



MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

Home Page: www.mcwd.org

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DIRECTORS

GAIL MORTON
President

JAN SHRINER
Vice President

BRAD IMAMURA
THOMAS P. MOORE
STACEY SMITH

Agenda

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

**Regular Board Meeting, Board of Directors
Marina Coast Water District Groundwater Sustainability Agency**

**920 2nd Avenue, Suite A, Marina, California
and
Zoom Teleconference**

Wednesday, January 22, 2025, 6:00 p.m. PST

Members of the public may attend the Board meeting in person or can attend remotely via Zoom conference.

Members of the public participating by Zoom will be placed on mute during the proceedings and will be acknowledged only when public comment is allowed, after requesting and receiving recognition from the Board President. Persons who are participating via telephone will need to press *9 to be acknowledged for comments. Public comment on the action item can also be submitted in writing to Paula Riso at priso@mcwd.org by 9:00 am on Wednesday, January 22, 2025; such comments will be distributed to the MCWD Board before the meeting.

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

<https://us02web.zoom.us/j/86796826132?pwd=NcdmcpNSxbKF7vPs7uzDSX1F7PJdJr.1>

Passcode: 241114

To participate via phone: 1-669-900-9128; Meeting ID: 867 9682 6132 Passcode: 241114

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

- 1. Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**

This agenda is subject to revision and may be amended prior to the scheduled meeting. Pursuant to Government Code section 54954.2(a)(1), the agenda for each meeting of the Board shall be posted at the District offices at 11 Reservation Road, and 920 2nd Avenue, Suite A, Marina. A complete Board packet containing all enclosures and staff materials will be available for public review on the District website, Thursday, January 16, 2025. Information about items on this agenda or persons requesting disability related modifications and/or accommodations should contact the Board Clerk 48 hours prior to the meeting at: 831-883-5931.

4. **Presentations**

- A. [Adopt Resolution No. 2025-01 to Recognize Alec Irwin, System Operator II, for 5 Years of Service to the Marina Coast Water District](#)
(Page 1)
- B. [Adopt Resolution No. 2025-02 to Recognize Paul Lord, Water Conservation Specialist III, for 20 Years of Service to the Marina Coast Water District](#)
(Page 5)

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

6. **Closed Session**

- A. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Existing Litigation
City of Marina vs. RMC Lonestar [CEMEX], California-America Water Company, Marina Coast WD, et al Defendants, Monterey County Superior Court Case No. 20CV001387 (Complaint for Breach of Contract, Declaratory Relief under the Agency Act, and Tortious Interference with Existing Contract)
- B. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Existing Litigation
Name of Case/Claimant – Peter Le

Reconvene to Open Session Estimated to be at 7:30 p.m.

7. **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.*

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

9. **[Consent Calendar](#)**

- A. [Receive and File the Check Register for the Month of December 2024](#)
(Page 10)
- B. [Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of December 16, 2024](#)
(Page 16)
- C. [Receive a Status Report Update on Current Capital Improvement Projects](#)
(Page 25)

D. Adopt Resolution No. 2025-03 to Award a Contract for the Purchase of an Electrical Switchboard for the Reservation Road Desal Plant Renovation Capital Improvement Project
(Page 46)

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

A. Receive the Marina Coast Water District FY 2024-2025 Mid-Year Financial Report
(Page 51)

B. Consider Adoption of Resolution No. 2025-04, Authorizing the Issuance and Sale of Enterprise Revenue Refunding Bonds in the Principal Amount of Not-to-Exceed \$26,000,000 to Refinance Outstanding 2015 Bonds; and Approve Related Documents and Official Actions
(Page 67)

C. Adopt Resolution No. 2025-05 to Amend the Professional Services Agreement with Psomas for Construction Management Services of the A1/A2 Reservoirs and B/C Booster Pump Station Project
(Page 229)

D. Adopt Resolution No. 2025-06 to Amend the FY 2024-2025 Capital Improvement Program Budget
(Page 233)

11. Workshop

A. Receive Ralph M. Brown Act Training
(Page 240)

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

A. General Manager's Report

B. Committee and Board Liaison Reports

1. Executive Committee
2. Budget & Engineering Committee
3. Community Outreach Committee
4. M1W Board Member Liaison

13. Board Member Requests for Future Agenda Items

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

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

Regular Meeting: Tuesday, February 18, 2025, 6:00 p.m.

Marina Coast Water District
Agenda Transmittal

Agenda Item: 4-A

Meeting Date: January 22, 2025

Prepared By: Derek Cray

Approved By: Remleh Scherzinger

Agenda Title: Adoption of Resolution No. 2025-01 to Recognize Alec Irwin, System Operator II, for 5 Years of Service to the Marina Coast Water District

Staff Recommendation: Staff recommends the Board of Directors adopt Resolution No. 2025-01 in recognition of Alec Irwin for 5 years of service with the Marina Coast Water District.

Background: *Strategic Plan, Goal No. 2.1– The District attracts, onboards, and retains high-performing staff, and manages succession effectively.*

Alec Irwin started with the Marina Coast Water District (District) as a full-time Engineering Technician within the Engineering department on December 02, 2019. On December 1, 2020, Alec transferred to the Operations and Maintenance department as a System Operator I. Then, on June 05, 2023, Alec was promoted to System Operator II.

Discussion/Analysis: Alec began his career with the District within the Engineering department, assisting with the Geographic Information System (GIS) and other related small project assistance. Alec showed enthusiasm for Operations and Maintenance (O&M) functions and fieldwork activity and, therefore, was interviewed and selected for a System Operator position, where he has excelled and utilized his technical experience within the department. Recently, Alec has been instrumental in upgrading and implementing our Closed Circuit Television (CCTV) program for sewer gravity mainline inspections. This program has combined the District's recently procured CCTV equipment with a newly upgraded software system, thus incorporating our inspection data into our GIS and Computer Maintenance Management Systems (CMMS) to provide the District with condition assessment data. This was a particularly cumbersome project, and Alec's expertise in computer systems helped move the process along smoothly. Alec has since trained other operators on the new hardware and software.

Alec was also a significant contributor to the Quality Assurance and Quality Control (QA/QC) for the District's Lead Service Line inventory. This was a massive endeavor for the department, and Alec's keen eye and attention to detail helped process over 13,000 rows of Microsoft Excel information needed to submit to the State Water Resources Control Board.

In addition to Alec's regular operator duties, Alec ensures quarterly that all the sewer lift station floats are working appropriately. These floats serve as a backup to other control mechanisms, and should they fail, a potential large sewer spill could occur. Alec tests each float and communicates appropriately on any issues he finds to ensure the stations are ready to function as designed.

Being a System Operator requires State certification, and Alec has shown enthusiasm not only to gather what is required but also to go above and gain further certification within the field of water and wastewater. Currently, Alec holds the following certifications:

- State Water Resources Control Board (SWRCB) Water Distribution Operator Grade II
- SWRCB Water Treatment Operator Grade II

- California Water Environmental Association (CWEA) Collection System Maintenance Grade II
- Pipeline and Manhole assessment certification from the National Association of Sewer Service Companies (NASSCO).

Alec shows up to work daily with a positive attitude and is always willing to help his coworkers. He has a calm demeanor, which positivity resonates with those around him. It is with great pleasure that we recognize Alec for his five years of service to the District and wish him continued success and many more years with the District.

Environmental Review Compliance: None required.

Legal Counsel Review: None required.

Climate Adaptation: Not applicable.

Financial Impact: Yes No Funding Source/Recap: Expenditures for a gift card and plaque are allocated across four cost centers: 01-Marina Water, 02-Marina Sewer, 03-Fort Ord Water, and 04-Fort Ord Sewer, in account number 01-035-009.

Other Considerations: None.

Material Included for Information/Consideration: Resolution No. 2025-01.

Action Required: Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

January 22, 2025

Resolution No. 2025-01
Resolution of the Board of Directors
Marina Coast Water District
Recognizing Alec Irwin, System Operator II,
for 5 Years of Service to the Marina Coast Water District

RESOLVED by the Board of Directors ("Directors") of the Marina Coast Water District ("District"), at a regular meeting duly called and held on January 22, 2025, at 920 Second Avenue, Suite A, Marina, California.

