

INDEX TO CLOSING DOCUMENTS

**\$2,799,880.00 2017 INSTALLMENT PURCHASE AGREEMENT
FINANCING THE NEW FACILITY PROJECT
ISSUED BY THE MARINA COAST WATER DISTRICT TO
HOLMAN CAPITAL CORPORATION**

Loan Documents:

- Tab A: Exhibit A-1 – 2017 Installment Purchase Agreement;
- Tab B: Exhibit B-1 – Authorizing Minute Action of the Marina Coast Water District;
- Tab C: Exhibit C-1 – General Certificate of the District;
- Tab D: Exhibit D-1 – Opinion of Issuer’s Counsel;
- Tab E: Exhibit E-1 – Closing Memorandum;
- Tab F: Exhibit F-1 – Insurance Certificate
- Tab G: Exhibit G-1 – Escrow Agreement, together with related exhibits

Assignment Documents (Issuer and Investor Only):

- Tab H: Assignment Agreement with Schedule A thereto.



HOLMAN CAPITAL CORPORATION

TAB A:

INSTALLMENT PURCHASE AGREEMENT

between

Marina Coast Water District

and

HOLMAN CAPITAL CORPORATION

Dated January 20, 2017

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated January 20, 2017, between the MARINA COAST WATER DISTRICT, a county water district of the State of California (the "District"), and HOLMAN CAPITAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (the "Corporation"), (each individually a "Party" and collectively the "Parties"). There are no other parties to this Installment Purchase Agreement.

W I T N E S S E T H:

WHEREAS, the District owns and operates an enterprise comprising property and facilities necessary to provide domestic water and wastewater service within the District (as further defined herein, the "System");

WHEREAS, the District has determined to undertake the acquisition, construction, equipping, and furnishing of certain improvements to its facilities (collectively, the "2017 Project") as more particularly described in Exhibit A, attached hereto and by this reference incorporated herein;

WHEREAS, the District and the Corporation are entering into this Installment Purchase Agreement, pursuant to which the Corporation will finance the acquisition of the 2017 Project and sell it to the District upon the terms and conditions set forth herein;

WHEREAS, the District and the Corporation have duly authorized the execution of this Installment Purchase Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, in consideration of these promises and of the mutual agreements and covenants contained herein and for other valuable consideration, the Parties hereto do hereby agree as follows:

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

Accountant's Report means a report signed by an Independent Accountant.

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

(a) An allowance for Net Water Revenues from any additions or improvements to or extensions of the System to be made from the proceeds of such Parity Debt in an amount equal to 100% of the estimated additional average annual Net Water 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 a Fiscal Consultant.

(b) An allowance for Net Water Revenues arising from any increase in the charges made for service from the System which has become effective prior to the incurring of such 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 6.2(b), was not in effect, in an amount equal to the total amount by which the Net Water 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 a Fiscal Consultant.

Assignee means Santa Cruz County Bank, as assignee of the Corporation's interests hereunder, and its successors and assigns.

Assignment Agreement means the Assignment Agreement dated January 20, 2017, between the Corporation and the Assignee.

Board President means the President of the Board of Directors of the District, or any other person designated by the Board President to act on behalf of the Board President.

Bond Counsel means any attorney or firm of attorneys appointed by or acceptable to the District of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

Certificate of the District means a certificate in writing signed by the General Manager or any other officer of the District duly authorized by the Board of Directors for that purpose.

Corporation means Holman Capital Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware.

District means the Marina Coast Water District, a county water district of the state of California, which is a body corporate and politic and a political subdivision duly organized and existing under and by virtue of the laws of the State of California.

Effective Interest Rate means the rate of interest per annum specified in Exhibit B.

Engineer's Report means a report signed by an Independent Engineer.

Escrow Agreement means the Escrow Agreement dated January 20, 2017, between the District, the Corporation and Santa Cruz County Bank, as escrow agent.

Escrow Fund means the fund by that name established pursuant to the Escrow Agreement.

Event of Default means an event described in Section 8.1.

Fiscal Consultant means any consultant or firm of such consultants appointed by the District and who, or each of whom: (a) is judged by the District to have experience in matters relating to the financing of water and wastewater systems; (b) is in fact independent and not under domination of the District; (c) does not have any substantial interest, direct or indirect, with the District other than as purchaser of the Parity Debt; and (d) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

Fiscal Year means the period beginning on July 1 of each year and ending on June 30 of each year, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

Funding Date means January 20, 2017.

Independent Accountant means any accountant or firm of such 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 Engineer means a registered engineer or firm of registered engineers generally recognized to be well-qualified in engineering matters relating to water systems and wastewater systems, appointed and paid by the District, and who:

- (1) is in fact independent and not under the domination of the District or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District or any member thereof, but who may be regularly retained to make reports to the District.

Installment Payment Dates mean twice annually, on the twentieth (20th) day of each January, and on the twentieth (20th) day of each July, commencing July 20, 2017.

Installment Purchase Agreement means this Installment Purchase Agreement dated January 20, 2017, between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Manager means the General Manager of the District, or any other person designated by the General Manager to act on behalf of the General Manager.

Minute Action means that certain order of the District's Board of Directors on September 19, 2016, approving this Installment Purchase Agreement, approving the financing, and approving related documents.

Net Proceeds means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

Net Water Revenues means, for any Fiscal Year, Water Revenues, less Operation and Maintenance Costs.

Operation and Maintenance Costs means all expenses and costs of management, operation, maintenance and repair of the System and all incidental costs, fees and expenses properly chargeable to the System (but excluding debt service or other similar payments on Parity Debt or other obligations and depreciation and obsolescence charges or reserves therefor and amortization of intangibles and inter-fund transfers or other bookkeeping entries of a similar nature).

Parity Debt means the 2015 Bonds and any other payments made pursuant to other indebtedness or other obligations (including leases and installment sale agreements), currently outstanding or hereafter

issued or incurred, which are payable from and secured by a pledge of and lien on Net Water Revenues equally and ratably with the 2017 Installment Payments.

Purchase Price means the principal amount plus interest thereon owed by the District to the Corporation under the terms hereof as provided in Section 3.3.

System means the Water System and the Wastewater System.

2015 Bonds means the District's 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A, issued in the aggregate principal amount of \$29,840,000.

2017 Installment Payments means the installment payments of interest and principal scheduled to be paid by the District under and pursuant to this Installment Purchase Agreement.

Wastewater Service means to the wastewater collected and conveyed to the regional treatment facility through the Wastewater System.

Wastewater System means the whole and each and every part of the wastewater collection and conveyance system owned and operated by the District, including all additions, betterments, extensions and improvements to the Wastewater System or any part acquired or constructed.

Water Revenues means all gross income and revenue received by the District from the ownership and operation of the System, including, without limiting the generality of the foregoing,

- (1) all income, rents, rates, fees, charges or other moneys derived from the Water Service and Wastewater Service;
- (2) 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 pursuant to the law to the Water System and Wastewater System; and
- (3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Water System and Wastewater System; and
- (4) but excluding customers' deposits or any other deposits subject to refund until such deposits have become the property of the District.

Water Service means the water furnished, made available, or provided by the Water System.

Water System means the whole and each and every part of the water supply, treatment, and delivery system owned and operated by the District, including all additions, betterments, extensions and improvements to the Water System or any part thereof hereafter acquired or constructed.

Section 1.2. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Corporation shall be for the sole and exclusive benefit of the other Parties.

Section 1.3. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the

Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 1.4. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the 2017 Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 1.5. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.6. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Corporation hereby declare that they would have executed this Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 1.7. California Law. This Installment Purchase Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 1.8. Notices. All written notices to be given hereunder shall be given by mail to the Party entitled thereto at its address set forth below, or at such other address as such Party may provide to the other Party in writing from time to time, namely:

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

If to the Corporation: Holman Capital Corporation
25201 Paseo de Alicia, Suite 290
Laguna Hills, CA 92653
Attention: Lance S. Holman

If to the Assignee: Santa Cruz County Bank
720 Front Street, Suite 220
Santa Cruz, CA 95060
Attention: George Harrison

Section 1.9. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

ARTICLE II REPRESENTATIONS BY THE DISTRICT AND THE CORPORATION

Section 2.1. Representations by the District. The District makes the following representations:

- (a) The District is a duly organized and existing county water district under and pursuant to the laws of the State of California, and is a political subdivision and body corporate and politic of the State of California;
- (b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out its obligations hereunder;
- (c) With the exception of the pledge of Net Water Revenues hereunder and any pledge made with respect to Parity Debt, Net Water Revenues have not otherwise been pledged and there are no other liens against Net Water Revenues that are not subordinate to the pledge of Net Water Revenues hereunder;
- (d) The District is not currently, and has not been at any time, in default under any debt obligations with a term longer than one year;
- (e) The District's audited financial statements for the period ended June 30, 2016, present fairly the financial condition of the District and the System as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Assignee, there has been no change in the financial condition of the District or the System since June 30, 2016 that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Installment Purchase Agreement. All information provided by the District to the Assignee with respect to the financial performance of the System is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading. However, Corporation and Assignee are advised that rates for public services, such as water and sewer service, are subject to certain legal restrictions in the State of California,

including but not limited to Propositions 218 and 26 which require that majority protest and other procedures and limitations be followed.

- (f) As currently conducted, the District's activities with respect to the System are in all material respects, to the District's best knowledge, in compliance with all applicable laws, administrative regulations of the State and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject; and
- (g) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

Section 2.2. Representations by the Corporation. The Corporation makes the following representations and warranties:

- (a) The Corporation is a corporation duly organized and existing under the laws of the State of Delaware.
- (b) The Corporation has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out its obligations hereunder.
- (c) By proper action, the Corporation has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

**ARTICLE III
ACQUISITION OF THE 2017 PROJECT; PURCHASE OF THE 2017 PROJECT;
2017 INSTALLMENT PAYMENTS**

Section 3.1. Acquisition of the 2017 Project. (a) Funding. To fund the acquisition of the 2017 Project and associated financing costs, the Corporation hereby agrees to cause to be deposited or paid the following amounts:

- (a) Project Cost: \$2,789,880.00 deposited into the Escrow Fund for the acquisition costs associated with the 2017 Project, and
- (b) Costs of Issuance: \$10,000.00 deposited in the Escrow Fund to pay costs associated with the delivery of this Installment Purchase Agreement, and

(b) Acquisition Process. The Corporation hereby agrees to cause the 2017 Project to be acquired by the District as its agent. The District shall enter into contracts and provide for, as agent for the Corporation, the complete acquisition of the 2017 Project. The District hereby agrees that it will cause the acquisition of the 2017 Project to be diligently performed, and that it will use its best efforts to cause the acquisition of the 2017 Project to be completed within three years from the date of execution of this Installment Purchase Agreement, unforeseeable events or delays beyond the reasonable control of the District excepted. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind whatsoever for the payment of any cost of the 2017 Project and that all such costs and expenses shall be paid by the District, regardless of whether the amount deposited in the Escrow Fund is sufficient to pay all such costs and expenses associated with the 2017 Project.

(c) Changes to the 2017 Project. The District may delete capital facilities that are portions of the 2017 Project described in Exhibit A hereto and substitute other facilities therefor, provided that the District provides written notice to the Corporation of the capital facilities of the 2017 Project to be deleted and substituted, which notice shall include a statement that the estimated cost of acquisition of any substituted capital facilities are not less than such costs for the capital facilities deleted.

