



# MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

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

TEL: (831) 384-6131 FAX: (831) 883-5995

## DIRECTORS

THOMAS P. MOORE  
*President*

JAN SHRINER  
*Vice President*

HERBERT CORTEZ  
PETER LE  
MATT ZEFFERMAN

## Agenda

### Special Board Meeting, Board of Directors Marina Coast Water District

District Office, 11 Reservation Road, Marina, California

Monday, November 4, 2019, 6:30 p.m. PST

**(Please note the change of meeting location)**

*This meeting has been noticed according to the Brown Act rules. The Board of Directors meet regularly on the third Monday of each month with workshops scheduled for the first Monday of some months. The meetings normally begin at 6:30 p.m. and are held at the City of Marina Council Chambers at 211 Hillcrest Avenue, Marina, California.*

***Our Mission:*** We provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.

**1. Call to Order**

**2. Roll Call**

**3. Pledge of Allegiance**

**4. Oral Communications** *Anyone wishing to address the Board on matters not appearing on the Agenda may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

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

- A. [Consider Adoption of Resolution No. 2019-77 to Award a Contract to Calcon Systems for Installation and Integration of Generator and ATS Components; and, Consider Adoption of Resolution No. 2019-78 to Award a Contract to the Don Chapin Company to Perform Site Work to Allow the Installation of Generators](#)

***Action:*** *The Board will consider awarding the contracts for the installation and integration of generator and ATS Components; and site preparation work.*

This agenda is subject to revision and may be amended prior to the scheduled meeting. Pursuant to Government Code section 54954.2(a)(1), the agenda for each meeting of the Board shall be posted at the City of Marina Council Chambers. The agenda shall also be posted at the following locations but those locations are not official agenda posting locations for purposes of section 54954.2(a)(1): District offices at 11 Reservation Road, Seaside City Hall, the City of Marina Library, and the City of Seaside Library. A complete Board packet containing all enclosures and staff materials will be available for public review on Wednesday, October 30, 2019. Copies will also be available at the Board meeting. Information about items on this agenda or persons requesting disability related modifications and/or accommodations should contact the Board Clerk 48 hours prior to the meeting at: 831-883-5910.

B. Consider Accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the Fiscal Year ended June 30, 2019

*Action: The Board of Directors will consider accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the fiscal year ended June 30, 2019.*

C. Consider Adoption of Resolution No. 2019-79 to Authorize the Delivery and Sale of Enterprise Revenue Certificates of Participation, Series 2019 in the Principal Amount of Not-to-Exceed \$23,000,000 to Finance Water and Wastewater System Improvements, and Approving Related Documents and Official Actions

*Action: The Board will consider authorizing the delivery and sale of Enterprise Revenue Certificates of Participation, Series 2019 to finance water and wastewater system improvements, and approving related documents and official actions.*

**6. Public Comment on Closed Session Items** *Anyone wishing to address the Board on matters appearing on Closed Session may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

**7. Closed Session**

A. Pursuant to Government Code 54956.9  
Conference with Legal Counsel – Existing Litigation

1) Bay View Community DE, LLC; Bryan Taylor; Greg Carter; and Brooke Bilyeu vs Marina Coast Water District; Board of Directors of Marina Coast Water District; County of Monterey and Does 1-25, inclusive, Monterey County Superior Court Case No. 18CV000765 (Petition for Writ of Mandate or Administrative Mandate, and Complaint for Declaratory and Injunctive Relief and Breach of Contract)

B. Pursuant to Government Code 54956.9(d)(4)  
Conference with Legal Counsel – Anticipated Litigation  
Initiation of Litigation – Two Potential Cases

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

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

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

*Regular Meeting: Monday, November 18, 2019, 6:30 p.m.,  
Marina Council Chambers, 211 Hillcrest Avenue, Marina*

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 5-A

Meeting Date: November 4, 2019

Prepared By: Derek Cray

Approved By: Keith Van Der Maaten

Agenda Title: Consider Adoption of Resolution No. 2019-77 to Award a Contract to Calcon Systems for Installation and Integration of Generator and ATS Components; and, Consider Adoption of Resolution No. 2019-78 to Award a Contract to the Don Chapin Company to Perform Site Work to Allow the Installation of Generators

Staff Recommendation: The Board of Directors to accept the proposal and approve a contract with the District's on call SCADA and MCC contractor, Calcon Systems, in the amount of \$561,469, plus a 10% contingency for a total not-to-exceed of \$617,616; accept the proposal and approve a contract with the District's on call construction contractor, the Don Chapin Company in the amount of \$423,400 plus a 10% Contingency for a total not-to-exceed of \$465,740; and, authorize the General Manager to execute the contracts and all necessary documents.

Background: *5-Year Strategic Plan Mission Statement – We provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.*

The Marina Coast Water District (District) operates the water and wastewater for Central Marina and the Ord Communities. The District's water system (2710017) is regulated by the State Water Resources Control Board, Department of Drinking Water and the wastewater collection system is regulated under State Water Resources Control Board Statewide General Discharge Requirements Order No. 2006-0003-DWQ.

Discussion/Analysis: The Operations and Maintenance Department maintains the District's water and wastewater facilities. Many of these critical facilities currently do not have automatic standby power. PG&E has been implementing their Public Safety Power Shutoff Program (PSPS), when conditions meet their requirements such as a red flag warning. Just recently, PG&E turned off electricity proactively on October 9, 2019 to approximately 800,000 customers over the span of 34 counties. Again, on October 23, 2019, PG&E issued another PSPS for approximately 200,000 customers. Fortunately, Monterey County was spared from this latest shutoff, however it is only a matter of time before PG&E implements a PSPS that would affect our District.

When the District was first informed of PG&E's intent to proactively shut down power to large areas for extended amounts of time, an emergency was declared and on July 29, 2019, the District began immediate design on permanent generators and automatic transfer switches (ATS's). Procurement of the 7 permanent generators, 1 portable generator, and 6 ATS's was approved at the September 16, 2019 Board meeting, and a Purchase Order was issued immediately the following day.

Design is now complete, and the District was recently given approval from the Monterey Bay Air Resources District to move to the next phase, construction. As this is an emergency, the District sought out proposals from its two on call contractors that can perform this work quickly, Calcon

Systems and the Don Chapin Company. The following locations are where the proposed generators or ATS's are to be installed:

1. Well 31
2. Well 34
3. B/C Booster Station
4. Marina Booster Station (Reservoir 2)
5. Dunes Sewer Lift Station
6. East Garrison Sewer Lift Station
7. Crescent Sewer Lift Station
8. Beach Office- Install Appleton plug in to allow portable generator hookup

The Don Chapin Company would do the general site work for the installation. This would include minor demolition, grading, trenching, backfilling, concrete cap encasement, pouring of the concrete pads, setting of the generators upon arrival and seismically mounting the gensets to the pad.

Calcon Systems work would include: running of the conduit, pulling wire, mounting the ATS's, wiring the genset and ATS up, integrating the seven new sites into SCADA by landing wires and programming the corresponding Programmable Logic Controllers (PLC's), creating screens, tags and alarms within the District's Supervisory Control and Data Acquisition (SCADA) system.

A second component to this project is integrating the District's existing generator sites into SCADA so that visual feedback and alarm callouts can be sent to the Operations and Maintenance Department. Currently, 24 existing generator sites do not have either power loss feedback or generator running feedback to the District's SCADA system. This is important because if there is a mass outage at our sites, operators will not be able to tell if a generator fails until the site loses battery power from its Uninterrupted Power Supply source. It is critical to integrate the feedback into SCADA to allow the Operations staff to respond as quickly as possible to a site outage.

As time is of the essence, staff is recommending the Board approve contracts to both the Don Chapin Company, and Calcon Systems to begin immediate construction to install the gensets for the seven permanent sites, wire in the Beach office for a portable, and integrate the existing pump stations into SCADA. Both contractors are ready to begin work immediately upon Board approval. The generators are expected to arrive between December 2019 and January 2020.

Environmental Review Compliance: None required.

Financial Impact:  Yes  No Funding Source/Recap: Funding for the construction and installation of the generators and ATS's will come from the General Operating Reserves of each cost center proportionate to the cost center where the generators or ATS's will be placed. When the District acquires the 2019 bond revenue, reserves will be replenished with the proceeds from the bond accordingly. \$1.5 million was budgeted from the bond proceeds, along with \$250,000 in the capital equipment to fund this emergency generator project, for a grand total of \$1.75 million. Design was awarded for \$124,550. It is expected to come under budget by approximately \$50,000 as the Operations and Maintenance department has performed a lot of work in the design process. Generator procurement was \$654,954. It is unexpected to use any contingencies but if they are fully used to their 10% limit, then that leaves a shortage of approximately \$63,000. The remaining would be funded through cost savings realized from the

Booker, Hatten, and Neeson lift station improvements, as the Operations and Maintenance staff recently rehabbed Neeson lift station in house for an approximate savings of \$150,000.

The following chart represents each cost centers percentage and amount required for the total construction and installation of the generators from work by both Don Chapin and Calcon Systems.

<b>Cost Center</b>	<b>Percentage of Grand Total</b>	<b>Amount with Contingency</b>
<b>Ord Water</b>	48.04%	\$520,476
<b>Marina Water</b>	14.51%	\$157,179
<b>Ord Sewer</b>	15.94%	\$172,731
<b>Marina Sewer</b>	21.50%	\$232,969
<b>Grand Total</b>	100%	\$1,083,355

Other Considerations: None

Material Included for Information/Consideration: Resolution No. 2019-77, Resolution No. 2019-78, a copy of Don Chapin Company Proposal, a copy of Calcon Systems Proposal, and a copy of the generator drawings.

Action Required:    \_\_\_X\_\_\_ Resolution    \_\_\_\_\_ Motion    \_\_\_\_\_ Review  
 (Roll call vote is required.)

Board Action

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

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

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

November 4, 2019

Resolution No. 2019-77  
Resolution of the Board of Directors  
Marina Coast Water District  
Awarding a Contract to Calcon Systems for Installation and Integration  
of Generator and ATS Components

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a special meeting duly called and held on November 4, 2019, at 11 Reservation Road, Marina, California.

WHEREAS, the District’s potable water system is regulated under the State Water Resources Control Board, Division of Drinking Water, Permit No. 2710017; and,

WHEREAS, the District’s wastewater collection system is regulated under State Water Resources Control Board Statewide General Discharge Requirements Order No. 2006-0003-DWQ; and,

WHEREAS, Pacific Gas and Electric (PG&E) has recently changed its requirement for its Public Safety Power Shutoff Program (PSPS) to make them more stringent and to be utilized more frequently; and,

WHEREAS, the District currently does not have enough automatic standby power to keep District water and wastewater services flowing to its customers in the event of an extended power outage; and,

WHEREAS, an emergency was declared on Friday, July 19, 2019, to begin immediate work to design, procure and install the necessary generators to keep District services going in the event of an extended power outage; and,

WHEREAS, the District has an on-call contract with Calcon Systems for SCADA and MCC work; and,

WHEREAS, the District sought a proposal from Calcon Systems for installing the conduit, pulling wire, mounting the ATS’s, wiring genset and ATS up, integrating the seven new sites into SCADA and creating alarms within the District’s Supervisory Control and Data Acquisition (SCADA) system; and,

WHEREAS, Calcon Systems will integrate the District’s existing 24 generator sites into SCADA as part of this project; and,

WHEREAS, the District received a proposal from Calcon System in the amount of \$561,469 to perform the required work to begin immediately on the installation upon approval.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Marina Coast Water District does hereby approve the proposal from Calcon Systems in the amount of \$561,469 plus a 10 percent contingency for a total not-to-exceed amount of \$617,616 for the installation and integration of generators and ATS's for the emergency generator project; and, authorizes the General Manager sign to execute all necessary contracts and documents for the project.

PASSED AND ADOPTED on November 4, 2019 by the Board of Directors of the Marina Coast Water District by the following roll call vote:

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

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

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

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

\_\_\_\_\_  
Thomas P. Moore, President

ATTEST:

\_\_\_\_\_  
Keith Van Der Maaten, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2019-77 adopted November 4, 2019.

\_\_\_\_\_  
Keith Van Der Maaten, Secretary

November 4, 2019

Resolution No. 2019-78  
Resolution of the Board of Directors  
Marina Coast Water District  
Awarding a Construction Contract to the Don Chapin Company for  
General Construction Work to Install the Emergency Generators

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a special meeting duly called and held on November 4, 2019, at 11 Reservation Road, Marina, California.

WHEREAS, the District’s potable water system is regulated under the State Water Resources Control Board, Division of Drinking Water, Permit No. 2710017; and,

WHEREAS, the District’s wastewater collection system is regulated under State Water Resources Control Board Statewide General Discharge Requirements Order No. 2006-0003-DWQ; and,

WHEREAS, Pacific Gas and Electric (PG&E) has recently changed its requirement for its Public Safety Power Shutoff Program (PSPS) to make them more stringent and to be utilized more frequently; and,

WHEREAS, the District currently does not have enough automatic standby power to keep District water and wastewater services flowing to its customers in the event of an extended power outage; and,

WHEREAS, an emergency was declared on Friday, July 19, 2019, to begin immediate work to design, procure and install the necessary generators to keep District services going in the event of an extended power outage; and,

WHEREAS, the District has an on-call contract with the Don Chapin Company for general construction work; and,

WHEREAS, the District sought a proposal from the Don Chapin Company to do the general site work for the installation including minor demolition, grading, trenching, backfilling, concrete cap encasement, pouring of the concrete pads, setting of the generators upon arrival and seismically mounting the gensets to the pad; and,

WHEREAS, the District received a proposal from The Don Chapin Company in the amount of \$423,400 to perform the required work to begin immediately on construction upon approval.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Marina Coast Water District does hereby approve the proposal from the Don Chapin Company in the amount of \$423,400 plus a 10 percent contingency for a total not-to-exceed amount of \$465,740 for the general construction work for the emergency generator project; and, authorizes the General Manager sign to execute all necessary contracts and documents for the project.

PASSED AND ADOPTED on November 4, 2019 by the Board of Directors of the Marina Coast Water District by the following roll call vote:

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

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

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

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

\_\_\_\_\_  
Thomas P. Moore, President

ATTEST:

\_\_\_\_\_  
Keith Van Der Maaten, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2019-78 adopted November 4, 2019.

\_\_\_\_\_  
Keith Van Der Maaten, Secretary



October 29, 2019

Derek Cray  
Operations and Maintenance Manager  
Marina Coast Water District  
2840 4<sup>th</sup> Avenue  
Marina, CA 93933

**RE: MCWD PUMP STATIONS STANDBY GENERATORS  
VARIOUS LOCATIONS, MONTEREY COUNTY**

The Don Chapin Company is pleased to submit to you the following proposal for the above referenced project. All work is per plans prepared by TJC and Associates, Inc dated October 24, 2019, "Bid Dwg Set Final". Our proposal to include the following items of work:

**Well 31:**

1. Excavate, haul off spoils, and grade & compact concrete pad subgrade – 45 CY
2. Install aggregate base cushion – 75 Tons
3. Install standby generator pad with rebar – 177 SF
4. Trench and backfill electrical trench – 50 L.F.
5. Install 4" concrete cap with red dye – 35 L.F.
6. Set standby generator and anchor onto pad – 1 LS
7. Install and paint bollards – 6 EA

**Well 31 Price: .....\$58,500.00**

**Well 34:**

1. Excavate, haul off spoils, and grade & compact concrete pad subgrade – 45 CY
2. Install aggregate base cushion – 75 Tons
3. Install standby generator pad with rebar – 177 SF
4. Trench and backfill electrical trench – 60 L.F.
5. Install 4" concrete cap with red dye – 55 L.F.
6. Set standby generator and anchor onto pad – 1 LS
7. Install and paint bollards – 7 EA

**Well 34 Price: .....\$68,900.00**

**East Garrison:**

1. Excavate, haul off spoils, and grade & compact concrete pad subgrade – 27 CY
2. Install aggregate base cushion – 45 Tons
3. Install standby generator pad with rebar – 107 SF
4. Trench and backfill electrical trench – 40 L.F.

5. Install 4" concrete cap with red dye – 25 L.F.
6. Set standby generator and anchor onto pad – 1 LS
7. Install and paint bollards – 12 EA

**East Garrison Price: .....\$64,500.00**

**Dunes:**

1. Remove, salvage, and reinstall existing chainlink fence as needed – 1 LS
2. Install temporary fence during construction – 1 LS
3. Sawcut and demo asphalt concrete surface – 170 SF
4. Excavate, haul off spoils, and grade & compact concrete pad subgrades – 23 CY
5. Install aggregate base cushion – 40 Tons
6. Install standby generator pad and ATS pad with rebar – 84 SF
7. Trench and backfill electrical trench – 55 L.F.
8. Install 4" concrete cap with red dye – 15 L.F.
9. Set standby generator and anchor onto pad – 1 LS
10. Install asphalt concrete patching – 190 SF

**Dunes Price:.....\$61,600.00**

**Marina Booster:**

1. Sawcut and demo asphalt concrete surface – 330 SF
2. Excavate, haul off spoils, and grade & compact concrete pad subgrades – 33 CY
3. Install aggregate base cushion – 55 Tons
4. Install standby generator pad and ATS pad with rebar – 148 SF
5. Trench and backfill electrical trench – 35 L.F.
6. Set standby generator and anchor onto pad – 1 LS
7. Install and paint bollards – 6 EA
8. Install asphalt concrete patching – 190 SF

**Marina Booster Price: .....\$58,000.00**

**Zone B/C:**

1. Excavate, haul off spoils, and grade & compact concrete pad subgrades – 50 CY
2. Install aggregate base cushion – 85 Tons
3. Install standby generator pad and ATS pad with rebar – 235 SF
4. Trench and backfill electrical trench – 100 L.F.
5. Install 4" concrete cap with red dye – 80 L.F.
6. Set standby generator and anchor onto pad – 1 LS
7. Install and paint bollards – 5 EA

**Zone B/C Price: .....\$65,800.00**

**Crescent:**

1. Remove, salvage, and reinstall existing chainlink fence as needed – 1 LS
2. Install temporary fence during construction – 1 LS
3. Excavate retaining wall footings – 33 L.F.

4. Install standby generator pad and retaining walls with rebar – 8 CY
5. Trench and backfill electrical trench – 20 L.F.
6. Set standby generator and anchor onto pad – 1 LS
7. Install guard railings – 22 L.F.

**Crescent Price: .....\$46,100.00**

**QUALIFICATIONS:**

1. Any bonds, fees, or permits are excluded.
2. Any staking, testing or engineering is excluded.
3. All electrical conduit and fittings to be supplied by others.
4. Proposal based on Well 34 having fabric under existing rock. Handling and reinstall of fabric at all other locations are excluded.

If you have any questions regarding this proposal, please contact me at any of the below listed numbers.

Sincerely,  
The Don Chapin Co., Inc.



Jeffrey Smith  
Senior Estimator



October 29, 2019

Marina Coast Water District  
2840 4th Avenue  
Marina, CA 93933

Attention: Derek Cray, Operations and Maintenance Manager

**Subject: Quote – MCWD Pump Stations Standby Generators Project, Electrical**

Calcon Systems is pleased to offer this quotation for the MCWD Pump Stations Standby Generators Project.

Description: **Electrical work scope for the MCWD Pump Stations Standby Generators Project**

Owner: Marina Coast Water District  
Engineer: TJC Associates  
Reference: Plans dated 10-25-19, Specifications dated 10-25-19

Including the following scope of work for each site as per the plans and specs:

**Well 31**

- Electrical work – providing and installing the conduit/raceways, wire, and wiring terminations, for the project scope as per the plan drawings.
- Electrical testing.
- PLC control panel modifications.
- PLC and SCADA programming.
- Startup and Testing.

Price for Well 31 ..... \$ 89,200.00

**Well 34**

- Electrical work – providing and installing the conduit/raceways, wire, and wiring terminations, for the project scope as per the plan drawings.
- For Well #34, the District will provide the ASCO parts and labor for the conversion of the ASCO transfer switch from a Manual Transfer Switch to an Automatic Transfer Switch. We will provide the other work and materials to integrate the ATS as on the other sites.
- Electrical testing.
- PLC control panel modifications.
- PLC and SCADA programming.
- Startup and Testing.

Price for Well 34 ..... \$ 62,000.00



**East Garrison Lift Station**

- Electrical work – providing and installing the conduit/raceways, wire, and wiring terminations, for the project scope as per the plan drawings.
- Electrical testing.
- PLC control panel modifications.
- PLC and SCADA programming.
- Startup and Testing.

Price for East Garrison ..... \$ 41,000.00

**Dunes Drive Lift Station**

- Electrical work – providing and installing the conduit/raceways, wire, and wiring terminations, for the project scope as per the plan drawings.
- Electrical testing.
- PLC control panel modifications.
- PLC and SCADA programming.
- Startup and Testing.

Price for Dunes Drive ..... \$ 52,200.00

**Marina Booster Pump Station**

- Electrical work – providing and installing the conduit/raceways, wire, and wiring terminations, for the project scope as per the plan drawings.
- Electrical testing.
- PLC control panel modifications.
- PLC and SCADA programming.
- Startup and Testing.

Price for Marina Booster ..... \$ 74,000.00

**Crescent Street Lift Station**

- Electrical work – providing and installing the conduit/raceways, wire, and wiring terminations, for the project scope as per the plan drawings.
- Electrical testing.
- PLC control panel modifications.
- PLC and SCADA programming.
- Startup and Testing.

Price for Crescent Street ..... \$ 41,000.00

**Zone B/C Booster Pump Station**

- Electrical work – providing and installing the conduit/raceways, wire, and wiring terminations, for the project scope as per the plan drawings.



- Electrical testing.
- PLC control panel modifications.
- PLC and SCADA programming.
- Startup and Testing.

Price for Zone B/C Booster ..... \$ 99,400.00

**Beach Office**

- Install Appleton generator receptacle at Beach Office for portable generator connection.
- Installation of conduit and wire necessary to outside of building for new receptacle.
- Testing with MCWD staff with District portable generator to verify functionality.

Price for Beach Office ..... \$ 14,000.00

**Optional Adder: Modifications to Other Stations**

Correct existing sites for status and alarming per site list provided:

- MCWD provided a list of 24 current sites, with results of testing for power failure and generator running status and corresponding alarm notification functionality.
- We will visit each site, provide wiring as needed at each site for the signals for power failure and generator feedback to SCADA and will provide PLC and SCADA programming and testing with MCWD.

Pricing:

(2) Marina Water Sites .....	\$ 7,390.00
(2) Marina Sewer Sites .....	\$ 7,390.00
(7) Ord Water Sites .....	\$ 25,860.00
(13) Ord Sewer Sites .....	\$ 48,029.00
Total .....	\$ 88,669.00

**Exclusions / Clarifications:**

- Trenching, earth work, excavation, back fill, concrete work, rebar, pavement work, painting.
- Temporary power or lighting.
- Traffic control.
- Bonding, permitting, utility fees.
- Errors & Omissions in project documents, specifications, or drawings.
- Pumps/motors, temporary pumps, temporary pump controls.



**Pricing Summary**

Item	Price
Well 31	\$ 89,200.00
Well 34	\$ 62,000.00
East Garrison Lift Station	\$ 41,000.00
Dunes Drive Lift Station	\$ 52,200.00
Marina Booster Pump Station	\$ 74,000.00
Crescent Street Lift Station	\$ 41,000.00
Zone B/C Booster Pump Station	\$ 99,400.00
Beach Office	\$ 14,000.00
Optional: Modifications to Other Stations	\$ 88,669.00
<b>Total Project Lump Sum Price</b>	<b>\$ 561,469.00</b>

Please note:

1. This quotation is valid for 90 days.
2. The quoted price is lump sum and includes all materials, labor, tax and shipping.

Thank you for considering Calcon Systems for this project.

Please call if you have any questions or if there is anything else we can do for you.

Best Regards,

*Ryan Smith*

Ryan Smith

**Calcon Systems, Inc.**

Cell (925) 570-5122

E-mail [rsmith@calcon.com](mailto:rsmith@calcon.com)

License C-10 No. 508284 | UL File No. E303943

STRUCTURAL NOTES

GENERAL

- ALL STRUCTURAL DRAWINGS SHALL BE USED IN CONJUNCTION WITH THE CIVIL, ARCHITECTURAL, MECHANICAL, ELECTRICAL, AND SHOP DRAWINGS AND THE PROJECT SPECIFICATIONS (IF ANY).
- CONSTRUCTION SHALL MEET THE REQUIREMENTS OF THE 2016 CALIFORNIA BUILDING CODE (CBC). THE CBC SHALL GOVERN EXCEPT WHERE OTHER APPLICABLE CODES OR THESE DOCUMENTS ARE MORE RESTRICTIVE.
- NOTHING SHOWN OR OMITTED FROM THESE DOCUMENTS SHALL RELIEVE THE CONTRACTOR FROM FULL COMPLIANCE WITH ALL APPLICABLE CODES AND ORDINANCES.
- THE CONTRACTOR ALONE IS RESPONSIBLE FOR JOB SITE SAFETY. SITE REVIEW OF THE CONSTRUCTION BY THE ENGINEER IS TO DETERMINE CONFORMANCE WITH THE PLANS AND SPECIFICATIONS. IT DOES NOT ENCOMPASS SAFETY PROCEDURES OR OPERATIONS.
- WITHOUT EXCLUSION OF ANY REFERENCE IN THE CONSTRUCTION DOCUMENTS TO ANY RULE OR REGULATION, THE ENGINEER IS NOT ASSUMING ANY PROVISIONS OF SUPERVISION OF CONSTRUCTION METHODS OR PROCESSES.
- STRUCTURES HAVE BEEN DESIGNED FOR OPERATIONAL LOADS ON THE COMPLETED STRUCTURES. DURING CONSTRUCTION, BRACING OR SHORING SHALL SUPPORT STRUCTURES WHEREVER EXCESSIVE CONSTRUCTION LOADS MAY OCCUR.
- SEE ALL OTHER PROJECT DOCUMENTS FOR REGLETS, PIPE SLEEVES, CONDUITS AND OTHER ITEMS TO BE EMBEDDED OR PASSED THROUGH THE CONCRETE.
- PENETRATIONS THROUGH WALLS OR SLABS LESS THAN 12 INCHES IN DIAMETER MAY NOT BE SHOWN ON THE STRUCTURAL DRAWINGS. REFER TO ASSOCIATED DRAWINGS FOR LOCATIONS.
- WRITTEN DIMENSIONS SHALL BE USED FOR CONSTRUCTION. DO NOT SCALE DRAWINGS.
- STRUCTURAL DIMENSIONS CONTROLLED BY OR RELATED TO MECHANICAL AND/OR ELECTRICAL EQUIPMENT SHALL BE VERIFIED BY THE CONTRACTOR PRIOR TO CONSTRUCTION.
- MECHANICAL AND ELECTRICAL EQUIPMENT SUPPORTS, ANCHORAGES, OPENINGS, RECESSES AND EMBEDMENTS NOT SHOWN ON THE DRAWINGS SHALL BE PROVIDED BY THE CONTRACTOR PRIOR TO PLACING CONCRETE.
- DIMENSIONS INDICATED WITH AN \* SHALL BE COORDINATED WITH MECHANICAL AND/OR ELECTRICAL DRAWINGS AND EQUIPMENT SUPPLIED.
- ALL DIMENSIONS SHALL BE FIELD VERIFIED BY THE CONTRACTOR. SHOULD CONFLICTS OR INTERFERENCE OCCUR, THEY SHALL BE RESOLVED WITH THE ENGINEER. EXISTING FIELD CONDITIONS AT VARIANCE WITH THE PLANS SHALL BE BROUGHT TO THE ATTENTION OF THE ENGINEER BEFORE ANY WORK IS PERFORMED.
- USE PERTINENT STANDARD DETAILS SHOWN, EVEN THOUGH THEY MAY NOT BE CALLED OUT AT LOCATIONS WHERE THEY APPLY.
- CONDITIONS NOT SPECIFICALLY SHOWN OR INDICATED SHALL BE CONSTRUCTED SIMILAR TO DETAILS SHOWN FOR THE RESPECTIVE MATERIALS OR CONDITIONS.

DEFERRED SUBMITTALS

- THE FOLLOWING PORTIONS OF THE PROJECT ARE DEFERRED SUBMITTAL ITEMS. DEFERRED SUBMITTALS LISTED BELOW ARE THE RESPONSIBILITY OF THE CONTRACTOR. DEFERRED SUBMITTAL ITEMS HAVE NOT BEEN DESIGNED BY THE ENGINEER OF RECORD. REFER TO CONTRACT DOCUMENTS FOR ADDITIONAL INFORMATION.
  - ATS ANCHORAGE
  - GUARDRAIL SYSTEM
  - HANDRAIL ASSEMBLY
- UNLESS OTHERWISE NOTED, DEFERRED SUBMITTAL ITEMS SHALL BE STAMPED AND SIGNED BY A PROFESSIONAL CIVIL OR STRUCTURAL ENGINEER REGISTERED IN THE STATE OF CALIFORNIA.
- DEFERRED SUBMITTAL ITEMS SHALL BE SUBMITTED TO THE OWNER FOR APPROVAL DURING THE CONSTRUCTION PHASE OF THE PROJECT.

- DEFERRED SUBMITTAL ITEMS SHALL NOT BE FABRICATED UNTIL THE ENGINEER OF RECORD HAS REVIEWED THE SUBMITTAL DOCUMENTS AND INDICATED THAT THEY HAVE BEEN REVIEWED AND THAT THEY HAVE BEEN FOUND TO BE IN GENERAL CONFORMANCE WITH THE CONTRACT DOCUMENTS.
- DEFERRED SUBMITTAL ITEMS SHALL NOT BE FABRICATED UNTIL THEIR DESIGN AND SUBMITTAL DOCUMENTS HAVE BEEN FAVORABLY REVIEWED BY THE OWNER.

SPECIAL INSPECTION

- SPECIAL INSPECTION SHALL BE CONDUCTED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN CHAPTER 17 OF THE CBC. UNLESS OTHERWISE NOTED IN THE PROJECT SPECIFICATIONS, SPECIAL INSPECTION SHALL BE PROVIDED BY AND PAID FOR BY THE DISTRICT. THE FOLLOWING ITEMS, AS A MINIMUM, SHALL RECEIVE SPECIAL INSPECTION:

ITEM	FOUNDATION INSPECTIONS AND VERIFICATION	FREQUENCY	
		CONTINUOUS	PERIODIC
	SOILS		
1.	VERIFY SUBGRADE MATERIALS BELOW THE FOOTING FOR DESIGN BEARING CAPACITY.		X
2.	VERIFY DEPTH OF EXCAVATION AND TYPE OF SUBGRADE MATERIALS REACHED.		X
3.	PERFORM CLASSIFICATION AND COMPACTION TESTING OF CONTROLLED BACKFILL MATERIALS.		X
4.	VERIFY MATERIALS USED, LAYERED THICKNESSES AND COMPACTION OF BACK FILLS.	X	
5.	VERIFY THE SUBGRADE AND SITE PREPARATIONS FOR CONTROLLED FILL.		X

ITEM	CONCRETE INSPECTIONS AND VERIFICATION	FREQUENCY	
		CONTINUOUS	PERIODIC
1.	INSPECTION OF REINFORCING STEEL AND PLACEMENT.		X
2.	INSPECTION OF ANCHORS CAST IN CONCRETE WHERE ALLOWABLE LOADS HAVE BEEN INCREASED OR WHERE STRENGTH DESIGN IS USED.		X
3.	INSPECTION OF ANCHORS POST-INSTALLED IN HARDENED CONCRETE MEMBERS.	X	
4.	VERIFYING USE OF REQUIRED DESIGN MIX.		X
5.	AT THE TIME FRESH CONCRETE IS SAMPLED TO FABRICATE SPECIMENS FOR STRENGTH TESTS, PERFORM SLUMP AND AIR CONTENT TESTS, AND DETERMINE THE TEMPERATURE OF THE CONCRETE.	X	
6.	INSPECTION OF CONCRETE PLACEMENT FOR PROPER APPLICATION TECHNIQUES.	X	
7.	INSPECTION FOR MAINTENANCE OF SPECIFIED CURING TEMPERATURE AND TECHNIQUES.		X
8.	INSPECT FORMWORK FOR SHAPE, LOCATION AND DIMENSIONS OF THE CONCRETE MEMBER BEING FORMED.		X

ITEM	MASONRY INSPECTIONS AND VERIFICATION FOR LEVEL C QUALITY ASSURANCE	FREQUENCY	
		CONTINUOUS	PERIODIC
	MASONRY TESTS		
1.	VERIFY $f_m$ AND $f_{AAC}$ IN ACCORDANCE WITH TMS 402 ARTICLE 1.4 B PRIOR TO CONSTRUCTION AND FOR EVERY 5,000 SQ. FT. DURING CONSTRUCTION		X
2.	VERIFY PROPORTIONS OF MATERIALS IN PREMIXED OR PREBLENDED MORTAR, AND GROUT OTHER THAN SELF-CONSOLIDATING GROUT, AS DELIVERED TO THE PROJECT SITE		X
3.	VERIFY SLUMP FLOW AND VISUAL STABILITY INDEX (VSI) AS DELIVERED TO THE PROJECT SITE IN ACCORDANCE WITH TMS 402 ARTICLE 1.5 B.1.b.3 FOR SELF-CONSOLIDATING GROUT		X
	MASONRY INSPECTIONS		
1.	VERIFY COMPLIANCE WITH THE APPROVED SUBMITTALS		X
2.	VERIFY THAT THE FOLLOWING ARE IN COMPLIANCE:		
	A. PROPORTIONS OF SITE-MIXED MORTAR AND GROUT.		X
	B. GRADE, TYPE, AND SIZE OF REINFORCEMENT AND ANCHOR BOLTS.		X
	C. PLACEMENT OF MASONRY UNITS AND CONSTRUCTION OF MORTAR JOINTS		X
	D. PLACEMENT OF REINFORCEMENT AND CONNECTORS.	X	
	E. GROUT SPACE PRIOR TO GROUTING	X	
	F. PLACEMENT OF GROUT	X	
	G. SIZE AND LOCATION OF STRUCTURAL ELEMENTS		X
	H. TYPE, SIZE, AND LOCATION OF ANCHORS INCLUDING OTHER DETAILS OF ANCHORAGE OF MASONRY TO STRUCTURAL MEMBERS, FRAMES, OR OTHER CONSTRUCTION	X	
	I. WELDING OF REINFORCEMENT	X	
	J. PREPARATION, CONSTRUCTION, AND PROTECTION OF MASONRY DURING COLD WEATHER (TEMPERATURE BELOW 40°F (4.4°C)) OR HOT WEATHER (TEMPERATURE ABOVE 90°F (32.2°C))		X
3.	OBSERVE PREPARATION OF GROUT SPECIMENS, MORTAR SPECIMENS, AND/OR PRISMS	X	

NOTATION:

"X" DENOTES EITHER CONTINUOUS OR PERIODIC INSPECTIONS.  
 "—" DENOTES AN ACTIVITY THAT IS EITHER A ONE TIME ACTIVITY OR ONE WHOSE FREQUENCY IS DEFINED IN SOME OTHER MANNER

DEFINITIONS:  
 CONTINUOUS - SPECIAL INSPECTION BY THE SPECIAL INSPECTOR WHO IS PRESENT WHEN AND WHERE THE WORK TO BE INSPECTED IS BEING PERFORMED (CBC, SECTION 202)

PERIODIC - SPECIAL INSPECTION BY THE SPECIAL INSPECTOR WHO IS INTERMITTENTLY PRESENT WHERE THE WORK TO BE INSPECTED IS BEING PERFORMED (CBC, SECTION 202)

SPECIAL INSPECTOR - A QUALIFIED PERSON EMPLOYED OR RETAINED BY THE DISTRICT AND APPROVED BY THE AUTHORITY HAVING JURISDICTION AS HAVING THE COMPETENCE NECESSARY TO INSPECT A PARTICULAR TYPE OF CONSTRUCTION REQUIRING SPECIAL INSPECTION.

DESIGN LOADS

1. WIND (ALL):

BASIC WIND SPEED $V_{ult}$ (3-SECOND GUST):	115 MPH
RISK CATEGORY:	IV
WIND EXPOSURE CATEGORY:	C
INTERNAL PRESSURE COEFFICIENT	N/A
C&C PRESSURES FOR DEFERRED SUBMITTALS	N/A

2. SEISMIC:

SEISMIC IMPORTANCE FACTOR ( $I_p$ )	1.50
RISK CATEGORY:	IV
BASIC SEISMIC-FORCE-RESISTING SYSTEM:	ASCE 7-10; CHAPTER 13

CRESCENT STREET LIFT STATION

MAPPED SPECTRAL RESPONSE ACCELERATIONS:	$S_g = 1.533g, S_1 = 0.577g$
SITE CLASS	D (ASSUMED)
SPECTRAL RESPONSE COEFFICIENTS:	$S_{D05} = 1.533g, S_{D1} = 0.577g$
SEISMIC DESIGN CATEGORY:	D

DUNES DRIVE LIFT STATION

MAPPED SPECTRAL RESPONSE ACCELERATIONS:	$S_g = 1.530g, S_1 = 0.544g$
SITE CLASS	D (ASSUMED)
SPECTRAL RESPONSE COEFFICIENTS:	$S_{D05} = 1.020g, S_{D1} = 0.544g$
SEISMIC DESIGN CATEGORY:	D

EAST GARRISON STREET LIFT STATION

MAPPED SPECTRAL RESPONSE ACCELERATIONS:	$S_g = 1.557g, S_1 = 0.559g$
SITE CLASS	D (ASSUMED)
SPECTRAL RESPONSE COEFFICIENTS:	$S_{D05} = 1.038g, S_{D1} = 0.559g$
SEISMIC DESIGN CATEGORY:	D

MARINA STREET BOOSTER PUMP STATION

MAPPED SPECTRAL RESPONSE ACCELERATIONS:	$S_g = 1.540g, S_1 = 0.548g$
SITE CLASS	D (ASSUMED)
SPECTRAL RESPONSE COEFFICIENTS:	$S_{D05} = 1.027g, S_{D1} = 0.548g$
SEISMIC DESIGN CATEGORY:	D

WELL #31 RESERVATION ROAD

MAPPED SPECTRAL RESPONSE ACCELERATIONS:	$S_g = 1.551g, S_1 = 0.556g$
SITE CLASS	D (ASSUMED)
SPECTRAL RESPONSE COEFFICIENTS:	$S_{D05} = 1.034g, S_{D1} = 0.556g$
SEISMIC DESIGN CATEGORY:	D

WELL #34 RESERVATION ROAD

MAPPED SPECTRAL RESPONSE ACCELERATIONS:	$S_g = 1.533g, S_1 = 0.557g$
SITE CLASS	D (ASSUMED)
SPECTRAL RESPONSE COEFFICIENTS:	$S_{D05} = 1.035g, S_{D1} = 0.557g$
SEISMIC DESIGN CATEGORY:	D

ZONE B/C BOOSTER PUMP STATION

MAPPED SPECTRAL RESPONSE ACCELERATIONS:	$S_g = 1.507g, S_1 = 0.538g$
SITE CLASS	D (ASSUMED)
SPECTRAL RESPONSE COEFFICIENTS:	$S_{D05} = 1.005g, S_{D1} = 0.538g$
SEISMIC DESIGN CATEGORY:	D

3. SNOW (ALL):

GROUND SNOW LOAD ( $P_g$ ):	0 PSF
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SOIL PARAMETERS (ALL)

1. ALLOWABLE SOIL BEARING CAPACITY:

FOUNDATION TYPE	ALLOWABLE BEARING CAPACITY <sup>(1)(2)</sup> FOR DL + LL
GENSET PADS	2,000 psf

- PRESUMPTIVE LOAD-BEARING VALUES; CBC TABLE 1608.2; CLASS MATERIAL TYPE 4.
- ALLOWABLE BEARING VALUES MAY BE INCREASED BY 1/3 FOR LOAD CASES INCLUDING WIND AND/OR SEISMIC.

2. LATERAL BEARING PRESSURE = 150 PCF

3. COEFFICIENT OF FRICTION:

A COEFFICIENT OF SLIDING FRICTION OF 0.25 MAY BE ADDED TO PASSIVE RESISTANCE.

SITE WORK

- EXCAVATION FOR PADS AS SHOWN ON THE DRAWINGS: THE BOTTOMS OF ALL EXCAVATIONS SHALL BE LEVEL, TAMPED FIRM, CLEAN AND FREE FROM ALL DEBRIS OR FOREIGN MATTER.
- OVER-EXCAVATION SHALL EXTEND Laterally BEYOND THE OUTSIDE EDGE OF FOOTINGS BY A MINIMUM OF 1/2 THE DEPTH OF OVER-EXCAVATION BELOW THE FOOTING BUT NOT LESS THAN 12-INCHES.
- WHERE PRACTICABLE, SIDES OF FOOTINGS SHALL BE CUT NEAT AND CONCRETE POURED DIRECTLY AGAINST THE EXCAVATION. IF FORMING IS REQUIRED, THE TRENCHES SHALL BE EXCAVATED WIDE ENOUGH TO PERMIT THE ERECTION AND REMOVAL OF FORMS.
- THE BOTTOM OF ALL EXCAVATIONS SHALL BE SCARIFIED TO A DEPTH OF 8 INCHES, MOISTURE CONDITIONED TO WITHIN 5 PERCENT ( $\pm 1$  PERCENT) OVER THE OPTIMUM MOISTURE CONTENT, AND COMPACTED TO AT LEAST 89 PERCENT ( $\pm 1$  PERCENT) RELATIVE COMPACTION.
- CLASS 2 AGGREGATE ROAD BASE SHALL CONSIST OF MATERIAL FREE FROM DEBRIS AND ORGANIC OR OTHER DELETERIOUS MATERIALS. BACKFILL MATERIAL SHALL BE PLACED IN 8-INCH LAYERS, LEVELED, RAPPED AND TAMPED IN PLACE. COMPACTION OF ALL LAYERS SHALL BE A MINIMUM OF 95 PERCENT MAXIMUM DRY DENSITY IN ACCORDANCE WITH ASTM D 1557.

CONCRETE REINFORCING

- REINFORCING STEEL SHALL CONFORM TO THE LATEST EDITION OF ASTM SPECIFICATION A706 OR A615, GRADE 60.
- REINFORCING STEEL FABRICATION SHALL BE IN ACCORDANCE WITH THE LATEST EDITION OF CRSI MANUAL OF STANDARD PRACTICE.
- REINFORCING SHALL HAVE THE FOLLOWING CLEAR CONCRETE COVER, UNLESS OTHERWISE NOTED ON THE DRAWINGS

CONDITION	COVER (INCHES)
UNFORMED SURFACES IN CONTACT WITH EARTH, INCLUDING SIDES OF FOOTINGS	3
ALL OTHER SURFACES:	2

- SPLICED BARS SHALL HAVE A MINIMUM CLASS B CONTACT LAP AS SPECIFIED IN THE LATEST EDITION OF ACI 315 DETAILING MANUAL AND ACI 318 UNLESS OTHERWISE NOTED ON THE DRAWINGS. WHERE SHOWN ON THE DRAWINGS,  $l_d$  = DEVELOPMENT LENGTH AS DEFINED IN THE STANDARD DETAILS OF THESE DRAWINGS. HOOKS OF REINFORCING STEEL SHALL COMPLY WITH ACI 318.
- WRITTEN SPACING AND LOCATION OF REINFORCING SHALL TAKE PRECEDENCE OVER DEPICTED SPACING AND LOCATION.
- UNLESS OTHERWISE NOTED ON THE DRAWINGS, REINFORCING BARS SHOWN TERMINATING WITH A HOOK SHALL BE FABRICATED WITH A STANDARD HOOK AS DEFINED WITHIN ACI 318. WHERE SECTION THICKNESS DOES NOT ALLOW FOR FULL HOOK EXTENSION, TILT HOOK UNTIL HOOK FITS. ALTERNATIVELY CONTRACTOR MAY USE 180° HOOK OR TWO SMALLER HOOKED BARS OF EQUIVALENT AREA OF STEEL.
- IN CASES WHERE REINFORCING BARS CANNOT BE EXTENDED AS FAR AS REQUIRED DUE TO THE LIMITED EXTENT OF THE ADJACENT CONCRETE STRUCTURE, THE BARS SHALL EXTEND AS FAR AS POSSIBLE AND BE TERMINATED WITH A STANDARD HOOK.
- AT FOOTING CORNERS AND INTERSECTIONS, EXTEND BARS AROUND CORNERS AND LAP A MINIMUM OF 40 BAR DIAMETERS.

SHEET NO. **GS-1** OF 25

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

**STRUCTURAL GENERAL NOTES I**

DESIGNED BY: RKT  
 DRAWN BY: BV  
 CHECKED BY: NTS  
 SCALE: OCTOBER 2019  
 DATE: 10/25/19




REV. DATE BY COMMENT

California/TJC and Associates, Inc./CAD Files - Documents/TJCA - 2019 Projects/119882 - MOWD - General/119882 - Structures/Sheets.dwg, Bae/Vue 10/24/19 3:44pm  
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CONCRETE

- REINFORCED CONCRETE SHALL CONFORM TO ACI 318.
- PORTLAND CEMENT SHALL CONFORM TO ASTM C150 TYPE II. ONE BRAND OF CEMENT SHALL BE USED THROUGHOUT THE WORK.
- ALL AGGREGATES SHALL CONFORM TO ASTM C33. THE MAXIMUM SIZE AGGREGATE SHALL BE 1 INCH.
- MIXING WATER SHALL BE POTABLE WATER FREE FROM INJURIOUS AMOUNTS OF ACID, ALKALI, OR OTHER HARMFUL SUBSTANCES. WATER SHALL BE OBTAINED FROM LOCAL UTILITY COMPANY MAINS UNLESS THE ENGINEER APPROVES ANOTHER SOURCE. USE OF RECLAIMED OR RECYCLED WATER IS NOT PERMISSIBLE.
- AIR ENTRAINING ADMIXTURES SHALL CONFORM TO ASTM C260.
- CURING COMPOUNDS SHALL CONFORM TO ASTM C309.
- IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO PROVIDE THE MINIMUM REQUIREMENTS LISTED BELOW. CEMENT CONTENT SHALL BE INCREASED OVER THAT LISTED IF REQUIRED TO OBTAIN THE LISTED COMPRESSIVE STRENGTH.

LOCATION	MIN 28 DAY STRENGTH (psi)	MIN CEMENT CONTENT (lbs)	SLUMP (in)
STRUCTURAL CONCRETE	4,000	520	3-5
CONCRETE FILL	2,500	440	1-4

- ADDITIONAL BENEFITS OF INCREASED COHESION, IMPROVED COMPACTION, REDUCED SCALING AND ENHANCED LONG TERM QUALITY DURABILITY, ALL CONCRETE SHALL HAVE AIR ENTRAINMENT OF 3.5 TO 5.0 PERCENT.
- ALL CONCRETE SHALL BE TRANSIT MIXED IN ACCORDANCE WITH ASTM C194. EXCEPT THAT SMALL BATCHES OF 1/2 CUBIC YARD OR LESS MAY BE MIXED ON THE SITE.
- TRANSIT MIXED CONCRETE SHALL BE MIXED FOR NOT LESS THAN 10 MINUTES TOTAL, OF WHICH NOT LESS THAN 3 MINUTES SHALL BE ON THE SITE JUST PRIOR TO PLACEMENT. MIXING SHALL BE CONTINUOUS WITH NO INTERRUPTIONS FROM THE TIME THE TRUCK IS FILLED UNTIL THE TIME IT IS EMPTIED. CONCRETE SHALL BE PLACED WITHIN ONE HOUR OF THE TIME WATER IS FIRST ADDED. TRANSIT MIXED CONCRETE SHALL NOT EXCEED A TEMPERATURE OF 90 DEGREES FAHRENHEIT.
- CONSTRUCTION JOINTS SHALL NOT BE PLACED AT LOCATIONS OTHER THAN THOSE SHOWN ON THE DRAWINGS WITHOUT THE PRIOR APPROVAL OF THE ENGINEER OF RECORD.
- ALL EXPOSED CORNERS OF CONCRETE SHALL HAVE 3/4" MINIMUM CHAMFER, UNLESS NOTED OTHERWISE ON THE DRAWINGS.
- FOR ALL CONCRETE PLACED ON SOIL, THE SUBGRADE SHALL BE THOROUGHLY WETTED PRIOR TO PLACING. SEE "SITE WORK" NOTES FOR ADDITIONAL SUBGRADE REQUIREMENTS.
- BEFORE PLACING CONCRETE, MIXING, CONVEYING, FINISHING EQUIPMENT, FORMS AND REINFORCING SHALL BE WELL CLEANED.
- CONCRETE SHALL BE CONVEYED FROM MIXER TO FINAL LOCATION AS RAPIDLY AS POSSIBLE BY METHODS PREVENTING SEPARATION OF THE INGREDIENTS. DEPOSIT CONCRETE AS NEARLY AS POSSIBLE IN FINAL POSITION TO AVOID REHANDLING.
- WHEN REDESIGN OF THE CONCRETE MIX IS REQUIRED FOR PUMPING, SUCH REDESIGN SHALL BE SUBMITTED TO THE ENGINEER FOR APPROVAL.
- VIBRATION SHALL BE BY MEANS OF MECHANICAL VIBRATORS IN DIRECT CONTACT WITH THE CONCRETE, AND NOT BY VIBRATING THE FORMS OR REINFORCING. VIBRATION SHALL CONTINUE UNTIL WATER SHOWS THE FIRST SIGNS OF RISING.

CONCRETE FINISHING, CURING AND PATCHING

- AS SOON AS CONCRETE IN SLABS HAS SET SUFFICIENTLY TO BE WORKABLE, IT SHALL BE HAND FLOATED WITH A WOOD FLOAT. ALL EXTERIOR SLABS, INCLUDING SIDEWALKS, SHALL BE GIVEN A LIGHT BROOM NON-SLIP FINISH UNLESS OTHERWISE NOTED ON THE DRAWINGS.
- FINISHED SURFACES OF ALL SLABS SHALL BE TRUE AND FLAT IN ACCORDANCE WITH ELEVATIONS AND SLOPES SHOWN ON THE DRAWINGS. THE MAXIMUM VARIATION ALLOWED FROM THE SPECIFIED SLOPES AND SURFACES SHALL BE 1/8 INCH WITH NOT MORE THAN 1/8-INCH VARIATION IN ANY 10-FOOT LENGTH.
- CONCRETE SLABS SHALL BE CURED BY MEANS OF AN APPROVED CURING COMPOUND APPLIED IN ACCORDANCE WITH THE MANUFACTURER'S INSTRUCTIONS.
- EDGE FORMS 8 INCHES OR LESS IN HEIGHT AT SLABS SHALL REMAIN IN PLACE 24 HOURS AFTER PLACEMENT. CAST-IN-PLACE GRADE AND BEAMS, FORMS SHALL NOT BE REMOVED UNTIL CONCRETE HAS SET ADEQUATELY TO PREVENT DAMAGE DURING AND AFTER REMOVAL.

CONDUITS AND PIPES EMBEDDED IN CONCRETE

- CONDUIT, PIPES, AND SLEEVES OF ANY MATERIAL NOT HARMFUL TO CONCRETE AND WITHIN LIMITATIONS OF THE PROJECT DRAWINGS AND SPECIFICATIONS, AND ACI 318 MAY BE PERMITTED TO BE EMBEDDED IN CONCRETE SUBJECT TO PRIOR APPROVAL BY THE ENGINEER OF RECORD, PROVIDED THEY ARE NOT CONSIDERED, BY THE ENGINEER OF RECORD, TO DISPLACE STRUCTURAL CONCRETE, EXCEPT AS PROVIDED HEREIN.
- CONDUITS AND PIPES OF ALUMINUM SHALL NOT BE EMBEDDED IN STRUCTURAL CONCRETE.
- CONDUITS AND PIPES, WITH THEIR FITTINGS, EMBEDDED WITHIN A COLUMN SHALL NOT DISPLACE MORE THAN 4-PERCENT OF THE AREA OF THE CROSS SECTION ON WHICH THE STRENGTH IS CALCULATED OR WHICH IS REQUIRED FOR FIRE PROTECTION. THE ENGINEER OF RECORD SHALL DETERMINE IF THE STRENGTH OF THE CONSTRUCTION HAS BEEN SIGNIFICANTLY IMPAIRED.
- CONDUITS AND PIPES EMBEDDED WITHIN A SLAB, WALL, OR BEAM SHALL SATISFY THE FOLLOWING:
  - THEY SHALL NOT BE LARGER IN OUTSIDE DIAMETER THAN 1/3 THE OVERALL THICKNESS OF SLAB, WALL, OR BEAM IN WHICH THEY ARE EMBEDDED.
  - MINIMUM CENTER-TO-CENTER SPACING BETWEEN CONDUIT AND/OR PIPING RUNS SHALL BE 3 TIMES OUTSIDE DIAMETER OR WIDTH.
  - THEY SHALL BE LOCATED IN SUCH A MANNER AS TO MAINTAIN A MINIMUM OF 1-INCH CLEAR SPACE BETWEEN THE EMBEDDED ITEM AND PRIMARY REINFORCEMENT.
  - THEY SHALL NOT SIGNIFICANTLY IMPAIR THE STRENGTH OF THE CONSTRUCTION. THE ENGINEER OF RECORD SHALL DETERMINE IF THE STRENGTH OF THE CONSTRUCTION HAS BEEN SIGNIFICANTLY IMPAIRED.
- NO LIQUIDS, GAS, OR VAPOR, EXCEPT WATER NOT EXCEEDING 90 DEGREES FAHRENHEIT NOR 50 PSI, SHALL BE PLACED IN THE PIPES UNTIL THE CONCRETE HAS ATTAINED ITS DESIGN STRENGTH.
- IN SOLID SLABS, CONDUITS AND/OR PIPING SHALL BE PLACED BETWEEN THE TOP AND BOTTOM REINFORCEMENT AT THE CENTERLINE OF THE SLAB. AT A MINIMUM, THEY SHALL BE LOCATED IN SUCH A MANNER AS TO MAINTAIN A MINIMUM OF 1-INCH CLEAR SPACE BETWEEN THE EMBEDDED ITEM AND PRIMARY REINFORCEMENT.
- CONCRETE COVER FOR PIPES, CONDUITS, AND FITTINGS SHALL NOT BE LESS THAN 2-INCHES FOR CONCRETE EXPOSED TO EARTH, CONTAINED LIQUIDS, OR WEATHER, NOR LESS THAN 1-INCH FOR CONCRETE NOT EXPOSED TO CONTAINED LIQUIDS, WEATHER OR IN CONTACT WITH GROUND.
- ADDITIONAL REINFORCEMENT WITH AN AREA NOT LESS THAN 0.002 TIMES THE AREA OF CONCRETE SECTION SHALL BE PROVIDED NORMAL TO THE CONDUIT AND/OR PIPING.
- CONDUITS AND/OR PIPING SHALL BE SO FABRICATED AND INSTALLED THAT CUTTING, BENDING, OR DISPLACEMENT OF PRIMARY REINFORCEMENT FROM ITS PROPER LOCATION WILL NOT BE REQUIRED.
- PIPES PASSING THROUGH WALLS OF A LIQUID - CONTAINING STRUCTURE SHALL INCLUDE AN INTEGRAL WATERSTOP.

CONCRETE ANCHORS

- CAST-IN ANCHOR RODS/BOLTS SHALL BE STAINLESS STEEL TYPE 316 FOR INTERIOR, EXTERIOR OR SUBMERGED CONDITIONS.
- POST-INSTALLED CONCRETE ANCHORS, INCLUDING ADHESIVE AND EXPANSION ANCHORS, SHALL CONFORM TO MANUFACTURER'S RECOMMENDATIONS AND THE APPROPRIATE EVALUATION REPORT. ANCHORS WITHOUT AN ICC-ES, IAPMO-UES ER OR EQUAL SHALL NOT BE USED.
- UNLESS OTHERWISE INDICATED, ALL ADHESIVE AND EXPANSION ANCHORS FOR INSTALLATION IN CONCRETE SHALL HAVE SATISFIED THE REQUIREMENTS OF THE SIMULATED SEISMIC TESTS OF ACI 355.4 OR ACI 355.2, NO SUBSTITUTION SHALL BE ALLOWED.
- CONTRACTOR SHALL LOCATE EXISTING REBAR USING NON-DESTRUCTIVE METHODS PRIOR TO DRILLING HOLES FOR POST-INSTALLED ANCHORS. ADJUST SPACING OF ANCHORS TO MISS EXISTING REINFORCING. TOTAL NUMBER OF ANCHORS PROVIDED SHALL BE EQUAL TO THAT SHOWN ON THE DRAWINGS.
- ADHESIVE ANCHORS SHALL CONSIST OF A TWO-COMPONENT RESIN ADHESIVE. THE PACKAGES CONTAINING EACH COMPONENT SHALL BE ATTACHED TO A DISPENSING MANIFOLD. AN AUGER STYLE NOZZLE SHALL BE ATTACHED FOR PROPER MIXING OF THE ADHESIVE COMPONENTS. WHERE THREADED RODS ARE REQUIRED, RODS, SHALL BE STAINLESS STEEL TYPE 316.

MASONRY

- HOLLOW LOAD BEARING CONCRETE MASONRY UNITS SHALL BE OPEN-END AND SOLID GROUTED AND SHALL CONFORM TO ASTM C90, MEDIUM OR LIGHT WEIGHT UNITS. SIZE, COLOR AND TEXTURE SHALL BE AS SHOWN ON THE DRAWINGS AND DESCRIBED IN THE SPECIFICATIONS.
- MASONRY SHALL BE LAID IN FULL RUNNING BOND.
- THE MINIMUM COMPRESSIVE STRENGTH OF CONCRETE MASONRY,  $f_m$ , SHALL BE 2,000 PSI. SPECIAL INSPECTION SHALL BE PROVIDED DURING MASONRY CONSTRUCTION.
- MASONRY REINFORCEMENT SHALL BE STEEL CONFORMING TO THE LATEST EDITION OF ASTM A615, GRADE 60.
- MORTAR FOR REINFORCED MASONRY SHALL CONFORM TO ASTM C270. COLOR SHALL MATCH THE BLOCK UNLESS OTHERWISE NOTED.
- GROUT SHALL CONFORM TO ASTM C476. MINIMUM COMPRESSIVE STRENGTH OF GROUT SHALL BE 2,000 PSI.
- ALL WALLS SHALL HAVE ALL CELLS FILLED WITH GROUT.
- UNLESS OTHERWISE NOTED, LAP ALL BARS 48 BAR DIAMETERS
- BEFORE BLOCK IS PLACED ON CONCRETE, THOROUGHLY CLEAN CONCRETE OF ALL LAITANCE AND ALL LOOSE MATERIAL. THE CONCRETE SURFACE SHALL HAVE A MINIMUM SURFACE ROUGHNESS OF 1/8-INCH.
- CONCRETE BLOCK MASONRY SHALL BE BUILT TO PRESERVE THE UNOBSTRUCTED CONTINUITY OF THE VERTICAL CELLS. WALLS AND CROSS WEBS FORMING SUCH CELLS SHALL BE FULLY BEDDED IN MORTAR. ALL HEAD OR END JOINTS SHALL BE SOLIDLY FILLED WITH MORTAR FOR A DISTANCE IN FROM THE FACE OF THE UNITS NOT LESS THAN THE THICKNESS OF THE LONGITUDINAL FACE SHELLS.
- CLEANOUT OPENINGS SHALL BE PROVIDED AT THE BOTTOMS OF ALL CELLS TO BE FILLED AT EACH LIFT OR POUR OF GROUT WHERE SUCH LIFT OR POUR OF GROUT IS IN EXCESS OF 2 FEET IN HEIGHT. ANY OVERHANGING MORTAR OR OTHER OBSTRUCTION OR DEBRIS SHALL BE REMOVED FROM INSIDE OF SUCH CELLS. THE CLEANOUTS SHALL BE SEALED AFTER INSPECTION AND BEFORE GROUTING.
- VERTICAL REINFORCING SHALL BE HELD IN POSITION AT TOP AND BOTTOM AND AT INTERVALS NOT EXCEEDING 192 BAR DIAMETERS.
- WHEN GROUTING IS STOPPED FOR ONE HOUR OR LONGER, HORIZONTAL CONSTRUCTION JOINTS SHALL BE FORMED BY STOPPING THE POUR 1 1/2-INCHES BELOW THE TOP OF THE UPPERMOST UNIT.

CONDUIT AND PIPES EMBEDDED IN CONCRETE MASONRY UNITS

- CONDUIT, PIPES, AND SLEEVES OF ANY MATERIAL NOT HARMFUL TO MASONRY AND WITHIN LIMITATIONS OF THE PROJECT DRAWINGS AND SPECIFICATIONS, AND ACI-530 SHALL BE PERMITTED TO BE EMBEDDED IN MASONRY WITH THE PRIOR APPROVAL OF THE ENGINEER OF RECORD, PROVIDED THEY ARE NOT CONSIDERED, BY THE ENGINEER OF RECORD, TO DISPLACE STRUCTURAL MASONRY, EXCEPT AS PROVIDED HEREIN.
- CONDUITS AND PIPES OF ALUMINUM SHALL NOT BE EMBEDDED IN STRUCTURAL MASONRY.
- CONDUITS AND PIPES EMBEDDED HORIZONTALLY WITHIN THE PLANE OF THE WALL SHALL NOT BE PERMITTED.
- CONDUITS AND PIPES EMBEDDED VERTICALLY SHALL NOT BE PLACED WITHIN A MASONRY CELL CONTAINING PRIMARY VERTICAL REINFORCEMENT.
- CONDUITS AND PIPES EMBEDDED VERTICALLY WITHIN A MASONRY CELL SHALL NOT BE LARGER IN OUTSIDE DIAMETER THAN 1-INCH.
- CONDUITS, PIPES, AND SLEEVES IN MASONRY SHALL NOT BE CLOSER THAN THREE DIAMETERS ON CENTER.
- PIPES SHALL NOT BE EMBEDDED IN MASONRY WHEN:
  - CONTAINING LIQUID, GAS, OR VAPORS, AT TEMPERATURE HIGHER THAN 150 DEGREES-FAHRENHEIT
  - UNDER PRESSURE IN EXCESS OF 55-PSI.
  - CONTAINING WATER OR OTHER LIQUIDS SUBJECT TO FREEZING.
- CONDUITS AND PIPES, WITH THEIR FITTINGS, EMBEDDED WITHIN A COLUMN OR PILASTER SHALL NOT DISPLACE MORE THAN 2-PERCENT OF THE AREA OF THE CROSS-SECTION ON WHICH THE STRENGTH IS CALCULATED OR WHICH IS REQUIRED FOR FIRE PROTECTION. THE ENGINEER OF RECORD SHALL DETERMINE IF THE STRENGTH OF THE CONSTRUCTION HAS BEEN SIGNIFICANTLY IMPAIRED.
- CONDUITS AND/OR PIPING SHALL BE SO FABRICATED AND INSTALLED THAT CUTTING, BENDING, OR DISPLACEMENT OF REINFORCEMENT FROM ITS PROPER LOCATION WILL NOT BE REQUIRED.
- THE MINIMUM CELL DIMENSIONS PROVIDED FOR THE PLACEMENT OF GROUT SHALL SATISFY THE GROUT AND POUR HEIGHT LIMITATIONS ESTABLISHED WITHIN THE PROJECT SPECIFICATIONS AND GOVERNING CODES/STANDARDS.
- HOLES WITHIN MASONRY FACE SHELL SHALL BE CREATED BY MEANS OF CORING. CHIPPING OR OTHER METHODS THAT RESULT IN "BREAKING OUT" MASONRY SHALL NOT BE PERMITTED.
- FLUSH MOUNTING (EMBEDDING) OF ELECTRICAL OUTLET BOXES SHALL NOT BE PERMITTED.

GALVANIZED STEEL HANDRAIL/ASSEMBLES OR GUARDRAIL SYSTEM

- HANDRAIL SHALL BE FABRICATED FROM STANDARD PIPE SECTION, ARCHITECTURAL HANDRAIL GRADE AND SHALL HAVE AN OUTSIDE DIAMETER NOT LESS THAN 1.25 INCHES BUT NOT GREATER THAN 2-INCHES.
- ALL COMPONENTS OF THE HANDRAIL SYSTEM SHALL BE SUPPLIED BY ONE MANUFACTURER AND INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S RECOMMENDATIONS.
- UNLESS NOTED OTHERWISE, THREE RAIL SYSTEM SHALL BE PROVIDED. TWO RAIL SYSTEM MAY BE CONSIDERED WITH PRIOR APPROVAL FROM THE OWNER AND PERMISSIBLE BY LOCAL AUTHORITY HAVING JURISDICTION.
- ALL RAILS, POSTS AND ELBOWS SHALL BE FABRICATED FROM STEEL PIPE CONFORMING TO ASTM A53, TYPE S, GRADE B; GALVANIZED AFTER FABRICATION.
- RAILING SHALL BE DESIGNED IN ACCORDANCE WITH THE REQUIREMENTS OF THE 2016 CALIFORNIA BUILDING CODE AND TESTED IN ACCORDANCE WITH ICC-ES AC273, AND THE FOLLOWING MINIMUM REQUIREMENTS:
  - ALL HANDRAIL ASSEMBLIES AND GUARDRAIL SYSTEMS SHALL BE DESIGNED TO RESIST A SINGLE CONCENTRATED LOAD OF 200 LB APPLIED IN ANY DIRECTION AT ANY POINT ALONG THE TOP AND TO TRANSFER THIS LOAD THROUGH THE SUPPORTS TO THE STRUCTURE.
  - ALL HANDRAIL ASSEMBLIES AND GUARDRAIL SYSTEMS SHALL BE DESIGNED TO RESIST A LOAD OF 50 LB/FT (POUND-FORCE PER LINEAR FOOT) APPLIED IN ANY DIRECTION AT ANY POINT ALONG THE TOP AND TO TRANSFER THIS LOAD THROUGH THE SUPPORTS TO THE STRUCTURE. THIS LOAD NEED NOT BE ASSUMED TO ACT CONCURRENTLY WITH THE 200 LB LOAD SPECIFIED ABOVE.
  - ALL HANDRAIL ASSEMBLIES AND GUARDRAIL SYSTEMS SHALL BE DESIGNED FOR A MAXIMUM HORIZONTAL DEFLECTION AT THE PRESCRIBED LOADS, MEASURED AT THE LINE OF THE VERTICAL SUPPORT, OF RAIL HEIGHT DIVIDED BY 12, WITH RAIL HEIGHT BEING THE DISTANCE BETWEEN THE SURFACE OF THE POST ANCHORAGE AND THE TOP OF THE TOP RAIL.
  - REDUCTIONS IN THE AFOREMENTIONED PRESCRIBED DESIGN LOADS FOR BUILDING CLASSIFICATION AND/OR OCCUPANCY PERMITTED BY GOVERNING CODES AND/OR STANDARDS ARE NOT PERMISSIBLE.
- THE CONTRACTOR SHALL SUBMIT CERTIFICATION THAT THE SUPPLIED RAILING SYSTEM MEETS THE REQUIREMENTS.