WHEREAS, Alec Irwin joined the District as an Engineering Technician on December 02, 2019; and,

WHEREAS, on December 01, 2020, Alec transferred over to the Operations and Maintenance department as a System Operator I, and on June 05, 2023, Alec was promoted to a System Operator II; and,

WHEREAS, Alec's attention to detail and enthusiasm for technology has made him a key component in the recent upgrading and implementation of a robust sewer inspection program; and,

WHEREAS, Alec has also played a significant role in Quality Assurance and Control for the District's Lead Service Line inventory by reviewing over 13,000 service line entries; and,

WHEREAS, in addition to Alec's regular System Operator duties, Alec ensures that the sewer pump stations' backup control mechanisms are working appropriately and ready to function when needed; and,

WHEREAS, Alec has actively sought out State certifications and currently holds a California Environmental Water Association (CWEA) Collections System Maintenance grade II, State Water Resources Control Board (SWRCB) Water Distribution Operator grade II, a SWRCB Water Treatment Plant Operator grade II, and a Pipeline and Manhole Assessment certification through National Association of Sewer Service Companies (NASSCO); and,

WHEREAS, Alec has a calm demeanor, shows up every day with a good attitude, and is always willing to help out his fellow coworker; and,

WHEREAS, Alec's ongoing commitment and effort have made him a great asset to the Operations and Maintenance department.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby recognize and appreciate Alec Irwin for five years of service to the Marina Coast Water District, hereby presenting him with a gift certificate and plaque and wishes him continued success and many more years with the District.

PASSED AND ADOPTED on January 22, 2025, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____
Noes: Directors _____
Absent: Directors _____
Abstained: Directors _____

Gail Morton, President

ATTEST:

Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2025-01 adopted January 22, 2025.

Remleh Scherzinger, Secretary

Marina Coast Water District
Agenda Transmittal

Agenda Item: 4-B

Meeting Date: January 22, 2025

Prepared By: Patrick Breen

Approved By: Remleh Scherzinger, PE

Agenda Title: Consider Adoption of Resolution No. 2025-02 to Recognize Paul Lord, Water Conservation Specialist III, for 20 Years of Service to the Marina Coast Water District

Staff Recommendation: Adopt Resolution No. 2025-02 recognizing Paul Lord, Water Conservation Specialist III and awarding a plaque and gift certificate for 20 years of service to the Marina Coast Water District.

Background: *Strategic Plan, Objective No. 2.1 – The District attracts, onboards, and retains high-performing staff, and manages succession effectively.*

Discussion/Analysis: Paul Lord joined the District on January 3, 2005 as a Water Conservation Specialist. His positive impact on the District was felt immediately with assistance provided during revisions of the District’s conservation ordinance for new construction and the development of new landscape design standards.

In his early years with the District Paul worked diligently in writing the implementation procedures for the California Model Water Efficiency Landscape Ordinance. He made the elements of the water efficiency statute as clear and concise as possible and prepared forms for customers that assist them through the documentation process. In addition, Paul established water budgets for large landscapes, and expanded the District’s rebate programs to include Water-Wise landscape incentives and hot water recirculation pump rebates.

Paul’s enthusiasm and professionalism has improved District customer service significantly. In 2007, when the District started using the Cityworks Asset Management System, Paul developed a business process for high water bill response. Once the District started installing modern water meters with data logging abilities, he began to utilize this tool to determine potential causes of high water bills. Once Paul has the customer water use data, he investigates, identifies potential issues, and provides recommendations to the customer.

In 2011, Paul designed, developed and helped install a low-cost demonstration garden at the District’s Ord Office. The irrigation system provides a display of a properly installed system that efficiently supplies water to an attractive low water use landscape. The demonstration garden was recognized by Ecology Action of Santa Cruz with a Monterey Bay Friendly Landscaping Award.

Following the 2012 retirement of the District’s Conservation Coordinator, Rich Youngblood, Paul transitioned well into many new roles and responsibilities with great success. Paul is a key staff member managing the District Water Conservation Commission (when activated), has participated as an officer and past President on the Water Awareness Committee of Monterey County, and has handled the 2014-16 California Statewide drought response.

Since 2016, Paul has led efforts to collect and report detailed water production and use data needed for the State required Water Loss Audit. His work has validated the District’s continued year-after-

year improvement in water use efficiency and water loss prevention. Paul recently initiated and completed accuracy testing of a number of large water meters. Test results assist in the prioritization of the replacement of inaccurate meters, reduce apparent water losses, and assure proper revenue generation for the District.

Paul conducts over 200 conservation inspections and customer assistance calls each year throughout the District service area. During these visits, and at public outreach events, Paul shares his water conservation expertise on how to improve water use efficiency through suggested retrofits, improvements and rebate programs. Paul uses every opportunity to spread the message throughout the District service area on the importance of practicing water conservation every day.

Paul has also conducted over 2,000 Water Conservation Certification inspections for properties upon resale in the MCWD Service area, managed & expanded the Water Conservation Incentive Programs, manages the annual State mandated Water Loss Audit process, compiles and manages various State and County reports, and has developed and manages the District's small and large meter testing program.

It is with great pleasure that the District recognizes Paul Lord's twenty years of service to the Marina Coast Water District and wishes him well in his continued service to the District.

Environmental Review Compliance: None required.

Legal Counsel Review: None required.

Climate Adaptation: Not applicable.

Financial Impact: Yes No Funding Source/Recap: Expenditures for a gift card and plaque are allocated across four cost centers: 01-Marina Water, 02-Marina Sewer, 03-Fort Ord Water, and 04-Fort Ord Sewer, in account number 01-035-009.

Other Considerations: None.

Material Included for Information/Consideration: Resolution No. 2025-02.

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

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

January 22, 2025

Resolution No. 2025-02
Resolution of the Board of Directors
Marina Coast Water District
Recognizing Paul Lord, Water Conservation Specialist III, for
20 Years of Service to the Marina Coast Water District

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on January 22, 2025 at 920 Second Avenue, Marina, California as follows:

WHEREAS, Paul Lord joined the District on January 3, 2005 as Water Conservation Specialist; and,

WHEREAS, Paul has compiled a significant list of accomplishments that have led to direct improvements to the District’s water conservation programs, customer service, support to the Water Conservation Commission, Board of Directors, and District staff; and,

WHEREAS, Paul’s efforts during several droughts has assisted the District to meet the State of California mandated drought response requirements; and,

WHEREAS, Paul has led District efforts to meet the evolving requirements in water conservation with special emphasis in landscape irrigation efficiency, customer retrofitting, water use tracking, water loss auditing, and leak detection; and,

WHEREAS, one of Paul’s primary focuses remains on improving outreach services to our customers through email, bill messages, direct mail, and promotion of District incentive programs; and,

WHEREAS, during his twenty years with District, Paul has played an integral role in the District Conservation program and has rendered a consistent and outstanding performance of his duties.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby express its gratitude and recognizes Paul Lord for twenty years of service to the Marina Coast Water District and awards him a gift certificate, commemorative plaque, and wishes him continued success with the District.

PASSED AND ADOPTED on January 22, 2025, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Gail Morton, President

ATTEST:

Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2025-02 adopted January 22, 2025.

Remleh Scherzinger, Secretary

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 9

Meeting Date: January 22, 2025

Prepared By: Paula Riso

Approved By: Remleh Scherzinger, PE

Agenda Title: Consent Calendar

Staff Recommendation: Approve the Consent Calendar as presented.

Background: *Strategic Plan, Mission Statement – Marina Coast Water District delivers safe and environmentally sustainable water, recycled water, and wastewater services that meet community needs.*

Consent calendar consisting of:

- A) Receive and File the Check Register for the Month of December 2024
- B) Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of December 16, 2024
- C) Receive a Status Report Update on Current Capital Improvements
- D) Adopt Resolution No. 2025-03 for the Award of Contract for Electrical Design and Construction Services for the Purchase of a Custom Electrical Switchboard for the Reservation Road Desal Plant Renovations Capital Improvement Project

Discussion/Analysis: See individual transmittals.

Environmental Review Compliance: None required.

Legal Counsel Review: See individual transmittals.

Climate Action: Not applicable.

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

Material Included for Information/Consideration: Check Register for December 2024; draft minutes of December 16, 2024; Capital Improvement Update Report; Resolution No. 2025-03; and, Technical Memorandum.

Action Required: X Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 9-A

Meeting Date: January 22, 2025

Prepared By: Mary Lagasca, CPA

Approved By: Remleh Scherzinger, PE

Agenda Title: Receive and File the Check Register for the Month of December 2025

Staff Recommendation: Receive and file the December 2025 expenditures totaling \$2,131,123.17.