(d) Title. All right, title, and interest in each component of the 2017 Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur automatically without further action by the Corporation or the District, but the Corporation shall, if requested by the District or if necessary to assure vesting of title to each component of the 2017 Project in the District, deliver any documents required to assure vesting of title to each component of the 2017 Project in the District.

Section 3.2. Purchase of the 2017 Project. The Corporation hereby transfers its interest in and title to the 2017 Project to the District, and the District hereby purchases the 2017 Project from the Corporation at the Purchase Price set forth in Section 3.3 (Purchase Price) herein.

Section 3.3. Purchase Price. (a) Aggregate Purchase Price. The Purchase Price to be paid by the District is the sum of the aggregate principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article IV (Prepayment of 2017 Installment Payments) herein.

(b) Principal Component. The principal amount of the 2017 Installment Payments to be made by the District hereunder is Two Million Seven Hundred Ninety-Nine Thousand and Eight Hundred Eighty Dollars (\$2,799,880.00), including the Ten Thousand Dollar (\$10,000.00) cost of issuance deposit.

(c) Interest Component. The interest to accrue on the unpaid balance of such principal amount of 2017 Installment Payments is set forth in Exhibit B hereto. The interest components of the 2017 Installment Payments are paid as, and constitute, interest on the principal amount of the District's obligations hereunder.

Section 3.4. 2017 Installment Payments. The District shall, subject to any rights of prepayment provided in Article IV (Prepayment of 2017 Installment Payments) herein, pay the Purchase Price in 2017 Installment Payments, which comprise principal and interest components, in immediately available funds, on the dates and in the amounts set forth in Exhibit B.

Each 2017 Installment Payment shall be paid to the Assignee, as assignee of the Corporation pursuant to the Assignment Agreement, in lawful money of the United States of America by check or wire transfer of immediately available funds. If the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid, and the District agrees to pay the same plus interest thereon at the Effective Interest Rate.

Section 3.5. Obligation to Pay. (a) Obligation Limited to Net Water Revenues. Notwithstanding any other provisions contained herein, the obligation of the District to make the 2017 Installment Payments is a special obligation of the District payable solely from Net Water Revenues and does not constitute a debt of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The District shall not be required to advance any moneys derived from any source of income other than the Net Water Revenues for the payment of the 2017 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

(b) Obligation Otherwise Unconditional. The obligation of the District to make the 2017 Installment Payments from the Net Water Revenues is absolute and unconditional; and, until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article 5 (Discharge of Obligations) herein), the District will not abate, discontinue, or suspend any 2017 Installment Payments required to be made by it under this Installment Purchase Agreement when due, whether or not the 2017 Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, whether by reason of material damage to, material destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power), material title defect, or other reason. The 2017 Installment Payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Section 3.6. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely during the term hereof the 2017 Installment Payments and all other payments required hereunder, free of any deductions and without any abatement, diminution, counterclaims, or set-off whatsoever.

Section 3.7. Late Payments. Whenever any 2017 Installment Payment or other amount payable to Corporation by District hereunder is not paid within ten (10) days after such due date, District agrees to pay Corporation a late charge on the delinquent amount at the “Default Rate,” which is one percent (1%) per month, or the maximum amount permitted under applicable law, whichever is less. Such amount(s) shall be payable solely from legally available funds in addition to all amounts payable by District as a result of the exercise of any of the remedies herein provided.

ARTICLE IV

PREPAYMENT OF 2017 INSTALLMENT PAYMENTS

Section 4.1. Prepayment. On any Installment Payment Date, the District may prepay its obligations hereunder in whole, but not in part, by paying to the Corporation the 2017 Installment Payment due on such date together with the amount shown as the “Purchase Option Price” for such date on Exhibit B, plus the amount of any 2017 Installment Payments then in default, together with all past due amounts, additional interest, and late charges (if any).

Section 4.2. Notice of Prepayment. Before making any prepayment pursuant to Article 4 (Prepayment of 2017 Installment Payments) herein, the District shall give written notice to the Corporation not less than thirty (30) calendar days prior to the date of prepayment, or such shorter time as is consented to by the Corporation. The District may provide a conditional notice of prepayment to satisfy the requirements of this Section. 4.2.

ARTICLE V

DISCHARGE OF OBLIGATIONS

Section 5.1. Discharge of Obligations. (a) Payment of All 2017 Installment Payments. If the District shall pay or cause to be paid all the 2017 Installment Payments at the times and in the manner provided herein and also pay or cause to be paid all other sums payable hereunder by the District, then the right, title, and interest of the Corporation herein shall cease, terminate, become void, and be completely discharged and satisfied.

(b) Prepayment Escrow. All or any portion of unpaid 2017 Installment Payments shall, prior to their scheduled payment dates, be deemed to have been paid within the meaning and with the effect

expressed in subsection (a) of this Section 5.1 (except that the District shall remain liable for the 2017 Installment Payments, but only out of the money or securities deposited as described below for their payment), if there shall have been irrevocably deposited with an escrow agent or other fiduciary sufficient moneys and securities guaranteed by the full faith and credit of the United States the principal of and interest on which when due will provide money sufficient to pay such 2017 Installment Payments when due or prepay such 2017 Installment Payments in accordance with Section 4.1- (Prepayment) herein.

ARTICLE VI SECURITY

Section 6.1. Pledge of Net Water Revenues & Lien on Escrow Fund. The District hereby irrevocably pledges Net Water Revenues to the payment of the 2017 Installment Payments. This pledge shall constitute a first priority lien on the Net Water Revenues for the payment of the 2017 Installment Payments on a parity with the pledge and lien which secures the 2015 Bonds and all other Parity Debt. Additionally, the District hereby irrevocably grants to Corporation a first, priority and perfected lien and security interest in the 2017 Project Proceeds in the Escrow Fund, until such time as the funds therein are used to complete the 2017 Project.

Section 6.2. Additional Debt. (a) No Superior Obligations. Other than Operation and Maintenance Costs, the District shall not issue or incur any additional or future obligations secured by a pledge of Water Revenues or Net Water Revenues that is superior to the pledge securing the 2017 Installment Payments, without the prior written consent of the Corporation and Assignee.

(b) Additional Parity Debt. The District may issue or incur any Parity Debt, which are secured by a pledge of and lien on the Net Water Revenues on a parity with the pledge and lien which secure the 2017 Installment Payments, upon satisfaction of all of the following conditions:

(1) No Event of Default has occurred and is continuing.

(2) The Net Water 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 a Fiscal 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 Parity Debt for such Fiscal Year.

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

(c) Subordinate Obligations. The District may incur obligations secured by the Net Water Revenues on a junior or subordinate basis, if the District meets the requirements of subsection (b) above but reducing the coverage ratio required therein from 1.25 to 1.00.

ARTICLE VII COVENANTS OF THE DISTRICT

Section 7.1. Compliance with Installment Purchase Agreement and Minute Action. The District will punctually pay the 2017 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate the Installment Purchase Agreement

for any cause. The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Minute Action approved on September 19, 2016.

Section 7.2. Compliance with Law and Contracts; Preservation of Rights. The District will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the System by contract, or prescribed by any law of the United States of America 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 each and every franchise, right, or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the end that such franchises, rights, and privileges shall be maintained and preserved and shall not become abandoned, forfeited, or in any manner impaired.

Section 7.3. Against Sale or Other Disposition of Property. The District will not sell, lease, encumber, or otherwise dispose of the System, the 2017 Project, or any part thereof, or interest therein essential to the proper operation of the System or to the maintenance of the Water Revenues. The District will not enter into any agreement or lease that impairs the operation of the System or any part thereof necessary to secure adequate Water Revenues for the payment of the 2017 Installment Payments or that would otherwise impair the rights of the Corporation with respect to the Water Revenues or the operation of the System. The District may sell or otherwise dispose of any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the System or any material or equipment that has become worn out.

Section 7.4. Operation and Maintenance of the System. The District will maintain and preserve the System in good repair and working order at all times and will operate the System in an efficient and economical manner and will pay all Operation and Maintenance Costs of the System as they become due and payable.

Section 7.5. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies that, if unpaid, might become a lien on the Water Revenues or any part thereof or on any funds in the hands of the District prior or superior to the lien of the 2017 Installment Payments or that might impair the security of the 2017 Installment Payments.

Section 7.6. Insurance; Application of Net Proceeds.

(a) Casualty and Liability Insurance. The District will procure and maintain or cause to be procured and maintained insurance on the System with responsible insurers in such amounts and against such risks (including accident to or destruction of the System) as are usually covered in connection with systems similar to the System so long as such insurance is available from reputable insurance companies. In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair, or replacement of the damaged or destroyed portion of the System. The District shall begin such reconstruction, repair, or replacement promptly after such damage or destruction shall occur; shall continue and properly complete such reconstruction, repair, or replacement as expeditiously as possible; and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair, or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds may be applied in part to the prepayment of 2017 Installment Payments as provided in Article 4 (Prepayment of 2017 Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the 2017 Installment Payments as well as the entire obligations evidenced by Parity Debt Contracts then remaining unpaid prior to their final respective

due dates, the District may elect not to reconstruct, repair, or replace the damaged or destroyed portion of the System, and thereupon such Net Proceeds shall be applied to the prepayment of 2017 Installment Payments as provided in Article 4 (Prepayment of 2017 Installment Payments) and to the retirement of such Parity Debt.

(b) Other Insurance. The District will procure and maintain such other insurance that it deems advisable or necessary to protect its interests and the interests of the Corporation, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with systems similar to the System.

(c) Self-Insurance. Any insurance required to be maintained pursuant to paragraph (a) above and any insurance maintained pursuant to paragraph (b) above will be maintained under a self-insurance or pooled risk program so long as such self-insurance or pooled risk program is maintained in the amounts and manner usually maintained in connection with systems similar to the System.

(d) Notice of Cancellation. All policies of insurance required to be maintained herein shall provide that the Corporation shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 7.7. Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District obtains and files with the Corporation an Engineer's Report or Accountant's Report showing (i) the estimated loss of annual Net Water Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions, or improvements to the Water System proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Water Revenues to be derived from such additions, betterments, extensions, or improvements, and (2) the District, on the basis of such Engineer's Report or Accountant's Report filed with the District, determines that the estimated additional annual Net Water Revenues will sufficiently offset the estimated loss of annual Net Water Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive) then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions, or improvements substantially in accordance with such Engineer's Report or Accountant's Report and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the District's water enterprise fund.

(b) If (1) the District obtains and files with the Authority an Engineer's Report or Accountant's Report containing an estimate of annual Net Water Revenues after the taking by eminent domain and (2) the District, on the basis of such Engineer's Report or Accountant's Report, determines that Net Water Revenues will equal at least one hundred twenty-five per cent (125%) of the 2017 Installment Payments and debt service on all Parity Debt outstanding for each Fiscal Year in which 2017 Installment Payments are due, then the District may use such Net Proceeds for any lawful purpose.

(c) If the conditions of neither of the foregoing subsections are met, then such Net Proceeds shall be applied in part to the prepayment of 2017 Installment Payments as provided in Article IV (Prepayment of 2017 Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt in the same proportion as the aggregate

unpaid principal balance of 2017 Installment Payments then bears to the aggregate unpaid principal amount of such Parity Debt. For avoidance of doubt, any prepayment triggered under this Section 7.7 may be in whole or in part, with partial prepayments being made in the pro rata portion of the Purchase Option Price.