SHEET NO. **GS-2** SHEET 2 OF 25

THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

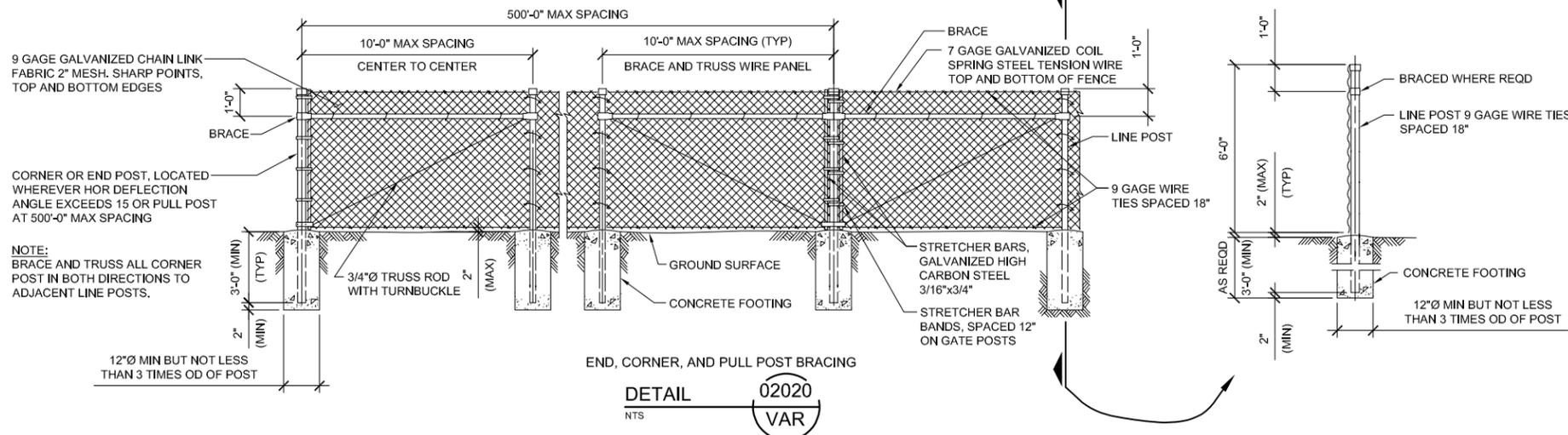
**STRUCTURAL  
GENERAL NOTES II**

DESIGNED BY:	RKT	BY:	NTS
DRAWN BY:	BY	CHECKED BY:	DATE:
		SCALE:	OCTOBER 2019

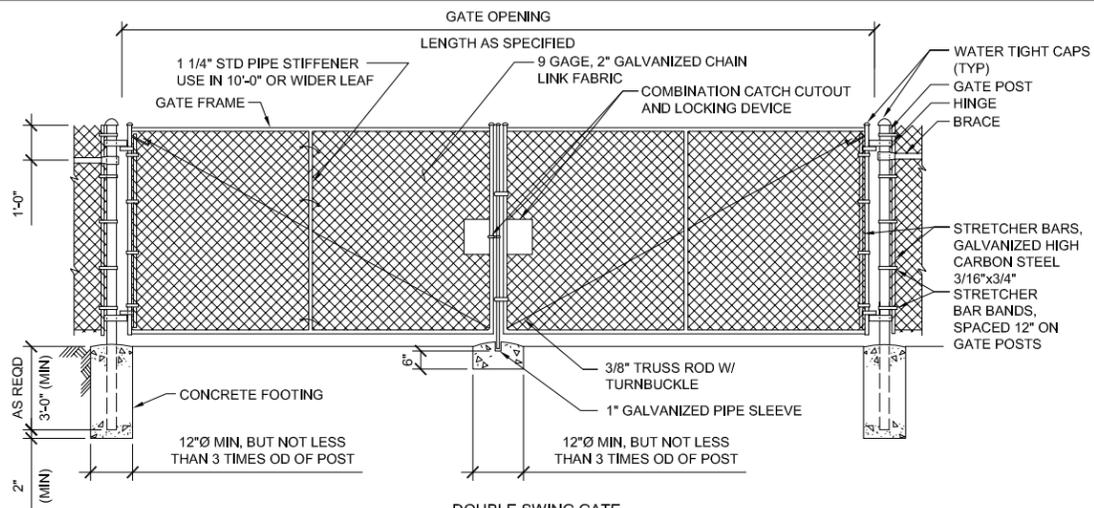
TJC  
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DETAIL 02020  
NTS VAR

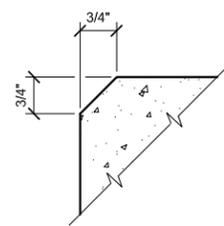


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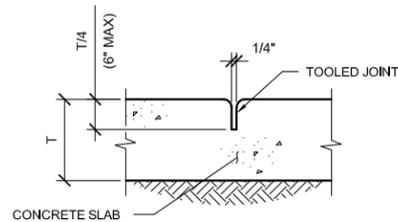
BAR SIZE	Id (INCHES)		Is (INCHES)		ldh (INCHES)
	TOP BAR	OTHER	TOP BAR	OTHER	
#3	24	19	32	25	9
#4	32	25	42	33	12
#5	39	30	51	39	15
#6	47	37	62	49	18
#7	69	54	90	71	21
#8	78	60	102	78	24
#9	88	68	115	89	28
#10	100	77	130	101	31
f'c (PSI) CONCRETE					
2500					
4000					
#3	19	15	25	20	8
#4	25	20	33	26	10
#5	31	24	41	32	12
#6	37	29	49	38	15
#7	54	42	71	55	17
#8	62	48	81	63	19
#9	70	54	91	71	22
#10	79	61	103	80	25

- NOTES:
1. Id: DEVELOPMENT LENGTH FOR A STRAIGHT REINFORCING BAR IN TENSION.  
Is: CLASS B TENSION CONTACT LAP SPlice LENGTH.  
ldh: DEVELOPMENT LENGTH FOR STANDARD HOOKS IN TENSION.
  2. LAP SPLICES SHALL BE CLASS B TENSION CONTACT LAP SPLICES TYPICAL, UNLESS OTHERWISE NOTED ON DRAWINGS.
  3. TOP BAR IS ANY HORIZONTAL BAR WITH MORE THAN 12\"/>

LAP SPlice LENGTH  
DETAIL 03026  
NTS VAR



CONCRETE CHAMFER  
DETAIL 03028  
NTS VAR



TOOLED CONTROL JOINT  
DETAIL 03030  
NTS VAR

SHEET NO. GS-4  
SHEET 4 OF 25

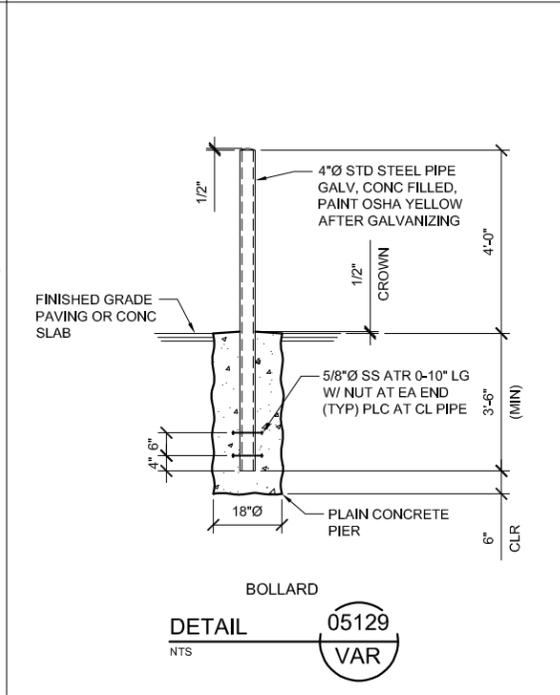
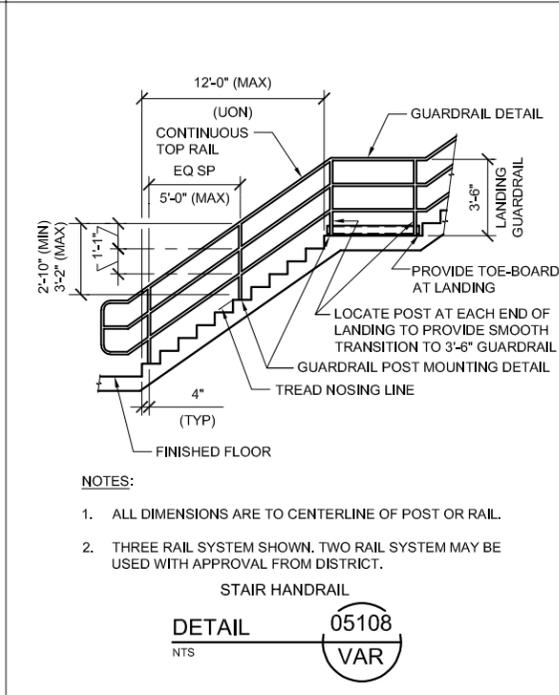
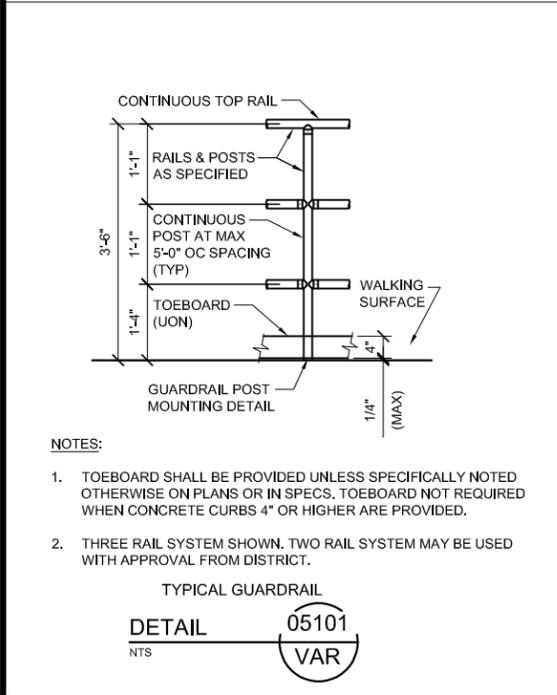
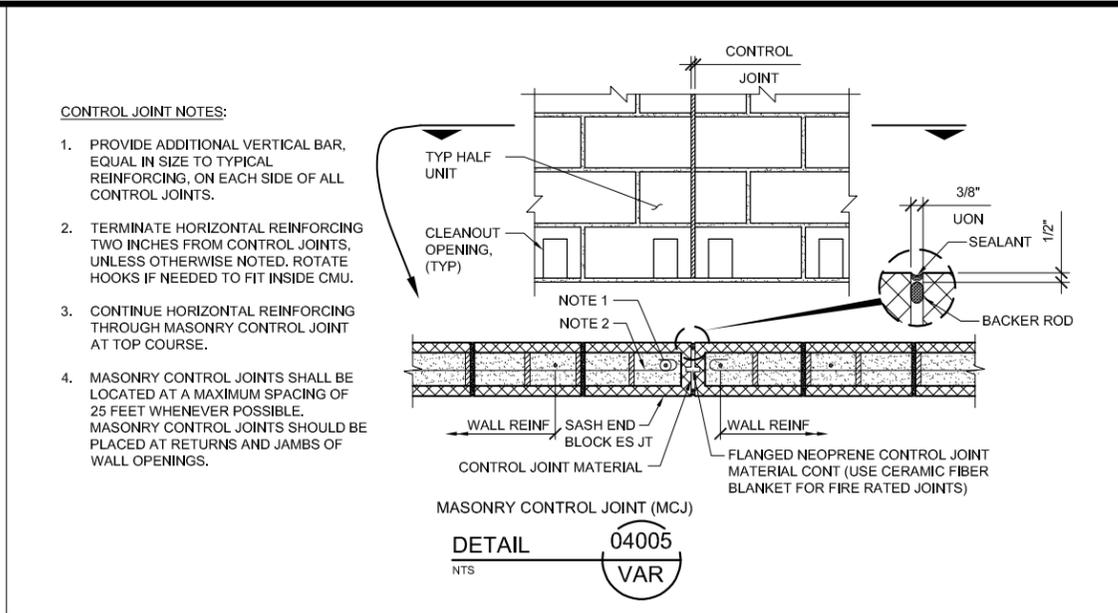
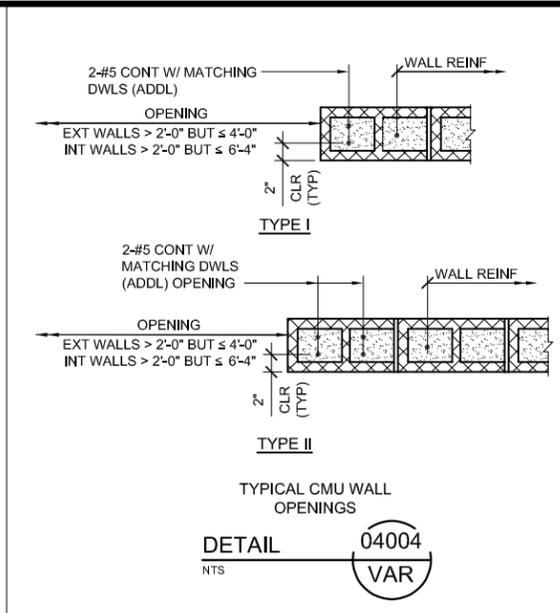
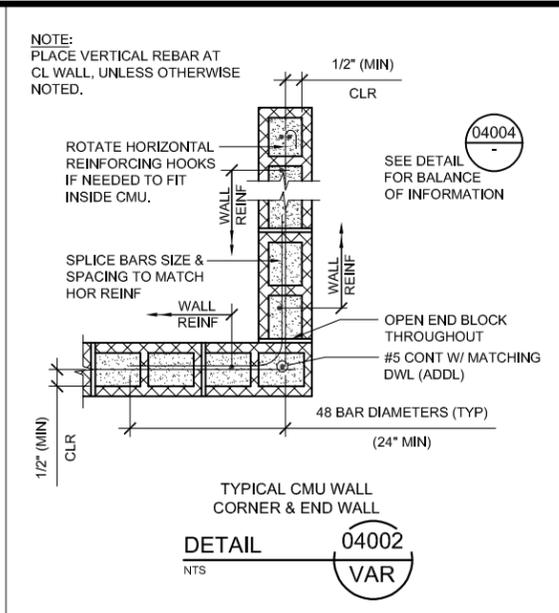
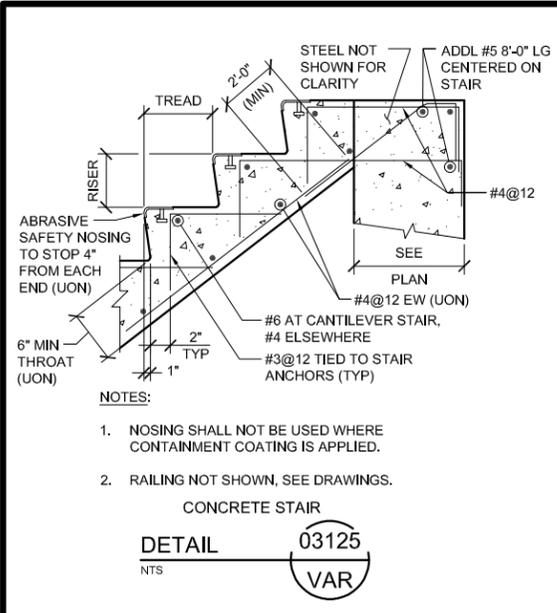
THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

STRUCTURAL  
STANDARD DETAILS I

DESIGNED BY:	RKT	DATE:	OCTOBER 2019
DRAWN BY:	CF		
CHECKED BY:			
SCALE:	NTS		

CALIBRE/TJC and Associates, Inc/CADD Files - Documents\119882 - MOWD - Generators\119882 - StruGS Sheets.dwg  
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SHEET NO. GS-5 SHEET 5 OF 25

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

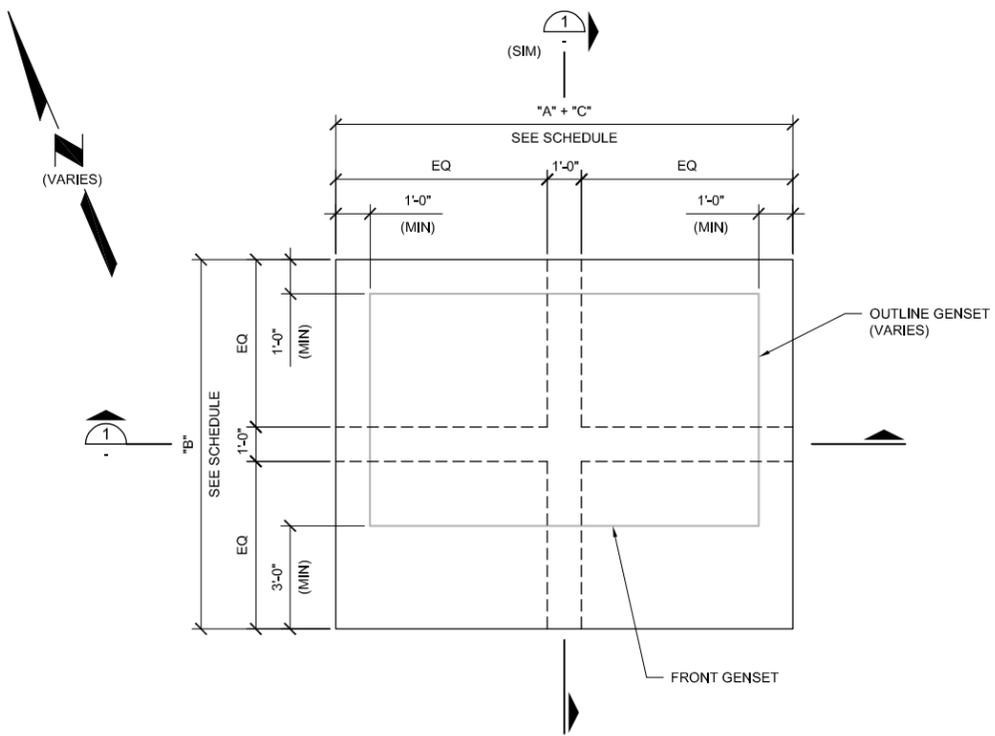
STRUCTURAL STANDARD DETAILS II

DESIGNED BY: RKT  
DRAWN BY: CF  
CHECKED BY: NTS  
SCALE: NTS  
DATE: OCTOBER 2019

REV. DATE BY COMMENT

TJC

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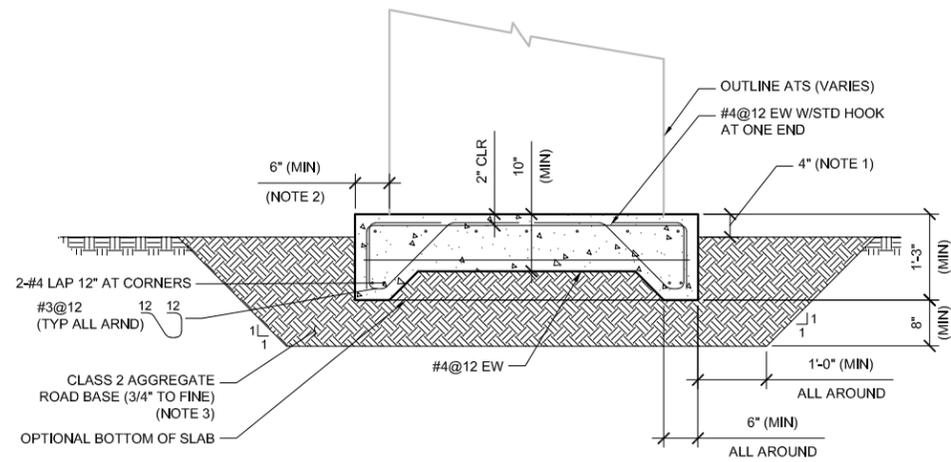
GENSET PAD SCHEDULE								
SITE	MODEL	WEIGHT	"A"	"B"	"C"	"H"	"KEY"	ANCHORAGE <sup>(1)(2)</sup>
DUNES DRIVE	CAT D80-0-80kW-60Hz	6259 lbs	13'-4"	7'-8"	0"	12"	1'-9"	10 - 5/8"Ø (h <sub>ref</sub> = 8")
EAST GARRISON <sup>(5)</sup>	CAT D100-8-100kW-60Hz	6259 lbs	13'-4"	7'-8"	0"	12"	1'-10"	10 - 5/8"Ø (h <sub>ref</sub> = 8")
MARINA	CAT C9-250kW-60Hz	14270 lbs	14'-6"	10'-9"	2'-0" + "D"	12"	1'-11"	10 - 5/8"Ø (h <sub>ref</sub> = 8")
WELL #31	CAT C13-350kW-60Hz	16305 lbs	18'-3"	10'-9"	0"	12"	2'-3"	10 - 5/8"Ø (h <sub>ref</sub> = 8")
WELL #34	CAT C13-350kW-60Hz	16305 lbs	18'-3"	10'-9"	0"	12"	2'-3"	10 - 5/8"Ø (h <sub>ref</sub> = 8")
ZONE B/C	CAT C18-600kW-60Hz	20952 lbs	20'-11"	10'-9"	0"	12"	2'-3"	10 - 5/8"Ø (h <sub>ref</sub> = 8")

- (1) SIMPSON STRONGTIE SET-XP; W/ ATR A193 GR. B8/B8M (304/316 SS) (ICC-ES ESR-2508); OR APPROVED EQUAL.
- (2) ASSUMES ANCHORS ARE EQUALLY SPACED, HALF PER LONG SIDE.
- (3) ANY DEVIATIONS IN GENSET WEIGHTS AND/OR ANCHOR COUNT SHALL BE COORDINATED WITH ENGINEER PRIOR TO COMMENCEMENT OF THE WORK.
- (4) SEE ELECTRICAL DRAWINGS FOR BALANCE OF INFORMATION.
- (5) SEE DETAIL C FOR ADDITIONAL INFORMATION.



**GENSET PAD PLAN**

SCALE: 1/2"=1'-0"



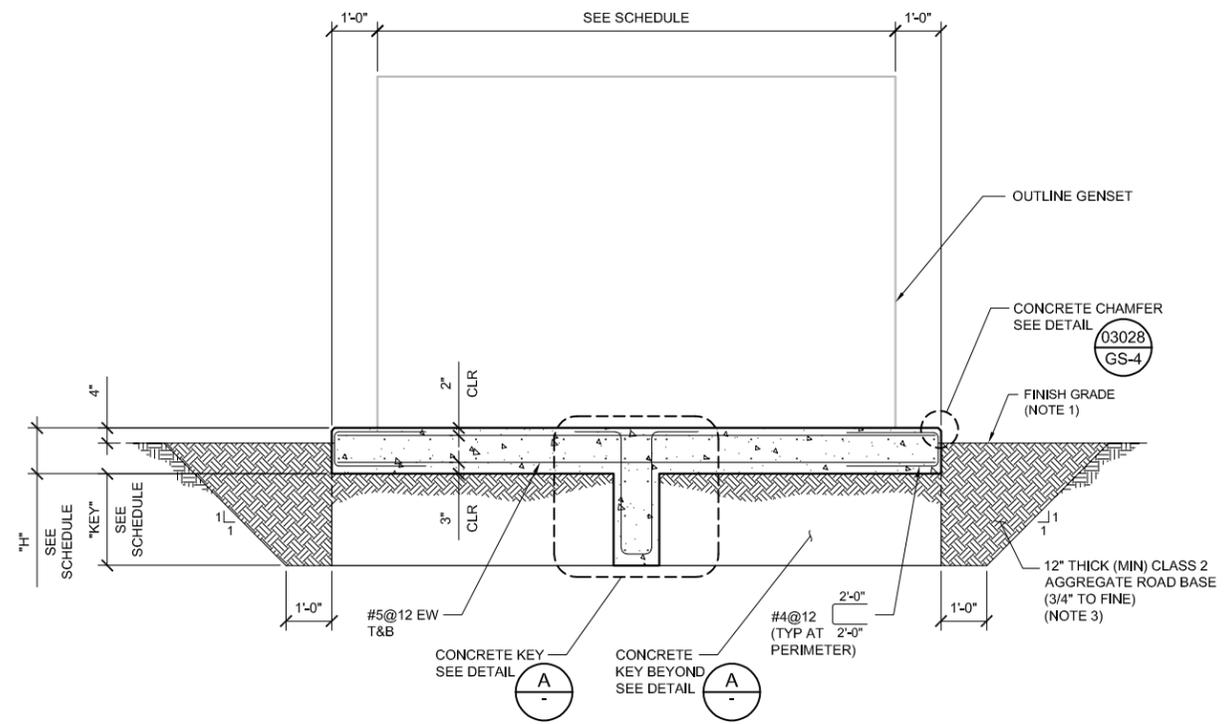
**NOTES:**

1. SLOPE GRADE AWAY FROM PAD.
2. COORDINATE WITH EQUIPMENT ANCHORAGE SYSTEM EDGE DISTANCE, REQUIREMENTS.

**ATS PAD**

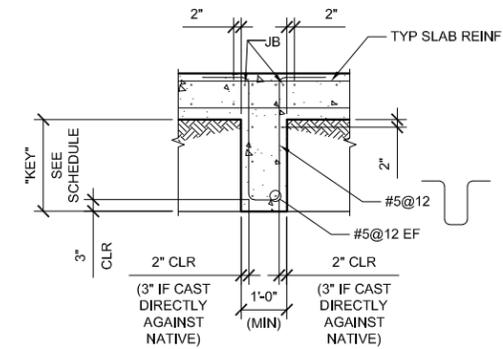
**DETAIL B**

SCALE: 3/4"=1'-0"



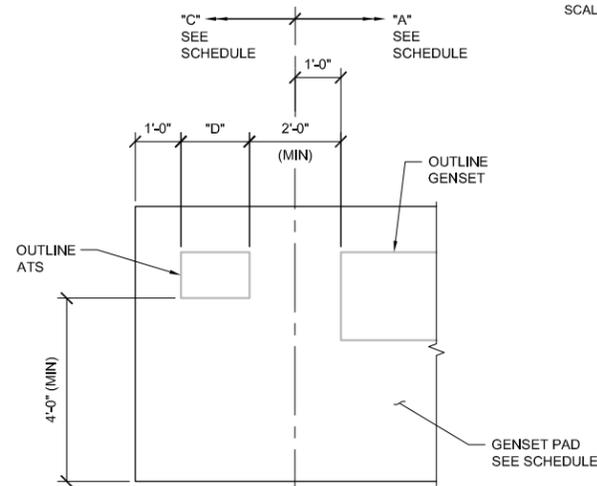
**SECTION 1**

SCALE: 1/2"=1'-0"



**DETAIL A**

SCALE: 1/2"=1'-0"



**EAST GARRISON**

**DETAIL C**

SCALE: 1/2"=1'-0"

**NOTES:**

1. SLOPE GRADE AWAY FROM SLAB.
2. ATS ANCHORAGE IS DEFERRED SUBMITTAL ITEMS AND IS THE RESPONSIBILITY OF THE CONTRACTOR. EQUIPMENT ANCHORAGE HAVE NOT BEEN DESIGNED BY THE ENGINEER OF RECORD. REFER TO STRUCTURAL NOTES ON SHEET GS-1 FOR ADDITIONAL INFORMATION.
3. 12" THICK (MIN) CLASS 2 AGGREGATE ROAD BASE (3/4" TO FINE) COMPACTED TO 95% OF MAXIMUM DENSITY AND MOISTURE CONTENT OF NOT LESS THAN TWO PERCENTAGE POINTS ABOVE OPTIMUM PER ASTM D1557.

CLASS 2 AGGREGATE ROAD BASE GRADATION	
SIEVE SIZE	PERCENT PASSING
1"	100
3/4"	88-100
NO. 4	30-65
NO. 30	5-35
NO. 200	0-12

4. SEE ELECTRICAL DRAWINGS FOR ORIENTATION ON PROJECT SITE.



REV.	DATE	BY	COMMENT



ONE LINE OR CONTROL DIAGRAM	PLAN	DESCRIPTION
XXXXXXX	XXXXXXX	EQUIPMENT IDENTIFIER AS DEFINED BY THE PROCESS
ZXXX	ZXXX	CONDUIT ID: Z = CONDUIT TYPE (AS NOTED OR SCHEDULED) XXX = NUMBER PER SCHEDULE (NOTE 3)
MOV	MOV	MOTOR OPERATED VALVE
Y	G	GENERATOR, RATINGS AND CONNECTIONS AS NOTED
#	M	MOTOR, NUMERAL INDICATES HORSEPOWER
UTILITY METER	N/A	UTILITY METER
DMM	N/A	DIGITAL MULTIMETER
TRIP FRAME #P	CB	LOW VOLTAGE CIRCUIT BREAKER; STABS INDICATE DRAWOUT TYPE; 3 POLE UNLESS OTHERWISE NOTED, #P = NUMBER OF POLES
*	*	SOLID STATE MOTOR CONTROL * D.C. = D.C. DRIVE CONTROLLER SCR = SILICON CONTROLLED RECTIFIER VFD = VARIABLE FREQUENCY DRIVE RVSS = REDUCED VOLTAGE SOLID STATE
SPD	N/A	SURGE PROTECTION DEVICE
MCP	⊗	COMBINATION MOTOR CIRCUIT PROTECTOR AND MAGNETIC MOTOR STARTER, FULL VOLTAGE NON-REVERSING UNLESS OTHERWISE NOTED: * FVR FULL VOLTAGE REVERSING 2S2W TWO SPEED, TWO WINDING PW PART WINDING RVAT REDUCED VOLTAGE, AUTO TRANSFORMER WD WYE-DELTA # NUMERAL INDICATES NEMA SIZE
	⊗	NON-FUSIBLE DISCONNECT SWITCH, 600 VOLT, 3 POLE * AMPERE RATING NOTED IF OTHER THAN 30A
	F	FUSIBLE DISCONNECT SWITCH, 600 VOLT, 3 POLE, AMPERE RATING AND FUSE SIZE AS NOTED * AMPERE RATING NOTED IF OTHER THAN 30A # FUSE RATING EXAMPLE 15
	P <sub>2</sub>	MANUAL MOTOR STARTER WITH THERMAL OVERLOAD HEATER "P" INDICATES WITH PILOT LIGHT "2" INDICATES TWO POLE
	T	POWER TRANSFORMER, * RATINGS AND CONNECTIONS AS SHOWN ON THE SINGLE LINE DIAGRAM
	T	CONTROL TRANSFORMER, * RATINGS AND CONNECTIONS AS SHOWN ON THE SINGLE LINE DIAGRAM
100A AT5-1	N/A	AUTOMATIC TRANSFER SWITCH NO. 1 (ATS-1) "N" INDICATES NORMAL SOURCE "S" INDICATES STANDBY SOURCE 100A INDICATES CONTINUOUS CURRENT RATING
	N/A	ARRESTOR, TYPE AS INDICATED * LA = LIGHTNING SURGE ARRESTOR SA = SURGE ARRESTOR
	⊙	GROUND OR GROUND ROD
	■	TERMINAL LUG, TERMINATION POINT, OR GROUNDING BOND POINT
30A	N/A	FUSE, AMPERE RATING AS NOTED
	N/A	CONTACT, NORMALLY OPEN (NO)
	N/A	CONTACT, NORMALLY CLOSED (NC)
MS #	N/A	MOTOR STARTER COIL, NUMBER AS INDICATED
CR #	N/A	CONTROL RELAY COIL, NUMBER AS INDICATED
#	N/A	KEY INTERLOCK: # - KEY NUMBER AS INDICATED
E	N/A	ELECTRICAL INTERLOCK

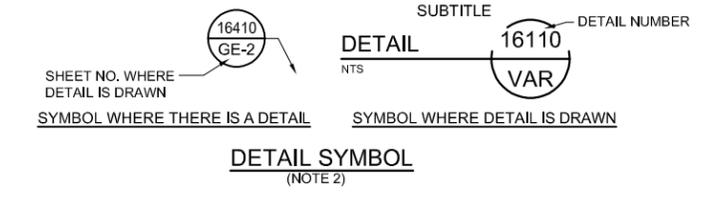
ONE LINE OR CONTROL DIAGRAM	PLAN	DESCRIPTION																
⊗	N/A	TERMINAL TO EXTERNAL DEVICE (FIELD OR OTHER PANEL)																
⊗	N/A	NETWORK CONNECTION TERMINATION																
N/A	*-## CS	CONTROL STATION, TAG NO. AS INDICATED * DEVICE TYPE DEFINED ON P&ID SHEETS OR CONTROL DIAGRAMS ## LOOP NO.																
	CS	PUSHBUTTON, MOMENTARY CONTACT, SPRING RETURN, NORMALLY CLOSED																
	CS	PUSHBUTTON, MOMENTARY CONTACT, SPRING RETURN, NORMALLY OPEN																
	CS	EMERGENCY STOP PUSHBUTTON WITH RED MUSHROOM HEAD OPERATOR (MAINTAINED CONTACT)																
A B	CS	SELECTOR SWITCH A ON LOCAL B OFF REMOTE																
H A O XOO OXO OOX	CS	3 POSITION SELECTOR SWITCH, MAINTAINED CONTACT O-OPEN X-CLOSED <table border="1"> <thead> <tr> <th>POSITION</th> <th>TOP CONTACT</th> <th>MIDDLE CONTACT</th> <th>BOTTOM CONTACT</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>X</td> <td>0</td> <td>0</td> </tr> <tr> <td>B</td> <td>0</td> <td>X</td> <td>0</td> </tr> <tr> <td>C</td> <td>0</td> <td>0</td> <td>X</td> </tr> </tbody> </table> NAMEPLATE (A/B/C) * HOA - HAND/OFF/AUTO HOR - HAND/OFF/REMOTE LOR - LOCAL/OFF/REMOTE OSC - OPEN/STOP/CLOSE	POSITION	TOP CONTACT	MIDDLE CONTACT	BOTTOM CONTACT	A	X	0	0	B	0	X	0	C	0	0	X
POSITION	TOP CONTACT	MIDDLE CONTACT	BOTTOM CONTACT															
A	X	0	0															
B	0	X	0															
C	0	0	X															
	N/A	PILOT LIGHT AND PILOT LIGHT PUSH-TO-TEST TYPE COLOR AS NOTED * R - RED G - GREEN B - BLUE W - WHITE A - AMBER																
# TD	N/A	TIME DELAY RELAY, NUMBER AS INDICATED RANGE AS NOTED SETPOINT AS NOTED																
	N/A	NOTC-NORMALLY OPEN, TIMED CLOSING WHEN ENERGIZED (ON DELAY)																
	N/A	NCTO-NORMALLY CLOSED, TIMED OPENING WHEN ENERGIZED (ON DELAY)																
	N/A	NOTO-NORMALLY OPEN, TIMED OPENING WHEN DE-ENERGIZED (OFF DELAY)																
	N/A	NCTC-NORMALLY CLOSED, TIMED CLOSING WHEN DE-ENERGIZED (OFF DELAY)																
N/A	*-## ⊗	FIELD INSTRUMENT, TAG NO. AS INDICATED * INSTRUMENT TYPE DEFINED ON P&ID SHEETS, CONTROL DIAGRAMS, AND DIVISION 13 ## LOOP NO.																
	⊗	LIQUID LEVEL SWITCH NORMALLY OPEN, CLOSING ON RISING LEVEL NORMALLY CLOSED, OPENS ON RISING LEVEL NORMALLY OPEN, CLOSING ON DROPPING LEVEL																
	⊗	PRESSURE SWITCH NORMALLY OPEN, CLOSING ON RISING PRESSURE NORMALLY CLOSED, OPENS ON RISING PRESSURE																
	⊗	FLOW SWITCH (AIR, WATER, ETC.) NORMALLY OPEN, CLOSING ON INCREASED FLOW NORMALLY CLOSED, OPENS ON INCREASED FLOW																
	⊗	POSITION (LIMIT) SWITCH NORMALLY OPEN NORMALLY OPEN - HELD CLOSED NORMALLY CLOSED NORMALLY CLOSED - HELD OPEN																
	T	TEMPERATURE SWITCH OR ROOM THERMOSTAT NORMALLY OPEN, CLOSING ON RISING TEMPERATURE																
	HTR	STRIP HEATER OR HEATING ELEMENT																
	SV	SOLENOID VALVE																

PLAN	DESCRIPTION
NEMA X	NEMA AREA: "X" INDICATES REQUIRED NEMA RATING OF EQUIPMENT IN THE AREA
---	EXPOSED CONDUIT (SEE NOTE 4)
---	CONCEALED CONDUIT (SEE NOTE 4)
1 E-10	UNDERGROUND DUCT BANK, CONCRETE ENCASED UNLESS OTHERWISE NOTED. CONDUIT ARRAY SHOWN IN SECTION 1 ON SHEET E-10.
G 1,3,LP-1	HOMERUN TO PANEL AND CIRCUIT SHOWN WITH TICK MARK INDICATES NUMBER OF CONDUCTORS: SHORT TICK = HOT LONG TICK = NEUTRAL LONG TICK WITH "G" = GROUND EXAMPLE SHOWN: CIRCUITS 1 AND 3 TO PANEL LP-1 (HOT, HOT, NEUTRAL, AND GROUND). (SEE NOTE 3)
---	CONDUIT STUBBED OUT AND CAPPED
---	FLEXIBLE METAL CONDUIT "WHIP" FOR RECESSED LIGHTING FIXTURES AND LIQUID TIGHT MOTOR CONNECTIONS (SEE NOTE 4)
---	CONDUIT TURNING DOWN
---	CONDUIT TURNING UP
//////	CONDUIT, CIRCUIT, OR EQUIPMENT TO BE DEMOLISHED
UPS	LIGHTING PANELBOARD (120, 208, 240V)
UPS	UNINTERRUPTIBLE POWER SUPPLY
A 3b	CEILING MOUNTED LIGHTING FIXTURE "A" - FIXTURE TYPE (SEE LIGHTING FIXTURE SCHEDULE) "b" - CONTROLLED BY SWITCH "b" "3" - CIRCUIT NUMBER
A 3b	PENDANT OR SURFACE MOUNTED LIGHTING FIXTURE, NOTATIONS SAME AS ABOVE
A 3b	WALL MOUNTED LIGHTING FIXTURE, NOTATIONS SAME AS ABOVE
A 3b	POLE MOUNTED LIGHTING FIXTURE, NOTATIONS SAME AS ABOVE
A 3b	CROSS HATCH INDICATES LIGHTING FIXTURE FOR EMERGENCY EGRESS LIGHTING
A 3	EMERGENCY LIGHTING FIXTURE, NOTATIONS SAME AS ABOVE (NO SWITCHING REQUIRED)
E ↓	EXIT SIGN, ARROW INDICATES DIRECTION OF EGRESS
# \$ b	MULTIPLE POLE SWITCH # INDICATES NUMBER OF POLES (2, 3 OR 4); BLANK IS SINGLE POLE "a" INDICATES SWITCHLEG SHALL CONTROL LIGHT FIXTURES WITH "a" DESIGNATION
* 4 ⊕	DUPLEX RECEPTACLE, 20A, 120V, 2P, 3W, NUMBER INDICATES CIRCUIT * GF GROUND FAULT INTERRUPTER TYPE WP WEATHERPROOF T TRANSIENT VOLTAGE SURGE SUPPRESSOR
⊕	SPECIALTY POWER RECEPTACLE, FUNCTION AS NOTED
▽ / ▽	SPECIAL SYSTEM JACK, TELEPHONE / DATA
TD	TELEPHONE DEMARCATION (CABINET OR BACKBOARD)
J OR O	JUNCTION BOX
P	PULL BOX
TB	TERMINAL BOX
* -XXX	UNDERGROUND STRUCTURE (MANHOLE OR HANDHOLE) * STRUCTURE TYPE (MH OR HH) XXX ID NUMBER PER PLANS, SCHEDULE, OR AS SPECIFIED
# XX	PHOTO VANTAGE POINT AND DIRECTION # PHOTO NUMBER XX SHEET NUMBER

CONTROL SYSTEM INPUT/OUTPUT DEVICES			
	DIGITAL INPUT		DIGITAL OUTPUT NORMALLY OPEN MOMENTARY CONTROL OUTPUT
	ANALOG INPUT 4-20ma UNLESS NOTED		DIGITAL OUTPUT NORMALLY CLOSED MOMENTARY CONTROL OUTPUT
	ANALOG OUTPUT 4-20MA UNLESS NOTED		DIGITAL OUTPUT NORMALLY OPEN MAINTAINED CONTROL OUTPUT
	PULSE INPUT		DIGITAL OUTPUT NORMALLY CLOSED MAINTAINED CONTROL OUTPUT

ABBREVIATIONS			
A, AMP	AMPERE	MAX	MAXIMUM
AC	ALTERNATING CURRENT	MCC	MOTOR CONTROL CENTER
AF	AMP FRAME	MCP	MOTOR CIRCUIT PROTECTOR
AF	ABOVE FINISHED FLOOR	MFR	MANUFACTURER
AL	ALUMINUM	MH	MANHOLE
AIC	AMPERE INTERRUPTING CAPACITY	MIN	MINIMUM
AT	AMP TRIP	ML	MOTOR LOAD
ATS	AUTOMATIC TRANSFER SWITCH	MV	MEDIUM VOLTAGE
AUTO	AUTOMATIC	N	NEUTRAL
AUX	AUXILIARY	N/A	NOT APPLICABLE
AWG	AMERICAN WIRE GAUGE	NC	NORMALLY CLOSED
BCG	BARE COPPER GROUND	NCL	NON-CONTINUOUS LOAD
BLDG	BUILDING	NIC	NOT IN CONTRACT
C	CONDUIT, CONTACTOR	NO	NORMALLY OPEN
CB	CIRCUIT BREAKER	NO.	NUMBER
CKT	CIRCUIT	NTS	NOT TO SCALE
CL	CONTINUOUS LOAD	OL	OVERLOAD
CP	CONTROL PANEL	P	POLE
CPT	CONTROL POWER TRANSFORMER	PB	PULL BOX
CT	CURRENT TRANSFORMER	PC	PHOTOCELL
CU	COPPER	PH	PHASE
CWS	CONDUIT WALL SEAL	PNL	PANEL OR PANELBOARD
DC	DIRECT CURRENT	PT	POTENTIAL TRANSFORMER
DIA	DIAMETER	PVC	POLYVINYL CHLORIDE
DWG	DRAWING	RECEPT	RECEPTACLE
(E)	EXISTING	REQD	REQUIRED
ELEC	ELECTRICAL	SEC	SECONDS OR SECONDARY
EL	ELEVATION	SHT	SHEET
ENCL	ENCLOSURE OR ENCLOSED EQUIPMENT	SS	STAINLESS STEEL
EQUIP	EQUIPMENT	SW	SWITCH
ETM	ELAPSED TIME METER	SWBD	SWITCHBOARD
(F)	FUTURE	SWGR	SWITCHGEAR
FO	FIBER OPTIC	TC	TIME DELAY ON CLOSING
FU	FUSE	TEL	TELEPHONE
G, GRD	GROUND	TD	TELEPHONE DEMARCATION POINT
GEN	GENERATOR	TM	TIME SWITCH
GFI	GROUND FAULT INTERRUPTER	TO	TIME DELAY ON OPENING
GRS	GALVANIZED RIGID STEEL	TSP	TWISTED SHIELDED PAIR
HID	HIGH INTENSITY DISCHARGE	TYP	TYPICAL
HH	HANDHOLE	UG	UNDERGROUND
HP	HORSEPOWER	UN	UNLESS OTHERWISE NOTED
HVAC	HEATING VENTILATION AIR CONDITIONING	UPS	UNINTERRUPTIBLE POWER SUPPLY
HZ	HERTZ	V	VOLTS
KCMIL	1000 CIRCULAR MILS	VA	VOLT AMPS
KVA	KILOVOLT AMPERES	VAR	VOLT AMPS REACTIVE
KW	KILOWATTS	VFD	VARIABLE FREQUENCY DRIVE
LES	LOCAL EMERGENCY STOP LIGHTING	W	WIRE, WATTS, WIDTH
LTG	LIGHTING	W/	WITH
LP	LIGHTING PANEL	WP	WEATHERPROOF
LV	LOW VOLTAGE	XFMR	TRANSFORMER

- NOTES:
- THIS IS A STANDARD LEGEND SHEET. SOME SYMBOLS MAY NOT APPEAR WITHIN THE DRAWING SET FOR THIS PROJECT.
  - DETAILS REPRESENT TYPICAL INSTALLATION REQUIREMENTS TO BE USED ON THIS PROJECT FOR THE CONDITION SHOWN. DETAILS ARE NOT SPECIFICALLY CALLED OUT AT EVERY APPLICATION POINT FOR CLARITY AND SIMPLICITY. THE INDICATED DETAIL REQUIREMENTS SHALL APPLY FOR ALL APPLICABLE LOCATIONS.
  - PLANS DO NOT SHOW ROUTES OR SIZING OF RACEWAYS AND CONDUCTORS FOR RECEPTACLES, LIGHTING FIXTURES, LIGHTING SWITCHES, OR OTHER LOADS. PROVIDE RACEWAYS AND CONDUCTORS AS REQUIRED PER THE DEVICE LOCATION, SWITCH DESIGNATION, PANEL/CIRCUIT NUMBER, AND PROTECTIVE DEVICE RATING SHOWN ON THE DRAWINGS. HOMERUNS SHOWN CONCEALED OR EXPOSED SHALL BE INDICATIVE OF THE ENTIRE CIRCUIT INSTALLATION.
  - IF NOT SHOWN, PROVIDE MINIMUM CONDUIT AND WIRE CIRCUIT RUN CONSISTING OF 3/4" CONDUIT WITH #12, #12 GROUND.



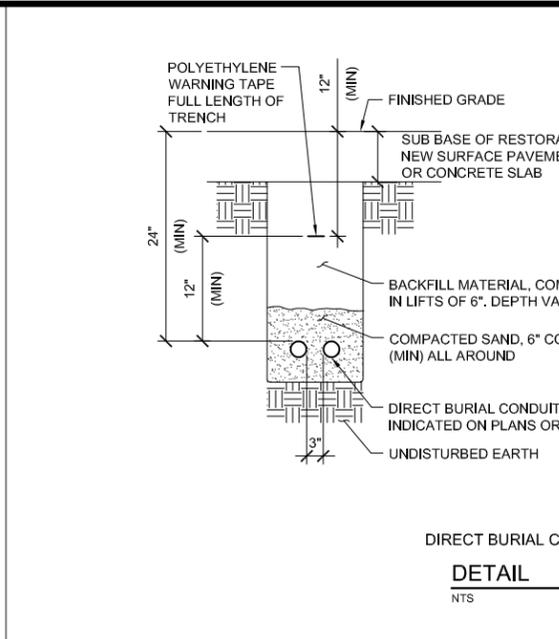
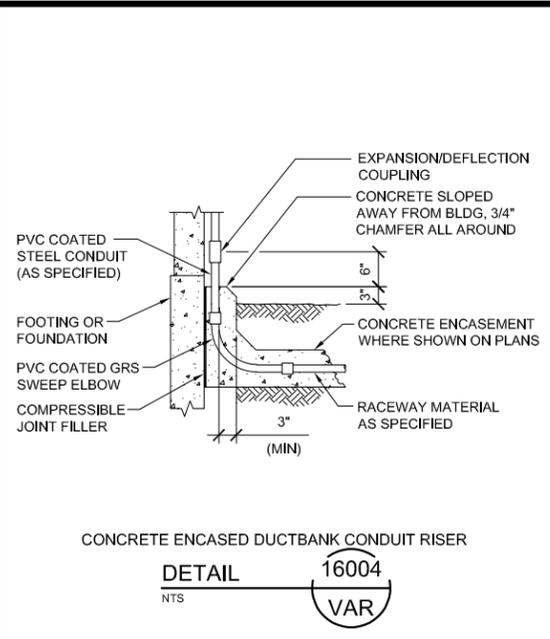
SHEET NO. **GE-1** OF 25

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

DESIGNED BY: LGM  
DRAWN BY: BV  
CHECKED BY: NTS  
SCALE: NTS  
DATE: OCTOBER 2019

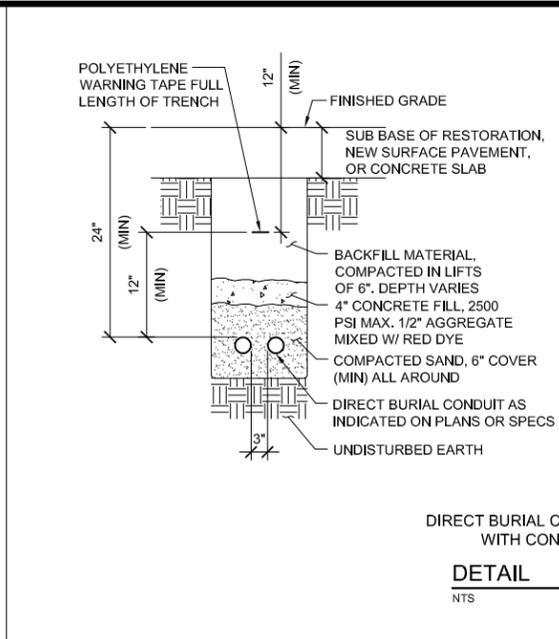
**ELECTRICAL  
LEGEND AND ABBREVIATIONS**

REV. DATE BY COMMENT



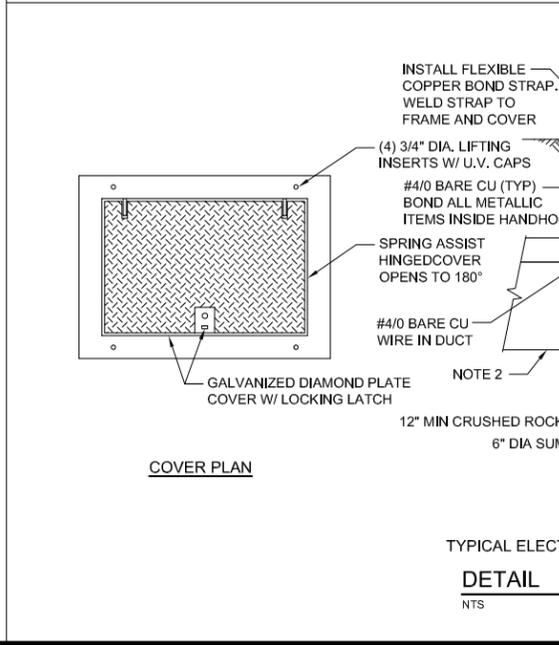
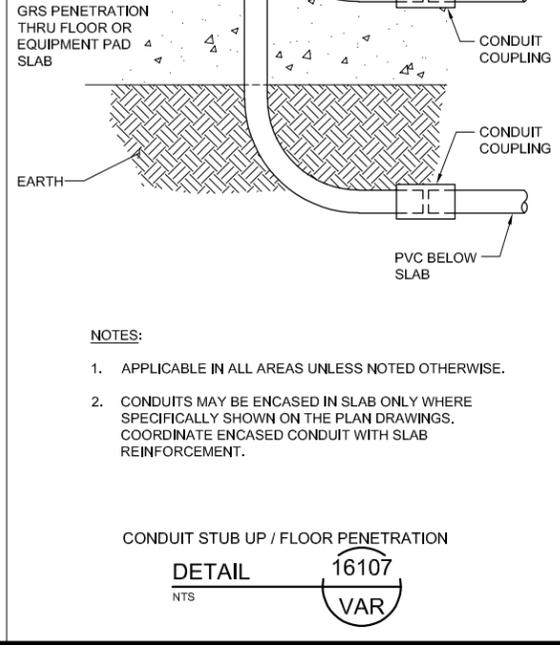
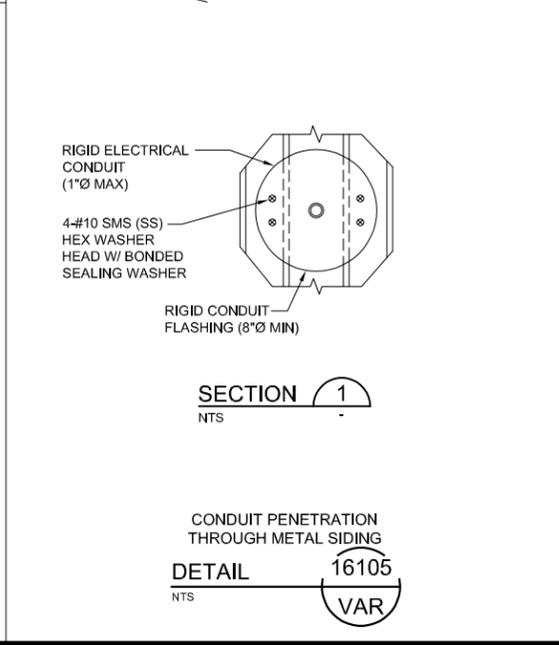
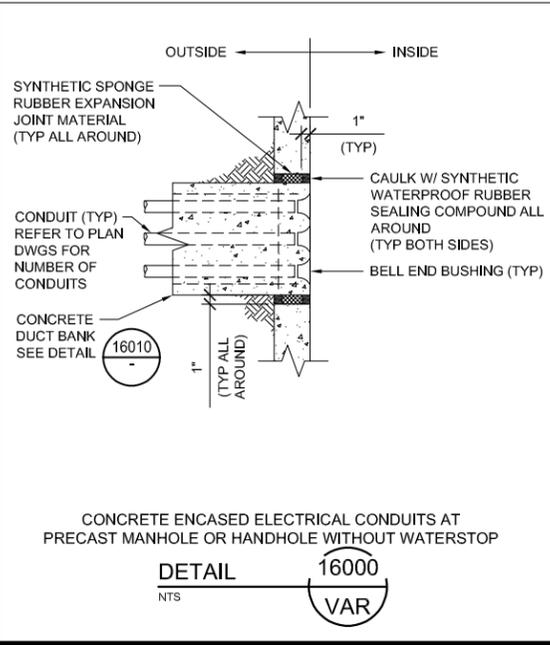
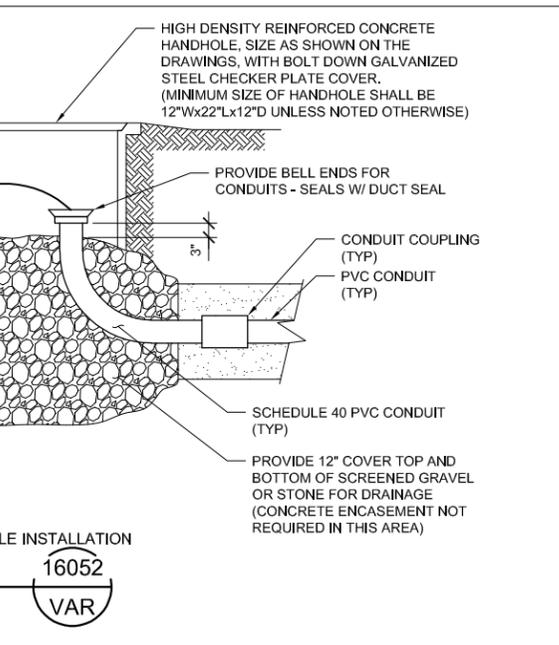
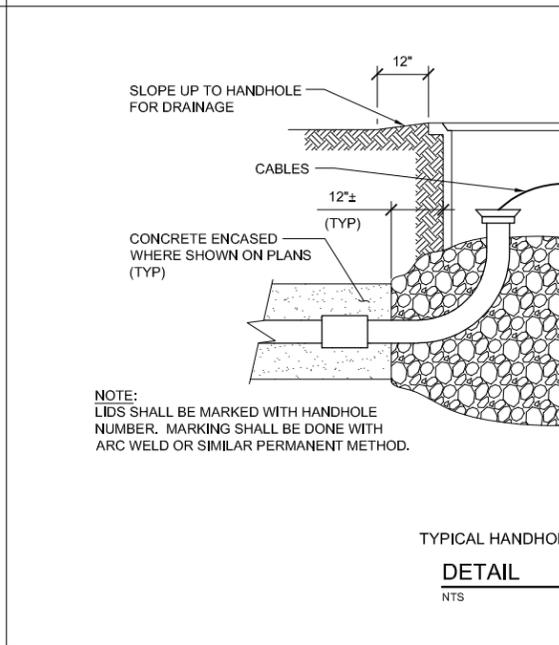
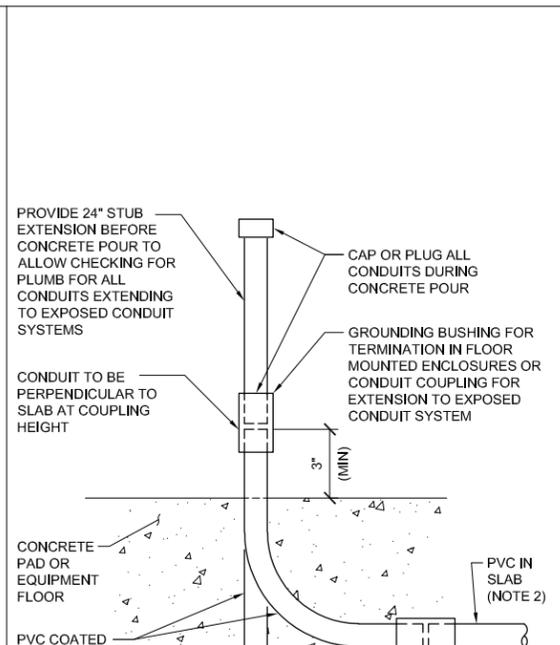
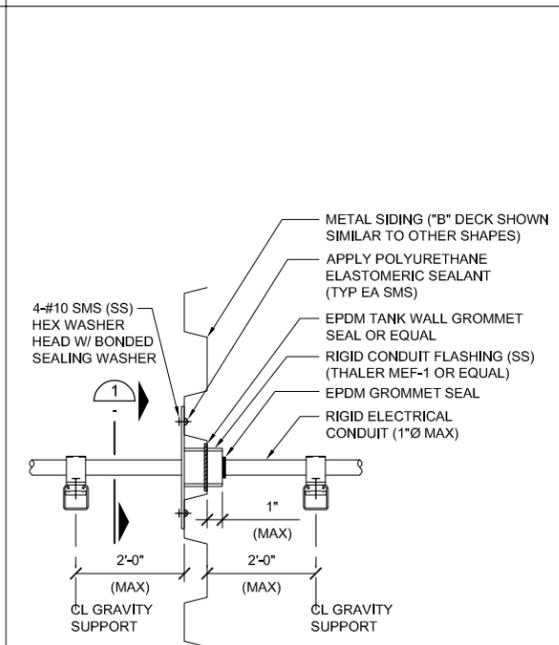
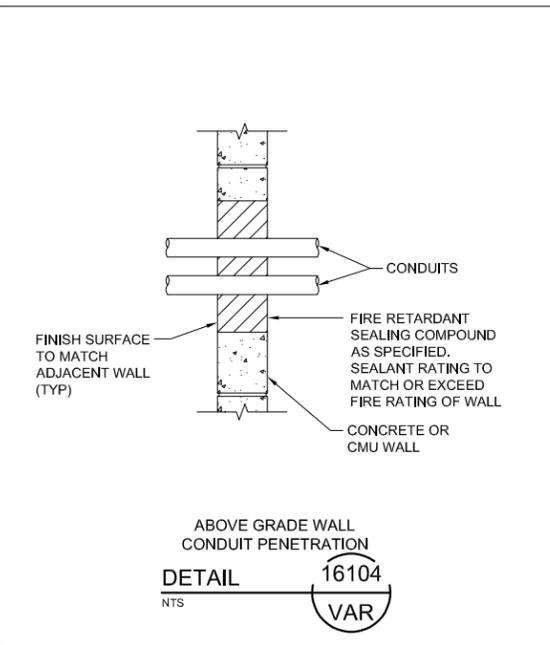
**NOTES:**

1. FIELD CONDITIONS MAY REQUIRE A MINIMUM DEPTH GREATER THAN SHOWN.
2. SHARP TURNS OR BENDS OR OTHER IRREGULARITIES IN THE CONDUIT MUST BE AVOIDED.
3. SOILS SHALL BE COMPACTED PER PROJECT SPECIFICATIONS.
4. IF BOTTOM OF TRENCH IS ROCKY AND PLASTIC CONDUITS ARE USED, USE ROCK FREE BACKFILL AND TAMP TO AFFORD A SMOOTH BEDDING FOR THE CONDUIT. BEFORE TAMPING IN AREA OF PLASTIC CONDUIT, APPLY AT LEAST SIX INCHES OF BACKFILL OVER TOP OF CONDUIT TO AVOID BREAKAGE. FINAL BACKFILL MAY THEN BE PLACED IN THE TRENCH AND TAMPING EMPLOYED TO FINISH GRADE. IN ORDER TO REDUCE COSTS, WHERE APPROVED BY THE ENGINEER, THE SOIL ORIGINALLY REMOVED FROM THE TRENCH SHOULD BE USED AS BACKFILL WHEREVER POSSIBLE.
5. DO NOT USE SALT WATER SAND BACKFILL WITH STEEL CONDUIT.



**NOTES:**

1. FIELD CONDITIONS MAY REQUIRE A MINIMUM DEPTH GREATER THAN SHOWN.
2. SOILS SHALL BE COMPACTED PER PROJECT SPECIFICATIONS.
3. PROVIDE PLASTIC CONDUIT SPACERS AT 5'-0" FOR 3 OR MORE CONDUITS.
4. SOILS SHALL BE COMPACTED PER PROJECT SPECIFICATIONS.
5. IF BOTTOM OF TRENCH IS ROCKY AND PLASTIC CONDUITS ARE USED, USE ROCK FREE BACKFILL AND TAMP TO AFFORD A SMOOTH BEDDING FOR THE CONDUIT. BEFORE TAMPING IN AREA OF PLASTIC CONDUIT, APPLY AT LEAST SIX INCHES OF BACKFILL OVER TOP OF CONDUIT TO AVOID BREAKAGE. FINAL BACKFILL MAY THEN BE PLACED IN THE TRENCH AND TAMPING EMPLOYED TO FINISH GRADE. IN ORDER TO REDUCE COSTS, WHERE APPROVED BY THE ENGINEER, THE SOIL ORIGINALLY REMOVED FROM THE TRENCH SHOULD BE USED AS BACKFILL WHEREVER POSSIBLE.
6. DO NOT USE SALT WATER SAND BACKFILL WITH STEEL CONDUIT.



**NOTES:**

1. APPLICABLE IN ALL AREAS UNLESS NOTED OTHERWISE.
2. CONDUITS MAY BE ENCASED IN SLAB ONLY WHERE SPECIFICALLY SHOWN ON THE PLAN DRAWINGS. COORDINATE ENCASED CONDUIT WITH SLAB REINFORCEMENT.

**COVER PLAN**

**SECTION 1**

**NOTES:**

1. SIZE OF HANDHOLE PER HANDHOLE SCHEDULE SHOWN ON DRAWINGS.
2. SEE DETAIL 16000 FOR CONCRETE ENCASED CONDUIT DUCT ENTRY INTO HANDHOLE.

SHEET NO. **GE-2** SHEET 9 OF 25

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

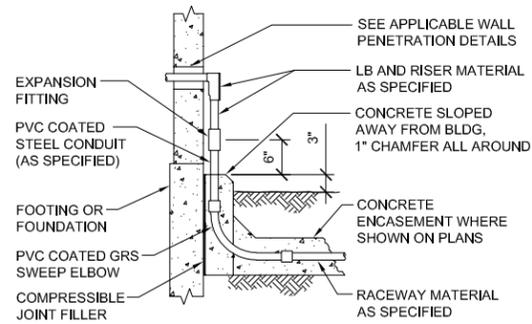
**ELECTRICAL  
INSTALLATION DETAILS 1**

DESIGNED BY: LGM  
DRAWN BY: BV  
CHECKED BY: NTS  
SCALE: NTS  
DATE: OCTOBER 2019

REV. DATE BY COMMENT

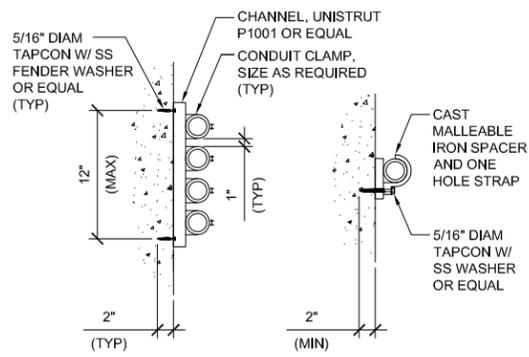
Professional Engineer Seal: No. 42782, State of California, Electrical Engineering

TJC



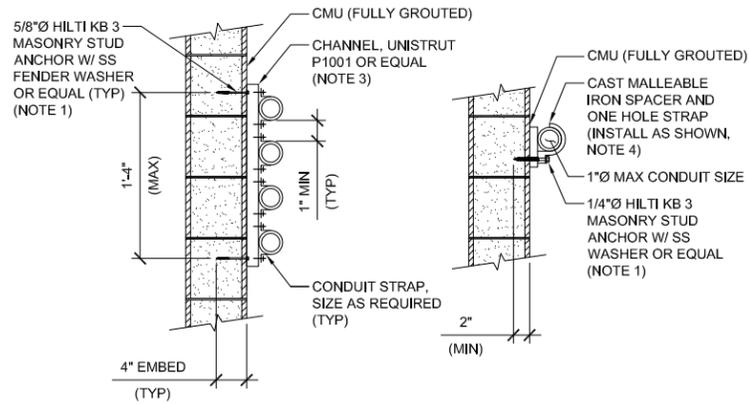
ABOVE GRADE CONDUIT PENETRATION THROUGH EXISTING BUILDINGS OR STRUCTURES

DETAIL 16112  
NTS VAR



CONCRETE CONDUIT MOUNTING

DETAIL 16131  
NTS VAR

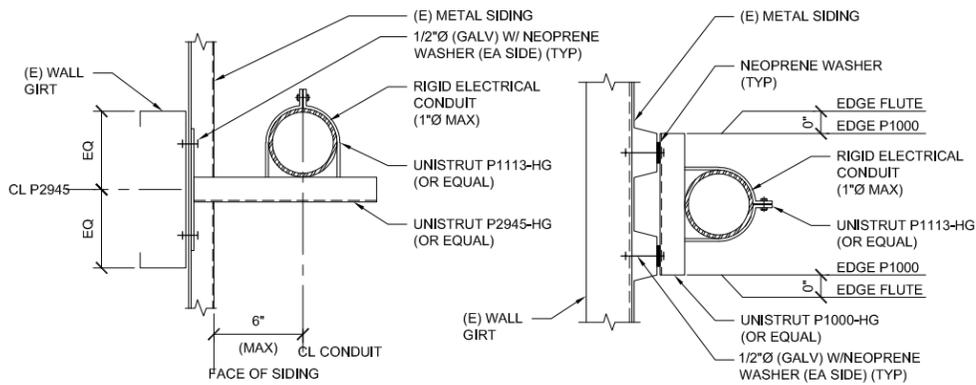


CMU CONDUIT MOUNTING

DETAIL 16135  
NTS VAR

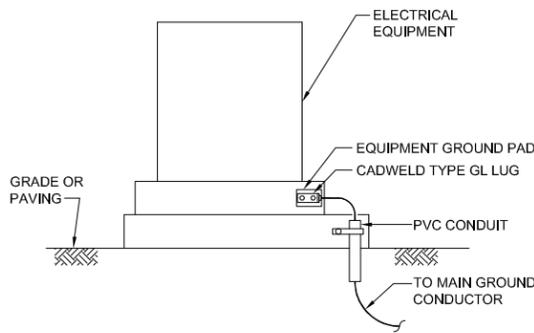
NOTES:

- HILTI KB 3 MASONRY STUD ANCHOR WITH 4" EMBEDMENT STAINLESS STEEL. INSTALLATION IN ACCORDANCE WITH MANUFACTURER'S RECOMMENDATIONS AND ICC-ES ESR 1385.
- AT CONTRACTOR'S OPTION AND WHERE PERMITTED BY CONTRACT DOCUMENTS, MAY BE CARBON STEEL FOR HILTI KB 3 MASONRY STUD ANCHORS FOR INTERIOR APPLICATIONS.
- MAXIMUM LOAD SHALL BE LESS THAN OR EQUAL TO 300 LBS.
- MAXIMUM LOAD SHALL BE LESS THAN OR EQUAL TO 40 LBS.



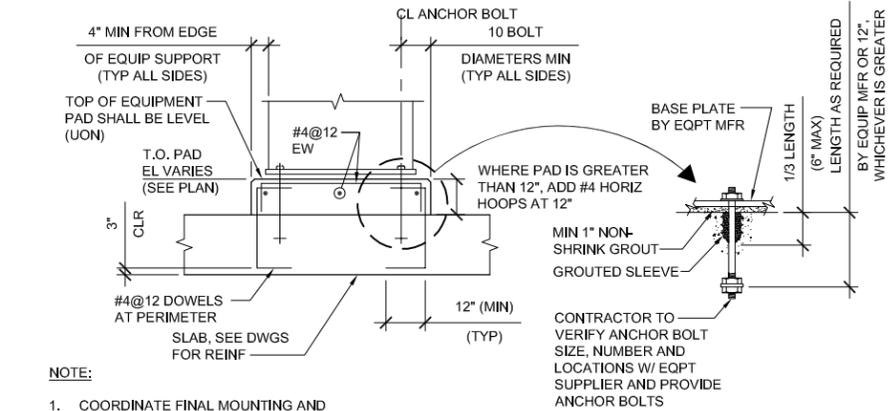
CONDUIT SUPPORTS ALONG METAL SIDING

DETAIL 16140  
NTS VAR



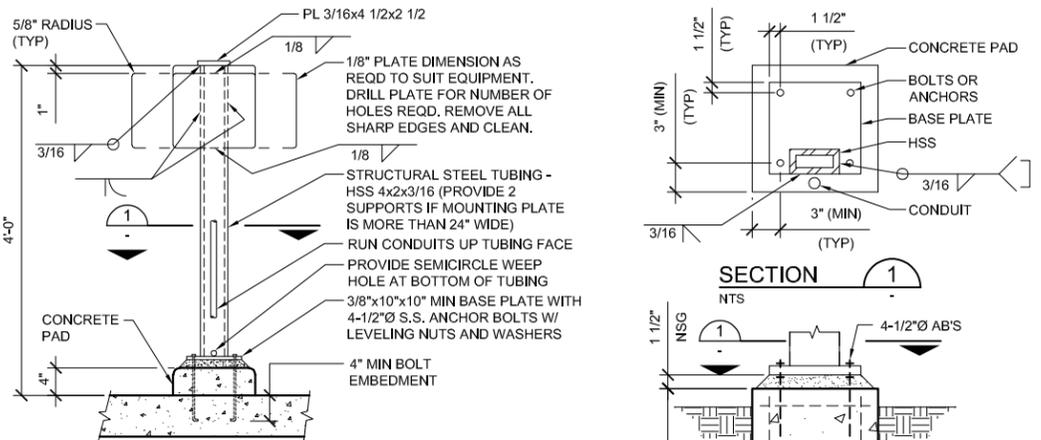
PAD MOUNTED EQUIPMENT GROUND

DETAIL 16211  
NTS VAR



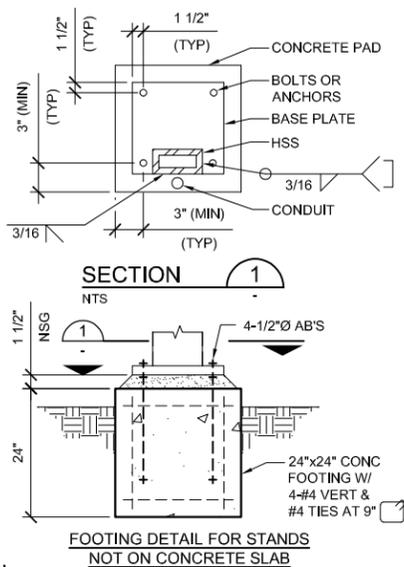
FREESTANDING EQUIPMENT MOUNTING

DETAIL 16400  
NTS VAR



CONTROL STATION MOUNTING STAND

DETAIL 16410  
NTS VAR



FOOTING DETAIL FOR STANDS NOT ON CONCRETE SLAB

- NOTES:
- WEIGHT OF MOUNTED EQUIPMENT ≤ 250 LBS.
  - UNLESS OTHERWISE NOTED, ALL MATERIAL SHALL BE STEEL AND HOT DIP GALVANIZED (G90) AFTER FABRICATION.