Background: *Strategic Plan, Objective No. 3.2: Finances are well managed to provide adequate revenue and avoid volatile rates.*

Discussion/Analysis: These expenditures were paid in December 2024 and the Board is requested to receive and file the check register. The December check register was larger than normal due to the following payments:

1. Check No 76348 – Construction Payment #32 to Anderson Pacific Engineering Construction, Inc. in the amount of \$483,225.48 for the A1/A2 Tanks Construction
2. Wire Payment in the amount of \$213,409.16 for the 2024 Series Bond Payment

Environmental Review Compliance: None required.

Legal Counsel Review: None required.

Climate Adaptation: Not applicable.

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

Other Consideration: None.

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

Action Required: ____ Resolution X Motion ____ Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

DECEMBER 2024 SUMMARY CHECK REGISTER

DATE	CHECK #	CHECK DESCRIPTION	AMOUNT
12/02/2024	Wire	U.S. Bank National Association	213,409.16
12/05/2024	ACH	Friedman & Springwater LLP	6,765.20
12/05/2024	76280 - 76325	Check Register	131,324.47
12/16/2024	76326 - 76342	Check Register	389,300.12
12/19/2024	ACH	Solinst Canada Ltd	1,475.99
12/19/2024	76343 - 76365	Check Register	706,817.94
12/06/2024	ACH	Payroll Direct Deposits	155,328.96
12/06/2024	ACH	CalPERS	38,794.04
12/06/2024	ACH	Empower Retirement	14,981.67
12/06/2024	ACH	Internal Revenue Service	61,446.09
12/06/2024	ACH	State of California - EDD	15,139.40
12/06/2024	ACH	WageWorks, Inc.	1,299.16
12/06/2024	501823	Check Register	688.00
12/16/2024	501824	Check Register	100,475.52
12/19/2024	501825 - 501827	Check Register	2,106.09
12/20/2024	ACH	Payroll Direct Deposits	161,153.46
12/20/2024	ACH	CalPERS	39,180.62
12/20/2024	ACH	Empower Retirement	14,011.27
12/20/2024	ACH	Internal Revenue Service	60,269.23
12/20/2024	ACH	State of California - EDD	15,123.47
12/20/2024	ACH	WageWorks, Inc.	1,299.16
12/31/2024	501828 - 501829	Board Compensation Checks and Direct Deposit	230.85
12/31/2024	ACH	Internal Revenue Service	38.30
12/31/2024	501830 - 501832	Check Register	465.00
TOTAL DISBURSEMENTS			<u>2,131,123.17</u>

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
Wire	10/10/2024	12/02/2024	U.S. Bank National Association (Bond Payments)	2024 Series Bond Payment	213,409.16
ACH	10/10/2024	12/05/2024	Friedman & Springwater LLP	Legal Services 10/2024	6,765.20
76280	11/15/2024	12/05/2024	Quinn Company	Generator PM Service - E Booster	1,394.03
76281	11/06/2024	12/05/2024	Grainger	General Operations/ Maintenance Supplies	36.91
76282			Void		
76283	11/30/2024	12/05/2024	Peninsula Welding & Medical Supply, Inc.	Gas Cylinder Tank Rental Fees	25.80
76284	11/19/2024	12/05/2024	Monterey Bay Analytical Services	Laboratory Testing	999.00
76285	11/04/2024	12/05/2024	CSC of Salinas	General Operations/ Maintenance Supplies	128.74
76286	10/01/2024	12/05/2024	California Special Districts Association	Membership Renewal 01/2025 - 12/2025	9,627.00
76287	11/11/2024	12/05/2024	Carollo Engineers, Inc.	Bid Drawings - Gigling Rd Pipeline Replacement	9,951.25
76288	12/01/2024	12/05/2024	McGrath Rent Corp.	Locker Room Trailer Rental - Ord Office 12/2024	7,286.98
76289	11/12/2024	12/05/2024	Calcon Systems, Inc.	Intertie Communication Configuration - Well 9; SCADA Alarm Programming - Sea Haven Intertie, Blackhorse Reservoir; Control Circuit Rewire, VFD Tuning, Alarm Logic Changes - Well 11; Radio Communication Installation, Troubleshooting - A Reservoir; Troubleshoot/ Repair PLC, CI2 Flow Meter, Alarm Logic Changes - Well 10; Annual Software Subscriptions 10/23/24 - 10/23/25	14,252.50
76290	10/10/2024	12/05/2024	Sturdy Oil Company	General Operations/ Maintenance Supplies	412.97
76291	11/05/2024	12/05/2024	East Bay Tire Co.	Tire Repair - Vehicle #2101	76.30
76292	11/06/2024	12/05/2024	Green Rubber-Kennedy AG, LP	General Operations/ Maintenance Supplies	59.41
76293	11/06/2024	12/05/2024	U.S. Bank Corporate Payment Systems	(2) Flume Smart Home Water Monitors - Ord/ IOP Offices; (50) Sling Backpacks, (25) Laptop Totes - All Staff; Awards, Supplies - Chili Cook Off; 30-gallon Air Compressor, General Operations/ Maintenance Supplies; IT/ Computer Supplies; Monthly/ Annual Software Services; General Supplies	13,038.54
76294	11/14/2024	12/05/2024	Marina Tire & Auto Repair	Tire Rotation, Oil Change - Vehicle #2304	128.40
76295	11/25/2024	12/05/2024	U.S. Bank National Association	IOP Office Copier Lease 11/20 - 12/19	287.34
76296	11/30/2024	12/05/2024	ICONIX Waterworks (US), Inc.	(2) Ball Valves - Johnson Pl; Air Release Valve - C Zone Line; Flange Reducer - Well 12; Gate Valve, DI Spool, (2) Couplings, PVC Pipe, Supplies - Seaside Middle School; Service Line Crimp Tools, (2) Hydrant Extensions, Bolt Up Kits, General Operations/ Maintenance Supplies	10,275.56
76297	09/12/2023	12/05/2024	Eurofins Eaton Analytical, LLC	Laboratory Testing	1,500.00
76298	11/14/2024	12/05/2024	Rexel USA, Inc.	(8) PLC Modules, Motor Vibration Tester	8,874.76
76299	11/20/2024	12/05/2024	Western Exterminator Company	Pest Control - Beach Office 11/2024	119.60
76300	11/22/2024	12/05/2024	AT&T	Phone and Alarm Line Services 11/2024	152.45
76301	10/16/2024	12/05/2024	Simpler Systems, Inc.	Datapp Creation - Sewer Only Accounts	345.95
76302	12/01/2024	12/05/2024	Pure Janitorial, LLC	Janitorial Service - MCWD, BLM Offices 11/2024	5,470.00
76303	09/18/2024	12/05/2024	Irrigation Association	2025 Annual Membership	515.00
76304	11/01/2024	12/05/2024	Verizon Communications, Inc.	GPS Service - (35) Fleet Vehicles 08/2024 - 10/2024	1,398.89

