pacific Ocean, and is drained by the Salinas River. The valley extends approximately 150 miles from the La Panza Range north-northwest to its mouth at Monterey Bay, draining approximately 5,000 square miles in Monterey and San Luis Obispo Counties. The valley is bounded on the west by the Santa Lucia Range and Sierra de Salinas and on the east by the Gabilan and Diablo Ranges. The Monterey Bay acts as the northwestern

boundary of the Salinas Basin. Rainfall is highest on the Santa Lucia Range (ranging from 30 to 60 inches per year) and lowest on the valley floor (about 14 inches per year). Dry years are common and droughts can extend over several years, such as the six-year drought of water years 2011 to 2016.

In 2015, the County of Monterey commissioned a report by Brown and Caldwell, for a near-term assessment of the condition of the Salinas Basin in terms of its groundwater resources. The report notes that the current distribution of groundwater extractions is not sustainable. The consequences of no-action under continued drought conditions would be the advancement of seawater intrusion and the continued decline of groundwater head. The District has been working with other local agency partners to address groundwater sustainability issues, as described elsewhere in this Official Statement. However, the District can make no assurances as to the reliability or adequacy of future water supplies to meet future demands. See “THE DISTRICT AND THE ENTERPRISES – Groundwater Sustainability; Water Enterprise Improvements” for a discussion of the SGMA, the District’s GS Plan and related matters.

### **Enterprise Expenses**

There can be no assurance that Operation and Maintenance Costs of the Enterprises will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. The ability to adopt rate increases is subject to Proposition 218 and other factors; the inability to or failure to adopt rate increases could increase the likelihood of nonpayment. Increases in rates could also decrease demand and result in lower Net Revenues. See “– Proposition 218” below.

### **Concentration of Largest Users**

The largest customers of the Water Enterprise accounted for approximately 34% of water demand of the Water Enterprise for Fiscal Year 2023-24. See “THE DISTRICT AND THE ENTERPRISES – Water Enterprise of the District – Largest Costumers.” Bankruptcy, termination of operations or departure from the Service Area by one or more of the largest customers of the Water Enterprise could adversely impact the availability of Net Revenues to pay the Installment Payments when due. See “THE DISTRICT AND THE ENTERPRISES – Projected Operating Results and Debt Service Coverage.”

### **Limitations on Remedies Available**

The ability of the District to comply with its covenants under the Installment Sale Agreement and generate sufficient Net Revenues may be adversely affected by actions and events outside of the control of the District or taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See “– Proposition 218” below. Furthermore, any remedies available to the owners of the Certificates upon the occurrence of an event of default under the Trust Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies of the Owners of the Certificates contained in the Trust Agreement, the rights and obligations under the Certificates and the Trust Agreement may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of

creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

### **Loss of Tax-Exemption**

As discussed under the caption "TAX MATTERS," the portion of the Installment Payments representing interest with respect to the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date the Certificates were issued, as a result of future acts or omissions of the District in violation of its covenants in the Installment Sale Agreement. Should such an event of taxability occur, the Certificates are not subject to special prepayment and will remain outstanding until maturity or until prepaid under other prepayment provisions set forth in the Trust Agreement.

### **Proposition 218**

**General.** On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future ad valorem taxes, special taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, limited local governments' authority to impose or increase property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge"). The District's rates and charges for water, wastewater, and recycled water are property-related fees and charges subject to Article XIII D.

Specifically, under Article XIII D, before the District may impose or increase any property-related fee or charge, the District must give written notice to the record owner of each parcel of land affected by that fee or charge. The District must then hold a public hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed. Each parcel regardless of parcel size is entitled to file one written protest. If a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIII D, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

**Judicial Interpretation of Proposition 218.** After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges for water and wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID. However, numerous subsequent court cases have held that certain types of water and wastewater charges could be subject to the requirements of Proposition 218. These cases include, for example, *Capistrano Taxpayers Assoc., Inc. v. City of San Juan Capistrano* (186 Cal. Rptr. 3d 362 (Cal. App. 4th Distr. 2015)), *Bighorn-Desert View Water Agency v. Verjil* (46 Cal. Rptr. 3d 73 (Cal. 2006)), and *Howard Jarvis Taxpayers Assoc. v. City of Fresno* (26 Cal. Rptr. 3d 153 (Cal. App. 5th Distr. 2005)).