SHEET NO. **GE-3** SHEET 10 OF 25

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

ELECTRICAL  
INSTALLATION DETAILS 2

DESIGNED BY: LGM  
DRAWN BY: BV  
CHECKED BY: NTS  
SCALE: NTS  
DATE: OCTOBER 2019

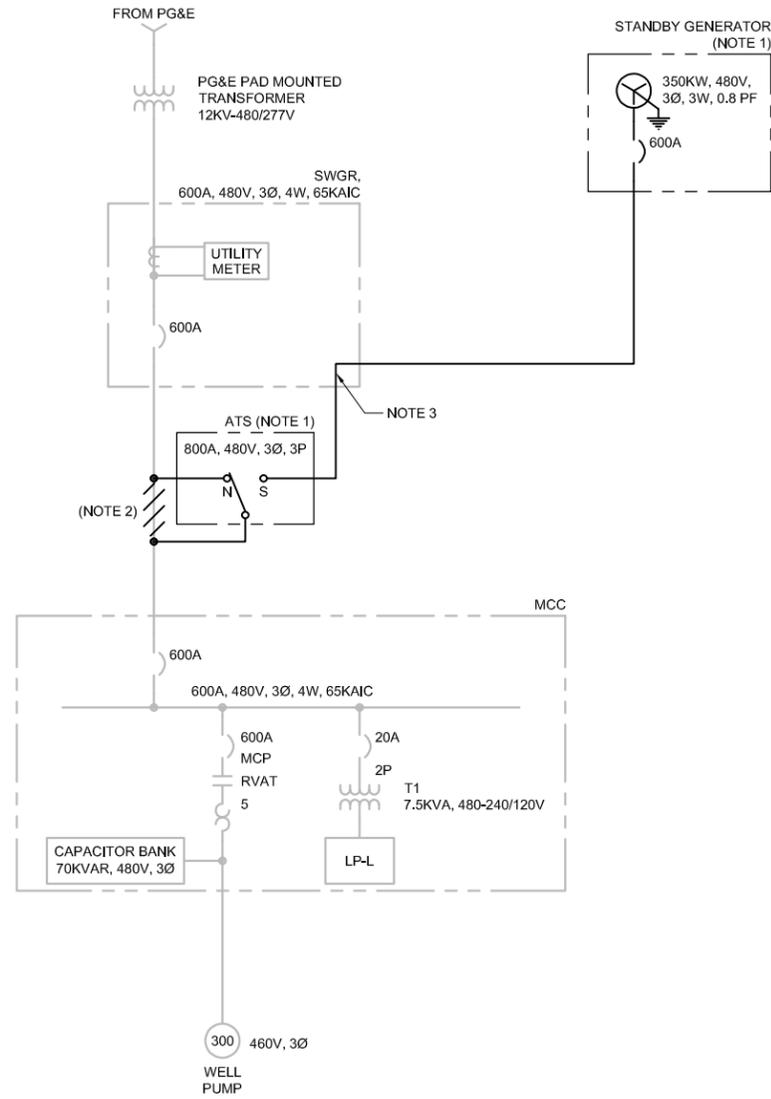
REGISTERED PROFESSIONAL ENGINEER  
No. 42782  
Exp. 12/31/21  
ELECTRICAL  
STATE OF CALIFORNIA

MARINA COAST WATER DISTRICT

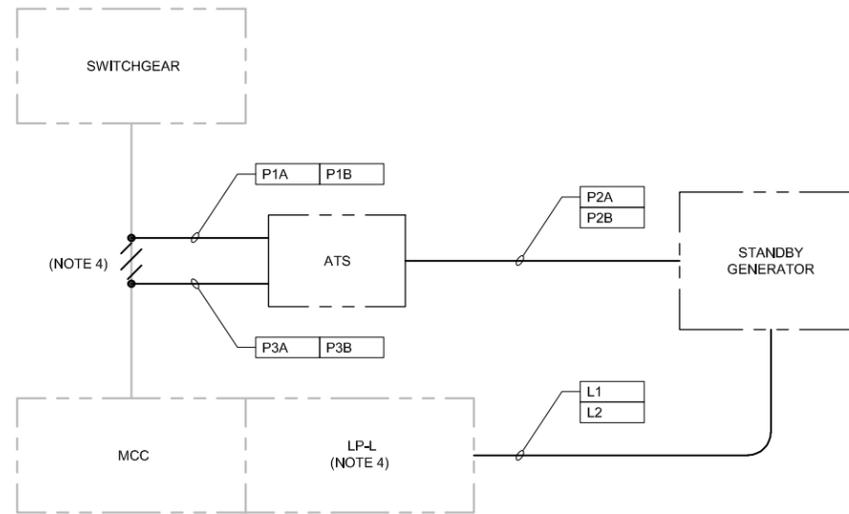
TJC  
www.tjccorp.com

REV. DATE BY COMMENT

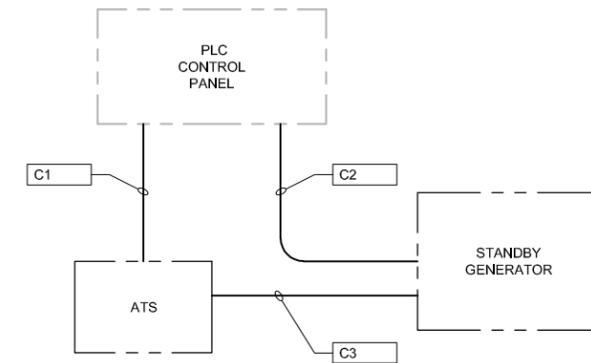
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X:\TJCAA-bdr\LGM California RKT California RKT\_SIG



**WELL NO. 31 - SINGLE LINE DIAGRAM**  
SCALE: NTS



**WELL NO. 31 - POWER INTERCONNECTION DIAGRAM**  
SCALE: NTS

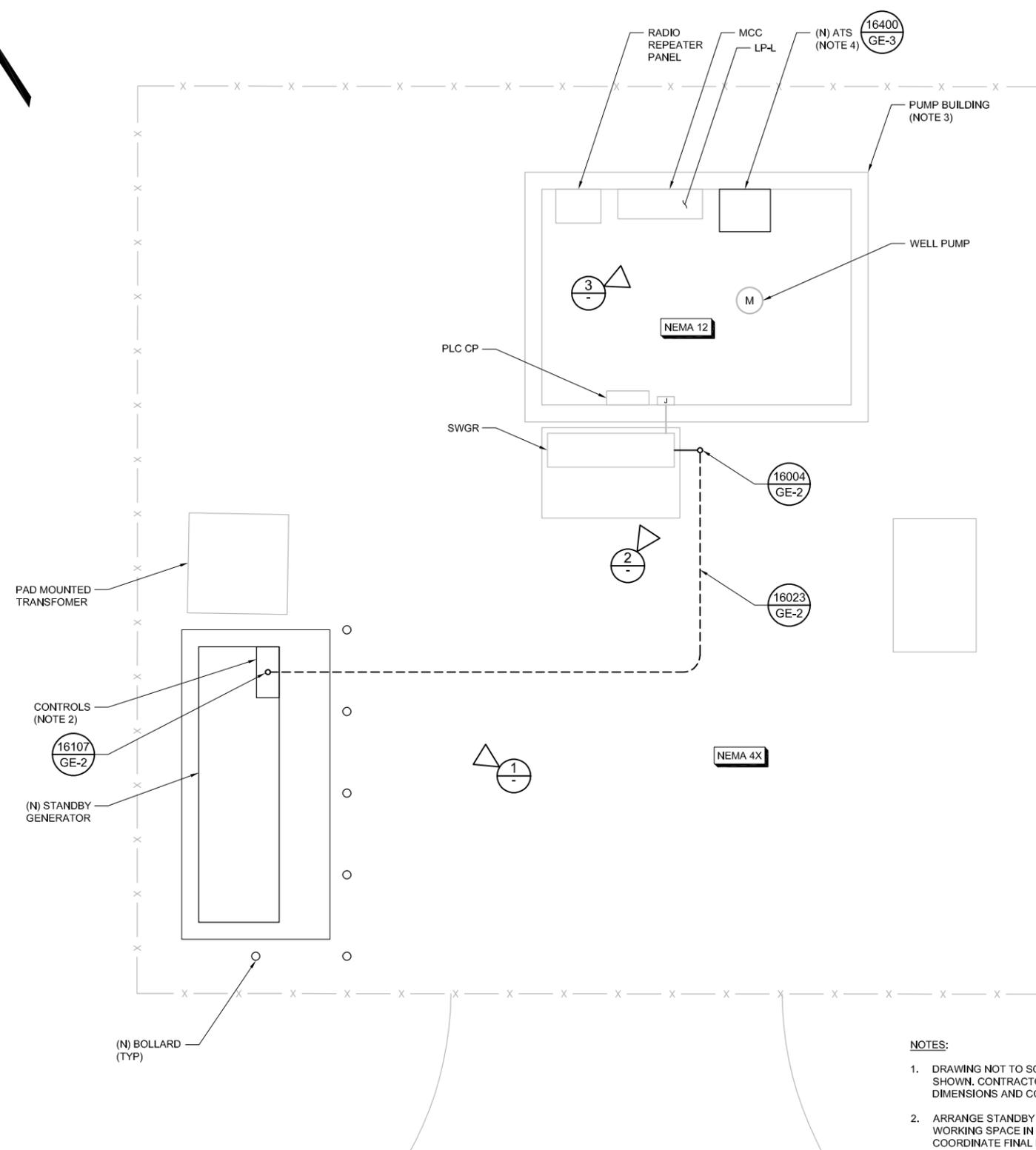
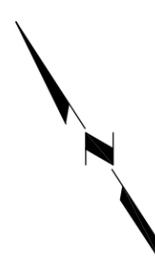


**WELL NO. 31 - CONTROL INTERCONNECTION DIAGRAM**  
SCALE: NTS

**NOTES:**

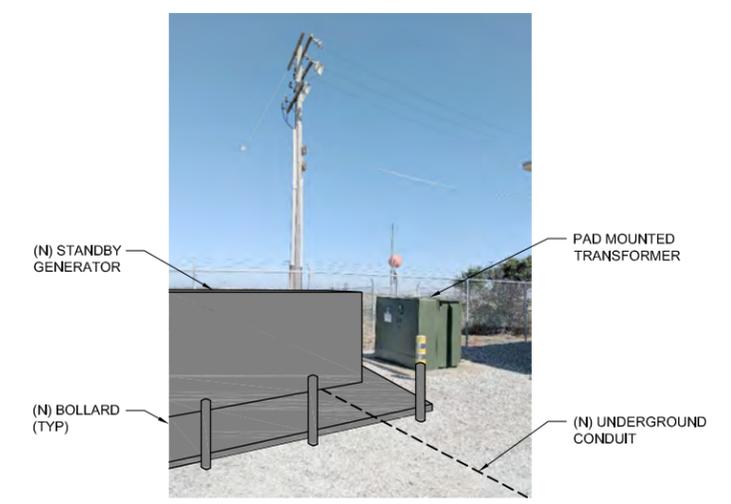
1. STANDBY GENERATOR AND ATS PROVIDED BY OTHERS FOR INSTALLATION BY CONTRACTOR.
2. INTERCEPT EXISTING CONDUIT AND CONDUCTORS AS SHOWN FOR CONNECTION TO NEW ATS.
3. ROUTE NEW GENERATOR POWER CONDUCTORS THROUGH EXISTING SWITCHGEAR JUNCTION BOX TO BUILDING.
4. INVESTIGATE EXISTING PANELBOARD AND PROVIDE NEW REPLACEMENT CIRCUIT BREAKERS FOR GENERATOR BATTERY CHARGER AND HEATER CIRCUITS AS SHOWN IN THE CONDUIT SCHEDULE. COMPLETE LOAD CALCULATIONS FOR THE MODIFIED PANELBOARD.

SHEET NO.	<b>E-1</b>	THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE	MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS	DESIGNED BY: LGM DRAWN BY: BV CHECKED BY: NTS SCALE: OCTOBER 2019 DATE:	ELECTRICAL WELL #31 SINGLE LINE AND INTERCONNECTION DIAGRAMS	SHEET 11 OF 25
REV.	DATE	BY	COMMENT			
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**WELL NO. 31 PLAN**  
SCALE: 1/4"=1'-0" (NOTE 1)

- NOTES:**
1. DRAWING NOT TO SCALE. APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
  2. ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MIN WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.
  3. FIELD LOCATE EXPOSED CONDUIT ROUTING INSIDE BUILDING AS PER INTERCONNECTION DIAGRAM.
  4. FIELD LOCATE ATS INSTALLATION LOCATION TO MAINTAIN 4' WORKING SPACE IN FRONT OF ATS AS PER NEC REQUIREMENTS OR AS OTHERWISE DIRECTED BY THE AHJ (MCWD).



STANDBY GENERATOR INSTALLATION LOCATION  
**PHOTO 1**  
SCALE: NTS



EXISTING SWITCHGEAR  
**PHOTO 2**  
SCALE: NTS



ATS INSTALLATION LOCATION  
**PHOTO 3**  
SCALE: NTS

SHEET NO. **E-2**  
THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE

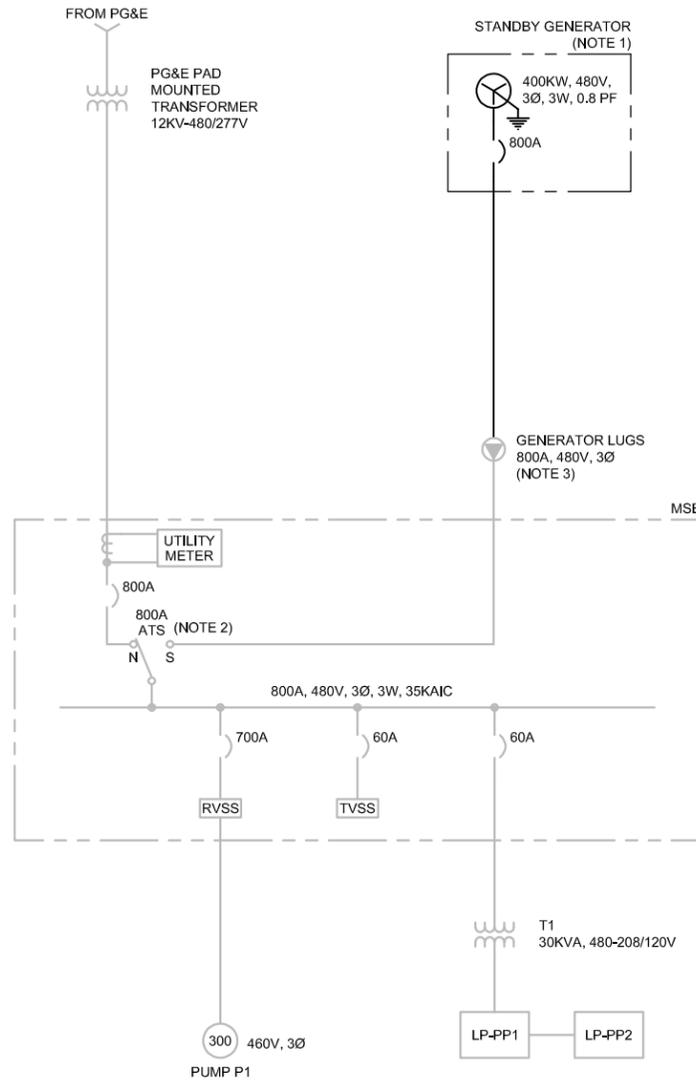
SHEET 12 OF 25

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS  
**ELECTRICAL**  
WELL NO. 31  
SITE PLAN

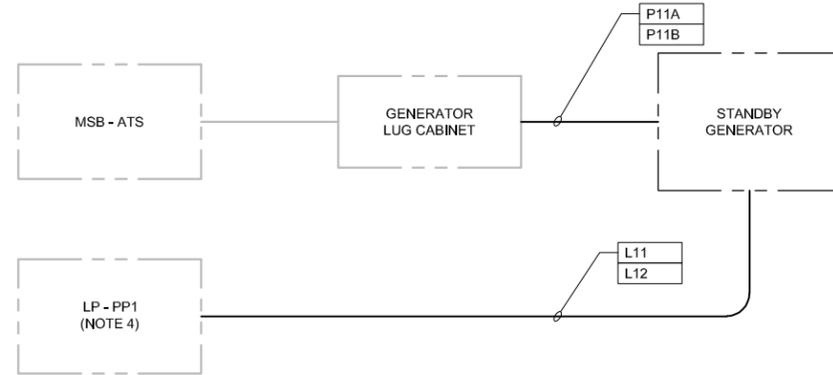
DESIGNED BY: LGM	BY: BV	AS SHOWN	OCTOBER 2019
DRAWN BY:	CHECKED BY:	SCALE:	DATE:

REV.	DATE	BY	COMMENT

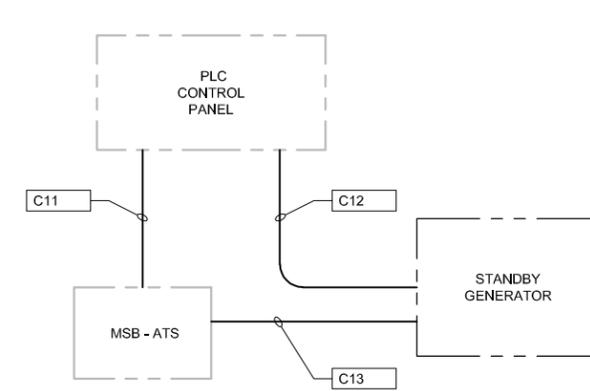
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**WELL NO. 34 - SINGLE LINE DIAGRAM**  
SCALE: NTS



**WELL NO. 34 - POWER INTERCONNECTION DIAGRAM**  
SCALE: NTS



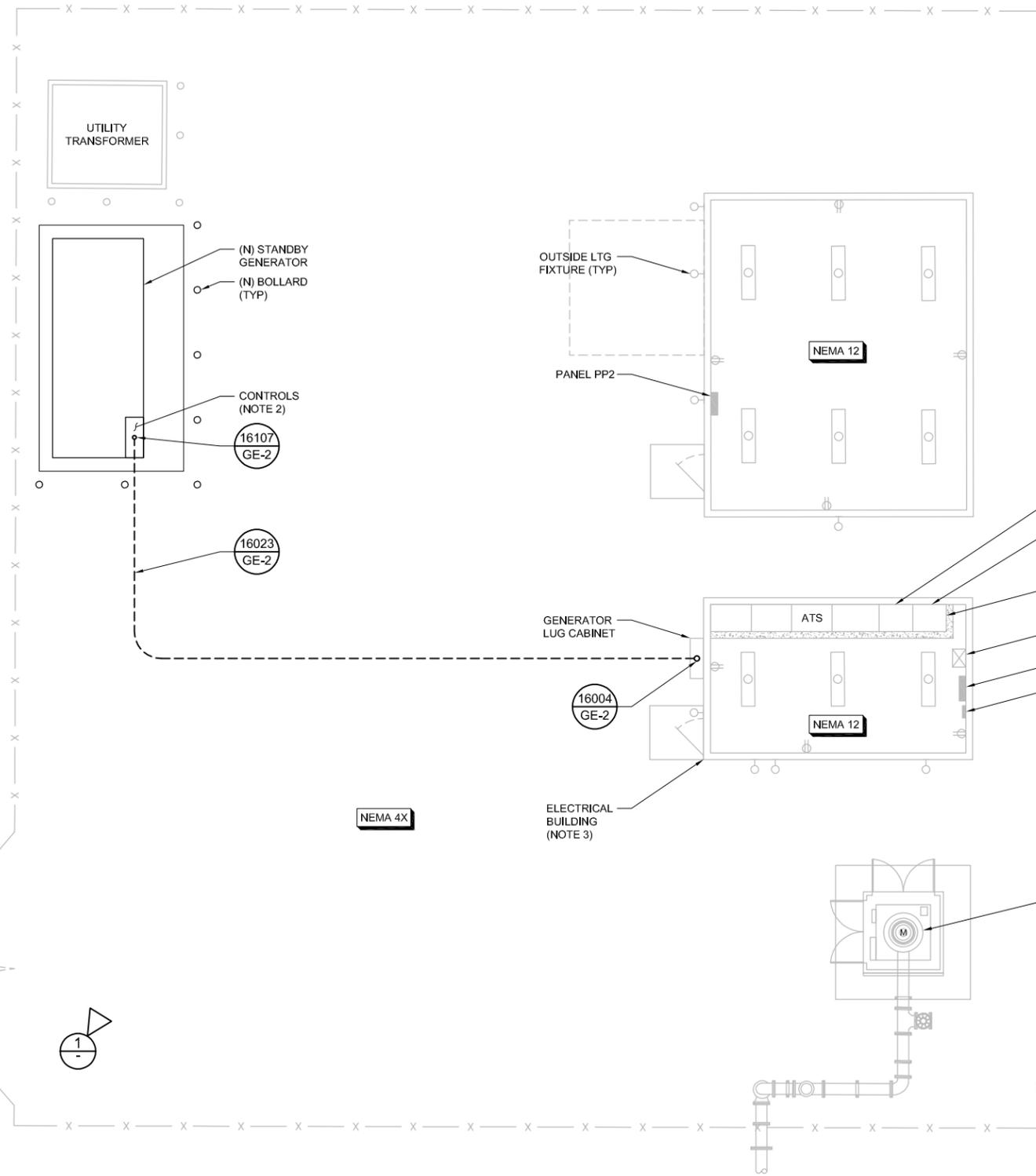
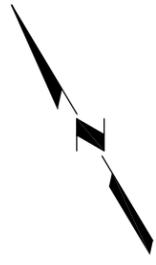
**WELL NO. 34 - CONTROL INTERCONNECTION DIAGRAM**  
SCALE: NTS

**NOTES:**

1. STANDBY GENERATOR PROVIDED BY OTHERS FOR INSTALLATION BY CONTRACTOR.
2. MODIFY EXISTING ASCO 7000 MANUAL TRANSFER SWITCH TO FUNCTION AS AN AUTOMATIC TRANSFER SWITCH.
3. REUSE EXISTING PORTABLE GENERATOR LUGS AS PERMANENT CONNECTION FOR NEW STANDBY GENERATOR.
4. INVESTIGATE EXISTING PANELBOARD AND PROVIDE NEW REPLACEMENT CIRCUIT BREAKERS FOR GENERATOR BATTERY CHARGER AND HEATER CIRCUITS AS SHOWN IN THE CONDUIT SCHEDULE. COMPLETE LOAD CALCULATIONS FOR THE MODIFIED PANELBOARD.

SHEET NO. <b>E-3</b>		THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE	
MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS		ELECTRICAL WELL #34 SINGLE LINE AND INTERCONNECTION DIAGRAMS	
DESIGNED BY: LGM	DRAWN BY: BV	CHECKED BY: NTS	DATE: OCTOBER 2019
REV.	DATE	BY	COMMENT

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 X:\TJCAA\Bee\OneDrive\Documents\TJCAA - 2019 Projects\119882 - MOWD\_Genstat\119882 - Elec\E-03.dwg, BrevVia 10/25/19 11:58am



STANDBY GENERATOR INSTALLATION LOCATION

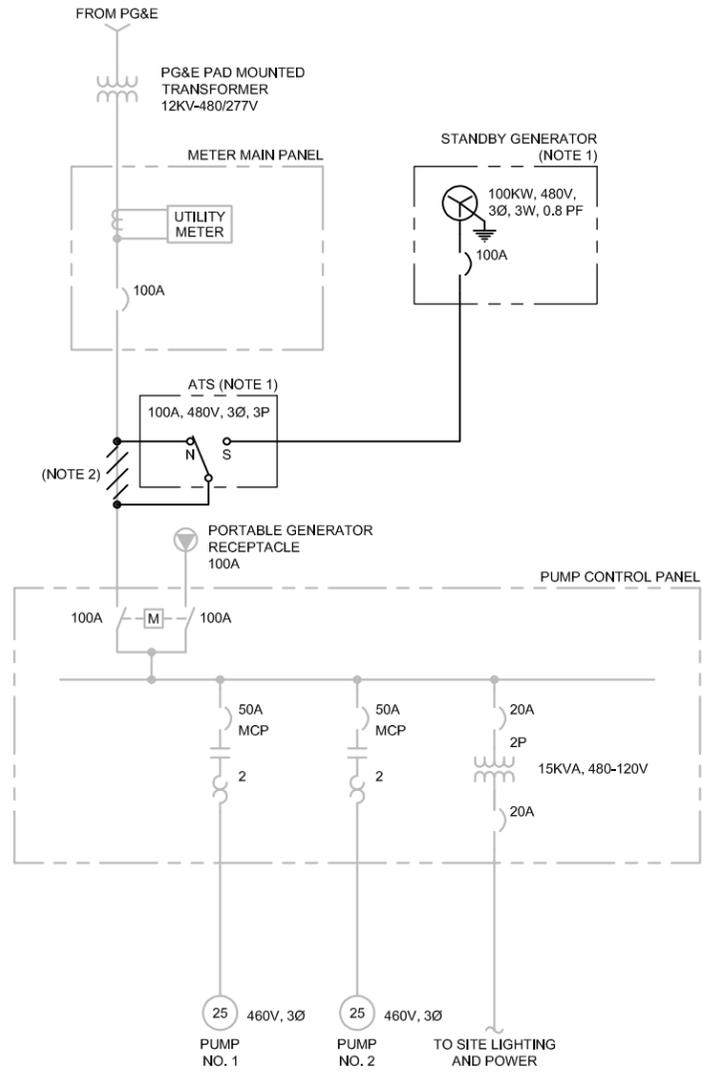
PHOTO 1  
SCALE: NTS

WELL NO. 34 PLAN  
SCALE: 3/16"=1'-0" (NOTE 1)

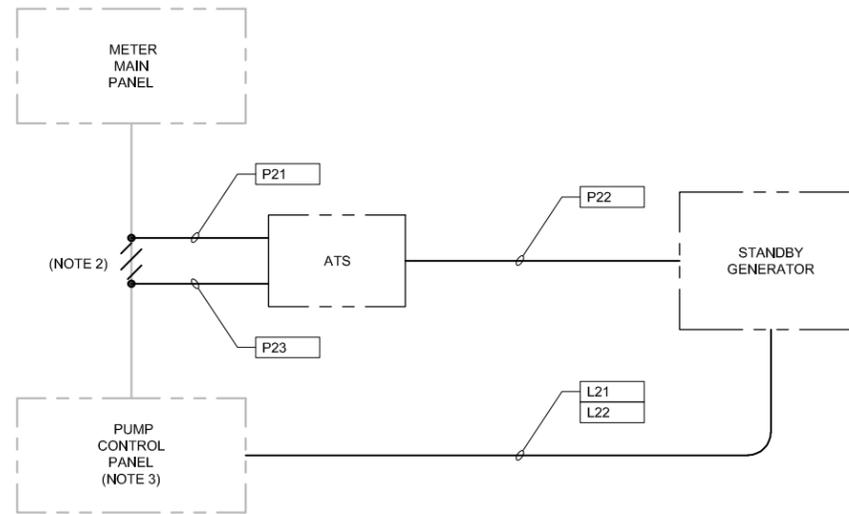
NOTES:

1. DRAWING NOT TO SCALE. APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
2. ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MIN WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.
3. FIELD LOCATE EXPOSED CONDUIT ROUTING INSIDE BUILDING AS PER INTERCONNECTION DIAGRAM.

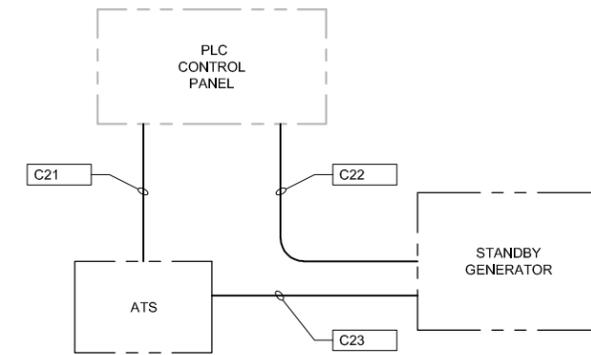
SHEET NO. E-4		THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE	
MARINA COAST WATER DISTRICT		PUMP STATIONS STANDBY GENERATORS	
DESIGNED BY: LGM		DRAWN BY: BV	
CHECKED BY: AS SHOWN		DATE: OCTOBER 2019	
ELECTRICAL		WELL NO. 34	
SHEET 14 OF 25		SITE PLAN	
REV.	DATE	BY	COMMENT



**EAST GARRISON LS - SINGLE LINE DIAGRAM**  
SCALE: NTS



**EAST GARRISON LS - POWER INTERCONNECTION DIAGRAM**  
SCALE: NTS

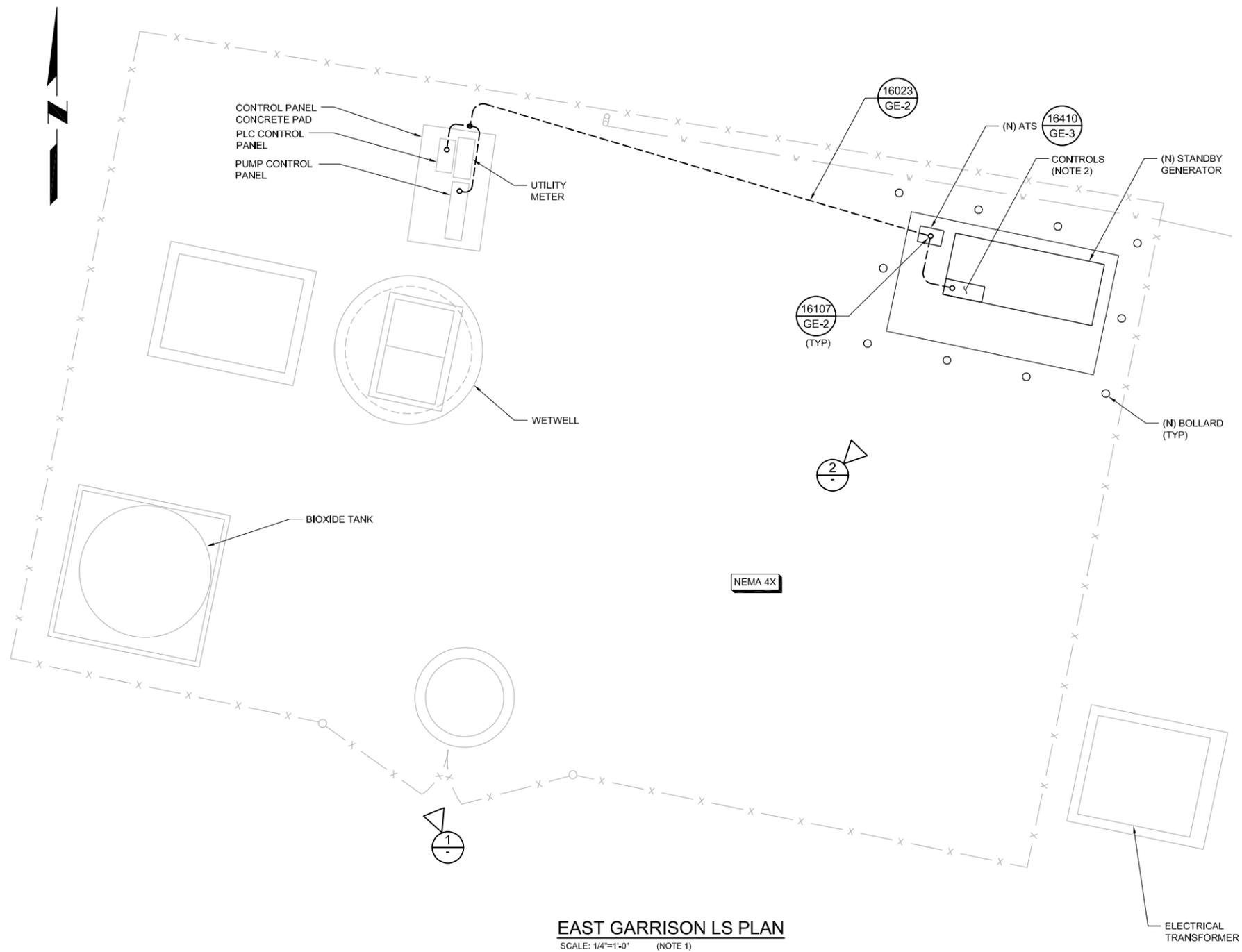


**EAST GARRISON LS - CONTROL INTERCONNECTION DIAGRAM**  
SCALE: NTS

**NOTES:**

1. STANDBY GENERATOR AND ATS PROVIDED BY OTHERS FOR INSTALLATION BY CONTRACTOR.
2. INTERCEPT EXISTING CONDUIT AND CONDUCTORS AS SHOWN FOR CONNECTION TO NEW ATS.
3. INVESTIGATE EXISTING CONTROL PANEL AND PROVIDE NEW CIRCUIT BREAKERS FOR GENERATOR BATTERY CHARGER AND HEATER CIRCUITS AS SHOWN IN THE CONDUIT SCHEDULE. COMPLETE LOAD CALCULATIONS FOR THE MODIFIED CONTROL PANEL.

SHEET NO. <b>E-5</b>	THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE	MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS	ELECTRICAL EAST GARRISON LS SINGLE LINE AND INTERCONNECTION DIAGRAMS	DESIGNED BY: LGM DRAWN BY: BV CHECKED BY: NTS SCALE: NTS DATE: OCTOBER 2019			



**EAST GARRISON LS PLAN**  
SCALE: 1/4"=1'-0" (NOTE 1)



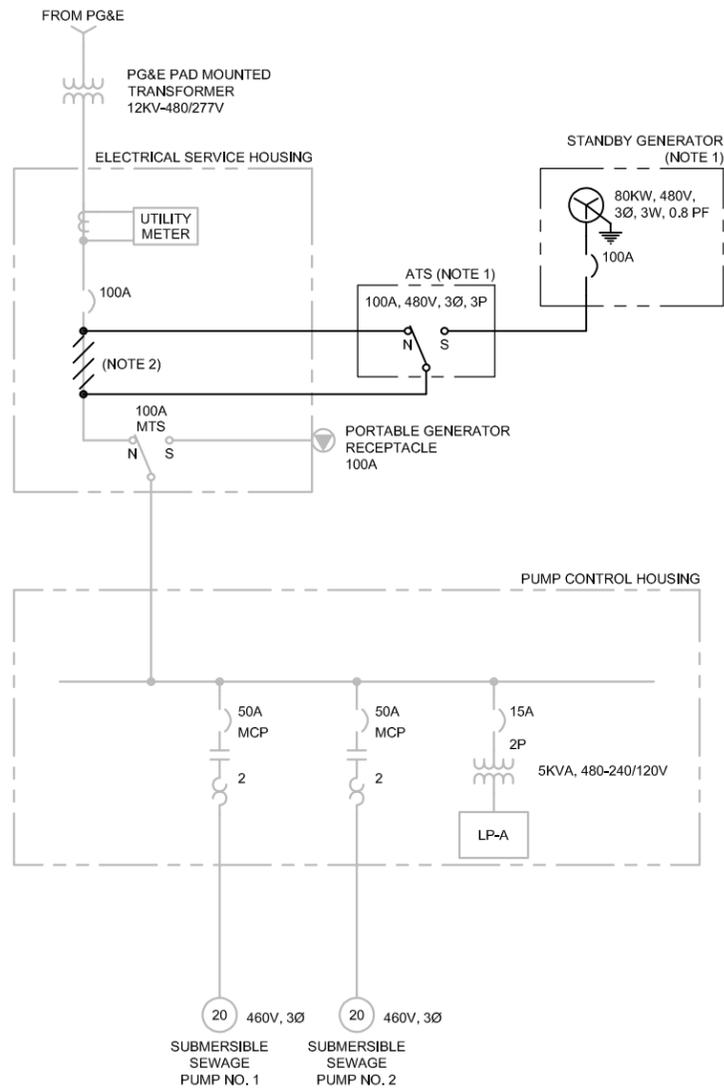
SITE AREA PHOTO  
PHOTO 1  
SCALE: NTS



STANDBY GENERATOR AND ATs INSTALLATION LOCATION  
PHOTO 2  
SCALE: NTS

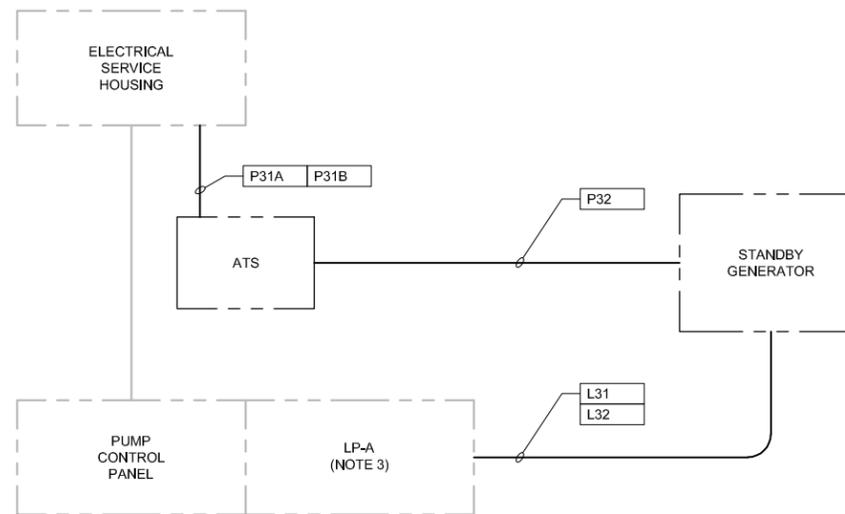
- NOTES:**
- DRAWING NOT TO SCALE. APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
  - ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MIN WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.

SHEET NO. <b>E-6</b>		MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS		DESIGNED BY: LGM	
THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE		<b>ELECTRICAL EAST GARRISON LIFT STATION SITE PLAN</b>		DRAWN BY: BV	
				CHECKED BY: -	
				SCALE: AS SHOWN	
				DATE: OCTOBER 2019	
REV.	DATE	BY	COMMENT		



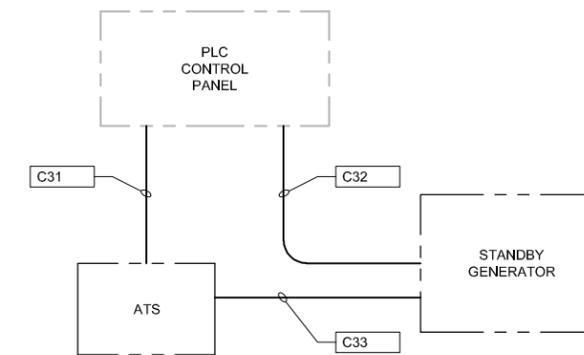
**DUNES DRIVE LS - SINGLE LINE DIAGRAM**

SCALE: NTS



**DUNES DRIVE LS - POWER INTERCONNECTION DIAGRAM**

SCALE: NTS



**DUNES DRIVE LS - CONTROL INTERCONNECTION DIAGRAM**

SCALE: NTS

**NOTES:**

1. STANDBY GENERATOR AND ATS PROVIDED BY OTHERS FOR INSTALLATION BY CONTRACTOR.
2. INTERCEPT EXISTING CONDUIT AND CONDUCTORS AS SHOWN FOR CONNECTION TO NEW ATS.
3. INVESTIGATE EXISTING PANELBOARD AND PROVIDE NEW REPLACEMENT CIRCUIT BREAKERS FOR GENERATOR BATTERY CHARGER AND HEATER CIRCUITS AS SHOWN IN THE CONDUIT SCHEDULE. COMPLETE LOAD CALCULATIONS FOR THE MODIFIED PANELBOARD.

SHEET NO. **E-7**  
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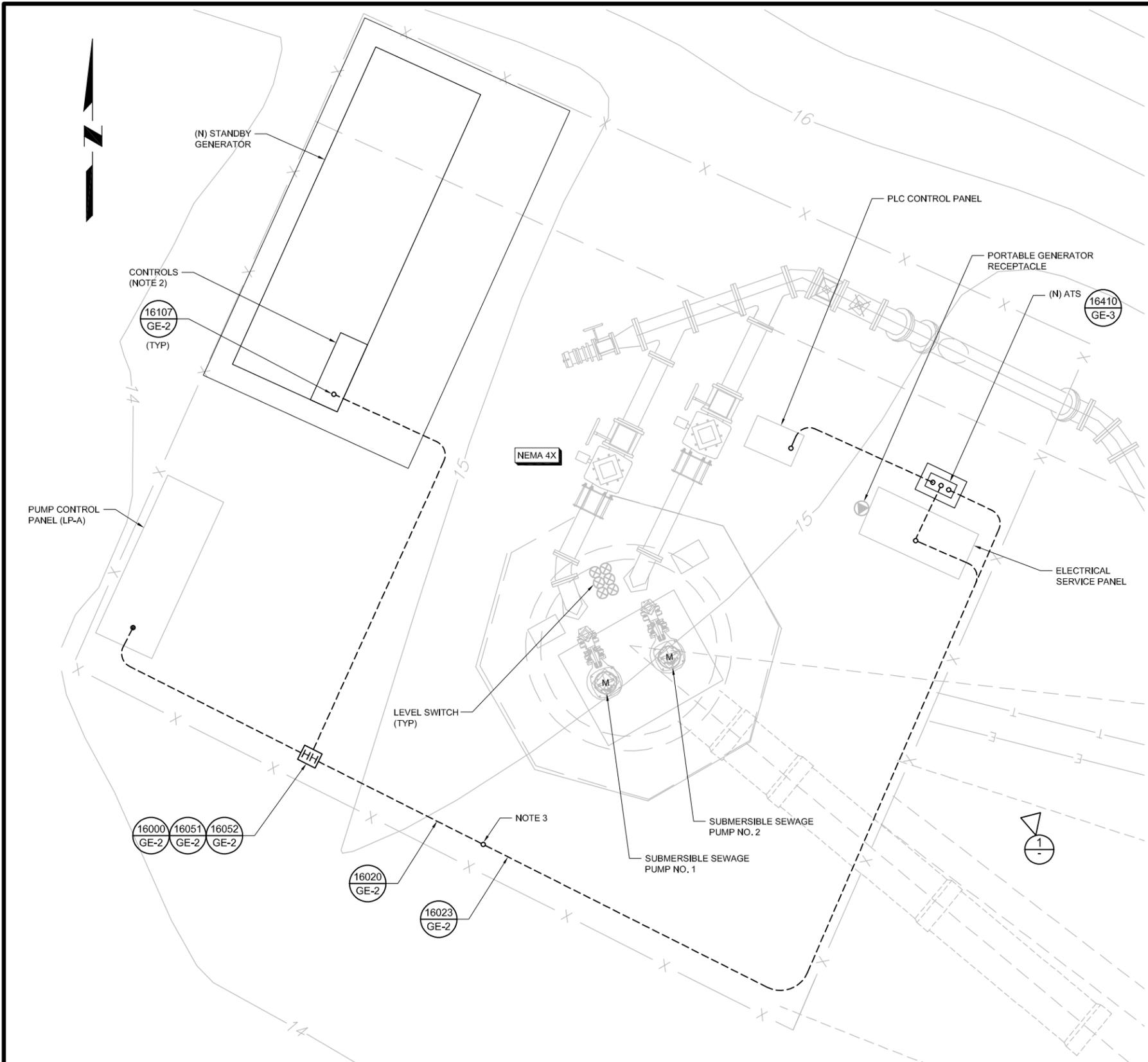
SHEET 17 OF 25

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS  
**ELECTRICAL  
DUNES DRIVE LS SINGLE LINE  
AND INTERCONNECTION DIAGRAMS**

DESIGNED BY:	LGM	DRAWN BY:	BY
CHECKED BY:	NTS	DATE:	OCTOBER 2019

REV.	DATE	BY	COMMENT

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**DUNES DRIVE LS**  
SCALE: 1/2"=1'-0" (NOTE 1)

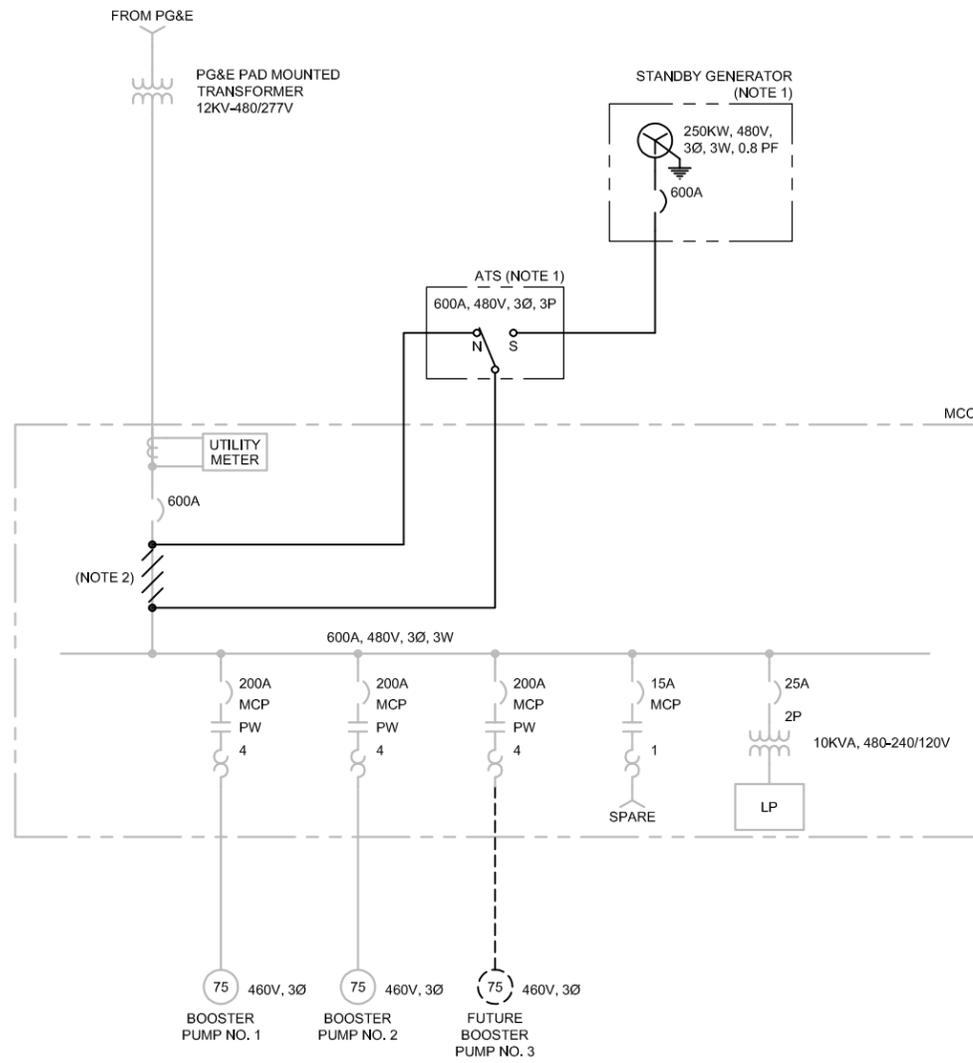


PHOTO 1  
SCALE: NTS

- NOTES:**
- DRAWING NOT TO SCALE. APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
  - ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MIN WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.
  - ADD CONCRETE CAP TO BURIED CONDUIT PER DETAILS BEYOND WETWELL WHERE VEHICLE ACCESS POSSIBLE.

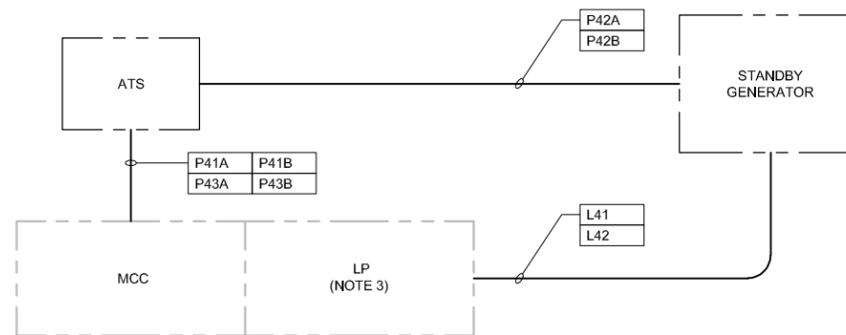
SHEET NO.	<b>E-8</b>	THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE	MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS	ELECTRICAL DRIVE LIFT STATION SITE PLAN	SHEET 18 OF 25
DESIGNED BY:	LGM	DRAWN BY:	BV	CHECKED BY:	-
SCALE:	AS SHOWN	DATE:	OCTOBER 2019		
REV.	DATE	BY	COMMENT		

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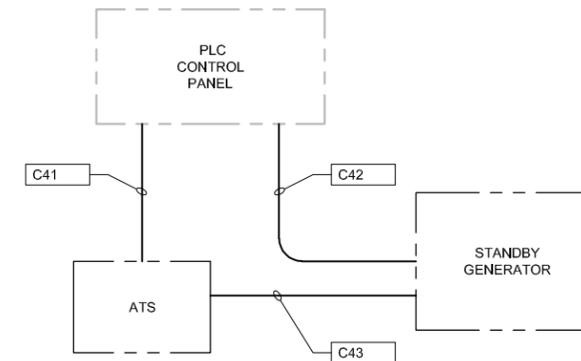
MARINA BOOSTER PS - SINGLE LINE DIAGRAM

SCALE: NTS



MARINA BOOSTER PS - POWER INTERCONNECTION DIAGRAM

SCALE: NTS



MARINA BOOSTER PS - CONTROL INTERCONNECTION DIAGRAM

SCALE: NTS

NOTES:

- STANDBY GENERATOR AND ATS PROVIDED BY OTHERS FOR INSTALLATION BY CONTRACTOR.
- INTERCEPT EXISTING CONDUIT AND CONDUCTORS AS SHOWN FOR CONNECTION TO NEW ATS.
- INVESTIGATE EXISTING PANELBOARD AND PROVIDE NEW REPLACEMENT CIRCUIT BREAKERS FOR GENERATOR BATTERY CHARGER AND HEATER CIRCUITS AS SHOWN IN THE CONDUIT SCHEDULE. COMPLETE LOAD CALCULATIONS FOR THE MODIFIED PANELBOARD.

SHEET NO. **E-9**  
SHEET 19 OF 25

THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE

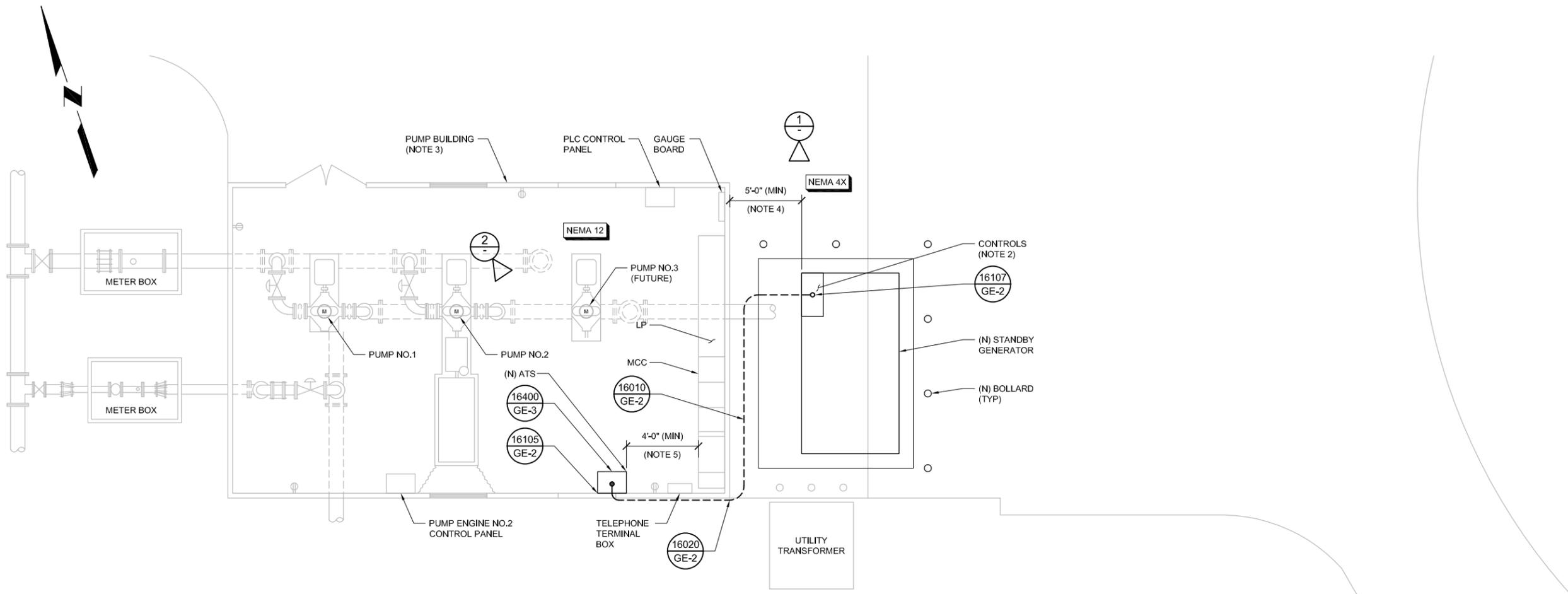
MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

**ELECTRICAL**  
MARINA BOOSTER PS SINGLE LINE AND INTERCONNECTION DIAGRAMS

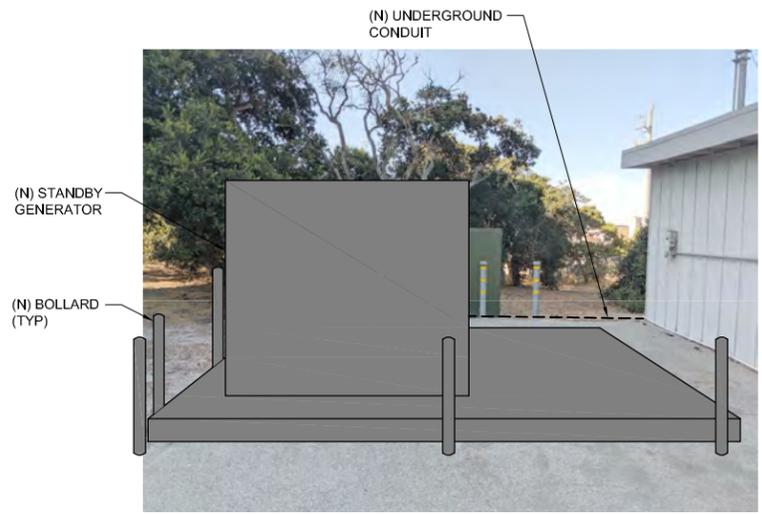
DESIGNED BY:	LGM
DRAWN BY:	BY
CHECKED BY:	NTS
SCALE:	OCTOBER 2019
DATE:	10/25/19

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**MARINA BOOSTER PS PLAN**  
SCALE: 1/4"=1'-0" (NOTE 1)



STANDBY GENERATOR INSTALLATION LOCATION

PHOTO 1  
SCALE: NTS



ATS INSTALLATION LOCATION

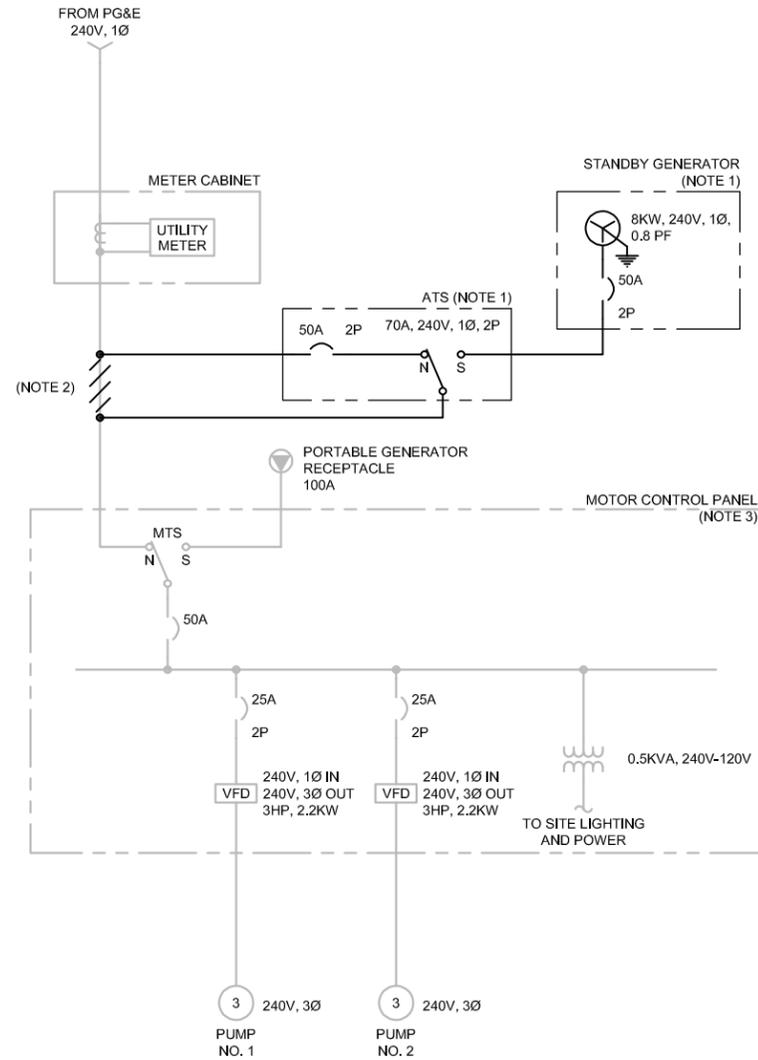
PHOTO 2  
SCALE: NTS

**NOTES:**

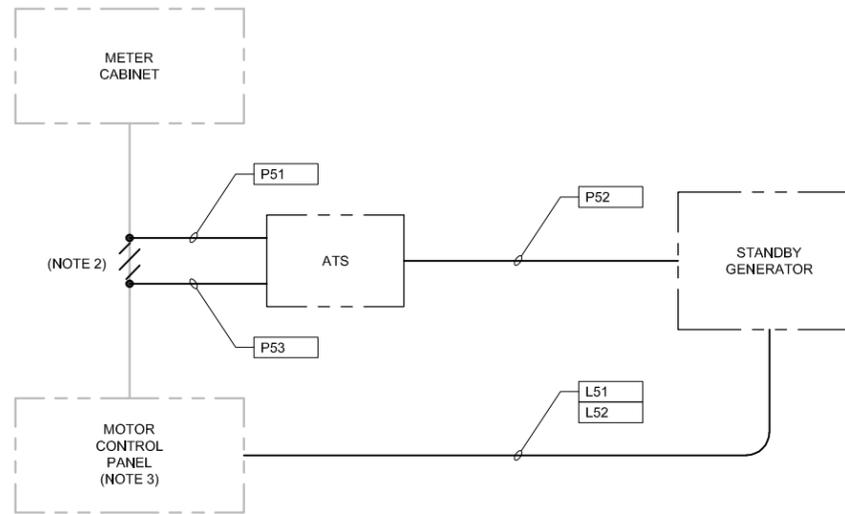
- DRAWING NOT TO SCALE. APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
- ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MIN WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.
- FIELD LOCATE EXPOSED CONDUIT ROUTING INSIDE BUILDING AS PER INTERCONNECTION DIAGRAM.
- MAINTAIN 5'-0" MINIMUM SEPARATION BETWEEN GENERATOR FUEL TANK AND BUILDINGS AS PER NFPA 30 REQUIREMENTS OR AS OTHERWISE DIRECTED BY THE AHJ (MCWD).
- MAINTAIN 4'-0" MINIMUM SEPARATION BETWEEN ATS AND MCC.
- DEMOLISH EXISTING CHLORINE ANALYZER IMPACTING NEW ATS INSTALLATION LOCATION. DEMOLISH CONDUIT AND WIRING ASSOCIATED WITH THE ANALYZER TO THE NEAREST JUNCTION.

SHEET NO. <b>E-10</b>		THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE	
MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS		<b>ELECTRICAL MARINA BOOSTER PUMP STATION SITE PLAN</b>	
DESIGNED BY: LGM	DRAWN BY: BV	CHECKED BY: AS SHOWN	DATE: OCTOBER 2019
REV.	DATE	BY	COMMENT

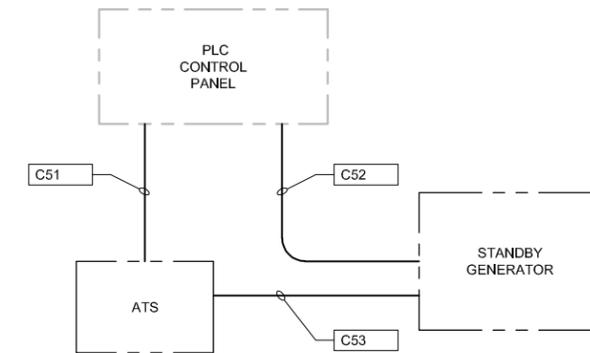
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**CRESCENT STREET LS - SINGLE LINE DIAGRAM**  
SCALE: NTS



**CRESCENT STREET LS - POWER INTERCONNECTION DIAGRAM**  
SCALE: NTS



**CRESCENT STREET LS - CONTROL INTERCONNECTION DIAGRAM**  
SCALE: NTS

**NOTES:**

- STANDBY GENERATOR AND ATS PROVIDED BY OTHERS FOR INSTALLATION BY CONTRACTOR.
- INTERCEPT EXISTING CONDUIT AND CONDUCTORS AS SHOWN FOR CONNECTION TO NEW ATS.
- INVESTIGATE EXISTING MOTOR CONTROL PANEL AND PROVIDE NEW CIRCUIT BREAKERS FOR GENERATOR BATTERY CHARGER AND HEATER CIRCUITS AS SHOWN IN THE CONDUIT SCHEDULE. COMPLETE LOAD CALCULATIONS FOR THE MODIFIED MOTOR CONTROL PANEL.

SHEET NO. **E-11**  
THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE  
SHEET 21 OF 25

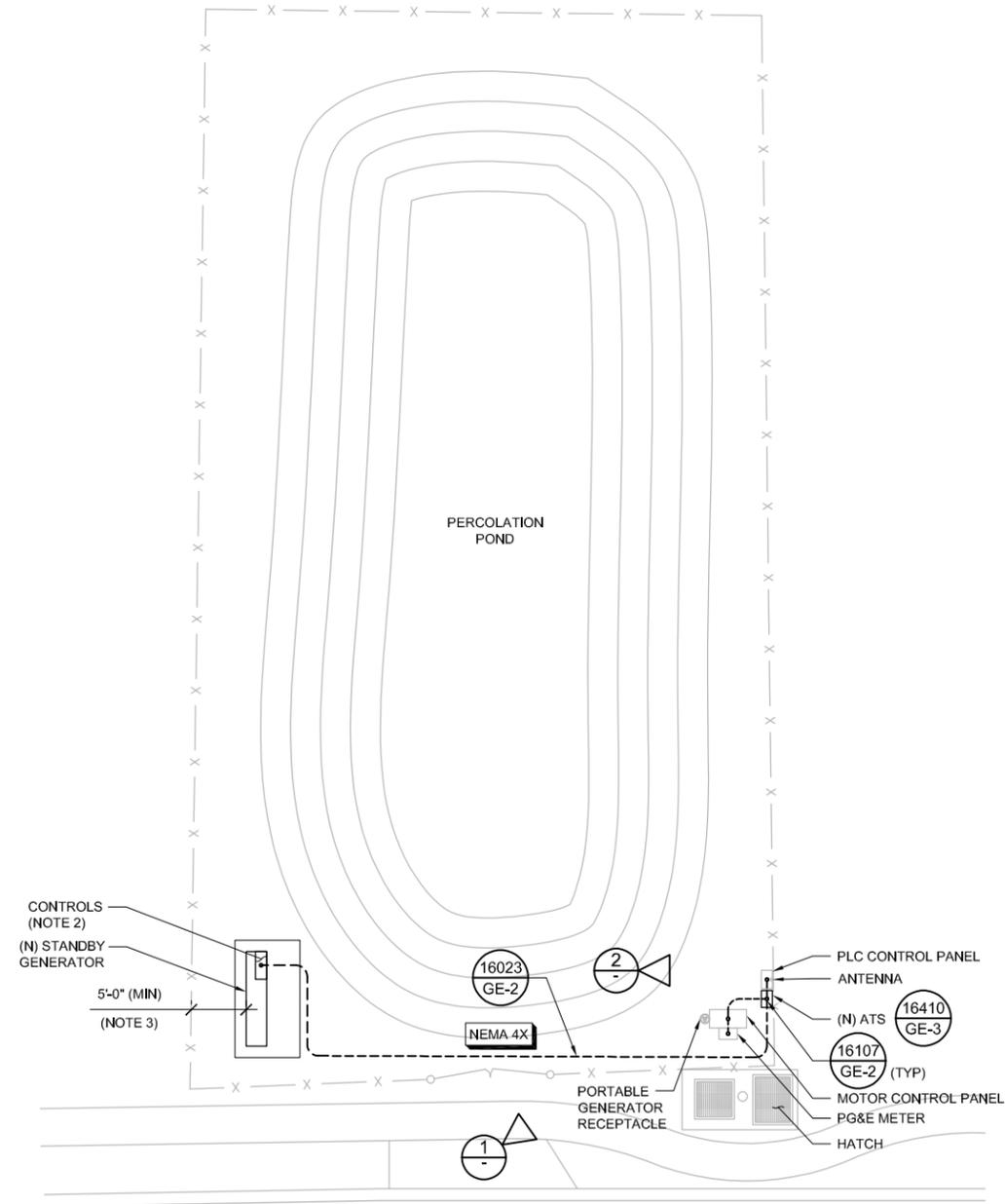
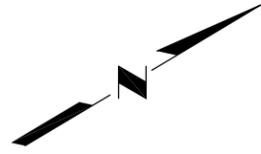
MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

**ELECTRICAL**  
CRESCENT STREET LS SINGLE LINE AND INTERCONNECTION DIAGRAMS

DESIGNED BY:	LGM
DRAWN BY:	BY
CHECKED BY:	NTS
SCALE:	OCTOBER 2019
DATE:	10/25/19

REV.	DATE	BY	COMMENT

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**CRESCENT STREET LS PLAN**  
SCALE: 1/8"=1'-0" (NOTE 1)



EXISTING SITE LOCATION  
**PHOTO 1**  
SCALE: NTS

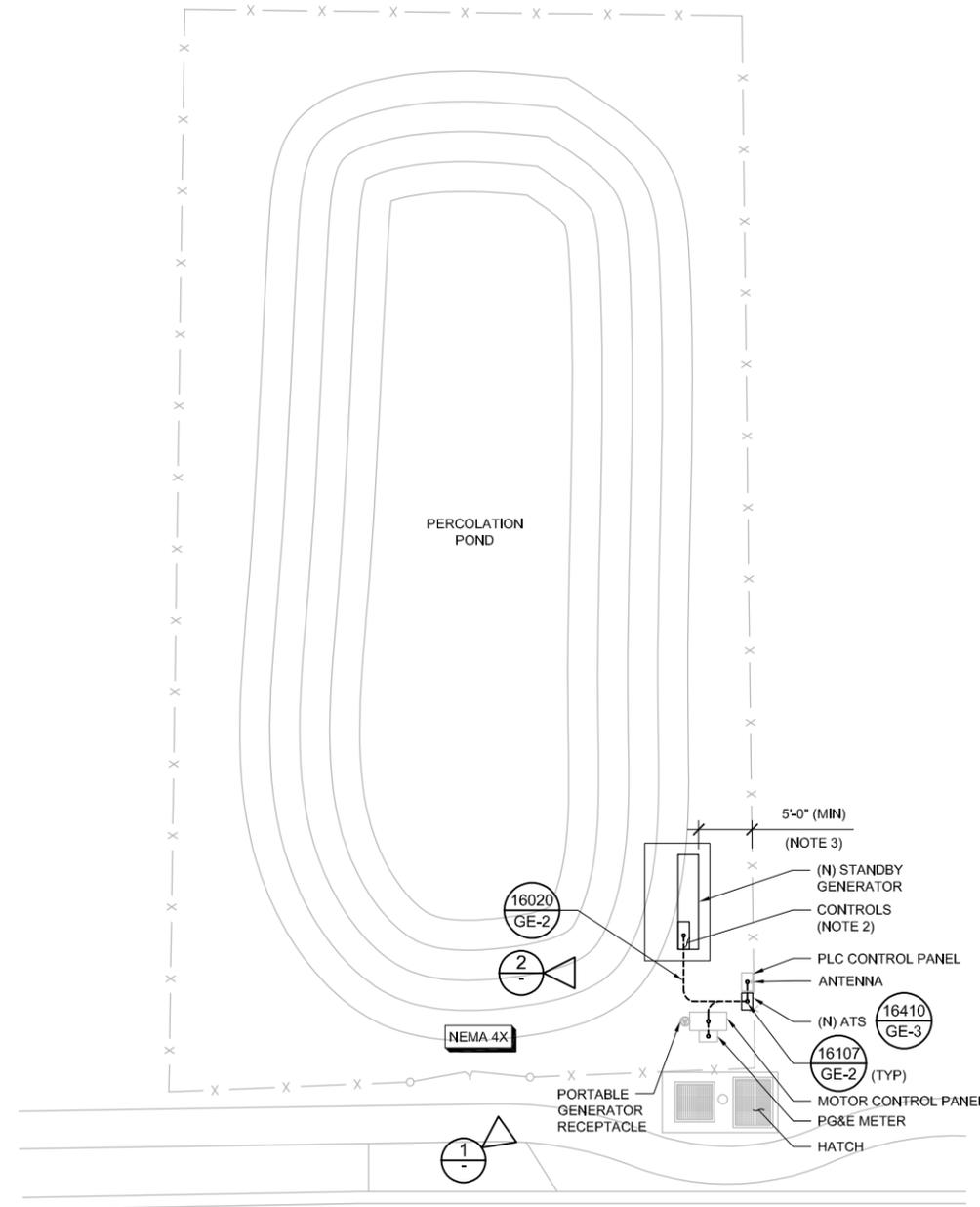
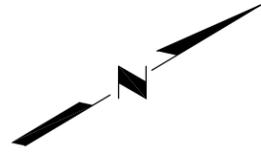


ATS INSTALLATION LOCATION  
**PHOTO 2**  
SCALE: NTS

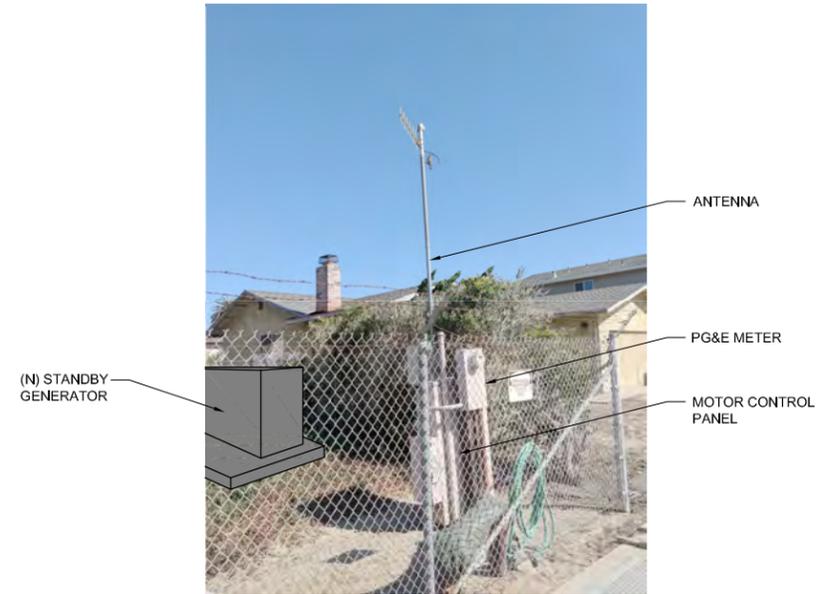
**NOTES:**

1. DRAWING NOT TO SCALE. APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
2. ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MIN WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.
3. MAINTAIN 5'-0" MIN SEPARATION BETWEEN STANDBY GENERATOR FUEL TANK AND PROPERTY LINE AS PER NFPA 30 OR AS OTHERWISE DIRECTED BY THE AHJ (MCWD).