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
76305	11/15/2024	12/05/2024	Ferguson Enterprises, Inc.	Brass Waterworks Supplies, General Operations/ Maintenance Supplies	9,072.64
76306	11/25/2024	12/05/2024	WEX Bank	Fleet Gasoline 11/2024	4,744.50
76307	10/31/2024	12/05/2024	AutoZone Parts, Inc.	General Operations/ Maintenance Supplies	44.14
76308	12/01/2024	12/05/2024	The Ferguson Group, LLC	Grant Writing and Legislative Advocacy 12/2024	1,700.00
76309	11/22/2024	12/05/2024	Handyman 831	Cubicle Assembly - IOP Office	1,163.75
76310	11/14/2024	12/05/2024	Interstate Battery of San Jose	General Operations/ Maintenance Supplies	152.80
76311	11/20/2024	12/05/2024	T-Mobile	Cellular Services 09/19 - 10/18	765.70
76312	11/12/2024	12/05/2024	InfoSend, Inc.	Maintenance/ IVR Transaction Fees, Customer Billing Statements 10/2024	7,100.45
76313	11/25/2024	12/05/2024	PACE Supply Corp	(34) Repair Clamps, (16) Pipe Saddles	13,670.45
76314	09/29/2017	12/05/2024	California Debt and Investment Advisory Commission	CDIAC Reporting Fee - RUWAP 2017 Loan Agreement	2,000.00
76315	07/20/2023	12/05/2024	Customer Service Refund	Refund Check - 18447 McClellan Cir (Check Re-Issue)	40.00
76316	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 3348 Abdy Way	67.17
76317	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 117 General Stilwell Dr	1,290.50
76318	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 3002 Liberty Ct	135.35
76319	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 2713 3rd Ave	35.29
76320	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 21231 Ord Ave #313	57.60
76321	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 3039 Marina Dr #6	174.67
76322	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - Hydrant Meter	2,180.74
76323	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 3206 Tallmon St	44.84
76324	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 259 Young Cir	26.50
76325	11/20/2024	12/05/2024	Customer Service Refund	Refund Check - 277 Viking Ln	500.00
76326	11/27/2024	12/16/2024	Quinn Company	Generator PM Service - Crescent LS	1,098.83
76327	11/21/2024	12/16/2024	Quinn Company	General Operations/ Maintenance Supplies	569.37
76328	11/27/2024	12/16/2024	PG&E	Gas and Electric Service 11/2024	120,650.32
76329	10/31/2024	12/16/2024	Schaaf & Wheeler	Bid/ Construction Phase Support - ATW Irrigation Connections at Armstrong Ranch; Construction Phase On-Call Engineering Services - A1/A2 Tanks B/C Booster; Design Phase - B2 Zone Tank, Tate Park LS; Developers (Dunes 2 North, Dunes 2 West, Dunes 3 Backbone, Enclave Phase 4, Marina Station, Seapointe Apartments)	65,627.51
76330	11/26/2024	12/16/2024	Monterey Bay Analytical Services	Laboratory Testing	440.00
76331	12/06/2024	12/16/2024	Harris & Associates	Developers (Campus Town, Dunes 1B Promenade, Dunes 2 West, Dunes 3 North, Enclave at Cypress Grove, Enclave Phase 3 and 4, Marina Station, VTC Lightfighter Village)	66,798.74
76332	11/27/2024	12/16/2024	Orkin Pest Control	BLM/ IOP Pest Control 11/2024	227.00
76333	10/16/2024	12/16/2024	SWRCB	Recycled Water Review Fees 07/2023 - 06/2024	5,751.00
76334	11/30/2024	12/16/2024	ECAM Secure	Monthly Security Fees - Ord Wastewater Treatment Facility	1,218.50
76335	11/21/2024	12/16/2024	Green Rubber-Kennedy AG, LP	General Operations/ Maintenance Supplies	302.96
76336	11/26/2024	12/16/2024	Marina Tire & Auto Repair	Oil Change - Vehicle #1235	87.27

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
76337	11/05/2024	12/16/2024	Edges Electrical Group, LLC	General Operations/ Maintenance Supplies	191.21
76338	11/08/2024	12/16/2024	Griffith, Masuda & Hobbs	Legal Services 10/2024	37,572.39
76339	11/22/2024	12/16/2024	EKI Environment & Water, Inc.	Monterey Subbasin GSP Implementation; Regional Seawater Intrusion Model Updates 10/2024	45,916.75
76340	11/25/2024	12/16/2024	HPS West, Inc.	8" SS Octave Meter, Encoder Module, Pit Unit - Sunbay Apartments	6,308.27
76341	11/19/2024	12/16/2024	Affinity Engineering Inc.	Design of Electrical Panels - Reservation Rd Desal Plant	36,440.00
76342	12/03/2024	12/16/2024	Conservation Rebate Program	3080 Abrams Dr - Washer Rebate	100.00
ACH	10/10/2024	12/19/2024	Solinst Canada Ltd	Calibration Solution; Water Level Meter - Monitoring Equipment	1,475.99
76343	11/30/2024	12/19/2024	Ace Hardware of Watsonville, Inc.	General Operations/ Maintenance, Meter Reader Supplies	598.70
76344	12/09/2024	12/19/2024	PG&E	Electric Service 11/2024	2,337.77
76345	11/18/2024	12/19/2024	Petty Cash	Replenishment of Funds	62.28
76346	09/05/2024	12/19/2024	Monterey Peninsula Engineering	Imjin Pkwy Widening Project - 8" Straight Line Repair	23,931.00
76347	11/18/2024	12/19/2024	Verizon Wireless	Cell Phone Service 11/2024	565.05
76348	09/17/2024	12/19/2024	Anderson Pacific Engineering Construction, Inc.	A1/A2 Tanks B/C Booster - Construction Pmt #32	483,225.48
76349	12/13/2024	12/19/2024	Federal Express	Sample Testing - Shipping Charges	256.34
76350	12/05/2024	12/19/2024	Maggiore Bros Drilling	RDP Comprehensive Desal Improvements - Armstrong Ranch; Locate Existing Water Well - Reservation Rd Desal Plant; Video Log - Wells 1, 3, 4, 8a	33,145.00
76351	12/03/2024	12/19/2024	Pitney Bowes, Inc. (Supplies)	Red Fluorescent Ink Cartridge	136.01
76352	11/20/2024	12/19/2024	SWRCB	A1/A2 Tanks Construction Permit 07/01/24 - 06/30/25	1,051.00
76353	11/28/2024	12/19/2024	O'Reilly Automotive Stores, Inc.	General Operations/ Maintenance Supplies	98.25
76354	11/11/2024	12/19/2024	Whitson Engineers	Inter-Garrison Rd Pipeline Upsizing - Land Surveying and Engineering	6,160.00
76355	12/04/2024	12/19/2024	Monterey Bay Technologies, Inc.	IT Support Services 11/2024; Printer - Finance; Surface Pro 10 Tablet, Accessories - Engineering	6,321.60
76356	12/04/2024	12/19/2024	Eurofins Eaton Analytical, LLC	Refund Payment	300.00
76357	12/05/2024	12/19/2024	Everbank, N.A.	Ord Office Copier Lease 12/2024	251.28
76358	11/30/2024	12/19/2024	Iron Mountain, Inc.	Shredding Service 11/2024	564.12
76359	10/02/2024	12/19/2024	Irrigation Association	2025 Certification Renewal	75.00
76360	11/14/2024	12/19/2024	Psomas	Construction Management - A1/A2 Tanks B/C Booster	31,546.45
76361	12/06/2024	12/19/2024	The Ferguson Group, LLC	FY 2024/ 2025 WaterSMART Drought Resiliency Grant Writing	18,700.00
76362	11/21/2024	12/19/2024	T-Mobile	Cell Phone Service 11/2024; Cell Phone - DAS	2,804.34
76363	12/03/2024	12/19/2024	Aquatic Informatics, Inc.	Annual Software Subscription 08/21/24 - 08/20/2025	14,373.29
76364	10/28/2024	12/19/2024	Shea Homes Limited Partnership	Reimbursement Agreement - Coe Ave Water Pipeline/ Enclave Coe Ave	80,070.98
76365	11/08/2024	12/19/2024	Meter Group, Inc	Annual Software Subscription 09/18/24 - 09/17/25	244.00
ACH	12/06/2024	12/06/2024	Payroll Direct Deposits	Payroll Ending 11/29/2024	155,328.96
ACH	12/06/2024	12/06/2024	CalPERS	Payroll Ending 11/29/2024	38,794.04
ACH	12/06/2024	12/06/2024	Empower Retirement	Payroll Ending 11/29/2024	14,981.67
ACH	12/06/2024	12/06/2024	Internal Revenue Service	Payroll Ending 11/29/2024	61,446.09
ACH	12/06/2024	12/06/2024	State of California - EDD	Payroll Ending 11/29/2024	15,139.40
ACH	12/06/2024	12/06/2024	WageWorks, Inc.	Payroll Ending 11/29/2024	1,299.16

Check No	Invoice Date	Check Date	Vendor Name	Description	Amount
501823	12/06/2024	12/06/2024	Teamsters Local Union No. 856	Payroll Ending 11/29/2024	688.00
501824	12/04/2024	12/16/2024	ACWA/ JPIA	Medical, Dental, Vision, EAP Insurance 01/2025	100,475.52
501825	11/26/2024	12/19/2024	City of Marina	Refund Payment	10.91
501826	11/25/2024	12/19/2024	AFLAC	Employee Paid Benefits 11/2024	1,781.22
501827	11/18/2024	12/19/2024	Transamerica Life Insurance Company	Employee Paid Benefits 11/2024	313.96
ACH	12/20/2024	12/20/2024	Payroll Direct Deposits	Payroll Ending 12/13/2024	161,153.46
ACH	12/20/2024	12/20/2024	CalPERS	Payroll Ending 12/13/2024	39,180.62
ACH	12/20/2024	12/20/2024	Empower Retirement	Payroll Ending 12/13/2024	14,011.27
ACH	12/20/2024	12/20/2024	Internal Revenue Service	Payroll Ending 12/13/2024	60,269.23
ACH	12/20/2024	12/20/2024	State of California - EDD	Payroll Ending 12/13/2024	15,123.47
ACH	12/20/2024	12/20/2024	WageWorks, Inc.	Payroll Ending 12/13/2024	1,299.16
501828 - 501829	12/31/2024	12/31/2024	Board Compensation Checks and Direct Deposit	Board Compensation 11/2024	230.85
ACH	12/31/2024	12/31/2024	Internal Revenue Service	Board Compensation 11/2024	38.30
501830	11/18/2024	12/31/2024	Calif-Nevada Section, AWWA	Cross-Connection Specialist Renewal	125.00
501831	11/05/2024	12/31/2024	CWEA - Monterey Bay Section	Membership Renewal	239.00
501832	12/10/2024	12/31/2024	Board Reimbursement	Gas/ 2024 ACWA Fall Conference	101.00
Total Disbursements for December 2024					2,131,123.17

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 9-B

Meeting Date: January 22, 2025

Prepared By: Paula Riso

Approved By: Remleh Scherzinger, PE

Agenda Title: Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of December 16, 2024

Staff Recommendation: Approve the draft minutes of the December 16, 2024 regular joint Board/GSA meeting.