Section 7.8. Rates, Fees and Charges.

(a) The District covenants that it shall prescribe, revise and collect such charges for the Water Service that, after allowances for contingencies and error in the estimates, shall produce Water Revenues sufficient in each Fiscal Year to provide Net Water Revenues equal to at least 125% of the sum of (1) the 2017 Installment Payments becoming due and payable in such Fiscal Year, and (2) all debt service and any additional payments required with respect to Parity Debt for such Fiscal Year.

(b) The District will have in effect, at all times, rules and regulations requiring each customer located on any premises connected with the System to pay the rates, fees and charges applicable to the Water Service to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. The District will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State of California and any city, county, district, political subdivision, public corporation or agency of any thereof); provided, that the District may without charge use the Water Service.

(c) The District covenants and agrees to raise water rates (subject to the legal restrictions and requirements incumbent thereon) and take other legally available steps necessary to not only cover operating expenses, capital expenditures, and maintenance expenses, but also to faithfully and punctually pay and perform all of its obligations under this Installment Purchase Agreement, including, without limitation, meeting all debt service, rate and other financial covenants contained herein.

Section 7.9. Protection of Security and Rights of the Corporation. The District will preserve and protect the security hereof and the rights of the Corporation to the 2017 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 7.10. No Tax Exemption. The District has taken no action to cause the interest portion of the 2017 Installment Payments to be excludable from gross income for federal income tax purposes.

Section 7.11. Indemnification of the Corporation. The District shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Corporation and its directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest, arising out of or as the result of the actions or omissions of District related to entering into of this Installment Purchase Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the 2017 Project, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the 2017 Project, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the 2017 Project resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the District or the Corporation; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. Notwithstanding the forgoing, this indemnification and hold harmless shall not include any liability arising out of or resulting from the negligence, willful misconduct, or wrongful acts of the Corporation, its directors, officers, employees, or agents. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Installment Purchase

Agreement or the termination of the term of this Installment Purchase Agreement for any reason. The District and the Corporation mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 7.12. Additional Information. The District agrees to furnish to the Assignee (i) the audited financial statements of the District within nine (9) months of the end of the Fiscal Year, or as soon as practicable thereafter, together with a certificate that the District is in compliance with the covenants contained herein, and (ii) promptly, from time to time, but no more than one (1) time per quarter, such information regarding the operations, financial condition and property of the District and the System as the Assignee may reasonably request. Any audited financial statements furnished to the Assignee shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the District's financial condition as of the date of the statements.

Section 7.13. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and minute action as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 7.14. Opinion of District's Attorney. The District will cause to be delivered an opinion of the District's Attorney dated the Funding Date and addressed to the Corporation and the Assignee, substantially in the form in Tab D, to the effect that:

(i) the District is a county water district duly organized and existing under the laws of the State of California;

(ii) the Minute Action was duly approved at a meeting of the Board of the District that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the District, to restrain or enjoin the payment of the 2017 Installment Payments under this Installment Purchase Agreement, or in any way contesting or affecting the validity of the Minute Action or this Installment Purchase Agreement, and

(iv) the execution of this Installment Purchase Agreement, the consent to the Assignment Agreement, the adoption of the Minute Action and compliance by the District with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not constitute on the part of the District a breach or default under any agreement or other instrument to which the District is a Party or by which it is bound (that are known to the District's Attorney) or any existing law, regulation, court order or consent decree to which the District is subject.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1. Events of Default and Remedies. (a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the District to pay any 2017 Installment Payment or debt service on any Parity Debt at the time specified herein.

(2) Failure by the District to observe and perform any covenant, condition or agreement on its part contained herein or in agreement or instrument pursuant to which Parity Debt is issued, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District; provided, however, that the Corporation and the District may agree that action by the District to cure such failure may be extended beyond such thirty-day period.

(3) Any violation of any applicable rule, regulation, law, statute or ordinance applicable to the District or the System or the Parity Debt that could lead to a breach under subsections (1) and/or (2) and that are not cured in accordance with subsections (1) and/or (2)

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Corporation shall have the right, at its option upon notice to the District, to:

(1) declare the entire principal amount of the unpaid 2017 Installment Payments and the accrued interest thereon to be accelerated and immediately due and payable, whereupon the same shall immediately become due and payable; *provided however*, that in the event payment on any Parity Debt is accelerated, the entire principal amount of the unpaid 2017 Installment Payments and the accrued interest thereon shall be accelerated and immediately due and payable without notice to the District and without requiring any act of the Corporation, whereupon the same shall immediately become due and payable; and/or

(2) for the account of the District, incur and pay reasonable expenses for repair, maintenance, and operation of the System and such other reasonable expenses as may be necessary to cure the cause of default; and/or

(3) take all actions and pursue all other rights and remedies that Corporation may have, at law or in equity, including, without limitation, seeking a mandamus, requesting specific performance, or taking action to enjoin the District from taking any action not permitted or contradictory to the express terms, conditions and requirements hereunder.

The provisions of the preceding clause (1) are subject to the condition that if, at any time after the principal amount of the unpaid 2017 Installment Payments shall have been so declared due and payable pursuant to the preceding clause (1), and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the 2017 Installment Payments coming due prior to such declaration, and the reasonable expenses of the Corporation, and any and all other defaults known to the Corporation (other than in the payment of the entire principal amount of the unpaid 2017 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Corporation or provision deemed by the Corporation to be adequate shall have been made therefor, then and in every such case the Corporation, by written notice to the District, may

rescind and annul such declaration and its consequences; but 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.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all Water Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Water Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Corporation if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the entire principal amount of the unpaid 2017 Installment Payments and the unpaid principal amount of any other obligations secured by the Net Water Revenues and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the 2017 Installment Payments and such other obligations if paid in accordance with their respective terms.

Section 8.3. Other Remedies of the Corporation. The Corporation shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District, and to compel the District to carry out its duties under the agreements and covenants required to be performed by it contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Corporation; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its board members, officers and employees to account as the trustee of an express trust.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the 2017 Installment Payments to the Corporation at the respective due dates or upon prepayment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Corporation, the District and the Corporation shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the law.

ARTICLE IX ASSIGNMENT; AMENDMENTS

Section 9.1. Assignment.

(a) The District hereby consents to the assignment by the Corporation of its rights under this Installment Purchase Agreement to the Assignee, which rights are evidenced by the Assignment Agreement. The District will not assign its duties and obligations under this Installment Purchase Agreement without the prior written consent of the Corporation, the Assignee, or any permitted assignee thereof, and such assignment by the District will be subject to the holder's then existing credit underwriting criteria.

(b) The Assignee may further assign its right, title and interest in this Installment Purchase Agreement, the 2017 Installment Payments and other amounts due hereunder in whole to one or more assignees or subassignees at any time, without the consent of the District. Upon such assignment the assignee of such assignment shall be entitled to all rights of the Assignee set forth herein and shall be entitled to all notices required to be sent to the Assignee pursuant to this Installment Purchase Agreement. The District shall cooperate with the Assignee either now or hereafter by acknowledging any agreement relating thereto which in no way will alter or affect the terms and conditions of this Installment Purchase Agreement and the assignment of this Installment Purchase Agreement by the Assignee. No such assignment shall be effective as against the District unless and until the entity or person making the assignment shall have filed with the District written notice thereof. During the term of this Installment Purchase Agreement, the District shall keep a record of all such notices of assignment and shall make payments to the assignee. Subject always to the foregoing, this Installment Purchase Agreement inures to the benefit of, and is binding upon the successors and assigns of the Parties hereto.

Section 9.2. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the Corporation and the District and of the Assignee may be modified or amended at any time but only with the written consent of the District and Assignee. No such modification or amendment shall (1) extend the payment dates for the 2017 Installment Payments or reduce the amounts thereof without the consent of the District and the Assignee, or (2) modify any of the rights or obligations of the Corporation or the Assignee (as applicable) without its written consent thereto.

(b) This Installment Purchase Agreement and the rights and obligations of the Corporation and the District and of the Assignee may also be modified or amended at any time, with the consent of the Assignee and the District, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Corporation or the District contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or the District, and that shall not materially adversely affect the interests of the Assignee;

(2) to cure, correct or supplement any ambiguous or defective provision contained in this Installment Purchase Agreement or in regard to questions arising under this Installment Purchase Agreement, as the Corporation or the District may deem necessary or desirable and that shall not materially adversely affect the interests of the Assignee; and

(3) to make such other amendments or modifications as may be in the best interests of the Assignee.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

MARINA COAST WATER DISTRICT

HOLMAN CAPITAL CORPORATION

By: 
Name: Keith Van Der Mateen
Title: General Manager

By: _____
Name: Lance Holman
Title: President & CEO


[Signature Page to Installment Purchase Agreement]

IN WITNESS WHEREOF, the Parties hereto have executed this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

MARINA COAST WATER DISTRICT

HOLMAN CAPITAL CORPORATION

By: _____
Name: Keith Van Der Mateen
Title: General Manager

By:  _____
Name: Lance Holman
Title: President & CEO

[Signature Page to Installment Purchase Agreement]

EXHIBIT A

DESCRIPTION OF THE 2017 PROJECT

The loan proceeds will retire the District's new administrative offices construction loan. The 9,323 sq. ft. office building has six (6) private offices, one (1) conference room, restrooms, electrical room, break room, lobby, copy room, hallways, IT room and a 25 space private parking area. A more detailed breakdown is as follows:

Description	Total Cost	% of Total
Architect, Engineering and Legal	\$ 743,147.00	15.95%
Land	\$ 206,188.00	4.42%
Building and Site Improvements	\$ 3,543,638.00	76.04%
Furniture, Fixtures and Equipment	\$ 70,000.00	1.50%
Government Fees and Permits	\$ 97,341.00	2.09%
Total Project Cost	\$ 4,660,314.00	100.00%
(-) District Equity Contribution	\$ (1,412,753.26)	-30.31%
(-) BLM Contribution	\$ (471,560.74)	-10.12%
(+) Rabobank Exit Fee	\$ 13,880.00	0.30%
(+) HCC Documentation Fee	\$ 10,000.00	0.21%
Net Financing Amount	\$ 2,799,880.00	60.08%