SHEET NO.	<b>E-12</b>	THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE	MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS	DESIGNED BY: LGM DRAWN BY: BV CHECKED BY: SCALE: AS SHOWN DATE: OCTOBER 2019	OCTOBER 2019
ELECTRICAL CRESCENT STREET LIFT STATION SITE PLAN					
REV.	DATE	BY	COMMENT		



**CRESCENT STREET LS PLAN**  
SCALE: 1/8"=1'-0" (NOTE 1)



STANDBY GENERATOR INSTALLATION LOCATION

PHOTO 1  
SCALE: NTS



ATS INSTALLATION LOCATION

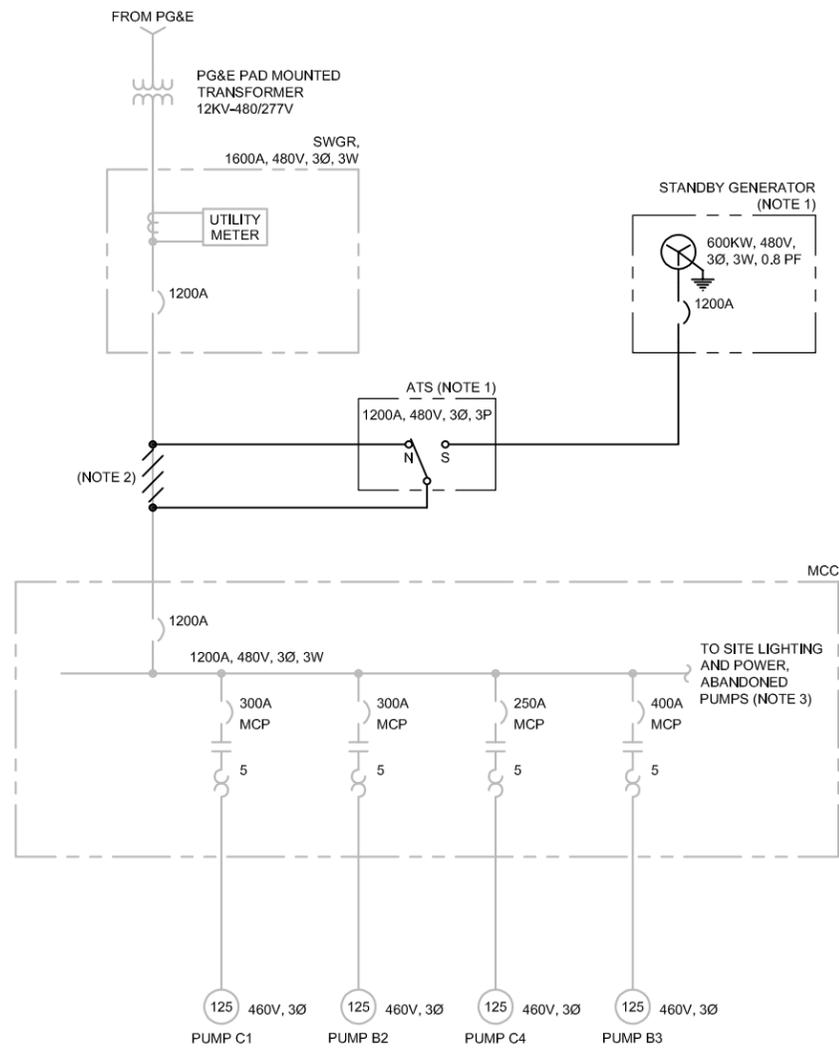
PHOTO 2  
SCALE: NTS

**NOTES:**

1. DRAWING NOT TO SCALE, APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
2. ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MIN WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.
3. MAINTAIN 5'-0" MIN SEPARATION BETWEEN STANDBY GENERATOR FUEL TANK AND PROPERTY LINE AS PER NFPA 30 OR AS OTHERWISE DIRECTED BY THE AHJ (MCWD).

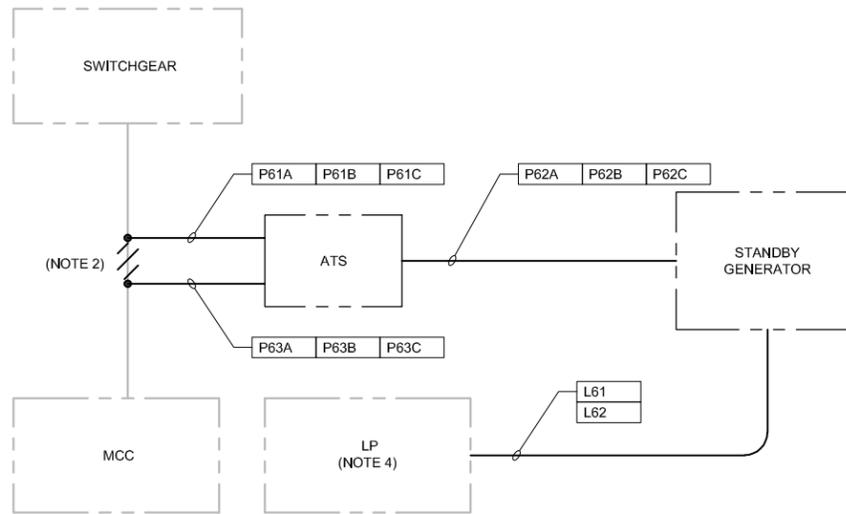
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MARINA COAST WATER DISTRICT PUMP STATIONS STANDBY GENERATORS		ELECTRICAL CRESCENT STREET LIFT STATION ALTERNATIVE SITE PLAN	
DESIGNED BY: LGM	DRAWN BY: BV	CHECKED BY: AS SHOWN	DATE: OCTOBER 2019
REV.	DATE	BY	COMMENT

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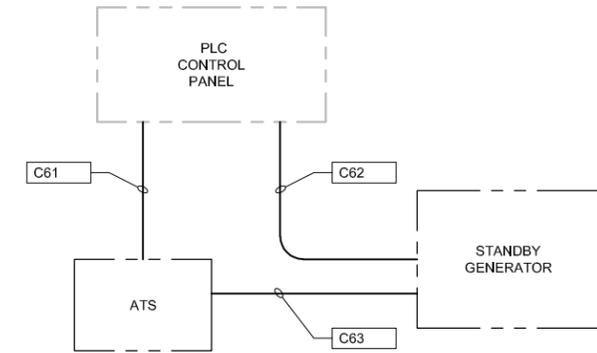
**ZONE B/C BOOSTER PS - SINGLE LINE DIAGRAM**

SCALE: NTS



**ZONE B/C BOOSTER PS - POWER INTERCONNECTION DIAGRAM**

SCALE: NTS



**ZONE B/C BOOSTER PS - CONTROL INTERCONNECTION DIAGRAM**

SCALE: NTS

**NOTES:**

1. STANDBY GENERATOR AND ATS PROVIDED BY OTHERS FOR INSTALLATION BY CONTRACTOR.
2. INTERCEPT EXISTING CONDUIT AND CONDUCTORS AS SHOWN FOR CONNECTION TO NEW ATS.
3. SINGLE LINE DIAGRAM DOES NOT DEPICT EXISTING MCC UNITS FOR ABANDONED PUMPS OR SITE LIGHTING AND POWER.
4. INVESTIGATE EXISTING PANELBOARD AND PROVIDE NEW REPLACEMENT CIRCUIT BREAKERS FOR GENERATOR BATTERY CHARGER AND HEATER CIRCUITS AS SHOWN IN THE CONDUIT SCHEDULE. COMPLETE LOAD CALCULATIONS FOR THE MODIFIED PANELBOARD.

SHEET NO. **E-13**  
THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE  
SHEET 24 OF 25

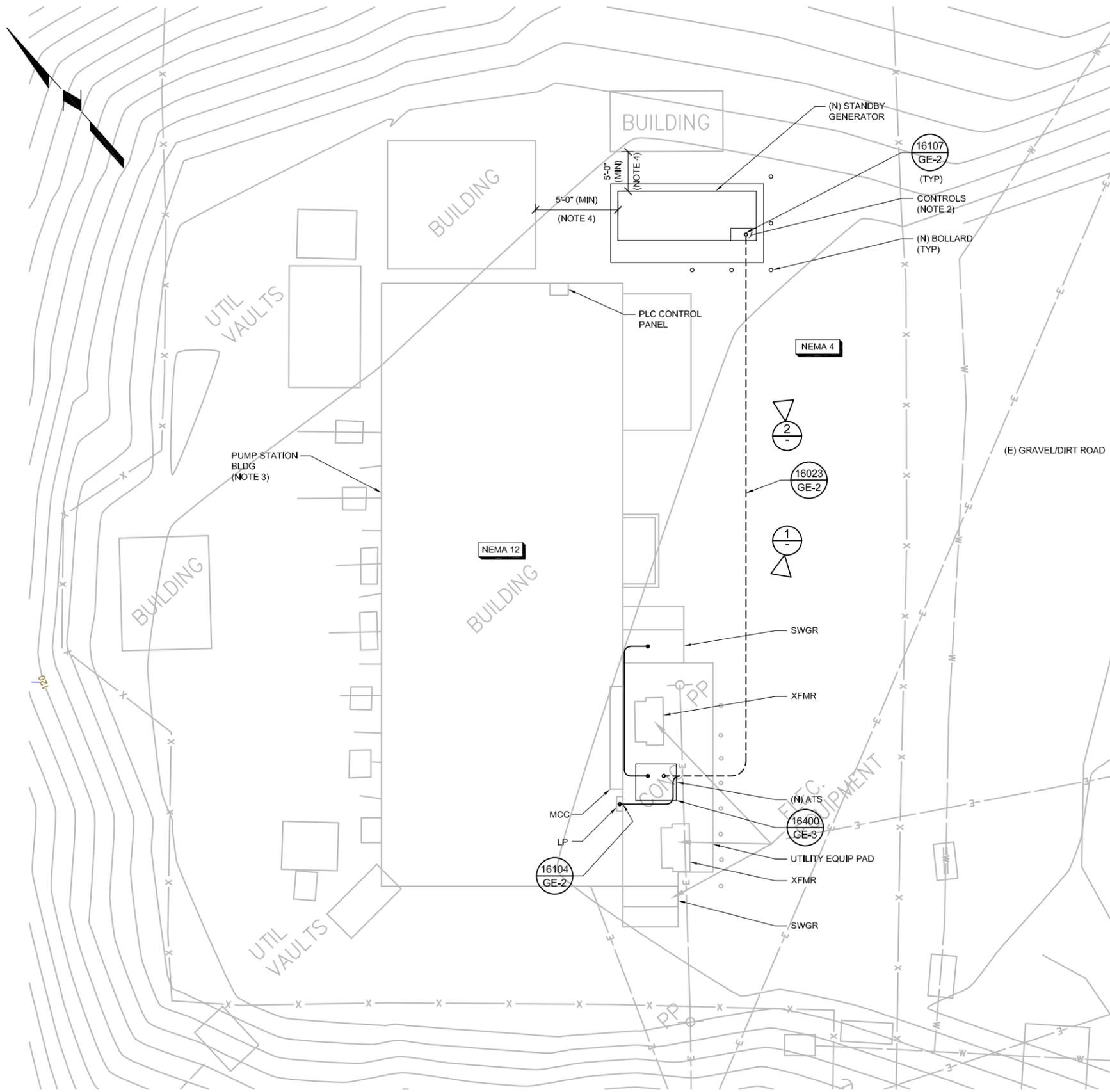
MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

**ELECTRICAL**  
ZONE B/C BOOSTER PS SINGLE LINE AND INTERCONNECTION DIAGRAMS

DESIGNED BY:	LGM	BY:	NTS
DRAWN BY:	BY	CHECKED BY:	NTS
SCALE:	NTS	DATE:	OCTOBER 2019

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**ZONE B/C BOOSTER PUMP STATION PLAN**  
SCALE: 1/8"=1'-0" (NOTE 1)



(N) UNDERGROUND CONDUIT SEE PLAN FOR CONTINUATION

ATS INSTALLATION LOCATION

PHOTO 1  
SCALE: NTS



(N) STANDBY GENERATOR

(N) BOLLARD (TYP)

(N) UNDERGROUND CONDUIT

SEE PLAN FOR CONTINUATION

GENERATOR INSTALLATION LOCATION

PHOTO 2  
SCALE: NTS

**NOTES:**

- DRAWING NOT TO SCALE. APPROXIMATE SCALE IS AS SHOWN. CONTRACTOR SHALL FIELD VERIFY ALL DIMENSIONS AND CONDUIT ROUTING.
- ARRANGE STANDBY GENERATOR PAD TO PROVIDE 36" MINIMUM WORKING SPACE IN FRONT OF GENERATOR CONTROLS. COORDINATE FINAL LAYOUT WITH ACTUAL GENERATOR SUPPLIED.
- FIELD LOCATE EXPOSED CONDUIT ROUTING INSIDE BUILDING AS PER INTERCONNECTION DIAGRAM.
- MAINTAIN 5'-0" MINIMUM SEPARATION BETWEEN GENERATOR FUEL TANK AND BUILDINGS AS PER NFPA 30 REQUIREMENTS OR AS OTHERWISE DIRECTED BY THE AHJ (MCWD).

SHEET NO. **E-14** SHEET 25 OF 25

THIS BAR SCALES EXACTLY ONE INCH AT FULL SCALE

MARINA COAST WATER DISTRICT  
PUMP STATIONS STANDBY GENERATORS

**ELECTRICAL**  
ZONE B/C BOOSTER PUMP STATION  
SITE PLAN

DESIGNED BY: LGM  
DRAWN BY: BV  
CHECKED BY: -  
SCALE: AS SHOWN  
DATE: OCTOBER 2019

PROFESSIONAL ENGINEER  
No. 47392  
Exp. 02/2024  
ELECTRICAL  
STATE OF CALIFORNIA

MARINA COAST WATER DISTRICT

TJC  
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REV. DATE BY COMMENT

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Marina Coast Water District  
Agenda Transmittal

Agenda Item: 5-B

Meeting Date: November 4, 2019

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Consider Accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the Fiscal Year ended June 30, 2019

Staff Recommendation: Consider Accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the fiscal year ended June 30, 2019.

Background: *5-Year Strategic Plan, Objective 3.4 Close and Audit financial statements in a timely manner.*

The Board is requested to review and accept the Comprehensive Annual Financial Report (CAFR) and the Independent Auditor's Report for the fiscal year ended June 30, 2019. This is the twelfth consecutive year that staff has prepared a CAFR report for the District.

On June 15, 2015, the District approved a three-year Audit Contract with the Pun Group, LLP, Certified Public Accountants (Auditors), as the District's external auditors. This is Year 3 of the contract. The Auditors provided an Independent Auditor's Report (included in the CAFR report) stating that the financial statements present fairly, in all material respects, the financial position of the District for fiscal year 2016-2017.

On May 21, 2018 the Board adopted Resolution No. 2018-31 to extend its contract with the Pun Group, LLP for one year in order to audit the fiscal year 2017-2018. The extension was granted because the pending settlement of litigation regarding the Regional Desalination Project (RDP) was due to conclude by fiscal year end June 30, 2018 and having been the audit firm for the District for the past six years, the Pun Group has extensive knowledge and background with regards to the RDP and therefore best suited to audit fiscal year 2017-2018 for the District.

Due to the ongoing litigation regarding the Regional Desalination Project, the Pun Group's contract was extended for another year by the Board through its adoption of Resolution No. 2019-49 on July 15, 2019 and has therefore performed the fiscal year 2018-2019 audit for the District.

Discussion/Analysis: The CAFR is an extensive report summarizing the financial activities of the District that occurred from July 1, 2018 through June 30, 2019 and is divided into three sections: Introductory, Financial, and Statistical Sections.

The introductory section contains a Letter of Transmittal, awards and achievements, organizational chart and directory of officials. The letter of transmittal includes a brief overview of the District, its policies and how the District controls its finances.

The financial section contains the Management's Discussion and Analysis report. This analysis illustrates the basic financial operations of the District in a more detailed manner than is found in the Letter of Transmittal. Also included in this section are the Independent Auditor's Report and the Basic Financial Statements and Notes to the Financial Statements.

The final section of the report is a compilation of statistical schedules for the last ten years that depict various trends and general information of the District.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2018. This is the eleventh consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Staff believes that the District's current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to GFOA to determine its eligibility for another certificate.

Kenneth Pun, Managing Partner of the Pun Group, LLP will be available at the Board meeting to answer any questions on their audit report and the District's CAFR.

Financial Impact:    \_\_\_\_\_Yes    \_\_\_X\_\_\_No                   Funding Source/Recap: None.

Material Included for Information/Consideration: The Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

Action Required:    \_\_\_\_\_Resolution    \_\_\_X\_\_\_Motion    \_\_\_\_\_Review

---

Board Action

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

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

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

# Marina Coast Water District

*Marina, California*

## Comprehensive Annual Financial Report

For The Fiscal Years Ended

June 30, 2019 and 2018



11 Reservation Road, Marina California 93933



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# **Marina Coast Water District**

*Marina, California*

## **Comprehensive Annual Financial Report**

**For The Fiscal Years Ended**

**June 30, 2019 and 2018**

**11 Reservation Road  
Marina, California 93933**



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**INTRODUCTORY  
SECTION  
(UNAUDITED)**

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# MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

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

TEL: (831) 384-6131 FAX: (831) 883-5995

## DIRECTORS

THOMAS P. MOORE  
*President*

JAN SHRINER  
*Vice President*

HERBERT CORTEZ  
PETER LE  
MATT ZEFFERMAN

November 4, 2019

Board of Directors  
Marina Coast Water District  
Marina, California

It is a pleasure to submit the Marina Coast Water District's (MCWD or District) Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2019 and 2018. The CAFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information.

The California Government Code requires an annual independent audit of MCWD's financial statements by a Certified Public Accountant (CPA). The District's financial statements have been audited by The Pun Group LLP, Certified Public Accountants (auditor). The auditor's opinion is included in the financial section of this CAFR.

The CAFR is believed to be accurate in all material respect, and is presented in a manner designed to fairly set forth the financial position, the changes in financial position and cash flows for the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. While the independent auditors have expressed an unmodified ("clean") opinion that MCWD's financial statements are presented in conformity with U.S. generally accepted accounting principles (GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District.

### ***District Overview***

The District is a special district formed in 1960 under the County Water District Act for the purpose of installing and operating a water supply, water distribution system and wastewater collection system for the City of Marina. The District serves approximately 35,000 residents through 10,000 connections in its Marina and former Fort Ord (Ord Community) service areas.

The District currently pumps all of its supply or approximately 3,200 Acre Feet of water (both Marina and Ord Community systems) annually from groundwater wells.

The District owns and operates 20 sewer lift stations, more than 140 miles of gravity pipeline and 7 miles of forced main to convey in excess of two million gallons per day of sewage to the Monterey One Water Treatment Plant. Monterey One Water (M1W), previously named, “Monterey Regional Water Pollution Control Agency”, operates the regional wastewater treatment plant. Sewage is conveyed to an interceptor and measured at the M1W pump station for Central Marina and at the Flume structure for Ord Community.

The District’s system encompasses approximately 162 miles of water pipeline and owns and operates eight production wells with an estimated capacity of approximately twenty million gallons per day. District water storage includes eight water storage tanks with a combined capacity of eleven million gallons and six booster pump stations. In addition, monitoring wells are strategically located along the coast to monitor water quality and groundwater levels in the aquifers that are the source for the District’s water supply. All wells are sampled to identify the presence of chemicals, the threat of saltwater intrusion, and to monitor water levels.

The District has an authorized staff of 38 full-time employees providing services to its six service area funds: Marina Water, Marina Wastewater, Ord Community Water, Ord Community Wastewater, New Water Project (Regional Urban Water Augmentation Project or RUWAP) and Regional Desalination Project.

### ***Governance***

MCWD is a public agency (special district) governed by a five member independently elected Board of Directors (Board) serving staggered four-year terms elected at-large from within the District’s Marina service area. The Ord Community was annexed into the District’s service area in July 2019 and as such will participate in the next election in November 2020. Annually, a President and Vice President are chosen among the Board members. MCWD operates under a Board-Manager form of government. The Board of Directors appoints the General Manager who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the Board’s policies.

The Board meets in a regular session on the third Monday of each month. Regular meetings are held at 6:30 p.m. at the Marina Council Chambers, 211 Hillcrest Avenue, Marina, California. Board meetings are open to the public.

### ***Budget Process***

Annually, the District prepares and adopts an operating budget and updates its five-year Capital Improvement Program (CIP). Both serve as the District’s financial planning and fiscal control. Budgets are adopted on a basis consistent with governmental GAAP. Budgetary controls are set at the department level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District’s budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes the projects, services and activities to be carried out during the fiscal year and the estimated revenue available to finance these

operating and capital costs. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis. The General Manager has the discretion to transfer appropriations between activities. Board approval is required for any overall increase in appropriations or changes to the Capital Improvement Program.

### ***Economic Condition and Outlook***

Although the January 2014 Drought State of Emergency was lifted in April 2017, California's water supply continues to be a concern due to projected population increases and the effect the multi-year drought had on the State's groundwater supply. This concern has increased interest in conservation and new water sources. The District has led the area in its conservation efforts and will continue to make strides in this area.

The District is working on multiple concepts that will provide new water sources to its customers. If each concept is successful the District's water portfolio may include groundwater, conservation savings, storm water, desalination water and recycled water.

The District continues to align construction projects with current economic growth and is preparing for increased activity by the development community.

### ***Long-term Financial Planning***

The District contracted with Carollo Engineers to prepare a five-year rate study and financial plan (Study) for the District. The Study was completed in January 2018 and identified those resources necessary for the District to properly fund its operations and capital program for the fiscal years 2019 through 2023. The Study provides the appropriate means to obtain the needed resources through a combination of rate increases and project financing. A full version of the Study can be viewed on the District's website [www.mcwd.org](http://www.mcwd.org).

MCWD also conducted a formal Cost Allocation Plan, which was completed by Carollo Engineers, documenting their review of how MCWD overhead costs are allocated among its four cost centers. The study determined that MCWD's approach not only meets State and Federal requirements, but also achieves best management principles of financial statements that are reasonable, consistent, repeatable and documented.

### ***Major Initiatives***

The District completed a five-year rate study and financial plan in January 2018. The financial plan was to provide the resources that are necessary to properly fund the District as we meet future needs and requirements that are identified in the plan. Based on the recommendations, the District conducted a Proposition 218 notification process and adopted rate increases in 2018 for its Marina and Ord Community service areas for fiscal years 2019 through 2023.

The Marina Coast Water District's Central Marina and Ord Community water service areas overlie portions of the Monterey Subbasin, the 180/400 Foot Aquifer Subbasin, and part of the Seaside

Adjudicated Basin. Three of the District wells are located in Central Marina and five wells are in the Ord Community. The California Department of Water Resources (DWR) granted the District exclusive Groundwater Sustainability Agency (GSA) status within its jurisdictional boundaries within the Monterey Subbasin and the 180/400 Subbasin. Since the District has been determined to be an exclusive GSA in both the Monterey Subbasin and the 180/400 Subbasin, the MCWD GSA will be engaged in the development of Groundwater Sustainability Plans (GS plans) for the entirety of these two Subbasins, in coordination with other GSA's within these Subbasins. The 180/400 Aquifer Subbasin GS plan has to be prepared by January 31, 2020 and the Monterey Subbasin GS plan has to be prepared by January 31, 2022.

### ***Internal Control***

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

### ***Investment Policy***

The Board of Directors periodically adopts an Investment Policy that conforms to California State Law, District ordinances and resolutions, prudent money management and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity and yield. District funds are normally invested in the State Treasurer's Local Agency Investment Fund (LAIF), Certificates of Deposits, and guaranteed investment contracts (GIC).

### ***Water Rates and District Revenues***

District policy direction ensures that all revenues from user charges generated from District customers must support all District operations. Accordingly, water rates are reviewed periodically.

Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge.

During fiscal year 2018-19, water and sewer rate increases occurred January 1, 2019 for both the Central Marina and the Ord Community as stated in the Proposition 218 notification in 2018 and approved by the Board through adoption of Resolution No. 2018-12 on March 12, 2018.

### ***Independent Audit***

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm The Pun Group, LLP has conducted the audit of the District's financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

### ***Other References***

More information is contained in the District's management discussion and analysis and the notes to the basic financial statements found in the financial section of this report.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2018. This was the eleventh consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Marina Coast Water District's fiscal policies.

Respectfully submitted,



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Keith Van Der Maaten  
General Manager



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Kelly M. Cadiente  
Director of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Marina Coast Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

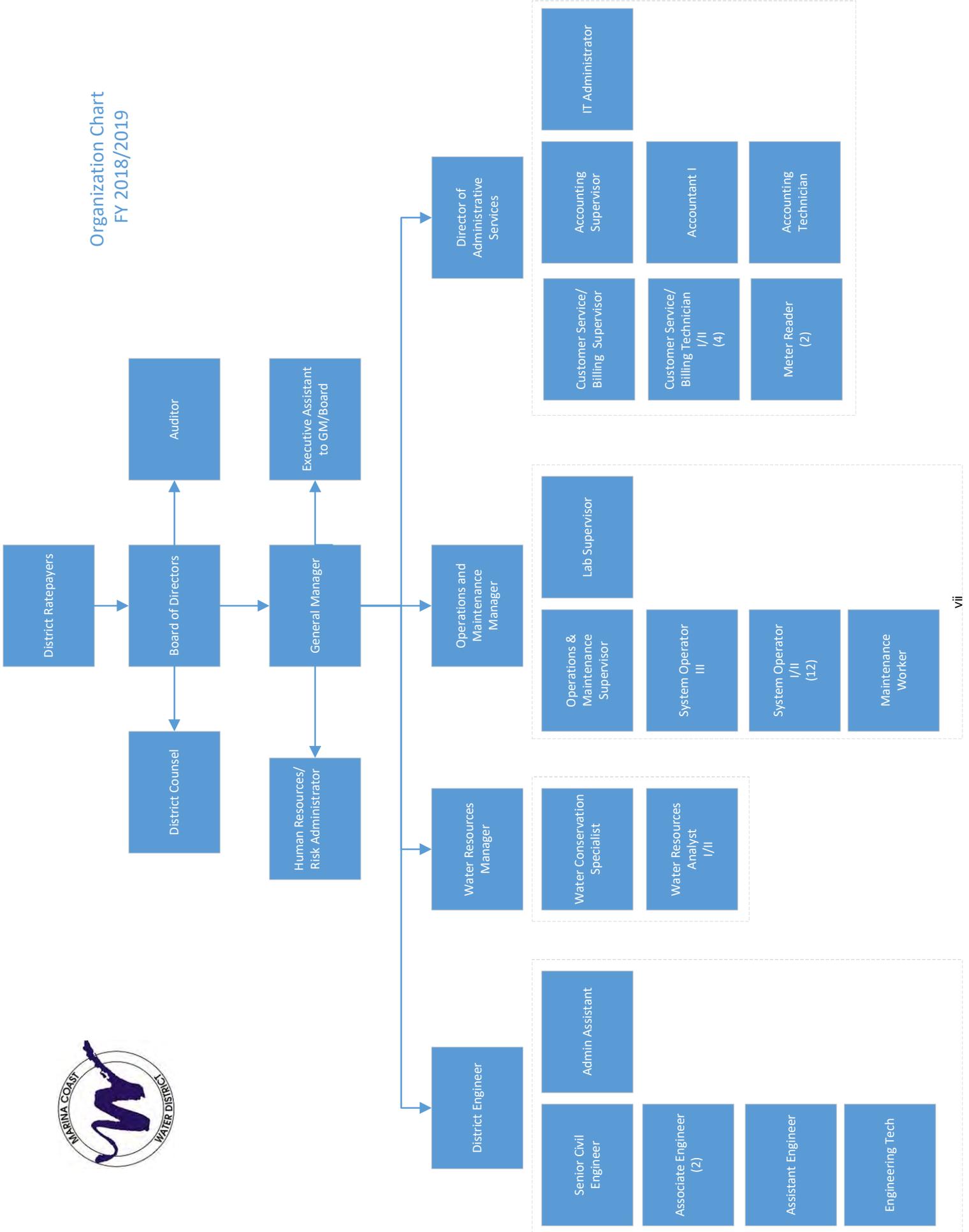
**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



# Organization Chart FY 2018/2019



# Marina Coast Water District

## Directory

### Board of Directors

June 30, 2019

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Thomas P. Moore	President
Jan Shriner	Vice-President
Herbert Cortez	Director
Peter Le	Director
Matt Zefferman	Director

### Management Staff

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Keith Van Der Maaten	General Manager
Mike Wegley	District Engineer
Kelly Cadiente	Director of Administrative Services
Rose Gill	Human Resources/ Risk Administrator
Derek Cray	Operations & Maintenance Manager

# **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the Marina Coast Water District  
Marina, California

### **Report on Financial Statements**

We have audited the accompanying financial statements of Marina Coast Water District (the "District"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedule of Contributions – Defined Benefit Pension Plan, and the Schedules of Changes in Total OPEB Liability – Other Post-Employment Benefits on pages 6 to 13 and 58 to 59 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*The PwC Group, LLP*

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

This section of the Marina Coast Water District's (District) financial statements presents an analysis of the District's financial performance during the fiscal years ended June 30, 2019 and 2018. This information is presented in conjunction with the transmittal letter in the Introductory Section, and with the basic financial statements and related notes, which follow this section.

**Overview of the District's Financial Statements**

The financial statements consist of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and related Notes, and Supplementary Information.

**Basic Financial Statements**

The financial statements of the District report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States of America.

The Statement of Net Position includes information on the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities).

The Statement of Revenues, Expenses, and Changes in Net Position identify the District's revenues and expenses for the fiscal year. This statement provides information on the District's operations for the fiscal year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

The Statement of Cash Flows provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance for the fiscal year.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the District's progress in funding its obligation to provide pension benefits and post-employment benefits to its employees.

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Supplementary Information**

Proprietary fund schedules are presented in Supplementary Information to provide additional details on the financial condition of each fund.

**Financial Analysis of the District**

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial condition and also indicate whether the financial condition of the District improved over time. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition. However, considerations should be made for other non-financial factors such as changes in economic conditions, population growth, new or changed government legislation, such as changes in Federal and State water quality standards.



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Financial Highlights for Fiscal Years 2019 and 2018**

- At June 30, 2019, the District's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$199.6 million (net position), which is an increase of \$13.1 million or 7.0% over the 2018 fiscal year-end balance. At June 30, 2018, the District's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$186.5 million (net position), which is an increase of \$35.2 million or 23.3% over the 2017 fiscal year-end balance.
- The total long-term debt for the current fiscal year increased by \$3.6 million or 10.0% due to the addition of the California State Revolving Fund Loan in the amount of \$5.6 million offset by annual debt service payments. Prior year decreased by \$1.9 million or 5.0% primarily due to annual debt service payments.
- For fiscal year 2019, capital assets increased by \$10.0 million or 4.6% primarily due to the RUWAP project and the completion of several improvement projects on existing infrastructure. For fiscal year 2018, capital assets increased by \$41.4 million or 23.2% due to the RUWAP project along with the addition of capital assets contributed from Developer Infrastructure Agreements.



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Net Position**

A summary of the District's Statement of Net Position is presented below. Balances shown include interfund eliminations. Additional details are provided in the proprietary fund schedules in Supplementary Information.

**Condensed Statements of Net Position**

	June 30			Change between 2019 and 2018	Change between 2018 and 2017		
	2019	2018	2017				
<u>Assets:</u>							
Current assets	\$ 10,568,131	\$ 15,884,659	\$ 8,023,142	\$ (5,316,528)	-33.5%	\$ 7,861,517	98.0%
Noncurrent assets	15,894,953	12,957,240	12,381,748	2,937,713	22.7%	575,492	4.6%
Capital assets, net	<u>229,817,197</u>	<u>219,785,960</u>	<u>178,427,499</u>	<u>10,031,237</u>	4.6%	<u>41,358,461</u>	23.2%
Total Assets	<u>256,280,281</u>	<u>248,627,859</u>	<u>198,832,389</u>	<u>7,652,422</u>	3.1%	<u>49,795,470</u>	25.0%
Deferred outflows	<u>1,079,009</u>	<u>1,221,945</u>	<u>606,888</u>	<u>(142,936)</u>	-11.7%	<u>615,057</u>	101.3%
<u>Liabilities:</u>							
Current liabilities	11,329,663	19,581,104	4,108,162	(8,251,441)	-42.1%	15,472,942	376.6%
Noncurrent liabilities	<u>45,380,174</u>	<u>42,621,285</u>	<u>42,910,048</u>	<u>2,758,889</u>	6.5%	<u>(288,763)</u>	-0.7%
Total Liabilities	<u>56,709,837</u>	<u>62,202,389</u>	<u>47,018,210</u>	<u>(5,492,552)</u>	-8.8%	<u>15,184,179</u>	32.3%
Deferred inflows	<u>1,080,413</u>	<u>1,187,121</u>	<u>1,180,189</u>	<u>(106,708)</u>	-9.0%	<u>6,932</u>	0.6%
<u>Net Position:</u>							
Net investment in capital assets	184,250,677	176,633,556	139,827,693	7,617,121	4.3%	36,805,863	26.3%
Restricted for capacity fees	15,042,160	12,105,493	11,531,344	2,936,667	24.3%	574,149	5.0%
Restricted for debt service	852,793	851,747	850,404	1,046	0.1%	1,343	0.2%
Unrestricted	<u>(576,590)</u>	<u>(3,130,502)</u>	<u>(968,563)</u>	<u>2,553,912</u>	-81.6%	<u>(2,161,939)</u>	223.2%
Total Net Position	<u>\$ 199,569,040</u>	<u>\$ 186,460,294</u>	<u>\$ 151,240,878</u>	<u>\$ 13,108,746</u>	7.0%	<u>\$ 35,219,416</u>	23.3%

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$199.6 million, \$186.5 million and \$151.2 million as of June 30, 2019, 2018 and 2017, respectively.

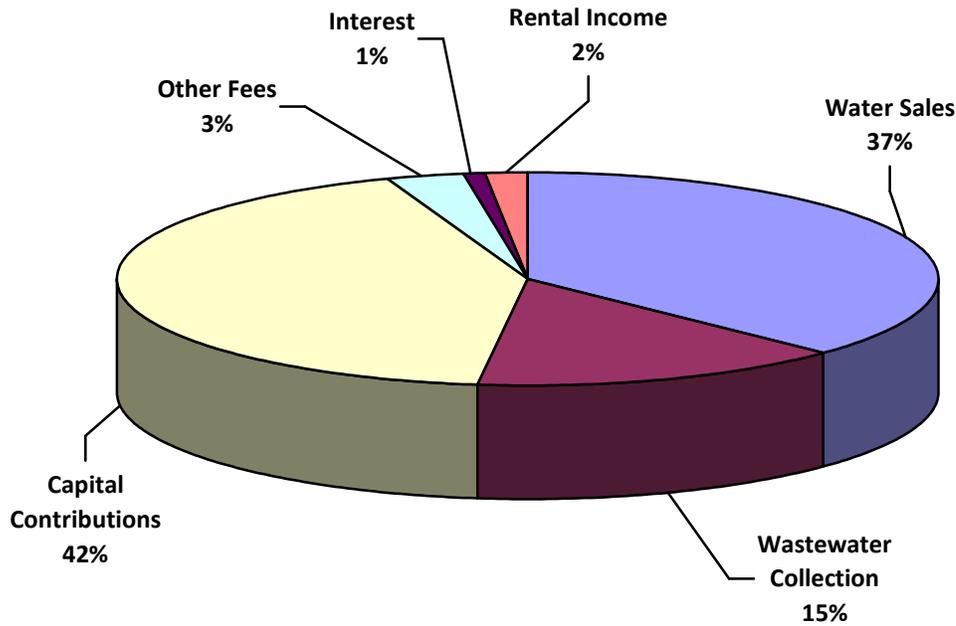
One of the largest portions of the District's net position (92.3%, 94.7% and 92.5% as of June 30, 2019, 2018 and 2017, respectively) reflects the District's net investment in capital assets. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2019, 2018 and 2017, the District showed a negative balance in its unrestricted net position of \$0.6 million, \$3.1 million and \$1.0 million, respectively.

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Revenues**

The District finances its water sales and wastewater collection operations through user fees and other income. Total revenue for fiscal year 2019 was \$28.7 million, down \$4.4 million or 13.2% from prior year. Total revenue for fiscal year 2018 was \$33.0 million, up \$12.1 million or 57.7% from 2017. Capital contributions decreased \$4.2 million or 25.8% in the current year and in the prior year increased \$9.7 million or 146.8% due to grants for the RUWAP project.



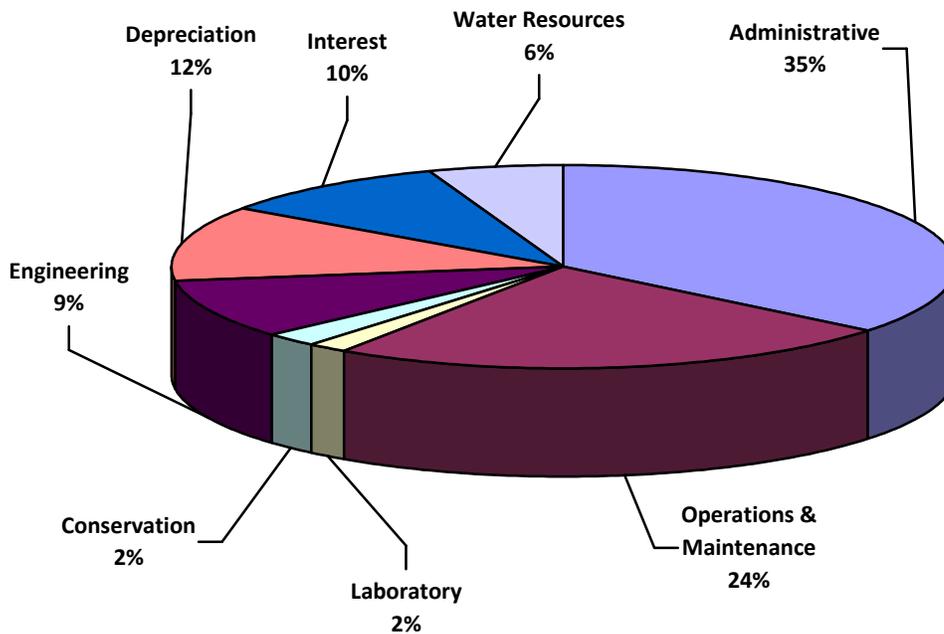
**Revenues**

	June 30			Change between 2019 and 2018	Change between 2018 and 2017		
	2019	2018	2017				
<b><u>Operating Revenues:</u></b>							
Water sales	\$ 10,693,992	\$ 10,844,656	\$ 9,486,324	\$ (150,664)	-1.4%	\$ 1,358,332	14.3%
Wastewater collection	4,196,352	3,828,160	3,450,138	368,192	9.6%	378,022	11.0%
Other services & fees	912,885	1,345,278	748,872	(432,393)	-32.1%	596,406	79.6%
<b>Total Operating Revenues</b>	<b>15,803,229</b>	<b>16,018,094</b>	<b>13,685,334</b>	<b>(214,865)</b>	<b>-1.3%</b>	<b>2,332,760</b>	<b>17.0%</b>
<b><u>Nonoperating Revenues:</u></b>							
Rental income	497,767	519,024	566,651	(21,257)	-4.1%	(47,627)	-8.4%
Interest earned	220,362	132,986	64,012	87,376	65.7%	68,974	107.8%
<b>Total Nonoperating Revenues</b>	<b>718,129</b>	<b>652,010</b>	<b>630,663</b>	<b>66,119</b>	<b>10.1%</b>	<b>21,347</b>	<b>3.4%</b>
<b><u>Capital Contributions:</u></b>							
	12,136,994	16,364,028	6,630,732	(4,227,034)	-25.8%	9,733,296	146.8%
<b>Total Revenues</b>	<b>\$ 28,658,352</b>	<b>\$ 33,034,132</b>	<b>\$ 20,946,729</b>	<b>\$ (4,375,780)</b>	<b>-13.2%</b>	<b>\$ 12,087,403</b>	<b>57.7%</b>

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Expenses**

Total expenses for fiscal year 2019 were \$15.5 million, an increase of \$2.0 million or 14.9% from prior year. There were increases of \$0.7 million in Administrative expenses, \$0.5 million in Operations and Maintenance expenses, and \$0.3 million in depreciation expense. The Water Resources department is newly created with expenses totaling \$0.9 million, offset by a decrease of \$0.4 million in Engineering expenses. Total expenses for fiscal year 2018 were \$13.5 million, up \$0.8 million or 6.2% from fiscal year 2017 primarily due to a \$0.7 million increase in Administrative expenses and an increase of \$0.2 million in Engineering expenses coupled with a decrease of \$0.1 million in depreciation expense.



	Expenses							
	June 30							
	2019	2018	2017	Change between 2019 and 2018		Change between 2018 and 2017		
<b>Operating Expenses:</b>								
Administrative	\$ 5,579,270	\$ 4,907,644	\$ 4,220,398	\$ 671,626	13.7%	\$ 687,246	16.3%	
Operations and maintenance	3,658,830	3,181,860	3,173,240	476,970	15.0%	8,620	0.3%	
Laboratory	280,385	251,818	256,607	28,567	11.3%	(4,789)	-1.9%	
Conservation	336,553	301,155	304,338	35,398	11.8%	(3,183)	-1.0%	
Engineering	1,470,323	1,822,501	1,656,803	(352,178)	-19.3%	165,698	10.0%	
Water Resources	871,915	-	-	871,915	100.0%	-	0.0%	
Depreciation	1,853,720	1,555,935	1,615,194	297,785	19.1%	(59,259)	-3.7%	
Total Operating Expenses	<u>14,050,996</u>	<u>12,020,913</u>	<u>11,226,580</u>	<u>2,030,083</u>	16.9%	<u>794,333</u>	7.1%	
<b>Nonoperating Expenses:</b>								
Interest expense	1,498,610	1,510,940	1,511,925	(12,330)	-0.8%	(985)	-0.1%	
Total Nonoperating Expenses	<u>1,498,610</u>	<u>1,510,940</u>	<u>1,511,925</u>	<u>(12,330)</u>	-0.8%	<u>(985)</u>	-0.1%	
Total Expenses	<u>\$ 15,549,606</u>	<u>\$ 13,531,853</u>	<u>\$ 12,738,505</u>	<u>\$ 2,017,753</u>	14.9%	<u>\$ 793,348</u>	6.2%	

**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Net Position**

The Statement of Revenues, Expenses and Changes in Net Position on page 15 show how the District's net position changed during the fiscal year. Net position increased by \$13.1 million, \$35.2 million and \$8.2 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

	June 30			Change between 2019 and 2018	Change between 2018 and 2017		
	2019	2018	2017				
Beginning Net Position, as restated	\$ 186,460,294	\$ 166,958,015	\$ 143,032,654	\$ 19,502,279	11.7%	\$ 23,925,361	16.7%
Income before contributions	971,752	3,138,251	1,577,492	(2,166,499)	-69.0%	1,560,759	98.9%
Capital contributions	12,136,994	16,364,028	6,630,732	(4,227,034)	-25.8%	9,733,296	146.8%
Change in net position	13,108,746	19,502,279	8,208,224	(6,393,533)	-32.8%	11,294,055	137.6%
Ending Net Position	\$ 199,569,040	\$ 186,460,294	\$ 151,240,878	\$ 13,108,746	7.0%	\$ 35,219,416	23.3%

\* Fiscal year 2018 beginning net position restated due to implementation of GASB 75 and an adjustment to capital assets (Note 12)



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Capital Assets**

At the end of fiscal years 2019, 2018 and 2017, the District's capital assets amounted to \$229.8 million, \$219.8 million and \$178.4 million, respectively, (net of accumulated depreciation). Capital assets includes land, water/wastewater rights, easements, transmission and distribution systems, wells, tanks, reservoirs, pumps, buildings and structures, equipment, vehicles and construction-in-progress.

Changes in capital assets were as follows:

	Capital Assets			Change between 2019 and 2018	Change between 2018 and 2017		
	2019	2018	2017				
<u>Capital Assets:</u>							
Non-depreciable assets	\$ 180,689,555	\$ 173,098,996	\$ 147,830,200	\$ 7,590,559	4.4%	\$ 25,268,796	17.1%
Depreciable assets	95,648,772	91,354,374	71,829,202	4,294,398	4.7%	19,525,172	27.2%
Less accumulated depreciation	(46,521,130)	(44,667,410)	(41,231,903)	(1,853,720)	4.2%	(3,435,507)	8.3%
Total Capital Assets, Net	<u>\$ 229,817,197</u>	<u>\$ 219,785,960</u>	<u>\$ 178,427,499</u>	<u>\$ 10,031,237</u>	4.6%	<u>\$ 41,358,461</u>	23.2%

Additional information on the District's capital assets is provided in Note 4 on pages 29-30 of the financial statements.



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Debt Administration**

As of June 30, 2019, the District had \$40.0 million in outstanding debt compared to \$36.4 million as of June 30, 2018 and \$38.3 million as of June 30, 2017. Revenue certificates of participation in the amount of \$42.3 million were issued in August 2006 to fund costs associated with several major capital improvement projects and were also used to refund the District's existing outstanding debt obligations. These bonds were refinanced with the issue of the 2015 revenue bonds as an advanced refunding and were called on June 1, 2016. The District bought land in 2009 and 2010, securing both purchases with a promissory note. In 2010 subordinate enterprise revenue refunding bonds in the amount of \$8.5 million were issued to refinance the promissory note associated with the Armstrong Ranch land purchase. The District has covenanted that it will fix, prescribe and collect rates, fees and charges for use of the District's water system during each fiscal year which is at least sufficient to yield in each fiscal year net revenues equal to 125% of the debt service for such fiscal year. The 2010 subordinate enterprise revenue refunding bonds were assigned an "A+" long-term rating at the time of issue and the 2015 revenue refunding bonds were assigned a rating of "AA-". In January 2017, the District converted the \$2.8 million BLM construction loan into an Installment Purchase Agreement with a 20-year fixed rate. On January 28, 2018, the District entered into a construction installment sale agreement and grant with the California State Revolving Fund Loan Program with a maximum amount of \$10,513,217 at an interest rate of 1.8% per annum.

Changes in long-term debt amounts were as follows:

	<b>Outstanding Debt at Year End</b>				
	June 30			Change between 2019 and 2018	Change between 2018 and 2017
	2019	2018	2017		
<u>Long-Term Debt:</u>					
Bonds payable	\$ 28,780,000	\$ 30,590,000	\$ 32,340,000	\$ (1,810,000) -5.9%	\$ (1,750,000) -5.4%
Loans payable	8,268,477	2,722,387	2,799,880	5,546,090 203.7%	(77,493) -2.8%
Compensated absences	488,537	447,151	402,531	41,386 9.3%	44,620 11.1%
Unamortized premiums, net	2,465,149	2,612,777	2,760,405	(147,628) -5.7%	(147,628) -5.3%
Total Long-Term Debt	<u>\$ 40,002,163</u>	<u>\$ 36,372,315</u>	<u>\$ 38,302,816</u>	<u>\$ 3,629,848</u> 10.0%	<u>\$ (1,930,501)</u> -5.0%

Additional information on the District's long-term debt is provided in Note 6 on pages 31-35 of the financial statements.

**MARINA COAST WATER DISTRICT  
Management's Discussion and Analysis  
June 30, 2019 and 2018**

**Economic Factors and Next Year's Budget and Rates**

The Board of Directors adopted the District's 2019-2020 Marina and Ord Community budgets and rates on June 25, 2019. The approval of the budget provides funding for the District's operating, capital and debt service costs for the 2019-2020 fiscal year. The District's water and wastewater rates are reviewed by staff on an annual basis.

Water augmentation cost center does not generate revenues and is created to capture accruing costs related to water augmentation projects.



**MARINA COAST WATER DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Requests for Information**

This financial report is designed to provide the District's elected officials, customers, investors, creditors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Director of Administrative Services, Marina Coast Water District, 11 Reservation Road, Marina, California 93933.





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## ***BASIC FINANCIAL STATEMENTS***



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**MARINA COAST WATER DISTRICT**  
**Statements of Net Position**  
**June 30, 2019 and 2018**

	<b>2019</b>	<b>2018 (As Restated)</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 5,500,550	\$ 6,661,512
Accounts receivable, net	2,127,660	1,662,844
Interest receivable	51,921	36,118
Other receivable	2,620,054	7,316,929
Inventories	207,214	134,542
Deposits	3,612	3,612
Prepaid items	57,120	69,102
Total current assets	10,568,131	15,884,659
Noncurrent assets:		
Restricted cash and investments	15,894,953	12,957,240
Capital assets, net	229,817,197	219,785,960
Total noncurrent assets	245,712,150	232,743,200
<b>TOTAL ASSETS</b>	256,280,281	248,627,859
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	1,031,867	1,178,339
Deferred outflows related to OPEB	47,142	43,606
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	1,079,009	1,221,945
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	2,112,533	10,141,937
Accrued expenses	98,225	110,402
Interest payable	191,214	187,722
Line of credit	5,423,325	6,562,695
Customer deposits payable	604,629	626,520
Current portion of long-term debt	2,890,539	1,942,630
Other current liabilities	9,198	9,198
Total current liabilities	11,329,663	19,581,104
Noncurrent liabilities:		
Long-term debt	37,111,624	34,429,685
Total OPEB liability	2,374,949	2,225,665
Aggregate net pension liability	2,893,601	2,965,935
Other noncurrent liability	3,000,000	3,000,000
Total noncurrent liabilities	45,380,174	42,621,285
<b>TOTAL LIABILITIES</b>	56,709,837	62,202,389
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	422,629	522,576
Deferred inflows related to OPEB	28,215	-
Deferred gains on refunding debt	629,569	664,545
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	1,080,413	1,187,121
<b>NET POSITION</b>		
Net investment in capital assets	184,250,677	176,633,556
Restricted for capacity fees	15,042,160	12,105,493
Restricted for debt service	852,793	851,747
Unrestricted	(576,590)	(3,130,502)
<b>TOTAL NET POSITION</b>	\$ 199,569,040	\$ 186,460,294

*The notes to the basic financial statements are an integral part of this statement.*

**MARINA COAST WATER DISTRICT**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For The Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018 (As Restated)</u>
<b>OPERATING REVENUES:</b>		
Water services	\$ 10,693,992	\$ 10,844,656
Wastewater services	4,196,352	3,828,160
Other services and fees	912,885	1,345,278
Total operating revenues	<u>15,803,229</u>	<u>16,018,094</u>
<b>OPERATING EXPENSES:</b>		
Administrative	5,579,270	4,907,644
Operations and maintenance	3,658,830	3,181,860
Laboratory	280,385	251,818
Conservation	336,553	301,155
Engineering	1,470,323	1,822,501
Water Resources	871,915	-
Depreciation	1,853,720	1,555,935
Total operating expenses	<u>14,050,996</u>	<u>12,020,913</u>
Operating income	<u>1,752,233</u>	<u>3,997,181</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Rental income	497,767	519,024
Interest earned	220,362	132,986
Interest expense	(1,498,610)	(1,510,940)
Total nonoperating revenue (expenses)	<u>(780,481)</u>	<u>(858,930)</u>
Income before capital contributions	971,752	3,138,251
<b>CAPITAL CONTRIBUTIONS:</b>		
Grants	5,101,452	10,676,158
Capacity and connection fees	4,306,233	5,151,848
Developer contributions	2,729,309	536,022
Total capital contributions	<u>12,136,994</u>	<u>16,364,028</u>
Increase in net position	13,108,746	19,502,279
Net position, beginning of year	186,460,294	151,240,878
Prior Period Adjustment (Note 12)	-	15,717,137
Net position, beginning of year (as restated)	<u>186,460,294</u>	<u>166,958,015</u>
Net position, end of year	<u>\$ 199,569,040</u>	<u>\$ 186,460,294</u>

*The notes to the basic financial statements are an integral part of this statement.*

**MARINA COAST WATER DISTRICT**  
**Statements of Cash Flows**  
**For The Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018 (As Restated)</b>
<b>OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 15,682,617	\$ 15,664,839
Payments to employees	(5,563,276)	(5,183,421)
Payments to suppliers	(6,504,824)	(5,528,601)
<b>Net cash provided by operating activities</b>	<b>3,614,517</b>	<b>4,952,817</b>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(15,631,057)	(23,223,946)
Proceeds from grants	5,101,452	10,676,158
Developer contributions, capacity and connection receipts	7,035,542	5,687,870
Proceeds from line of credit	-	6,562,695
Principal paid on line of credit	(1,139,371)	-
Proceeds from capital debt	5,628,103	-
Principal paid on capital debt	(1,892,013)	(1,827,493)
Interest paid on capital debt	(1,642,748)	(1,666,278)
<b>Net cash (used in) capital and related financing activities</b>	<b>(2,540,092)</b>	<b>(3,790,994)</b>
<b>INVESTING ACTIVITIES:</b>		
Rental income	497,767	519,024
Investment earnings	204,559	114,190
<b>Net cash provided by investing activities</b>	<b>702,326</b>	<b>633,214</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,776,751</b>	<b>1,795,037</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>19,618,752</b>	<b>17,823,715</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 21,395,503</b>	<b>\$ 19,618,752</b>
<b>RECONCILIATION TO STATEMENTS OF NET POSITION:</b>		
Cash and investments	\$ 5,500,550	\$ 6,661,512
Restricted cash and investments	15,894,953	12,957,240
<b>Total cash and cash equivalents</b>	<b>\$ 21,395,503</b>	<b>\$ 19,618,752</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 1,752,233	\$ 3,997,181
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,853,720	1,555,935
(Increase) decrease in accounts receivable	(120,612)	(353,255)
(Increase) decrease in inventories	(72,672)	2,744
(Increase) decrease in prepaid items	11,983	13,343
(Increase) decrease in deferred outflows of resources	146,472	(571,451)
Increase (decrease) in customer deposits	(21,891)	(532,979)
Increase (decrease) in accounts payable	69,370	106,366
Increase (decrease) in accrued expenses	(12,177)	15,338
Increase (decrease) in compensated absences	41,386	44,620
Increase (decrease) in net pension liability	(72,334)	541,404
Increase (decrease) in total OPEB liability	173,962	126,639
Increase (decrease) in deferred inflows	(134,923)	6,932
<b>Total adjustments</b>	<b>1,862,284</b>	<b>955,636</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,614,517</b>	<b>\$ 4,952,817</b>
<b>NON-CASH ITEM:</b>		
Amortization of bond premium	\$ 147,628	\$ 147,628

*The notes to the basic financial statements are an integral part of this statement.*



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**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

The notes to the basic financial statements include a summary of significant accounting policies and other information considered essential to fully disclose and fairly present the transactions and financial position of the District, as follows:

Note 1 - Summary of Significant Accounting Policies

Note 2 - Cash and Investments

Note 3 - Receivables

Note 4 - Capital Assets

Note 5 - Line of Credit

Note 6 - Long-Term Debt

Note 7 - Operating Leases

Note 8 - Defined Benefit Pension Plan

Note 9 - Other Post-Employment Benefits

Note 10 - Risk Management

Note 11 - Commitments and Contingencies

Note 12 - Restatement of Net Position



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**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 1 – Summary of Significant Accounting Policies***

A. Reporting Entity

The Marina Coast Water District (District) is organized for the purpose of providing water distribution services as well as wastewater collection for the residents and businesses of the City of Marina and the former Fort Ord (Ord Community) area. The District's former name was Marina County Water District and in July 1993 the name was changed by the Board of Directors (Board) to Marina Coast Water District.

B. Basis of Presentation

The accounts of the District are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, net position, revenues and expenses.

All activities of the District are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or operating income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District presents the following funds in the accompanying Supplementary Information:

The **Marina Water fund** accounts for operations of the water system within the central Marina service area.

The **Marina Sewer fund** accounts for operations of the wastewater collection system within the central Marina service area.

The **Ord Water or Ord Community Water fund** accounts for operations of the water system within the former Fort Ord service area.

The **Ord Sewer or Ord Community Sewer fund** accounts for operations of the wastewater collection system within the former Fort Ord service area.

The **New Water fund** accounts for operations of the recycled or augmented water system within the District service area.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 1 – Summary of Significant Accounting Policies (continued)***

B. Basis of Presentation (concluded)

The **Regional Project fund** accounts for operations of the Regional Desalination Project.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District are charges to customers for sales and services. The District's operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities, in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenue, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses when a liability is incurred, regardless of the timing of the related cash flows.

D. Statement of Net Position

Net Position consists of the following components:

- **Net Investment in Capital Assets** – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the deferred inflows of resources and the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same component as the unspent proceeds.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

D. Statement of Net Position (concluded)

Net investment in capital assets as of June 30, 2019 and 2018 are as follows:

	2019	2018
Capital assets, net	\$ 229,817,197	\$ 219,785,960
2010 Revenue Bonds	(1,746,305)	(2,607,609)
2015 Series A Bonds	(29,498,844)	(30,595,168)
BLM installment loan	(2,640,374)	(2,722,387)
SRF loan	(5,628,103)	-
Line of credit	(5,423,325)	(6,562,695)
Deferred gains on refunding debt	(629,569)	(664,545)
Net investment in capital assets	\$ 184,250,677	\$ 176,633,556

- **Restricted** – This component consists of external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- **Unrestricted** – This component consists of those components that do not meet the definition of “restricted” or “net investment in capital assets”. Amounts included as unrestricted net position are available for designation for specific purposes established by the District’s Board of Directors.

E. Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues, such as charges for services (water sales, wastewater sales, and other services and fees) result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives approximately equal value. Nonoperating revenues, such as interest earned, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) approximately equal value.

Operating expenses include the cost of sales and services, administration, operations and maintenance, laboratory, conservation, engineering, and depreciation. All expenses not meeting these categories are reported as nonoperating.

F. Budget

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect starting July 1 of each year. The budgets are used as a management tool and are not a legal requirement.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 1 – Summary of Significant Accounting Policies (continued)***

**G. Cash, Cash Equivalents, and Investments**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash and cash equivalents. The short-term investments include the California Local Agency Investment Fund.

All investments are stated at fair value. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

U.S. GAAP defines fair values, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statement of Net Position, are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

**H. Accounts Receivable**

The District extends credit to customers in the normal course of operations and accounts for potential losses using the allowance method. Accounts receivable consists of utility customer receivables and receivables from agreements with local developers to provide water from its desalination plant.

Management evaluates all accounts receivable and if it is determined that they are uncollectible they are written off as bad debt expense. Also, management provides an allowance for uncollectible accounts related to utility customers and local developers.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 1 – Summary of Significant Accounting Policies (continued)***

I. Inventories

Inventories are stated at cost, determined on a first-in, first-out basis.

J. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These assets are for the benefit of a distinct group and as such are legally or contractually restricted.

K. Bond Premiums

Bond premiums are netted against the related debt and included in bonds payable.

L. Capital Assets

The District's capital assets are stated at historical cost or estimated historical cost when original cost was not available, net of accumulated depreciation. Contributed assets are recorded at their acquisition value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000.

Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets which range from 30 to 80 years for the plant and pipelines, and 5 to 10 years for other equipment.

The cost of routine maintenance and repairs that do not increase the value or extend the life of a capital asset are not capitalized but are expensed.

M. Compensated Absences

All earned vacation hours accumulated up to 260 hours, holiday, and compensation time, is payable upon termination or retirement and accrued as compensated absences.

N. Rebate Arbitrage

Rebate arbitrage earnings related to the 2015 Series A revenue refunding bonds are being recorded as a liability. As of June 30, 2019 and 2018, the District's liability was estimated at \$0 for both years.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 1 – Summary of Significant Accounting Policies (continued)***

O. Interfund Transactions

Interfund transactions may result from loans or transfers. “Due to” and “due from” balances are generally used to reflect short-term interfund receivables and payables where as “advance to” and “advance from” balances are for long-term.

P. Property Taxes

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local governments.

Property tax revenue is recognized in the fiscal year in which taxes are levied. Taxes are collected by Monterey County; however, the District does not currently receive tax revenue.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	November 10 (First Installment), February 10 (Second Installment)
Delinquent Date:	December 11 (First Installment), April 11 (Second Installment)

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

R. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefits terms. Investments are reported at fair value.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 1 – Summary of Significant Accounting Policies (continued)***

R. Pension (concluded)

The following timeframes are used for pension reporting:

2019

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

2018

Valuation Date:	June 30, 2016
Measurement Date:	June 30, 2017
Measurement Period:	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

S. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 1 – Summary of Significant Accounting Policies (concluded)***

S. Other Post-Employment Benefits (OPEB) (concluded)

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. The following timeframes are used for OPEB reporting:

2019

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

2018

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Measurement Period:	July 1, 2016 to June 30, 2017

T. Implementation of New GASB Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2019 and 2018.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. See Note 6 for the District's long-term debt disclosures.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 2 - Cash and Investments**

Cash and investments as of June 30, 2019 and 2018 are classified in the accompanying financial statements as follows:

	<u>2019</u>	<u>2018</u>
Statement of Net Position:		
Cash and investments	\$ 5,500,550	\$ 6,661,512
Restricted cash and investments	<u>15,894,953</u>	<u>12,957,240</u>
Total cash and investments	<u>\$ 21,395,503</u>	<u>\$ 19,618,752</u>

Cash and investments as of June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 1,050	\$ 1,150
Deposits with financial institutions	2,566,676	3,755,479
Investments	<u>18,827,777</u>	<u>15,862,123</u>
Total cash and investments	<u>\$ 21,395,503</u>	<u>\$ 19,618,752</u>

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in money market funds, certificates of deposits, guaranteed investment contracts (GIC), and the local government investment pool administered by the State of California's Local Agency Investment Fund (LAIF). The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Fair Value Measurements

The following is a summary of the fair value hierarchy for the investments of the District as of June 30, 2019. The District does not value any of its investments using level 2 and 3 inputs.

	Quoted Prices Level 1	Uncategorized	Total
State Investment Pool (LAIF)	\$ -	\$ 12,384,178	\$ 12,384,178
Money Market Fund	-	5,589,239	5,589,239
Held by Fiscal Agent:			
UnionBank	<u>854,360</u>	-	<u>854,360</u>
Total Investments	<u>\$ 854,360</u>	<u>\$ 17,973,417</u>	<u>\$ 18,827,777</u>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 2 - Cash and Investments (continued)**

The following is a summary of the fair value hierarchy for the investments of the District as of June 30, 2018. The District does not value any of its investments using level 2 and 3 inputs.

	Quoted Prices		
	Level 1	Uncategorized	Total
State Investment Pool (LAIF)	\$ -	\$ 7,611,520	\$ 7,611,520
Money Market Fund	-	7,397,736	7,397,736
Held by Fiscal Agent:			
UnionBank	852,867	-	852,867
 Total Investments	 <u>\$ 852,867</u>	 <u>\$ 15,009,256</u>	 <u>\$ 15,862,123</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

	Fair Value		Maturity
	2019	2018	
State Investment Pool (LAIF)	\$ 12,384,178	\$ 7,611,520	N/A - due on demand
Money Market Fund	5,589,239	7,397,736	N/A - due on demand
Debt Reserve Fund (T-Fund Money Market)	854,360	852,867	36 months to maturity
Total	<u>\$ 18,827,777</u>	<u>\$ 15,862,123</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that is in excess of five percent of the District's total investments.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 2 - Cash and Investments (continued)***

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government agency will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Collateral and Categorization Requirements

On June 30, 2019, the District's carrying amount of demand deposits was \$2,566,676 and the bank account balance was \$2,901,500. The difference of \$334,824 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by federal depository insurance and \$2,651,500 was collateralized 110% in accordance with California Government Code requirements by securities held by the pledging financial institution in the District's name.

On June 30, 2018, the District's carrying amount of demand deposits was \$3,755,479 and the bank account balance was \$7,001,379. The difference of \$3,245,900 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by federal depository insurance and \$6,751,379 was collateralized 110% in accordance with California Government Code requirements by securities held by the pledging financial institution in the District's name.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 2 - Cash and Investments (concluded)***

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by the California Government Code Section 16429 and under the day-to-day administration of the State Treasurer.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The District's investments with LAIF include a portion of the pooled funds invested in medium-term and short-term structured notes and asset-backed securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

The Local Investment Advisory Board provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chairman, or his designated representative appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state.

As of June 30, 2019 and 2018, the District had \$12,384,178 and \$7,611,520, respectively invested in LAIF, which had invested 1.77% and 2.67%, respectively, of the pooled investment funds in short-term and medium-term structured notes and asset-backed securities. The fair value of the District's position in the pool is the same as the value of the pool shares.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 3 – Receivables**

At June 30, 2019 and 2018, accounts receivable consisted of utility customer receivables of \$2,256,586 and \$1,771,540, respectively. The allowance for uncollectible accounts related to utility customers was \$128,926 and \$108,696, respectively.

Other receivable balance, net of allowance for doubtful accounts, currently outstanding at June 30, 2019 and 2018 was \$2,620,054 and \$7,316,929, respectively. Other receivables include balances from agreements with local developers, grant receivables, lease payments, and miscellaneous reimbursements.

**Note 4 - Capital Assets**

Changes in capital assets for the fiscal year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance at June 30, 2019
<u>Non-depreciable assets:</u>					
Land	\$ 9,582,134	\$ -	\$ -	\$ -	\$ 9,582,134
Property easement	25,181,584	-	-	-	25,181,584
Water/sewer rights	75,129,410	-	-	-	75,129,410
Construction in progress (1)	63,205,868	9,020,736	-	(1,430,177)	70,796,427
Total non-depreciable assets	<u>173,098,996</u>	<u>9,020,736</u>	<u>-</u>	<u>(1,430,177)</u>	<u>180,689,555</u>
<u>Depreciable assets:</u>					
Land improvements	190,092	-	-	-	190,092
Buildings and improvements	8,502,823	-	-	-	8,502,823
Equipment	3,564,124	94,192	-	-	3,658,316
Infrastructure	79,097,335	2,770,029	-	1,430,177	83,297,541
Total depreciable assets	<u>91,354,374</u>	<u>2,864,221</u>	<u>-</u>	<u>1,430,177</u>	<u>95,648,772</u>
<u>Less accumulated depreciation:</u>					
Land improvements	(60,787)	(9,714)	-	-	(70,501)
Buildings and improvements	(1,779,265)	(223,785)	-	-	(2,003,050)
Equipment	(2,882,001)	(96,429)	-	-	(2,978,430)
Infrastructure	(39,945,357)	(1,523,792)	-	-	(41,469,149)
Total accumulated depreciation	<u>(44,667,410)</u>	<u>(1,853,720)</u>	<u>-</u>	<u>-</u>	<u>(46,521,130)</u>
Depreciable assets, net	<u>46,686,964</u>	<u>1,010,501</u>	<u>-</u>	<u>1,430,177</u>	<u>49,127,642</u>
Total capital assets, net	<u>\$ 219,785,960</u>	<u>\$ 10,031,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,817,197</u>

(1) Construction in progress includes capitalized interest in the amount of \$2,610,678 for the year ended June 30, 2019.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 4 - Capital Assets (concluded)**

Changes in capital assets for the fiscal year ended June 30, 2018, is as follows:

	Balance July 1, 2017	Prior Period Adjustments	Adjusted Balance	Additions	Deletions	Transfers	Balance at June 30, 2018
<b><u>Non-depreciable assets:</u></b>							
Land	\$ 9,582,134	\$ -	\$ 9,582,134	\$ -	\$ -	\$ -	\$ 9,582,134
Property easement	24,900,000	-	24,900,000	281,584	-	-	25,181,584
Water/sewer rights	75,129,410	-	75,129,410	-	-	-	75,129,410
Construction in progress (1)	38,218,656	-	38,218,656	25,494,433	-	(507,221)	63,205,868
Total non-depreciable assets	<u>147,830,200</u>	<u>-</u>	<u>147,830,200</u>	<u>25,776,017</u>	<u>-</u>	<u>(507,221)</u>	<u>173,098,996</u>
<b><u>Depreciable assets:</u></b>							
Land improvements	190,092	-	190,092	-	-	-	190,092
Buildings and improvements	8,473,891	-	8,473,891	28,932	-	-	8,502,823
Equipment	3,495,917	-	3,495,917	122,151	(53,944)	-	3,564,124
Infrastructure	59,669,302	18,661,539	78,330,841	259,273	-	507,221	79,097,335
Total depreciable assets	<u>71,829,202</u>	<u>18,661,539</u>	<u>90,490,741</u>	<u>410,356</u>	<u>(53,944)</u>	<u>507,221</u>	<u>91,354,374</u>
<b><u>Less accumulated depreciation:</u></b>							
Land improvements	(51,073)	-	(51,073)	(9,714)	-	-	(60,787)
Buildings and improvements	(1,557,393)	-	(1,557,393)	(221,872)	-	-	(1,779,265)
Equipment	(2,823,412)	-	(2,823,412)	(112,420)	53,831	-	(2,882,001)
Infrastructure	(36,800,025)	(1,933,403)	(38,733,428)	(1,211,929)	-	-	(39,945,357)
Total accumulated depreciation	<u>(41,231,903)</u>	<u>(1,933,403)</u>	<u>(43,165,306)</u>	<u>(1,555,935)</u>	<u>53,831</u>	<u>-</u>	<u>(44,667,410)</u>
Depreciable assets, net	<u>30,597,299</u>	<u>16,728,136</u>	<u>47,325,435</u>	<u>(1,145,579)</u>	<u>(113)</u>	<u>507,221</u>	<u>46,686,964</u>
Total capital assets, net	<u>\$ 178,427,499</u>	<u>\$ 16,728,136</u>	<u>\$ 195,155,635</u>	<u>\$ 24,630,438</u>	<u>\$ (113)</u>	<u>\$ -</u>	<u>\$ 219,785,960</u>

(1) Construction in progress includes capitalized interest in the amount of \$2,610,678 for the year ended June 30, 2018.

**Depreciation Allocations**

Depreciation expense was charged to functions and programs based on their usage of the related assets. The depreciation expense for the years ended June 30, 2019 and 2018 totaled \$1,853,720, and \$1,555,935, respectively.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 5 – Line of Credit**

The District submitted a Financial Assistance Application for a State Revolving Fund (SRF) Loan to the State Water Resources Control Board (SWRCB) to finance the costs of constructing certain transmission and distribution pipelines and other infrastructure associated with the RUWAP Pipeline. This pipeline is an advanced treated recycled water conveyance system intended to serve both the District and Monterey One Water. Due to SRF loan draws being funded on a reimbursement basis, interim financing was required to cash flow anticipated costs in connection with the engineering, design and construction of the recycled water pipeline. On May 15, 2017, the Board adopted Resolution No. 2017-31 to obtain interim financing for the RUWAP through a Revolving Line of Credit (RLOC) from BBVA Compass Bank in the amount of \$16 million. The RLOC has a 36-month term with an interest rate of 65% of 1-month LIBOR plus a spread of 1.5% combined with no additional fee on any unused portion of the RLOC. The RLOC is secured by the SRF loan agreements, an agreement with Monterey One Water for their capacity share of the transmission pipeline and contributions from the Fort Ord Reuse Authority. At June 30, 2019 and 2018, the outstanding line of credit balance was \$5,423,325 and \$6,562,695, respectively.