Background: *Strategic Plan, Mission Statement – Marina Coast Water District delivers safe and environmentally sustainable water, recycled water, and wastewater services that meet community needs.*

Discussion/Analysis: The draft minutes of December 16, 2024 are provided for the Board to consider approval.

Environmental Review Compliance: None required.

Legal Counsel Review: None required.

Climate Adaptation: Not applicable.

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

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

Material Included for Information/Consideration: Draft minutes of December 16, 2024.

Action Required: Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____



Marina Coast Water District

Marina Coast Water District

Regular Board Meeting/Groundwater Sustainability Agency Board Meeting
December 16, 2024

Draft Minutes

1. Call to Order:

President Morton called the meeting to order at 6:02 p.m. on December 16, 2024 at 920 2nd Avenue, Suite A, Marina, California; and, via Zoom teleconference.

2. Administer the Oath of Office:

Mr. Remleh Scherzinger, General Manager, administered the Oath of Office to Thomas P. Moore and Stacey Smith.

3. Roll Call:

Board Members Present:

Gail Morton – President
Jan Shriner – Vice President
Brad Imamura
Thomas P. Moore
Stacey Smith

Board Members Absent:

None.

Staff Members Present:

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

Audience Members:

Andy Sterbenz, Schaaf & Wheeler Consulting Civil Engineers
Yohana Vargas, Monterey One Water
Herbert Cortez and Family

4. Pledge of Allegiance:

Director Smith led everyone present in the pledge of allegiance.

5. Election of Board President and Vice President for 2025:

Director Moore nominated Director Morton for President, and Director Shriner for Vice President. Director Smith seconded the nomination. The nomination was passed by the following vote:

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

6. Presentation:

A. Adopt Resolution No. 2024-62 to Recognize Herbert Cortez for 8 Years of Outstanding and Dedicated Service as a Director to the Marina Coast Water District:

Mr. Scherzinger introduced this item thanking Mr. Cortez for his outstanding dedication and distinguished service to the District as a Director for the last 8 years.

Director Moore made a motion to adopt Resolution No. 2024-62 to recognize Herbert Cortez for 8 Years of outstanding and dedicated service as a Director to the Marina Coast Water District. Director Morton seconded the motion.

Mr. Derek Cray, Operations and Maintenance Manager, voiced his appreciation of Mr. Cortez's service and consideration of District employees during his tenure.

Mr. Garrett Haertel, District Engineer, thanked Mr. Cortez for his assistance with setting up the intern program and thanked him for his honesty and insight when dealing with District matters. He also thanked him for the great chili cook-off fun.

Ms. Mary Lagasca, Director of Administrative Services, thanked Mr. Cortez for his support of staff and the tough questions he asked to better understand.

Mr. Roger Masuda, Legal Counsel, thanked Mr. Cortez for his service over the last 8 years and looked forward to Mr. Cortez returning at some point in the future.

Mr. Patrick Breen, Water Resources Manager, echoed everything already said and added that Mr. Cortez is a great example of showing what a Director's role should be, defending the District and asking the right questions to protect the customers as well.

Ms. Paula Riso, Executive Assistant/Clerk to the Board, thanked Mr. Cortez for his dedication and commitment to the District and support of staff. She also thanked him for his invaluable insight and looked forward to continuing to stay in touch.

Agenda Item 6-A (continued):

Mr. Scherzinger thanked Mr. Cortez for hiring him and being the hiring Board. He also mentioned the Dad's Read event where Mr. Cortez read for the children and brought the District into the light for the community to see. Mr. Scherzinger commented that Mr. Cortez has an emotional intelligence and is able to read a lot into how people take things. He added that moving another chili champion off the table is beneficial for him and increases his chances at a win.

Director Imamura commented that he was fortunate enough to sit on the Board with Mr. Cortez and hopes to get to know him better as a citizen in the future.

Director Smith commented that she has big shoes to fill but does cook chili and is eager for the next cook-off.

Director Moore commented on how impressed he was with how quickly, when Mr. Cortez came on board, he dug in to learn about the District's technical and financial aspects. He also was impressed with Mr. Cortez's humility and willingness to fight for the customers and thanked him for his valuable insights over the years.

Vice President Shriner thanked Mr. Cortez for his impeccable leadership and how he was always focused in a positive direction. She added that she was impressed with his commitment to family as well as the District.

President Morton stated that Mr. Cortez is an outstanding leader and agreed that he has an emotional intelligence which has helped her see things from a different perspective. She added that he also has wisdom that he innately cultivated throughout his life and his family should be very proud of him. President Morton said she was grateful to have him on the Board while going through some of difficult decision making including the rate study and strategic plan.

The motion was passed by the following vote:

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

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

President Morton presented Mr. Cortz with a plaque and signed resolution.

7. Public Comment on Closed Session Items:

There were no comments made.

President Morton recessed the meeting from 6:30 to 6:35 p.m.

The Board entered into closed session at 6:35 p.m. to discuss the following items:

8. Closed Session:

- A. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Existing Litigation
Name of Case/Claimant – Peter Le
- B. Pursuant to Government Code 54956.9(d)(2)
Conference with Legal Counsel – Initiation of Litigation
Two Potential Cases
- C. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Existing Litigation
Marina Coast Water District, and Does 1-100 v, County of Monterey, Monterey County Board of Supervisors, and Does 101-110 (California-American Water Company, Real Party in Interest), Monterey County Superior Court Case No. 19CV003305 (Petition for Writ of Mandate and Complaint for Injunctive Relief); Superior Court of California County of San Francisco Case No. CGC-15-546632

The Board ended closed session at 7:40 p.m. President Morton reconvened the meeting to open session at 7:42 p.m.

9. Reportable Actions Taken During Closed Session:

President Morton stated that with regards to Agenda Item 8-A, the Board voted unanimously to reject the claim. She added that there were no other reportable actions taken in closed session.

10. Oral Communications:

No comments were made.

11. Consent Calendar:

Director Moore made a motion approve the Consent Calendar consisting of items: A) Receive and File the Check Register for the Month of November 2024; B) Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of November 18, 2024; C) Receive the Validated 2023 Water Loss Audit Report and 2023 Level 1 Validation Review Documents; and, D) Approve the Proposed Regular Board/GSA Meeting and Workshop Meeting Schedule for 2025. Vice President Shriner seconded the motion. Director Smith stated she wanted to abstain from Item 11-B. Director Moore amended his motion to approve the Consent Calendar consisting of items: A) Receive and File the Check Register for the Month of November 2024; C) Receive the Validated 2023 Water Loss Audit Report and 2023 Level 1 Validation Review Documents; and, D) Approve the Proposed Regular Board/GSA Meeting and Workshop Meeting Schedule for 2025.

Agenda Item 6-A (continued):

Vice President Shriner seconded the amended motion. The amended motion was passed by the following vote:

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

B. Approve the Draft Minutes of the Regular Joint Board/GSA Meeting of November 18, 2024:

President Morton made a motion to approve the draft minutes of the regular Joint Board/GSA meeting of November 18, 2024. Director Moore seconded the motion. The motion was passed by the following vote:

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

12. Action Items:

A. Consider Adoption of Resolution No. 2024-63, Authorizing the District to Refund (Refinance) the Outstanding 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax Exempt Series A, with Tax-Exempt Obligations in the Estimated Amount of \$19,620,000, Appointing Jones Hall as Bond Counsel and Disclosure Counsel, and Fieldman Rolapp & Associates as Financial Advisor:

Ms. Lagasca introduced this item noting that there is a potential savings of approximately \$190,000 annually in bond interest. The Board asked clarifying questions.