Under the *Bighorn* case, for example, the court held that under Article XIIC, local voters could adopt an initiative measure that could reduce or repeal a local agency’s rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Installment Payments securing the 2024 Bonds.

Under the *City of San Juan Capistrano* case, the court held that tiered or inclined rates that go up progressively in relation to usage must correspond to the actual cost of providing water service at each tier (level of usage), and accordingly the pricing for any tier cannot exceed the cost of service to that tier.

**District’s Current Practice Regarding Rates and Charges.** The District’s practice in implementing increases in water, wastewater, and recycled water rates and charges has been to comply with the requirements of Article XIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the Board of Directors approves rate increases.

**Conclusion.** It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted. As noted above, under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the District’s rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Installment Payments. ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases. See “– Future Initiatives; Change in Law.”***

## **Proposition 26**

On November 2, 2010, California voters approved Proposition 26, the so-called “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declared that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. Proposition 26’s amendments to Article XIII C broadly define “tax,” but specifically exclude, among other things:

- “(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- ...
- (6) A charge imposed as a condition of property development.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

The District believes its water, wastewater and recycled water fees and charges do not constitute a “tax” under Article XIII C. The District believes its connection fee is not a “tax” as defined by Proposition 26 because it is a charge to a landowner that is imposed (typically as a condition of property development) for a specific privilege and does not exceed the reasonable costs of conferring the privilege. The District will continue to comply with the provisions of Articles XIII C and XIII D (enacted by Proposition 218, described above) and implementing legislation in connection with future rate increases, as such requirements may be interpreted by state courts.

## **Future Initiatives; Change in Law**

The California electorate or Legislature could implement changes in California law having the effect of reducing revenues payable to, or collected by, the District. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues and adversely affecting the security of the Installment Payments.

In particular, Articles XIII C and XIII D of the California Constitution were adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time-to-time other initiatives could be proposed and adopted affecting the District’s revenues or ability to increase revenues.

## **Limited Recourse on Default**

If the District defaults on its obligation to pay the Installment Payments, the Trustee, as assignee of the District, has the right to accelerate the total unpaid principal amounts of the Certificates. However, in the event of a default and such acceleration there can be no assurance that the District will have sufficient Net Revenues to pay the accelerated Installment Payments.

## **Secondary Market for Certificates**

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Prices of issues for which a market is being made will depend upon then-prevailing circumstances. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

## **Cyber Security**

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the District is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the District's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the District, or the administration of the Certificates. The District is also reliant on other entities and service providers in connection with the administration of the Certificates, including without limitation the Trustee. No assurance can be given that the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Certificate Owners. The District maintains cybersecurity insurance. See "THE DISTRICT AND THE ENTERPRISES – Water Enterprise and Wastewater Enterprise Insurance" for a description of such insurance.

## **Future Parity Debt**

As described in "SECURITY FOR THE CERTIFICATES – Parity Debt; Limitations on Future Debt" above, the Installment Sale Agreement permits the District to issue Additional Parity Debt in the future, under which its obligations would be payable on a parity with the payment debt service on the Installment Payments and the Prior Parity Certificates. The coverage tests for Additional Parity Debt involve, to some extent, projections of Net Revenues. If Additional Parity Debt is issued, the debt service coverage for the Installment Payments could be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Installment Payments, the Prior Parity Debt and any Additional Parity Debt issued in the future.

## CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Underwriter and the beneficial owners of the Certificates to provide certain financial information and operating data relating to the District no later than nine months following the end of each Fiscal Year (the “**Annual Report**”), commencing on April 1, 2025 with the report for the Fiscal Year ending June 30, 2024, and to provide notices of the occurrence of certain enumerated events on the Municipal Securities Rulemaking Board’s EMMA website. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934.

The District previously entered into continuing disclosure undertakings under the Rule. A review of the District’s filings indicates that, during the past five years, the District has not failed to comply, in all material respects, with any previous undertaking.

In order to ensure future timely and complete compliance with its undertakings, the District has contracted with Fieldman, Rolapp & Associates, Inc. (d/b/as Applied Best Practices) to act as Dissemination Agent under the District’s continuing disclosure undertaking with respect to the Certificates.

## LITIGATION

In connection with the execution and delivery of the Certificates, the District will certify that there is no litigation pending or, to the best knowledge of representatives of the District, threatened in any way to restrain or enjoin the execution or delivery of the Certificates, to contest the validity of the Certificates or the Installment Payments, the Trust Agreement or any proceedings of the District with respect thereto. Also in connection with the execution and delivery of the Certificates, representatives of the District will certify that, except as otherwise described in this Official Statement or in the Notes to Audited Financial Statements of the District’s Financial Statements for the fiscal year ended June 30, 2023, there are no lawsuits or claims pending against the District that will materially affect the District’s finances so as to impair the ability of the District to pay the Installment Payments when due.

As described in Note 10 to the Basic Financial Statements, in the normal course of operations, various claims have been filed against the District, but in the opinion of District’s management and legal counsel, the claims will not have a material impact on the basic financial statements. In addition, the District has received state grants for specific purposes that are subject to review and audit by the state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material. Notwithstanding the foregoing, if final judgments are made against the District and/or grant expenditure disallowances are large, such events could have a material adverse effect on the District’s ability to pay the Installment Payments when due.

## RATING

S&P Global Ratings (“**S&P**”) has assigned its municipal bond rating of “\_\_\_” to the Certificates. Such rating expresses only the views of S&P and is not a recommendation to buy, sell or hold the Certificates. This rating reflects only the views of S&P, and an explanation of the



significance of the ratings, and any outlook assigned to or associated with these ratings, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely, if in the judgment of the rating agency, circumstances so warrant. The Corporation, the District and the Trustee undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price or marketability of the Certificates.

In providing a rating on the Certificates, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Trust Agreement or the Installment Sale Agreement. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

## **TAX MATTERS**

***Federal Tax Status.*** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of Installment Payments designated as and comprising interest and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Certificates may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of execution and delivery of the Certificates.

***Tax Treatment of Original Issue Discount and Premium.*** If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes “bond premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and bond premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the

basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such Certificates. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's stated maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Certificate premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

**California Tax Status.** In the further opinion of Special Counsel, the portion of Installment Payments designated as and comprising interest and received by the Owners of the Certificates is exempt from California personal income taxes.

**Other Tax Considerations.** Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Special Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest with respect to the Certificates, or as to the consequences of owning or receiving interest with respect to the Certificates, as of any future date. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates may have federal or state tax consequences other than as described above. Other than as expressly described above, Special Counsel expresses no opinion regarding any federal or state tax consequences arising with

respect to the Certificates, the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest with respect to the Certificates.

### **CERTAIN LEGAL MATTERS**

Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, will render an opinion substantially in the form of APPENDIX C hereto with respect to the validity of the Certificates. Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Jones Hall, A Professional Law Corporation, is also serving as Disclosure Counsel to the District. Certain matters will also be passed upon for the District by Griffith, Masuda & Hobbs, A Professional Law Corporation, as General Counsel to the District. *Payment of the fees and expenses of Special Counsel and Disclosure Counsel is contingent upon execution and delivery of the Certificates.*

### **COMPETITIVE SALE OF CERTIFICATES**

The Certificates were sold following a competitive bidding process conducted on \_\_\_\_\_, 2024, and were awarded to \_\_\_\_\_ (the “**Underwriter**”), whose proposal represented the conforming bid with the lowest true interest cost for the Certificates as determined in accordance with the Official Notice of Sale. The Underwriter has agreed to purchase the Certificates at a price of \$\_\_\_\_\_, which is equal to the initial principal amount of the Certificates of \$\_\_\_\_\_ plus [net] original issue premium of \$\_\_\_\_\_, less an Underwriter’s discount of \$\_\_\_\_\_.