**Note 6 - Long-Term Debt**

Changes in long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2010 Revenue Bonds	\$ 2,585,000	\$ -	\$ (850,000)	\$ 1,735,000	\$ 1,735,000
plus unamortized premiums	22,609	-	(11,304)	11,305	-
Net 2010 Revenue Bonds	2,607,609	-	(861,304)	1,746,305	1,735,000
2015 Series A Bonds	28,005,000	-	(960,000)	27,045,000	995,000
plus unamortized premiums	2,590,168	-	(136,324)	2,453,844	-
Net 2015 Series A Bonds	30,595,168	-	(1,096,324)	29,498,844	995,000
SRF Loan	-	5,628,103	-	5,628,103	-
BLM installment loan	2,722,387	-	(82,013)	2,640,374	86,797
Compensated absences	447,151	419,209	(377,823)	488,537	73,742
Totals	<u>\$ 36,372,315</u>	<u>\$ 6,047,312</u>	<u>\$ (2,417,464)</u>	<u>\$ 40,002,163</u>	<u>\$ 2,890,539</u>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 6 - Long-Term Debt (continued)**

Changes in long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2010 Revenue Bonds	\$ 3,405,000	\$ -	\$ (820,000)	\$ 2,585,000	\$ 850,000
plus unamortized premiums	33,913	-	(11,304)	22,609	-
Net 2010 Revenue Bonds	<u>3,438,913</u>	<u>-</u>	<u>(831,304)</u>	<u>2,607,609</u>	<u>850,000</u>
2015 Series A Bonds	28,935,000	-	(930,000)	28,005,000	960,000
plus unamortized premiums	2,726,492	-	(136,324)	2,590,168	-
Net 2015 Series A Bonds	<u>31,661,492</u>	<u>-</u>	<u>(1,066,324)</u>	<u>30,595,168</u>	<u>960,000</u>
BLM Installment Loan	2,799,880	-	(77,493)	2,722,387	82,013
Compensated absences	402,531	404,493	(359,873)	447,151	50,617
Totals	<u>\$ 38,302,816</u>	<u>\$ 404,493</u>	<u>\$ (2,334,994)</u>	<u>\$ 36,372,315</u>	<u>\$ 1,942,630</u>

**A. BLM Installment Loan**

On November 17, 2014, the Board adopted Resolution No. 2014-46 authorizing the construction of Building E at 940 Imjin Office Parkway to house the Bureau of Land Management Regional Office. On May 9, 2015, the Board adopted Resolution No. 2015-21 to approve the financing of the construction by Rabobank, N.A., which closed on August 7, 2015.

Construction costs were funded by a one-year construction loan in the amount of \$2,776,000 convertible to a 10-year term loan upon occupancy by BLM. At building completion, the interest rate would be based on 10-year LIBOR SWAP index + 2.5% amortized over 25 years with no prepayment penalty and an automatic six-month extension option. The automatic term extension was exercised in August 2016 due to the District not receiving final notice of completion and final certificate of occupancy from the City of Marina by the original term date of the loans which was required by Rabobank. On July 20, 2016, staff received notification that Rabobank would not be able to term out the construction loan via an interest rate swap loan due to changes in Bank policy shortly after the District's loan was consummated. Further, Rabobank would not be able to exclude a prepayment penalty clause in the terms of the converted loan.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 6 - Long-Term Debt (continued)**

A. BLM Installment Loan (concluded)

These changes in funding instruments and loan terms required approval by the Board due to the break in terms of the previously approved funding facility. On September 19, 2016, the Board adopted Resolution No. 2016-58 amending the funding terms of the construction loan conversion, but directed the General Manager to also look into other financing options and authorized him to enter into other funding agreements at his discretion. Holman Capital proposed an Installment Purchase Agreement (Agreement): a 20-year fixed rate loan secured by net revenues of the District in which the loan would be paid off at the end of the loan term. The Agreement financed the conversion of the construction loan of \$2,776,000, the Rabobank exit fee of \$13,880 and the documentation and legal fee for Holman Capital of \$10,000 for a total of \$2,799,880. The interest rate is a fixed all in rate of 5.75% which is a taxable interest rate due to the private activity use of leasing the building. Commercial loan rates were at 5.00% - 7.00% for loans above \$250,000+ at time of offer. In addition, there is no prepayment penalty which gives the District the ability to refinance the loan if rates were to decrease. Holman Capital also does not require the Final Notice of Occupancy in order to convert the construction loan. Upon review of the proposed Agreement from Holman Capital by the District's Bond Counsel, General Counsel and Financial Advisor, staff determined that the Agreement was a prudent option for the District for the conversion of the Rabobank construction loan and executed the Agreement on January 20, 2017. As of June 30, 2019 and 2018, the outstanding balance was \$2,640,374 and \$2,722,387, respectively.

Future payments are as follows:

Year Ending June 30,	BLM Installment Loan		
	Principal	Interest	Total
2020	\$ 86,797	\$ 150,591	\$ 237,388
2021	91,859	145,529	237,388
2022	97,217	140,171	237,388
2023	102,887	134,501	237,388
2024	108,888	128,500	237,388
2025-2029	647,450	539,491	1,186,941
2030-2034	859,615	327,325	1,186,940
2035-2037	645,661	66,504	712,165
	<u>\$ 2,640,374</u>	<u>\$ 1,632,612</u>	<u>\$ 4,272,986</u>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 6 - Long-Term Debt (continued)**

**B. SRF Loan**

On January 28, 2018, the District entered into a construction installment sale agreement and grant with the California State Revolving Fund Loan Program with a maximum amount of \$10,513,217 at an interest rate of 1.8% per annum. The loan was entered into to assist in the funding of the Regional Urban Water Augmentation Project transmission pipeline. Per the agreement, there is no interest during construction and has a maximum grant component of \$3,595,789. As of June 30, 2019, a total of \$5,628,103 has been drawn down on the loan. The loan repayment is scheduled to commence September 30, 2021.

**C. 2010 Revenue Bonds**

On December 16, 2010, the District issued refunding revenue bonds in the amount of \$8,495,000 due in semi-annual installments on December 1 and June 1 through 2020 at a weighted average interest rate of 4.340% per annum. The proceeds from the bond issue were used to refinance the Armstrong Ranch Promissory Note. The 2010 bonds are payable solely from, and secured by, the revenues received from the operation of the District's water and wastewater systems. The outstanding balance at June 30, 2019 and 2018 was \$1,735,000 and \$2,585,000, respectively.

Future payments are as follows:

Year Ending June 30,	2010 Subordinate Enterprise Revenue Refunding Bonds		
	Principal	Interest	Total
2020	\$ 1,735,000	\$ 86,750	\$ 1,821,750
	<u>\$ 1,735,000</u>	<u>\$ 86,750</u>	<u>\$ 1,821,750</u>

The purpose of the debt was to change the rate of interest from a variable rate to a fixed rate. The District did not calculate the difference in the debt service payments or the economic gain or loss.

**D. 2015 Series A & B Revenue Bonds**

On June 30, 2015, the District issued 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A in the amount of \$29,840,000 and Federally Taxable Series B in the amount of \$1,115,000 (the "Bonds"). The Bonds were issued to refinance the District's outstanding 2006 Certificates of Participation (COPs) which were issued for the purpose of financing improvements to the District's water and wastewater systems and to refinance prior obligations. The Bonds, which closed on July 15, 2015, were an advance refunding of the 2006 COPs as the COPs were not callable until June 1, 2016. An escrow account, funded with treasury securities, was set up and used to pay the 2006 COPs. A portion of the 2006 COPs were utilized

**MARINA COAST WATER DISTRICT**  
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**Note 6 - Long-Term Debt (concluded)**

D. 2015 Series A & B Revenue Bonds (concluded)

to refinance prior obligations on an advance basis. As a result, the Taxable Series B were required to refund a portion of the 2006 COPs. The cash flows required to service the 2006 COP debt was \$52,402,343 and the cash flows required to service the 2015 Senior Lien Refunding Revenue Bonds was \$49,573,943 for an economic gain of \$2,829,400 with a net present value of \$2,644,483. The deferred gain as a result of the refunding debt amounted to \$734,497. The true interest cost, which includes all annualized costs, is 3.712% for the Series A Bonds and 1.544% for the Series B Bonds. The outstanding balance at June 30, 2019 and 2018 was \$27,045,000 and \$28,005,000, respectively.

Future payments are as follows:

Year Ending June 30,	2015 Series A Revenue Refunding Bonds		
	Principal	Interest	Total
2020	\$ 995,000	\$ 1,254,150	\$ 2,249,150
2021	1,035,000	1,214,350	2,249,350
2022	1,090,000	1,162,600	2,252,600
2023	1,130,000	1,119,000	2,249,000
2024	1,190,000	1,062,500	2,252,500
2025-2029	6,830,000	4,424,500	11,254,500
2030-2034	8,645,000	2,605,563	11,250,563
2035-2037	6,130,000	623,000	6,753,000
	<u>\$ 27,045,000</u>	<u>\$ 13,465,663</u>	<u>\$ 40,510,663</u>

E. Bond Premiums

Unamortized bond premiums are netted against the related debt and included in bonds payable. They are amortized annually to interest expense. Amortization expense for the years ended June 30, 2019 and 2018 was \$147,628 for both years.

F. Compensated Absences

District employees accumulate earned, but unused, vacation and sick pay benefits which can be converted to cash at termination of employment. The compensated absences balance at June 30, 2019 and 2018 was \$488,537 and \$447,151, respectively.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
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**Note 7 – Operating Leases**

The District entered into operating lease agreements in connection with the lease of office copiers, postage machine, and phone equipment. The District’s postage machine is a cancelable lease. The other leases for the office copiers and phone equipment are non-cancelable leases.

Minimum lease payments under the obligations are as follows:

<u>Year ending June 30,</u>	
2020	\$ 10,312
2021	9,229
Total	<u>\$ 19,541</u>

The District’s total operating lease expense for the years ended June 30, 2019 and 2018 was \$18,420 and \$19,111, respectively.

**Note 8 - Defined Benefit Pension Plan**

A. General Information

Plan Description

The Miscellaneous Plan of the Marina Coast Water District (Miscellaneous Plan) is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Menus of benefit provisions as well as other requirements are established by state statutes within the Public Employees’ Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS’ annual financial report may be obtained from CalPERS Executive Office - 400 Q Street - Sacramento, CA 95811.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (continued)**

A. General Information (continued)

The Plan's provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous	
	Prior to July 1, 2015	On or After July 1, 2015
Hire Date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52-67+
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.099%	6.842%

The Plan's provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous	
	Prior to July 1, 2015	On or After July 1, 2015
Hire Date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52-67+
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	7.653%	6.533%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (continued)**

A. General Information (concluded)

For the years ended June 30, 2019 and 2018, the contributions for the Plan were as follows:

<b>Classic Miscellaneous Plan</b>	<u>2019</u>	<u>2018</u>
Contributions - employer	\$ 248,830	\$ 221,693
Contributions - employee (paid by employer)	<u>215,082</u>	<u>202,777</u>
Total	<u>\$ 463,912</u>	<u>\$ 424,470</u>
<b>PEPRA Miscellaneous Plan</b>		
Contributions - employer	\$ 56,551	\$ 35,468
Contributions - employee	<u>51,658</u>	<u>33,932</u>
Total	<u>\$ 108,210</u>	<u>\$ 69,400</u>

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019 and 2018, the District reported net pension liabilities of \$2,893,601 and \$2,965,935, respectively, for its proportionate shares of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan at June 30, 2019 is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For 2018, the District's net pension liability for the Plan was measured as the proportionate share of the net pension liability. The net pension liability of the Plan at June 30, 2018 was measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (continued)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2019, the District recognized pension expense of \$279,572 and reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Miscellaneous Plan</b>		
Changes of Assumptions	\$ 329,879	\$ (80,847)
Differences between Expected and Actual Experience	111,022	(37,780)
Differences between Projected and Actual Investment Earnings	14,305	-
Changes in Proportion	271,280	-
Differences between Contributions and Proportionate Share of Contributions	-	(304,002)
Contributions made after Measurement Date	305,381	-
<b>Total</b>	<b>\$ 1,031,867</b>	<b>\$ (422,629)</b>

Contributions subsequent to the measurement date, in the amount of \$305,381, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2020	\$ 262,938
2021	150,458
2022	(83,513)
2023	(26,026)
2024	-
Thereafter	-
<b>Total</b>	<b>\$ 303,857</b>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (continued)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2018, the District recognized pension expense of \$269,022 for the Classic Miscellaneous Plan and reported deferred outflows of resources and deferred inflows of resources from the following sources:

<b>Classic Miscellaneous Plan</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 617,075	\$ (47,053)
Differences between Expected and Actual Experience	4,973	(71,252)
Differences between Projected and Actual Investment Earnings	139,557	-
Changes in Proportion	159,573	(149,351)
Differences between Contributions and Proportionate Share of Contributions	-	(254,920)
Contributions made after Measurement Date	257,161	-
<b>Total</b>	<b>\$ 1,178,339</b>	<b>\$ (522,576)</b>

Contributions subsequent to the measurement date for fiscal year 2018, in the amount of \$257,161, was recognized as a reduction of the net pension liability in the year ending June 30, 2019. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2019	\$ (52,546)
2020	335,367
2021	198,639
2022	(82,858)
2023	-
Thereafter	-
<b>Total</b>	<b>\$ 398,602</b>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (continued)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability determined in the June 30, 2017 actuarial accounting valuation. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality rate table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. Please refer to the December 2017 experience study report for more information.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class for 2019. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10 (a)</b>	<b>Real Return Years 11+ (b)</b>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

(a) An expected inflation of 2.0% used for this period

(b) An expected inflation of 2.92% used for this period

The following table reflects the long-term expected real rate of return by asset class for 2018. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
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**Note 8 - Defined Benefit Pension Plan (continued)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10 (a)</b>	<b>Real Return Years 11+ (b)</b>
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

The changes in the net pension liability for 2019 are as follows:

<b>Miscellaneous Risk Pool</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
<b>Balance at: June 30, 2017</b> (Valuation Date)	\$ 14,788,078	\$ 11,822,143	\$ 2,965,935
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	382,855	-	382,855
Interest on the Total Pension Liability	1,070,014	-	1,070,014
Changes of Benefit Terms	629	-	629
Changes of Assumptions	83,731	-	83,731
Differences between Expected and Actual Experience	91,053	-	91,053
Plan to Plan Resource Movement	-	110,548	(110,548)
Contributions from the Employer	-	470,107	(470,107)
Contributions from Employees	-	166,310	(166,310)
Net Investment Income	-	716,017	(716,017)
Benefit Payments, including Refunds of Employee Contributions	(530,230)	(530,230)	-
Administrative Expenses	-	(17,456)	17,456
Recognized difference in proportion	-	255,090	(255,090)
<b>Net Changes</b>	<b>1,098,052</b>	<b>1,170,386</b>	<b>(72,334)</b>
<b>Balance at: June 30, 2018</b> (Measurement Date)	<b>\$ 15,886,130</b>	<b>\$ 12,992,529</b>	<b>\$ 2,893,601</b>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (continued)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The changes in the net pension liability for 2018 are as follows:

<b>Miscellaneous Risk Pool</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
<b>Balance at: June 30, 2016 (Valuation Date)</b>	<u>\$ 12,764,694</u>	<u>\$ 10,340,163</u>	<u>\$ 2,424,531</u>
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	361,779	-	361,779
Interest on the Total Pension Liability	994,956	-	994,956
Changes of Benefit Terms	1,784	-	1,784
Changes of Assumptions	114,515	-	114,515
Differences between Expected and Actual Experience	(14,631)	-	(14,631)
Plan to Plan Resource Movement	-	(24,052)	24,052
Contributions from the Employer	-	421,814	(421,814)
Contributions from Employees	-	155,316	(155,316)
Net Investment Income	-	577,409	(577,409)
Benefit Payments, including Refunds of Employee Contributions	564,981	564,981	-
Administrative Expenses	-	(15,126)	15,126
Recognized difference in proportion	-	(198,362)	198,362
<b>Net Changes</b>	<u>2,023,384</u>	<u>1,481,980</u>	<u>541,404</u>
<b>Balance at: June 30, 2017 (Measurement Date)</b>	<u>\$ 14,788,078</u>	<u>\$ 11,822,143</u>	<u>\$ 2,965,935</u>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 - Defined Benefit Pension Plan (concluded)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (concluded)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Miscellaneous Plan 2019:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/ (Asset)	\$ 5,042,537	\$ 2,893,601	\$ 1,119,691

Miscellaneous Plan 2018:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/ (Asset)	\$ 4,999,990	\$ 2,965,935	\$ 1,281,295

Pension Plan Fiduciary Net Position

The plan's fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance, and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

C. Payable to the Pension Plan

At June 30, 2019 and 2018, the District reported a payable of \$0 for both years for the outstanding amount of contributions to the pension plan required for year end.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 9 – Other Post-Employment Benefits (OPEB)**

A. Plan Description

The District administers a single-employer defined-benefit post-employment healthcare plan. Dependents are ineligible to enroll, and benefits do not continue to surviving spouses. Retirees are eligible for medical benefits if they retire at age 55+ and have 20+ years of District service. The District pays for 50% of single party premiums. The District pays 100% of medical, vision, and dental premiums to a retired GM who had at least 3 years of District Service.

B. Employees Covered

At June 30, 2017 (the census date), the benefit terms covered the following employees:

Active employees:	37
Inactive employees currently receiving benefits:	4
Inactive employees entitled to, but not yet receiving benefits:	<u>0</u>
Total:	<u><u>41</u></u>

C. Contributions

The contribution requirements of the plan members and the District are established and may be amended by the District's Board of Directors, and/or employee associations. Currently, contributions from plan members are not required. The District pays retiree benefits (premium contributions) as they come due. For fiscal year ended June 30, 2019, the District paid \$24,432 in pay-as-you-go premiums and the estimated implied subsidy was \$22,710 resulting in total payments of \$47,142. For fiscal year ended June 30, 2018, the District paid \$20,896 in pay-as-you-go premiums and the estimated implied subsidy was \$22,710 resulting in total payments of \$43,606.

D. Total OPEB Liability

The District's total OPEB liability was valued as of June 30, 2017 and was used to calculate the net OPEB liability measured as of June 30, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation: 2.50%
- Salary increases: 2.750%. Additional merit-based increases based on CalPERS merit salary increase tables

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
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**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

D. Total OPEB Liability (concluded)

- Healthcare cost trend rates: 7.00% in the first year, trending down to 3.84% over 57 years
- Mortality rates were based on CalPERS tables

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

E. Changes in the Total OPEB Liability

The changes in the total OPEB liability for 2019 are as follows:

	Total OPEB Liability
Balance as of Report Date June 30, 2018	\$ 2,225,665
Changes for the year:	
Service Cost	132,712
Interest	83,597
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(31,095)
Benefit Payments, Including Refunds of Employee Contributions	(20,896)
Implicit Rate Subsidy Fulfilled	(15,034)
Net Changes	149,284
Balance as of Report Date June 30, 2019	\$ 2,374,949

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

E. Changes in the Total OPEB Liability (continued)

The changes in the total OPEB liability for 2018 are as follows:

	Total OPEB Liability
Balance as of Report Date June 30, 2017	\$ 2,055,421
Changes for the year:	
Service Cost	129,003
Interest	75,849
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(20,082)
Implicit Rate Subsidy Fulfilled	(14,526)
Net Changes	170,244
Balance as of Report Date June 30, 2018	\$ 2,225,665

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Fiscal Year 2019

	1% Decrease 2.62%	Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 2,803,547	\$ 2,374,949	\$ 2,029,407

Fiscal Year 2018

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 2,608,163	\$ 2,225,665	\$ 1,915,564

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 9 – Other Post-Employment Benefits (OPEB) (continued)**

E. Changes in the Total OPEB Liability (concluded)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates:

Fiscal Year 2019

	<u>1% Decrease</u> 5.50% Decreasing to 2.84%	<u>Trend Rate</u> 6.50% Decreasing to 3.84%	<u>1% Increase</u> 7.50% Decreasing to 4.84%
Total OPEB Liability	\$ 1,970,838	\$ 2,374,949	\$ 2,896,024

Fiscal Year 2018

	<u>1% Decrease</u> 6.00% Decreasing to 2.84%	<u>Trend Rate</u> 7.00% Decreasing to 3.84%	<u>1% Increase</u> 8.00% Decreasing to 4.84%
Total OPEB Liability	\$ 1,857,456	\$ 2,225,665	\$ 2,698,535

F. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized an OPEB expense of \$213,429. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ -	\$ (28,215)
District Contributions Subsequent to the Measurement Date	47,142	-
Total	\$ 47,142	\$ (28,215)

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 9 – Other Post-Employment Benefits (OPEB) (concluded)**

F. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (concluded)

The \$47,142 reported as deferred outflows of resources related to contributions subsequent to June 30, 2018 measurement date will be recognized as a reduction of the total OPEB liability during fiscal year ending June 30, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Report Year Ending June 30:	Amount
2020	\$ (2,880)
2021	(2,880)
2022	(2,880)
2023	(2,880)
2024	(2,880)
Thereafter	(13,815)
<b>Total</b>	<b>\$ (28,215)</b>

For the year ended June 30, 2018, the District recognized an OPEB expense of \$204,852. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District Contributions Subsequent to the Measurement Date	<u>\$ 43,606</u>	<u>\$ -</u>
Total	<u><u>\$ 43,606</u></u>	<u><u>\$ -</u></u>

The \$43,606 reported as deferred outflows of resources related to contributions subsequent to June 30, 2017 measurement date was recognized as a reduction of the total OPEB liability during fiscal year ending June 30, 2019.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 10 - Risk Management***

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The ACWA-JPIA arranges and administers pooled coverage programs where loss is retained and shared among its member agencies, and it purchases excess or specialty-insurance coverage above retained limits.

As of June 30, 2019, the District participated in the ACWA-JPIA liability, and property coverage programs as follows:

- General, auto, public officials' liability coverage up to the ACWA/JPIA pooled self-insured limit of \$5,000,000 per occurrence. ACWA/JPIA purchased additional excess coverage layers which increases the program limits to \$60,000,000.
- Cyber Liability coverage up to \$3,000,000 per occurrence with a \$5,000,000 program aggregate, subject to a retention. The District's retention is based on annual revenues.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total program limit of \$500 million, subject to a deductible options that generally ranges from \$1,000 to \$50,000 depending on the type of property.
- Employee dishonesty coverage up to \$100,000, which includes public employee dishonesty, forgery or alteration and computer fraud, with a \$1,000 deductible.
- Workers' Compensation & Employer's Liability Coverage up to the ACWA/JPIA pooled self-insured limit of \$2,000,000 per incident. ACWA/JPIA purchased additional excess coverage which increases the Program coverage limits to \$4,000,000.

The District has deductibles of \$500 for automobile comprehensive and collision coverage and \$1,000 for other property types. There is no retention for general liability insurance. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, and employee health and accident insurance. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 11 - Commitments and Contingencies***

In the normal course of operations, various claims have been filed against the District. In the opinion of the District's management and legal counsel, the claims will not have a material impact on the basic financial statements.

The District has received state grants for specific purposes that are subject to review and audit by the state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

Regional Desalination Project

In fiscal year 2010-11, the District entered into a Water Purchase Agreement, Settlement Agreement, Reimbursement Agreement, CAW Credit Line Agreement and Regional Desalination Project Management Agreement (“RDP Agreements”) with the Monterey County Water Resources Agency (the “MCWRA”), and the California-America Water Company (the “CAW”) to develop, finance, and construct a Regional Desalination Project (the “RDP”). The purpose of the RDP was to replace existing Monterey Peninsula water supplies that are substantially constrained by California regulatory decisions and to provide a new water supply for the approved redevelopment of the former Fort Ord area within Marina Coast Water District’s Ord Community Service Area. Due to the nature of the project, the California Public Utilities Commission (the “CPUC”) was considered the governmental oversight and approval agency.

On April 5, 2010, Ag Land Trust (“ALT”) filed a Petition of Writ of Mandate and Complaint for Declaratory Relief against the District in the Monterey Superior Court. In February 2012, the Superior Court found that the District violated the California Environmental Quality Act (“CEQA”) and ordered the District to set aside its approval of a land purchase agreement and its project agreements with MCWRA and CAW, and to prepare a new Environmental Impact Report. In March 2012, ALT dismissed its remaining declaratory relief causes of action, and in April 2012, judgment was entered in favor of ALT on the CEQA claims. The District timely appealed the judgment to the Sixth Appellate District Court of Appeal. In February 2013, the superior court entered an order granting ALT an award of attorneys’ fees in the amount of \$1.285 million. The District timely appealed the attorneys’ fees order to the Sixth Appellate District Court of Appeal in a separate appeal. On August 26, 2013, the Sixth Appellate District issued an opinion declaring the case to be moot, reversing the superior court’s judgment in favor of ALT and ordering the superior court to dismiss the case. On October 4, 2013, ALT filed a petition for review in the California Supreme Court challenging the Sixth Appellate District’s decision, and on October 22, 2013, the District filed an answer to the petition for review. On November 13, 2013, the California Supreme Court denied the petition for review. On November 18, 2013, the Sixth Appellate District issued the remittitur, rendering the reversal of the judgment against the District final. On March 7, 2014, the superior court entered its order dismissing the Petition for Writ of Mandate as Moot. On November 17, 2014, the Sixth Appellate District reversed the superior court’s order awarding attorney’s fees but remanded the matter to allow the superior

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 11 - Commitments and Contingencies (continued)***

court to determine whether ALT was entitled to an award of attorney's fees under a different legal theory. In the superior court, the District timely moved to disqualify the trial judge whose attorney's fees order had been reversed, but the trial judge denied the motion. On March 13, 2015, the District filed in the Sixth Appellate District a petition for a writ of mandate compelling the superior court to grant the disqualification motion. On June 18, 2015, the superior court stayed proceedings on remand from the attorney's fees appeal until resolution of the petition for a writ of mandate. On September 28, 2015, the Sixth Appellate District filed an order denying the petition for a writ of mandate. On October 8, 2015, the District filed in the California Supreme Court a petition for review of the Sixth Appellate District's order denying the petition for a writ of mandate, but that petition was also summarily denied. Thereafter, the issue of ALT's entitlement to attorney fees under a catalyst theory was litigated before the trial judge and on July 14, 2016, the court entered an order granting ALT's request for such fees and reinstated its earlier fee award. On July 29, 2016, the District filed a notice of appeal from that order. The appeal was orally argued on October 2, 2018, and the Court of Appeal rendered its decision in Case No. H043902 on October 15, 2018, reversing the Superior Court's award of attorney fees under the catalyst theory and determining the ALT was "not a successful party" in the litigation. The case in Superior Court and on appeal are now concluded.

On September 18, 2012, CAW presented a claim to the District related to project costs pursuant to the California Government Claims Act, Government Code Section 810. On October 4, 2012, CAW filed an action against the District and MCWRA seeking a declaratory judgment, but no damages, concerning the validity of the RDP Agreements and the lawfulness of MCWRA's repudiation of the RDP Agreements. The District has filed a cross-complaint for declaratory relief, but no damages, against CAW and MCWRA. The trial court entered a judgment during April 2015 following trial finding that certain of the RDP Agreements, including the Water Purchase Agreement were subject to the Validating Acts, but still could be rendered invalid due to the application of the four-year statute of limitations which is concerned with contractual conflicts of interest violations. That Judgment was timely appealed by the District and the Court of Appeal affirmed the court's decision. The District filed a Petition for Review before the California Supreme Court which had not ruled on whether it would grant the Petition. A lawsuit seeking damages due to the failure of the Regional Desalinization Project has been filed by the District against CAW and MCWRA and those entities have brought suit seeking damages against the District on the same subject matter. On June 1, 2015, the Superior Court entered judgment and the District appealed to the First Appellate District Court of Appeal, Case No. A145604. On August 26, 2015, the Court of Appeal granted the District's motion for calendar preference and expedited treatment. After full briefing and oral argument, the Court of Appeal rendered its decision in Case No. A145604 on August 18, 2016, affirming the judgment of the Superior Court. The District petitioned to the California Supreme Court for review of the Court of Appeal decision, but on November 9, 2016, in Case No. S237534, the Supreme Court denied the petition for review. Separately, the District also appealed the Superior Court's post-judgment orders awarding costs

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

**Note 11 - Commitments and Contingencies (continued)**

and fees to Cal-Am and MCWRA as prevailing parties, First District Court of Appeal Case Nos. A146166 and A146405. Those appeals were fully briefed, and the Court of Appeal thereafter held oral argument on December 6, 2017. On December 15, 2017, the Court of Appeal rendered its decision affirming the awards of costs and attorney fees. The District petitioned the Supreme Court for review of the Court of Appeal decision in Supreme Court Case No. S246648, but on February 28, 2018 its petition for review was denied by the Supreme Court. In June and July, 2018, the District paid in full the awards of costs and fees (including interest thereon) to Cal-Am in the amount of \$2,088,510 and to MCWRA in the amount of \$760,680. Cal-Am and MCWRA have each presented written breach of contract and tort claims for damages against the District, and the District has presented a breach of contract and tort claim for damages against MCWRA. The District has also made a written demand on its breach of contract and tort claims against Cal-Am. In San Francisco Superior Court Case No. CGC-15-546632, Cal-Am and MCWRA filed a complaint for damages against the District seeking recovery and damages related to the termination of the RDP. In San Francisco Superior Court Case No. CGC-15-547125, the District filed a complaint for damages against Cal-Am and MCWRA seeking recovery and damages related to the termination of the RDP. On February 22, 2019 MCWD's motion for Summary Judgment and adjudication was granted on MCWRA's amended complaint. On June 20, 2019, MCWD's motion for Summary Adjudication was granted. MCWRA has stated that it will appeal the final judgment in this action. On July 22, 2019, Cal-Am filed a petition for writ of mandate challenging the decision and the District has filed a preliminary opposition to Cal-Am's petition. At this time, the Court of Appeal has not ruled on Cal-Am's petition. Cal-Am has four causes of action remaining against the District, all related to Cal-Am's \$3 million loan to MCWD under the Credit Line Agreement. The District has filed a motion for summary judgment adjudication that is scheduled to be heard on November 19, 2019. If that motion is unsuccessful, a three-week trial on the remaining causes of action against the District is scheduled to begin on January 6, 2020.

Based on the latest information, the District is unable to estimate a potential range of loss, or the likelihood of the outcome of litigation regarding these matters. However, if final judgments are made against the District, the losses, individually and in the aggregate, could have a material effect to the financial statements. Further, results of the actions could have a material effect on the carrying value of the capital assets and liabilities presented in the Statement of Net Position.

The assets, liabilities and net position of the RDP are represented in the Statement of Net Position, Proprietary Funds in Supplementary Information as the Regional Project fund. A summary is as follows:

Total assets	\$ 24,019,800
Total liabilities	<u>(21,566,541)</u>
Total net position	<u><u>\$ 2,453,259</u></u>

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 11 - Commitments and Contingencies (continued)***

Marina Coast Water District v. California Coastal Commission (Sixth District Court of Appeal, Case No. H045468)

MCWD filed a Petition for writ of Mandate and Complaint for Declaratory and Injunctive Relief on November 5, 2015, challenging the Coastal Commission's approval of material amendments to two Coastal Development Permits that it previously issued for CAW's slant wells. MCWD alleged that the Coastal Commission violated the California Environment Quality Act ("CEQA"). Public Resources Code and the Commission's regulations. The trial court denied MCWD's Petition on January 11, 2018 and MCWD appealed the judgement. After the matter was fully briefed, on June 28, 2019, the Sixth District Court of Appeal determined the matter moot and issued decision ordering the trial court to vacate its judgement in favor of CAW and the Coastal Commission and dismiss the case moot. The appellate court issued a remittitur to the trial court on August 28, 2019. MCWD chose not to seek review of the Sixth District Court of Appeal's decision in the California Supreme Court.

Marina Coast Water District v. California Public Utilities Commission

On April 23, 2012, Cal-Am filed a CPUC application, A.12-04-019, for authorization to construct a new water supply project other than the RDP. The District continues to participate in the processing of Cal-Am's new project application to protect the District's interests. The District filed comments on both the original draft environmental review and the recirculated and final environmental review documents. On August 22, 2018, the District participated in an oral argument of A. 12-04-019 before the CPUC. On September 20, 2018, the CPUC issued its decision, D.18-09-17, certifying the final environmental review and approving Cal-Am's proposed desalination project. On October 12, 2018, the District filed a petition for writ of review/mandate challenging D.18-09-17 in the California Supreme Court Case No. S251935 on the ground that it was rendered in violation of CEQA. The District also filed an application for rehearing with the CPUC on October 19, 2018 raising the same CEQA claim as well as other claims of legal error. However, on February 5, 2019, the CPUC filed Decision 19-01-051, modifying Decision 18-09-017 and denying rehearing. The District appealed the CPUC's decisions to the California Supreme Court by petitioning for a writ of review in Supreme Court Case No. S253585, but as of August 28, 2019, the Supreme Court denied the petition for writ of review. The District intends to vigorously pursue the positions it has taken and to defend its interests with respect to Cal-Am's application A.12-04-019.

Marina Coast Water District v. County of Monterey (Monterey County Superior Court, Case No. 18CV00816)

On March 5, 2018, MCWD filed a Petition for Writ of Mandate and Complaint for Injunctive Relief challenging the County of Monterey's approval of Well Permit 17-12898 for Well ERS-20. MCWD

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 11 - Commitments and Contingencies (concluded)***

alleges that the County violated CEQA in approving the permit. MCWD, the County and the Real Party in Interest have been engaged in settlement discussions since the case began. The litigation has been stayed for the last year to allow for continued settlement discussions.

Marina Coast Water District v. County of Monterey, et al. (Monterey Superior Court, Case No. 19CV003305)

On August 15, 2019, the District filed a Petition for Writ of Review/Mandate challenging the County's approval of desalination plant component of the Monterey Peninsula Water Supply Project ("MPWSP") proposed by Real Party in Interest CAW in the City of Marina. MCWD alleges that the County's approval violated CEQA, State Planning and Zoning Law, the California Water Code and the Monterey County Code. MCWD also sought a stay and preliminary injunction to stop CAW from commencing construction of the desalination plant until after the Court decides the merits of the case. On October 8, 2019, the trial court granted MCWD's request and stayed any construction activity on the project. The Court has set a review hearing on November 19, 2019, to determine whether to continue or lift the stay. MCWD is vigorously prosecuting its case against the County.

Bayview Community DE, LLC v. Marina Coast Water District (Monterey Superior Court, Case No. 18CV000765)

The Bayview mobile home park owner and a few of its residents have filed a breach of contract claim and challenged the District's water rates charged to the mobile home park, which were set in 2014 and 2018. Plaintiffs have not specified their alleged damages however, Plaintiffs state that their overdue water bills based on the disputed rates at issue approximate \$464,795. The District has been vigorously defending the case.

The court bifurcated the case into 3 phases. The first phase was completed August 20, 2019. The court agreed with the District that it is allowed to charge Bay View Community for the difference between water delivered to Bay View's 8-inch water meter, and the amounts used by the Bay View tenants. The court also found that MCWD's rates adopted in 2014 and 2018 violated Proposition 218. The court's rationale was that MCWD bears the burden of correlating its tiered prices with actual cost of providing water at those tiered levels, and the court stated the rate study prepared by Carollo Engineers for MCWD did not adequately do so. However, the court did not specify how the rates should be re-set and acknowledged that when they are re-set most customers' rates may actually increase. Nothing in the court's phase 1 decision prohibits MCWD from covering all of its costs, expenses, bonded indebtedness, and debt through water rates. The parties have been engaged in settlement discussions.

**MARINA COAST WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

***Note 12 – Restatement of Net Position***

During the fiscal year, the District performed a review of its capital assets contributed from Developer Infrastructure Agreements, which resulted in a prior period adjustment. The beginning net position at July 1, 2017 was restated as follows:

Net position, as previously reported, at June 30, 2017	\$ 151,240,878
Implementation of GASB 75	(1,010,999)
Capital Assets	<u>16,728,136</u>
Net position, as restated, July 1, 2017	<u><u>\$ 166,958,015</u></u>



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***REQUIRED SUPPLEMENTARY INFORMATION***  
***(UNAUDITED)***



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**MARINA COAST WATER DISTRICT**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2019 and 2018**

**Defined Benefit Pension Plan**

Schedule of The District's Proportionate Share of The Net Pension Liability – Last 10 Fiscal Years\*

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Proportion of the net pension liability	0.03003%	0.02991%	0.02802%	0.02383%	0.03046%
Proportionate share of the net pension liability	\$ 2,893,601	\$ 2,965,935	\$ 2,424,531	\$ 1,635,836	\$ 1,895,347
Covered payroll	\$ 3,444,211	\$ 3,230,862	\$ 3,046,005	\$ 2,722,805	\$ 2,714,872
Proportionate share of the net pension liability as a percentage of its covered payroll	84.01%	91.80%	79.60%	60.08%	69.81%
Plan fiduciary net position as a percentage of the total pension liability	81.79%	79.94%	84.43%	88.48%	83.03%

\*Fiscal year 2014 was the 1<sup>st</sup> year of implementation, therefore only five years are shown.

Schedule of Contributions – Last 10 Fiscal Years\*\*

	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Actuarially Determined Contribution	\$ 305,381	\$ 257,161	\$ 242,478	\$ 216,963	\$ 227,120	\$ 228,140
Contributions in Relation to the Actuarially Determined Contribution	<u>(305,381)</u>	<u>(257,161)</u>	<u>(242,478)</u>	<u>(216,963)</u>	<u>(227,120)</u>	<u>(228,140)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>					
Covered Payroll	\$ 3,894,712	\$ 3,444,211	\$ 3,230,862	\$ 3,046,005	\$ 2,722,805	\$ 2,714,872
Contributions as a Percentage of Covered Payroll	7.84%	7.47%	7.51%	7.12%	8.34%	8.40%

\*\*Fiscal year 2014 was the 1<sup>st</sup> year of implementation, therefore only six years are shown.

**MARINA COAST WATER DISTRICT**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2019 and 2018**

**Other Post-Employment Benefits (OPEB) Plan**

Schedule of Changes in the Total OPEB Liability and Related Ratios – Last 10 Fiscal Years\*

<i>Measurement Period</i>	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 132,712	\$ 129,003
Interest	83,597	75,849
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(31,095)	-
Benefit payments, including refunds of employee contributions	(20,896)	(20,082)
Implicit rate subsidy fulfilled	<u>(15,034)</u>	<u>(14,526)</u>
Net change in total OPEB liability	149,284	170,244
Total OPEB liability - beginning	<u>2,225,665</u>	<u>2,055,421</u>
Total OPEB liability - ending	<u><u>\$ 2,374,949</u></u>	<u><u>\$ 2,225,665</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered-Employee Payroll	\$ 3,162,056	\$ 3,235,398
Total OPEB Liability as a Percentage of Covered-Employee Payroll	75.1%	68.8%

\* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

***SUPPLEMENTARY INFORMATION***



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**MARINA COAST WATER DISTRICT**  
**Schedule of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Interfund Eliminations	Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 1,633,390	\$ 2,254,051	\$ 885,768	\$ 727,341	\$ -	\$ -	\$ -	\$ 5,500,550
Accounts receivable, net	266,694	70,019	1,442,471	348,476	-	-	-	2,127,660
Interest receivable	16,024	9,891	19,832	6,174	-	-	-	51,921
Due from other funds	12,500,000	-	5,000,000	9,028,402	-	-	(26,528,402)	-
Other receivable	4,215	1,771	257,235	223,995	2,132,838	-	-	2,620,054
Inventories	60,319	2,153	140,129	4,613	-	-	-	207,214
Deposits	3,612	-	-	-	-	-	-	3,612
Prepaid items	12,686	2,896	27,263	14,275	-	-	-	57,120
Total current assets	14,496,940	2,340,781	7,772,698	10,353,276	2,132,838	-	(26,528,402)	10,568,131
Noncurrent assets:								
Restricted cash and investments	2,432,814	273,968	10,423,776	2,759,354	5,041	-	-	15,894,953
Capital assets, net	11,717,220	5,538,782	111,337,704	42,379,355	34,824,336	24,019,800	-	229,817,197
Total noncurrent assets	14,150,034	5,812,750	121,761,480	45,138,709	34,829,377	24,019,800	-	245,712,150
<b>TOTAL ASSETS</b>	28,646,974	8,153,531	129,534,178	55,491,985	36,962,215	24,019,800	(26,528,402)	256,280,281
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows related to pensions	275,957	74,502	552,668	128,740	-	-	-	1,031,867
Deferred outflows related to OPEB	11,314	3,300	25,457	7,071	-	-	-	47,142
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	287,271	77,802	578,125	135,811	-	-	-	1,079,009

continued

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Interfund Eliminations	Total
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	153,501	9,670	460,259	118,439	1,351,698	18,966	-	2,112,533
Accrued expenses	76,283	-	21,942	-	-	-	-	98,225
Interest payable	29,484	11,261	87,885	27,283	35,301	-	-	191,214
Line of credit	-	-	-	-	5,423,325	-	-	5,423,325
Due to other funds	-	-	-	-	7,980,827	18,547,575	(26,528,402)	-
Customer deposits payable	131,098	18,093	12,798	442,640	-	-	-	604,629
Current portion of long-term debt	607,411	200,642	1,428,352	425,284	228,850	-	-	2,890,539
Other current liability	9,198	-	-	-	-	-	-	9,198
Total current liabilities	1,006,975	239,666	2,011,236	1,013,646	15,020,001	18,566,541	(26,528,402)	11,329,663
Noncurrent liabilities:								
Long-term debt	3,102,185	1,654,562	15,199,378	4,971,512	12,183,987	-	-	37,111,624
Total OPEB liability	592,244	166,246	1,282,473	333,986	-	-	-	2,374,949
Net pension liability	802,634	221,506	1,524,637	344,824	-	-	-	2,893,601
Other noncurrent liability	-	-	-	-	-	3,000,000	-	3,000,000
Total noncurrent liabilities	4,497,063	2,042,314	18,006,488	5,650,322	12,183,987	3,000,000	-	45,380,174
<b>TOTAL LIABILITIES</b>	5,504,038	2,281,980	20,017,724	6,663,968	27,203,988	21,566,541	(26,528,402)	56,709,837
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows related to pensions	135,195	36,161	215,062	36,211	-	-	-	422,629
Deferred inflows related to OPEB	6,772	1,975	15,236	4,232	-	-	-	28,215
Deferred gains on refunding debt	59,939	32,913	344,317	135,237	57,163	-	-	629,569
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	201,906	71,049	574,615	175,680	57,163	-	-	1,080,413
<b>NET POSITION</b>								
Net investment in capital assets	8,069,104	3,679,992	94,640,603	36,910,167	16,931,011	24,019,800	-	184,250,677
Restricted for capacity fees	2,194,032	205,745	9,997,379	2,639,963	5,041	-	-	15,042,160
Restricted for debt service	238,782	68,223	426,397	119,391	-	-	-	852,793
Unrestricted (Deficit)	12,726,383	1,924,344	4,455,585	9,118,627	(7,234,988)	(21,566,541)	-	(576,590)
<b>TOTAL NET POSITION</b>	\$ 23,228,301	\$ 5,878,304	\$ 109,519,964	\$ 48,788,148	\$ 9,701,064	\$ 2,453,259	\$ -	\$ 199,569,040

concluded

**MARINA COAST WATER DISTRICT**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2019**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Total
<b>OPERATING REVENUES:</b>							
Water services	\$ 3,825,755	\$ -	\$ 6,868,237	\$ -	\$ -	\$ -	\$ 10,693,992
Wastewater services		1,333,569		2,862,783			4,196,352
Other services and fees	89,723	3,746	797,737	21,679			912,885
Total operating revenues	3,915,478	1,337,315	7,665,974	2,884,462			15,803,229
<b>OPERATING EXPENSES:</b>							
Administrative	1,226,071	240,264	3,412,353	700,259	323		5,579,270
Operations and maintenance	870,656	370,204	1,703,996	713,974			3,658,830
Laboratory	82,816		197,569				280,385
Conservation	121,399		215,154				336,553
Engineering	255,715	73,951	844,836	295,821			1,470,323
Water Resources	331,967		539,948				871,915
Depreciation	307,687	192,391	829,640	361,998	162,004		1,853,720
Total operating expenses	3,196,311	876,810	7,743,496	2,072,052	162,327		14,050,996
Operating income (loss)	719,167	460,505	(77,522)	812,410	(162,327)		1,752,233
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Rental income	139,375	39,821	248,884	69,687			497,767
Interest earned	65,074	37,622	90,385	26,937	344		220,362
Interest expense	(164,169)	(77,324)	(668,715)	(214,600)	(373,802)		(1,498,610)
Total nonoperating revenue (expenses)	40,280	119	(329,446)	(117,976)	(373,458)		(780,481)
Income (loss) before capital contributions	759,447	460,624	(406,968)	694,434	(535,785)		971,752
<b>CAPITAL CONTRIBUTIONS:</b>							
Grants					5,101,452		5,101,452
Capacity and connection fees	71,963	35,928	2,991,541	1,206,801			4,306,233
Developer contributions	21,158	5,085	1,536,057	1,062,845	104,164		2,729,309
Total capital contributions	93,121	41,013	4,527,598	2,269,646	5,205,616		12,136,994
Increase in net position	852,568	501,637	4,120,630	2,964,080	4,669,831		13,108,746
Net position, beginning of year	22,375,733	5,376,667	105,399,334	45,824,068	5,031,233	2,453,259	186,460,294
Net position, end of year	\$ 23,228,301	\$ 5,878,304	\$ 109,519,964	\$ 48,788,148	\$ 9,701,064	\$ 2,453,259	\$ 199,569,040

**MARINA COAST WATER DISTRICT**  
**Schedule of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2019**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Total
<b>OPERATING ACTIVITIES:</b>							
Receipts from customers and users	\$ 3,952,523	\$ 1,337,518	\$ 7,630,999	\$ 2,761,577	\$ -	\$ -	\$ 15,682,617
Payments to employees	(1,321,450)	(532,289)	(2,770,639)	(938,898)	-	-	(5,563,276)
Payments to suppliers	(1,555,658)	(123,534)	(4,351,272)	(474,360)	-	-	(6,504,824)
<b>Net cash provided by operating activities</b>	<u>1,075,415</u>	<u>681,695</u>	<u>509,088</u>	<u>1,348,319</u>	<u>-</u>	<u>-</u>	<u>3,614,517</u>
<b>NONCAPITAL FINANCING ACTIVITIES:</b>							
Due from other funds	(1,553,231)	-	-	(1,904,358)	-	-	(3,457,589)
Due to other funds	-	-	-	-	1,856,783	1,600,806	3,457,589
<b>Net cash provided by (used in) noncapital financing</b>	<u>(1,553,231)</u>	<u>-</u>	<u>-</u>	<u>(1,904,358)</u>	<u>1,856,783</u>	<u>1,600,806</u>	<u>-</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Acquisition and construction of capital assets	(479,261)	(3,408)	(1,481,760)	(1,129,766)	(10,936,056)	(1,600,806)	(15,631,057)
Proceeds from grants	-	-	-	-	5,101,452	-	5,101,452
Developer contributions, capacity and connection receipts	93,121	41,013	4,527,598	2,269,646	104,164	-	7,035,542
Principal paid on line of credit	-	-	-	-	(1,139,371)	-	(1,139,371)
Proceeds from capital debt	-	-	-	-	5,628,103	-	5,628,103
Principal paid on capital debt	(337,765)	(122,561)	(926,806)	(284,082)	(220,799)	-	(1,892,013)
Interest paid on capital debt	(179,776)	(85,571)	(743,624)	(239,147)	(394,630)	-	(1,642,748)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(903,681)</u>	<u>(170,527)</u>	<u>1,375,408</u>	<u>616,651</u>	<u>(1,857,137)</u>	<u>(1,600,806)</u>	<u>(2,540,092)</u>
<b>INVESTING ACTIVITIES:</b>							
Rental income	139,375	39,821	248,884	69,687	-	-	497,767
Investment earnings	60,197	34,612	84,348	25,058	344	-	204,559
<b>Net cash provided by investing activities</b>	<u>199,572</u>	<u>74,433</u>	<u>333,232</u>	<u>94,745</u>	<u>344</u>	<u>-</u>	<u>702,326</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,181,925)</u>	<u>585,601</u>	<u>2,217,728</u>	<u>155,357</u>	<u>(10)</u>	<u>-</u>	<u>1,776,751</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>5,248,129</u>	<u>1,942,418</u>	<u>9,091,816</u>	<u>3,331,338</u>	<u>5,051</u>	<u>-</u>	<u>19,618,752</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,066,204</u>	<u>\$ 2,528,019</u>	<u>\$ 11,309,544</u>	<u>\$ 3,486,695</u>	<u>\$ 5,041</u>	<u>\$ -</u>	<u>\$ 21,395,503</u>

continued

**RECONCILIATION TO STATEMENT OF NET POSITION:**

	Marina Water Fund	Marina Sewer Fund	Ord Water Fund	Ord Sewer Fund	New Water Fund	Regional Project	Total
Cash and investments	\$ 1,633,390	\$ 2,254,051	\$ 885,768	\$ 727,341	\$ -	\$ -	\$ 5,500,550
Restricted cash and investments	2,432,814	273,968	10,423,776	2,759,354	5,041	-	15,894,953
Total cash and cash equivalents	\$ 4,066,204	\$ 2,528,019	\$ 11,309,544	\$ 3,486,695	\$ 5,041	\$ -	\$ 21,395,503

**RECONCILIATION OF OPERATING INCOME (LOSS)**

**TO NET CASH PROVIDED BY OPERATING**

**ACTIVITIES:**

Operating income (loss)	\$ 719,167	\$ 460,505	\$ (77,522)	\$ 812,410	\$ (162,327)	\$ -	\$ 1,752,233
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	307,687	192,391	829,640	361,998	162,004	-	1,853,720
(Increase) decrease in accounts receivable	37,044	204	(34,975)	(122,885)	-	-	(120,612)
(Increase) decrease in inventories	(19,533)	115	(53,176)	(78)	-	-	(72,672)
(Increase) decrease in prepaid items	1,242	812	7,239	2,690	-	-	11,983
(Increase) decrease in deferred outflow of resources	35,153	10,253	79,095	21,971	-	-	146,472
Increase (decrease) in customer deposits	(1,340)	17,570	(313,328)	275,207	-	-	(21,891)
Increase (decrease) in accounts payable	(11,355)	350	53,634	6,606	20,135	-	69,370
Increase (decrease) in accrued expenses	3,390	-	9,579	(8,510)	(16,636)	-	(12,177)
Increase (decrease) in compensated absences	6,450	1,206	27,123	6,607	-	-	41,386
Increase (decrease) in pension liability	(17,361)	(5,063)	(39,060)	(10,850)	-	-	(72,334)
Increase (decrease) in total OPEB liability	42,187	12,177	93,940	25,658	-	-	173,962
Increase (decrease) in deferred inflows	(27,316)	(8,825)	(73,101)	(22,505)	(3,176)	-	(134,923)
Total adjustments	356,248	221,190	586,610	535,909	162,327	-	1,862,284
Net cash provided by operating activities	\$ 1,075,415	\$ 681,695	\$ 509,088	\$ 1,348,319	\$ -	\$ -	\$ 3,614,517

**NON-CASH ITEM:**

Amortization of bond premium	\$ 14,071	\$ 7,721	\$ 71,088	\$ 23,395	\$ 31,355	\$ -	\$ 147,630
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**STATISTICAL  
SECTION  
(UNAUDITED)**

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**MARINA COAST WATER DISTRICT**  
**Statistical Section**

This part of the District’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the District’s overall financial health.

**Contents**

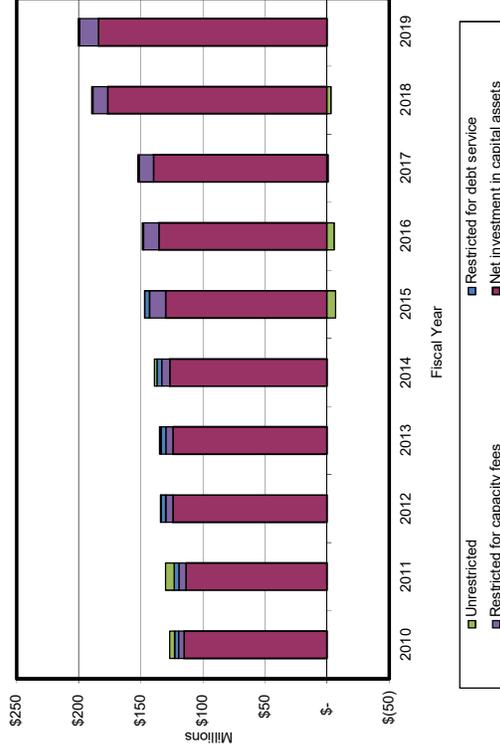
Financial Trends	65-67
These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	
Revenue Capacity	68-71
These schedules contain information to help the reader assess the District’s most significant revenue sources, water sales and wastewater collection.	
Debt Capacity	72-73
These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
Demographic Information	74-75
This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	
Operating Information	76-77
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	



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**MARINA COAST WATER DISTRICT**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years**  
**Schedule 1**

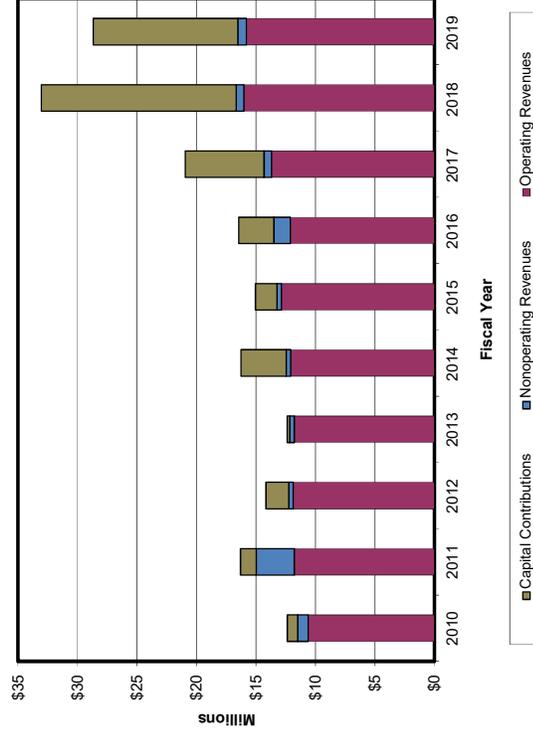
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Changes in net position:</b>										
Operating revenues	\$ 10,614,482	\$ 11,774,989	\$ 11,858,010	\$ 11,768,732	\$ 12,086,128	\$ 12,862,362	\$ 12,100,265	\$ 13,685,334	\$ 16,018,094	\$ 15,803,229
Operating expenses	(10,261,792)	(10,895,356)	(9,332,976)	(9,379,761)	(9,407,367)	(9,458,477)	(9,948,528)	(11,226,580)	(12,020,913)	(14,050,996)
Operating income (loss)	352,690	879,633	2,525,034	2,388,971	2,678,761	3,403,885	2,151,737	2,458,754	3,997,181	1,752,233
Non-operating revenues (expenses)	(833,764)	1,120,230	(1,886,000)	(1,793,893)	(1,689,013)	(1,621,996)	(2,313,611)	(881,262)	(858,930)	(780,481)
Net income before capital contributions	(481,074)	1,999,863	639,034	595,078	989,748	1,781,889	(161,874)	1,577,492	3,138,251	971,752
Capital contributions	862,020	1,327,733	1,895,449	222,268	3,800,217	1,808,824	2,948,012	6,630,732	16,364,028	12,136,994
Changes in net position	380,946	3,327,596	2,534,483	817,346	4,789,965	3,590,713	2,786,138	8,208,224	19,502,279	13,108,746
Net position, beginning of year	126,350,029	126,730,975	130,058,571	134,213,783	135,031,129	138,994,781	140,246,516	143,032,654	151,240,878	186,460,294
Prior period adjustments	-	-	1,620,729	-	(826,313)	(2,338,978)	-	-	15,717,137	-
Net position, end of year	\$ 126,730,975	\$ 130,058,571	\$ 134,213,783	\$ 135,031,129	\$ 138,994,781	\$ 140,246,516	\$ 143,032,654	\$ 151,240,878	\$ 186,460,294	\$ 199,569,040
<b>Net position by component:</b>										
Net investment in capital assets	\$ 115,269,154	\$ 113,545,277	\$ 124,124,544	\$ 124,274,008	\$ 126,769,451	\$ 130,072,044	\$ 135,455,049	\$ 139,827,693	\$ 176,633,556	\$ 184,250,677
Restricted for capacity fees	4,367,583	5,727,249	5,752,842	5,516,166	6,344,936	12,927,953	12,521,538	11,531,344	12,105,493	15,042,160
Restricted for debt service	3,084,250	3,933,757	3,933,752	3,933,549	3,933,764	3,933,765	849,786	850,404	851,747	852,793
Unrestricted	4,009,988	6,852,288	402,645	1,307,406	1,946,630	(6,687,246)	(5,793,719)	(968,563)	(3,130,502)	(576,590)
Total net position	\$ 126,730,975	\$ 130,058,571	\$ 134,213,783	\$ 135,031,129	\$ 138,994,781	\$ 140,246,516	\$ 143,032,654	\$ 151,240,878	\$ 186,460,294	\$ 199,569,040



Source: Marina Coast Water District, Audited Financial Statements

**MARINA COAST WATER DISTRICT**  
**Revenues by Source**  
**Last Ten Fiscal Years**  
**Schedule 2**

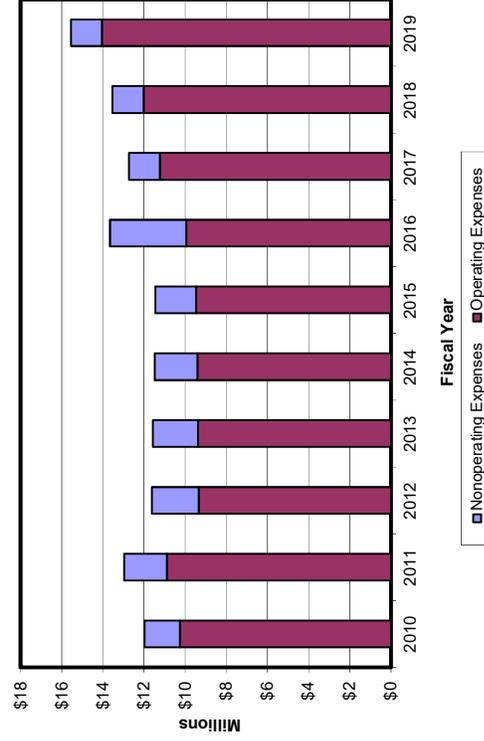
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Operating revenues:</b>										
Water sales	\$ 7,501,854	\$ 8,750,650	\$ 9,051,906	\$ 8,839,268	\$ 9,106,401	\$ 9,581,388	\$ 8,620,556	\$ 9,486,324	\$ 10,844,656	\$ 10,693,992
Wastewater services	2,161,443	2,354,013	2,453,627	2,513,613	2,507,048	2,800,880	3,116,103	3,450,138	3,828,160	4,196,352
Other services and fees	951,185	670,326	352,477	415,851	472,679	480,094	363,606	748,872	1,345,278	912,885
<b>Total operating revenues</b>	<b>10,614,482</b>	<b>11,774,989</b>	<b>11,858,010</b>	<b>11,768,732</b>	<b>12,086,128</b>	<b>12,862,362</b>	<b>12,100,265</b>	<b>13,685,334</b>	<b>16,018,094</b>	<b>15,803,229</b>
<b>Nonoperating revenues:</b>										
Interest earned	613,936	273,267	233,276	208,531	197,277	192,909	618,904	64,012	132,986	220,362
Rental income	273,678	2,914,028	164,485	179,438	179,438	179,438	764,986	566,651	519,024	497,767
<b>Total nonoperating revenues</b>	<b>887,614</b>	<b>3,187,295</b>	<b>397,761</b>	<b>387,969</b>	<b>376,715</b>	<b>372,347</b>	<b>1,383,890</b>	<b>630,663</b>	<b>652,010</b>	<b>718,129</b>
<b>Capital contributions:</b>										
Grant revenue	33,243	783,326	1,185,312	11,680	-	-	-	555,104	10,676,158	5,101,452
Capacity and connection fees	828,777	544,407	640,191	210,588	3,197,978	1,129,206	2,270,405	5,503,637	5,151,848	4,306,233
Developer contributions	-	-	69,946	-	602,239	679,618	677,607	571,991	536,022	2,729,309
<b>Total capital contributions</b>	<b>862,020</b>	<b>1,327,733</b>	<b>1,895,449</b>	<b>222,268</b>	<b>3,800,217</b>	<b>1,808,824</b>	<b>2,948,012</b>	<b>6,630,732</b>	<b>16,364,028</b>	<b>12,136,994</b>
<b>Total revenues</b>	<b>\$ 12,364,116</b>	<b>\$ 16,290,017</b>	<b>\$ 14,151,220</b>	<b>\$ 12,378,969</b>	<b>\$ 16,263,060</b>	<b>\$ 15,043,533</b>	<b>\$ 16,432,167</b>	<b>\$ 20,946,729</b>	<b>\$ 33,034,132</b>	<b>\$ 28,658,352</b>



Source: Marina Coast Water District, Audited Financial Statements

**MARINA COAST WATER DISTRICT**  
**Expenses by Function**  
**Last Ten Fiscal Years**  
**Schedule 3**

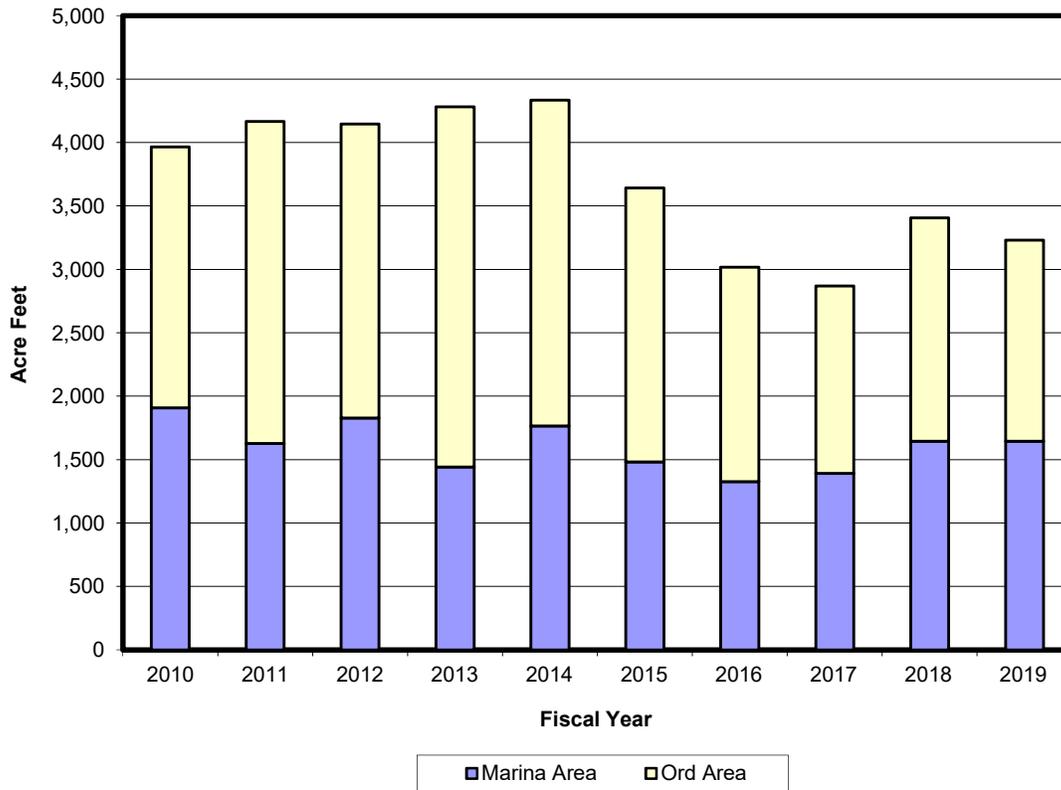
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Operating expenses:</b>										
Administrative	\$ 2,129,012	\$ 2,682,047	\$ 2,181,146	\$ 2,919,025	\$ 2,868,768	\$ 2,979,535	\$ 3,118,186	\$ 4,220,398	\$ 4,907,644	\$ 5,579,270
Operations and maintenance	2,709,949	3,001,131	2,722,037	2,970,097	3,154,941	3,036,913	3,140,765	3,173,240	3,181,860	3,658,830
Laboratory	325,299	324,244	216,448	225,119	263,015	245,496	238,256	256,607	251,818	280,385
Conservation	297,283	318,589	214,378	219,964	241,849	319,617	376,383	304,338	301,155	336,553
Engineering	908,265	869,790	969,643	983,105	1,087,355	1,280,311	1,494,965	1,656,803	1,822,501	1,470,323
Water Resources	-	-	-	-	-	-	-	-	-	871,915
Depreciation	3,891,984	3,699,555	3,029,324	2,062,451	1,791,439	1,596,605	1,579,973	1,615,194	1,555,935	1,853,720
<b>Total operating expenses</b>	<b>10,261,792</b>	<b>10,895,356</b>	<b>9,332,976</b>	<b>9,379,761</b>	<b>9,407,367</b>	<b>9,458,477</b>	<b>9,948,528</b>	<b>11,226,580</b>	<b>12,020,913</b>	<b>14,050,996</b>
<b>Nonoperating expenses</b>										
Interest expense	1,691,257	2,027,898	2,233,550	2,132,688	2,065,728	1,994,343	2,954,075	1,511,925	1,510,940	1,498,610
Investment loss	-	-	-	-	-	-	474,892	-	-	-
Bond issuance costs	30,121	39,167	50,211	49,174	-	-	268,534	-	-	-
<b>Total nonoperating expenses</b>	<b>1,721,378</b>	<b>2,067,065</b>	<b>2,283,761</b>	<b>2,181,862</b>	<b>2,065,728</b>	<b>1,994,343</b>	<b>3,697,501</b>	<b>1,511,925</b>	<b>1,510,940</b>	<b>1,498,610</b>
<b>Total expenses</b>	<b>\$ 11,983,170</b>	<b>\$ 12,962,421</b>	<b>\$ 11,616,737</b>	<b>\$ 11,561,623</b>	<b>\$ 11,473,095</b>	<b>\$ 11,452,820</b>	<b>\$ 13,646,029</b>	<b>\$ 12,738,505</b>	<b>\$ 13,531,853</b>	<b>\$ 15,549,606</b>



Source: Marina Coast Water District, Audited Financial Statements

**MARINA COAST WATER DISTRICT**  
**Water Production by Service Area**  
**Last Ten Fiscal Years**  
**Schedule 4**

Fiscal Year	Marina Area	Ord Area	Water Production (acre feet)
2010	1,908	2,058	3,966
2011	1,626	2,540	4,167
2012	1,827	2,318	4,145
2013	1,441	2,841	4,282
2014	1,764	2,570	4,334
2015	1,483	2,159	3,642
2016	1,327	1,691	3,018
2017	1,392	1,476	2,868
2018	1,644	1,763	3,407
2019	1,645	1,586	3,231



*Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.*

*Source: Marina Coast Water District's Finance Department*

**MARINA COAST WATER DISTRICT**  
**Rates, Fees & Charges**  
**Last Ten Fiscal Years**  
**Schedule 5**

**Marina Service Area Water Consumption Rates (hcf)**

Description	2019		2018		2017		Fiscal Year 2016		2015		2014	2013	2012	2011	2010
	1/1/2019	7/1/2018	1/1/2018	7/1/2017	1/1/2017	7/1/2016	1/1/2016	7/1/2015	1/1/2015	7/1/2014					
0-8 hcf	\$ 3.25	\$ 2.78	\$ 2.78	\$ 2.70	\$ 2.70	\$ 2.62	\$ 2.62	\$ 2.55	\$ 2.55	\$ 2.47	\$ 2.29	\$ 2.29	\$ 2.18	\$ 2.08	\$ 1.93
9-16 hcf	4.95	3.19	3.19	3.10	3.10	3.01	3.01	2.92	2.92	2.83	2.79	2.79	2.66	2.53	2.35
16+ hcf	N/A	5.63	5.63	5.47	5.47	5.31	5.31	5.15	5.15	5.00	5.09	5.09	4.85	4.62	4.29

**Marina Service Area Water & Sewer Service Charges (monthly)**

Meter Size	2019		2018		2017		Fiscal Year 2016		2015		2014	2013	2012	2011	2010
	1/1/2019	7/1/2018	1/1/2018	7/1/2017	1/1/2017	7/1/2016	1/1/2016	7/1/2015	1/1/2015	7/1/2014					
5/8" - 3/4"	\$ 24.24	\$ 22.36	\$ 22.36	\$ 21.71	\$ 21.71	\$ 21.07	\$ 21.07	\$ 20.46	\$ 20.46	\$ 19.87	\$ 18.85	\$ 18.85	\$ 17.95	\$ 17.11	\$ 15.87
1"	32.69	36.07	36.07	35.02	35.02	34.00	34.00	33.01	33.01	32.05	47.09	47.09	44.85	42.75	39.66
1 1/2"	53.80	58.94	58.94	57.22	57.22	55.55	55.55	53.94	53.94	52.36	94.19	94.19	89.70	85.51	79.32
2"	79.14	86.36	86.36	83.85	83.85	81.41	81.41	79.04	79.04	76.73	150.68	150.68	143.50	136.80	126.90
3"	146.72	150.41	150.41	146.03	146.03	141.78	141.78	137.65	137.65	133.64	282.52	282.52	269.07	256.50	237.94
4"	222.74	241.82	241.82	234.77	234.77	227.93	227.93	221.30	221.30	214.85	470.87	470.87	448.45	427.50	396.57
6"	433.91	470.42	470.42	456.71	456.71	443.41	443.41	430.50	430.50	417.96	941.75	941.75	896.90	855.00	793.14
8"	856.25	927.88	927.88	900.86	900.86	874.62	874.62	849.14	849.14	824.41	1,883.49	1,883.49	1,793.80	1,710.01	1,586.28
Sewer (EDU)	15.37	14.78	14.78	13.44	13.44	12.22	12.22	11.11	11.11	10.10	9.15	9.15	8.71	8.30	7.70

**Ord Service Area Water Consumption Rates (hcf)**

Description	2019		2018		2017		Fiscal Year 2016		2015		2014	2013	2012	2011	2010
	1/1/2019	7/1/2018	1/1/2018	7/1/2017	1/1/2017	7/1/2016	1/1/2016	7/1/2015	1/1/2015	7/1/2014					
0-8 hcf	\$ 4.13	\$ 3.68	\$ 3.68	\$ 3.40	\$ 3.40	\$ 2.97	\$ 2.97	\$ 2.60	\$ 2.60	\$ 2.22	\$ 2.33	\$ 2.33	\$ 2.33	\$ 2.22	\$ 2.06
9-16 hcf	8.04	5.65	5.65	5.22	5.22	4.56	4.56	3.98	3.98	3.40	3.27	3.27	3.27	3.12	2.89
16+ hcf	N/A	7.62	7.62	7.03	7.03	6.14	6.14	5.37	5.37	4.59	4.22	4.22	4.22	4.02	3.73
Flat Rate	162.95	153.99	153.99	143.94	143.94	127.29	127.29	112.65	112.65	98.36	84.34	84.34	84.34	80.40	74.58
CS <sup>1</sup> - Water	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00

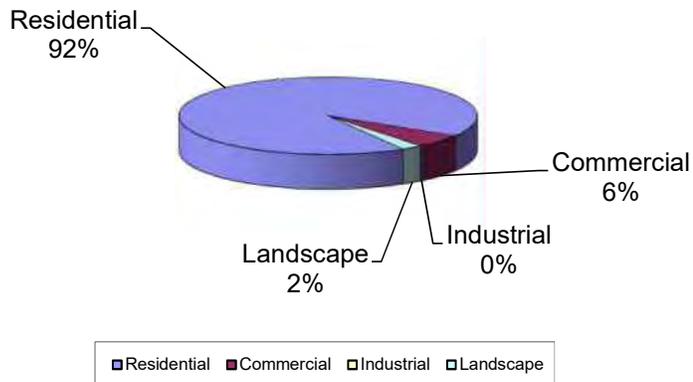
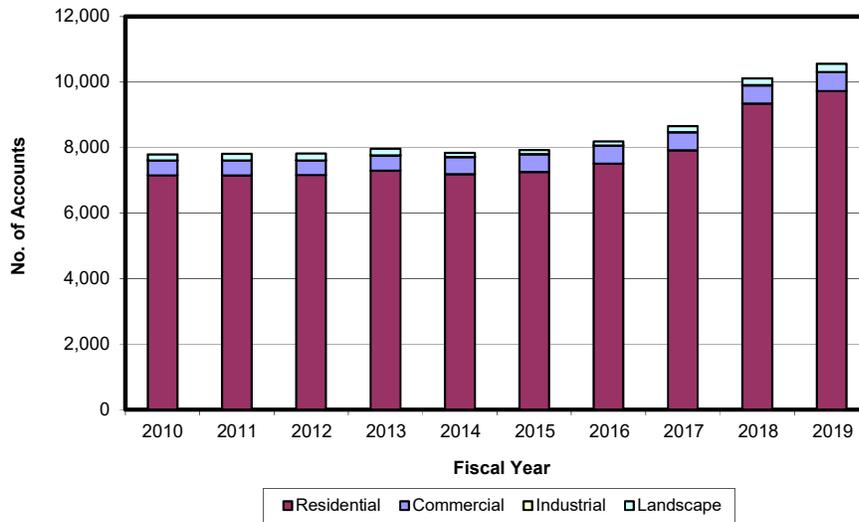
**Ord Service Area Water & Sewer Service Charges (monthly)**

Description	2019		2018		2017		Fiscal Year 2016		2015		2014	2013	2012	2011	2010
	1/1/2019	7/1/2018	1/1/2018	7/1/2017	1/1/2017	7/1/2016	1/1/2016	7/1/2015	1/1/2015	7/1/2014					
5/8" - 3/4"	\$ 41.20	\$ 38.79	\$ 38.79	\$ 37.55	\$ 37.55	\$ 34.37	\$ 34.37	\$ 31.48	\$ 31.48	\$ 28.96	\$ 17.11	\$ 17.11	\$ 17.11	\$ 16.31	\$ 15.13
1"	57.88	60.51	60.51	58.57	58.57	53.62	53.62	49.11	49.11	45.18	42.76	42.76	42.76	40.76	37.81
1 1/2"	99.57	96.71	96.71	93.62	93.62	85.71	85.71	78.49	78.49	72.21	85.49	85.49	85.49	81.50	75.60
2"	149.61	140.14	140.14	135.66	135.66	124.20	124.20	113.74	113.74	104.64	136.78	136.78	136.78	130.39	120.96
3"	283.05	241.57	241.57	233.85	233.85	214.09	214.09	196.05	196.05	180.37	256.47	256.47	256.47	244.49	226.80
4"	433.16	386.31	386.31	373.96	373.96	342.36	342.36	313.52	313.52	288.45	427.45	427.45	427.45	407.48	378.00
6"	850.15	748.31	748.31	724.39	724.39	663.18	663.18	607.31	607.31	558.75	854.89	854.89	854.89	814.96	755.99
8"	1,684.12	1,472.72	1,472.72	1,425.66	1,425.66	1,305.19	1,305.19	1,195.24	1,195.24	1,099.66	1,709.79	1,709.79	1,709.79	1,629.93	1,511.99
Sewer (EDU)	33.80	32.18	32.18	29.80	29.80	28.65	28.65	27.55	27.55	26.49	25.56	25.56	25.56	24.36	22.60
CS <sup>1</sup> - Sewer	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Note: (1) CS = Monthly Capital Surcharge for new EDU's.  
Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Water Accounts by Type of Customer**  
**Last Ten Fiscal Years**  
**Schedule 6**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water customer accounts										
Residential	7,152	7,142	7,162	7,295	7,184	7,255	7,509	7,917	9,340	9,729
Commercial	458	467	448	461	527	542	551	547	560	582
Industrial	3	3	3	3	3	3	3	3	4	4
Landscape	174	197	203	203	125	128	121	185	204	246
<b>Total water accounts</b>	<b>7,787</b>	<b>7,809</b>	<b>7,816</b>	<b>7,962</b>	<b>7,839</b>	<b>7,928</b>	<b>8,184</b>	<b>8,652</b>	<b>10,108</b>	<b>10,561</b>



Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Principal Water Users**  
**Fiscal Years Ended June 30, 2010 and June 30, 2019**  
**Schedule 7**

Customer	2010		2019	
	Water Usage (acre feet)	Percentage of Water Sold	Water Usage (acre feet)	Percentage of Water Sold
Monterey Bay Military Housing	572	14.42%	199	6.16%
FOAM-RS	389	9.81%	178	5.51%
Bayonet/Blackhorse Club House	159	4.01%	126	3.90%
CSU Monterey Bay	133	3.35%	116	3.59%
Bay View Mobile Home Park	73	1.84%	67	2.07%
Seaside Highlands H.O. Association	66	1.66%	59	1.83%
City of Marina	59	1.49%	53	1.64%
Sun Bay Apartments	57	1.44%	41	1.27%
United States Army	41	1.03%	38	1.18%
MPUSD - Seaside High School	40	1.01%	38	1.18%
Total Principal Water Users	1,589	40.07%	915	28.32%
Total All Users	3,966	100.00%	3,231	100.00%

Source: Marina Coast Water District's Finance Department

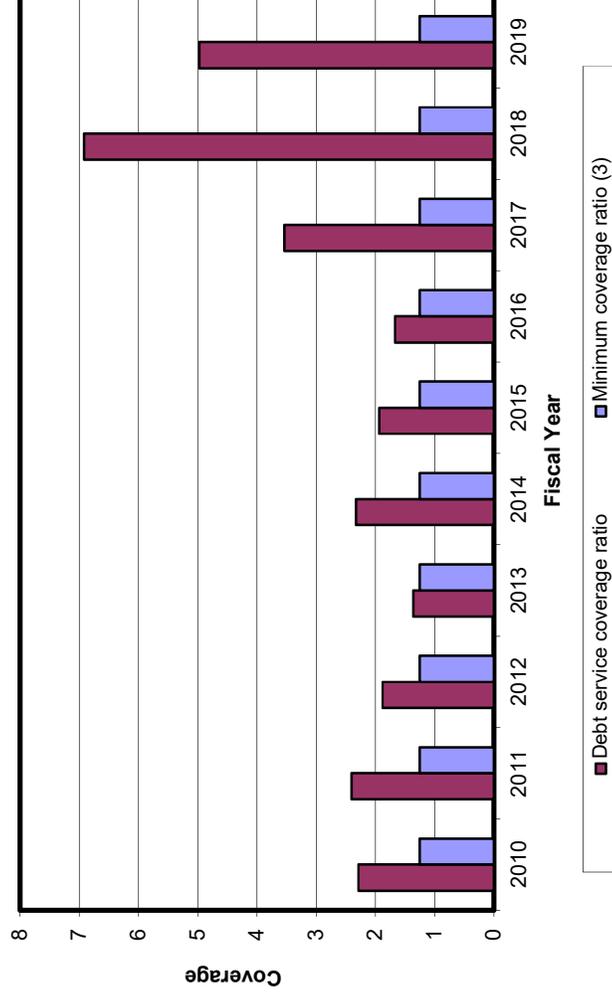
**MARINA COAST WATER DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Schedule 8**

Fiscal Year	Loans Payable	Notes Payable	Bonds Payable	Capital Leases	Debt	Total Accounts	Total Debt per Account
2010	\$ 7,963,663	\$ -	\$ 40,736,238	\$ 166,020	\$ 48,865,921	7,787	\$ 6,275
2011	490,971	-	47,631,905	98,039	48,220,915	7,809	6,175
2012	49,520	-	46,048,967	26,407	46,124,894	7,816	5,901
2013	21,224	-	44,401,309	-	44,422,533	7,962	5,579
2014	-	-	42,703,651	-	42,703,651	7,839	5,448
2015	-	-	40,940,994	-	40,940,994	7,928	5,164
2016	2,776,000	-	36,938,034	-	39,714,034	8,184	4,853
2017	2,799,880	-	35,100,405	-	37,900,285	8,652	4,381
2018	2,722,387	-	33,202,777	-	35,925,164	10,108	3,554
2019	8,268,477	-	31,245,149	-	39,513,626	10,561	3,741

Source: Marina Coast Water District, Audited Financial Statements

**MARINA COAST WATER DISTRICT**  
**Debt Service Coverage**  
**Last Ten Fiscal Years**  
**Schedule 9**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt service coverage										
Gross revenues (1)	\$ 12,400,469	\$ 16,290,017	\$ 14,151,220	\$ 12,378,969	\$ 16,263,060	\$ 15,043,533	\$ 16,432,167	\$ 20,946,729	\$ 33,034,132	\$ 28,658,352
Operating expenses (2)	(6,369,808)	(7,195,801)	(6,303,652)	(7,317,310)	(7,615,928)	(7,861,872)	(8,368,555)	(9,611,386)	(10,464,978)	(12,197,276)
Net available revenues	\$ 6,030,661	\$ 9,094,216	\$ 7,847,568	\$ 5,061,659	\$ 8,647,132	\$ 7,181,661	\$ 8,063,612	\$ 11,335,343	\$ 22,569,154	\$ 16,461,076
Debt service										
Principal	\$ 911,764	\$ 1,757,615	\$ 1,948,155	\$ 1,600,000	\$ 1,650,000	\$ 1,715,000	\$ 1,870,000	\$ 1,690,000	\$ 1,750,000	\$ 1,810,000
Interest	1,727,610	2,027,898	2,233,550	2,132,688	2,065,728	1,994,343	2,954,075	1,511,925	1,510,940	1,498,610
	\$ 2,639,374	\$ 3,785,513	\$ 4,181,705	\$ 3,732,688	\$ 3,715,728	\$ 3,709,343	\$ 4,824,075	\$ 3,201,925	\$ 3,260,940	\$ 3,308,610
Debt service coverage ratio	2.28	2.40	1.88	1.36	2.33	1.94	1.67	3.54	6.92	4.98
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25



**Notes:**

- (1) Gross revenues includes all operating revenue, interest income, other nonoperating revenue and connection fees.
- (2) Operating expenses exclude depreciation and amortization.
- (3) Minimum coverage ratio requirement per debt covenants.

