

BOND PURCHASE CONTRACT

\$ _____,000
Marina Coast Water District
2010 Enterprise Revenue Refunding Bonds

_____, 2010

Board of Directors
Marina Coast Water District
11 Reservation Road
Marina, California 93933

The undersigned, on behalf of Hutchinson, Shockey, Erley & Co. (the “**Underwriter**”), hereby offers to enter into this Bond Purchase Contract with the Marina Coast Water District (the “**District**”), which, upon acceptance of this offer by the District, will be binding upon the District and the Underwriter. This offer is made subject to its acceptance by the District by execution and delivery of this Bond Purchase Contract to the Underwriter by 11:59 p.m., Pacific Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice to the District at any time prior to acceptance hereof by the District.

SECTION 1. Purchase and Sale of Bonds; Terms of Bonds.

(a) Subject to the conditions, and upon the basis of the representations, warranties and covenants hereinafter set forth, the Underwriter hereby agrees to purchase from the District, and the District hereby agrees to sell to the Underwriter, all (but not less than all) of the above-titled bonds (the “**Bonds**”) at a price of \$_____ (which price is equal to the aggregate principal amount of the Bonds, *plus* net original issue premium of \$_____ and *less* an Underwriter’s discount of \$_____).

(b) The Bonds are being issued under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and an Indenture of Trust, to be dated as of December 1, 2010 (the “**Indenture**”), between the District and Union Bank, N.A., Los Angeles, California, as trustee (the “**Trustee**”), to (i) refinance a portion of the payments due pursuant to a promissory note, dated June 25, 2010, from the District with respect

to its water and wastewater systems, (ii) fund a debt service reserve fund for the Bonds and (iii) pay the costs of issuing the Bonds.

(c) The Bonds shall be as described in the Preliminary Official Statement, dated _____, 2010 (the “**Preliminary Official Statement**”), relating to the Bonds. The District ratifies and consents to the distribution and use of the Preliminary Official Statement by the Underwriter prior to the date hereof and hereby represents that the Preliminary Official Statement is “deemed final” by the District as of the date thereof within the meaning of Rule 15c2-12 (“**Rule 15c2-12**”) of the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), except for the omission of such information as may be permitted by Rule 15c2-12.

(d) As provided in the Indenture, the Bonds will be special obligations of the District, payable solely from the Net Revenues (as defined in the Indenture) and amounts on deposit in certain funds and accounts held under the Indenture.

(e) A final Official Statement, dated the date hereof and in the form of the Preliminary Official Statement with such additions and changes as shall be accepted by the Underwriter and the District (the “**Official Statement**”), signed on behalf of the District by its authorized signatory, shall be delivered by the District to the Underwriter on the Closing Date (defined below). The Preliminary Official Statement and the Official Statement shall each be deemed to include their respective cover pages and all summary statements, appendices, other materials included with or attached to each of them and any amendments or supplements thereto.

(f) The Bonds shall be dated their date of issuance and shall mature on the dates and bear interest at the rates per annum, effecting yields and prices, set forth in the Schedule hereto. Otherwise, the Bonds shall have the terms provided in the Official Statement.

(g) The Indenture, the Continuing Disclosure Certificate (described below) and this Bond Purchase Contract are referred to herein collectively as the “**Financing Agreements**.” All capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Indenture.

(h) The Underwriter agrees to make an initial bona fide public offering of the Bonds at a price or prices (or yield or yields) not in excess of the public offering price or prices (or yield or yields) set forth in the Official Statement, and may subsequently change such offering price or prices (or yield or yields). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at a price or prices lower (or yield or yields higher) than the public offering price or prices (or yield or yields) set forth in the Official Statement. The Underwriter also reserves the right to (i) over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

(i) The District hereby authorizes the Underwriter to use copies of the Preliminary Official Statement and the Official Statement and copies of the forms of the Indenture and the Continuing Disclosure Certificate in connection with the public offering and

sale of the Bonds. The District further agrees not to supplement or amend, cause to be supplemented or amended or agree to any supplement or amendment of the Preliminary Official Statement (except as contemplated by the Official Statement) or the Official Statement at any time prior to the Closing without the prior written consent of the Underwriter.