The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Underwriter.

### **EXECUTION**

The execution and delivery of this Official Statement has been duly authorized by the District.

### **MARINA COAST WATER DISTRICT**

By: \_\_\_\_\_  
General Manager

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

**APPENDIX B**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX C**

**FORM OF SPECIAL COUNSEL OPINION**

[Closing Date]

Board of Directors  
Marina Coast Water District  
11 Reservation Road  
Marina, California 93933

**OPINION:** \$\_\_\_\_\_ Marina Coast Water District  
Enterprise Revenue Certificates of Participation,  
Series 2024

Members of the Board of Directors:

We have acted as special counsel to the Marina Coast Water District (the "District") in connection with the delivery by the District of the Installment Sale Agreement dated as of August 1, 2024 (the "Installment Sale Agreement") between the CSDA Finance Corporation (the "Corporation") as seller and the District as purchaser. Under the Trust Agreement dated as of August 1, 2024 (the "Trust Agreement") among the District, the Corporation and U.S. Bank Trust Company, National Association, as trustee thereunder (the "Trustee"), the Trustee has executed and delivered \$\_\_\_\_\_ aggregate principal amount of Enterprise Revenue Certificates of Participation, Series 2024 (the "Certificates") evidencing the direct, undivided fractional interests of the owners thereof in installment payments to be made by the District under the Installment Sale Agreement (the "Installment Payments"), which have been assigned by the Corporation to the Trustee under the Trust Agreement. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Installment Sale Agreement and the Trust Agreement, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is a county water district duly organized and validly existing under the laws of the State of California with the full power to enter into the Installment Sale Agreement and the Trust Agreement and to perform the agreements on its part contained therein.
2. The Installment Sale Agreement and the Trust Agreement have been duly approved by the District and constitute valid and binding obligations of the District enforceable against the District in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made under the Trust Agreement, the owners of the Certificates are entitled to the benefits of the Installment Sale Agreement.

4. The portion of the Installment Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. It should be noted, however, that said interest may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest with respect to obligations such as the Certificates. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of delivery of the Installment Sale Agreement.

5. The portion of the Installment Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Installment Sale Agreement or the Certificates.

The rights of the owners of the Certificates and the enforceability of the Installment Sale Agreement and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**Marina Coast Water District**  
**Enterprise Revenue Certificates of Participation,**  
**Series 2024**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Marina Coast Water District (the “**District**”) in connection with the execution and delivery of the certificates captioned-above (the “**Certificates**”). The Certificates are being executed and delivered under a Trust Agreement dated as of August 1, 2024 (the “Trust Agreement”), among the District, CSDA Finance Corporation and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above, in the Trust Agreement and in the Installment Sale Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the District’s fiscal year (currently April 1 based on the District’s fiscal year end of June 30).

“*Dissemination Agent*” means Fieldman, Rolapp & Associates, Inc. (d/b/as Applied Best Practices), or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Trustee a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the execution and delivery of the Certificates.

“*Participating Underwriter*” means \_\_\_\_\_, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriters in complying with the Rule.



### Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2025, with the report for the 2023-24 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and, subject to Section 4(a) hereof, later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice to such effect.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the Official Statement as follows:

(i) Principal amount of Certificates outstanding.

(ii) An update of the information in the following tables under caption entitled "THE DISTRICT AND THE ENTERPRISES – Water Enterprise of the District" in the Official Statement:

- (A) Historical Water Connections.
- (B) Historical Water Deliveries In Acre Feet Per Year.
- (C) Historical Water Sales Revenues.