**MARINA COAST WATER DISTRICT**  
**Demographic and Economic Statistics - Monterey County**  
**Last Ten Years**  
**Schedule 10**

Calendar Year Ended December 31	Population (1)	Personal Income (2)	Per Capita Income (3)	Median Age (4)	Unemployment Rate (5)
2009	410,370	\$ 17,381,644	\$ 42,356	32	11.8%
2010	415,057	17,574,000	42,176	33	12.8%
2011	421,898	17,355,940	41,138	33	12.4%
2012	426,762	18,365,298	43,034	33	11.4%
2013	428,826	19,233,171	44,851	33	10.1%
2014	431,344	19,889,054	46,109	34	9.1%
2015	433,898	21,623,627	49,836	34	8.1%
2016	435,232	22,827,059	52,448	34	7.6%
2017	437,907	23,819,797	54,395	34	7.2%
2018	**	**	**	**	**

Source: Monterey County CAFR Report (Fiscal Year Ended June 30, 2018)

\*\* Data not available at time of print.

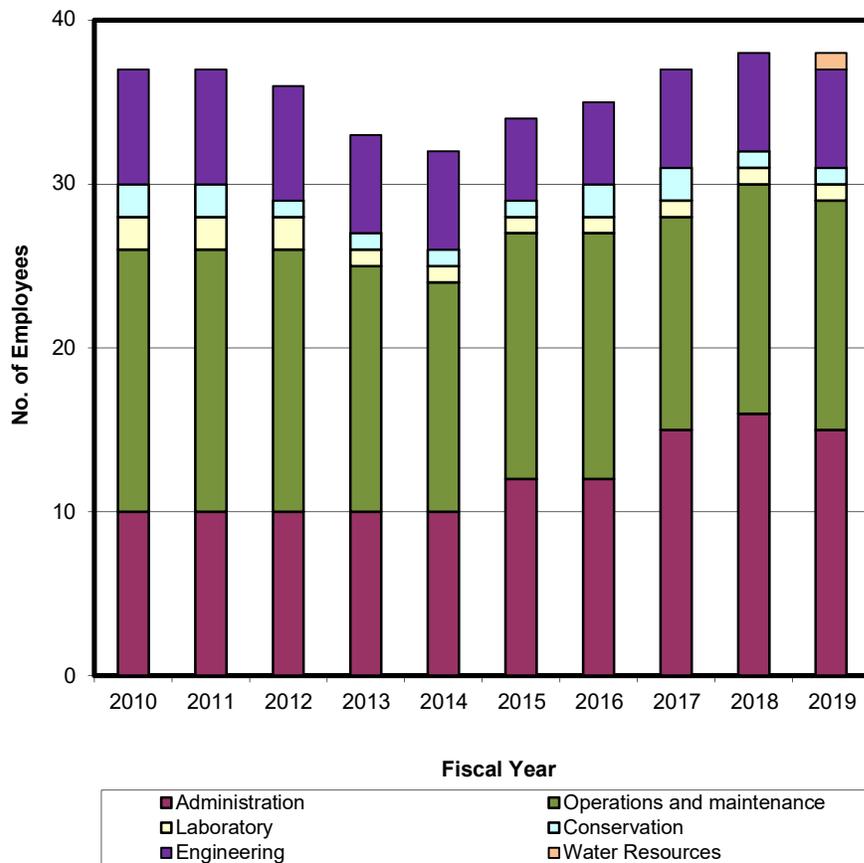
**MARINA COAST WATER DISTRICT**  
**Employment by Industry for Monterey County - by Annual Average**  
**Prior Year and Ten Years Ago**  
**Schedule 11**

2018				2009			
Employer	Employees	Rank	Percentage of Total Employment Listed	Employer	Employees	Rank	Percentage of Total City Employment Listed
Agriculture	55,700	1	27.99%	Agriculture	42,800	1	25.46%
Government	34,500	2	17.34%	Government	32,600	2	19.39%
Leisure and Hospitality	25,400	3	12.76%	Leisure and Hospitality	20,300	3	12.08%
Educational and Health Services	20,100	4	10.10%	Educational and Health Services	16,500	4	9.82%
Retail Trade	16,800	5	8.44%	Retail Trade	15,100	5	8.98%
Professional and Business Services	13,900	6	6.98%	Professional and Business Services	10,900	6	6.48%
Natural Resources, Mining and Construction	6,700	7	3.37%	Manufacturing	5,700	7	3.39%
Wholesale Trade	5,900	8	2.96%	Wholesale Trade	4,900	8	2.91%
Manufacturing	5,400	9	2.71%	Natural Resources, Mining and Construction	4,800	9	2.86%
Other Services	5,100	10	2.56%	Financial Activities	4,700	10	2.80%
Financial Activities	4,500	11	2.26%	Other Services	4,600	11	2.74%
Transportation, Warehousing and Utilities	4,000	12	2.01%	Transportation, Warehousing and Utilities	3,500	12	2.08%
Information	1,000	13	0.50%	Information	1,700	13	1.01%
Total	<u>199,000</u>		<u>100.00%</u>	Total	<u>168,100</u>		<u>100.00%</u>

Source: State of California Employment Development Department

**MARINA COAST WATER DISTRICT  
Personnel Trends by Department  
Last Ten Fiscal Years  
Schedule 12**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Employees by department										
Administration	10	10	10	10	10	12	12	15	16	15
Operations and maintenance	16	16	16	15	14	15	15	13	14	14
Laboratory	2	2	2	1	1	1	1	1	1	1
Conservation	2	2	1	1	1	1	2	2	1	1
Engineering	7	7	7	6	6	5	5	6	6	6
Water Resources	-	-	-	-	-	-	-	-	-	1
<b>Total employees</b>	<b>37</b>	<b>37</b>	<b>36</b>	<b>33</b>	<b>32</b>	<b>34</b>	<b>35</b>	<b>37</b>	<b>38</b>	<b>38</b>



Source: Marina Coast Water District's Finance Department

**MARINA COAST WATER DISTRICT**  
**Operating and Capacity Indicators**  
**Last Ten Fiscal Years**  
**Schedule 13**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Facilities</b>										
Distribution pipeline (miles)	142	142	142	142	142	147	147	147	147	162
Storage capacity (mg)(1)	11	11	11	11	11	11	11	11	11	11.2
System capacity (mgd)(2)	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	15.6
<b>Water produced</b>										
Water produced - Marina (mg)(1)	622	530	595	470	575	483	432	454	536	536
Average per day (mgd)(2)	1.7	1.5	1.6	1.3	1.6	1.3	1.2	1.2	1.5	1.5
Water produced - Ord (mg)(1)	671	828	755	926	837	703	551	481	574	517
Average per day (mgd)(2)	1.8	2.3	2.1	2.5	2.3	1.9	1.5	1.3	1.6	1.4
Total water produced (mg)(1)	1,292	1,357	1,351	1,395	1,412	1,187	983	935	1,110	1,053
Average per day (mgd)(2)	3.5	3.7	3.7	3.8	3.9	3.3	2.7	2.6	3.0	2.9

(1) mg = million gallons

(2) mgd = million gallons per day

Source: Marina Coast Water District's Finance Department

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 5-C

Meeting Date: November 4, 2019

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Consider Adoption of Resolution No. 2019-79 to Authorize the Delivery and Sale of Enterprise Revenue Certificates of Participation, Series 2019 in the Principal Amount of Not-to-Exceed \$23,000,000 to Finance Water System and Wastewater System Improvements; and, Approve Related Documents and Official Actions

Staff Recommendation: The Board authorize the delivery and sale of Enterprise Revenue Certificates of Participation, Series 2019 to finance water system and wastewater system improvements of the District and approve related documents and official actions.

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

On July 30, 2019, the Board adopted Resolution No. 2019-53 authorizing retaining Jones Hall as Bond Counsel; Fieldman Rolapp & Associates as Financial Advisor; and, proceed with and a Request for Proposals (RFP) for Underwriting Services for a possible issuance of bonds to finance up to \$23,000,000 of capital improvement and capital equipment purchases. Staff issued an RFP and on September 16, 2019, the Board adopted Resolution No. 2019-71 approving a contract with Morgan Stanley to provide underwriting services for the District's upcoming issuance of revenue bonds.

Discussion/Analysis: The financing team for the debt issuance has been working diligently on the financing since September. The team consists of the following:

<b><u>Issuer - Marina Coast Water District</u></b>	<b><u>Underwriter - Morgan Stanley</u></b>
Keith Van Der Maaten, General Manager	Dan Kurz, Vice President
Kelly Cadiente, Director of Administrative Services	Esther Berg, Executive Director
	Pingbo Zhou, Analyst
<b><u>Bond Counsel/Disclosure Counsel - Jones Hall, APLC</u></b>	<b><u>Underwriter's Counsel - Hawkins Delafield Wood LLP</u></b>
Charles "Chick" Adams	Diane Quan Esq.
Juan Galvan, Esq.	
<b><u>General Counsel - Griffith &amp; Masuda, APLC</u></b>	<b><u>Trustee - MUFG Union Bank, N.A.</u></b>
Roger K. Masuda	Sonia N. Flores, Vice President
David Hobbs	
	<b><u>Trustee's Counsel - Thompson Hine LLP</u></b>
<b><u>Financial Advisor - Fieldman Rolapp &amp; Associates</u></b>	Irving C. Apar
Robert A. Porr, Senior Vice President	Irvil Golda Calonge
Lora Carpenter, Assistant Vice President	

Financial Advisor, Fieldman Rolapp & Associates will provide an update on the debt service numbers and projections as well an update to the financing schedule. Underwriter, Morgan Stanley

will provide a market update, and Bond/Disclosure Counsel will present the legal documents that the Board is requested to approve which include:

- Installment Sale Agreement
- Trust Agreement
- Purchase Agreement
- Preliminary Official Statement which includes the Continuing Disclosure Certificate.

Environmental Review Compliance: None required.

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

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

Cost Center	Approved CIP	Capital Equipment	Generator Project	Issuance Costs	Total
Marina Water	\$ 4,563,143	\$ 155,940	\$ 236,700	\$ 65,521	\$ 5,021,304
Marina Sewer	\$ 1,377,150	\$ 176,220	\$ 352,450	\$ 25,197	\$ 1,931,017
Ord Water	\$ 4,327,662	\$ 438,660	\$ 739,150	\$ 72,788	\$ 5,578,260
Ord Sewer	\$ 6,650,550	\$ 236,180	\$ 171,700	\$ 93,320	\$ 7,151,750
Grand Total	<u>\$ 16,918,505</u>	<u>\$ 1,007,000</u>	<u>\$ 1,500,000</u>	<u>\$ 256,826</u>	<u>\$ 19,682,331</u>

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

Material Included for Information/Consideration: Resolution No. 2019-79; Installment Sale Agreement; Trust Agreement; Purchase Agreement; and, Preliminary Official Statement.

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

Board Action

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

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

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

November 4, 2019

Resolution No. 2019-79  
Resolution of the Board of Directors  
Marina Coast Water District

Authorizing the Delivery and Sale of Enterprise Revenue Certificates of Participation, Series 2019 in the Principal Amount of Not to Exceed \$23,000,000 to Finance Water System and Wastewater System Improvements, and Approving Related Documents and Official Actions

RESOLVED by the Board of Directors (the "Board") of the Marina Coast Water District (the "District"), at a special meeting duly called and held on November 4, 2019, at 11 Reservation Road, Marina, California, as follows:

WHEREAS, the District owns and operates facilities and property for the supply, treatment and distribution of water (the "Water System") and the collection, treatment and disposal of wastewater (the "Wastewater System") and the District wishes to provide funds for the acquisition, construction and installation of improvements to the Water System and the Wastewater System, consisting generally of gravity main and force main improvements, lift station improvements, corporation yard improvements and miscellaneous improvements including certain capital equipment and the acquisition and installation of a generator (the "Projects"); and,

WHEREAS, in order to provide funds to finance the Projects, the District has requested the Public Property Financing Corporation of California (the "Corporation") to enter into an Installment Sale Agreement with the District, and has proposed to authorize the execution, delivery and sale of Enterprise Revenue Certificates of Participation, Series 2019 in the aggregate principal amount of not to exceed \$23,000,000 (the "Certificates"), which evidence the direct, undivided fractional interests of the owners thereof in the Installment Payments (the "Installment Payments") which the District is obligated to pay under the Installment Sale Agreement; and,

WHEREAS, the obligations of the District with respect to the financing will be secured by a pledge of and lien on the net revenues of the Water System and the Wastewater System, on a basis which is senior to the outstanding Marina Coast Water District 2010 Subordinate Enterprise Revenue Refunding Bonds, and on a parity with certain other outstanding bonds and obligations of the District as described more fully in the Installment Sale Agreement; and,

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

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

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

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

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

- Installment Sale Agreement dated as of December 1, 2019, between the District and the Corporation, under which the Corporation agrees to provide financing for the Projects in consideration of the payment of the Installment Payments by the District, to be secured by a pledge of the net revenues of the Water System and the Wastewater System.
- Trust Agreement dated as of December 1, 2019, among the District, the Corporation and MUFG Union Bank, N.A., as trustee (the “Trustee”), whereby the Trustee agrees to execute and deliver the Certificates.

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

Section 2. Sale of Certificates of Participation. The Board hereby approves the sale of the Certificates by negotiation with Morgan Stanley & Co. LLC, as underwriter (the “Underwriter”) under a Purchase Agreement between the District and the Underwriter, in the form on file with on file with the Clerk of the Board, together with any changes therein or additions thereto approved by the General Manager, and the execution thereof by an Authorized Officer shall be conclusive evidence of such approval. The amount of Underwriter’s discount for the Certificates shall be not more than 0.40% of the par amount thereof and the true interest rate to be represented by the Certificates (taking into account any original issue discount on the sale thereof) shall not exceed 4.00% per annum. The Board hereby authorizes the delivery and performance of the Purchase Agreement.

Section 3. Official Statement. The Board hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Certificates in the form on file with the Clerk of the Board. An Authorized Officer is hereby authorized, at the request of the Underwriter, to execute an appropriate certificate affirming the Board’s determination that the Preliminary Official Statement has been deemed final within the meaning of such Rule. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. The General Manager is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board hereby authorizes the distribution of the final Official Statement

by the Underwriter. The final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

Section 4. Official Actions. The President, the General Manager, the Director of Administrative Services, the Secretary, the Clerk of the Board and all other officers of the District, are authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the District is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED on November 4, 2019, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

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

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

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

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

\_\_\_\_\_  
Thomas P. Moore, President

ATTEST:

\_\_\_\_\_  
Keith Van Der Maaten, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2019-79 adopted November 4, 2019.

\_\_\_\_\_  
Keith Van Der Maaten, Secretary

## APPENDIX A

### REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the Certificates (Estimated): 3.06%.
2. Finance charge of the Certificates, being the sum of all fees and charges paid to third parties, in the amount of approximately \$256,826. Such amount consists of costs of issuing the Certificates in the amount of approximately \$200,000 together with estimated Underwriter's compensation in the amount of approximately \$56,826.
3. Proceeds of the Certificates expected to be received by the District, net of proceeds for Costs of Issuance in (2) above to paid, capitalized interest and reserves (if any) from the principal amount of the Certificates (Estimated): \$19,500,000.
4. Total Payment Amount for the Certificates, being the sum of all debt service to be paid on the Certificates to final maturity (Estimated): \$30,136,453.

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

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# INSTALLMENT SALE AGREEMENT

Dated as of November 1, 2019

between the

**PUBLIC PROPERTY FINANCING CORPORATION OF  
CALIFORNIA,**  
*as Seller*

and the

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

Relating to  
\$ \_\_\_\_\_  
**Enterprise Revenue Certificates of Participation,  
Series 2019**

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## TABLE OF CONTENTS

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APPENDIX A	Schedule of Installment Payments
APPENDIX B	Description of Projects

## INSTALLMENT SALE AGREEMENT

This INSTALLMENT SALE AGREEMENT (this "Agreement"), dated as of November 1, 2019, is between the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), as seller, and the MARINA COAST WATER DISTRICT, a county water district duly organized and existing under the County Water District Law of the State of California (the "District"), as purchaser.

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

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

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

3. The Installment Payments will be secured by a pledge of and lien on the net revenues of the Water Enterprise and the Wastewater Enterprise (collectively, the "Enterprises"), on a basis which is senior to the outstanding \$8,495,000 aggregate principal amount of Marina Coast Water District 2010 Subordinate Enterprise Revenue Refunding Bonds (the "2010 Bonds"), and on a parity with the other outstanding bonds and obligations of the District as described more fully herein.

4. For the purpose of obtaining the moneys required to finance the acquisition and construction of the Projects, the Corporation will assign and transfer certain of its rights under this Agreement to MUFG Union Bank, N.A., as trustee (the "Trustee") under a Trust Agreement dated as of November 1, 2019, among the District, the Corporation and the Trustee, under which the Trustee will execute and deliver Enterprise Revenue Certificates of Participation, Series 2019 in the aggregate principal amount of \$\_\_\_\_\_ (the "Certificates"), evidencing direct, undivided fractional interests in the Installment Payments.

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

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

## ARTICLE I

### DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement have the respective meanings given them in Appendix A to the Trust Agreement. In addition, when used in this Agreement the following defined terms have the meanings given those terms in this Section.

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

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

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

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

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

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

“Fiscal Year” means the 12-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the District as its fiscal year.

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

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

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

“Independent Accountant” means any independent certified public accountant or firm of independent certified public accountants appointed and paid by the District, and who, or each of whom (a) is in fact independent and not under domination of the District;

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

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

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

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

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

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

“Prior Parity Debt” means, collectively: (a) the Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A, issued in the aggregate principal amount of \$29,840,000; (b) the obligations of the District under the Installment Purchase Agreement dated January 18, 2017, between the District and Holman Capital Corporation, issued in the aggregate original principal amount of \$2,799,880; (c) the obligations of the District under the Loan Agreement dated as of August 1, 2017, between the District and Compass Mortgage Corporation, which are outstanding in the principal amount of \$5,423,324.85 as of the Closing Date; and (d) the obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01011, between the District and the California State Water Resources Control Board, which are outstanding in the principal amount of \$5,628,103 as of the Closing Date.

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

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

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

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

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

“2010 Bond Indenture” means the Indenture of Trust dated as of December 1, 2010, between the District and Union Bank, N.A., as trustee for the 2010 Bonds.

“2010 Bonds” means the \$8,495,000 aggregate original principal amount of bonds of the District designated the “Marina Coast Water District 2010 Subordinate Enterprise Revenue Refunding Bonds” and issued under the 2010 Bond Indenture.

“Wastewater Enterprise” means the entire wastewater collection, treatment and disposal system owned or operated by the District, including but not limited to all facilities, properties and improvements at any time owned or operated by the District for the collection, treatment and disposal of wastewater within the service area of the District, together with any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the District.

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

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

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

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

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

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

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

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

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

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

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

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

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

### ARTICLE III

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

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

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

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

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

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

## ARTICLE IV

### SALE OF PROJECTS; INSTALLMENT PAYMENTS

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

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

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

SECTION 4.4. *Installment Payments.*

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

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

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

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

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

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

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

- (i) all Operation and Maintenance Costs;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **ARTICLE V**

### **FINANCIAL COVENANTS**

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

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

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

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

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

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

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

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

The District shall cause the books and accounts of the Enterprises to be audited annually by an Independent Accountant not more than 9 months after the close of each

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

SECTION 5.5. *Rates and Charges.*

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

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

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

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

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

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

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

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

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

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

- (a) No Event of Default has occurred and is continuing.
- (b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Accountant or an Independent Financial Consultant or shown in the audited financial statements of the District, plus at the option of the District any or all of the Additional Revenues, are at least equal to 125% of the Debt Service for such Fiscal Year.
- (c) The District shall deliver to the Trustee a Certificate of the District certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Additional Parity Debt set forth in the foregoing provisions of this Section have been satisfied.

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

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

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

SECTION 5.10. *Compliance With 2010 Bond Indenture and Parity Debt Documents.* The District shall observe and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the 2010 Bond Indenture and under the Parity Debt Documents. The District will not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under and within the meaning of the 2010 Bond Indenture or the Parity Debt Documents.

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

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

## ARTICLE VI

### EVENTS OF DEFAULT

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

- (a) Failure by the District to pay any Installment Payment when due and payable hereunder.
- (b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clause (a), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however*, that if the District notifies the Corporation and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within the 60-day period, such failure will not constitute an event of default hereunder if the District commences to cure such failure within the 60-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.
- (e) The acceleration of the 2010 Bonds under the 2010 Bond Indenture, or the acceleration of any the indebtedness which is evidenced by any Prior Parity Debt or Additional Parity Debt under and in accordance with the provisions of the related Parity Debt Documents.

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

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

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

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

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

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

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

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

## ARTICLE VII

### PREPAYMENT OF INSTALLMENT PAYMENTS

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

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

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

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

SECTION 7.2. *Optional Prepayment.* The District may exercise its option to prepay the principal components of the Installment Payments in whole or in part on any date on or after June 1, 20\_\_\_. Such option shall be exercised by payment of a prepayment price equal to the sum of (a) the aggregate principal components of the Installment Payments to be prepaid, plus (b) the interest component of the Installment Payment required to be paid on or accrued to such date. Such prepayment price shall be deposited by the Trustee in the Installment Payment Fund to be applied to the prepayment of Certificates under Section 4.01(a) of the Trust Agreement. If the District prepays the Installment Payments

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

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

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

## ARTICLE VIII

### MISCELLANEOUS

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

SECTION 8.2. *Notices.* Any notice, request, complaint, demand or other communication under this Agreement shall be given by first class mail, electronic transmission or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by fax or other form of telecommunication, (b) upon actual receipt after deposit in the United States of America mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the District or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

*If to the District:*

Marina Coast Water District  
11 Reservation Road  
Marina, California 93933  
Attention: General Manager  
Fax: (831) 883-5995

*If to the Corporation:* Public Property Financing Corporation of California  
2945 Townsgate Road, Suite 200  
Westlake Village, California 93309  
Attention: Treasurer  
Fax: (818) 224-4789

*If to the Trustee:* MUFG Union Bank, N.A.  
Corporate Trust Dept.  
350 California Street, 17th Floor  
San Francisco, California 94104  
Fax: (415) 273-2492

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

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

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

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

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

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

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

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

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

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

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

**PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA, as  
Seller**

By \_\_\_\_\_  
William A. Morton,  
Treasurer

**MARINA COAST WATER DISTRICT, as  
Purchaser**

By \_\_\_\_\_  
General Manager

Attest:

\_\_\_\_\_  
Director of Finance

## APPENDIX A

### SCHEDULE OF INSTALLMENT PAYMENTS

<u>Installment Payment Date<sup>(1)</sup></u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Payment</u>
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Installment  
Payment Date<sup>(1)</sup>

Principal  
Component

Interest  
Component

Total  
Payment

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

## **APPENDIX B**

### **DESCRIPTION OF PROJECTS**

The Projects consists of the following improvements to the Enterprises, subject to the right of the District to modify this list as provided in Section 3.3:

Certificate proceeds will be used to construct various improvements to the water and wastewater systems of the District, including construction of gravity main and force main improvements, lift station improvements, corporation yard improvements and miscellaneous improvements including certain capital equipment and the acquisition and installation of a generator.

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# TRUST AGREEMENT

Dated as of November 1, 2019

among

**MUFG UNION BANK, N.A.,**  
*as Trustee*

**PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA**

and the

**MARINA COAST WATER DISTRICT**

Relating to

\$ \_\_\_\_\_  
**Enterprise Revenue Certificates of Participation,  
Series 2019**

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## TRUST AGREEMENT

This TRUST AGREEMENT, made and entered into as of November 1, 2019 (this "Trust Agreement"), is among MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and the MARINA COAST WATER DISTRICT, a county water district duly organized and existing under the County Water District Law of the State of California (the "District").

### BACKGROUND:

1. The District owns and operates facilities and property for the supply, treatment and distribution of water and the collection, treatment and disposal of wastewater within the service area of the District (collectively, the "Enterprises") and the District has initiated proceedings to construct various improvements to the Enterprises (collectively, the "Projects").

2. In order to provide funds to finance the Projects, the Corporation and the Corporation have entered into an Installment Sale Agreement dated as of November 1, 2019 (the "Installment Sale Agreement"), under which the Corporation has agreed to provide funds for such purposes and to sell the completed Projects to the District in consideration of the agreement by the District to pay the purchase price of the Projects in semiannual installments (the "Installment Payments").

3. The Installment Payments will be secured by a pledge of and lien on the net revenues of the Enterprises on a basis which is senior to the outstanding Marina Coast Water District 2010 Subordinate Enterprise Revenue Refunding Bonds, and on a parity with various other outstanding bonds and other obligations of the District as described more fully in the Installment Sale Agreement.

4. For the purpose of obtaining the moneys required to finance the acquisition and construction of the Projects, the Corporation wishes to assign and transfer certain of its rights under the Installment Sale Agreement to the Trustee, including its right to receive the Installment Payments, and at the written direction of the Corporation the Trustee will execute and deliver Enterprise Revenue Certificates of Participation, Series 2019 in the aggregate principal amount of \$\_\_\_\_\_, evidencing direct, undivided fractional interests in the Installment Payments.

### AGREEMENT:

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

## ARTICLE I

### DEFINITIONS

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

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

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### THE CERTIFICATES OF PARTICIPATION

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

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

- (a) it is executed after a Record Date and on or before the following Interest Payment Date, in which event interest represented thereby is payable from such Interest Payment Date; or

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

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

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

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

SECTION 2.05. *Book Entry System.*

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

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

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

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Certificates, or (ii) the District determines to terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the District and the Trustee in the issuance of replacement Certificates by providing the Trustee with a list showing the interests of the Depository System Participants in the Certificates, and by surrendering the Certificates, registered in the name of the Nominee, to the Trustee on or before the date such replacement Certificates are to be issued. The

Depository, by accepting delivery of the Certificates, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the District fails to identify another Securities Depository to replace the Depository, then the Certificates shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Certificates shall designate, in accordance with the provisions hereof.

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

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

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

SECTION 2.07. *Transfer and Exchange.*

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

(b) Exchange of Certificates. Certificates may be exchanged at the Trust Office of the Trustee, for a like aggregate principal amount of Certificates representing other

authorized denominations of the same interest rate and maturity. The District shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

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

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

SECTION 2.09. *Payment.* The Trustee will pay interest represented by the Certificates on each Interest Payment Date, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the Record Date immediately preceding such Interest Payment Date, by check mailed to the Owner by first class mail at the Owner's address appearing on the Registration Books. At the written request of the Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of the Record Date preceding any Interest Payment Date, the Trustee will pay interest represented by the Certificates by wire transfer in immediately available funds to such account in the United States as is specified in the written request. The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment is payable in lawful money of the United States of America upon surrender of such Certificate at the Trust Office of the Trustee.

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

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

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

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

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

the Trustee in writing of any change in the CUSIP numbers which are assigned to the Certificates.

### ARTICLE III

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

SECTION 3.01. *Application of Proceeds.* At the direction of the District which is hereby given to the Trustee, the Trustee will deposit the amount of \$\_\_\_\_\_ shall be paid to the Trustee, who shall deposit such proceeds in a temporary account called the Proceeds Fund which the Trustee shall establish and maintain, and the Trustee shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows (whereupon said temporary account shall be closed):

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

SECTION 3.02. *Costs of Issuance Fund.* The Trustee will establish and maintain a special fund designated as the "Costs of Issuance Fund" to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates, and applied solely as provided herein. The Trustee will disburse amounts in the Costs of Issuance Fund to pay Costs of Issuance from time to time in accordance with written requisitions filed by the District with the Trustee. Each such written requisition must be signed by a District Representative and must state, with respect to each payment to be made thereby, (i) the amounts to be disbursed for payment or reimbursement of Costs of Issuance, (ii) the name and address of the person or persons to whom said amounts are to be disbursed, and (iii) that all amounts to be disbursed are for Costs of Issuance properly chargeable to the Costs of Issuance Fund. Each requisition must be accompanied by an invoice or statement evidencing each payment to be made thereunder. Each requisition will be sufficient evidence to the Trustee of the facts stated therein and the Trustee has no duty to confirm the accuracy of such facts. On February 1, 2020, the Trustee will transfer any funds remaining in the Costs of Issuance Fund to the Project Fund.

SECTION 3.03. *Project Fund.* The Trustee will establish and maintain a separate fund to be known as the "Project Fund". The District will disburse moneys in the Project Fund from time to time to pay Project Costs or to reimburse the District for payment of Project Costs, in accordance with written requisitions filed by the District with the Trustee substantially in the form attached hereto as Appendix C. Each such written requisition shall be signed by a District Representative and shall state, with respect to each payment to be made thereby, the name and address of the firm or corporation to whom such payment is to be made, the amount and purpose of such payment and that such constitutes payment of a Project Cost. Each such requisition is sufficient evidence to the Trustee of the facts stated therein and the Trustee has no duty to confirm the accuracy of such facts. The Trustee is not responsible for payments made in accordance with this Section. The District shall maintain accurate records showing all disbursements from the Project Fund. Upon the determination by the District that no further amounts are intended

to be requisitioned from the Project Fund, the District will notify the Trustee of such fact, whereupon the Trustee shall withdraw all amounts remaining in the Project Fund and transfer such amounts to the Installment Payment Fund to be applied, at the written direction of a District Representative, to pay the Installment Payments next coming due and payable, or to prepay Installment Payments under Section 7.2 of the Installment Sale Agreement and thereby prepay the Certificates under Section 4.01(a).

## ARTICLE IV

### PREPAYMENT OF CERTIFICATES

#### SECTION 4.01. *Prepayment.*

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

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

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

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

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

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

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

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

At least 30 days but not more than 60 days prior to the prepayment date, the Trustee shall mail notice of prepayment by first class mail with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, and shall cause such notice to be posted on the Electronic Municipal Market Access (EMMA) website in accordance with the requirements of the Municipal Securities Rulemaking Board. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid; *provided, however*, that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

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

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

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

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

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

## ARTICLE V

### INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND

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

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

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

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

## ARTICLE VI

### MONEYS IN FUNDS; INVESTMENT

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

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

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

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

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

SECTION 6.05. *Valuation and Disposition of Investments.*

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

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

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

(d) For purposes of this Section and Section 6.06, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and any related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

**ARTICLE VII**  
**THE TRUSTEE**

SECTION 7.01. *Appointment of Trustee.* MUFJ Union Bank, N.A. is hereby appointed Trustee by the Corporation and the District for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided herein. The District agrees that it will maintain a Trustee having a corporate trust office in California, with a reported capital and surplus of at least \$50,000,000, duly authorized to exercise trust powers and subject to supervision or examination by Federal or state authority, so long as any Certificates are Outstanding. If such bank, corporation or trust company publishes a report of condition at least annually under law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section the combined capital and surplus of such bank, corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE VIII

### MODIFICATION OR AMENDMENT OF AGREEMENTS

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

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

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

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

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

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

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

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

**SECTION 8.03. *Effect of Supplemental Agreement.*** From and after the time any supplemental agreement becomes effective under this Article, this Trust Agreement or the Installment Sale Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Installment Sale Agreement for any and all purposes.

**SECTION 8.04. *Endorsement or Replacement of Certificates Delivered After Amendments.*** The Trustee may determine that Certificates shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and

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

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

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

## ARTICLE IX

### OTHER COVENANTS

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

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

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

SECTION 9.04. *Tax Covenants.*

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

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

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

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

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

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

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

SECTION 9.06. *Further Assurances.* The Corporation and the District will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and of the Installment Sale Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

## ARTICLE X

### LIMITATION OF LIABILITY

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

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

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

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

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

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

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

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

## ARTICLE XI

### EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **ARTICLE XII**

### **MISCELLANEOUS**

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

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

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

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

SECTION 12.02. *Notices.* Any notice, request, complaint, demand or other communication hereunder shall be given by first class mail, electronic transmission or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by fax or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

*If to the District:*

Marina Coast Water District  
11 Reservation Road  
Marina, California 93933  
Attention: General Manager  
Fax: (831) 883-5995

*If to the Corporation:*

Public Property Financing Corporation of California  
2945 Townsgate Road, Suite 200  
Westlake Village, California 93309  
Attention: Treasurer  
Fax: (818) 224-4789

*If to the Trustee:*

MUFG Union Bank, N.A.  
Corporate Trust Dept.  
350 California Street, 17th Floor  
San Francisco, California 94104  
Fax: (415) 273-2492  
E-mail: [SFCT@unionbank.com](mailto:SFCT@unionbank.com)

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written

instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties

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

SECTION 12.04. *Payment of Certificates After Discharge.* Notwithstanding any provisions hereof, but subject to any applicable laws of the State of California relating to the escheat of funds or property, any moneys held by the Trustee for the payment of the principal or interest represented by any Certificates and remaining unclaimed for 2 years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided herein), if such moneys were so held at such date, or 2 years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the District free from the trusts created hereby upon receipt of an indemnification agreement acceptable to the District and the Trustee indemnifying the Trustee with respect to claims of Owners of Certificates which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail, by first class mail postage prepaid, to the Owners of Certificates which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. Any moneys so held by the Trustee will be held uninvested.

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

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

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

and delivery of this Trust Agreement as to the parties hereto and may be used in lieu of the original Trust Agreement and signature pages for all purposes.

SECTION 12.089. *Delivery of Cancelled Certificates.* Whenever provision is made herein for the surrender to or cancellation by the Trustee of any Certificates, the Trustee will cancel and destroy such Certificates and shall deliver a certificate of destruction with respect thereto to the District.

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

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

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

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

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

accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

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

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

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

**MUFG UNION BANK, N.A.,**  
*as Trustee*

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

**MARINA COAST WATER DISTRICT**

By \_\_\_\_\_  
General Manager

Attest:

\_\_\_\_\_  
Director of Finance

**PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA**

By \_\_\_\_\_  
William A. Morton,  
Treasurer

## APPENDIX A

### DEFINITIONS

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

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

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

“Certificates” means the \$\_\_\_\_\_ aggregate principal amount of certificates of participation, designated the Enterprise Revenue Certificates of Participation, Series 2019, executed and delivered and at any time Outstanding hereunder.

“Corporation” means Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California.

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

“Closing Date” means November \_\_, 2019, being the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

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

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

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

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

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

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

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

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

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

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

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

“Installment Sale Agreement” means the Installment Sale Agreement, dated as of November 1, 2019, between the District and the Corporation, together with any duly authorized and executed amendments thereto.

“Interest Payment Date” means, with respect to any Certificate, June 1, 2020, and each June 1 and December 1 thereafter to and including the date of maturity or the date of prepayment of such Certificate.

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

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

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

“Original Purchaser” means Morgan Stanley & Co. LLC, as original purchaser of the Certificates.

“Outstanding”, when used as of any particular time with respect to Certificates, means all Certificates theretofore executed and delivered by the Trustee hereunder except (a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates paid and discharged in accordance with Section 12.01,

provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment has been given as provided in Section 4.03 or provision satisfactory to the Trustee has been made for the giving of such notice; and (c) Certificates in lieu of or in exchange for which other Certificates have been executed and delivered by the Trustee under Section 2.08.

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

“Permitted Investments” means any of the following:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody’s of Aaa, Aa1 or Aa2, excluding those with a floating net asset value (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services).
- (e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b)

above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral.

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

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

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

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

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

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, N.Y. 10041-0099 Atn. Call Notification Department, Fax (212) 855-

7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a written request of the District delivered to the Trustee.

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

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

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

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

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

“Trustee” means MUFG Union Bank, N.A., or any successor thereto acting as Trustee hereunder.

**APPENDIX B**

**FORM OF CERTIFICATE OF PARTICIPATION**

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**ENTERPRISE REVENUE CERTIFICATE OF PARTICIPATION, SERIES 2019**

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

**MARINA COAST WATER DISTRICT, CALIFORNIA**

**As the Purchase Price For Certain Property Under an Installment Sale Agreement with the Public Property Financing Corporation of California**

RATE OF INTEREST:    MATURITY DATE:    ORIGINAL ISSUE DATE:    CUSIP:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:    DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (this "Certificate") is the owner of a direct, undivided fractional interest in Installment Payments (the "Installment Payments") payable by the Marina Coast Water District, a county water district duly organized and existing under the laws of the State of California (the "District"), under an Installment Sale Agreement dated as of November 1, 2019 (the "Installment Sale Agreement"), between the District and Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), as the purchase price for certain property which is to be used in the enterprises of the District for the supply, treatment and distribution of water and the collection, treatment and disposal of wastewater within the service area of the District (collectively, the "Enterprises"). The Installment Payments and certain other rights and interests under the Installment Sale Agreement have been assigned to MUFG Union Bank, N.A., as trustee under the herein described Trust Agreement (the "Trustee"), having a corporate trust office in San Francisco, California or such other place as designated by the Trustee (the "Trust Office").

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

identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Installment Payments designated as principal, and to receive on June 1 and December 1 of each year commencing June 1, 2020 (the "Interest Payment Dates") until payment in full of said principal, the Registered Owner's direct, undivided fractional share of the Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed after the close of business on the 15<sup>th</sup> day of the month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (b) unless this Certificate is executed on or before May 15, 2020, in which event interest shall be payable from the Original Issue Date identified above. The Registered Owner's share of the portion of the Installment Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Installment Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months.

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

This Certificate has been executed and delivered by the Trustee under a Trust Agreement dated as of November 1, 2019, among the Trustee, the Corporation and the District (the "Trust Agreement"). The District has certified that it is authorized to enter into the Installment Sale Agreement and the Trust Agreement under the laws of the State of California, for the purpose of financing the acquisition, construction and improvement of properties used for the public purposes of the District relating to the Enterprise. Reference is hereby made to the Installment Sale Agreement and the Trust Agreement (copies of which are on file at the Trust Office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the District under the Installment Sale Agreement, to all of the provisions of the Installment Sale Agreement and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

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

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

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

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

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

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

Sinking Fund Prepayment Date <u>(June 1)</u>	Principal Amount <u>To Be Prepaid</u>
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As provided in the Trust Agreement, notice of prepayment shall be mailed by the Trustee by first class mail, postage prepaid, not less than 30 nor more than 60 days before the prepayment date, to the registered owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

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

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

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein. The Trustee has no obligation or liability to the Registered Owners of the Certificates for the payment of interest or principal with respect to the Certificates out of the Trustee's own funds; the Trustee's sole obligations are those described in the Trust Agreement. The recitals of facts herein shall be taken as statements of the District and the Corporation and the Trustee does not have any responsibility for the accuracy thereof.

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

IN WITNESS WHEREOF, this Certificate has been executed and delivered by MUFG Union Bank, N.A., as trustee, acting under the Trust Agreement.

Execution Date:

**MUFG UNION BANK, N.A.**  
*as Trustee*

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

**ASSIGNMENT**

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

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

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

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

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

Signature Guaranteed:

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

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

## APPENDIX C

### FORM OF REQUISITION

MUFG Union Bank, N.A., as Trustee  
Attn: Corporate Trust Services

Re: Marina Coast Water District  
Enterprise Revenue Certificates of Participation, Series 2019

The undersigned, on behalf of the Marina Coast Water District (the "District"), hereby requests payment from the Enterprise Revenue Certificates of Participation, Series 2019 [Costs of Issuance Fund] [Project Fund] for the 2019 Certificates identified above, upon receipt of an invoice from each payee shown on Schedule I, to each payee so listed, the amount of each invoice but no more than the amount shown on such Schedule, as payment or reimbursement for costs incurred or expenditures made in connection with the issuance of the above-captioned Certificates.

All capitalized terms used herein shall have the meanings given such terms in the Trust Agreement dated as of November 1, 2019 (the "Trust Agreement"), among the Public Property Financing Corporation of California, the District and MUFG Union Bank, N.A.

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

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

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

**MARINA COAST WATER DISTRICT**

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

**[\$[Principal Amount]]  
MARINA COAST WATER DISTRICT  
ENTERPRISE REVENUE CERTIFICATES OF PARTICIPATION,  
SERIES 2019**

**PURCHASE AGREEMENT**

[Pricing Date]

Marina Coast Water District  
11 Reservation Road  
Marina, California 93933

Ladies and Gentlemen:

The undersigned, Morgan Stanley & Co. LLC (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Purchase Agreement (this “Purchase Agreement”) with the Marina Coast Water District (the “District”), which, upon the acceptance of the District, will be binding upon the District and the Underwriter. This offer is made subject to acceptance by the District by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., Pacific Standard Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement dated as of December 1, 2019 (the “Trust Agreement”), by and among the District, the Public Property Financing Corporation of California (the “Corporation”) and MUFG Union Bank, N.A., as trustee (the “Trustee”), and if not set forth therein, then in the Installment Sale Agreement, dated as of December 1, 2019 (the “Installment Sale Agreement”), by and between the District and the Corporation.

**Section 1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District, and the District hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the Marina Coast Water District Enterprise Revenue Certificates of Participation, Series 2019 in the aggregate principal amount of \$[Principal Amount] (the “Certificates”). The Certificates will be dated their date of delivery. Interest with respect to the Certificates shall be payable semiannually on June 1 and December 1 in each year, commencing June 1, 2020 and the Certificates will mature, bear interest and be subject to prepayment prior to maturity as set forth in Exhibit A hereto. The purchase price for the Certificates shall be equal to \$[Purchase Price], being the aggregate principal amount of \$[Principal Amount] plus a [net] original issue premium of \$[OIP], less an underwriter’s discount of \$[UW Discount].

**Section 2. The Certificates.** The Certificates shall be as described in the Official Statement (herein defined) and the Trust Agreement, and shall be executed, delivered and secured under and pursuant to the Trust Agreement and the Installment Sale Agreement

substantially in the forms previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the District and the Underwriter. Proceeds of the Certificates will be used to finance the acquisition and construction of various improvements (collectively, the “Projects”) to the District’s Water Enterprise and the Wastewater Enterprise (the “Enterprises”), and pay the costs of executing and delivering the Certificates.

The Corporation will sell and the District will purchase the Projects pursuant to the Installment Sale Agreement. The Certificates evidence proportionate undivided interests in Installment Payments to be made by the District pursuant to the Installment Sale Agreement. Pursuant to the Trust Agreement, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, all of its rights under the Installment Sale Agreement, including the right to receive Installment Payments under the Installment Sale Agreement.

The Certificates will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. The Certificates will be payable from semiannual installment payments (the “Installment Payments”) to be made by the District pursuant to the Installment Sale Agreement, which Installment Payments are secured by a pledge of and lien on the Net Revenues of the Water Enterprise and the Wastewater Enterprise on a parity with the pledge of Net Revenues of the District’s Prior Parity Debt and will otherwise have the terms described in the Trust Agreement.

This Purchase Agreement, the Trust Agreement, the Installment Sale Agreement, the Continuing Disclosure Certificate, dated as of the Closing Date (as hereinafter defined) (the “Continuing Disclosure Certificate”), of the District, and the resolution of the District authorizing the execution and delivery of the Certificates and documents relating thereto (the “District Resolution”) are collectively referred to herein as the “District Documents.” This Purchase Agreement, including the Letter of Representations of the Corporation, set forth in Exhibit B hereto (the “Letter of Representations”), the Trust Agreement, the Installment Sale Agreement and the resolution of the Corporation authorizing the execution and delivery of the Certificates and the documents relating thereto (the “Corporation Resolution”) are referred herein as the “Corporation Documents.” The District Documents and the Corporation Documents are referred to collectively herein as the “Legal Documents.”

**Section 3. Public Offering.** The Underwriter agrees to make an initial public offering of all of the Certificates at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deems necessary in connection with the marketing of the Certificates, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Underwriter shall provide to the District on the Closing Date a certificate setting forth the offering prices to the public of each maturity of the Certificates at which a substantial amount of such maturities were sold, such certificate to be in a form acceptable to Special Counsel.

The District acknowledges and agrees that: (i) the purchase and sale of the Certificates pursuant to this Purchase Agreement is an arm's-length commercial transaction among the District, the Corporation and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District or the Corporation with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (iv) the Underwriter has financial and other interests that differ from those of the District and the Corporation; and (v) the District has consulted its own legal, financial and other advisors to the extent they have deemed appropriate.

#### **Section 4. Establishment of Issue Price.**

(a) The Underwriter agrees to assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at Closing an "issue price" or similar certificate substantially in the form attached hereto as Exhibit C, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) [Except for the maturities set forth in Exhibit A attached hereto,] the District will treat the first price at which 10% of each maturity of the Certificates (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) The Underwriter confirms that the Underwriter has offered the Certificates to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the Official Statement. [Exhibit A sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District or the District's municipal advisor when the Underwriter has sold 10% of that maturity of the Certificates to the public at [a price] that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on, in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold the offering price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its agreement regarding the hold-the-offering-price rule as applicable to the Certificates.]

(d) The Underwriter confirms that each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, and

(e) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the public),

(iii) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

**Section 5. The Official Statement.** By its acceptance of this proposal, the District ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the preliminary official statement relating to the Certificates dated [POS Date] (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Preliminary Official Statement”), which an authorized officer of the District deemed “final” as of its date, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for certain information permitted to be omitted therefrom by Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, in the electronic format prescribed by the Municipal Securities Rulemaking Board (the “MSRB”) to enable the Underwriter to comply with the Underwriter’s obligations under Rule 15c2-12, the final official statement, dated the date hereof, relating to the Certificates (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, the “Official Statement”).

The Underwriter hereby agrees that it will not request that payment be made by any purchaser of the Certificates prior to delivery by the Underwriter to the purchaser of a copy of the Official Statement. The Underwriter agrees to file a copy of the Official Statement, including any supplements prepared by the District in accordance with the requirements of MSRB Rule G-32. The District hereby approves of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Certificates. The District will cooperate with the Underwriter in the filing by the Underwriter of the Official Statement with the MSRB.

**Section 6. Closing.** At 8:30 a.m., Pacific Standard Time, on [Closing Date] (the “Closing Date”), or at such other time or date as the District and the Underwriter agree upon, the District shall deliver or cause to the Trustee to deliver the Certificates, in definitive form, executed by the Trustee and registered in the name of Cede & Co., as the nominee of The Depository Trust Company (“DTC”), so that the Certificates may be credited to the account specified by the Underwriter under DTC’s FAST procedures. Concurrently with the delivery of the Certificates, the District will deliver and will cause the Corporation to deliver the documents hereinafter mentioned at the offices of Jones Hall, San Francisco, California (“Special Counsel”),

or another place to be mutually agreed upon by the District and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Certificates, together with the delivery of the aforementioned documents, is herein called the “Closing.”

The Certificates shall be registered in the name of Cede & Co., as nominee of DTC in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The District acknowledges that the services of DTC will be used initially by the Underwriter in order to permit the execution and delivery of the Certificates in book-entry form, and agree to cooperate fully with the Underwriter in employing such services.

**Section 7. Representations, Warranties and Covenants of the District.** The District represents, warrants and covenants to the Underwriter and the District that:

(a) The District is a county water district, duly organized and existing under the Constitution and laws of the State of California (the “State”), including the County Water District Law.

(b) The District has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the District Documents.

(c) By all necessary official action, the District has duly authorized and approved the District Documents, has duly authorized and approved the Preliminary Official Statement, will, by execution thereof, duly authorize and approve the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in, the District Documents and the consummation by it of all other transactions contemplated by the District Documents in connection with the execution and delivery of the Certificates. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the District Documents will constitute the legally valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against joint powers authorities in the State. The District has complied, and will at the Closing be in compliance in all material respects, with the terms of the District Documents.

(d) The District is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party which breach or default has or may have a materially adverse effect on the ability of the District to perform its obligations under the District Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would

constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the District Documents, if applicable, and compliance with the provisions on the District's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument, except as may be provided by the District Documents.

(e) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the District of its obligations in connection with the District Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates; all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the District of its obligations under the District Documents have been duly obtained.

(f) The information in the Preliminary Official Statement (excluding the information permitted to be excluded pursuant to Rule 15c2-12 and information relating to the Corporation and DTC and its book-entry system, under the caption "UNDERWRITING" and in Appendix E – "Book-Entry Only System"), as of its date and as of the date hereof, did not and does not contain a misstatement of any material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

(g) At the time of the District's acceptance hereof and (unless an event occurs of the nature described in the last paragraph of subsection (h) below) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period (as defined in Rule 15c2-12) for the Certificates, the information in the Official Statement (excluding information relating to the Corporation and DTC and its book-entry system, under the caption "UNDERWRITING" and in Appendix E – "Book-Entry Only System") does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Purchase Agreement, the End of the Underwriting Period for the Certificates shall mean the earlier of (a) the day of the Closing unless the District has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Certificates for all purposes of Rule 15c2-12 will not occur on the day of the Closing, or (b) the date on which notice is given to the District by the Underwriter in accordance with the following sentence. In

the event that the Underwriter has given notice to the District pursuant to clause (a) above that the “end of the underwriting period” for the Certificates will not occur on the day of the Closing, the Underwriter agrees to notify the District in writing as soon as practicable following the “end of the underwriting period” for the Certificates for all purposes of the Rule.

(h) The District hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date twenty-five (25) days following the End of the Underwriting Period, the District discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If the information in the Official Statement is supplemented or amended pursuant to the paragraph of this subsection (h), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Certificates, such information, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Certificates any event shall occur which might or would cause the information in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will prepare and furnish to the Underwriter (i) the supplement or amendment to the Official Statement in form and substance acceptable to the Underwriter and in the electronic format prescribed by the MSRB, and (ii) if such notification shall be subsequent to the Closing, such legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(i) As of the time of acceptance hereof and the Closing, except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the District having been accomplished, or threatened in writing to the District: (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Certificates, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest with respect to the Certificates, or in any way contesting or affecting

the validity of the Certificates or the other District Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest with respect to the Certificates from taxation or contesting the powers of the District or its authority to issue the Certificates; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the District; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) There is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 7(i).

(k) The District will refrain from taking any action, or permitting any action to be taken, with regard to which the District may exercise control, that results in the loss of the tax-exempt status of the interest with respect to the Certificates.

(l) The District will refrain from taking any action, or permitting any action to be taken, to reduce the amount of Net Revenues while the Certificates are Outstanding.

(m) Any certificate signed by any officer of the District authorized to execute such certificate in connection with the execution, sale and delivery of the Certificates and delivered to the Underwriter shall be deemed a representation and warranty of the District to the Underwriter to the statements made therein but not of the person signing such certificate.

**Section 8. Letter of Representations of the Corporation.** The Underwriter's obligations under this Purchase Contract are and shall be subject to the receipt on the date hereof of the Letter of Representations from the Corporation in substantially the form attached hereto as Exhibit B.

**Section 9. Conditions to the Obligations of the Underwriter.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein and of the Corporation contained in the Letter of Representations. The obligations of the Underwriter to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the statements of the officers and other officials of the District and the Corporation, as well as authorized representatives of Special Counsel and the Trustee made in any Bonds or other documents furnished pursuant to the provisions hereof; to the performance by the District and the Corporation of their obligations to be performed hereunder at or prior to the Closing Date; and to the following additional conditions:

(a) The representations, warranties and covenants of the District contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) At the time of Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the Legal

Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no material default shall have occurred or be existing under the Legal Documents, or any other agreement or document pursuant to which any of the District's financial obligations were executed and delivered, and the District shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would materially adversely impact the ability of the District to pay the scheduled payments on the Certificates from Net Revenues.

(d) In recognition of the desire of the District and the Underwriter to effect a successful public offering of the Certificates, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the discretion of the Underwriter by notification, in writing, to the District prior to delivery of and payment for the Certificates, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) any event shall occur which makes untrue any material statement or results in an omission to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially or adversely affect the ability of the Underwriter to market the Certificates; or

(ii) the marketability of the Certificates or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority affecting the federal or State tax status of the District, or the interest with respect to or with respect to bonds or notes (including the Certificates); or

(iii) any legislation, ordinance, rule or regulation shall be enacted by any governmental body, department or authority of the State, or a decision by any court of

competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Certificates; or

(iv) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental authority having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Certificates, or the Certificates, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or (ii) the issuance, execution, delivery, offering or sale of obligations of the general character of the Certificates, or the execution, delivery, offering or sale of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(v) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Certificates, or the Certificates are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Trust Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Certificates; or

(vii) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(viii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the sole judgment of the Underwriter, impractical or inadvisable to proceed with the purchase or delivery of the Certificates as contemplated by the Official Statement (exclusive of any amendment or supplement thereto); or

(ix) any rating of the Certificates or the rating of any obligations of the District secured by the District's Net Revenues shall have been downgraded or withdrawn by a national rating service, which, in the opinion of the Underwriter, materially adversely affects the market price of the Certificates; or

(x) the commencement of any action, suit or proceeding described in Section 7(i) or Section 7(j).

(e) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) A copy of the District Resolution and a copy of the Corporation Resolution, certified by an authorized officer of the District or the Corporation, as applicable;

(ii) The Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(iii) The approving opinion of Special Counsel dated the Closing Date and addressed to the District, in substantially the form attached as Appendix C to the Official Statement, and a reliance letter thereon addressed to the Underwriter and the Trustee;

(iv) A supplemental opinion of Special Counsel dated the Closing Date and addressed to the Underwriter and the Trustee, to the effect that:

(A) The statements on the cover of the Preliminary Official Statement and in the Preliminary Official Statement under the captions “INTRODUCTION,” “THE CERTIFICATES,” “FINANCING PLAN,” “SECURITY FOR THE CERTIFICATES,” and “TAX MATTERS,” and in Appendix B - “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” and Appendix C - “FORM OF SPECIAL COUNSEL OPINION,” excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the District Documents and Special Counsel’s final opinion concerning certain federal tax matters relating to the Certificates, are accurate in all material respects as of the Closing Date, provided that Special Counsel need not express any opinion with respect to any financial or statistical data contained therein or with respect to the book-entry system in which the Certificates are initially delivered;

(B) The statements on the cover of the Official Statement and in the Official Statement under the captions “INTRODUCTION,” “THE CERTIFICATES,” “FINANCING PLAN,” “SECURITY FOR THE CERTIFICATES,” and “TAX MATTERS,” and in Appendix B - “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” and Appendix C - “FORM OF SPECIAL COUNSEL OPINION,” excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the District Documents and Special Counsel’s final opinion concerning certain federal tax matters relating to the Certificates, are accurate in all material respects as of the Closing Date, provided that Special Counsel need not express any opinion with respect to any

financial or statistical data contained therein or with respect to the book-entry system in which the Certificates are initially delivered;

(C) The Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the District and are the valid, legal and binding agreements of the District, enforceable in accordance with their respective terms, except that the rights and obligations under the Purchase Agreement and the Continuing Disclosure Certificate are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein;

(D) The Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(v) The Official Statement, executed on behalf of the District, and the Preliminary Official Statement;

(vi) Evidence that the ratings on the Certificates are as described in the Official Statement;

(vii) A certificate, dated the Closing Date, signed by a duly authorized officer of the District satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the District contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the District, and the District has complied with, in all material respects, all of the terms and conditions of this Purchase Agreement required to be complied with by the District at or prior to the Closing Date; (ii) no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the District is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which would have a material adverse impact on the District's ability to perform its obligations under the District Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument;

(viii) A certificate, dated the Closing Date, signed by a duly authorized officer of the Corporation satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the Corporation contained in the

Letter of Representations are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the Corporation, and the Corporation has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the Corporation at or prior to the Closing Date; (ii) no event affecting the Corporation has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Corporation is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including but not limited to the Lease) or other instrument to which the Corporation is a party or is otherwise subject, which would have a material adverse impact on the Corporation's ability to perform its obligations under the Corporation Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument;

(ix) an opinion dated the Closing Date and addressed to the Underwriter, of the legal counsel for the District, to the effect that:

(A) The District is a public entity, duly organized and existing under and by virtue of the laws of the State;

(B) The District Resolution has been duly adopted and is in full force and effect and has not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(C) Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental authority or body, pending, with service of process upon the District having been accomplished, or threatened in writing against the District, challenging the creation, organization or existence of the District, or the validity of the District Documents or seeking to restrain or enjoin the payment of the Net Revenues or the repayment of the Certificates or in any way contesting or affecting the validity of the District Documents or contesting the authority of the District to enter into or perform its obligations under any of the District Documents, or which, in any manner, questions the right of the District to pay the principal and interest with respect to the Certificates; and

(D) The execution and delivery of the District Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject, which breach or default has or may have a material adverse

effect on the ability of the District to perform its obligations under the District Documents;

(x) an opinion dated the Closing Date and addressed to the Underwriter, of the legal counsel for the Corporation, to the effect that:

(A) The Corporation is a non-profit public benefit duly organized and existing under and by virtue of the laws of the State;

(B) Corporation Resolution has been duly adopted and is in full force and effect and has not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(C) Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental authority or body, pending, with service of process upon the Corporation having been accomplished, or threatened in writing against the Corporation, challenging the creation, organization or existence of the Corporation, or the validity of the Corporation Documents or seeking to restrain or enjoin the assignment of Installment Payments or the repayment of the Certificates or in any way contesting or affecting the validity of the Corporation Documents or contesting the authority of the Corporation to enter into or perform its obligations under any of the Corporation Documents, or which, in any manner, questions the right of the Corporation to pay the principal and interest with respect to the Certificates; and

(D) The execution and delivery of the Corporation Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach of or default under any agreement or other instrument to which the Corporation is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Corporation is subject, which breach or default has or may have a material adverse effect on the ability of the Corporation to perform its obligations under the Corporation Documents;

(xi) An opinion of Jones Hall, San Francisco, California, in its capacity as Disclosure Counsel, dated the Closing Date and addressed to the District and the Underwriter, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement or the Official Statement, and having made no independent investigation or verification thereof, and stated as a matter of fact and not opinion that, during the course of its representation of the District on this matter, no facts came to the attention of the attorneys in its firm rendering legal services in connection with the Preliminary Official Statement or the Official Statement which caused them to believe that the Preliminary Official Statement (except for information permitted to be excluded pursuant to Rule

15c2-12 and any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, management discussion and analysis, information relating to DTC and its book-entry system, and Appendices A and E thereto, included or referred to therein, which shall be expressly exclude from the scope of this paragraph and as to which such firm will express no opinion or view), as of its date and as of the date of Purchase Agreement, or the Official Statement (except any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, management discussion and analysis, environmental litigation, environmental matters, information relating to DTC and its book-entry system, and Appendices A and E thereto, included or referred to therein, which shall be expressly exclude from the scope of this paragraph and as to which such firm will express no opinion or view), as of its date and as of the date of Closing contained or contains any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) An opinion of Hawkins Delafield & Wood LLP, counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(xiii) An opinion of counsel to the Trustee, addressed to the Underwriter and dated the Closing Date, to the effect that:

(A) The Trustee is a national banking association duly incorporated and validly existing under the laws of the United States of America, having full power and being qualified to enter into and to perform its duties as Trustee under the Trust Agreement;

(B) The Certificates have been duly executed and delivered by the Trustee; and

(C) The Trust Agreement has been duly authorized, executed and delivered by the Trustee and assuming due authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms;

(xiv) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, to the effect that;

(A) The Trustee is duly organized and existing as a national banking association under the laws of the United States of America, in good standing under the laws of the State, and has the full power and authority to enter into and perform its duties under the Trust Agreement and to execute and deliver the Certificates to the Underwriter pursuant to the terms of the Trust Agreement;

(B) The Trustee is duly authorized to enter into the Trust Agreement;

(C) The execution and delivery by the Trustee of the Trust Agreement, and compliance with the terms thereof, will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties, which conflict breach or default would materially adversely affect the ability of the Trustee to perform its obligations under the Trust Agreement or (except with respect to the lien of the Trust Agreement) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee;

(D) Exclusive of federal or state securities laws and regulations, other than routine filings required to be made with governmental agencies in order to preserve the Trustee's authority to perform a trust business (all of which routine filing, to the best of the Trustee's knowledge, have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee is or will be required for the execution and delivery by the Trustee of the Trust Agreement or the execution and delivery of the Certificates; and

(E) There is no litigation pending or, to the best of the Trustee's knowledge, threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Certificates and the Trust Agreement;

(xv) The preliminary and final Statement of Sale required to be delivered to the California Debt and Investment Advisory Commission ("CDIAC") pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code;

(xvi) A copy of the executed Blanket Issuer Letter of Representations by and between the District and DTC relating to the book-entry system;

(xvii) The tax and non-arbitrage certificate of the District in form and substance to the reasonable satisfaction of Special Counsel and the Underwriter relating to the Certificates;

(xviii) A certificate, dated the date of the Preliminary Official Statement, of the District, as required under Rule 15c2-12;

(xix) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Trust Agreement and the authentication and delivery of the Certificates by the Trustee; and

(xx) Such additional legal opinions, certificates, proceedings, instruments or other documents as Special Counsel or the Underwriter may reasonably request.