Director Moore made a motion to adopt Resolution No. 2024-63, Authorizing the District to Refund (Refinance) the Outstanding 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax Exempt Series A, with Tax-Exempt Obligations in the Estimated Amount of \$19,620,000, Appointing Jones Hall as Bond Counsel and Disclosure Counsel, and Fieldman Rolapp & Associates as Financial Advisor. Vice President Shriner seconded the motion. The motion was passed by the following vote:

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

B. Adopt Resolution No. 2024-64 to Amend the FY 2024-2025 Capital Improvement Program Budget:

Mr. Haertel introduced this item explaining the projects identified and how they will be funded.

Director Imamura made a motion to adopt Resolution No. 2024-64 to amend the FY 2024-2025 Capital Improvement Program Budget. Vice President Shriner seconded the motion. The motion was passed by the following vote:

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

C. Make Director Appointments to Standing Committees of the Board and to Outside Agencies for 2025, and as Negotiators to any Ad Hoc Committees of the Board:

Following discussion, President Morton suggested the following appointments for 2025:

1.	Executive Committee	Morton, Shriner
2.	Budget and Engineering Committee	Morton, Shriner – Moore as Alternate
3.	Community Outreach Committee	Imamura, Smith – Moore as Alternate
4.	Joint City/District Committee	Morton, Smith – Imamura as Alternate

Appointments to outside agencies:

1.	MIW	Moore – Shriner as Alternate
2.	LAFCO	Smith – Moore as Alternate
3.	JPIA	Moore – Smith as Alternate
4.	MCWD/SVBGSA Steering Committee	Morton – Shriner as Alternate
5.	SDA	Shriner – Imamura, Moore, Smith, and Morton as Alternates

Climate Action Plan Ad Hoc Committee	Imamura – Smith as Alternate
--------------------------------------	------------------------------

Director Moore made a motion to approve the proposed appointments for 2025. Vice President Shriner seconded the motion. The motion was passed by the following vote:

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

13. Informational Items:

A. General Manager’s Report:

Agenda Item 13-A (continued):

Mr. Scherzinger reported the following:

1. praises to the Operations and Maintenance department for their outstanding service to this community over the last three days and the operational position the District put ourselves in with regards to PG&E power outages and being proactive in purchasing the generators. Also kudos to the outstanding inspection results from the Department of Drinking Water;
2. recently attended the ACWA Conference and was able to meet up with some important contacts. Found out that there was a significant amount of money coming available soon from the State that the District could apply for. Met with to the Salinas Valley GSA and Water Resources Agency General Manager and pointed out that his organization was deficient in submitting their agricultural water master plan;
3. rain gauges are showing we are at 103% of rainfall for the year;
4. Water Resources Department is completing the Year End Water Allocations for all jurisdictions supplied by the District;
5. Senior Management is working on developing the Action Plans for the Board's Strategic Plan;
6. construction has begun on the B Side of the District office.

B. Committee and Board Liaison Reports:

1. Executive Committee:

President Morton gave a brief update.

2. M1W Board Member Liaison:

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

14. Board Member Requests for Future Agenda Items:

Director Imamura asked for information on staffing issues and also to canvas other agencies to see what they have in their perspective budgets for Board member conference attendance.

15. Director's Comments:

Director Imamura gave a report on his attendance at the ACWA Conference, Director Moore, Director Smith, Vice President Shriner, and President Morton made comments.

16. Adjournment:

The meeting was adjourned at 9:14 p.m.

APPROVED:

Gail Morton, President

ATTEST:

Paula Riso, Deputy Secretary

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 9-C

Meeting Date: January 22, 2025

Prepared By: Garrett Haertel, PE

Approved By: Remleh Scherzinger, PE

Agenda Title: Capital Improvement Program – Project Update Report

Staff Recommendation: Receive quarterly project update report on the current Capital Improvement Program (CIP).

Background: *Strategic Plan, Goal No. 4 – INFRASTRUCTURE: Reliable, Cost-Effective, and Sustainable Facilities and Properties. OBJECTIVE 4.1: A comprehensive plan guides long-term, cost-effective renewal, replacement, usage, and development of District facilities and properties; and, OBJECTIVE 4.2: The comprehensive, long-term facility plan is funded.*

The FY 2024-2025 Budget approved by the Board of Directors included improvements and expansion plans for existing water, recycled water, and wastewater collection systems. The following CIP update report provides project lists currently in design/construction based on the Board adopted annual budget.

Projects listed include details on service area and system. For reference, the project number contains an identifier prefix for the appropriate cost center. The prefixes include:

- District-wide projects (WD) (Projects affecting all cost centers),
- General Water (GW) (General projects affect both service areas),
- Marina Water (MW),
- Ord Community Water (OW),
- General Sewer (GS) (General projects affect both service areas),
- Marina Sewer (MS),
- Ord Community Sewer (OS),
- Recycled Water (RW), and
- Groundwater Sustainability Agency (GA).

Discussion/Analysis: The attached CIP Project Status Report lists active projects with project number, title, description, justification and status of progression through design and construction.

Within the 2024-2025 fiscal year approved budget there are a total of 43 projects included. Of the 43 currently budgeted projects; 21 are renewal and replacement, 16 are engineering improvement, 2 are for current development, 1 is for Recycled Water and 3 are for the Groundwater Sustainability Agency. After the mid-year CIP Update in December 2024, 5 new projects were identified and added in the CIP program. In addition, District engineering staff are also working on 20 separate major development projects, 20 small development projects and the associated project review, coordination, and construction of infrastructure that has become or will become assets of the District.

During this quarter the largest project fully funded by the District within this fiscal year is the A1/A2 Tanks and B/C Booster Station project (GW-0112). The project consists of constructing

two 1.6-million-gallon tanks and a booster station. The project is located on the Cal State University Monterey Bay campus. The project is estimated to be brought online by April 2025.

The Tate Park Lift Station (MS-2401) has a completed design for a 2 million gallon per day lift station to service areas of northern Marina and the Marina Station Development. The City of Marina has agreed to the site location and negotiations are on-going regarding easements. Once easements have been finalized a reimbursement agreement will be executed with the Marina Station developers and construction can then commence. This lift station will, in addition to serving Marina Station, reduce the quantity of sewage flows west under California Highway 1 and near potential sensitive habitats.

Environmental Review Compliance: A majority of the projects will be submitting a California Environmental Quality Act (CEQA) Notice of Exemption (NOE); 4 projects will require an Environmental Impact Report (EIR).

Legal Counsel Review: None required.

Climate Adaptation: The District’s goal is to provide projects that address climate change and improve the District’s footprint on the environment. The myriad of FY2024-2025 CIP projects accomplishes this in several ways. The Solar Array Project moves the District towards more sustainable energy consumption. The alternative water supply projects and planning help to protect groundwater in Marina by reducing the amount of groundwater that must be extracted from the Salinas Valley Groundwater Basin, an aquifer that is vulnerable to seawater intrusion, drought and sea level rise associated with climate change. The ability to keep parks and public spaces green during drought conditions removes additional carbon from the atmosphere and provides a cooling effect on our communities, as well as habitat for local plant and animal species. Other water and wastewater system improvement projects provide overall system reliability and reduce the potential liability of impacts to the sensitive local environment and inefficient operation and overconsumption of resources.

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

Other Considerations: None.

Material Included for Information/Consideration: CIP Status Report.