EXHIBIT B
2017 INSTALLMENT PAYMENTS

2017 Installment Payment No.	2017 Installment Payment Date	2017 Installment Payment	Amount Attributable to Interest	Amount Attributable to Principal	Purchase Option Price
0	1/20/2017				
1	7/20/2017	\$ 118,694.06	\$ 80,496.55	\$ 38,197.51	\$2,858,341.38
2	1/20/2018	\$ 118,694.06	\$ 79,398.37	\$ 39,295.69	\$2,817,670.34
3	7/20/2018	\$ 118,694.06	\$ 78,268.62	\$ 40,425.44	\$2,775,830.01
4	1/20/2019	\$ 118,694.06	\$ 77,106.39	\$ 41,587.67	\$2,732,786.77
5	7/20/2019	\$ 118,694.06	\$ 75,910.74	\$ 42,783.32	\$2,688,506.03
6	1/20/2020	\$ 118,694.06	\$ 74,680.72	\$ 44,013.34	\$2,642,952.23
7	7/20/2020	\$ 118,694.06	\$ 73,415.34	\$ 45,278.72	\$2,596,088.75
8	1/20/2021	\$ 118,694.06	\$ 72,113.58	\$ 46,580.48	\$2,547,877.95
9	7/20/2021	\$ 118,694.06	\$ 70,774.39	\$ 47,919.67	\$2,498,281.10
10	1/20/2022	\$ 118,694.06	\$ 69,396.70	\$ 49,297.36	\$2,447,258.33
11	7/20/2022	\$ 118,694.06	\$ 67,979.40	\$ 50,714.66	\$2,394,768.65
12	1/20/2023	\$ 118,694.06	\$ 66,521.35	\$ 52,172.71	\$2,340,769.90
13	7/20/2023	\$ 118,694.06	\$ 65,021.39	\$ 53,672.67	\$2,285,218.69
14	1/20/2024	\$ 118,694.06	\$ 63,478.30	\$ 55,215.76	\$2,228,070.38
15	7/20/2024	\$ 118,694.06	\$ 61,890.84	\$ 56,803.22	\$2,169,279.04
16	1/20/2025	\$ 118,694.06	\$ 60,257.75	\$ 58,436.31	\$2,108,797.46
17	7/20/2025	\$ 118,694.06	\$ 58,577.71	\$ 60,116.35	\$2,046,577.04
18	1/20/2026	\$ 118,694.06	\$ 56,849.36	\$ 61,844.70	\$1,982,567.77
19	7/20/2026	\$ 118,694.06	\$ 55,071.33	\$ 63,622.73	\$1,916,718.25
20	1/20/2027	\$ 118,694.06	\$ 53,242.17	\$ 65,451.89	\$1,848,975.54
21	7/20/2027	\$ 118,694.06	\$ 51,360.43	\$ 67,333.63	\$1,779,285.24
22	1/20/2028	\$ 118,694.06	\$ 49,424.59	\$ 69,269.47	\$1,707,591.33
23	7/20/2028	\$ 118,694.06	\$ 47,433.09	\$ 71,260.97	\$1,633,836.23
24	1/20/2029	\$ 118,694.06	\$ 45,384.34	\$ 73,309.72	\$1,557,960.67
25	7/20/2029	\$ 118,694.06	\$ 43,276.69	\$ 75,417.37	\$1,479,903.69
26	1/20/2030	\$ 118,694.06	\$ 41,108.44	\$ 77,585.62	\$1,399,602.58
27	7/20/2030	\$ 118,694.06	\$ 38,877.85	\$ 79,816.21	\$1,316,992.80
28	1/20/2031	\$ 118,694.06	\$ 36,583.13	\$ 82,110.93	\$1,232,007.99
29	7/20/2031	\$ 118,694.06	\$ 34,222.44	\$ 84,471.62	\$1,144,579.86
30	1/20/2032	\$ 118,694.06	\$ 31,793.88	\$ 86,900.18	\$1,054,638.17
31	7/20/2032	\$ 118,694.06	\$ 29,295.50	\$ 89,398.56	\$ 962,110.66
32	1/20/2033	\$ 118,694.06	\$ 26,725.30	\$ 91,968.76	\$ 866,923.00
33	7/20/2033	\$ 118,694.06	\$ 24,081.19	\$ 94,612.87	\$ 768,998.68
34	1/20/2034	\$ 118,694.06	\$ 21,361.07	\$ 97,332.99	\$ 668,259.03
35	7/20/2034	\$ 118,694.06	\$ 18,562.75	\$ 100,131.31	\$ 564,623.13
36	1/20/2035	\$ 118,694.06	\$ 15,683.98	\$ 103,010.08	\$ 458,007.69

37	7/20/2035	\$ 118,694.06	\$ 12,722.44	\$ 105,971.62	\$ 348,327.07
38	1/20/2036	\$ 118,694.06	\$ 9,675.75	\$ 109,018.31	\$ 235,493.12
39	7/20/2036	\$ 118,694.06	\$ 6,541.48	\$ 112,152.58	\$ 119,415.20
40	1/20/2037	\$ 118,694.06	\$ 3,317.06	\$ 115,377.00	\$ -
Grand Totals		\$ 4,747,762.40	\$ 1,947,882.40	\$ 2,799,880.00	

Effective Interest Rate: 5.75%

TAB B:



Authorizing Minute Action Provided by Marina Coast Water District

Marina Coast Water District

Marina Council Chambers
211 Hillcrest Avenue
Marina, California

Regular Board Meeting
September 19, 2016
6:30 p.m.

Minutes

1. Call to Order:

President Gustafson called the meeting to order at 6:30 p.m. on September 19, 2016.

2. Roll Call:

Board Members Present:

Howard Gustafson – President
Tom Moore – Vice President
Bill Lee
Jan Shriner

Board Members Absent:

One vacant seat

Staff Members Present:

Keith Van Der Maaten, General Manager
Roger Masuda, Legal Counsel
Kelly Cadiente, Director of Administrative Services
Michael Wegley, District Engineer
Jean Premutati, Human Resources/Customer Relations Manager
Paula Riso, Executive Assistant/Clerk to the Board

Audience Members:

Andrew Sterbenz, Schaaf & Wheeler
Joe Russell, MCWD
Ernest Pons, MCWD
Tom Britzman, East Garrison Resident
John Murry, Armstrong Ranch

3. Public Comment on Closed Session Items:

None.

The Board entered into closed session at 6:32 p.m. to discuss the following items:

4. Closed Session:

A. Pursuant to Government Code 54956.9

Conference with Legal Counsel – Existing Litigation

- 1) Ag Land Trust v. Marina Coast Water District, Monterey County Superior Court Case No. M105019; Sixth Appellate District Court of Appeals Case Nos. H038550 and H039559
- 2) In the Matter of the Application of California-American Water Company (U210W) for Approval of the Monterey Peninsula Water Supply Project and Authorization to Recover All Present and Future Costs in Rates, California Public Utilities Commission No. A.12-04-019 & A.13-05-017 Settlement Agreement
- 3) Marina Coast Water District v. California Public Utilities Commission, California Supreme Court Case No. S230728, Writ of Review
- 4) California-American Water Company vs Marina Coast Water District; Monterey County Water Resources Agency; and Does 1 through 10, San Francisco Superior Court Case No. CGC-13-528312 (Complaint for Declaratory Relief)
- 5) Marina Coast Water District vs. California-American Water Company, Monterey County Water Resources Agency, and Does 1 through 50, San Francisco Superior Court Case No. CGC-15-547125 (Complaint for Breach of Warranties, etc.)
- 6) Marina Coast Water District v. California Coastal Commission (California-American Water Company, Real Party in Interest), Santa Cruz County Superior Court Case No. CV180839 (Petition for Writ of Mandate). Sixth District Court of Appeal Case No. H042742
- 7) Marina Coast Water District v. California State Lands Commission (California-American Water Company, Real Party in Interest), Santa Cruz County Superior Court Case No. CV180895 (Petition for Writ of Mandate)
- 8) In the Matter of the Unauthorized Diversion and Use of Water by the California American Water Company, State Water Resources Control Board Cease and Desist Order WR 2009-0060

B. Pursuant to Government Code 54956.8

Conference with Real Property Negotiator

Property: Sewer Infrastructure

Negotiating Parties: Howard Gustafson

Under Negotiation: Price and Terms

C. Pursuant to Government Code Section 54956.9(d)(4)
Conference with Legal Counsel – Anticipated Litigation
Initiation of Litigation – One Potential Case

The Board ended closed session at 6:55 p.m.

President Gustafson reconvened the meeting to open session at 7:00 p.m.

5. Reportable Actions Taken during Closed Session:

President Gustafson stated that no reportable action was taken in closed session.

6. Pledge of Allegiance:

President Gustafson led everyone present in the pledge of allegiance.

7. Oral Communications:

Mr. John Murry, Armstrong Ranch, wanted to request an agenda item regarding water rights for the next meeting. President Gustafson suggested Mr. Murry contact the General Manager and discuss this issue.

8. Presentations:

- A. Consider Adoption of Resolution No. 2016-56 in Recognition of Ernest Pons, Customer Service Supervisor, and Award a Plaque and Gift Certificate for 10 Years of Service to the Marina Coast Water District:

Vice President Moore made a motion to adopt Resolution No. 2016-56 recognizing Ernest Pons for 10 years of service to the Marina Coast Water District and awarding him a plaque and gift certificate. Director Lee seconded the motion. The motion was passed with one vacant seat.

Director Shriner	-	Yes	Vice President Moore	-	Yes
Director Lee	-	Yes	President Gustafson	-	Yes

- B. Consider Adoption of Resolution No. 2016-57 in Recognition of Joseph Russell, Meter Reader, and Award a Plaque and Gift Certificate for 5 Years of Service to the Marina Coast Water District:

Vice President Moore made a motion to adopt Resolution No. 2016-56 recognizing Joseph Russell for 5 years of service to the Marina Coast Water District and awarding him a plaque and gift certificate. Director Lee seconded the motion. The motion was passed with one vacant seat.

Director Shriner	-	Yes	Vice President Moore	-	Yes
Director Lee	-	Yes	President Gustafson	-	Yes

9. Consent Calendar:

Director Shriner made a motion to approve the Consent Calendar consisting of A) Receive and File the Check Register for the Month of August 2016; and, B) the Draft Minutes of the Regular Board Meeting of September 6, 2016. Director Lee seconded the motion.

The motion was passed with one vacant seat.

Director Shriner	-	Yes	Vice President Moore	-	Yes
Director Lee	-	Yes	President Gustafson	-	Yes

10. Action Items:

- A. Consider Adoption of Resolution No. 2016-58 to Approve Amending the Funding of the Construction of Building E at 940 2nd Avenue within the Imjin Office Park:

Ms. Kelly Cadiente, Director of Administrative Services, introduced this item. The Board asked clarifying questions. Vice President Moore suggested looking into private backers for the funding.

Director Lee made a motion to adopt Resolution No. 2016-58 to amend the funding of the construction of Building E at 940 2nd Avenue within the Imjin Office Park, and direct the General Manager to also look into other financing options and leave it up to his discretion. Director Shriner seconded the motion. The motion was passed with one vacant seat.

Director Shriner	-	Yes	Vice President Moore	-	Yes
Director Lee	-	Yes	President Gustafson	-	Yes

- B. Consideration of District Comments to the 2015/2016 Monterey County Civil Grand Jury Final Report – “Striving for Sustainability”:

Mr. Keith Van Der Maaten, General Manager, introduced this item. Discussion followed. Director Shriner made several suggested edits. Mr. Roger Masuda, Legal Counsel, made several suggestions.

Vice President Moore made a motion to approve the District’s comments with the addition of language to F4 on how Lawrence Berkley Labs supported Curtis Hopkins’ findings; an edit to the response to F15 removing the “octopus-like” phrase; an edit to the response to F16 replacing the word “Forcing” with “Pressuring”, and removing the “one size fits all” verbiage; and including the language suggested by Legal Counsel. Director Lee seconded the motion. The motion was passed with one vacant seat.