If this Purchase Agreement is terminated as herein provided, the parties hereto shall have no obligations one to the other except as provided in Section 10 hereof.

**Section 10. Expenses.** The District will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Certificates, including, but not limited to (a) the cost of the preparation and printing or other reproduction of the Legal Documents (other than this Purchase Agreement); (b) the fees and disbursements of Special Counsel, Disclosure Counsel, the Financial Advisor and any other experts or other consultants retained by the District; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Certificates; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; and (g) the Underwriter's out-of-pocket expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter on behalf of the District's employees which are incidental to implementing this Purchase Agreement. The Underwriter will pay the expenses of the preparation of this Purchase Agreement, including CDIAC fees and the fee and disbursements of Underwriter's Counsel, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Certificates.

**Section 11. Notices.** Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Morgan Stanley & Co. LLC, 1999 Avenue of the Stars, Suite 2400, Los Angeles, California 90067, Attention: Dan Kurz. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given the District under this Purchase Agreement may be given by delivering the same in writing to Marina Coast Water District, 11 Reservation Road, Marina, CA 93933, Attention: Executive Director.

**Section 12. Parties in Interest.** This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Certificates.

**Section 13. Entire Agreement; Severability.** This Purchase Agreement when accepted by you in writing as heretofore specified shall constitute the entire agreement between the parties hereto. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

**Section 14. Governing Law.** The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State.

**Section 15. Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**Section 16. Governing Law.** This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

MORGAN STANLEY & CO. LLC

By: \_\_\_\_\_

Name:

Title:

Accepted as of the date first stated above:

MARINA COAST WATER DISTRICT

By: \_\_\_\_\_

Name: Kelly Cadiente

Title: Director of Administrative Services

Date: November \_\_\_\_, 2019 /Time \_\_:\_\_

**EXHIBIT A**

**MARINA COAST WATER DISTRICT  
ENTERPRISE REVENUE CERTIFICATES OF PARTICIPATION,  
SERIES 2019**

**MATURITY SCHEDULE**

<b>Maturity Date (June 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>10% Test Satisfied</b>	<b>Hold-The Offering Price</b>
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\$ \_\_\_\_\_ % Term Bonds due June 1, 20\_\_ Yield: \_\_\_\_

## **PREPAYMENT PROVISIONS**

### **Optional Prepayment**

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

### **Prepayment From Net Proceeds of Insurance, Sale and Condemnation**

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

### **Mandatory Sinking Fund Prepayment**

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

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

## EXHIBIT B

### LETTER OF REPRESENTATIONS OF THE PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

[Pricing Date]

Morgan Stanley & Co. LLC  
1999 Avenue of the Stars, Suite 2400  
Los Angeles, California 90067

Ladies and Gentlemen:

The Marina Coast Water District (the “District”) proposes to cause the execution and delivery of \$[Principal Amount] aggregate principal amount of Marina Coast Water District Enterprise Revenue Certificates of Participation, Series 2019 (the “Certificates”).

The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of December 1, 2019 (the “Trust Agreement”), by and among the District, the Public Property Financing Corporation of California (the “Corporation”) and MUFG Union Bank, N.A., as trustee thereunder (the “Trustee”). Proceeds of the Certificates will be used to finance the acquisition and construction of various improvements (collectively, the “Projects”) to the District’s Water Enterprise and the Wastewater Enterprise (the “Enterprises”), and pay the costs of executing and delivering the Certificates.

The Corporation will sell and the District will purchase the Projects pursuant to and Installment Sale Agreement, dated as of December 1, 2019 (the “Installment Sale Agreement”), by and between the District and the Corporation. The Certificates evidence proportionate undivided interests in Installment Payments to be made by the District pursuant to the Installment Sale Agreement. Pursuant to the Trust Agreement, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, all of its rights under the Installment Sale Agreement, including the right to receive Installment Payments under the Installment Sale Agreement.

The execution and delivery of the Certificates and certain matters relating thereto have been authorized by a resolution of the Corporation (the “Corporation Resolution”) and a resolution of the District. The Certificates shall be as described in, and shall be secured under and pursuant to, the Trust Agreement. The Certificates shall be payable and shall be subject to prepayment as provided in the Trust Agreement.

The Trust Agreement, Installment Sale Agreement, the Purchase Agreement (defined below) and this Letter of Representations of the Corporation (the “Letter of Representations”) are referred to collectively herein as the “Corporation Documents.” Capitalized terms not otherwise defined herein shall have the meanings as defined in the Trust Agreement, and if not defined therein, then in the Installment Sale Agreement.

The Certificates are to be sold by the District pursuant to the Purchase Agreement, dated [Pricing Date] (the “Purchase Agreement”), by and between the District and Morgan Stanley & Co. LLC (the “Underwriter”).

This Letter of Representations may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

To facilitate your entering into the Purchase Agreement and to induce you to purchase the Certificates as contemplated therein, the Corporation hereby represents, warrants and agrees with you as follows:

(a) The Corporation is a non-profit public benefit corporation duly organized and existing under the Constitution and laws of the State of California (the “State”).

(b) The Corporation has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Corporation Documents.

(c) By all necessary official action, the Corporation has duly authorized and approved the Corporation Documents[, has duly authorized and approved the Preliminary Official Statement, will, by execution thereof, duly authorize and approve the Official Statement], and has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in, the Corporation Documents and the consummation by it of all other transactions contemplated by the Corporation Documents in connection with the execution and delivery of the Certificates. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the Corporation Documents will constitute the legally valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against joint powers authorities in the State. The Corporation has complied, and will at the Closing be in compliance in all material respects, with the terms of the Corporation Documents.

(d) The Corporation is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party which breach or default has or may have a materially adverse effect on the ability of the Corporation to perform its obligations under the Corporation Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Corporation Documents, if applicable, and compliance with the provisions on the Corporation’s part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional

provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation or under the terms of any such law, regulation or instrument, except as may be provided by the Corporation Documents.

(e) To the best of its knowledge, all material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations in connection with the Corporation Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates; all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Corporation of its obligations under the Corporation Documents have been duly obtained.

(f) The information in the Preliminary Official Statement relating to the Corporation, as of its date and as of the date hereof, did not and does not contain a misstatement of any material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

(g) At the time of the Corporation's acceptance hereof and (unless an event occurs of the nature described in the last paragraph of subsection (h) below) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period (as defined in Rule 15c2-12) for the Certificates, the information in the Official Statement relating to the Corporation does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Letter of Representations, the End of the Underwriting Period for the Certificates shall mean the earlier of (a) the day of the Closing unless the Corporation has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Certificates for all purposes of Rule 15c2-12 will not occur on the day of the Closing, or (b) the date on which notice is given to the Corporation by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the Corporation pursuant to clause (a) above that the "end of the underwriting period" for the Certificates will not occur on the day of the Closing, the Underwriter agrees to notify the Corporation in writing as soon as practicable following the "end of the underwriting period" for the Certificates for all purposes of the Rule.

(h) The Corporation hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date twenty-five (25) days following the End of the Underwriting Period, the Corporation discovers any pre-existing or

subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the information in the Official Statement relating to the Corporation (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If the information in the Official Statement relating to the Corporation is supplemented or amended pursuant to the paragraph of this subsection (h), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Certificates, such information, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Certificates any event shall occur which might or would cause the information in the Official Statement relating to the Corporation, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Corporation will cause the District to prepare and furnish to the Underwriter (i) the supplement or amendment to the Official Statement in form and substance acceptable to the Underwriter and in the electronic format prescribed by the MSRB, and (ii) if such notification shall be subsequent to the Closing, such legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(i) As of the time of acceptance hereof and the Closing, except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the Corporation having been accomplished, or threatened in writing to the Corporation: (i) in any way questioning the corporate existence of the Corporation or the titles of the officers of the Corporation to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Certificates, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest with respect to the Certificates, or in any way contesting or affecting the validity of the Certificates or the other Corporation Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest with respect to the Certificates from taxation or contesting the powers of the Corporation or its authority to issue the Certificates; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the Corporation; or (iv) contesting the completeness or accuracy of the information relating to the Corporation as set forth in the Preliminary Official Statement or the Official Statement or any

supplement or amendment thereto or asserting that the information relating to the Corporation as set forth in the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) To the Corporation's best knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 7(i).

(k) The Corporation will refrain from taking any action, or permitting any action to be taken, with regard to which the Corporation may exercise control, that results in the loss of the tax-exempt status of the interest with respect to the Certificates.

(l) The Corporation will refrain from taking any action, or permitting any action to be taken, to reduce the amount of Installment Payments by the received by the Corporation under the Installment Sale Agreement while the Certificates are Outstanding.

(m) Any certificate signed by any officer of the Corporation authorized to execute such certificate in connection with the execution, sale and delivery of the Certificates and delivered to the Underwriter shall be deemed a representation and warranty of the Corporation to the Underwriter to the statements made therein but not of the person signing such certificate.

(n) The Corporation acknowledges and agrees that: (i) the purchase and sale of the Certificates pursuant to this Purchase Agreement is an arm's-length commercial transaction among the District, the Corporation and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District or the Corporation with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (iv) the Underwriter has financial and other interests that differ from those of the District and the Corporation; and (v) the Corporation has consulted its own legal, financial and other advisors to the extent they have deemed appropriate.

This Letter of Representations is executed by behalf of the Corporation, by an authorized representative thereof, as of the date first set forth above.

Very truly yours,

PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA

By: \_\_\_\_\_  
Kelly Cadiente  
Director of Administrative Services

Accepted and confirmed as of the date above written

MORGAN STANLEY & CO. LLC

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

[Signature Page to Letter of Representations]

## EXHIBIT C

### CERTIFICATE OF THE UNDERWRITER REGARDING OFFERING PRICES

#### MARINA COAST WATER DISTRICT ENTERPRISE REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2019

This certificate is furnished by, Morgan Stanley & Co. LLC (the “Underwriter”) in connection with the Bond Purchase Agreement dated [Pricing Date] (the “Purchase Agreement”), by and between the Underwriter and the Marina Coast Water District (the “District”), for the sale of the Marina Coast Water District Enterprise Revenue Certificates of Participation, Series 2019 (the “Certificates”).

#### THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

1. *Sale of the General Rule Maturities.* As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule I.

2. *Defined Terms.*

(a) *General Rule Maturities* means those Maturities of the Certificates listed in Schedule I hereto as the “General Rule Maturities.”

(b) *District* means the Marina Coast Water District.

(c) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is [Pricing Date].

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The representations contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Jones Hall, A Professional Law Corporation, as Special Counsel in connection with rendering its opinion that the interest with respect to the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Certificates.

Dated: [Closing Date].

MORGAN STANLEY & CO. LLC

By: \_\_\_\_\_  
Name:  
Title:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2019**

**NEW ISSUE – BOOK-ENTRY ONLY**

**RATING: S&P: “\_\_\_”  
See “RATING” herein**

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of the Installment Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”*

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

**Marina Coast Water District  
Enterprise Revenue Certificates of Participation,  
Series 2019**

**Dated: Date of Delivery**

**Due: June 1, as shown below**

The captioned certificates (the “Certificates”) evidence direct, undivided and proportionate interests of the Owners thereof in certain installment payments (the “Installment Payments”) to be made by the Marina Coast Water District (the “District”) pursuant to an Installment Sale Agreement (the “Installment Sale Agreement”), between the District and the Public Property Financing Corporation of California (the “Corporation”). The Corporation, for the benefit of the Owners of the Certificates, has assigned, among other things, its right to receive Installment Payments to MUFJ Union Bank, N.A., as trustee (the “Trustee”) under that certain Trust Agreement, dated as of December 1, 2019 (the “Trust Agreement”), by and among the District, the Corporation and the Trustee, pursuant to which the Certificates will be executed and delivered.

The Certificates are being issued to finance the acquisition and construction of various improvements to the District’s Water Enterprise and the Wastewater Enterprise, and pay the costs of executing and delivering the Certificates. See “FINANCING PLAN.”

The Certificates will be delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in integral multiples of \$5,000, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of certificates representing their ownership interest in the Certificates. The portion of the Installment Payments designated as and comprising interest is payable on June 1 and December 1 of each year, commencing June 1, 2020, by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Certificates.

***The Certificates are subject to prepayment prior to maturity. See “THE CERTIFICATES – Prepayment.”***

*The District’s obligation to make Installment Payments is a special obligation of the District payable and secured exclusively from Net Revenues (as defined in this Official Statement) of the District under the Installment Sale Agreement and from amounts on deposit in certain funds and accounts established under the Trust Agreement. A debt service reserve fund for the Certificates will not be established in connection with the execution and delivery thereof. The District previously incurred obligations that are outstanding and that are payable on a parity basis with the Installment Payments. In addition, under the Installment Sale Agreement, the District may incur additional debt secured by Net Revenues on a parity with the Installment Payments, provided that the conditions set forth in the Installment Sale Agreement are met. See “RISK FACTORS” and “SECURITY FOR THE CERTIFICATES – Parity Debt; Limitations on Future Debt.”*

**THE INSTALLMENT PAYMENTS ARE PAYABLE SOLELY FROM NET REVENUES PLEDGED BY THE DISTRICT AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE TRUST AGREEMENT.**

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Certificates. Investors should review the entire Official Statement before making any investment decision.

**MATURITY SCHEDULE  
(See inside cover)**

*The Certificates are offered when, as and if executed and delivered, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Jones Hall is also acting as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by Griffith & Masuda, A Professional Law Corporation, as General Counsel. Hawkins Delafield & Wood LLP, Los Angeles, California, is serving as counsel to the Underwriter. It is anticipated that the Certificates will be available for delivery in book-entry form on or about \_\_\_\_\_, 2019.*

**Morgan Stanley**

The date of this Official Statement is: \_\_\_\_\_, 2019

\* Preliminary, subject to change.

# MATURITY SCHEDULE

Base CUSIP<sup>†</sup> Number: \_\_\_\_\_

<u>Maturity</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP<sup>†</sup></u> <u>Number</u>
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\$ \_\_\_\_\_ % Term Certificates due June 1, 20\_\_;  
Yield \_\_\_\_%; Price \_\_\_\_; CUSIP<sup>†</sup>: \_\_\_\_

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<sup>†</sup> Copyright 2019, American Bankers Association. CUSIP data are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Certificates will, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the Certificates referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Certificates.

**Preparation of this Official Statement.** The information contained in this Official Statement has been obtained from sources that are believed to be reliable.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Document References and Summaries.** All references to and summaries of the Trust Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

**Stabilization of Prices.** In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

**Estimates and Projections.** Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**Website.** The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website.

## **MARINA COAST WATER DISTRICT**

### **BOARD OF DIRECTORS**

Thomas P. Moore, President  
Jan Shriner, Vice President  
Herbert Cortez, Director  
Peter Le, Director  
Matt Zefferman, Director

### **DISTRICT STAFF**

Keith Van Der Maaten, General Manager  
Kelly Cadiente, Director of Administrative Services

### **SPECIAL SERVICES**

#### **General Counsel**

Griffith & Masuda, A Professional Law Corporation  
Turlock, California

#### **Special Counsel and Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
San Francisco, California

#### **Municipal Advisor**

Fieldman, Rolapp & Associates, Inc.  
Irvine, California

#### **Trustee**

MUFG Union Bank, N.A.  
San Francisco, California

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APPENDIX A	-	AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019
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APPENDIX D	-	FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E	-	BOOK-ENTRY ONLY SYSTEM

# Marina Coast Water District

[INSERT DISTRICT MAP]

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## OFFICIAL STATEMENT

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**Marina Coast Water District  
Enterprise Revenue Certificates of Participation,  
Series 2019**

### INTRODUCTION

*This Official Statement, including the cover page, inside cover and appendices, is provided to furnish information in connection with the execution and delivery of the Marina Coast Water District Enterprise Revenue Certificates of Participation, Series 2019 (the “**Certificates**”). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”*

**The District.** The Marina Coast Water District (the “**District**”) is a county water district organized in 1960 under the provisions of the County Water District Law. The District provides water and wastewater services to customers within the service area of the District. See “THE DISTRICT AND THE ENTERPRISES.” For selected financial, economic and demographic information about the District, see “THE DISTRICT AND THE ENTERPRISES.” The audited financial statements of the District for the fiscal year ended June 30, 2019, are attached as Appendix A.

**The Certificates.** The Certificates are being executed and delivered pursuant to the provisions of a Trust Agreement, dated as of December 1, 2019 (the “**Trust Agreement**”), among the District, the Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “**Corporation**”), and MUFG Union Bank, N.A., as trustee (the “**Trustee**”).

**Prepayment.** The Certificates are subject to prepayment prior to their scheduled payment dates as described in this Official Statement. See “THE CERTIFICATES – Prepayment.”

**Security for the Certificates.** The Certificates evidence direct, undivided and proportionate interests in certain installment payments (the “**Installment Payments**”) to be made by the District pursuant to an Installment Sale Agreement, dated as of December 1, 2019 (the “**Installment Sale Agreement**”), between the District and the Corporation. The Corporation, for the benefit of the Owners of the Certificates, has assigned, among other things, its right to receive Installment Payments to the Trustee pursuant to the Trust Agreement.

The Installment Payments are payable from and secured by Net Revenues (as defined in this Official Statement) derived from the operation of the water enterprise (the “**Water**”).

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\* Preliminary, subject to change.

**Enterprise**") and wastewater enterprise (the "**Wastewater Enterprise**") of the District (each an "**Enterprise**" and together, the "**Enterprises**"), and from amounts on deposit in certain funds and accounts established under the Trust Agreement. A debt service reserve fund for the Certificates will not be established by the District in connection with the execution and delivery thereof. See "SECURITY FOR THE CERTIFICATES."

**Use of Proceeds.** The proceeds of the Certificates will be used to finance (i) the acquisition and construction of certain capital improvements to the Water Enterprise and Wastewater Enterprise, as more particularly described herein (the "**Projects**"), and (ii) the costs of executing and delivering the Certificates. See "FINANCING PLAN."

**Rate Covenant.** In the Installment Sale Agreement, the District will covenant to fix, prescribe, revise and collect rates, fees and charges to generate sufficient Net Revenues to pay debt service on the Certificates. See "SECURITY FOR THE CERTIFICATES – Rate Covenant; Collection of Rates and Charges."

**Prior Parity Debt.** The District's pledge of Net Revenues to the Installment Payments is on a parity with the District's pledge of Net Revenues to the following existing obligations of the District (collectively, "**Prior Parity Debt**"):

- (i) the Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A (the "**2015 Bonds**"), which are currently outstanding in the aggregate principal amount of \$27,045,000;
- (ii) the obligations of the District under the Installment Purchase Agreement dated January 18, 2017 (the "**2017 Taxable Installment Purchase Agreement**"), between the District and Holman Capital Corporation, which obligations are currently outstanding in the principal amount of \$2,597,590;
- (iii) the installment payment obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01011 ("**SRF Agreement No. D17-01011**"), between the District and the California State Water Resources Control Board, in the maximum principal amount of \$6,917,428 (excluding grants made or to be made thereunder to the District), of which \$5,628,103 is currently outstanding; and
- (iv) the installment payment obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01045 ("**SRF Agreement No. D17-01045**") and together with the SRF Agreement No. D17-01011, the "**SRF Agreements**"), between the District and the California State Water Resources Control Board, in the maximum principal amount of \$7,740,803, of which none has yet been drawn upon by the District; the installment payment obligations of the District under the SRF Agreements are referred to in this Official Statement as, the "**SRF Loans**."

See "SECURITY FOR THE CERTIFICATES – Prior Parity Debt; Limitations on Future Debt" and "DEBT SERVICE SCHEDULE."

**Future Parity Debt.** The District is authorized to issue or incur any bonds, notes, leases, installment sale agreements, contracts or other obligations of the District which are secured by a pledge of and lien upon any of the Net Revenues on a parity with the Installment Payments

(collectively, “**Additional Parity Debt**”) subject to the satisfaction of certain conditions. See “SECURITY FOR THE CERTIFICATES – Prior Parity Debt; Limitations on Future Debt.”

**Subordinate and Other Debt.** Nothing in the Installment Sale Agreement limits or affects the ability of the District to issue or incur additional obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

In 2010, the District issued its 2010 Subordinate Revenue Refunding Bonds in the original principal amount of \$8,495,000 (the “**2010 Subordinate Bonds**”), which are currently outstanding in the principal amount of \$1,735,000. The 2010 Subordinate Bonds are secured on a subordinate basis to the Installment Payments by a pledge of Surplus Revenues (as hereinafter defined).

Additionally, in 2017, the District entered into a Loan Agreement dated as of August 1, 2017 (the “**Compass Loan Agreement**”), by and between the District and Compass Mortgage Corporation, to provide financing for the construction of a transmission pipeline (the “**RUWAP Pipeline**”) in connection with the Regional Urban Water Augmentation Project (“**RUWAP**”). Prior to the execution of the SRF Agreements, the District’s obligations under the Compass Loan Agreement were secured by Net Revenues on a parity with the Prior Parity Debt. The District’s obligations under the Compass Loan Agreement are now secured solely by and payable from (i) funds received by the District under the Reimbursement Agreement for Advanced Water Treatment Phase 1 and Product Water Conveyance Facilities of the RUWAP Recycled Project, dated September 6, 2016, with Fort Ord Reuse Authority (“**FORA**”), for the purpose of providing funds to partially finance the RUWAP Pipeline (“**RUWAP Funds**”), and (ii) proceeds from the SRF Loans. The District’s obligations under the Compass Loan Agreement are currently outstanding in the aggregate principal amount of \$5,423,324.85. See “SECURITY FOR THE CERTIFICATES – Prior Parity Debt; Limitations on Future Debt.” See also “THE DISTRICT AND THE ENTERPRISES – General – The Systems” and “– Groundwater Sustainability; Water Enterprise Improvements” for further discussion of the RUWAP Pipeline and the RUWAP.

**Assignment.** Pursuant to the Trust Agreement, the Corporation has transferred, conveyed and assigned to the Trustee, for the benefit of the Owners, substantially all of the Corporation’s rights in the Installment Sale Agreement, including the right to receive and collect all of the Installment Payments and all other amounts required to be deposited in the Installment Payment Fund and the right to exercise any remedies provided therein in the event of a default by the District thereunder.

**Limited Obligation.** THE DISTRICT’S OBLIGATION TO MAKE INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES AND OTHER FUNDS PROVIDED THEREFOR IN THE INSTALLMENT SALE AGREEMENT. THE DISTRICT HAS NOT AGREED TO LEVY AND DOES NOT LEVY ANY FORM OF TAXATION TO PAY THE INSTALLMENT PAYMENTS.

**Risk Factors.** The purchase of the Certificates involves certain risks. For a description of some of these risks, see “RISK FACTORS.”

**Definitive Statement.** All descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document. Certain capitalized terms used in

this Official Statement and not defined in this Official Statement have the meaning given them in APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

## FINANCING PLAN

### General

The proceeds of the sale of the Certificates will be used to: (i) finance the acquisition and construction of certain capital improvements to the Water Enterprise and Wastewater Enterprise (herein referred to as, the Projects), and (ii) pay certain costs of executing and delivering the Certificates.

### The Projects

The District anticipates that the Projects will consist of the construction of pipeline improvements, replacement of booster pumps, lift station enhancements, construction of reservoir tanks, acquisition of emergency generators at key well sites, booster stations and sewer pumping facilities to maintain operation during power outages, and other projects that have been identified as part of the District’s adopted Capital Improvement Program. See “THE DISTRICT AND THE ENTERPRISES – Groundwater Sustainability; Water Enterprise Improvements.”

The total cost of the Projects is estimated at approximately \$19.5 million, a portion of which is anticipated to be funded with proceeds of the Certificates.

### Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds are as follows:

**Sources:**

Principal Amount	\$
<i>[Plus/Less: Original Issue Premium/Discount]</i>	
<i>Total Sources:</i>	\$

**Uses:**

Project Fund	\$
Costs of Issuance <sup>(1)</sup>	
<i>Total Uses:</i>	\$

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<sup>(1)</sup> Includes Underwriter’s discount, Trustee fees, Special Counsel and Disclosure Counsel fees, General Counsel fees, printing costs, rating agency fees, and other related costs.

## THE CERTIFICATES

### Description

The Certificates will be dated as of the date of original delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on June 1 and December 1 (each, a “**Interest Payment Date**”), commencing June 1, 2020, and will mature on the dates and in the amounts set forth on the inside front cover. Said interest represents the portion of Installment Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Installment Payments designated as interest with respect to any Certificate will be computed by multiplying the portion of Installment Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (on the basis of a 360-day year of twelve 30-day months).

The Certificates will be executed and delivered in fully registered form without coupons. The Certificates are being executed and delivered in denominations of \$5,000 principal amount or any integral multiple thereof. The Certificates, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Trust Agreement. See the discussion under “— Transfer and Exchange” below.

The Trustee will pay interest represented by the Certificates on each Interest Payment Date, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the close of business on the 15<sup>th</sup> day of the month preceding each Interest Payment Date, whether or not such 15<sup>th</sup> day is a Business Day (the “**Record Date**”), immediately preceding such Interest Payment Date, by check mailed to the Owner by first class mail at the Owner’s address appearing on the Registration Books. At the written request of the Owner of Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of the Record Date preceding any Interest Payment Date, the Trustee will pay interest represented by the Certificates by wire transfer in immediately available funds to such account in the United States as is specified in the written request. The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment is payable in lawful money of the United States of America upon surrender of such Certificate at the Trust Office of the Trustee. Notwithstanding the foregoing, while the Certificates are held in the book-entry only system of DTC, all such payments of principal, and interest and premium, if any, will be made to Cede & Co. as the registered owner of the Certificates, for subsequent disbursement to Participant and beneficial owners.

**While the Certificates are held in the book-entry only system of DTC, all notice and payments will be made to Cede & Co., as the registered owner of the Certificates.**

See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

### Prepayment\*

**Optional Prepayment.** The Certificates maturing on or before June 1, 20\_\_, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing

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\* Preliminary, subject to change.

on or after June 1, 20\_\_, are subject to optional prepayment in whole or in part, on any date on or after June 1, 20\_\_, from prepayments of the Installment Payments made at the option of the District under prepayment provisions of the Installment Sale Agreement. Certificates shall be subject to prepayment at a prepayment price equal to 100% of the principal amount of Certificates or portions thereof to be prepaid together with accrued interest represented thereby to the prepayment date, without premium.

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

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

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

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

**Notice of Optional Prepayment.** When prepayment is authorized or required as under the Trust Agreement as described above, the Trustee will give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice must state the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates of any maturity are to be called for prepayment, shall designate the numbers of the Certificates to be prepaid by giving the individual number (including the CUSIP number) of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or

by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall require that such Certificates be surrendered on the designated prepayment date at the Trust Office of the Trustee for prepayment at said prepayment price, giving notice also that further interest represented by the Certificates will not accrue from and after the prepayment date. With regard to any optional prepayment, if the funds required to pay the prepayment price are not on deposit at the time notice of such prepayment is sent, the notice shall include a statement to the effect that the prepayment is conditioned upon the receipt by the Trustee of the funds required to pay the prepayment on or before the prepayment date. The notice shall further state that on the specified date there shall become due and payable upon each Certificate, the principal, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

At least 30 days but not more than 60 days prior to the prepayment date, the Trustee will mail notice of prepayment by first class mail with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, and shall cause such notice to be posted on the Electronic Municipal Market Access website in accordance with the requirements of the Municipal Securities Rulemaking Board. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid; *provided, however*, that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

*However, while the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of prepayment to the Beneficial Owners of the Certificates to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayments or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment set forth in the Trust Agreement.*

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

**Manner of Prepayment.** Whenever any Certificates are to be selected for prepayment and unless otherwise provided herein, the District shall determine the Certificates or portions thereof to be prepaid among series and maturities within a series and notify the Trustee, and the Trustee shall select the Certificates or portions thereof to be prepaid by lot within a maturity and notify the District.

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

Certificates or portions thereof so selected for prepayment. The selection by the Trustee of any Certificates for prepayment is final and conclusive.

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

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

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

### **Book-Entry System**

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co., as nominee of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX E – “Book-Entry Only System.”

The District and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The District and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

### **Transfer and Exchange**

*So long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges by beneficial owners of their interest in the Certificates will be made in*

*accordance with DTC procedures and not as hereinafter described. See “APPENDIX E – “Book–Entry Only System.”*

The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by a duly authorized attorney, upon surrender of such Certificate for cancellation at the Trust Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed.

Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee will execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations. The District shall pay all costs of the Trustee incurred in connection with any such transfer, except that the Trustee may require the payment by the Certificate Owner of any tax or other governmental charge required to be paid with respect to such transfer

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

The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) the portion of any Certificate which the Trustee has selected for prepayment under the provisions of the Trust Agreement.

## **SECURITY FOR THE CERTIFICATES**

### **General**

Each Certificate evidences and represents a direct, undivided proportionate interest of the Owner thereof in the Installment Payments to be made by the District under the Installment Sale Agreement. The Corporation, pursuant to the Trust Agreement, has transferred, conveyed and assigned to the Trustee, for the benefit of the Owners of the Certificates, substantially all of the Corporation’s rights under the Installment Sale Agreement, including the right to receive Installment Payments from the District and the right to exercise any remedies in the event of a default by the District.

### **Security for the Installment Payments**

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

***The Installment Payments do not constitute an obligation of the District for which the District is obligated to levy any form of taxation.***

**Definitions.** Set forth in the following paragraphs are some of the terms defined in the Trust Agreement that are most relevant to understanding the pledge of Net Revenues to the Installment Payments.

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

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

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

The term “Gross Revenues” does not include (i) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the District, and (ii) the proceeds

of any special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Enterprises.

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

### **Flow of Funds**

***Deposit of Net Revenues into Enterprise Funds; Transfers to Make Payments.*** The District will deposit all of the Gross Revenues from the Water Enterprise into the Water Fund and all of the Gross Revenues from the Wastewater Enterprise into the Wastewater Fund held by it (each, an **“Enterprise Fund”** and, collectively, the **“Enterprise Funds”**), immediately on receipt. The District will apply amounts in the Enterprise Funds as set forth in the Installment Sale Agreement and any Parity Debt Documents. The District shall apply amounts on deposit in the Enterprise Funds to pay when due the following amounts in the following order of priority:

1. all Operation and Maintenance Costs;
2. the Installment Payments and all payments of principal of and interest on the Prior Parity Debt and any Additional Parity Debt;
3. to the Trustee the amount of any deficiency in any reserve fund established for Additional Parity Debt, the notice of which deficiency has been to the District in accordance with the related Parity Debt Documents; and
4. any other payments required to comply with the provisions of this Agreement and any Parity Debt Documents.

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

***No Preference or Priority.*** The payment of the Installment Payments and the principal of and interest on Prior Parity Debt and any Additional Parity Debt shall be made without preference or priority. If the amount of Net Revenues on deposit in the Enterprise Funds are any time insufficient to enable the District to pay when due the Installment Payments and the principal

of and interest on Prior Parity Debt and any Additional Parity Debt, such payments will be made on a pro rata basis.

### **Rate Covenant; Collection of Rates and Charges**

The District has made the following rate covenants in the Installment Sale Agreement.

**Gross Revenues.** The District will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished separately by each of the Enterprises during each Fiscal Year (July 1 through June 30) which at the time of fixing are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues from such Enterprise sufficient to pay the following amounts in the following order of priority:

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

**Net Revenues.** The District covenants in the Trust Agreement to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished separately by each of the Enterprises during each Fiscal Year which at the time of fixing are sufficient to yield Net Revenues of such Enterprise which are at least equal to the sum of 125% of the amount of Debt Service calculated for such Fiscal Year which is allocable to such Enterprise. For purposes of such covenant, the amount of Net Revenues for a Fiscal Year will be computed by including in Gross Revenues all amounts transferred into the such Enterprise Fund from the Rate Stabilization Fund during the Fiscal Year. In the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet such requirements, such event will not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

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

### **Rate Stabilization Fund**

Under the Installment Sale Agreement, the District has the right at any time to establish a fund to be held by it and administered in accordance with the Installment Sale Agreement (the **“Rate Stabilization Fund”**), for the purpose of stabilizing the rates and charges imposed by the District with respect to the Enterprises. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to

Gross Revenues which are released from the pledge and lien which secures the Installment Payments, the Prior Parity Debt and any Additional Parity Debt, as the District may determine.

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

The District does not currently maintain a Rate Stabilization Fund.

#### **Parity Debt; Limitations on Future Debt**

**General.** Under the Installment Sale Agreement, the District may issue Additional Parity Debt only in compliance with the conditions described below.

**Prior Parity Debt.** The District's pledge of Net Revenues to the Installment Payments is on a parity with the District's pledge of Net Revenues to the Prior Parity Debt, which consist of the following:

- (i) the 2015 Bonds, which are currently outstanding in the aggregate principal amount of \$27,045,000;
- (ii) the District's obligations under 2017 Taxable Capital Installment Purchase Agreement in the outstanding principal amount of \$2,597,590; and
- (iii) the SRF Loans, in the maximum principal amount of \$14,658,231, of which \$5,628,103 is currently outstanding.

See "INTRODUCTION – Prior Parity Debt."

**Future Parity Debt.** Under the Installment Sale Agreement, the District may issue or incur any Additional Parity Debt during the Term thereof upon satisfaction of all of the following conditions:

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

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Accountant or an Independent Financial Consultant or shown in the audited financial statements of the District, plus at the option of the District any or all of the Additional Revenues, are at least equal to 125% of the Debt Service for such Fiscal Year.

(c) The District shall deliver to the Trustee a Certificate of the District certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Additional Parity Debt as described above have been satisfied.

The Installment Sale Agreement defines “**Additional Revenues**” to mean with respect to the issuance of any Additional Parity Debt, any or all of the following amounts:

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

**No Superior Obligations.** Under the Installment Sale Agreement, the District may not issue or incur any additional bonds or other obligations during the Term of the Installment Sale Agreement having any lien on the Net Revenues which is senior to the lien which secures the Installment Payments, or having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments.

**Subordinate Obligations.** Nothing in the Installment Sale Agreement limits or affects the ability of the District to issue or incur additional obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

In 2010, the District issued its 2010 Subordinate Bonds, which are currently outstanding in the principal amount of \$1,735,000. The 2010 Subordinate Bonds are secured on a subordinate basis to the Installment Payments by a pledge of Surplus Revenues.

As defined in the documents authorizing the issuance of the 2010 Subordinate Bonds, the term “**Surplus Revenues**” means, for any period, an amount equal to all of the Net Revenues received during such period minus (a) the amount required to pay the Installment Payments, the Prior Parity Debt, and any Additional Parity Debt coming payable during such period, (b) the amount required to pay debt service coming due during such period on any obligations issued on a parity with the Certificates in accordance with the Installment Sale Agreement (collectively, “**Senior Parity Debt**”) and (c) the amount (if any) which is required during such period to replenish the reserve account with respect to any Senior Parity Debt.

Additionally, in 2017, the District entered into the Compass Loan Agreement to provide financing for the RUWAP Pipeline in connection with the RUWAP. Prior to the execution of the SRF Agreements, the District's obligations under the Compass Loan Agreement were secured by Net Revenues on a parity with the Prior Parity Obligations. The District's obligations under the Compass Loan Agreement are now secured solely by and payable from (i) RUWAP Funds, and (ii) proceeds from the SRF Loans. The District's obligations under the Compass Loan Agreement are currently outstanding in the aggregate principal amount of \$5,423,324.85. See "THE DISTRICT AND THE ENTERPRISES – General – The Systems" for a discussion of the RUWAP Pipeline and RUWAP.

### **No Debt Service Reserve Fund**

The District will not fund a debt service reserve fund for the Certificates in connection with the execution and delivery thereof.

### **Additional Covenants**

The District makes certain additional covenants in the Installment Sale Agreement and the Trust Agreement, including a covenant to maintain and preserve the Enterprises and a covenant to maintain insurance. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

### **Limited Obligation**

The District's obligation to pay the Installment Payments is a special obligation, limited solely to the Net Revenues. Under no circumstances will the District be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified in the Installment Sale Agreement for the payment of the Installment Payments, or to levy any form of taxation. No other funds or property of the District will be liable for the payment of the Installment Payments.

## DEBT SERVICE SCHEDULE

Scheduled debt service for the Certificates and the Prior Parity Debt is shown in the following table.

Certificate Year Ending	<u>Total Prior Parity Debt</u>	<u>2019 Certificates Principal Amount</u>	<u>2019 Certificates Interest Amount</u>	<u>2019 Certificates Total Debt Service</u>	<u>Total Parity</u>
Total	\$	\$	\$	\$	\$

## THE CORPORATION

The Corporation is a non-profit public benefit corporation duly organized and existing under the laws of the State. The Corporation was created for the purpose, among others, of providing assistance to public agencies that wish to finance public improvements. The Corporation is unrelated to the District.

## THE DISTRICT AND THE ENTERPRISES

### General

**Formation.** The District is a county water district organized in 1960 under the provisions of the County Water District Law for the purpose of installing and operating a water supply, water distribution system and wastewater collection system for the City of Marina (the “**City**”). The District has the powers under the County Water District Law to, among other things, provide potable water, wastewater treatment and collection and reclaimed water services. In connection therewith, the District has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District first commenced wastewater service within the City in 1964 after constructing a trunk sewer system and treatment plant. The District first began providing potable water service within the City in 1966 after acquiring the assets of a private water company.

**Service Area.** The District serves approximately 38,000 residents through more than 10,000 connections in its Central Marina and Ord Community service areas. The District supplies water and wastewater service to the City (hereinafter referred to as, “**Central Marina**”) and an area within the boundaries of the former Fort Ord Army Base (the “**Ord Community**”). See “– Service Area” below.

**Systems.** The District’s water system encompasses approximately 200 miles of water pipeline. The District owns and operates seven production wells with an estimated capacity of approximately [20] million gallons per day (“**mgd**”). District water storage includes eight water storage tanks with a combined capacity of eleven million gallons and six booster pump stations. In addition, monitoring wells are strategically located along the coast to monitor water quality and groundwater levels in the aquifers that are the source for the District’s water supply. All wells are sampled to identify the presence of chemicals, the threat of salt water intrusion, and to monitor water levels.

The District recently completed the construction of the RUWAP Pipeline, a 10-mile pipeline to transport advance-treated recycled water from the Advanced Water Purification Facility (“**AWP Facility**”). The RUWAP Pipeline is a joint project of Monterey One Water (“**M1W**”) and the District and is part of the of the RUWAP. The District also recently completed the construction of a storage reservoir, the Blackhorse Recycled Water Reservoir. The Blackhorse Recycled Water Reservoir is a 2 million gallon reservoir that is connected to the RUWAP Pipeline and is anticipated to store recycled water from the AWP Facility. The total cost of the RUWAP Pipeline is approximately \$26.5 million, \$10 million of which represents the District’s share. The District financed its share of the RUWAP Pipeline construction costs with proceeds of the SRF Loans made under SRF Agreement No. D17-01011 in the total amount of approximately \$5.7 million and the remainder in grants to the District from the Clean Water State Revolving Fund under such agreement.

The RUWAP also includes the construction of a recycled water distribution system to be owned and operated by the District (the “**RUWAP Distribution System**”). The RUWAP Distribution System is currently under construction by the District and is anticipated to be completed by December 2021. Once complete, the RUWAP Distribution System is anticipated to consist of distribution pipes used to deliver advanced treated water transported via the RUWAP Pipeline from the AWP Facility to existing and planned urban irrigation facilities. The total estimated cost of the RUWAP Distribution System is estimated at approximately \$11.5 million. The District plans to finance such costs with proceeds of the SRF Loans made under SRF

Agreement No. D17-01045 and grants to the District from the Clean Water State Revolving Fund under such agreement.

The AWP Facility is a jointly owned project of M1W and Monterey Peninsula Water Management District (“**PWM**”). The AWP Facility is currently under construction and is part of M1W’s and PWM’s Pure Water Monterey Groundwater Replenishment Project (the “**PWM Project**”). The construction of the AWP Facility is currently anticipated to be completed in March 2020.

The goal of the RUWAP is to provide 1,427 acre feet per year of water from sources other than groundwater within the District and up to 3,700 acre feet of recycled water to the Monterey Peninsula once construction of the RUWAP Distribution System is complete. The RUWAP Pipeline will initially deliver 600 acre-feet per year (“**AFY**”) of advance treated recycled water to District customers in the Central Marina and the Ord Community service areas. The source water of such treated water will be wastewater generated within the District’s service areas. The advanced treated water is anticipated to be suitable for direct injection into the Seaside Groundwater Basin for indirect potable reuse. This water is anticipated to be of higher quality than tertiary treated and disinfected recycled water, and may be used for urban landscape irrigation, reducing the District’s reliance on groundwater. It is anticipated that M1W will use the RUWAP Pipeline to transport treated water sold by M1W to California American Water Company. See “– Water Enterprise of the District – Groundwater Sustainability; Water Enterprise Improvements” for further discussion regarding the AWP Facility and the PWM Project.

In addition, the District owns and operates 20 sewer lift stations, more than 140 miles of gravity pipeline and 7 miles of forced main to convey in excess of two mgd of sewage to the Monterey One Water Treatment Plant. M1W, formerly the Monterey Regional Water Pollution Control Agency, operates a regional wastewater treatment plant (the “**M1W Regional Wastewater Treatment Plant**”). Wastewater is conveyed to an interceptor and measured at the M1W pump station for Central Marina and at the Flume structure for the Ord Community.

**Source of Water.** The District currently pumps all of its supply or approximately [3,000] AFY of water from seven groundwater wells owned by the District. The District does not purchase wholesale water supply. Three such wells are located in the City. The remaining five wells are located within the boundaries of the Ord Community. The wells produce water from the Salinas Valley Groundwater Basin (the “**Salinas Basin**”) which supplies many other communities beyond the District’s service area.

In addition, the RUWAP Pipeline is anticipated to initially deliver 600 acre feet of advance treated water from the AWP Facility to District customers in the Central Marina and the Ord Community service areas once construction of the RUWAP Distribution System is complete which is currently anticipated by December 2021). The advanced treated water is anticipated to be suitable for direct injection into the Seaside Groundwater Basin for indirect potable reuse. This water is anticipated to be of higher quality than tertiary treated and disinfected recycled water, and may be used for urban landscape irrigation, reducing the District’s reliance on groundwater.

See “– Water Enterprise of the District – Source of Water” and Groundwater Sustainability; Water Enterprise Improvements.”

## Service Area

**General.** The District's service area consists of the Central Marina and the Ord Community. Central Marina consist of approximately 4.50 square miles. The Ord Community, formerly within the boundaries of the Fort Ord Army Base, encompasses approximately 45 square miles. The District serves approximately 38,000 residents through more than 10,000 connections.

As required by State law, the Local Agency Formation Commission in Monterey County ("LAFCO") has established a "sphere of influence" for the District, which defines the area which may be annexed to the District. The land area between the present service area and the sphere of influence boundary is approximately 2.8 square miles, making the total sphere of influence of the District approximately 7.3 square miles. The sphere of influence includes two major undeveloped areas - Armstrong Ranch and Lonestar Property. The District purchased a portion of the Armstrong Ranch (approximately 224 acres) in June 2010.

**Ord Community; Annexation.** The District supplies water and provides wastewater service to the Ord Community pursuant to a contract (the "**FORA Agreement**") with FORA, a thirteen member joint powers authority created in 1997 to convert Fort Ord Army Base to civilian use. The District took title to the Ord Community water system in 2001. The term of the FORA Agreement coincides with the legal existence of FORA. FORA is a public corporation of the State of California established by the FORA Act, and will cease to exist on June 30, 2020. Ownership of the water and wastewater infrastructure will remain with the District and service contracts with the U.S. Army remain in effect after the termination of FORA.

The District began the process to annex the Ord Community into the boundaries of the District through direction from the District's Board of Directors (the "**Board of Directors**") in 2015. An application for the Ord Community Sphere of Influence and Annexation was submitted to the LAFCO on April 16, 2018. LAFCO conducted a Municipal Services Review and public hearings were held by both the District and LAFCO during the process. Annexation was approved by LAFCO on April 22, 2019 and was certified by the County of Monterey on July 2, 2019. Water and wastewater services provided to the Ord Community are not affected by the annexation. As a result of the annexation, Ord Community customers now have direct representation on the District's Board of Directors through the election process, described below.

## Governance and Management

The District is governed by a 5-member Board of Directors, the members of which are elected at large within the Central Marina and Ord Community service areas for staggered 4-year terms. The current members of the Board of Directors, the expiration dates of their terms and their occupations are set forth below.

<b>Member</b>	<b>Expiration of Term</b>	<b>Occupation</b>
Thomas P. Moore, President	December 2020	Professor
Jan Shriner, Vice President	December 2022	Environmental Educator
Herbert Cortez, Director	December 2020	College Curriculum Specialist
Peter Le, Director	December 2022	Retired Civil Engineer
Matt Zefferman, Director	December 2022	Civil Engineer/Educator

Annually, a President and Vice President are chosen among the members of the Board of Directors. The District operates under a Board-Manager form of government. The Board of

Directors appoints the General Manager who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the policies of the Board of Directors. Management of the District's finances is the responsibility of the Director of Administrative Services.

Set forth below are brief resumes of the General Manager and the Director of Administrative Services:

**General Manager.** Keith Van Der Maaten was appointed the District's General Manager in August 2015. Mr. Van Der Maaten has more than 24 years of experience in civil engineering and the water-utility industry. Mr. Van Der Maaten has a Bachelor of Science degree in Civil Engineering from San Jose State University, a Master's degree in Business Administration from Santa Clara University and is a registered Professional Civil Engineer.

Over the past 24 years, Mr. Van Der Maaten has overseen and led groundwater sustainability efforts through development of Ground Water Management Plans, conducting feasibility studies, hydrogeologic studies and leading the District's formation of the Marina Coast Water District Groundwater Sustainability Agency.

**Director of Administrative Services.** Kelly M. Cadiente was appointed the District's Director of Administrative Services in August 2010. Ms. Cadiente has over 30 years of experience in public finance of which the last approximately 20 years are in wastewater and water. Ms. Cadiente has a Bachelor of Science degree in Accounting from Santa Clara University and a Master's degree in Public Administration from Golden Gate University.

Ms. Cadiente is a member of the California Municipal Finance Officers Association as well as the Government Finance Officers Association ("GFOA"). Ms. Cadiente has successfully submitted more than fifteen consecutive Comprehensive Annual Financial Reports for wastewater and water districts which were awarded the Award for Excellence in Financial Reporting by the GFOA. In addition, Ms. Cadiente has participated in several bond financings.

## Employees

**General.** The District had 38 full-time employees as of June 30, 2019.

Of the 38 employees of the District, 2 employees are unrepresented by collective bargaining units, 9 employees are included in the bargaining units represented by the Teamsters Local 890 (the "**Teamsters**") and the rest are in the bargaining unit represented by the Marina Coast Water District Employee Association (the "**Association**"). The contracts with the Teamsters and the Association expire on June 30, 2023. The District has never experienced a work stoppage or other employee action.

**Pension Plan.** *This caption contains certain information relating to the California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. None of the District, the Municipal Advisor or the Underwriter has independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS. The comprehensive annual financial reports of CalPERS are available on its Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. None of*

the District, the Municipal Advisor or the Underwriter can guarantee the accuracy of such information.

Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plan.

Plan Description. The Miscellaneous Plan of the Marina Coast Water District (the “**Miscellaneous Plan**”) is part of the Public Agency portion of CalPERS, a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Menus of benefit provisions as well as other requirements are established by state statutes within the Public Employees’ Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The District’s Miscellaneous Plan is comprised of the following tiers: (i) a tier for employees employed prior to July 1, 2015 (the “**Classic Miscellaneous Plan**”), and (ii) a tier for employees employed on or after July 1, 2015 (the “**PEPRA Miscellaneous Plan**”). The Classic Miscellaneous Plan and PEPRA Miscellaneous Plan are each referred to as a “**Tier.**” The following table shows the number of District employees within each Tier as of June 30, 2019.

<u>Tier</u>	<u>Number of Employees</u>
Classic Miscellaneous Plan	24
PEPRA Miscellaneous Plan	15 <sup>(1)</sup>
Total	29

(1) includes a temporary contract employee who worked over 1,000 in Fiscal Year 2018-19.  
Source: The District.

CalPERS Contributions and Funding Policy. The California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to pay the Pension Plans’ allocated share of the risk pool’s costs of benefits earned by employees during the year, and the Pension Plans’ allocated share of the amortized unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

The District’s employer contribution rates (including unfunded accrued liability contribution) for each Tier of the Miscellaneous Plan as a percentage of payroll for the last four

three fiscal years and for fiscal year 2019-20 are set forth in the following table. Pursuant to its bargaining agreement with District employees, the District pays 100% of employee contributions for all employees that are members of the Classic Miscellaneous Plan. The rates in the following tables do not include such employee contributions.

**CalPERS Employer Contribution Rates  
Fiscal Years 2015-16 through 2019-20<sup>(1)</sup>  
By Tier**

Tier	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>	Fiscal Year <u>2019-20</u>
Classic Miscellaneous Plan	9.164%	10.176%	11.170%	12.771%	14.754%
PEPRA Miscellaneous Plan	6.237	6.555	6.555	6.887	7.046

(1) The rates shown are estimated for July 1 of each year; however, it may not be the rate in effect for the complete fiscal year. Changes in plan benefits, the funding period, prepayments, or other contract changes may not be reflected in these rates. Source: CalPERS Annual Valuation Actuarial Reports as of June 30 of the years 2015 through 2018.

The following table shows the contributions made by the District and its employees to the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan in fiscal years 2015-16 through 2018-19.

**CalPERS Contributions  
Fiscal Years 2015-16 through 2018-19  
By Tier**

	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18<sup>(2)</sup></u>	Fiscal Year <u>2018-19<sup>(3)</sup></u>
<b>Classic Miscellaneous Plan</b>				
Contributions - employer	\$206,402	\$221,001	\$221,693	\$248,830
Contributions - employee (paid by District) <sup>(1)</sup>	201,358	203,217	202,777	215,082
<b>Total</b>	<b>407,760</b>	<b>424,218</b>	<b>424,470</b>	<b>463,912</b>
<b>PEPRA Miscellaneous Plan</b>				
Contributions - employer	\$10,561	21,477	\$35,468	\$56,551
Contributions - employee	10,599	20,484	33,932	51,658
<b>Total</b>	<b>21,160</b>	<b>41,961</b>	<b>69,400</b>	<b>108,209</b>

(1) The District makes 100% of the employee contributions on behalf of all employees that are members of the Classic Miscellaneous Plan pursuant to collective bargaining agreements.

(2) Increase in employer and employee contributions for the PEPRA Miscellaneous Plan in Fiscal Year 2017-18 was due primarily to the hiring of five new District employees in Fiscal Year 2017-18.

(3) Increase in employer and employee contributions for the Classic Miscellaneous Plan in Fiscal Year 2018-19 was due primarily to salary increases of 95% of District employees as a result of a classification study of the District. Increase in employer and employee contributions for the PEPRA Miscellaneous Plan in Fiscal Year 2018-19 was due primarily to the hiring of two new District employees and the salary increases resulting from the classification study.

Source: The District.

The District's total actuarially determined employer contributions and rates for the Pension Plans in aggregate as a percentage of payroll for the last four fiscal years are set forth in the following table.

**CalPERS Employer Contributions  
Fiscal Years 2015-16 through 2018-19  
All Tiers**

	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>
District Contribution <sup>(1)</sup>	\$216,963	\$242,478	\$257,161	\$305,381
Contribution as % of Covered Payroll	7.12%	7.51%	7.47%	7.84%

(1) District contributions shown above do not include employee contributions under the Classic Miscellaneous Plan made by the District on behalf of its employees pursuant to collective bargaining arrangements.

Source: The District.

***Funded Status.*** The following table sets forth the schedule of funding for each Tier as of June 30 of the years 2014 through 2018. *The following information was provided to the District by CalPERS and has not been reviewed for accuracy or audited by the Auditor (as hereinafter defined). CalPERS is responsible for the assumptions, estimates and data that are used to create the funded ratios.*

**CalPERS Funded Status  
As of June 30 of the years 2014 through 2018  
By Pension Plan**

Classic Miscellaneous Plan

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Plan's Share of Pool's Market Value of Assets	Plan's Share of Unfunded Accrued Liability	Funded Ratio <sup>(1)</sup>	Annual Covered Payroll	Unfunded Accrued Liability as % of Payroll
2014	\$11,438,177	\$10,120,662	\$1,317,515	88.5%	\$2,692,330	48.94%
2015	12,306,274	10,389,638	1,916,636	84.4	2,673,916	71.68
2016	13,611,449	10,718,773	2,892,676	78.7	2,855,571	101.30
2017	14,916,518	12,064,653	2,851,865	80.9	2,838,862	100.46
2018	16,676,421	13,084,888	3,591,533	78.5	2,932,468	122.47

PEPRA Miscellaneous Plan

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Plan's Share of Pool's Market Value of Assets	Plan's Share of Unfunded Accrued Liability	Funded Ratio <sup>(1)</sup>	Annual Covered Payroll	Unfunded Accrued Liability as % of Payroll
2014	\$578	\$604	\$(26)	104.5%	\$45,417	(0.06)%
2015	7,963	7,384	579	92.7	101,615	0.57
2016	30,070	27,034	3,036	89.9	254,243	1.19
2017	79,518	76,511	3,007	96.2	592,544	0.51
2018	159,993	146,549	13,444	91.6	689,515	1.95

(1) Based on the market value of assets.

Source: CalPERS Annual Valuation Actuarial Report as of June 30, 2018 for each Tier.

**Actions Taken by CalPERS.** On November 18, 2015, the CalPERS' Board of Administration (the "**Board of Administration**") adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers.

On December 21, 2016, the Board of Administration voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

<u>Fiscal Year</u>	<u>Discount Rate</u>
2018-19	7.375%
2019-20	7.250
2020-21	7.000

For public agencies like the District, the new discount rate took effect on July 1, 2018. Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Public Employees' Pension Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

On February 13, 2018, the Board of Administration voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019 actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain 5-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period and elimination of certain 5-year ramp-up and ramp-down periods, the contributions required to be made by employers, including the District with respect to the Miscellaneous Plan, are anticipated to increase beginning in fiscal year 2020-21.

Projected Annual Contributions. The following table shows the District's actuarially-determined required employer contribution (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount) for Fiscal Year 2019-20 and Fiscal Year 2020-21 and projected employer contributions (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount) for Fiscal Years 2022-23 through 2025-26. The minimum employer contributions for Fiscal Year 2020-21 were calculated using a discount rate of 7.00% and assume the realized rate of return on assets for Fiscal Year 2018-19 is 7.00%.

**CalPERS Projected Annual Contributions  
As of June 30, 2018  
By Tier**

**Classic Miscellaneous Plan**

	Fiscal Year <u>2019-20</u>	Fiscal Year <u>2020-21</u>	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>	Fiscal Year <u>2023-24</u>	Fiscal Year <u>2024-25</u>	Fiscal Year <u>2025-26</u>
<b>Normal Cost %</b>	8.563%	9.281%	9.3%	9.3%	9.3%	9.3%	9.3%
<b>UAL Payment</b>	\$191,366	\$229,663	\$275,000	\$314,000	\$336,000	\$360,000	\$370,000

**PEPRA Miscellaneous Plan**

	Fiscal Year <u>2019-20</u>	Fiscal Year <u>2020-21</u>	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>	Fiscal Year <u>2023-24</u>	Fiscal Year <u>2024-25</u>	Fiscal Year <u>2025-26</u>
<b>Normal Cost %</b>	6.985%	7.732%	7.7%	7.7%	7.7%	7.7%	7.7%
<b>UAL Payment</b>	\$397	\$2,807	\$2,900	\$3,000	\$3,000	\$3,100	\$3,200

Source: CalPERS Actuarial Valuation Reports as of June 30, 2018 for each Tier.

According to CalPERS, due to the change in the discount rate for the next valuation in combination with the 5-year phase-in ramp, the increases in the required contributions are expected to continue for six years from Fiscal Year 2019-20 through Fiscal Year 2024-25. See “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019, NOTES TO BASIC FINANCIAL STATEMENTS, Note 8, Defined Benefit Pension Plan” for additional information about the District’s retirement plans.

*The information set forth in the previous table was provided to the District by CalPERS and has not been reviewed for accuracy or audited by the Auditor. CalPERS is responsible for the assumptions, estimates and data that are used to create the funded ratios.*

**Other Post-Employment Benefits.** The District provides other post-employment benefits (“OPEBs”) to certain former employees as described below.

**Plan Description.** The District administers a single-employer defined-benefit post-employment healthcare plan (the “OPEB Plan”). Under the OPEB Plan, dependents are ineligible to enroll, and benefits do not continue to surviving spouses. Retirees are eligible for medical benefits if they retire at age 55+ and have 20+ years of District service. The District pays for 50% of single party premiums. The District pays 100% of medical, vision, and dental premiums to a retired general manager of the District who had at least 3 years of District Service.

As of the June 30, 2017 actuarial valuation, the following current and former employees of the District were covered under the OPEB Plan:

	<u>Number of Employees</u>
Active Employees:	37
Inactive currently receiving benefits	4
Inactive employees entitled to, but not yet receiving benefits:	--
Total	41

Changes in Reporting Requirements – GASB 75. In fiscal year 2017-18, the District implemented “Governmental Accounting Standards Board (“GASB”) Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, and No. 85” (“GASB Statement No. 75”). GASB Statement No. 75 established standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The standards in GASB Statement No. 75 parallel the pension standards issued in 2012 under GASB Statement No. 68.

Contributions. The contribution requirements of the plan members and the District are established and may be amended by the Board of Directors, and/or employee associations. Currently, contributions from plan members are not required. The District pays retiree benefits (premium contributions) as they come due. For fiscal year ended June 30, 2018, the District paid \$20,896 in pay-as-you-go premiums and the estimated implied subsidy was \$22,710 resulting in total payments of \$43,606. For fiscal year ended June 30, 2019, the District paid \$20,896 in pay-as-you-go premiums and the estimated implied subsidy was \$15,034 resulting in total payments of \$35,930.

Total OPEB Obligation. The District's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. The District's total OPEB liability as of June 30, 2018 was \$2,374,949.

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the rate as of June 30, 2018 of 3.62%:

	Discount Rate – 1%	Current Discount Rate	Discount Rate + 1%
	2.62%	3.62%	4.62%
<b>Total OPEB Liability</b>	\$2,803,547	\$2,374,949	\$2,029,407

Source: The District.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual requires contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. See “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019, NOTES TO BASIC FINANCIAL STATEMENTS, Note 8, Other Post-Employment Benefits (OPEB)” for a description of the actuarial methods and assumptions used to measure the District’s net OPEB liability as of June 30, 2018.

***OPEB Funded Status.*** The status of the plan as of the June 30, 2017 and June 30, 2018 measurement dates is as follows:

	June 30, 2017	June 30, 2018
Total OPEB Liability – Beginning	\$2,055,421	2,225,665
Total OPEB Liability – Ending (a)	2,225,665	2,374,949
Plan Fiduciary Net Position – Beginning	--	--
Plan Fiduciary Net Position – Ending (b)	--	--
Net OPEB Liability (a) – (b)	2,225,665	2,374,949
Plan Fiduciary Net Position as a percentage of the total OPEB liability	--%	--%
Covered employee payroll	3,235,398	3,162,056
Total OPEB Liability as a percentage of covered-employee payroll	68.8%	75.1%

Source: The District.

See “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019, NOTES TO BASIC FINANCIAL STATEMENTS, Note 9, Other Post-Employment Benefits (OPEB)” and “Schedule of Changes in the Total OPEB Liability and Related Ratios” therein for additional information regarding the District’s OPEB costs.

## **Budget Process**

The proposed budget is prepared by District staff and sent for review by the Board of Directors at several public meetings beginning in March of the prior Fiscal Year. After these public meetings the Board approves a final budget by June 30 for the following Fiscal Year.

Pursuant to the FORA Agreement, the District is required to submit to FORA by March 30 of each year a proposed budget for the portion of the Enterprises which serve the Ord Community (the “**Fort Ord Budget**”), which includes an operational action budget for one year. FORA must respond to the submitted Fort Ord Budget within three months by adopting an ordinance or resolution which approves the Fort Ord Budget or by disputing elements of the Fort Ord Budget. If FORA disputes elements of the Fort Ord Budget, FORA will identify each disputed element, state the reasons for the dispute, and state an acceptable resolution. Within two weeks after FORA disputes the Ord Budget, the District may adopt FORA’s proposed changes or may refer the matter to mediation. If FORA does not respond to the proposed Fort Ord Budget within three months of the date of submittal by the District, the latest submittal from the District shall be deemed adopted.

The Fort Ord Budget for the Fiscal Year ended June 30, 2019 (the “**2018-19 Fort Ord Budget**”) was adopted by the Board of Directors on June 18, 2018. FORA adopted the 2018-19 Fort Ord Budget on June 8, 2018. The Fort Ord Budget for the Fiscal Year ending June 30, 2020 (the “**2019-20 Fort Ord Budget**”) was adopted by the Board of Directors on June 25, 2019, and was submitted by the District to FORA and approved on May 10, 2019.

Annual audits for all District funds are conducted and usually completed by December 31 of the following Fiscal Year.

## **[Water Enterprise and Wastewater Enterprise Insurance**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Association of California Water Agencies - Joint Powers Insurance Authority (“**ACWA-JPIA**”), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The ACWA-JPIA arranges and administers pooled coverage programs where loss is retained and shared among its member agencies, and it purchases excess or specialty-insurance coverage above retained limits.

As of June 30, 2019, the District participated in the ACWA-JPIA liability, and property coverage programs as follows:

- General, auto, public officials’ liability coverage up to the ACWA/JPIA pooled self-insured limit of \$5,000,000 per occurrence. ACWA/JPIA purchased additional excess coverage layers which increases the coverage limits of \$60,000,000.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$500 million, subject to a deductible that generally ranges from \$1,000 to \$50,000 depending on the type of property.
- Employee dishonesty coverage up to \$100,000, which includes public employee dishonesty, forgery or alteration and computer fraud, with a \$1,000 deductible.

The District has deductibles of \$500 for automobile comprehensive and collision coverage and \$1,000 for other property types. There is no retention for general liability insurance. The District continues to carry commercial insurance for all other risks of loss, including workers’ compensation, and employee health and accident insurance. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.]

## **Financial Information of the District**

**Financial Statements.** A copy of the most recent audited financial statements of the District prepared by The Pun Group, LLP, Certified Public Accountants (the “**Auditor**”) are included as APPENDIX A hereto (the “**Financial Statements**”). The Auditor’s letter concludes that the audited financial statements present fairly, in all material respects, the financial position of the business-type activities and each major fund of the District as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, for the Fiscal Year then ended in conformity with accounting principles generally accepted in the United States of America.

The summary operating results contained under the caption “Historical Operating Results” for Fiscal Years 2014-15 through 2018-19 are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

## Historical Operating Results

The following table is a summary of operating results of the District for the last five Fiscal Years. The results for Fiscal Years 2014-15 through 2018-19 have been derived from the audited Financial Statements.

### Marina Coast Water District Historical Operating Results Fiscal Year Ended June 30<sup>(1)</sup>

	2015	2016	2017	2018	2019
<b>Gross Revenues</b>					
Water Services	\$9,581,388	\$8,620,000	\$9,486,324	\$10,844,656	\$10,693,992
Wastewater Services	2,800,880	3,116,103	3,450,138	3,828,160	4,196,352
Capacity and Connection Fees <sup>(2)</sup>	1,808,824	2,948,012	6,431,233	16,364,028	9,407,685
Other Services and Fees	480,094	363,606	748,872	1,345,278	912,885
Other Revenue/Rental Income <sup>(3)</sup>	179,438	179,439	224,300	519,024	187,239
Interest Earned <sup>(4)</sup>	192,909	618,904	64,008	132,982	220,362
<b>Total Gross Revenues<sup>(5)</sup></b>	<b>\$15,053,533</b>	<b>\$15,846,620</b>	<b>\$20,404,875</b>	<b>\$33,034,128</b>	<b>\$25,618,515</b>
<b>Operation and Maintenance Costs</b>					
General and Administrative	\$2,979,535	\$3,117,946	\$4,220,398	\$4,907,644	\$5,579,270
Operations and Maintenance	3,036,913	3,140,765	3,173,240	3,181,860	3,658,830
Laboratory	245,496	238,256	256,607	251,818	280,385
Conservation	319,617	376,383	304,338	301,155	336,553
Engineering	1,280,311	1,494,965	1,656,803	1,822,501	1,470,323
Water Resources	--	--	--	--	871,915
<b>Total Operation and Maintenance Costs</b>	<b>\$7,861,872</b>	<b>\$8,368,315</b>	<b>\$9,611,386</b>	<b>\$10,464,978</b>	<b>\$12,197,276</b>
<b>Net Revenues</b>	<b>7,181,661</b>	<b>\$7,478,305</b>	<b>\$10,793,489</b>	<b>\$22,569,150</b>	<b>\$13,421,239</b>
<b>Senior Debt Service<sup>(6)</sup></b>					
2006 Installment Payments	\$2,733,563	\$ --	\$ --	\$ --	\$ --
2015 Revenue Bonds	--	2,307,681	2,252,600	2,250,450	2,252,550
2017 Taxable Installment Purchase Agreement	--	--	--	237,388	237,388
<b>Total Senior Debt Service</b>	<b>\$2,733,563</b>	<b>\$2,307,681</b>	<b>\$2,252,600</b>	<b>\$2,487,838</b>	<b>\$2,489,938</b>
<b>Senior Debt Service Coverage</b>	<b>2.63x</b>	<b>3.24x</b>	<b>4.79x</b>	<b>9.07x</b>	<b>5.39x</b>
<b>Net Revenues Available for Subordinate Debt Service</b>	<b>\$4,448,099</b>	<b>\$5,170,624</b>	<b>\$8,540,889</b>	<b>\$20,081,312</b>	<b>\$10,931,301</b>
<b>Subordinate Debt Service<sup>(6)</sup></b>					
2010 Subordinate Bonds	\$985,850	\$986,850	\$986,650	\$990,250	\$979,250
<b>Total Debt Service Coverage</b>	<b>1.93x</b>	<b>2.27x</b>	<b>3.33x</b>	<b>6.49x</b>	<b>3.87x</b>
<b>Cash Available for Capital Projects or Other Purposes</b>	<b>\$3,462,249</b>	<b>\$4,183,774</b>	<b>\$7,554,239</b>	<b>\$19,091,062</b>	<b>\$9,952,051</b>

(1) All figures in this table, excluding debt service, are presented on an accrual basis in accordance with the District's audited financial statements.

(2) Capacity fees include developer contributions. Includes \$355,605 and \$10,676,158 in fiscal years 2016-17 and 2017-18, respectively, of grant revenue received from FORA and M1W related to the RUWAP.

(3) Does not include rental income associated with the office lease with the Central Coast Bureau of Land Management for fiscal years 2014-15 and 2016-17.

(4) For fiscal years 2015-16 through 2018-19, includes interest earned on all water and wastewater accounts including moneys deposited in the New Water Fund, related to the Regional Urban Water Augmentation Project. Excludes unrealized gains or losses in investments.

(5) Increase in Net Revenues in fiscal year 2017-18 is due primarily to due to (i) an increase in capacity fees of approximately \$9.9 million, (ii) an increase of approximately \$1.7 million due to growth and rate increases, and (iii) an increase in hydrant and meter charges of approximately \$500,000.

(6) Debt service presented on a cash basis.

Source: The District.

## Projected Operating Results and Debt Service Coverage

The estimated projected operating results for the District for the Fiscal Years ending June 30, 2020 through June 30, 2024 together with projected debt service coverage on the 2019 Certificates and the other Senior Parity Debt and 2010 Subordinate Bonds, are shown in the following table. The fiscal forecast represents the District's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. Actual operating results achieved during the projection period may vary from those presented in the forecast, and such variations may be material. See "RISK FACTORS – Projections."

The District's water rates adopted in 2014 and 2018 are the subject of litigation pending against the District in the California Superior Court for the County of Monterey in *Bay View Community DE, LLC, et al. v. Marina Coast Water District, et al.* (the "**Proposition 218 Litigation**"). The trial court has found in favor of the petitioners in the Proposition 218 Litigation on their claim that the District's water rates adopted in 2014 and 2018 do not adequately correlate its rate tiers with its cost of providing service at each tier as required by Articles XIII C and D of the California Constitution. The Court has not ordered the District to refrain from charging its Water Enterprise customers rates based on the 2018 Water Rates (herein defined) and the District continues to charge all such customers rates based on the 2018 Water Rates pending a potential settlement of the Proposition 218 Litigation with the petitioners. In the event a settlement is not reached, it is likely that the District will undertake a new rate study of its Water Enterprise rates and conduct a notification process under Proposition 218. The projections of Net Revenues for Fiscal Years 2019-20 through 2022-23 in the following table are based on the adopted 2018 Water Rates. Such projections do not take into account any increases or decreases that may result in the event a new rate study and a notification process under Proposition 218 is conducted. In addition, such projections do not include any potential damages that may be awarded to the petitioners in the Proposition 218 Litigation or any other similar litigation that could be brought against the District on substantially similar claims in the future. See "LITIGATION – Proposition 218 Litigation" for a description of the Proposition 218 Litigation. See also "– Water Enterprise of the District – Water Enterprise Rates and Charges" for a description of the 2018 Water Rates, and "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Proposition 2018" and "RISK FACTORS – Proposition 218" for a description of Proposition 218 and related risk factors.