(iii) An update of the information in the following tables under the caption entitled "THE DISTRICT AND THE ENTERPRISES – Wastewater Enterprise of the District" in the Official Statement:

- (A) Historical Wastewater Connections.
- (B) Historical Wastewater Enterprise Usage.
- (C) Historical Wastewater Service Charge Revenues.

(iv) A table showing Net Revenues and Expenditures of the District for the last fiscal year presented in a similar format as the table entitled "THE DISTRICT AND THE ENTERPRISES – Historical Operating Results".

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) Under the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities,
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Certificates. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Applied Best Practices. Any Dissemination Agent may resign by providing thirty days written notice to the District and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

The Dissemination Agent shall agree to any amendment so requested by the District; provided neither the Trustee nor the Dissemination Agent shall be obligated to enter into any amendment increasing or affecting its duties or obligations.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 4(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event

of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate 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 instrument.

Section 15. Governing Law. This Disclosure Certificate is to be construed in accordance with and governed by the laws of the State of California.

Date: \_\_\_\_\_, 2024

**MARINA COAST WATER DISTRICT**

By: \_\_\_\_\_

AGREED AND ACCEPTED:  
**FIELDMAN, ROLAPP & ASSOCIATES, INC.**  
(d/b/as Applied Best Practices),  
as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Certificates (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Certificates (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Certificates (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned



subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Prepayment notices shall be sent to DTC. If less than all of the Securities within an issue are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Prepayment proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 10-B

**Meeting Date:** July 15, 2024

**Prepared By:** Garrett Haertel, PE

**Approved By:** Remleh Scherzinger, PE

**Agenda Title:** End of Year Engineering Report

**Staff Recommendation:** Receive End of Year Engineering Update.

**Background:** *Strategic Plan, Goal No. 2 – To provide a high-quality water distribution system and an efficiently operating wastewater collection system to serve existing and future customers. Through the master planning process, our infrastructure strategy is to carefully maintain our existing systems and ensure future additions and replacements will meet District standards.*

The Marina Coast Water District Engineering Department serves as the in-house technical resource for the District. In that role engineering staff review, design and manage Capital Improvement Program (CIP) and development (DEV) projects. This update will look at various industry key performance indicators (KPIs) to assess department performance. These include percentage of projects completed, cost to budgeted amount (CIPs), and staff hours/utilization.

The FY 2023-2024 Budget approved by the Board of Directors included improvements and expansion plans for existing water, recycled water, and wastewater collection systems. The following end of year update provides project updates for those CIP projects identified in the approved budget, renewal and replacement projects not previously identified, and DEV projects.

**Discussion/Analysis:** This end of year engineering update will focus on the three main areas of workload within the department; CIP Projects, Development Review and workforce utilization.

CIP Projects:

Within the FY23/24 approved budget there were 32 projects identified in the CIP. Of these projects budgeted, 15 were renewal and replacement, 14 engineering improvement and 3 for current development. Projects were identified and selected for the CIP based on recommendations within the Water, Sewer and Recycled Water Master Plans prepared by Akel Engineering Group, Inc. dated May 2020 and observed deficiencies and condition assessments. An additional 9 projects were identified and added and funded in the CIP throughout the fiscal year.