Director Shriner	-	Yes	Vice President Moore	-	Yes
Director Lee	-	Yes	President Gustafson	-	Yes

11. Informational Items:

A. General Manager's Report:

Mr. Van Der Maaten commented that he had been giving presentations on how the District was moving ahead with the Groundwater Sustainable Agency. He gave a presentation to the Seaside Groundwater Basin Watermaster, the Water/Wastewater Oversight Committee, and the Mayor's Group TAC meeting. Mr. Van Der Maaten said that he was working to get the word out about what the District was trying to do, and he was optimistic that everyone understood.

B. Counsel's Report:

No report.

C. Committee and Board Liaison Reports:

1. Water Conservation Commission:

Director Shriner noted the next meeting was October 6th.

2. Joint City District Committee:

Vice President Moore noted the next meeting was October 26th.

3. Executive Committee:

Vice President Moore noted the next meeting was October 5th.

4. Community Outreach Committee:

Vice President Moore noted the next meeting was October 5th.

5. Budget and Personnel Committee:

Vice President Moore noted the next meeting was October 5th.

6. MRWPCA Board Member:

Vice President Moore noted the next meeting was September 26th.

7. LAFCO Liaison:

No report.

8. FORA:

Vice President Moore gave a brief update.

9. WWOC:

Mr. Van Der Maaten stated they met and the next meeting was October 12th.

10. JPIA Liaison:

No report.

11. Special Districts Association Liaison:

Vice President Moore noted the next meeting was scheduled for October 18th.

12. Board Member Requests for Future Agenda Items:

President Gustafson noted that any requests could be emailed to staff.

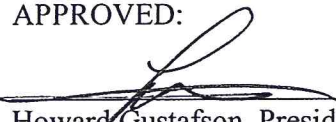
13. Director's Comments:

Director Shriner, Director Lee, Vice President Moore, and President Gustafson made comments.

14. Adjournment:

The meeting was adjourned at 7:36 p.m.

APPROVED:


Howard Gustafson, President

ATTEST:


Paula Riso, Deputy Secretary

TAB C:

GENERAL CERTIFICATE

2017 Installment Purchase Agreement Financing the
New Facility Project
in the
Aggregate Principal Amount of \$2,799,880.00

The undersigned is the General Manager of the Marina Coast Water District (the “Issuer”), certifies as follows:

I

I am the duly appointed General Manager and as such am familiar with its books and corporate records.

II

The District is a duly created and validly existing county water district, which constitutes a political subdivision of the State of California vested with the rights and powers conferred upon county water districts by the laws of California.

III

A duly noticed meeting of the Board was duly called and held on September 19, 2016. At such meeting, the Board held a public hearing, duly noticed, for the issuance of certain indebtedness. Attached hereto as Exhibit A is a certificate of the public hearing notice, with its dates of publication. Following the public hearing, the Board considered a minute action for the issuance of certain indebtedness and attached hereto as Exhibit B is a true and complete copy of the minute action dated September 19, 2016 approved by a majority of the members of the Board present and voting during such meeting (the “Minute Action”) relating to such matters. A summary of the members present or absent at such meeting, and the recorded vote with respect to the Minute Action, is included therewith. The Minute Action constitutes the only ordinance approved by the Board relating to the matters referred to therein. The Minute Action has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

III

Except as otherwise been disclosed to the Purchaser, no litigation or other proceedings are pending or, to our knowledge, threatened against the Issuer in any court or other tribunal of competent jurisdiction, State or Federal, in any way (i) restraining or enjoining the issuance, sale, execution or delivery of the IPA, or (ii) questioning or affecting the validity of the IPA or the Minute Action, or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the IPA

IV

All other representations and warranties of the Issuer in the Minute Action are correct as of the date hereof.

V

There has been no material adverse change in the financial condition of the Issuer since the copies of its financials were last published following the Fiscal Year ending June 30, 2016.

VI

The following is a correct list of the names of the members of the Issuer's Board of Directors and of the date of expiration of their respective terms of office:

<u>NAME</u>	<u>TITLE</u>	<u>ENDING DATE OF CURRENT TERM</u>
Howard Gustafson	President	December 2018
Thomas P. Moore	Vice-President	December 2020
William Y. Lee	Director	December 2018
Jan Shriner	Director	December 2018
Herbert Cortez	Director	December 2020

Each of the persons named above has qualified for office by taking the oath, if any, required by law on or before the day on which his or her term of office began.

VII

I have been the General Manager of the Issuer since 08-03-15.

VIII

The Issuer has complied with all agreements and has satisfied all conditions on its part to be observed or satisfied under the Minute Action and as required by applicable law.

IX

The Minute Action has been approved and has not been repealed, revoked, rescinded or altered in any manner.

X

The Issuer is not in default, and has not been in default at any time as to principal of and interest on any of its indebtedness.

XI

The IPA is signed with the manual signatures of the (Authorized Representative) of the Issuer, and the foregoing specimen is his genuine and correct signature:

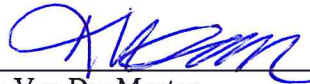


XII

Issuer agrees: (a) that it has not been and it will continue to ensure that it will not be, listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets

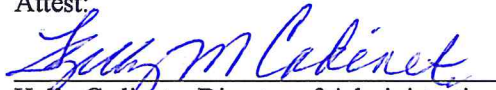
Control, Department of Treasury, and/or any other similar lists maintained by the Office of Foreign Assets Control; (b) that it will comply with the USA Patriot Act, and international trade control and anti-money laundering laws, as applicable; and (c) that it will not be a person designated under Section 1(b), (c), or (d) of Executive Order No. 13224 (9/23/01) or under any related enabling legislation or any other similar Executive Orders. Issuer also agrees to comply with all Bank Secrecy Act laws, regulations and governmentally imposed guidelines on or in connection with Bank Secrecy Act compliance, and on the prevention and detection of money laundering violations.

IN WITNESS WHEREOF, I hereby certify attest to the foregoing information as of this 20th day of January, 2017.



Keith Van Der Maaten
General Manager

Attest:



Kelly Cadiante, Director of Administrative Services

GRIFFITH & MASUDA

A PROFESSIONAL LAW CORPORATION

517 East Olive Street
Turlock, California 95380
(209) 667-5501
Fax (209) 667-8176

www.calwaterlaw.com
Founded 1920

*Celebrating Our
97th Anniversary*

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

Roger K. Masuda
rmasuda@calwaterlaw.com

January 20, 2017

Lance S. Holman
Holman Capital Corporation
25201 Paseo de Alicia
Suite 290
Laguna Hills, CA 92653

George Harrison
Santa Cruz County Bank
720 Front Street
Suite 220
Santa Cruz, CA 95060

2017 Installment Purchase Agreement Financing the
New Facility Project
in the
Aggregate Principal Amount of \$2,799,880.00

Ladies and Gentlemen:

I have participated as counsel for the Marina Coast Water District (the "District") in connection with the issuance of its \$2,799,880.00 2017 Installment Purchase Agreement dated January 20, 2017 between the District and Holman Capital Corporation (the "IPA"), pursuant to the Constitution of the State of California, as amended, other applicable provisions of California law, and a Minute Action duly approved by the Board of Directors of the Issuer on September 19, 2016 (the "Minute Action"). Any capitalized terms used herein not otherwise defined shall have the meaning set forth in the Minute Action.

In rendering this opinion, I have examined such proceedings and records of District and made such inquiry of the District as I deem necessary.

In giving the opinions expressed below, I do not purport to be an expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction (including, but not limited to, the laws of the United States) other than the laws of the State of California.

Based on such participation, examination, and inquiry, I am of the opinion, as of the date hereof, that:

1. The District is a duly formed and validly existing county water district of the State of California, which makes it a body corporate and politic and a political subdivision of the State of California, as such term is defined under the Section 103 of the Internal Revenue Code of 1986, as amended, with the full right, power, and authority to approve the Minute Action, to issue the IPA, to perform its obligations under the

IPA and under the Minute Action and to consummate the transactions contemplated by such instruments.

2. The Minute Action was approved by the Board of Directors of the District at a duly called meeting following proper notice, and has not been otherwise amended or repealed and is in full force and effect as of the date hereof. The Minute Action and IPA constitute legal, valid and binding obligations of the District enforceable in accordance with their terms.

3. The IPA has been duly authorized, executed, and delivered by the District and constitutes a legal, valid and binding obligation of the District enforceable in accordance with its terms (subject only to enforceability of any remedies to any applicable bankruptcy or insolvency laws or other laws affecting creditor's rights generally, from time to time in effect).

4. The approval of the Minute Action, and the authorization, execution, and delivery of the IPA, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulations, consent, decree, ordinance, Minute Action, constitutional provision, or any agreement or other instrument to which the District was or is subject, as the case may be, nor will such enactment, adoption, execution, delivery authorization or compliance result in the creation or imposition of an invalid, illegal or unauthorized lien, charge, or other security interest or encumbrance of any nature whatsoever upon any property or assets of the District, or under the terms of any law, administrative regulation, ordinance, Minute Action or instrument, except as expressly and legally provided for in the IPA.

5. All approvals, consents, authorizations and order of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the District of its obligation under the IPA and Minute Action have been obtained and are in full force and effect.

6. The District is lawfully empowered to acquire, complete and engage in all manners incidental to the 2017 Project and to pay associated costs of issuance.

7. There is no litigation pending or threatened, to restrain or enjoin the issuance or sale of the IPA, or in any way, affecting any authority for or the validity of the IPA, the Minute Action, or the pledge of and covenants related to the Net Water Revenues.

8. Neither the corporate existence nor the title of any present Director, the Board President, the General Manager, or other officials thereof to their respective office is being contested.

This opinion may be relied upon by addressees hereof as well as by their successors and assigns, but only respect to the matters expressly set forth herein.

Very truly yours,



Roger K. Masuda
Legal Counsel
Marina Coast Water District

TAB E:

CLOSING MEMORANDUM

**\$2,799,880.00 2017 INSTALLMENT PURCHASE AGREEMENT
FINANCING THE NEW FACILITY PROJECT
ISSUED BY THE MARINA COAST WATER DISTRICT TO
HOLMAN CAPITAL CORPORATION**

Pre-Closing: Pre-Closing will be held on or before January 19, 2017 as all documents will be executed and originals will be overnighted to Holman Capital, Attn: Aditya Kajaria, 25201 Paseo de Alicia, Suite 290, Laguna Hills, California 92653, and held in trust until such time as the wires and original documents are released by the Parties.

Closing: By wire transfer, the morning of January 20, 2017. Counsel for each of the Parties will confirm by e-mail the release of all original documents held in trust, when such funds and/or documents are in the possession of each of the Parties. On the morning of January 20, 2017, Santa Cruz County Bank will and is authorized by District to wire for the purchase of the District's 2017 Installment Purchase Agreement, per the wire transfer instructions herein, in the amount of (\$2,799,880.00) in 2017 Project Proceeds to Santa Cruz County Bank, as escrow agent:

Bank Name:	Bank Name:	Santa Cruz County Bank
	ABA No:	121143736
	Account No:	013019700
	Account Name:	Marina Coast Water District

Following receipt of the 2017 Project Proceeds, the Escrow Agent is hereby authorized and directed to pay the Costs of Issuance to Holman Capital Corporation pursuant to the instructions in the Escrow Agreement and the Invoice attached hereto.