(j) The District agrees that there shall be delivered to the Underwriter, within seven (7) business days of the date hereof, sufficient copies of the Official Statement, as requested by the Underwriter to comply with the requirements of Rule 15c2-12, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

(k) If, at any time prior to the date twenty-five (25) days following the later of the Closing Date or the date the Underwriter no longer retains, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public, which date shall be provided to the District by written notice of the Underwriter (the “**End of the Underwriting Period**”), any event of which the District has knowledge shall occur which might or would cause the Official Statement to contain an untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District will promptly notify the Underwriter in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the opinion of the Underwriter, the District or their respective counsel, to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District will forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance reasonably satisfactory to the Underwriter, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) The District will undertake to provide certain annual financial information and notices of the occurrence of certain events, if material, pursuant to a Continuing Disclosure Certificate dated the date of issuance of the Bonds (the “**Continuing Disclosure Certificate**”). A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

SECTION 2. *Closing*. At 8:00 a.m., California time, _____, 2010, or at such other time on such earlier or later date as shall have been mutually agreed upon by the District and the Underwriter, the District will deliver or cause to be delivered to the Underwriter the Bonds duly authenticated by the Trustee, together with the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price of such Bonds as set forth in Section 1 hereof by federal funds wire. The consummation of the purchase and delivery of such Bonds as aforesaid shall be made at the offices of Jones Hall, A Professional Law Corporation, San Francisco, California (“**Bond Counsel**”), or at such other place as shall be agreed upon by the District and the Underwriter; provided, the Bonds will be delivered in New York, New York through the facilities of The Depository Trust Company

("DTC"). Such purchase and delivery is herein called the "**Closing**" and the date and time of the Closing is herein called the "**Closing Date**."

The Bonds shall be executed, authenticated and delivered under and in accordance with the provisions of this Bond Purchase Contract and the Indenture. The Bonds shall be in definitive form, shall bear CUSIP numbers, and shall be fully-registered bonds, registered in the name of Cede & Co., as nominee for DTC, with one bond for each maturity of the Bonds in the principal amount of such maturity. The Bonds shall be made available to the Underwriter for purposes of inspection at least two business days before the Closing Date.

SECTION 3. *Representations and Warranties.*

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

(b) The District, by its acceptance hereof, represents, warrants, covenants and agrees, as applicable, with the Underwriter as follows:

(1) The District is a county water district organized and existing under the constitution and laws of the State of California, and the Board of Directors of the District, by adoption of a resolution on November 29, 2010 (the "**Bond Resolution**"), has duly approved the execution and delivery of the Financing Agreements and the Official Statement and the issuance of the Bonds, and the District has full right, power and authority to execute, deliver and perform its obligations under the Financing Agreements and to carry out and consummate the transactions contemplated by the Financing Agreements.

(2) The District has, on or before the date hereof, duly adopted the Bond Resolution and taken all action necessary to be taken by it prior to such date for (A) the issuance, sale and delivery of the Bonds upon the terms and conditions and for the purposes described herein, in the Indenture and in the Official Statement, (B) the execution and delivery of the Financing Agreements and performance of its obligations thereunder, (C) the authorization of the distribution of the Preliminary Official Statement and the approval, execution, delivery and distribution of the Official Statement, and (D) the carrying out of, giving effect to, consummating and performing the transactions and obligations contemplated to be performed by it by the Financing Agreements and by the Official Statement, provided that no representation is made with respect to compliance with the securities or "blue sky" laws of the various states of the United States, and such resolution has not been amended, modified or repealed and is in full force and effect on the date hereof.

(3) The delivery of the Preliminary Official Statement and the execution and delivery by the District of the Financing Agreements and the Official Statement, the compliance by it with the terms, conditions or provisions hereof and thereof, and the consummation on its part of the transactions herein and therein contemplated do not and will not, in any respect material for the performance by the District of its obligations under the Financing

Agreements, conflict with or constitute a breach of or a default under nor contravene any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, deed of trust, resolution, agreement or other instrument in any respect material to the performance by the District of its obligations under the Financing Agreements, except as provided in the Financing Agreements and the Official Statement.

(4) Except as may be required under “blue sky” or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution, delivery and sale of the Bonds or the consummation by the District of the transactions contemplated by the Financing Agreements or the Official Statement, which has not been duly obtained or made on or prior to the date hereof.

(5) Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or, to the best knowledge of the District, threatened against or affecting the District wherein an unfavorable decision, ruling or finding would adversely affect (A) the validity or enforceability of, or the authority or ability of the District to perform its obligations under, the Financing Agreements or (B) the transactions contemplated to be performed by it under the Financing Agreements or by the Official Statement.

(6) The District is not in default as to the payment of principal or interest with respect to an obligation issued or incurred by the District and involving expenditure by the District in excess of \$100,000.