Management expectation for project completion is 76% or 25 projects. End of year program breakdown is as follows:

- 9 projects were completed – These projects include (\* indicates projects not originally identified):
  - Ord Village Lift Station and Force Main Project\*
  - Regional Urban Water Augmentation Project Recycled Water Distribution Pipelines\*
  - Flygt Pump Replacement\*
  - Crescent Avenue Pipeline\*
  - Gigling Lift Station Force Main Improvement

- Imjin Parkway Pipeline\*
  - D-Zone Booster Pump Replacement
  - SCADA Improvements – Phase 1
  - PLC Replacement Project – Phase 1
- 25 projects, were delayed and/or re-budgeted. These projects include:

These 4 projects were delayed due to identification as “New Bond Funded” that was not realized in FY24

- IOP B Side Improvements Project
- New Corp Yard
- SCADA Improvements Project (Phase 2)
- Solar Array

These 2 projects were delayed due to identification as “Grant Funded” that were not realized in FY24

- Castroville Water Pipeline Intertie
- Indirect Potable Reuse Program

Initial feasibility complete and design firm selected for these 2 projects. Design and construction/demolition to commence upon contract finalization.

- Corp Yard Demo and Rehabilitation
- Ord Wastewater Treatment Plant Blight Removal

These 2 projects were delayed due to bandwidth of available staff.

- Manhole Rehab and Lining Lightfighter 21 Manholes
- Gigling Road Water Pipeline Replacement

- Install Monitoring Well - This project was delayed for well siting studies to be completed. Initial well design has been completed and the design package is nearing completion.
- Well 12 Rehabilitation\* – Project delayed to complete negotiations with lessee and determine overall project scope.
- RDP - Comprehensive Desal Improvements – Initial design studies have been completed and a project scope developed for FY25
- RDP - Reservation Road Desal Plant Renovation – Project permitting package has been completed and discussions are planned with the State Water Resources Control Board. Electrical rehabilitation design contractor has been selected and contract being finalized.
- Water Pipeline in Seaside Resort – Project delayed to finalize reimbursement agreement with Seaside Resort.
- Tate Park Lift Station – Project design completed; construction delayed to finalize reimbursement agreement with Marina Station Developer.
- 1st Avenue Gravity Main – Project delayed based on upstream multi-stakeholder development coordination and finalization of revised easement.
- ATW Irrigation Connection at Armstrong Ranch – Project 60% design complete. Construction to be initiated upon 100% design completion.
- Zone A Tank and Improvements – Project stalled due to coordination issues with CSUMB and PG&E. These issues have been resolved and the project is moving again and gaining momentum towards completion and startup.

- Zone B Tank 2 – Initial field studies and environmental work completed. 30% design nearing completion.
  - Coe Ave Water Pipeline Upsizing – Lump-sum Reimbursement agreement project in coordination with Enclave Phase 3. Project construction is nearing completion.
  - Del Monte Sewer Pipe\* - Lump-sum Reimbursement agreement project in coordination with Dunes Phase 2N. Construction complete and approved, awaiting final invoice.
  - Imjin Parkway Widening - Water and Sewer Improvements\* - Reimbursement project in coordination with the City of Marina, Imjin Parkway Widening Project. Construction activities complete and approved, awaiting final invoice.
  - Security and Access Improvements Project – Design complete and contractor selected. Finalizing design coordination with Operations SCADA system to eliminate unnecessary redundancy and minimize on-going hosting costs.
  - Inter-Garrison Rd pipeline upsizing Schoonover to East Garrison – Project design complete, revisions per County of Monterey being assessed and design modifications pending. Contractor solicitation and construction to commence once County approves final design.
- 6 projects totaling \$1.2M were programmatic type projects funding other project work throughout the year. 62% of the total programmatic budget was used to complete work in FY 24. This funding supported the following projects:
    - Flygt Pump Replacement
    - Well 12 Rehabilitation
    - Del Monte Sewer Pipe
    - Imjin Parkway Pipeline
    - Imjin Parkway Widening – Water and Sewer Improvements

Of the \$38.4 million (M) total budgeted for the CIP program, \$11.4M was identified as new bond funded and \$15.2M was identified as grant funded. Of the remaining \$12.6M as of June 26, 2024, \$3.4M or 27%, was spent in FY23/24.

Engineering department management expectations are 80% for total completed project spend. This percentage represents accurate project scoping and budgeting and accounts for any potential project changes. In FY 23/24, 87% of the total project budgets for the 9 completed projects was spent resulting in \$136,107 (13%) savings from budgeted amounts.