Bank Name:	Bank Name:	Community Business Bank
	ABA No:	121144191
	Account No:	201008281
	Account Name:	Holman Capital Corporation

Sources and Uses of Funds:

Par Value/Principal Amount of IPA	\$2,799,880.00
TOTAL SOURCES	\$2,799,880.00
2017 Project Costs	\$2,789,880.00
Costs of Issuance	\$ 10,000.00
TOTAL IPA PROCEEDS	\$2,799,880.00

Attest:

MARINA COAST WATER DISTRICT

By: 
Keith Van Der Maaten, General Manager

TAB F:

Insurance Certificate Provided by the District

**Association of California Water Agencies / Joint Powers Insurance Authority
P.O. Box 619082, Roseville, CA 95661-9082**

CERTIFICATE OF COVERAGE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE COVERAGE DOCUMENT. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE COVERAGE DOCUMENTS LISTED HEREIN.

MEMBER

Marina Coast Water District
11 Reservation Road
Marina, CA 93933-2099

COVERAGE INFORMATION					
This is to certify that coverage documents listed herein have been issued to the Member Agency herein for the Coverage period indicated. Notwithstanding any requirement, term or condition of any contract or other document with respect to which the certificate may be issued or may pertain, the coverage afforded by the coverage documents listed herein is subject to all the terms, conditions and exclusions of such coverage documents.					
Type of Coverage	Certificate #	Effective Date	Expiration Date	Limits	
General Liability Commercial General Liability Contractual Liability Products/Completed Operations Occurrence					
Auto Liability Owned Autos Hired Autos Non-Owned Autos					
Auto Physical Damage <input checked="" type="checkbox"/> Scheduled Autos <input checked="" type="checkbox"/> Hired Autos	MOPC-040116	4/1/2016	4/1/2017	Comp/Coll Deductible	\$500
Property <input checked="" type="checkbox"/> Special Form <input checked="" type="checkbox"/> Mobile Equipment <input checked="" type="checkbox"/> Boiler and Machinery <input checked="" type="checkbox"/> Crime (\$100,000)	MOPC-040116	4/1/2016	4/1/2017	Per Filed Values	
				Deductible	\$1,000
				Deductible	\$1,000
				Deductible	Variable
				Deductible	\$1,000
Workers' Compensation Coverage A - Workers' Comp. Coverage B - Employer's Liability					
DESCRIPTION Installment Purchase Agreement dated January 20, 2017					

CERTIFICATE HOLDER

Santa Cruz County Bank
720 Front Street, Ste. 220
Santa Cruz, CA 95060

CANCELLATION

Should any of the coverage documents herein be cancelled before the expiration date thereof, ACWA/JPIA will endeavor to provide 30 days written notice to the certificate holder named herein.

AUTHORIZED REPRESENTATIVE DATE

[Signature] 1/19/2017

TAB G:

ESCROW AGREEMENT

CORPORATION:

Holman Capital Corporation
25201 Paseo de Alicia
Suite 290
Laguna Hills, CA 92653

ESCROW AGENT:

Santa Cruz County Bank
720 Front Street
Suite 220
Santa Cruz, CA 95060

DISTRICT:

Marina Coast Water District
11 Reservation Road
Marina, CA 93933

THIS ESCROW AGREEMENT (this "*Escrow Agreement*") is made as of January 20, 2017, between Holman Capital Corporation ("*Corporation*"), Marina Coast Water District ("*District*"), and Santa Cruz County Bank (the "*Escrow Agent*").

Corporation and District have heretofore entered into that certain Installment Purchase Agreement dated January 20, 2017 (the "*Purchase Agreement*"). The Purchase Agreement contemplates that certain real or personal property described therein (the "*2017 Project*") is to be acquired from the vendor(s) or manufacturer(s) thereof. On or about January 20, 2017, the Purchase Agreement and the Escrow Agreement will be assigned to Santa Cruz County Bank (the "*Assignee*").

After acceptance of the 2017 Project by District, the 2017 Project is to be financed by Corporation for the District pursuant to the terms of the Purchase Agreement.

The Purchase Agreement contemplates that Corporation will deposit with the Escrow Agent cash in the amount of \$2,799,880.00 (the "*Deposit Amount*"), for deposit into the escrow fund (the "*Escrow Fund*"), to be held in escrow by the Escrow Agent and applied on the express terms and conditions set forth herein. Such deposit into the Escrow Fund, together with all interest and additions received with respect thereto, is to be applied from time to time to pay the vendor(s) or manufacturer(s) of the 2017 Project its invoice cost (a portion of which may, if required, be paid prior to final acceptance of the 2017 Project by District). The Escrow Fund is to be held for the account and benefit of District, and, by its execution hereto, the District has granted to Corporation a first, priority and perfected lien on the Deposit Amount and security interest in the Escrow Fund.

The parties desire to set forth the terms on which the escrow is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, the parties agree as follows:

1. The Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. The Escrow Agent agrees that the Escrow Fund shall be held irrevocably for the account and benefit of District, but subject to the Corporation's first position priority and perfected lien and security interest therein, and all interest earned with respect to the Escrow Fund shall accrue to the

benefit of District and shall be applied as expressly set forth herein.

To the limited extent required to perfect the first, priority security interest hereby granted by District to Corporation in the cash and negotiable instruments from time to time held in the Escrow Fund, Corporation hereby appoints the Escrow Agent as its security agent, and the Escrow Agent hereby accepts the appointment as security agent, and agrees to hold physical possession of such cash and negotiable instruments on behalf of Corporation.

2. On such day as determined to the mutual satisfaction of the parties (the “Commencement Date”), Corporation shall deposit with the Escrow Agent cash in the amount of the Deposit Amount to be held by the Escrow Agent on the express terms and conditions set forth herein. The Escrow Agent agrees to accept the deposit of the Deposit Amount by Corporation with the Escrow Agent, and further agrees to hold the amount so deposited together with all interest and other additions received with respect thereto in escrow on the express terms and conditions set forth herein.
3. The Escrow Agent shall at all times segregate the Escrow Fund into an account maintained for that express purpose, which shall be clearly identified on the books and records of the Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments held in the Escrow Fund from time to time shall be held or registered in the name of the Escrow Agent (or its nominee). The Escrow Fund shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Corporation).
4. District hereby directs the Escrow Agent to invest the cash held in the Escrow Fund from time to time in a Santa Cruz County Bank non-interest bearing demand deposit account with no fees or, in the event such fund is not at the time available, such other investments as District may specify in writing, to the extent the same are at the time legal for investment of the funds being invested. Interest or other amounts earned and received by the Escrow Agent with respect to the Escrow Fund shall be deposited in and become a part of the Escrow Fund.
5. Corporation and District hereby authorize the Escrow Agent to take the following actions with respect to the Escrow Fund:
 - a. From time to time, the Escrow Agent shall pay the vendor or manufacturer of the 2017 Project payments then due and payable, or reimburse District for amounts that it has paid to the vendor or manufacturer of the 2017 Project, upon receipt of the following: (a) a duly executed Certificate of Acceptance and Payment Request in the form attached as Exhibit A hereto, (b) the vendor(s) or manufacturer(s) invoice(s) specifying the acquisition price of the 2017 Project described in the requisition request, and (c) any additional documentation required by Corporation.
 - b. On the Commencement Date, the Escrow Agent shall pay to Holman Capital Corporation a documentation fee in the amount of \$10,000.00, pursuant to the wire instructions contained in the invoice of the Corporation. Escrow Agent will not receive a fee with respect to the ordinary services it provides under this Escrow Agreement, but shall be entitled to reimbursement for all extraordinary services, investments and actions taken in connection herewith.
 - c. If Corporation provides to the Escrow Agent written notice of the occurrence of an Event of Default or breach of any term, condition or covenant by District under the Purchase Agreement, the Escrow Agent shall thereupon promptly remit to Corporation the entire

balance of the Escrow Fund.

- d. Upon receipt by the Escrow Agent of a duly executed Certificate of Acceptance and Payment Request identified as the final such request, the Escrow Agent shall transfer the then remaining balance of the Escrow Fund to District, upon the express condition that District hereby agrees to use such excess amount solely for capital expenditures as shall be approved by District or, at the written direction of District, for application against the interest component of the District's payment obligation under the Purchase Agreement, as provided therein, unless otherwise agreed by Corporation.
6. The Escrow Agent shall have no liability for acting upon any written instruction presented by District and Corporation in connection with this Escrow Agreement that the Escrow Agent in good faith believes to be genuine. Furthermore, the Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own gross negligence, willful misconduct, or bad faith. The Escrow Agent shall not be liable for any loss or diminution in value of the Escrow Fund as a result of the investments made pursuant to Section 4.
7. To the extent authorized by law, District hereby agrees to indemnify and save the Escrow Agent harmless against any liabilities that it may incur in the exercise and performance of its powers and duties hereunder and that are not due to the Escrow Agent's gross negligence or willful misconduct. No indemnification will be made under this Section or elsewhere in this Escrow Agreement for damages arising solely out of gross negligence, willful misconduct, or bad faith by the Escrow Agent, its officers, agents, employees, successors or assigns.
8. The Escrow Agent may at any time resign by giving at least 30 days' prior written notice to District and Corporation, but such resignation shall not take effect until the appointment of the successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Corporation and District. In addition, the Escrow Agent may be removed at any time, with or without cause, by instrument in writing executed by Corporation and District. Such notice shall set forth the effective date of the removal. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Corporation and District. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Corporation, District and the predecessor Escrow Agent.

Upon the effective date of resignation or removal, the Escrow Agent will transfer the Escrow Fund then held by it to the successor Escrow Agent selected by Corporation and District.
9. This Escrow Agreement shall terminate upon receipt by the Escrow Agent of the written notice from Corporation specified in Section 5(c) or Section 5(d) hereof.
10. All notices hereunder shall be in writing, sent by certified mail, return receipt requested, or by mutually recognized overnight carrier addressed to the other party at its respective address shown on page 1 of this Escrow Agreement or at such other address as such party shall from time to time designate in writing to the other parties; and shall be effective on the date or receipt.
11. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of the Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Corporation and District.
12. This Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification, or change of terms hereof shall

bind any party unless in writing signed by all parties.