(7) The District will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of the eligibility of the Bonds for investment under the laws of such jurisdictions as the Underwriter shall designate, and will use its best efforts to continue such qualification in effect so long as required for the distribution of the Bonds by the Underwriter, provided that the District shall not be required to take any action which would subject it to service of process or to register as a foreign corporation in any jurisdiction where it is not now so subject (and it is understood that the District is not responsible for compliance with or the consequences of failure to comply with applicable “blue sky” laws).

(8) The information contained in the Preliminary Official Statement and Official Statement (except with respect to DTC and the book-entry system), as of its date and the date hereof, did not, does not and will not, as of the Closing Date, contain any untrue statement of a material fact and did not, does not and will not, as of the Closing Date, omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(9) After the Closing Date and prior to the End of the Underwriting Period, the District will not participate in the issuance of any amendment of or supplement to the Official Statement which, after being furnished with a copy, the Underwriter shall object in writing or which shall be reasonably disapproved of by the Underwriter.

(10) The proceeds from the sale to the Underwriter of the Bonds will be applied in the manner and for the purposes specified in the Financing Agreements.

(11) The District covenants that it will not take any action that would cause (i) the interest payable with respect to the Bonds to be included in gross income for federal income tax purposes or (ii) interest payable with respect to the Bonds to be subject to State of California personal income taxes.

(12) Any certificate of the District delivered to the Underwriter in connection with the transactions contemplated by the Official Statement and this Bond Purchase Contract shall be deemed a representation by the District to the Underwriter as to the statements made therein.

(13) Other than the 2006 Installment Purchase Agreement, there is no other lien or encumbrance on the Net Revenues.

(14) (i) The Preliminary Official Statement heretofore delivered to the Underwriter is deemed final by the District as of its date and as of the date hereof, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12.

(ii) Except as disclosed in the Preliminary Official Statement, the District has not previously failed to comply with any continuing disclosure obligation undertaken pursuant to Rule 15c2-12.

SECTION 4. *Conditions to the Obligations of the Underwriter.* The obligations of the Underwriter under this Bond Purchase Contract have been undertaken in reliance on, and shall be subject to, the due performance by the parties hereto of their respective obligations and agreements to be performed hereunder, and on and as of the date of delivery of this Bond Purchase Contract and on and as of the Closing Date. The obligations of the Underwriter hereunder to accept delivery of and pay for the Bonds at the Closing are also subject, in the discretion of the Underwriter, to the following further conditions:

(a) At the time of the Closing, (i) the Bond Resolution and the Financing Agreements shall be in full force and effect and shall not have been rescinded, amended, modified or supplemented, except as may have been agreed to by the Underwriter, and the District shall have adopted or executed and delivered, as the case may be, and there shall be in full force and effect such additional resolutions, agreements, opinions and certificates, which resolutions, agreements, opinions and certificates shall be reasonably satisfactory in form and substance to the Underwriter, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of the Underwriter, be necessary in connection with the transactions contemplated hereby, (ii) the

Bonds shall have been duly issued, authenticated and delivered, (iii) the Preliminary Official Statement and Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and (iv) the District shall perform or have performed all of its obligations under or specified in the Financing Agreements to be performed by the District at or prior to the Closing.

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

(1) Executed counterparts of the Financing Agreements, certified copies of the Bond Resolution, and such other documents and certificates as the Underwriter may reasonably require in order to evidence the accuracy or satisfaction of any of the representations, warranties or conditions herein contained.

(2) An approving opinion of Bond Counsel, substantially in the form attached as Appendix C to the Official Statement, and a letter from Bond Counsel addressed to the Underwriter expressly permitting the Underwriter to rely on such final approving opinion as if the Underwriter was an addressee thereof.

(3) A supplemental opinion of Bond Counsel dated the Closing Date, addressed to the Underwriter, to the effect that:

(i) The District has duly and validly executed the Bond Purchase Contract, and the Bond Purchase Contract constitutes the legal, valid and binding agreement of the District, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases.

(ii) The Bonds are exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**").

(iii) The statements contained in the Official Statement under the captions "THE BONDS" (other than the information relating to the book-entry only system), "SECURITY FOR THE BONDS," "TAX MATTERS" and in APPENDIX B - "Summary of Certain Provisions of the Indenture," and in APPENDIX C - "Form of Bond Counsel Opinion," insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture and the opinion of Bond Counsel are accurate in all material respects.