#### DEV Projects:

In FY 23/24 District Engineering staff completed work and improvement plan review on 23 separate major DEV projects. Major DEV projects are all development projects not including Additional Dwelling Unit (ADU) projects and small renovation reviews, such as adding an additional bathroom within an existing home. Major DEV project scope includes project setup, associated project review, coordination, and construction of infrastructure that has become or will become assets of the District.

6 of these projects had major plan/project review completed in FY 23/24. This included infrastructure agreement preparation, reimbursement agreement preparation, production plan review and approvals, landscape plan review and approvals, and project inspection and review.

Workforce Utilization:

The Engineering Department had 7 full-time equivalent (FTE) staff positions budgeted and available for project work, however, the department continued to battle vacancies within the fiscal year. Of the 14,045 possible hours, 66%, or 9,281 hours, were staffed and utilized throughout FY 23/24. Of the budgeted positions, only 1 Engineering Technician FTE remains unfilled. Staffed hours can be billed to specific tasks or projects. These include managing internal program project work and CIP and DEV projects. 932 hours were spent on initiating and completing various phases of CIP projects and 1,315 hours were spent on DEV project activities that includes plan review, infrastructure agreement preparation and completion, project inspections, and project closeouts. What these totals do not capture is small development review including ADU project reviews and other non-standard small projects. These are de minimis expenses that can be made up by future efficiencies.

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** None required.

**Climate Adaptation:** An efficient engineering program supports climate adaptation by providing an institutional compartment that is focused on relocating, repairing, and replacing aging and inadequate infrastructure while minimizing overall impacts to the environment. In addition, proper planning and engineering are the catalyst for developing a symbiotic relationship between the placement of necessary systems and the natural environment. Properly planned improvements, including development projects, is an opportunity for the District to take full advantage of its regional leadership role and to demonstrate strong organizational practice at reducing the overall organizational footprint on the environment.

**Financial Impact:**     Yes     No                    **Funding Source/Recap:** None

**Material Included for Information/Consideration:** None.

**Action Required:**     Resolution     Motion     Review

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Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_

**Marina Coast Water District  
Agenda Transmittal**

**Agenda Item:** 10-C

**Meeting Date:** July 15, 2024

**Prepared By:** Paula Riso

**Approved By:** Remleh Scherzinger PE

**Agenda Title:** Provide Direction Regarding Election to the Coastal Network, Seat A, of the California Special Districts Association Board

**Staff Recommendation:** Provide direction on the election to the Coastal Network, Seat A, of the California Special Districts Association (CSDA) Board.

**Background:** *Strategic Plan, Mission Statement – We provide our customers with high quality potable and recycled water, wastewater collection and conservation services that are safe, affordable, reliable and sustainable, through planning, management and the development of water resources in an environmentally sensitive manner.*

**Discussion/Analysis:** Seat A of the Coastal Network to CSDA’s Board is up for election for the 2025-2027 term. CSDA asked for nominations to Seat A of the Coastal Network on their Board to be submitted by July 26, 2024. They received two nomination forms for Seat A, Elaine Magner of Pleasant Valley Recreation and Park District; and, Scott Duffield of Heritage Ranch Community Services District. Copies of their candidate information is attached. On June 24th, CSDA emailed electronic ballots which are due back to them by July 26, 2024.