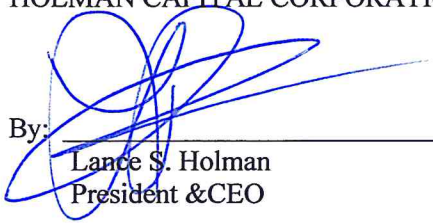
13. The Escrow Agent may employ agents, attorneys and accountants in connection with its duties hereunder and shall not be liable for any action taken or omitted in good faith in accordance with the advice of counsel, accountants, or other skilled persons.
14. This Escrow Agreement shall be governed by and be construed and interpreted in accordance with the internal laws of the State of California.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

CORPORATION:
HOLMAN CAPITAL CORPORATION

DISTRICT:
MARINA COAST WATER DISTRICT

By: 
Lance S. Holman
President & CEO

By: _____
Keith Van Der Maaten
General Manager

ESCROW AGENT:
SANTA CRUZ COUNTY BANK

By: _____
Name: George Harrison
Title: Senior Vice President, Chief Credit Officer

[Signature Page of Escrow Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

CORPORATION:
HOLMAN CAPITAL CORPORATION

DISTRICT:
MARINA COAST WATER DISTRICT

By: _____
Lance S. Holman
President & CEO

By:  _____
Keith Van Der Maaten
General Manager

ESCROW AGENT:
SANTA CRUZ COUNTY BANK

By: _____
Name: George Harrison
Title: Senior Vice President, Chief Credit Officer

[Signature Page of Escrow Agreement]

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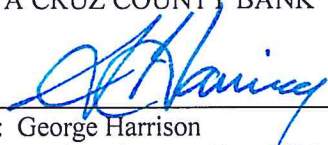
CORPORATION:
HOLMAN CAPITAL CORPORATION

DISTRICT:
MARINA COAST WATER DISTRICT

By: _____
Lance S. Holman
President & CEO

By: _____
Keith Van Der Maaten
General Manager

ESCROW AGENT:
SANTA CRUZ COUNTY BANK

By:  _____
Name: George Harrison
Title: Senior Vice President, Chief Credit Officer

[Signature Page of Escrow Agreement]

EXHIBIT A

CERTIFICATE OF ACCEPTANCE AND PAYMENT REQUEST

The following payment request is directed to Santa Cruz County Bank (the “*Escrow Agent*”), as escrow agent under that certain Escrow Agreement dated January 20, 2017 (the “*Escrow Agreement*”), between the Marina Coast Water District (“*District*”), Holman Capital Corporation (“*Corporation*”), and the Escrow Agent. Because Holman Capital Corporation has assigned all of its right, title, and interest in and to the Escrow Agreement to the Santa Cruz County Bank, all references herein to “*Corporation*” shall mean Santa Cruz County Bank.

The Escrow Agent is hereby requested to pay from the Escrow Fund established and maintained under the Escrow Agreement the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to District). The portion of the 2017 Project described below is part or all of the 2017 Project financed pursuant to that certain Installment Purchase Agreement January 20, 2017 (the “*Purchase Agreement*”), between Corporation and District:

QUANTITY	DESCRIPTION OF 2017 PROJECT	AMOUNT	PAYEE
----------	--------------------------------	--------	-------

District hereby certifies and represents to and agrees with Corporation as follows with respect to the 2017 Project described above: (i) the 2017 Project has been delivered to the location(s) set forth in the Purchase Agreement; (ii) a present need exists for the 2017 Project, which need is not temporary or expected to diminish in the near future; (iii) the 2017 Project is essential to and will be used by District only for the purpose of performing one or more governmental functions of District consistent with the permissible scope of District’s authority; (iv) the estimated useful life of the 2017 Project based upon the manufacturer’s representations and District’s projected needs is not less than the term of the Purchase Agreement; (v) District has conducted such inspection and/or testing of the 2017 Project as it deems necessary and appropriate and hereby acknowledges that it accepts the 2017 Project for all purposes as of the date of this Certificate; (vi) the 2017 Project is covered by insurance in the types and amounts required by the Purchase Agreement; (vii) no Event of Default, as those terms are defined in the Purchase Agreement, and no event that with the giving of notice or lapse of time or both, would become an Event of Default, has occurred and is continuing on the date hereof; and (viii) sufficient funds have been appropriated by District for the payment of all Installment Payments due under the Purchase Agreement during District’s current Fiscal Year.

Based on the foregoing, the Escrow Agent is hereby authorized and directed to fund the acquisition of the 2017 Project set forth above by paying, or causing to be paid, the manufacturer(s)/vendor(s) the amounts set forth on the attached invoices from the Escrow Fund held under the Escrow Agreement in accordance with its terms.

The following documents are attached hereto and made a part hereof: (a) Original Invoice(s) and (b) Copies of Certificate(s) of Ownership, designating Corporation as legal owner, and evidence of filing.

IF REQUEST IS FINAL REQUEST, CHECK HERE . The undersigned hereby certifies that the items of 2017 Project described above, together with the items of 2017 Project described in and accepted by Certificates of Acceptance and Payment Requests previously filed by District with Corporation

constitute all of the 2017 Project subject to the Purchase Agreement.

Date: _____

Approved:

SANTA CRUZ COUNTY BANK, as Corporation

MARINA COAST WATER DISTRICT, as District

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

NOTICE AND ACKNOWLEDGEMENT OF
ASSIGNMENT OF ESCROW AGREEMENT

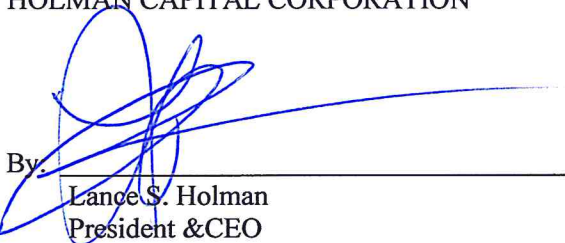
Holman Capital Corporation (“*Corporation*”), Marina Coast Water District (“*District*”), and Santa Cruz County Bank (“*Escrow Agent*”) have entered into an Escrow Agreement dated January 20, 2017 (the “*Escrow Agreement*”), pursuant to which Corporation has deposited cash into the Escrow Fund established thereunder, which funds are to be used by District to pay the Issuance Costs and acquire/complete the 2017 Project.

Escrow Agent is hereby notified that Corporation has assigned all of its right, title, and interest in and to, but not its obligations under, the Escrow Agreement to Santa Cruz County Bank (“*Assignee*”), including, in particular, but without limitation, Corporation’s security interest in the Escrow Fund and Corporation’s right to approve all payment requests submitted by District.

Date: January 20, 2017

CORPORATION:
HOLMAN CAPITAL CORPORATION

DISTRICT:
MARINA COAST WATER DISTRICT

By: 
Lance S. Holman
President & CEO

By: _____
Keith Van Der Maaten
General Manager

Acknowledged:

SANTA CRUZ COUNTY BANK

By: _____
Authorized Representative

NOTICE AND ACKNOWLEDGEMENT OF
ASSIGNMENT OF ESCROW AGREEMENT

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Date: January 20, 2017

CORPORATION:
HOLMAN CAPITAL CORPORATION

DISTRICT:
MARINA COAST WATER DISTRICT

By: _____
Lance S. Holman
President & CEO

By:  _____
Keith Van Der Maaten
General Manager

Acknowledged:

SANTA CRUZ COUNTY BANK

By: _____
Authorized Representative

NOTICE AND ACKNOWLEDGEMENT OF
ASSIGNMENT OF ESCROW AGREEMENT

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Date: January 20, 2017

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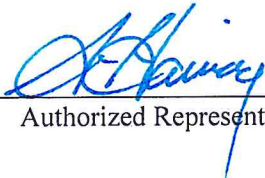
DISTRICT:
MARINA COAST WATER DISTRICT

By: _____
Lance S. Holman
President & CEO

By: _____
Keith Van Der Maaten
General Manager

Acknowledged:

SANTA CRUZ COUNTY BANK

By:  _____
Authorized Representative

Santa Cruz County Bank
Waiver of Securities for Deposit of Public Moneys

Pursuant to State of California Government Code Section 53653, the undersigned does hereby agree to waive the security collateralization requirement for that portion of any deposits maintained by the Depositor as are insured pursuant to federal law. This waiver refers to the deposit levels covered by FDIC insurance (currently \$250,000.00).

The undersigned also affirms that he/she is duly authorized to grant this waiver. All moneys belonging to the Depository, and on deposit in excess of the FDIC insurance levels, shall be collateralized by pledged securities in accordance with the Local Agency Deposit Security Law and applicable California Government Code and Code of Regulations.

IN WITNESS WHEREOF, the Authorized Signor in his/her official capacity has signed this contract in duplicate and the Depository has caused this contract to be executed in like number by its duly authorized officers.

LENDER: HOLMAN CAPITAL
CORPORATION

By: _____
Lance S. Holman
President & CEO

BORROWER: MARINA COAST WATER
DISTRICT

By: _____
Keith Van Der Maaten
General Manager

DEPOSITORY: SANTA CRUZ COUNTY BANK

By: _____
Name: George Harrison
Title: Senior Vice President, Chief Credit Officer

**Santa Cruz County Bank
Waiver of Securities for Deposit of Public Moneys**

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IN WITNESS WHEREOF, the Authorized Signor in his/her official capacity has signed this contract in duplicate and the Depository has caused this contract to be executed in like number by its duly authorized officers.

LENDER: HOLMAN CAPITAL
CORPORATION

By: _____
Lance S. Holman
President & CEO

BORROWER: MARINA COAST WATER
DISTRICT

By:  _____
Keith Van Der Maaten
General Manager

DEPOSITORY: SANTA CRUZ COUNTY BANK

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LENDER: HOLMAN CAPITAL
CORPORATION

BORROWER: MARINA COAST WATER
DISTRICT

By: _____
Lance S. Holman
President & CEO

By: _____
Keith Van Der Maaten
General Manager

DEPOSITORY: SANTA CRUZ COUNTY BANK

By:  _____
Name: George Harrison
Title: Senior Vice President, Chief Credit Officer

ASSIGNMENT AGREEMENT

between the

HOLMAN CAPITAL CORPORATION

and

SANTA CRUZ COUNTY BANK

Dated: January 20, 2017

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT, dated January 20, 2017 (the "Assignment Agreement"), made by the Holman Capital Corporation, a corporation duly organized and validly existing under the laws of the State of Delaware (the "Corporation"), and accepted by Santa Cruz County Bank, a state chartered bank duly organized and validly existing under the laws of the State of California (the "Investor"):

WITNESSETH:

WHEREAS, the Corporation and the Marina Coast Water District (the "Issuer") have executed and entered into the Installment Purchase Agreement dated January 20, 2017 (together with all certificates and closing documents thereto, the "IPA"), whereby the Corporation has agreed to finance for the Issuer the items of real and/or personal property (together with any replacement parts, additions, substitutions, repairs or accessories now or hereafter incorporated in or affixed to it) described therein (collectively, the "Equipment");

WHEREAS, under and pursuant to the IPA, the Issuer is obligated to make Installment Payments, as defined therein, to the Corporation for the IPA of the Equipment;

WHEREAS, the Corporation desires to assign without recourse all of its rights to receive the Installment Payments scheduled to be paid by the Issuer under and pursuant to the IPA to the Investor;

WHEREAS, in consideration of such assignment, the Investor shall deliver/deposit \$2,799,880.00 into an escrow account at Santa Cruz County Bank created for the benefit of the Issuer and the Investor (as assignee of the Corporation) in satisfaction of the Corporation's obligations under the IPA (the "Escrow Fund"), and \$93,745.22 to the Corporation; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law and the parties hereto are now duly authorized to execute and enter into the Assignment Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment. The Corporation hereby transfers, assigns and sets over to the Investor all of the Corporation's rights, title and interest in and to, but not its obligations under, (a) the IPA and all certificates and exhibits thereto, including, in particular, but without limitation:

(1) the right to receive and collect all of the Installment Payments and other amounts due from the Issuer under the IPA;

(2) the right to take all actions and give all consents under the IPA; and

(3) the right to exercise such rights and remedies conferred on the Corporation pursuant to the IPA as may be necessary or convenient (i) to enforce payment of the Installment Payments or any other obligations of the Issuer under the IPA, or (ii) otherwise to protect the interests of the Investor (as assignee of the Corporation) in the event of default by the Issuer under the IPA;

(b) the Escrow Agreement, and all amounts credited to the Escrow Fund;

(c) all other contracts and documents related to the IPA, including (without limitation) those listed on the attached Schedule A (all of the foregoing together with the IPA and Escrow Agreement being collectively referred to herein as the "IPA Documents"); and

(d) all other collateral described in the IPA Documents. The IPA, the Escrow Agreement, the IPA Documents, and the Equipment and all of the Corporation's rights therein are hereinafter collectively referred to as the "Assigned Property."