Action Required: _____Resolution _____Motion X Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
1	WD-2401	IOP B Side Improvements Project	Complete the B-side suite at 920 Second Ave with board meeting rooms and offices	<ul style="list-style-type: none"> This project is needed to accommodate the consolidation of District staff locations and functions 	Construction	Magdaleno	<ul style="list-style-type: none"> Construction started on 12/16/24 Construction Estimated to be completed by 04/30/2025
2	WD-2405	Solar Array	New solar array at Second Ave office	<ul style="list-style-type: none"> Improve the Districts sustainable energy portfolio Potential to offset energy surplus costs 	Phase 1 Design – 80%	Gao	<ul style="list-style-type: none"> Overall system demand and potential microgrid customers being assessed and solicited. Phase 1 Construction (920 Building & Battery) estimated to start in March 2025
3	WD-2501	CIP Planning and Program Management Tool	Development of Improvement to program management tool for the CIP and Implementation efforts	<ul style="list-style-type: none"> Tracking and orderly data analysis of the CIP projects and implementation needs. Provides the District data and information to properly plan implement projects, resource allocation, and financial planning 	System Improvement	Haertel	<ul style="list-style-type: none"> Comprehensive CIP being updated and tool improvements implemented



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
4	WD-2503	PLC Replacement Project	<ul style="list-style-type: none"> Replace existing Programmable Logic Controllers that are no longer supported 	<ul style="list-style-type: none"> PLCs are the main control hardware for the pump stations Maintenance parts will be challenging to obtain following 2024 	Construction – 80%	Cray	<ul style="list-style-type: none"> Water portion is at 90% completion Full project will be completed by June 2025
5	WD-2308.2	SCADA Improvements Project (Phase 2)	<ul style="list-style-type: none"> Includes: upgrade InTouch and interference screens, add pressuring, pump efficiency, power monitoring, new switches and alarms at multiple sites, chlorine dosing capabilities, cellular backup, alongside others 	<ul style="list-style-type: none"> Enhances remote monitoring and control capabilities to improve efficiency and risk management 	Procurement – 0%	Cray	<ul style="list-style-type: none"> Project Scope being finalized by Feb 2025
6	WD-2404	Security and Access Improvements Project	<ul style="list-style-type: none"> Installation of systems to improve outside and on-premises security 	<ul style="list-style-type: none"> Improve physical security to protect important data, confidential information, networks, software, equipment, facilities, assets, and personnel 	Construction- 20%	Espero	<ul style="list-style-type: none"> Project started Dec 2024 Estimated to be completed by June 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
7	GW-2504	Eastern Well Field Supply	Analyze and select alternative to improve system reliability and efficiency, to fill A Zone reservoirs, and provide a second supply source connection to East Garrison.	<ul style="list-style-type: none"> Project will begin the process of providing additional pumping to minimize supply availability issues potentially caused by infrastructure failure, water quality degradation, source availability, climate change, and other impacts 	Design – 50%	Bertrand	<ul style="list-style-type: none"> S&W started design October 2024 Project estimated to be completed by April 2025
8	GW-2505	Fire Hydrant Replacement Program	Replace fire hydrants through an annual program.	<ul style="list-style-type: none"> Existing hydrants are outdated, missing isolation valves, or are not the correct type (wet vs dry barrel) 	Design - 95%	Magdaleno	<ul style="list-style-type: none"> Project is estimated to bid by the end of Jan 2025 Award in Feb 2025 Construction to start Mar 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
9	GW-2507	MISC Booster Pumping Station Improvements	Conduct program improvements for renewal and replacement of infrastructure within existing booster stations	<ul style="list-style-type: none"> • Programmatic budgeting to provide Booster Pumping Station needs as identified to prevent systematic pump station failures over time. 	Design – 35%	Gao	<ul style="list-style-type: none"> • Project budget reallocated to ASP Booster Pump Station in Dec 2024 • Design to be completed and bid by end of Feb 2025 • Award in March 2025
10	GW-2508	Water Pipeline Renew/ Replacement Program	Replace failing and/or old pipeline through an annual program.	<ul style="list-style-type: none"> • Programmatic budgeting to provide Pipeline Replacement needs as identified to prevent systematic pipeline failures over time. 	Bidding – 30%	Bertrand	<ul style="list-style-type: none"> • Projects assessed and identified • Bidding is progress • Construction to start in Mar 2025
11	GW-2509	Well Rehabilitation	Rehabilitate wells on a programmatic approach to scrub and clean column, install new pumps, and other down-hole efforts as needed.	<ul style="list-style-type: none"> • Maintenance and renovation of wells maintain supply reliability 	Project Assessment	Bertrand	<ul style="list-style-type: none"> • Project budget reallocated to Well 12 rehabilitations in Dec 2024



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
12	GW-0112	Zone A Tank Improvements	<ul style="list-style-type: none"> Two 1.6 MG A-Zone storage tanks B/C – Zone BPS upgrade Associated piping and facilities California Ave Pipeline Installation 	<ul style="list-style-type: none"> This project will provide water storage for Zone A in the Ord Community and Central Marina. The B and C booster pumps will pump water from Zone A tanks to Zones B and C tanks. It will provide needed storage and fire flows for the community. 	Construction - 90%	Gao	<ul style="list-style-type: none"> Project is in start-up /testing phase Project estimated to be completed by April 2025
13	GW-0123	Zone B Tank 2 Project	<ul style="list-style-type: none"> Adjacent to existing Zone B storage tank Increase B-Zone storage capacity Existing CSUMB Easement 	<ul style="list-style-type: none"> This project is to complete tank & piping design and construction for the B2 Tank Project within existing CSUMB Easement 	Design – 90%	Gao	<ul style="list-style-type: none"> Design to be completed by the end of Jan 2025 Construction to start in April 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
14	GW-0378	Well 12 Rehabilitation	Initial investigation to identify and develop rehabilitation requirements	<ul style="list-style-type: none"> Well 12 needs rehabilitation in order to restart and prepare for full well utilization 	Project Assessment	Bertrand	<ul style="list-style-type: none"> Project is on hold for Marina Station construction water use Project to be revitalized in Q3 FY24-25
15	GW-2403	Comprehensive Desal Improvements	<ul style="list-style-type: none"> Initial phase addresses program partnering and preliminary system planning Design and Construction of brine line discharge system 	<ul style="list-style-type: none"> Reduce reliance on groundwater pumping Increase supply availability and resiliency Improved groundwater sustainability throughout Salinas Valley Subbasin 	Design and Planning – 60%	Gao	<ul style="list-style-type: none"> Potential Desalination Brine demand and feasibility assessment Overall Water Supply Portfolio Assessment
16	GW-2404	Reservation Rd. Desal Plant Renovation	Implement necessary renovations to enable operations	<ul style="list-style-type: none"> Adding desal supply into the District’s water supply portfolio Enhanced reliability and resilience 	Design and Planning – 30%	Gao	<ul style="list-style-type: none"> Intake Well Rehabilitation to start Feb 2025 Electrical Panel be delivered by July 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
17	GW-2310	Castroville Water Pipeline Intertie	<ul style="list-style-type: none"> Production of a 30% design for the potential alignment of water service pipelines extending the existing MCWD distribution network to the Castroville Community Services District (CCSD) and acquisition of grant funding being identified 	<ul style="list-style-type: none"> To complete an initial design of a pipeline with the determined alignment for water service pipelines extending MCWD's distribution system to CCSD. 	Design – 0%	Bertrand	<ul style="list-style-type: none"> Funding opportunities being identified
18	MW-0322	Water Pipeline in Lynscott from Carmel to Reservation	<ul style="list-style-type: none"> This project includes replacing an existing 8" pipeline with a new 12" pipeline (approx. 1,725LF) 	<ul style="list-style-type: none"> This pipeline is intended to service the Downtown Vitalization Specific Plan 	Project Assessment	Magdaleno	<ul style="list-style-type: none"> Project deemed unnecessary Project funding to be transferred to Bayer Street Water Pipeline project
19	MW-0321	Water Pipeline In California Ave from Patton Parkway to Reindollar Ave	<ul style="list-style-type: none"> This project includes replacing an existing 12" pipeline (approx. 1,225LF) 	<ul style="list-style-type: none"> This pipeline is intended to service the Downtown Vitalization Specific Plan 	Design 30%	Magdaleno	<ul style="list-style-type: none"> Project design to be completed by the end of Feb 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
20	OW-0201	Gigling Road Water Pipeline Replacement	<ul style="list-style-type: none"> This project is to replace an existing 12" pipeline ~2,300 LF due to poor condition 	<ul style="list-style-type: none"> This project is to replace the pipeline segment that has been subject to numerous repairs. 	Design – 90%	Gao	<ul style="list-style-type: none"> Bid by the end of Jan 2025 Construction to start in Apr 2025
21	OW-0330	Paint Reservoir 2 Exterior	<ul style="list-style-type: none"> Recoat tank exterior to extend asset useful life 	<ul style="list-style-type: none"> Existing coating is failing and needs to be redone to improve protection from corrosive environment and extent life of asset 	Design – 90%	Bertrand	<ul style="list-style-type: none"> Design completed by end of Feb 2025 Construction to start in April 2025
22	OW-0340	McClure Road Water Pipeline	<ul style="list-style-type: none"> This project consists of a new 12" pipeline ~1,460LF. This pipeline is intended to serve portions of the Seaside resort development and to tie-in the existing water infrastructure in Fairway Dr. 	<ul style="list-style-type: none"> This project is needed to service the Seaside golf course and residential project elements. Improve pressure and flows 	Construction -90%	Racz	<ul style="list-style-type: none"> Construction to be completed in Feb 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
23	OW-2401	Corp Yard Demo and Rehabilitation	Supplemental blight removal and rehabilitation of buildings	Project is to remove/repair existing facilities at Corporation Yard. Project will decrease safety risk to staff associated with deteriorating buildings	Bidding – 90%	Bertrand	<ul style="list-style-type: none"> Demo to start in Mar 2025
24	OW-2402	Ord Wastewater Treatment Plant Blight Removal	Demolish Ord Wastewater Treatment Facility and remove blighted buildings	This project honors commitments to State Parks, FOR A, and local community	Bidding – 90%	Bertrand	<ul style="list-style-type: none"> Demo to start in Mar 2025
25	OW-2421	Inter-Garrison Rd Pipeline Upsizing	<ul style="list-style-type: none"> Construct new 18-inch pipeline segment to complete piping alignment upsizing Schoonover to East Garrison Approximately 1,800 LF 	<ul style="list-style-type: none"> Improves reliability of fire flows for East Garrison Community Existing pipe is outdated and undersized 	Design – 90%	Gao	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Apr 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
26	OW-0341	Coe Ave Water Pipeline Upsizing	<ul style="list-style-type: none"> the District was planning to replace the aging water main 1,080- foot section of pipeline adjacent to Coe Avenue west of General Jim Moore Boulevard within the public right-of-way and add a pressure reducing valve (PRV) station to provide service to Seaside Resort 	<ul style="list-style-type: none"> Having the Developer increase the water main pipe size and install a new PRV station to accommodate existing and future demands within Coe Avenue 	Construction – 95%	Racz	<ul style="list-style-type: none"> Funding to be reallocated to FY 2024-2025 to close the reimbursement contract.
27	OW-2420	Imjin Parkway Widening -Water Improvement	<ul style="list-style-type: none"> In concert with the City of Marina’s roadway widening project, MCWD coordinated to replace the water main crossing the parkway near Preston Drive serving the Army Reserve and Don Chapin properties. 	<ul style="list-style-type: none"> Project is to remove/repair existing facilities in concert with City’s roadway improvement project 	Construction – 95%	Racz	<ul style="list-style-type: none"> The segment crossing the westbound lanes was completed the previous FY, and the segment crossing the eastbound lanes was completed in October 2024.