(4) A letter of Jones Hall, A Professional Law Corporation, San Francisco, California ("**Disclosure Counsel**"), addressed to the Underwriter and dated the Closing Date, to the effect that no information came to the attention of the attorneys in such firm rendering legal services which caused such firm to believe that the Official Statement as of its date (except for any financial or statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion or any information about book-

entry or DTC included therein, as to which no opinion or view need be expressed) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

(i) Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the best knowledge of the District based on reasonable inquiry, threatened against or affecting the District wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of, or the authority or ability of the District to perform its obligations under, any of the Financing Agreements or the transactions contemplated to be performed by it as described in the Official Statement, or which would restrain or enjoin the sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds, the proceedings of the District taken with respect to the issuance, delivery or sale thereof, the pledge or application of any moneys or securities provided for the payment of the Bonds and the existence or powers of the District or the title of any officers of the District to their respective positions.

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

(iii) The District has complied, or is presently in compliance, with all agreements and has satisfied all conditions on its part to be observed or satisfied under the Financing Agreements at or prior to the Closing Date.

(iv) The information and statements in the Official Statement (except with respect to DTC and the book-entry system) do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(6) An opinion of general counsel to the District, dated the Closing Date, to the effect that:

(i) The District is a county water district duly organized and validly existing under the Constitution and the laws of the State of California.

(ii) The District has full legal power and lawful authority to enter into the Financing Agreements.

(iii) The Financing Agreements 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 enforcement may be limited by bankruptcy, insolvency, reorganization moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(iv) The Bond Resolution, approving and authorizing the execution and delivery of the Financing Agreements and approving the Official Statement, was duly adopted at a meeting of the Board of Directors called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Bond Resolution is in full force and effect and has not been modified, amended or rescinded.

(v) The execution and delivery of the Financing Agreements and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the District a breach of or default under, any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.

(vi) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for the District to enter into the Financing Agreements, or to perform its obligations thereunder.

(vii) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such counsel after due investigation, threatened against the District, challenging the creation, organization or existence of the District, or the validity of the Financing Agreements or seeking to restrain or enjoin the District's obligations under the Financing Agreements or in any way contesting or affecting the validity of the Financing Agreements or any of the transactions referred to therein or contemplated thereby or contesting the authority of the District to enter into or perform its obligations under any of the Financing Agreements, or under which a determination adverse to the District would have a material adverse effect upon the financial condition or the revenues of the District, or which, in any manner, questions or affects the right or ability of the District to enter into the Financing Agreements or affects in any manner the right or ability of the District to pay debt service on the Bonds.

(viii) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such counsel after due investigation, threatened against the District, challenging the creation, organization or existence of either, or under which a determination adverse to either would have a material adverse effect upon the financial condition of either or the operation of the facilities thereof.

(ix) Nothing has come to the attention of such counsel which would lead it to believe that the Official Statement (excluding therefrom the financial and statistical data and forecasts included therein and information about the Insurer and DTC, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) An opinion of counsel to the Trustee, dated the Closing Date, to the effect that:

(i) The Trustee is a national banking association duly organized and existing under the laws of the United States of America and has duly authorized, executed and delivered the Indenture and by all proper action has authorized acceptance of the trusts created thereunder.

(ii) The Indenture constitutes a legally valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally.

(iii) The Bonds have been validly authenticated by the Trustee.

(iv) The Trustee has duly authorized, executed and delivered the Indenture and by all proper action has authorized acceptance of the trusts created thereunder.

(8) An executed copy of a nonarbitrage certificate in form and substance satisfactory to Bond Counsel, together with a copy of the completed and executed IRS Form 8038-G.

(9) A certificate dated the Closing Date and signed by the Trustee or its designee, in form and substance satisfactory to the Underwriter to the effect that:

(i) The Trustee has all necessary power and authority to enter into, and perform its duties and accepts the trusts created under, the Indenture.

(ii) The Trustee is duly authorized to enter into the Indenture and to authenticate the Bonds pursuant to the terms of the Indenture.

(iii) The Bonds have been duly authenticated and delivered by the Trustee to the Underwriter pursuant to the direction from the District.

(iv) The Trustee is not in breach of or default under any law or administrative rule or regulation of the State of California or the United States of America, or of any department, division, agency or instrumentality thereof, or any applicable court or administrative decree or order, or any other instrument to which the

Trustee is a party or is otherwise subject or bound and which would materially impair the ability of the Trustee to perform its obligations under the Indenture.

(v) To the best of the Trustee's knowledge, the execution and delivery of the Indenture and the authentication of the Bonds will not conflict with or constitute a breach of or default under the Trustee's duties under any law, administrative regulation, court decree, resolution, charter or bylaws to which the Trustee is subject or by which it is bound.

(10) Written evidence satisfactory to the Underwriter that the ratings described in the Official Statement shall be in effect on and as of the Closing Date.