**Environmental Review Compliance:** None required.

**Legal Counsel Review:** None required.

**Climate Adaptation:** Not applicable.

**Financial Impact:**           Yes      X   No    Funding Source/Recap: None.

**Other Considerations:** The Board can decide to not submit a ballot.

**Material Included for Information/Consideration:**    CSDA candidate information for Coastal Network Seat A.

Action Required:           Resolution      X   Motion           Review

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Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_



**California Special  
Districts Association**

*Districts Stronger Together*

## 2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Elaine Magner

District/Company: Pleasant Valley Recreation and Park District

Title: Board Director - Past Board Chairperson

Elected/Appointed/Staff: Elected

Length of Service with District: 16 Years (Feb 2008)

- 1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):**

I have been on the CSDA Board of Directors since 2018 and am currently serving as the President for the second year. In the past I have served as the Vice President and Treasurer on the Executive Committee, the Chairperson of the Membership, and the Fiscal Committee. Also, one of the three CSDA board directors on the Special Districts Leadership Foundation (SDLF) and the CSDA representative on the SDLF Scholarship Committee.

I attend CSDA Legislative Days and Conference and Showcase annually. Have completed the SDLF Governance Academy and provide input to many of the CSDA Expert Feedback Teams including the Human Resources and Personnel, Governance, and Revenue Teams.

- 2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):**

Currently serving on the CARPD legislative committee.

- 3. List local government involvement (such as LAFCo, Association of Governments, etc.):**

Have served as the Pleasant Valley Recreation and Park District representative to the Ventura County Special Districts Association. Am one of the PVRPD Board members on the City of Camarillo/PVRPD Liaison Committee working on a joint needs assessment focusing on senior needs including facilities.

- 4. List civic organization involvement:**

None.

**\*\*Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**





Fellow Coastal Network Members,

Having represented the Coastal Network as a CSDA Board member since 2016, I'm requesting your support for re-election.

I am currently the President of the CSDA Board of Directors. I have served as on the Executive Committee as the Vice President, Secretary and Treasurer. now an ex-officio on all CSDA committees. I am one of the CSDA representatives to the Special Districts Leadership Foundation and their Scholarship Committee. I've completed the SDLF Leadership Academy, and regularly attend the annual Legislative Days, Annual Conference and Exhibitor Showcases.

As a Director for the Pleasant Valley Recreation and Park District Board since 2008, I've served as Board Chair, on the Personnel and Liaison Committees, and as PVRPD's representative to the Ventura County Special Districts Association and CSDA. I have been honored by VCSDA as Director of the Year.

My career in Public Service for 31 years was in law enforcement Human Resources. Following my retirement, I worked as a contract investigator for the Department of Justice.

My experience on the PVRPD Board and my work as a public servant has provided me with a solid foundation of experience, enabling me to represent your District's interests on the CSDA Board.

As a board member, I represent all special districts in the Coastal Network, supporting CSDA's on-going efforts to offer educational classes and informative conferences and their pro-active legislative advocacy and policy proposals that impact all Special Districts.

If re-elected, I will continue to work with board members and staff to further advocacy efforts at the state and national level, increase membership, and further enhance services provided to member agencies.

I would appreciate your district's support in my re-election as the Coastal Network representative on the CSDA Board of Directors. I respectfully ask for your vote.

Sincerely,

Elaine L. Magner, Director  
Pleasant Valley Recreation and Park District



**California Special  
Districts Association**  
*Districts Stronger Together*

## 2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Scott Duffield

District/Company: Heritage Ranch Community Services District

Title: General Manager

Elected/Appointed/Staff: Staff

Length of Service with District: Seven years

1. **Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):**

I am currently the Vice President of the San Luis Obispo County Chapter of the CSDA. I attend conferences and trainings regularly.

2. **Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):**

I am a registered civil engineer in California and was previously a member of the American Society of Engineers (ASCE). I am a current member of the American Water Works Association (AWWA).

3. **List local government involvement (such as LAFCo, Association of Governments, etc.):**

I previously served as staff for County government including the County of Riverside for sixteen years and the County of San Luis Obispo for twelve years. During the time as staff for the County of San Luis Obispo, I was involved in numerous advisory committees including the Nacimiento Water Project Commission, the Paso Basin Advisory Committee, and the Water Resources Advisory Committee to name a few (and still involved in the latter in my current role).

4. **List civic organization involvement:**

None.

**\*\*Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**