**Marina Coast Water District  
Projected Operating Results  
Fiscal Year Ended June 30**

	2020	2021	2022	2023	2024
<b>Gross Revenues</b>					
Water Services <sup>(1)</sup>	\$11,744,914	\$12,214,711	\$12,703,299	\$13,211,431	\$13,739,888
Wastewater Services <sup>(2)</sup>	4,404,860	4,551,424	4,702,961	4,859,644	5,021,652
Capacity and Connection Fees <sup>(3)</sup>	3,418,533	3,641,721	3,714,555	3,788,847	3,864,623
Other Services and Fees <sup>(4)</sup>	789,266	819,787	851,497	884,443	918,673
Other Revenue/Rental Income <sup>(4)</sup>	1,839,964	1,383,074	1,383,074	1,383,074	1,383,074
Interest Earned <sup>(4)</sup>	196,691	196,691	196,691	196,691	196,691
<b>Total Gross Revenues</b>	<b>\$22,394,228</b>	<b>\$22,807,407</b>	<b>\$23,552,077</b>	<b>\$24,324,129</b>	<b>\$25,124,601</b>
<b>Operation and Maintenance Costs</b>					
General and Administrative <sup>(5)</sup>	\$5,501,964	\$4,176,568	\$4,311,144	\$4,450,065	\$4,590,402
Operations and Maintenance <sup>(6)</sup>	4,445,323	4,053,057	4,183,537	4,318,222	4,453,194
Laboratory <sup>(7)</sup>	368,694	371,582	383,473	395,744	408,128
Conservation <sup>(7)</sup>	447,158	493,483	510,050	527,176	544,039
Engineering <sup>(7)</sup>	1,828,818	2,171,541	2,241,350	2,313,414	2,395,018
Water Resources <sup>(7)</sup>	1,664,867	1,641,037	1,676,938	1,713,969	1,759,281
<b>Total Operation and Maintenance Costs</b>	<b>14,256,824</b>	<b>\$12,907,268</b>	<b>\$13,306,493</b>	<b>\$13,718,591</b>	<b>\$14,150,061</b>
<b>Net Revenues</b>	<b>\$8,137,404</b>	<b>\$9,900,139</b>	<b>\$10,245,584</b>	<b>\$10,605,538</b>	<b>\$10,974,540</b>
<b>Senior Debt Service</b>					
2015 Revenue Bonds	\$2,249,150	\$2,249,350	2,252,600	\$2,249,000	\$2,252,500
2017 Taxable Installment Purchase Agreement	237,388	237,388	237,388	237,388	237,388
SRF Loans	--	335,735	636,168	636,168	636,168
2019 Certificates	463,853	1,022,250	1,025,250	1,022,650	1,024,650
<b>Total Senior Debt Service</b>	<b>\$2,950,391</b>	<b>\$3,844,723</b>	<b>\$4,151,407</b>	<b>\$4,145,207</b>	<b>\$4,150,707</b>
<b>Senior Debt Service Coverage</b>	<b>2.76x</b>	<b>2.57x</b>	<b>2.47x</b>	<b>2.56x</b>	<b>2.64x</b>
<b>Net Revenues Available for Subordinate Debt Service</b>	<b>\$5,187,013</b>	<b>\$6,055,416</b>	<b>\$6,094,178</b>	<b>\$6,460,331</b>	<b>\$6,823,833</b>
<b>Subordinate Debt Service</b>					
2010 Subordinate Bonds	\$1,821,750	\$ --	\$ --	\$ --	\$ --
<b>Total Debt Service Coverage</b>	<b>1.71x</b>	<b>2.57x</b>	<b>2.47x</b>	<b>2.56x</b>	<b>2.64x</b>
<b>Cash Available for Capital Projects or Other Purposes</b>	<b>\$3,365,263</b>	<b>\$6,055,416</b>	<b>\$6,094,178</b>	<b>\$6,460,331</b>	<b>\$6,823,833</b>

(1) Water services projections based on 2018 Water Rates and water increases as adopted by the District through Calendar Year 2023, and assume 315 new connections each Fiscal Year commencing Fiscal Year 2019-20. Fiscal Year 2019-20 projects 6% increase in water rates for the Ord Community and 4% increase in water rates for Central Marina. Fiscal Year 2020-21 through Fiscal Year 2023-24 projects 4% blended increase in water rates. See "LITIGATION – Proposition 218 Litigation" for a description of the Proposition 218 Litigation.

(2) Wastewater services projections based on 2018 Rate Study and anticipate wastewater rate increases as adopted by District through Calendar Year 2023. Fiscal Year 2019-20 projects 4% and 6% increase in wastewater rates for Central Marina and Ord Community, respectively. Fiscal Year 2020-21 through Fiscal Year 2024 projects 4% and 3% increase in wastewater rates for Central Marina and Ord Community, respectively.

(3) Projected based on the average historical capacity fees for Central Marina and the Ord Community.

(4) Projected based on Fiscal Year 2019-20 budget.

(5) Forecasted to increase based on new management plans, audit and pther costs. Fiscal Year 2019-20 through 2023-24 increases approximately 3% annually.

(6) Forecasted to increase in Fiscal Year 2019-20 based on anticipated increases in legal fees, salaries and wages as a result of increases in District staff, and additional Operation and Maintenance Costs. Fiscal Year 2019-20 through 2023-24 increases approximately 3% annually.

(7) Projected to increase 3% annually.

Source: The District.

## **Water Enterprise of the District**

**General.** The District has historically provided potable water and recycled water services (the “**Water Enterprise**”) to the residents within the City through its Central Marina system, which lies at the northern end of the Salinas Valley on the Monterey Bay.

In August 2005, the Central Marina and Ord Community water systems were connected; integrated operations allow water to flow between the two systems to meet peak demands and improve overall services. The amount of water exchanged between the systems is automatically monitored and recorded. In July 2007, the California Department of Public Health approved the consolidation of the water systems as Marina Coast Water District Water System.

**Source of Water.** The District currently pumps all of its supply or approximately 3,000 AFY of water from seven groundwater wells owned by the District. The District does not purchase wholesale water supply. The District has two wells in Central Marina which provide water to the Central Marina system. These wells are located in the 900-foot aquifer of the Salinas Basin. Water is treated at each well site for disinfection and to remove the naturally occurring hydrogen sulfide that can sometimes cause odor problems. [The deep aquifer has not experienced seawater intrusion in recent years.] Pursuant to an agreement with the Monterey County Water Resources Agency (“**MCWRA**”), the District has a contractual right to pump 3,020 AFY of water for use in Central Marina, substantially in excess of current usage.

The District has five wells which serve the Ord Community from the 180-foot and 400-foot aquifers of the Salinas Valley Groundwater Basin. These aquifers have experienced seawater intrusion in recent years. Pursuant to agreements with M1W and FORA, the District has a contractual right to pump 6,600 AFY of groundwater to serve the Ord Community.

In addition, the RUWAP Pipeline is anticipated to initially deliver 600 acre feet of advanced treated water from the AWP Facility, which is part of the PWM Project, to District customers in the Central Marina and the Ord Community service areas once construction of the RUWAP Distribution System is complete (which is currently anticipated by December 2021). The advanced treated water is anticipated to be suitable for direct injection into the Seaside Groundwater Basin for indirect potable reuse. This water is anticipated to be of higher quality than tertiary treated and disinfected recycled water, and may be used for urban landscape irrigation, reducing the District’s reliance on groundwater. See “– Groundwater Sustainability; Water Enterprise Improvements” for further discussion regarding the AWP Facility and the PWM Project.

The District owns a desalination plant that can produce approximately 300,000 gallons per day when operating. The plant was constructed in 1996 and placed in operation in January 1997. While the desalination plant has not been in operation since 2003 and will require rehabilitation work to be operational, the plant remains available to the District.

**Historical Water Connections.** The following table shows the growth in the number of water connections to the Water Enterprise for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Water Connections**

Fiscal Year Ending June 30	Total	% Increase
2015	7,928	1.14%
2016 <sup>(1)</sup>	8,184	3.23
2017	8,652	5.72
2018 <sup>(1)</sup>	10,108	16.83
2019	10,561	4.48

(1) The increase in Fiscal Year 2017-18 is due to the conversion of a single flat rate account to individual tenant metered accounts for the Monterey Bay Military Housing Complex, and the new development in the Ord Community for the Dunes Community, Sea Haven and East Garrison developments.  
Source: The District.

**Historical Water Deliveries.** The following table presents a summary of historical water deliveries for the Water Enterprise in AFY for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Water Deliveries In Acre Feet Per Year**

Fiscal Year Ending June 30	Central Marina	Ord Community	Total	% Increase/ Decrease
2015 <sup>(1)</sup>	1,483	2,159	3,642	(15.79)%
2016 <sup>(1)</sup>	1,327	1,691	3,018	(17.13)
2017	1,485	1,554	3,039	0.70
2018	1,644	1,763	3,407	12.07
2019	1,645	1,586	3,231	(5.17)

(1) Decrease in total water deliveries due to water conservation.  
Source: The District.

**Historical Water Sales Revenues.** The following table shows annual water sales revenues from water sales for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Water Sales Revenues**

Fiscal Year Ending June 30	Central Marina	Ord Community	Total	% Increase/ Decrease
2015	\$3,726,280	\$5,855,108	\$9,581,388	5.22%
2016 <sup>(1)</sup>	3,457,070	5,163,486	8,620,556	(10.03)
2017	3,538,575	5,947,749	9,486,324	10.04
2018	3,856,211	6,988,445	10,844,656	14.32
2019	3,825,755	6,868,237	10,693,992	(1.30)

(1) Decrease in total water deliveries due to water conservation.

Source: The District.

**Largest Customers.** The following table sets forth the largest customers of the Water Enterprise for Fiscal Year 2018-19, which accounted for approximately 28.32% of water demand from the Water Enterprise in such Fiscal Year. See “RISK FACTORS – Concentration of Largest Customers.”

**Marina Coast Water District  
Largest Water Customers**

Customer	Service Area	Water Usage (acre feet)	% of Total
1. Monterey Bay Military Housing	Ord Community	199	6.16%
2. University Corporation at Monterey Bay	Ord Community	178	5.51
3. California State University at Monterey Bay	Ord Community	126	3.90
4. LV44 Ltd Partnership	Central Marina	116	3.59
5. MPUSD – Dual Language Academy	Ord Community	67	2.07
6. Bay View Mobile Home Park <sup>(1)</sup>	Ord Community	59	1.83
7. Sun Bay Apartments	Ord Community	53	1.64
8. City of Marina	Central Marina	41	1.27
9. Seaside Highlands H.O. Association	Ord Community	38	1.18
10. Army Commander/DLIFC & POM	Ord Community	38	1.18
TOTAL LARGEST USERS		915	28.32%
TOTAL ALL USERS		3,231	

(1) For Fiscal Year 2018-19, Bay View Mobile Home Park consisted of approximately 200 individual mobile homes, seven of which are plaintiffs in the Proposition 218 Litigation. See “LITIGATION – Proposition 218 Litigation.”  
Source: The District.

**Water Enterprise Rates and Charges.** The following tables show the District’s monthly water rates for the Central Marina and Ord Community service areas for Fiscal Years 2018-19 through 2022-23. Such rates are based on a five-year rate study and financial plan that was completed in January 2018. The rates for the Central Marina and Ord Community service areas were adopted by the Board of Directors on April 11, 2018 and March 12, 2018, respectively, after conducting a notification process under Proposition 218 to adopt rate increases for the Central Marina and Ord Community service areas. The water rates adopted by the Board of Directors in 2018 are referred to in this Official Statements as, the “**2018 Water Rates.**”

Certain of the District’s water rates are the subject of litigation pending against the District in the California Superior Court for the County of Monterey in Proposition 218 Litigation challenging the District’s water rates that were adopted by the Board of Directors in 2014 (the “**2014 Water Rates**”) and the 2018 Water Rates. See “LITIGATION – Proposition 218 Litigation” for a description of the Proposition 218 Litigation. See also CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Proposition 2018” and “RISK FACTORS – Proposition 218” for a description of Proposition 218 and related risk factors.

**Marina Coast Water District  
Monthly Water Rates – Central Marina**

	<b>Effective January 1, 2019</b>
Tier 1 (0-9 (hundred cubic feet (“HCF”)))	\$3.25 per HCF
Tier 2 (10+ HCF)	4.95 per HCF
	<b>Effective January 1, 2020</b>
Tier 1 (0-9 HCF)	\$3.38 per HCF
Tier 2 (10+ HCF)	5.15 per HCF
	<b>Effective January 1, 2021</b>
Tier 1 (0-9 HCF)	\$3.51 per HCF
Tier 2 (10+ HCF)	5.36 per HCF
	<b>Effective January 1, 2022</b>
Tier 1 (0-9 HCF)	\$3.65 per HCF
Tier 2 (10+ HCF)	5.57 per HCF
	<b>Effective January 1, 2023</b>
Tier 1 (0-9 HCF)	\$3.80 per HCF
Tier 2 (10+ HCF)	5.79 per HCF

Source: The District.

**Marina Coast Water District  
Monthly Water Rates – Ord Community**

	<b>Effective January 1, 2019</b>
Tier 1 (0-9 (hundred cubic feet (“HCF”)))	\$4.13 per HCF
Tier 2 (10+ HCF)	8.04 per HCF
	<b>Effective January 1, 2020</b>
Tier 1 (0-9 HCF)	\$4.37 per HCF
Tier 2 (10+ HCF)	8.51 per HCF
	<b>Effective January 1, 2021</b>
Tier 1 (0-9 HCF)	\$4.54 per HCF
Tier 2 (10+ HCF)	8.84 per HCF
	<b>Effective January 1, 2022</b>
Tier 1 (0-9 HCF)	\$4.72 per HCF
Tier 2 (10+ HCF)	9.19 per HCF
	<b>Effective January 1, 2023</b>
Tier 1 (0-9 HCF)	\$4.90 per HCF
Tier 2 (10+ HCF)	9.55 per HCF

Source: The District.

**Marina Coast Water District  
Monthly Water Service Fees – Central Marina**

<u>Meter Size</u>	<u>Effective 1/1/19</u>	<u>Effective 1/1/20</u>	<u>Effective 1/1/21</u>	<u>Effective 1/1/22</u>	<u>Effective 1/1/23</u>
5/8" or 3/4"	\$24.24	\$25.21	\$26.22	\$27.26	\$28.34
1"	32.69	33.99	35.35	36.77	38.22
1-1/2"	53.80	55.95	58.19	60.52	62.91
2"	79.14	82.30	85.60	89.02	92.55
3"	146.72	152.57	158.69	165.03	171.56
4"	222.74	231.62	240.92	250.55	260.46
6"	433.91	451.22	469.33	488.08	507.39
8"	856.25	890.40	926.15	963.15	1,001.26

Source: The District.

**Marina Coast Water District  
Monthly Fire Service Fees – Central Marina**

<u>Meter Size</u>	<u>Effective 1/1/19</u>	<u>Effective 1/1/20</u>	<u>Effective 1/1/21</u>	<u>Effective 1/1/22</u>	<u>Effective 1/1/23</u>
1"	\$1.73	\$1.80	\$1.87	\$1.94	\$2.02
1-1/2"	5.02	5.22	5.43	5.65	5.87
2"	10.70	11.13	11.57	12.04	12.52
2-1/2"	19.25	20.01	20.82	21.65	22.51
3"	31.09	32.33	33.62	34.97	36.37
4"	66.25	68.90	71.65	74.52	77.50
6"	192.43	200.13	208.13	216.46	225.12
8"	410.08	426.48	443.54	461.28	479.73

Source: The District.

**Marina Coast Water District  
Monthly Water Service Fees – Ord Community**

<u>Meter Size</u>	<u>Effective 1/1/19</u>	<u>Effective 1/1/20</u>	<u>Effective 1/1/21</u>	<u>Effective 1/1/22</u>	<u>Effective 1/1/23</u>
5/8" or 3/4"	\$41.20	\$43.62	\$45.32	\$47.09	\$48.94
1"	57.88	61.28	63.68	66.16	68.76
1-1/2"	99.57	105.43	109.55	113.82	118.29
2"	149.61	158.41	164.61	171.02	177.74
3"	283.05	299.68	311.42	323.55	336.26
4"	433.16	458.62	476.58	495.14	514.60
6"	850.15	900.12	935.37	971.80	1,009.98
8"	1,684.12	1,783.11	1,852.94	1,925.11	2,000.75
Fixed Rate <sup>(1)</sup>	162.95	172.75	179.70	186.90	194.40

(1) Small segment of the Ord Community service area is currently charged a flat rate per month.  
Source: The District.

**Marina Coast Water District  
Monthly Fire Service Fees – Ord Community**

<u>Meter Size</u>	<u>Effective 1/1/19</u>	<u>Effective 1/1/20</u>	<u>Effective 1/1/21</u>	<u>Effective 1/1/22</u>	<u>Effective 1/1/23</u>
1"	\$2.44	\$2.58	\$2.69	\$2.79	\$2.90
1-1/2"	7.08	7.51	7.81	8.12	8.45
2"	15.11	16.02	16.66	17.32	18.02
2-1/2"	27.16	28.79	29.94	31.14	32.39
3"	43.88	46.51	48.37	50.31	52.32
4"	93.51	99.12	103.08	107.20	111.49
6"	271.61	287.91	299.42	311.40	323.85
8"	578.82	613.54	638.09	663.61	690.15

Source: The District.

The table below sets forth a comparison of the monthly water rates of the District and charges for a single-family residential user (based on 10 HCF per month) to those of nearby water purveyors as of March 2019:

**Marina Coast Water District  
Comparative Water Rates**

<u>Community</u>	<u>Total Monthly Bill</u>
Cal-Am Monterey	\$180.65
City of Seaside	88.46
<b>District - Ord Community</b>	<b>87.32</b>
Cal-Water Salinas	78.46
<b>District - Central Marina</b>	<b>59.01</b>

Source: The District.

**Collection Procedures.** The District is on a monthly billing cycle for water, wastewater collection and recycled water service. A consolidated bill is sent monthly to District customers. Payment is due by the 15th day after the billing date and is considered delinquent if not paid by that date. If payment is not received, a delinquency message appears on a reminder bill. All accounts not paid in full within 60 days of the billing date will be discontinued until full payment is made, including late penalties, a deposit fee of \$35.00 and a \$15.00 reconnection fee.

On September 28, 2018, Governor Brown signed Senate Bill 998 (“**SB 998**”), which imposes new restrictions on residential water service discontinuation when customers are delinquent in paying their water bills. SB 998 will impact existing practices, policies and procedures relating to delinquent accounts and discontinuation of water service by retail water purveyors. For urban and community water systems like the District, the requirements of SB 998 will apply on and after February 1, 2020. Among other things, under SB 998: (i) water systems are required to adopt written discontinuation policies that are available in English, Spanish, Chinese, Tagalog, Vietnamese, Korean and any other language spoken by 10 percent or more people within the system’s service area; (ii) imposes restrictions on the ability of water systems to discontinue residential water service under certain conditions; and (iii) limits certain low-income customers’ reconnection fees to no more than \$50 during regular business hours, and \$150 during non-regular hours. The District anticipates updating its billing and collection policies to comply

with SB 998 by February 1, 2020. Based on the District's history of billings, collections and delinquencies for the previous ten Fiscal Years, the District does not anticipate that SB 998 will have a material adverse effect on the District's ability to pay Installment Payments when due.

**Projected Water Connections.** The following table shows the increase in the number of water connections to the Water Enterprise projected by the District for next five Fiscal Years.

**Marina Coast Water District  
Projected Water Connections**

Fiscal Year Ending June 30	Central Marina	Ord Community	Total	% Increase/ (Decrease)
2020	4,265	6,611	10,876	2.98%
2021	4,265	6,926	11,191	2.90
2022	4,265	7,241	11,506	2.81
2023	4,265	7,556	11,821	2.74
2024	4,265	7,871	12,136	2.66

Source: The District.

**Projected Water Deliveries.** The District currently estimates that water deliveries for the next five Fiscal Years will be as follows.

**Marina Coast Water District  
Projected Water Deliveries In Acre Feet Per Year**

Fiscal Year Ending June 30	Central Marina	Ord Community	Total	% Increase/ (Decrease)
2020	1,645	1,674	3,319	2.70%
2021	1,645	1,762	3,407	2.60
2022	1,645	1,850	3,495	2.50
2023	1,645	1,938	3,583	2.50
2024	1,645	2,026	3,671	2.40

Source: The District.

**Projected Water Sales Revenues.** The following table projects annual water sales revenues of the Water Enterprise, which projections are based on the increases in projected water deliveries described under “Projected Water Deliveries” and rates described under “Water Enterprise Rates and Charges.”

**Marina Coast Water District  
Projected Water Sales Revenues**

Fiscal Year Ending June 30	Central Marina	Ord Community	Total	% Increase/ (Decrease)
2020	\$4,095,244	\$7,649,670	\$11,744,914	9.80%
2021	4,259,054	7,955,657	12,214,711	4.00
2022	4,429,416	8,273,883	12,703,299	4.00
2023	4,606,593	8,604,838	13,211,431	4.00
2024	4,790,856	8,949,032	13,739,888	4.00

Source: The District.

**Recent Drought.** The State recently experienced six consecutive years of below-average rain and snow, causing severe drought conditions in all 58 counties. On January 17, 2014, Governor Brown proclaimed a state of emergency due to the severe drought conditions faced by the State. On March 27, 2015, Governor Brown signed emergency legislation that mandated reductions in residential use and expedited \$1 billion for drought and water infrastructure projects, including emergency food aid, drinking water, water recycling, conservation awareness, and flood protection.

Water year 2017 had above-average precipitation and snowpack, and on April 7, 2017, Governor Brown issued Executive Order B-40-17, officially ending the drought state of emergency in all California counties except Fresno, Kings, Tulare, and Tuolumne. However, there can be no assurance that drought conditions will not arise again, causing water rationing and adversely affecting property use and values.

In response to the recent drought, the District took the following conservation and demand management efforts:

- Metering of all water services
- Large landscape conservation programs and incentives
- High efficiency washing machine rebate programs
- School education programs
- Water survey programs for single family and multifamily residential customers
- Residential plumbing retrofits
- System water audits for leak detection and repair
- Public information programs
- Conservation programs for commercial, industrial and institutional accounts
- Wholesale agency assistance
- Conservation coordinator to oversee and implement water conservation practices
- Water waste prohibitions

The District maintains a Water Shortage Contingency Plan in compliance with California Water Code Section 10632 (the “**Water Shortage Contingency Plan**”). The Water Shortage Contingency Plan provides for five stages of action that are triggered based on specific water supply conditions applicable to each stage. The following table generally describes the five stages of the Water Shortage Contingency Plan.

**Marina Coast Water District  
Water Conservation Stages and Demand Goals**

<u>Stage</u>	<u>Water Shortage Level</u>	<u>Demand Reduction Goal</u>	<u>Type of Program</u>
Stage 1	0 – 10%	10% reduction	Voluntary Compliance
Stage 2	>10 - 25%	20% reduction	Voluntary Compliance
Stage 3	>25 - 35%	30% reduction	Mandatory Compliance
Stage 4	>35 – 50%	40% reduction	Mandatory Compliance
Stage 5	>50%	50%+ reduction	Mandatory Compliance

**Priorities for use of available water, based on California Water Code are:**

1. Health and Safety - interior residential and fire fighting
2. Commercial, Industrial, and Governmental - maintain jobs & economic base
3. Existing Landscaping - especially trees and shrubs
4. New Demand - projects without permits when shortage declared

Source: The District.

Following is a summary of certain, and not all, of the conservation requirements under the Water Shortage Contingency Plan for each state.

- **STAGE 1 Actions: Voluntary – Minimal Conservation Requirement, 10% Demand Reduction Goal, the District shall:**
  - notify all customers of the water shortage
  - mail information to every customer and reasonably available potential water user explaining the importance of significant water use reductions
  - provide technical information to customers on ways to improve water use efficiency
  - conduct media campaign to remind consumers of the need to save water
  - publicize the showerhead, toilet rebate and other efficiency programs
  - enforce mandatory restrictions on water waste as provided in District Code, Chapter 3
  - Stage 1 actions shall apply under any triggering event.
- **STAGE 2 Actions: Voluntary – Moderate Conservation Requirement, 20% Demand Reduction Goal**
  - In addition to the actions listed in Stage 1, the District shall call for voluntary reductions of up to 25% for each connection based on the average use during a base period proposed by the Water Conservation Commission and adopted by the Board of Directors. Stage 2 actions shall apply under any triggering event.
- **STAGE 3 Actions: Mandatory – Severe Conservation Requirement, 30% Demand Reduction Goal**
  - In addition to the actions listed in Stage 1 and 2, the District shall establish mandatory annual allotments for each connection based on the average use of all connections

within that category during a base period proposed by the Water Conservation Commission and adopted by the Board of Directors. When Stage 3 use reductions become necessary, administration and enforcement of the District's mandatory restrictions on water waste become the major focus of the District.

- STAGE 4 Actions: Mandatory – Critical Conservation Requirement, 40% Demand Reduction Goal
  - In addition to the actions listed in the previous stages, the District shall establish allotments based upon a 35% -50% curtailment of water use.
  - Landscape watering with recycled water or other non-potable water sources may continue without restriction.
  - The use of potable water for dust control shall be reduced to the greatest extent possible.
  
- STAGE 5 Actions: Mandatory – Emergency Conservation Requirement, 50% Demand Reduction Goal
  - In addition to the actions listed in the previous stages, the District shall establish allotments based upon a 35% -50% curtailment of water use.
  - Landscape watering with recycled water or other non-potable water sources may continue without restriction.
  - The installation of new landscapes irrigated with potable water is prohibited during Conservation Stage 5.
  - The use of potable water for dust control shall be reduced to the greatest extent possible. The District may establish mandatory construction water budgets, if needed.

Stage 2 voluntary water use restrictions are in effect currently within the District.

The District also maintains a Water Conservation Commission (the “**Conservation Commission**”) to provide input to the Board of Directors on matters pertaining to the preservation of the District's water resource through conservation, technological improvements and policy. The Conservation Commission consists of eight members, including a director and an alternate director selected by the District, a member of the City Council of the City, and seven members of the public from within the area served by the District, for terms of two years. The members of the Conservation Commission, among, other items, annually review and evaluate current and past water consumption for each service area, water conservation ordinances and policies and recommend changes to the Board of Directors in matters related to conservation and water usage by the customers of the District.

**Groundwater Sustainability; Water Enterprise Improvements.** The Central Marina and Ord Community service areas overlie portions of the Monterey Subbasin, the 180/400 Foot Aquifer Subbasin (the “**180/400 Subbasin**”), and part of the Seaside Adjudicated Basin which are all part of the Salinas Basin. Three of the District wells are located in Central Marina and five wells are in the Ord Community, as previously described.

The California Department of Water Resources (“**DWR**”) granted the District exclusive Groundwater Sustainability Agency (“**GSA**”) status within its jurisdictional boundaries within the Monterey Subbasin and the 180/400 Subbasin. Since the District has been determined to be an exclusive GSA in both the Monterey Subbasin and the 180/400 Subbasin, the District's GSA will be engaged in the development of Groundwater Sustainability Plans (“**GS plans**”) for the entirety

of these two Subbasins, in coordination with other GSA's within these Subbasins. Portions of the Ord Community service area are in both the Monterey Subbasin and the 180/400 Subbasin are currently in an "overlap state" as both the District and the Salinas Valley Basin Groundwater Sustainability Agency have filed notifications with DWR to be the exclusive GSA over these areas. See "RISK FACTORS – Salinas Valley Groundwater Basin."

Because of concern over the possibility of seawater intrusion in the 180-foot and 400-foot aquifers, the District is participating in various water supply projects, some with other water providers and public agencies overlying the Salinas Basin and the neighboring Seaside Groundwater Basin. These projects include partnering with M1W and PWM on the PWM Project. The PWM Project includes the construction of the AWP Facility, and advanced recycled water treatment facility with an anticipated capacity of [7 mgd], to be operated by M1W. The AWP Facility is anticipated to take treated wastewater and put it through an additional four-step treatment process of ozone pre-treatment, microfiltration, reverse osmosis, and oxidation with ultraviolet light and hydrogen peroxide. This process is anticipated to make the water near distilled quality and exceeds all drinking water standards. The treated recycled water is anticipated to then be injected into the Salinas Basin using a series of shallow and deep injection wells. It is anticipated that, over time, this will increase the quality of the water as well as help to prevent seawater intrusion. This is also anticipated to provide a source of tertiary treated water for the Salinas Valley agricultural industry, thereby reducing the reliance on groundwater pumping and help to combat the effects of seawater intrusion. The PWM Project, including the AWP Facility, is anticipated to be completed by March 2020. See "RISK FACTORS – Threat to Water Supply."

The District recently completed the construction of the RUWAP Pipeline, a 10-mile pipeline to transport advance-treated recycled water from the AWP Facility. The RUWAP Pipeline will initially deliver 600 AFY of advance treated recycled water to District customers in the Central Marina and the Ord Community service areas once construction of the RUWAP Distribution System is complete (which is currently anticipated by December 2021). The source water of such treated water will be wastewater generated within the District's service areas. The advanced treated water is anticipated to be suitable for direct injection into the Seaside Groundwater Basin for indirect potable reuse. This water is anticipated to be of higher quality than tertiary treated and disinfected recycled water, and may be used for urban landscape irrigation, reducing the District's reliance on groundwater. See "THE DISTRICT AND THE ENTERPRISES – General – Systems" for additional information regarding the RUWAP.

The District projects capital improvements to the Water Enterprise for existing and future users of approximately \$34.7 million over the next five Fiscal Years. The District expects that such capital improvements will be funded by facility capacity fees, grants, loans, installment purchase agreements, and Gross Revenues. Such capital improvements include pipeline improvements, replacement of booster pumps, lift station enhancements, construction of reservoir tanks, acquisition of emergency generators at key well sites, booster stations and sewer pumping facilities to maintain operation during power outages, demolition of existing corporation yard and construction of new yard, well rehabilitation. Such costs do not include costs totaling approximately \$12 million anticipated to be spent in Fiscal Year 2019-20 on the RUWAP Distribution System and related costs.

## **Wastewater Enterprise of the District**

**General.** The District provides wastewater collection service to customers in the Central Marina and in the Ord Community service areas. Wastewater is conveyed to interceptors owned by M1W and is ultimately treated at the M1W Regional Wastewater Treatment Plant.

**Historical Wastewater Connections.** The following table shows the growth in the number of wastewater connections to the Wastewater Enterprise for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Wastewater Connections**

<b>Fiscal Year Ending June 30</b>	<b>Total</b>	<b>% Increase/ (Decrease)</b>
2015	7,928	1.1%
2016	8,184	3.2
2017	8,652	5.7
2018	10,108	16.8
2019	10,561	4.5

Source: The District.

**Historical Wastewater Enterprise Usage.** The following table summarizes the volume of wastewater treated for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Wastewater Enterprise Usage  
In Daily Average Flow In Million Gallons Per Day (“MGD”)**

<b>Fiscal Year Ending June 30</b>	<b>Central Marina</b>	<b>Ord Community</b>	<b>Total</b>	<b>% Increase/ (Decrease)</b>
2015	1.120	0.810	1.940	(4.02)%
2016	1.083	0.825	1.908	(1.65)
2017	1.107	0.877	1.983	3.93
2018	1.107	0.877	1.983	--
2019	1.085	0.903	1.988	0.25

Source: The District.

**Historical Wastewater Service Charge Revenues.** The following table shows annual wastewater service charge revenues of the Wastewater Enterprise for the five most recent Fiscal Years.

**Marina Coast Water District  
Historical Wastewater Service Charge Revenues**

<b>Fiscal Year Ending June 30</b>	<b>Central Marina</b>	<b>Ord Community</b>	<b>Total</b>	<b>% Increase/ (Decrease)</b>
2015	\$929,159	\$1,871,721	\$2,800,880	11.72%
2016	1,026,006	2,090,097	3,116,103	11.25
2017	1,120,939	2,329,203	3,450,138	10.72
2018	1,240,827	2,587,333	3,828,160	10.96
2019	1,333,569	2,862,783	4,196,352	9.62

Source: The District.

**Wastewater Enterprise Rates and Charges.** The following tables show the District's monthly wastewater rates for the Central Marina and Ord Community service areas for Fiscal Years 2019-20 through 2023-24. The rates for the Central Marina and Ord Community service areas were adopted by the Board of Directors on April 11, 2018 and March 12, 2018, respectively, after conducting a notification process under Proposition 218 to adopt rate increases for the Central Marina and Ord Community service areas.

**Marina Coast Water District  
Monthly Wastewater Rates – Central Marina**

Effective January 1, 2019  
\$15.37 per equivalent dwelling unit ("EDU")

Effective January 1, 2020  
\$15.99 per EDU

Effective January 1, 2021  
\$16.63 per EDU

Effective January 1, 2022  
\$17.29 per EDU

Effective January 1, 2023  
\$17.98 per EDU

**Marina Coast Water District  
Monthly Wastewater Rates – Ord Community**

Effective January 1, 2019  
\$33.0 per EDU

Effective January 1, 2020  
\$34.85 per EDU

Effective January 1, 2021  
\$35.90 per EDU

Effective January 1, 2022  
\$37.00 per EDU

Effective January 1, 2023  
\$38.15 per EDU

Source: The District.

The table below sets forth a comparison of the average monthly wastewater billings of the District for a single family residential user to those of similar wastewater service providers as of September 30, 2019.

**Marina Coast Water District  
Comparative Wastewater Rates**

<u>Community</u>	<u>Monthly Bill</u>
<b>District – Ord Community</b>	<b>\$34.85</b>
City of Pacific Grove	29.82
<b>District – Central Marina</b>	<b>15.99</b>
City of Seaside	14.27
City of Monterey	10.77

Source: The District.

**Collection Procedures.** The District is on a monthly billing cycle for water, wastewater collection and recycled water service. A consolidated bill is sent monthly to District customers. Payment is due by the 15th day after the billing date and is considered delinquent if not paid by that date. If payment is not received, a delinquency message appears on a reminder bill.

**Projected Wastewater Connections.** The following table shows the increase in the number of wastewater connections to the Wastewater Enterprise projected by the District for the current and next four Fiscal Years.

**Marina Coast Water District  
Projected Wastewater Connections**

<u>Fiscal Year Ending June 30</u>	<u>Central Marina</u>	<u>Ord Community</u>	<u>Total</u>	<u>% Increase/ (Decrease)</u>
2020	4,265	6,611	10,876	2.98%
2021	4,265	6,926	11,191	2.90
2022	4,265	7,241	11,506	2.81
2023	4,265	7,556	11,821	2.74
2024	4,265	7,871	12,136	2.66

Source: The District.

**Projected Wastewater Enterprise Usage.** The District currently estimates that Wastewater Enterprise usage for the current and next four Fiscal Years as shown in the following table.

**Marina Coast Water District  
Projected Wastewater Enterprise Usage  
In Daily Average Flow In MGD**

Fiscal Year Ending June 30	Central Marina	Ord Community	Total	% Increase/ (Decrease)
2020	1.085	0.903	1.988	--%
2021	1.085	0.942	2.027	1.96
2022	1.085	1.016	2.101	3.65
2023	1.085	1.090	2.175	3.52
2024	1.085	1.164	2.249	3.40

Source: The District.

**Projected Wastewater Service Charge Revenues.** The following table projects annual wastewater service charge revenues of the Wastewater Enterprise for the current and next four Fiscal Years.

**Marina Coast Water District  
Projected Wastewater Service Charge Revenues**

Fiscal Year Ending June 30	Central Marina	Ord Community	Total	% Increase/ (Decrease)
2020	\$1,441,786	\$2,963,074	\$4,404,860	4.97%
2021	1,499,437	3,051,966	4,551,403	3.3
2022	1,559,436	3,143,525	4,702,961	3.3
2023	1,621,813	3,237,831	4,859,644	3.3
2024	1,686,686	3,334,966	5,021,652	3.3

Source: The District.

**Future Wastewater Enterprise Improvements.** The District projects capital improvements to the Wastewater Enterprise for existing and future users of approximately \$16.8 million over the next five years. The District expects that such capital improvements will be funded by facility capacity fees, grants, loans, installment purchase agreements, and Net Revenues remaining after the payment of the Installment Payments and debt service on the Prior Parity Debt, any Additional Parity Debt, and any other debt of the District.

**[Regulatory Issues**

**General.** The District is not aware of any environmental or regulatory issues that would adversely impact its ability to deliver water.

**Drinking Water.** The applicable drinking water standards for the District's Water Enterprise are provided in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the

U.S. Environmental Protection Agency in conformance with the Safe Drinking Water Act (PL 93-523). The standards specify water quality sampling frequencies and location as well as maximum concentrations of chemical constituents and are continuously revised and amended.

The District operates under a Domestic Water Supply Permit issued by the State Water Resources Control Board.

**Wastewater System.** Regulatory requirements applicable to the Wastewater Enterprise are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the Regional Water Board. The District is not aware of any environmental or regulatory issues that would adversely impact its ability to provide wastewater service.

The waste discharge requirements applicable to the Wastewater Enterprise are a product of “Waste Discharge Requirements for the Monterey Regional Water Pollution Control Agency Regional Treatment Plant,” imposed by Order No. R3-2014-0013/NPDES No. CA0048551 of the California Regional Water Quality Control Board, Central Coast Region (“**Order R3-2013-0013**”). Order No. R3-2014-0013 governs discharge of secondary treated municipal wastewater treatment effluent and brine wastes by M1W from the M1W Regional Wastewater Treatment Plant.

**Air Emissions Permits.** The District operates pursuant to a variety of permits from the Monterey Bay Unified Air Pollution Control District.]

## RISK FACTORS

*The following information should be considered by prospective investors in evaluating the Certificates. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Certificates. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

The purchase of the Certificates involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and interest on the Certificates. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

### Net Revenues; Rate Covenant

Net Revenues are dependent upon the demand for water and wastewater services, which can be affected by population factors, more stringent water standards, water regulations, wastewater regulations, water conservation, water shortages, problems with the Enterprises and other factors.

There can be no assurance that water and wastewater service demand will be consistent with the levels contemplated in this Official Statement. A decrease in demand could require an increase in rates or charges in order to comply with the rate covenants contained in the Installment Sale Agreement.

The District's ability to meet its rate covenants is dependent upon its capacity to increase rates without driving down demand to a level insufficient to make the Installment Payments and pay debt service on the Prior Parity Debt and any Additional Parity Debt.

## **Projections**

The projections in this Official Statement are not necessarily indicative of future performance. In addition, certain assumptions with respect to future business and financing decisions of the District are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Certificates are cautioned not to place undue reliance upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability of the District to make timely payment of the Installment Payments may be materially adversely affected.

Neither the Auditor, nor any other independent accountants nor the Municipal Advisor have compiled, examined or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenue forecast.

## **Risks Related to Facilities and Operations**

The operation of the Enterprises and physical condition of the facilities of the Enterprises are subject to a number of risk factors that could adversely affect the reliability of water or wastewater service or increase the operating expenses of the Enterprises. Prolonged damage to the facilities of the Enterprises could interrupt the ability of the District to realize revenues sufficient to pay Installment Payments, require substantial increases in rates or charges in order to comply with the rate covenant in the Installment Sale Agreement (which could drive down demand for groundwater and related services), or require the District to increase expenditures for repairs significantly enough to adversely impact the District's ability to pay Installment Payments and pay debt service on the Prior Parity Debt and any Additional Parity Debt.

These factors could include, among others, the following.

***Aging Facilities.*** Over the life of the Certificates, the Enterprise facilities may become aged and in need of replacement or refurbishment. Long-lived facilities result in decreased reliability due to unplanned outages and place a greater maintenance burden on the District's operations.

***Operation and Maintenance Expenses.*** There can be no assurance that operation and maintenance expenses of the District related to the Enterprises will be consistent with the levels contemplated in this Official Statement.

***Seismic Hazards.*** The Enterprises are not located in an Alquist-Priolo Earthquake Fault Zone. However, the Enterprises are located in a region of high seismic activity in the form of frequent medium earthquakes with nearby epicenters, as well as infrequent major

earthquakes. Earthquakes can cause two types of hazards: primary and secondary. Primary seismic hazards include ground shaking and ground displacement, which in turn can induce secondary hazards. Secondary hazards include ground failure (lurch cracking, lateral spreading and slope failure), liquefaction, tsunamis and seiches and dam failure. The San Andreas Fault runs through the southeastern portion of the County for approximately 30 miles and poses the single greatest seismic risk to the City. Two other active faults include the Palo Colorado-San Gregorio Faultzone and the Monterey Bay Fault zone, which lies seaward of the City extending northwesterly to the Pacific Ocean. The western boundary of the City is located on the Pacific Ocean and the City is at risk of tsunami inundation along the shoreline and in the Salinas River flood plain to the north of the City.

**Natural Calamities Generally.** From time to time, the service area of the District may be subject to other natural disasters, including without limitation wildfires (see below), flooding and landslides, or man-made disasters that could interrupt operation of the Enterprises or adversely affect economic activity in the District's service area.

There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the Enterprises, including exacerbated infiltration and/or inflow of ground and other waters into the Enterprises, or that the District would have insurance or other resources available to make repairs in order to generate sufficient Net Revenues to pay the Installment Payments when due, pay debt service on the Prior Parity Debt and any Additional Parity Debt. The casualty and liability insurance maintained by the District may not cover damages and losses to the Enterprises due to earthquake, fire or flood.

**Wildfires.** In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Several wildfires in recent years are believed to have been caused by power distribution and transmission lines coming into contact with dry trees and other shrubs during extreme weather events (such as high winds) and malfunctions in electric equipment. See “– PG&E Public Safety Power Shutoffs” below. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The California Public Utilities Commission (the “**California PUC**”) has designated the District's service areas as Tier 2 fire-threat areas on its Fire-Threat Map. According to the California PUC, Tier 2 fire-threat areas depict areas where there is an elevated risk (including likelihood and potential impacts on people and property) from utility associated wildfires.

If wildfires were to substantially damage or destroy the District's pipeline systems, the District's ability to pay the Installment Payments, pay debt service on the Prior Parity Debt and any Additional Parity Debt could be affected.

**Climate Change; Sea Level Rise.** The issue of climate change has become an important factor in water resources planning in the State. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts. Based on these studies, global warming could result in the following types of water resources impacts in the State, including impacts on the District:

- Changes in the timing, intensity, and variability of precipitation, and an increased amount of precipitation falling as rain instead of as snow,
- Long-term changes in watershed vegetation and increased incidence of wildfires that could affect water quality,
- Sea level rise and an increase in saltwater intrusion,
- Increased water temperatures with accompanying adverse effects on some fisheries,
- Increases in evaporation and concomitant increased irrigation need, and
- Changes in urban and agricultural water demand.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resource Agency, the Governor's Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled "Rising Seas in California: An Update on Sea Level Rise Science" (the "**Sea Level Rise Report**") to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline.

Projections of the effects of global climate change on the District are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. A rise in sea level may impact the Enterprises and operations of the District.

**Statutory and Regulatory Compliance.** The operation of the Enterprises is subject to a variety of federal and State statutory and regulatory requirements. Any failure by the District to comply with applicable laws and regulations could result in significant fines and penalties.

**Casualty Losses.** The Installment Sale Agreement obligates the District to obtain and keep in force various forms of insurance for repair or replacement of a portion of the Enterprises in the event of damage or destruction to such portions of the Enterprises. No assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement of any other portion of the Enterprises.

### **PG&E Public Safety Power Shutoffs**

Pacific Gas and Electric Company (“**PG&E**”) has adopted a Community Wildfire Safety Program in effort to prevent wildfires in the State. As part of its Community Wildfire Safety Program, PG&E has notified customers that PG&E has implemented additional precautionary measures to help reduce the risk of wildfires. In particular, PG&E has notified the customers that, if extreme fire danger conditions threaten a portion of the electric system serving a community, PG&E may turn off electricity in the interest of public safety (referred to as a “**Public Safety Power Shutoff**”). According to PG&E, a Public Safety Power Shutoff could impact customers in an area that is not experiencing high winds or other extreme weather conditions because PG&E’s system relies on power lines working together to provide electricity across cities, counties and regions, including the District’s service areas.

In recent weeks, PG&E has put into effect one or more Public Safety Power Shutoffs in several parts of Northern California, including in areas within the County and other areas in the vicinity of the District’s service area. The District has not experienced any disruptions in service as a result of any such Public Safety Power Shutoffs to date.

The District maintains several portable emergency power generators and has installed backup power generators at key lift stations and wells. In addition, the District anticipates purchasing and installing additional emergency generators at key well sites, booster stations and sewer pumping facilities to maintain operation during power outages. However, in the event of a prolonged Public Safety Power Shutoff within the District’s service area, the District’s operations could be affected.

### **Threat to Water Supply**

The State recently experienced six consecutive years of below-average rain and snow (from 2011 through 2016), causing severe drought conditions in all 58 counties. On January 17, 2014, then Governor Brown proclaimed a state of emergency due to the severe drought conditions faced by the State. On March 27, 2015, then Governor Brown signed emergency legislation that mandated reductions in residential use and expedited \$1 billion for drought and water infrastructure projects, including emergency food aid, drinking water, water recycling, conservation awareness, and flood protection. On April 7, 2017, then Governor Brown issued Executive Order B-40-17, officially ending the drought state of emergency in all California counties, except the counties of Fresno, Kings, Tulare, and Tuolumne. However, there can be no assurance that drought conditions will not arise again, causing water rationing and adversely affecting property use and values.

Groundwater aquifers, upon which the District relies for potable water, recover more slowly than surface water and are limited by how much and how fast water can recharge. Unlike surface water, which can recover during a few days of heavy precipitation, groundwater aquifer recovery often takes years or decades. Excessive, long-term groundwater over-use resulting in groundwater depletion can cause subsidence and permanent loss of groundwater storage as well as water quality degradation and seawater intrusion.

In addition, irrigation for County of Monterey agriculture is substantially provided by the Salinas Basin. The Salinas Basin is the largest coastal groundwater basin in Central California. It lies within the southern coast ranges between the San Joaquin Valley and the Pacific Ocean, and is drained by the Salinas River. The valley extends approximately 150 miles from the La Panza Range north-northwest to its mouth at Monterey Bay, draining approximately 5,000 square miles in Monterey and San Luis Obispo Counties. The valley is bounded on the west by the Santa Lucia Range and Sierra de Salinas and on the east by the Gabilan and Diablo Ranges. The Monterey Bay acts as the northwestern boundary of the Salinas Basin. Rainfall is highest on the Santa Lucia Range (ranging from 30 to 60 inches per year) and lowest on the valley floor (about 14 inches per year). Dry years are common and droughts can extend over several years, such as the six-year drought of water years 2011 to 2016.

In 2015, the County of Monterey commissioned a report by Brown and Caldwell, for a near-term assessment of the condition of the Salinas Basin in terms of its groundwater resources. The report notes that the current distribution of groundwater extractions is not sustainable. The consequences of no-action under continued drought conditions would be the advancement of seawater intrusion and the continued decline of groundwater head. Both conditions would necessitate the drilling of deeper groundwater wells, if feasible, to produce the quantity and quality of water needed for consumptive use and irrigation.

The District can make no assurances as to the reliability or adequacy of future supplies to meet future demands.

### **Enterprise Expenses**

There can be no assurance that Operation and Maintenance Costs of the Enterprises will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. The ability to adopt rate increases is subject to Proposition 2018 and other factors; the inability to or failure to adopt rate increases could increase the likelihood of nonpayment. Increases in rates could also decrease demand and result in lower Net Revenues. See “– Proposition 2018” below and “LITIGATION – Proposition 218 Litigation.”

### **Concentration of Largest Users**

The largest customers of the Water Enterprise accounted for approximately 28.32% of water demand of the Water Enterprise for Fiscal Year 2018-19. See “THE DISTRICT AND THE ENTERPRISES – Water Enterprise of the District – Largest Costumers.” Bankruptcy, termination of operations or departure from the Service Area by one or more of the largest customers of the Water Enterprise could adversely impact the availability of Net Revenues to pay the Installment Payments when due. See “THE DISTRICT AND THE ENTERPRISES – Projected Operating Results and Debt Service Coverage.”

## **Limitations on Remedies Available**

The ability of the District to comply with its covenants under the Installment Sale Agreement and generate sufficient Net Revenues may be adversely affected by actions and events outside of the control of the District or taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "Proposition 218" below. Furthermore, any remedies available to the owners of the Certificates upon the occurrence of an event of default under the Trust Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies of the Owners of the Certificates contained in the Trust Agreement, the rights and obligations under the Certificates and the Trust Agreement may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

## **Change in Law**

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the District. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues and adversely affecting the security of the Installment Payments.

## **Loss of Tax-Exemption**

As discussed under the caption "TAX MATTERS," the portion of the Installment Payments representing interest with respect to the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date the Certificates were issued, as a result of future acts or omissions of the District in violation of its covenants in the Installment Sale Agreement. Should such an event of taxability occur, the Certificates are not subject to special prepayment and will remain outstanding until maturity or until prepaid under other prepayment provisions set forth in the Trust Agreement.

## **Proposition 218**

**General.** On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and

future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, limited local governments' authority to impose or increase property-related "fee" or "charge," which is defined "as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

**Article XIIC and Article XIID.** Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms "local tax," "assessment," "fee" or "charge," so it is unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the California Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The District and its general counsel do not believe that Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Certificates. Remedies available to beneficial owners of the Certificates in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the right and obligation with respect to the Installment Sale Agreement is subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinions of Special Counsel (the forms of which is attached as APPENDIX C), will be similarly qualified.

Specifically, under Article XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

**Judicial Interpretation of Proposition 218.** After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges for water and wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Proposition 218 under certain circumstances.

In *Richmond v. Shasta Community Services District* (9 Cal. Rptr. 3d 121 (2004)), the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that connection charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (26 Cal. Rptr. 3d 153 (2005)), the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno’s petition for review of the Court of Appeal’s decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (46 Cal. Rptr. 3d 73 (2006)), addressed the validity of a local voter initiative measure that would have (a) reduced a water agency’s rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency’s charges for ongoing water delivery are “fees and charges” within the meaning of Article XIID, and went on to hold that charges for ongoing water delivery are also “fees” within the meaning of Article XIIC’s mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency’s water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate’s initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Finally, in *Griffith v. Pajaro Valley Water Management Agency*, the Sixth District Court of Appeal held that the groundwater augmentation charges constitute a water service fee or charge under Proposition 218 and are therefore exempt from election requirements. The court also found that the Pajaro Valley Water Management Agency had complied with the substantive requirements of Proposition 218 by using a revenue-requirements model to determine the amount of the groundwater augmentation charges, and employing a reasonable method for allocating costs of service across its customer classes.

**Current Practice Regarding Rates and Charges.** Subsequent to the court's decision in the Griffith case, the District's practice in implementing increases in water rates and charges has been to comply with the requirements of Article XIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the Board approves rate increases.

As previously mentioned, certain of the District's water rates are the subject of litigation pending in the Proposition 218 Litigation in the California Superior Court for the County of Monterey. The District continues to charge all such customers of its Water Enterprise rates based on the 2018 Water Rates pending a potential settlement of the Proposition 218 Litigation with the plaintiffs in that litigation. In the event a settlement is not reached, it is likely that the District will undertake a new rate study of its Water Enterprise rates and conduct a notification process under Proposition 218. The process of performing rate studies and conducting the notification process in accordance with Proposition 218 is inherently unpredictable. Any future rates are subject to review and approval of the Board of Directors and no assurance can be provided by the District as to the timing of such approvals or the rates that would be adopted. However, the District believes that because it is entitled to cover all of its costs to serve through rates set in accordance with Articles XIIC and XIID to the State Constitution if such rates are sufficiently based on cost of service for the incremental level of use as required by Capistrano Taxpayers Association, any such adopted water rates would generate sufficient Net Revenues to pay the Installment Payments when due.

In addition, in the event the District and the plaintiffs in the Proposition 2018 Litigation are unable to reach a settlement, the Court may award damages to the plaintiffs in an amount representing the difference between the amount the plaintiffs could have been charged for water service under Proposition 218 and the amount actually paid by the plaintiffs to the District based on the 2014 Water Rates and 2018 Water Rates. The District does not believe that any such damages would have a material adverse effect on the District's ability to pay the Installment Payments when due. However, it is possible that other customers of the District may bring similar challenges in the future to the 2014 Water Rates and 2018 Water Rates and receive award damages. The District is unable to predict with any reasonable certainty the magnitude of such damages and can provide no assurance that any such award damages would not have a material adverse effect on the District's ability to pay the Installment Payments when due.

See "LITIGATION – Proposition 218 Litigation" for a description of such litigation.

**Conclusion.** It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the District's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation

in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Certificates.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIII C and Article XIII D to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.

***San Juan Capistrano Litigation.*** Pursuant to *Capistrano Taxpayers Association v. City of San Juan Capistrano*, tiered rates charged to different classes of customers must be calculated based on the actual costs of providing the service. In *Capistrano Taxpayers Association*, the Court of Appeal held that Proposition 218 requires public water agencies to calculate the actual costs of providing water at various levels of usage and that Article XIII D, section 6, subdivision (b)(3) of the California Constitution, as interpreted by the California Supreme Court in *Bighorn*, provides that water rates must reflect the “cost of service attributable” to a given parcel. The Court of Appeal further stated that “[w]hile tiered, or inclined rates that go up progressively in relation to usage are perfectly consonant with [A]rticle XIII D, section 6, subdivision (b)(3) and *Bighorn*, the tiers must still correspond to the actual cost of providing service at a given level of usage.” The District believes that its rate structure is distinguishable from the structure deemed unconstitutional in *Capistrano Taxpayers Association* and is consistent with Proposition 218 and the Constitution because the District’s tiered rates correlate with the actual costs for the various tiers.

### **Limited Recourse on Default**

If the District defaults on its obligation to pay the Installment Payments, the Trustee, as assignee of the District, has the right to accelerate the total unpaid principal amounts of the Bonds. However, in the event of a default and such acceleration there can be no assurance that the District will have sufficient Net Revenues to pay the accelerated Installment Payments.

### **Secondary Market for Certificates**

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Prices of issues for which a market is being made will depend upon then-prevailing circumstances. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

## **Cyber Security**

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the District is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the District's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the District, or the administration of the Certificates. The District is also reliant on other entities and service providers in connection with the administration of the Certificates, including without limitation the Trustee. No assurance can be given that the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Certificate Owners. The District maintains cybersecurity insurance.

The District is in full accordance with the America Water Infrastructure Act ("AWIA") that was signed into law by Congress on October 23, 2018. Section 2013 of Title II of AWIA requires utilities to update their risk assessments and emergency response plans. AWIA specifies the components risk assessment and response plans must address, and establishes deadlines by which the District must certify to the Environmental Protection Agency completion of these tasks. The District is actively maintaining compliance with AWIA and is on track to meet all requirements, including cyber risk requirements, laid out in the new legislation.

## **Future Parity Debt**

As described in "SECURITY FOR THE CERTIFICATES – Parity Debt; Limitations on Future Debt" above, the Installment Sale Agreement permits the District to issue Additional Parity Debt in the future, under which its obligations would be payable on a parity with the payment debt service on the Installment Payments and the Prior Parity Certificates.

The coverage tests described in "SECURITY FOR THE CERTIFICATES – Parity Debt; Limitations on Future Debt" involve, to some extent, projections of Net Revenues. If Additional Parity Debt is issued, the debt service coverage for the Installment Payments could be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Installment Payments and any future Parity Debt.

## **CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES**

### **Article XIII B**

Article XIII B of the California State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978/79 fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if (i) the financial responsibility for a service is transferred to another public

entity or to a private entity, (ii) the financial source for the provision of services is transferred from taxes to other revenues, or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services costlier.

The District is of the opinion that charges for Water Service and Wastewater Service do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B. The District will covenant in the Installment Sale Agreement that it will prescribe rates and charges sufficient to provide for payment of the Installment Payments in each year.

### **Proposition 218**

Proposition 218 added Articles XIIC and XIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. For a discussion of Proposition 218, see "RISK FACTORS – Proposition 218" above.

**Proposition 26.** On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIIC of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIIC broadly define "tax," but specifically exclude, among other things:

- "(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- ...
- (6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

**Compliance by the District with Article XIIC and Article XIID.** The District believes its water and wastewater service charges do not constitute a “tax” under Article XIIC. The District believes its connection fee is not a “tax” as defined by Proposition 26 because it is a charge to a landowner that is imposed (typically as a condition of property development) for a specific privilege and does not exceed the reasonable costs of conferring the privilege.

The District will continue to comply with the provisions of Articles XIIC and XIID and implementing legislation in connection with future rate increases, as such requirements may be interpreted by state courts.

As described in “SECURITY FOR THE CERTIFICATES” the District will pay Installment Payments from Net Revenues. As described above, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the District may not use such fee or charge for any purpose other than that for which it imposed the fee or charge.

**Conclusion.** It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

### **Future Initiatives**

Articles XIIB, XIIC and XIID of the California Constitution were adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiatives could be proposed and adopted affecting the District’s revenues or ability to increase revenues.

## **CONTINUING DISCLOSURE**

The District has covenanted for the benefit of the Underwriter and the beneficial owners of the Certificates to provide certain financial information and operating data relating to the District no later than 9 months following the end of each Fiscal Year (the “**Annual Report**”), commencing on April 1, 2020 with the report for the Fiscal Year ending June 30, 2019, and to provide notices of the occurrence of certain enumerated events on the Municipal Securities Rulemaking Board’s EMMA website. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934.

The District previously entered into continuing disclosure undertakings under the Rule. During the past five years, the District failed to comply with such undertakings as follows: (i) the District’s audited financial statements and annual report for Fiscal Year 2013-14 were filed on EMMA after the date required under the District’s undertaking for certificates of participation executed and delivered in 2006 and the District did not file a notice regarding such failure; and (ii) the District’s annual report for Fiscal Year 2013-14 was filed on EMMA after the date required under the District’s undertaking for bonds issued by the District in 2010 and the District did not file

a notice regarding such failure. The District has made required remedial filings with respect to the foregoing failures on EMMA.

In order to ensure future timely and complete compliance with its undertakings, the District has contracted with Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, to act as Dissemination Agent under the District's continuing disclosure undertaking with respect to the Certificates.

## LITIGATION

**General.** In connection with the execution and delivery of the Certificates, the District will certify that there is no litigation pending or, to the best knowledge of representatives of the District, threatened in any way to restrain or enjoin the execution or delivery of the Certificates, to contest the validity of the Certificates or the Installment Payments, the Trust Agreement or any proceedings of the District with respect thereto.

[Also in connection with the execution and delivery of the Certificates, representatives of the District will certify that, except as otherwise described in this Official Statement, there are no lawsuits or claims pending against the District that will materially affect the District's finances so as to impair the ability of the District to pay the Installment Payments when due. See "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019, NOTES TO BASIC FINANCIAL STATEMENTS, Note [ ], [Litigation]" for a description of pending litigation involving the District.]

**Proposition 218 Litigation.** *Bay View Community DE, LLC, et al. v. Marina Coast Water District, et al.*, was filed in Monterey Superior Court as Case No. 18 CV 000765 in February of 2018 (referred to herein as the "**Proposition 218 Litigation**"). In this case, Bay View Community DE, LLC ("**Bay View**"), a mobile home park owner, and seven of its tenants (collectively, "**Petitioners**") filed a Proposition 218 and breach of contract lawsuit against the District. The seven Petitioners in the Proposition 2018 Litigation that are tenants in the mobile home park are residents of the Bay View Mobile Home Park, which is located within the Ord Community service area and consists of approximately 200 mobile homes. The Bay View Mobile Home Park is the sixth largest customer of the Water Enterprise for Fiscal Year 2018-19, accounting for approximately 1.83% of water demand from the Water Enterprise in such Fiscal Year. See "THE DISTRICT AND THE ENTERPRISES – Water Enterprise of the District – Largest Costumers." The Petitioners are served by the District under the terms of the FORA Agreement. The District cross-complained against Bay View, which has several years of overdue water bills, for breach of contract and declaratory relief.

In particular, the Petitioners alleged that the District's 2014 Water Rates (which provided for a three-tier rate structure) and 2018 Water Rates (which provide for a two-tier rate structure) violated Proposition 2018 because (i) the District did not adequately justify its cost with escalating rate tiers, (ii) in setting its rate tiers, the District was required to, but did not, account for differences in customer classes, and (iii) the District is improperly imposing a charge for water delivered to Bay View's 8-inch meter minus the tenants' water, to account for Bay View's common area usage and water loss on Bay View's internal system (the "**Delta Charge**").

The Court divided the Proposition 218 Litigation into three phases, Phase 1 being the rate-challenge, Phase 2 being the breach of contract case and Cross-Complaint, and Phase 3 being

a damages Phase. On July 22, 2019, the Court held the Phase 1 trial. The Phase 2 trial is scheduled to commence on April 27, 2020. A trial date for Phase 3 has not been set.

In connection with the Phase 1 trial on the challenge of the 2014 Water Rates and 2018 Water Rates, the trial court found in favor of the Petitioners on their claim that the District's rates do not adequately correlate its rate tiers with its cost of providing service at each tier as required by Articles XIII C and D of the California Constitution, and ruled in favor of the District with respect to the Delta Charge.

With respect to the rate challenge, the Court held that the 2014 Water Rates and 2018 Water Rates were subject to Proposition 218 based on a commonly understood meaning of the term "impose." In addition, the Court held that the 2014 Water Rates, set before *Capistrano Taxpayers Association* established rules for tiered rates, and the 2018 Water Rates violated Proposition 218 because the rate studies relating to such rates lacked the type of cost-based rationale required by *Capistrano*, as described below. See "RISK FACTORS – Proposition 2018 – San Juan Capistrano Litigation" for a further description of *Capistrano Taxpayers Association*.

In particular, the Court took issue with the "peaking methodology" used by Carollo, the District's rate consultant engineers, in the rate study relating to the 2014 Water Rates (the "**2014 Rate Study**") and the 2018 Water Rates (the "**2018 Rate Study**"). With respect to the 2014 Rate Study, the Court found that it neither described the "peaking factors" (i.e., the ratio of the maximum flow to the average daily flow in a water system), nor explained the rationale behind the development of those factors. With respect to the 2018 Rate Study, the Court noted that because peaking factors are intended to address the additional costs of service imposed by peak usage, it makes sense to tie rates to peaking to the extent a utility can describe the costs that such peaking imposes on its system and therefore, a "peaking factor," by definition, must exceed the average use. The Court found that the Tier 2 of the 2018 Water Rates takes such approach, but that for Tier 1 the District calculated the ratio between average month consumption and *minimum* month consumption. This resulted in a peaking factor less than 1 for Tier 1, which the Court found to be irrational because a peaking factor describes use over the average.

The District believes that if and when the District's rates for its Water Enterprise are re-set in accordance with Articles XIII C and XIII D to the State Constitution, some rate payers may experience a rate increase. The District is entitled to cover all of its costs to serve through rates set in accordance with Articles XIII C and XIII D to the State Constitution if such rates are sufficiently based on cost of service for the incremental level of use as required by *Capistrano Taxpayers Association*. Thus, if one tier's rates go down, another's can go up. Nothing in the Court's ruling implies that the District is not permitted to cover its costs to serve, or any of its debts or bonded indebtedness—even if rates are ordered to be re-set.

Shortly after the Statement of Decision was issued in the Proposition 218 Litigation, Petitioners stated that a peremptory writ of mandate should issue compelling the District to: cease charging ratepayers the 2014 Water Rates and 2018 Water Rates, and impose new commodity water rates that comply with Proposition 218. During a meet and confer discussion, Petitioners indicated they would withdraw their request for a writ compelling the District to cease charges, if the parties stipulate to a form of an interlocutory order ordering a remand for re-setting of the rates (without either side waiving its right to appeal). The parties are currently conferring to ascertain whether they can find mutually agreeable language.

Petitioners have indicated they intend to file a separate class action case or a class motion to recover any overcharges. The District will vigorously oppose class certification. If Petitioners

were to succeed in obtaining damages for any overpayments on behalf of the Petitioners or a class, those damages would be covered through rate increases after a Proposition 218 process.

There are several issues the District could raise on appeal. In the meantime, the parties are holding confidential settlement discussions to ascertain whether a settlement may be reached.

The Court has not ordered the District to refrain from charging its Water Enterprise customers rates based on the 2018 Water Rates and the District continues to charge all such customers rates based on the 2018 Water Rates pending a potential settlement of the Proposition 218 Litigation with the Petitioners. In the event a settlement is not reached, it is likely that the District will undertake a new rate study of its Water Enterprise rates and conduct a notification process under Proposition 218. In addition, in the event the District and the Petitioners are unable to reach a settlement, the Court may award damages to the Petitioners in an amount representing the difference between the amount the Petitioners could have been charged for water service under Proposition 218 and the amount actually paid by Petitioners to the District based on the 2014 Water Rates and 2018 Water Rates. The District does not believe that any such damages would have a material adverse effect on the District's ability to pay the Installment Payments when due. Additionally, it is possible that other customers of the District may bring similar challenges in the future to the 2014 Water Rates and 2018 Water Rates and receive award damages. The District is unable to predict with any reasonable certainty the magnitude of such damages and can provide no assurance that any such award damages would not have a material adverse effect on the District's ability to pay the Installment Payments when due.

The process of performing rate studies and conducting the notification process in accordance with Proposition 218 is inherently unpredictable. Any future rates are subject to review and approval of the Board of Directors and no assurance can be provided by the District as to the timing of such approvals or the rates that would be adopted. However, the District believes that because it is entitled to cover all of its costs to serve through rates set in accordance with Articles XIII C and XIII D to the State Constitution if such rates are sufficiently based on cost of service for the incremental level of use as required by *Capistrano Taxpayers Association*, any such adopted water rates would generate sufficient Net Revenues to pay the Installment Payments when due. The projections of Net Revenues for Fiscal Years 2019-20 through 2022-23 contained in this Official Statement are based on the 2018 Water Rates and do not reflect any changes in the District's water rates that may result in the event the District undertakes a new Proposition 218 approval process. "THE DISTRICT AND THE ENTERPRISES – Projected Operating Results and Debt Service Coverage."

## RATING

S&P Global Ratings ("**S&P**") has assigned its municipal bond rating of "\_\_\_\_" to the Certificates. Such rating expresses only the views of S&P and is not a recommendation to buy, sell or hold the Certificates. This rating reflects only the views of S&P, and an explanation of the significance of the ratings, and any outlook assigned to or associated with these ratings, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely, if in the judgment of the rating agency, circumstances so warrant. The Corporation, the District and the Trustee undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price or marketability of the Certificates.

In providing a rating on the Certificates, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Trust Agreement or the Installment Sale Agreement. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

## **TAX MATTERS**

**Federal Tax Status.** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of Installment Payments designated as and comprising interest and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of execution and delivery of the Certificates.

**Tax Treatment of Original Issue Discount and Premium.** If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and bond premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such Certificates. The Tax Code contains certain provisions relating to the accrual of original issue

discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Certificate premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

**California Tax Status.** In the further opinion of Special Counsel, the portion of Installment Payments designated as and comprising interest and received by the Owners of the Certificates is exempt from California personal income taxes.

**Other Tax Considerations.** Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Special Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest with respect to the Certificates, or as to the consequences of owning or receiving interest with respect to the Certificates, as of any future date. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates may have federal or state tax consequences other than as described above. Other than as expressly described above, Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates, the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest with respect to the Certificates.

## CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, will render an opinion substantially in the form of APPENDIX C hereto with respect to the validity of the Certificates. Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Jones Hall, A Professional Law Corporation, is also serving as Disclosure Counsel to the District. Certain matters will also be passed upon for the District by Griffith & Masuda, A Professional Law Corporation, as General Counsel to the District. Hawkins Delafield & Wood LLP, Los Angeles, California, is serving as counsel to the Underwriter. *Payment of the fees and expenses of Special Counsel, Disclosure Counsel and Underwriter's counsel is contingent upon execution and delivery of the Certificates.*

## UNDERWRITING

The Certificates are being purchased by Morgan Stanley & Co. LLC (the "**Underwriter**") at a purchase price of \$\_\_\_\_\_ (being an amount equal to the principal amount of the Certificates (\$\_\_\_\_\_), [plus/less] an original issue [premium/discount] of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_). The purchase agreement for the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Certificates to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, the Underwriter may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, the Underwriter may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Certificates.

## MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as its Municipal Advisor (the "**Municipal Advisor**") in connection with the authorization, execution and delivery of the Certificates. The payment of the Municipal Advisor's fees for services rendered with respect to the sale of the Certificates is contingent upon the authorization and delivery of the Certificates. The Municipal Advisor assumes no responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the portion of Installment Payments designated as and comprising interest and received by the Owners of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

**MISCELLANEOUS**

The execution and delivery of this Official Statement has been duly authorized by the District.

**MARINA COAST WATER DISTRICT**

By: \_\_\_\_\_  
President, Board of Directors

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

**APPENDIX B**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX C**  
**FORM OF SPECIAL COUNSEL OPINION**

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**Marina Coast Water District**  
**Enterprise Revenue Certificates of Participation,**  
**Series 2019**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by Marina Coast Water District (the “**District**”) in connection with the execution and delivery of the certificates captioned-above (the “**Certificates**”). The Certificates are being executed and delivered under a Trust Agreement dated as of December 1, 2019 (the “Trust Agreement”) among the District, the Public Property Financing Corporation of California and MUFG Union Bank, N.A., as trustee (the “**Trustee**”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above, in the Trust Agreement and in the Installment Sale Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the District’s fiscal year (currently April 1 based on the District’s fiscal year end of June 30).

“*Dissemination Agent*” means Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Trustee a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the execution and delivery of the Certificates.

“*Participating Underwriter*” means Morgan Stanley & Co. LLC, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

### Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2020, with the report for the 2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided, however, that the requirement to file the Annual Report for the 2018-19 fiscal year no later than April 1, 2020, shall be satisfied by the filing of the Official Statement with the MSRB. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and, subject to Section 4(a) hereof, later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A hereto.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the Official Statement as follows:

(i) Principal amount of Certificates outstanding.

(ii) An update of the information in the following tables under caption entitled "THE DISTRICT AND THE ENTERPRISES – Employees" in the Official Statement:

(A) CalPERS Employer Contributions.

(B) CalPERS Funded Status.

(C) OPEB Funded Status.

(iii) An update of the information in the following tables under caption entitled "THE DISTRICT AND THE ENTERPRISES – Water Enterprise of the District" in the Official Statement:

(A) Historical Water Connections.

(B) Historical Water Deliveries In Acre Feet Per Year.

(C) Historical Water Sales Revenues.

(iv) An update of the information in the following tables under the caption entitled "THE DISTRICT AND THE ENTERPRISES – Wastewater Enterprise of the District" in the Official Statement:

(A) Historical Wastewater Connections.

(B) Historical Wastewater Enterprise Usage.

(C) Historical Wastewater Service Charge Revenues.

(v) A table showing Net Revenues and Expenditures of the District for the last fiscal year presented in a similar format as the table entitled "THE DISTRICT AND THE ENTERPRISES – Historical Operating Results".

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Under the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities,
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Certificates. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Applied Best Practices. Any Dissemination Agent may resign by providing thirty days written notice to the District and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

The Dissemination Agent shall agree to any amendment so requested by the District; provided neither the Trustee nor the Dissemination Agent shall be obligated to enter into any amendment increasing or affecting its duties or obligations.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 4(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination

set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Governing Law. This Disclosure Certificate is to be construed in accordance with and governed by the laws of the State of California.

Date: \_\_\_\_\_, 2019

**MARINA COAST WATER DISTRICT**

By: \_\_\_\_\_

AGREED AND ACCEPTED:  
**FIELDMAN, ROLAPP & ASSOCIATES, INC.,**  
**doing business as Applied Best Practices**

,  
as Dissemination Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Marina Coast Water District

Name of Issue: Marina Coast Water District Enterprise Revenue Certificates of Participation, Series 2019

Date of Issuance: \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report for fiscal year \_\_\_\_\_ with respect to the above-named Certificates of Participation as required by the Continuing Disclosure Certificate, dated as of \_\_\_\_\_ 1, 2019. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

DISSEMINATION AGENT:

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Certificates (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Certificates (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Certificates (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Prepayment notices shall be sent to DTC. If less than all of the Securities within an issue are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Prepayment proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.