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

SECTION 5. *Termination of Agreement.*

(a) The Underwriter may terminate this Bond Purchase Contract, with the effect stated in paragraph (c) of this Section, at any time subsequent to the date of this Bond Purchase Contract and at or prior to the Closing by notifying the District in writing of its election so to do, if:

(1) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States or legislation shall be favorably reported by such a committee or be introduced, after the date of this Bond Purchase Contract and prior to the Closing, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate, or be recommended to the Congress of the United States for passage by the President of the United States, or a decision by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, shall be rendered or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon revenues or other income of the general character to be derived by the District (or by any similar body).

(2) Legislation shall be introduced, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act, the Exchange Act or the Trust Indenture Act, as any of the foregoing Acts are amended, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby.

(b) In addition, the Underwriter may terminate this Bond Purchase Contract with the effect stated in paragraph (c) of this Section at any time subsequent to the date of this Bond Purchase Contract and at or prior to the Closing by notifying the District in writing or by telegram of its election to do so, if:

(1) Any event shall have occurred, or information shall have become known, which, in the Underwriter's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Preliminary Official Statement or Official Statement or has the effect that the Preliminary Official Statement or Official Statement contains an untrue, incorrect or misleading statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(2) Any legislation, resolution, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency of the United States, of the State of New York or of the State of California, or a decision by any court of competent jurisdiction within the United States, of the State of New York or of the State of California shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the marketability of the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds.

(3) Additional restrictions not in force as of the date hereof having a material adverse effect on the transactions contemplated hereby shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(4) A general banking moratorium shall have been established by federal, New York or California authorities or trading in securities shall generally have been suspended on the New York Stock Exchange.

(5) Any rating or credit outlook on the Bonds shall have been downgraded or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability of the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds.

(6) A war involving the United States shall have been declared, or any existing conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the financial community shall have occurred, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability of the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds.

(7) An event shall have occurred since the date hereof that in the Underwriter's reasonable judgment materially adversely affects the marketability or market price of the Bonds.

(c) If this Bond Purchase Contract is terminated as herein provided, the parties hereto shall have no obligations one to the other except as provided in Section 6 hereof.

SECTION 6. *Expenses.*

(a) Except as specifically provided in paragraph (b) of this Section, the Underwriter shall be under no obligation to pay and the District shall pay any expenses incident to, or in connection with, the offering, issuance and sale of the Bonds, including, but not limited to, (i) the cost of the preparation, printing or other reproduction (for distribution prior to, on or after the date of acceptance of this Bond Purchase Contract) of the Financing Agreements, the Preliminary Official Statement and the final Official Statement in reasonable quantities for distribution, (ii) charges made by rating agencies for the rating of the Bonds, (iii) the cost of printing the Bonds, (iv) the fees and expenses of the personnel and staff of the District designated to facilitate the execution and delivery of the Bonds, (v) the fees and expenses of the Trustee, (vi) the fees and expenses of the financial advisors, accountants, verification agent and other consultants, legal counsel, including Bond Counsel and Disclosure Counsel, and (vii) all other expenses relating to the sale and delivery of the Bonds, except those expressly provided for in subsection (b) of this Section. The aforesaid costs and expenses shall be paid out of the proceeds of the sale of Bonds or by the District.

(b) The Underwriter shall pay (i) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter, (ii) the fees and expenses of counsel to the Underwriter, if any, (iii) the fees of the California Debt and Investment Advisory Commission, and (iv) all other expenses incurred by it in connection with its offering and distribution of the Bonds, including travel and advertising expenses.

(c) In the event that either the District or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made at the Closing or as soon thereafter as practicable.

SECTION 7. *Miscellaneous.*

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

The Underwriter: Hutchinson, Shockey, Erley & Co.
1702 East Highland Avenue, Suite 301
Phoenix, Arizona 85016
Attn: Brian J. O'Connor

The District: Marina Coast Water District
11 Reservation Road
Marina, California 93933
Attn: Jim Heitzman

(b) This Bond Purchase Contract will inure to the benefit of and be binding upon the District and the Underwriter and their respective successors and assigns, and will not confer any rights upon any other person, partnership, association or corporation other than the District and persons, if any, controlling the Underwriter within the meaning of the Securities Act

or the Exchange Act. The terms “successors” and “assigns” shall not include any purchaser or holder of any of the Bonds.

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

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

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

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

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

HUTCHINSON, SHOCKEY, ERLEY & CO.

By:.....
Printed Name:
Title:

This Bond Purchase Contract is accepted and agreed to as of the date first above written:

MARINA COAST WATER DISTRICT

By:.....
Printed Name:
Title:

SCHEDULE

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
20__	\$____,000	%	%	%
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			
20__	____,000			