Section 2. Acceptance. The Investor hereby accepts the foregoing assignment. The above assignment is intended to be an absolute and unconditional assignment to the Investor and is not intended as a loan by the Investor to the Corporation. Accordingly, in the event of bankruptcy of the Corporation, the Assigned Property and the Escrow Fund shall not be part of the Corporation's estate. However, if the above assignment is deemed to be a loan by the Investor to the Corporation, then the Corporation shall be deemed to have granted to the Investor, and hereby grants to the Investor, a continuing first priority security interest in the Assigned Property and the Escrow Fund and all proceeds thereof as collateral security for all obligations of the Corporation hereunder and all obligations of the Issuer under the IPA, the Escrow Agreement, and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

Section 3. Representations, Warranties, and Agreements. (A) The Corporation represents and warrants to and agrees with the Investor that:

(a) the Corporation is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware, with corporate powers and authority to own its property and carry on its business as now being conducted. The Corporation has all licenses (except where the failure to have such licenses would not have a material adverse effect on the Corporation or on Investor's ability to enforce the IPA Documents and its rights and remedies thereunder) necessary to own its property and carry on its business as now being conducted;

(b) the Corporation has full power, authority and legal right to enter into and perform its obligations under the IPA, the Escrow Agreement and this Assignment Agreement and the execution, delivery and performance thereof have been duly authorized by all necessary corporate actions on the part of the Corporation, do not require any stockholder approval or the approval or consent of any third party or such required approvals and consents have heretofore been duly obtained;

(c) the execution, delivery and performance of the IPA, the Escrow Agreement and this Assignment Agreement do not contravene any provision of the Articles of Incorporation or Bylaws or the Corporation and do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which Corporation is a party or by which it or its property is bound;

(d) the Corporation has good title to the IPA and the Escrow Agreement and good right to sell and transfer the same;

(e) assuming due and valid execution on the part of the Issuer, the IPA is a valid obligation arising out of a bona fide IPA to the Issuer in the ordinary course of business;

(f) the IPA Documents contain or describe the entire agreement and all material documents

made or given in connection with the IPA and Escrow Agreement, and no representations or inducements not contained in the IPA Documents have been made or given by the Corporation;

(g) the original counterpart of the IPA constituting chattel paper has been (or will be on a post-closing basis) delivered to the Investor, there are no other executed counterparts thereof, and, by virtue of our delivery of the IPA by the Corporation to the Investor, the Investor has obtained title to the IPA;

(h) the Assigned Property and the Escrow Fund is free of any liens, claims, encumbrances, defenses, offsets and counterclaims, real or claimed created by or arising through the Corporation, except those created by the IPA itself;

(i) all statements of fact and unpaid balances shown in the IPA are true and correct;

(j) the IPA, Escrow Agreement, and this Assignment Agreement have been duly authorized, executed and delivered by the Corporation, are in full force and effect and constitute the legal, valid and binding obligations of the Corporation enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights of creditors generally and subject to the availability of equitable remedies;

(k) to the best of the Corporation's knowledge and based, in part, on the representations of the Issuer and its counsel, the Corporation has complied, and the IPA complies, with all applicable Federal, State and municipal laws, rules or regulations having the force of law as the same are applicable to the Corporation and/or the transactions evidenced by the IPA Documents;

(l) the Issuer has no right to prepay except as expressly provided in the IPA;

(m) the Corporation has subordinated to the Investor all liens and/or encumbrances (statutory and/or otherwise), if any, that the Corporation may have acquired and/or asserted against the Equipment or other collateral described in the IPA;

(n) the IPA Documents, Equipment and all other collateral and documents that are the subject of this Assignment Agreement have not been and will not be pledged, assigned or otherwise encumbered by Corporation to any person other than the Investor;

(o) the Corporation shall have no authority to and will not, without the Investor's prior written consent, accept payment of any sum hereafter due under the IPA or Escrow Agreement, repossess or consent to the return of the Equipment or modify the terms of any IPA Document;

(p) the Investor may, in the name of the Corporation, endorse any remittances received with respect to the IPA or Escrow Agreement;

(q) the Investor is given express permission to release, on terms satisfactory to it or by operation of law or otherwise, or to compromise or adjust any and all rights against and grant extensions of time of payment to the Issuer or any other persons obligated on the IPA Documents or accompanying guarantee or surety contracts, if any, or to agree to substitution of such persons, or to agree to the substitution or release of the Project or equipment or other collateral, or to grant any other indulgences, without affecting the obligations of the Corporation hereunder, provided that such actions are made in good faith and in a commercially reasonable manner;

(s) the Corporation has the requisite authority to execute and deliver this Assignment Agreement and has taken all necessary action to effect this Assignment Agreement. In the event of a default by the Issuer under the IPA, the Investor shall have the unrestricted right to exercise all applicable rights or remedies set forth in the IPA and to apply any monies contained in the Escrow Fund, subject only to the provisions of the IPA Documents, all applicable laws, and the Uniform Commercial Code;

(t) to the best of the Corporation's knowledge, there is no dispute between the Issuer and any vendor of Project or any equipment relating to the performance of such vendor under its contract to manufacture, deliver or furnish Project or equipment. The Issuer has not failed to accept, or failed to provide a certificate of acceptance with respect to, any part of the Project or equipment delivered to it; and

(u) assuming due and valid execution by the Issuer, the IPA is in full force and effect, there is currently no default in payments to be made by the Issuer pursuant thereto, the Issuer has asserted no set-off, counterclaim or defense with respect to its obligations to perform in accordance with the terms of the IPA, and to the best of the Corporation's knowledge there has been no default in the performance of any other material obligation thereunder or breach of any other material term therein by the Issuer.

(B) Indemnification. If the Corporation materially breaches any of the representations and agreements herein contained and, in the case of a breach that cannot be remedied in the Investor's reasonable opinion, such breach remains unremedied for at least 30 days after the Corporation receives written notice thereof from the Investor, the Corporation will indemnify and hold the Investor harmless from any loss, damage or expense (including but not limited to reasonable attorney fees and the expenses of collection, repossession, transportation, storage and insurance in enforcing its rights under the IPA Documents or hereunder, but excluding incidental or consequential damages) incurred by the Investor as a result of the breach of representation or agreement. Any sum not paid by the Corporation to the Investor when due will accrue late charges at the rate of 18% per annum, but only to the extent permitted by law. The obligations set forth in this section shall be limited to the amount paid to the Corporation by the Investor for the assigned transaction.

Section 4. Covenants. (A) Nonimpairment of IPA. The Corporation agrees that it (1) shall not have any right to amend, modify, compromise, refinance, terminate or permit prepayment of any IPA Document, and (2) shall not take any action that may impair the payment of Installment Payments or other amounts due under the IPA or the validity or enforceability of any IPA Document.

(B) Installment Payments. If the Corporation receives any Installment Payments or other amount due under the IPA Documents, then the Corporation shall receive such payments in trust for the Investor and shall immediately deliver the same to the Investor in the form received, duly endorsed by the Corporation for deposit by the Investor.

(C) Delivery of IPA Documents. On the date of this Assignment Agreement (except as otherwise noted herein), the Corporation shall deliver to the Investor, each in form and substance acceptable to the Investor: (i) the original IPA (and all attachments and exhibits thereto), (ii) an original Escrow Agreement (and all attachments and exhibits thereto), (iii) an authorizing resolution (or similar document) from the Issuer's governing body, (iv) a legal opinion from Issuer's Counsel, (v) an original assignment agreement with respect to the Escrow Agreement, and (vi) proof of the Issuer's insurance as required by the terms of the IPA.

(D) Further Assurances. The Corporation shall execute and deliver to the Investor such documents, in form and substance reasonably satisfactory to the Investor, and the Corporation shall take such other actions, as the Investor may reasonably request from time to time to evidence, perfect, maintain, and enforce the Investor's rights in the Assigned Property and/or to enforce or exercise the Investor's rights or remedies under the IPA and Escrow Agreement.

Section 5. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this Assignment Agreement shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provision, covenants and conditions of this Assignment Agreement shall be affected thereby, and each provision of this Assignment Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 6. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute but one and the same instrument.

Section 7. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the IPA.

Section 8. Applicable Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 9. Judicial Reference. In lieu of a jury trial, the parties elect to proceed under this Judicial Reference Provision. With the exception of the items specified below, any controversy, dispute or claim between the parties relating to this Agreement or any other document, instrument or transaction between the parties ("Claim"), will be resolved by a reference proceeding in California pursuant to Sections 638 et seq., of the California Code of Civil Procedure, or the successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to reference. Venue for the reference will be Superior Court in the County where real property involved in the action, if any, is located or in the County where venue is otherwise appropriate under law (the "Court"). The following matters shall not be subject to reference: (i) nonjudicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including without limitation set-off), (iii) appointment of a receiver, and (iv) temporary, provisional or ancillary remedies (including without limitation writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). The exercise of, or opposition to, any of the above does not waive the right to a reference hereunder.

The referee shall be selected by mutual agreement of the parties. If the parties do not agree, upon request of any party a referee shall be selected by the Presiding Judge of the Court. The referee shall determine all issues in accordance with existing case law and statutory law of the State of California, including without limitation the rules of evidence applicable to proceedings at law. The referee is empowered to enter equitable and legal relief, and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision, and pursuant to CCP § 644 the referee's decision shall be entered by the Court as a judgment or order in the same manner as if tried by the Court. The final judgment or order from any decision or order entered by the referee shall be fully appealable as provided by law. The parties reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial if granted, will be a reference hereunder. AFTER CONSULTING (OR HAVING THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE EACH PARTY AGREES THAT ALL CLAIMS RESOLVED UNDER

THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT A JURY.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first referenced above.

HOLMAN CAPITAL CORPORATION

By: 

Lance Holman, President and CEO

SANTA CRUZ COUNTY BANK

By: _____

Name: George Harrison

Title: Senior Vice President, Chief Credit Officer

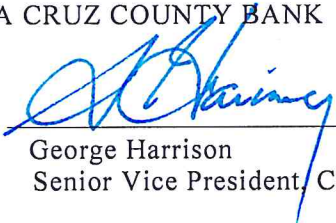
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HOLMAN CAPITAL CORPORATION

By: _____
Lance Holman, President and CEO

SANTA CRUZ COUNTY BANK

By:  _____
Name: George Harrison
Title: Senior Vice President, Chief Credit Officer

SCHEDULE A TO ASSIGNMENT AGREEMENT

ASSIGNMENT FROM: Holman Capital Corporation

TO: Santa Cruz County Bank

The IPA Documents covered by the annexed Assignment covering the IPA transaction with Marina Coast Water District include (without limitation) the following:

Installment Purchase Agreement dated January 20, 2017, between Marina Coast Water District and Holman Capital Corporation;

Escrow Agreement dated January 20, 2017, between Marina Coast Water District, Holman Capital Corporation, and Santa Cruz County Bank, together with any original Certificates of Acceptance and Payment Request Forms delivered in connection therewith as of the date of the Assignment Agreement.