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
28	OW-2501	ASP Booster Pump Station Improvement	<ul style="list-style-type: none"> The ASP Booster Station is part of the Marina Coast Water District (MCWD, District) water system located at the corner of Sloat Street and Watkins Gate Road in East Garrison. 	<ul style="list-style-type: none"> The pump station has been offline for over 17 years. The building and the equipment inside show minor signs of distress, however the equipment's overall performance is unknown since no records exist from 43 when it was previously in operation. 	Design – 15%	Gao	<ul style="list-style-type: none"> Bid Set design due March 2025 Construction contract award in May 2025
29	OW-2502	Patton Pkwy Loop Connector Pipeline	<ul style="list-style-type: none"> This project involves the design of a water main to complete the potable water loop system to better serve the Marina service area on Patton Parkway, from California Avenue to Del Monte Boulevard 	<ul style="list-style-type: none"> Staff recommends completing the design and construction of the water main alongside the City's project, as this approach will reduce costs and impacts to the community and environment. 	Planning – 50%	Gao	<ul style="list-style-type: none"> Design proposal due Feb 2025 Design complete by June 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
30	GS-2510	Lift Station Improvement Program FY24/25	<ul style="list-style-type: none"> Programmatic lift station renewal and replacement efforts to maintain successful operation 	<ul style="list-style-type: none"> Maintain operation and reduce risk of spills 	Design – 75%	Magdaleno	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Mar 2025
31	GS-2511	Sewer Pipeline Renew/ Replacement Program FY24/25	<ul style="list-style-type: none"> Replace failing and/or old pipeline through an annual program. 	<ul style="list-style-type: none"> Programmatic budgeting to provide Pipeline Replacement needs as identified to prevent systematic pipeline failures over time. 	Bidding – 30%	Bertrand	<ul style="list-style-type: none"> Projects assessed and identified Bidding is progress Construction to start in Mar 2025
32	GS-2512	Northeast Sewer Reroute to Interceptor	Study to investigation and assessment to rerouting sewer flows from east service area directly into the interceptor near Armstrong Ranch	<ul style="list-style-type: none"> Flow is currently routed towards western service area and then pumped back to the interceptor. Rerouting this flow may reduce energy cost, and infrastructure deterioration 	Design - 30%	Gao	<ul style="list-style-type: none"> Design report to be completed by March 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
33	GS-2401	Lift Station Wetwell Lining Program	Programmatic replacement or addition of wetwell lining at sewer lift stations.	<ul style="list-style-type: none"> Protects concrete from deterioration Severe deterioration can lead to failure of lift station 	Design – 75%	Magdaleno	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Mar 2025
34	GS-2531	Lift Station Wet Well Lining	Project created from Programmatic CIP	<ul style="list-style-type: none"> Protects concrete from deterioration Severe deterioration can lead to failure of lift station 	Design – 75%	Magdaleno	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Mar 2025
35	GS-2532	Lift Station Improvement Safety Grates	Project created from Programmatic CIP	<ul style="list-style-type: none"> Protects concrete from deterioration Severe deterioration can lead to failure of lift station 	Design – 75%	Magdaleno	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Mar 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
36	MS-0205	Replace Sewer Pipeline Reservation Road Near Crestview Court	This project includes the replacement of the existing 8" gravity main with new 10" gravity main, Approx 525LF	<ul style="list-style-type: none"> Increased size provide capacity for future peak wet weather flow 	Design – 0%	Bertrand	<ul style="list-style-type: none"> Project deemed unnecessary Budget planned to be allocated to Tate Park Lift Station
37	MS-2401	Tate Park LS	<ul style="list-style-type: none"> Installation of new sanitary sewer lift station and associated gravity and force mains. Proposed location is southwest corner of Tate park 	<ul style="list-style-type: none"> Needed to serve the Marina Station development and existing Central Marina customers Existing site is under sized and poorly located Location improves resiliency against climate change 	Design – 95%	Racz	<ul style="list-style-type: none"> Lift station designed, completing final station easement with City of Marina Construction to be done by Marina Station Developer
38	OS-0210	1 st Ave Gravity Main	<ul style="list-style-type: none"> Rehabilitation of the existing 30-inch sanitary sewer pipeline using CIPP trenchless technology 3,100 LF 	<ul style="list-style-type: none"> Existing pipeline is far outdated and in poor condition 	Design – 75%	Magdaleno	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Mar 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
39	OS-0218	Giggling Lift Station Replacement	This project includes replacement of the Giggling lift station and remaining portion of force main	<ul style="list-style-type: none"> • These improvements are intended to increase capacity of the existing force main and mitigate condition issues of the existing lift station 	On hold	Gao	<ul style="list-style-type: none"> • Project on hold awaiting Army Development Plans
40	OS-0348	Odor Control Program (Imjin parkway LS)	Conduct programmatic odor control activities as sites are identified.	<ul style="list-style-type: none"> • Ongoing programmatic odor control efforts reduce corrosive environments that deteriorate sewer infrastructure and efforts also address public concerns at identified location. 	Design – 60%	Magdaleno	<ul style="list-style-type: none"> • Design to be completed in Jan 2025 • Construction to start in Mar 2025
41	OS-0350	Imjin Parkway Sewer Manhole Rehab	Rehab manholes where Imjin force main breaks to gravity on Imjin along 3 rd to Abrams	<ul style="list-style-type: none"> • Hydrogen sulfide releases as flow breaks to gravity, corrodes and deteriorates existing manhole structures • Project will improve protection and extend asset life 	Design – 75%	Magdaleno	<ul style="list-style-type: none"> • Design to be completed in Jan 2025 • Construction to start in Mar 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
42	OS-2305	Manhole Rehab and Lining Lightfighter	Rehabilitate and line 21 sewer manholes along Lightfighter Ave	<ul style="list-style-type: none"> Manholes are deteriorated and need refurbishment to extend asset life 	Design – 75%	Magdaleno	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Mar 2025
43	OS-2420	Imjin Parkway Widening – Sewer Improvement	In concert with the City of Marina’s roadway widening project, MCWD coordinated to replace the water main crossing the parkway near Preston Drive serving the Army Reserve and Don Chapin properties.	<ul style="list-style-type: none"> Project is to remove several damaged sewer cleanouts prior to new roadway construction. 	Construction – 95%	Racz	<ul style="list-style-type: none"> Several repairs were made in the previous FY, and additional repairs are required in FY 2024-2025
44	RW-2401	ATW Irrigation Connection at Armstrong ranch	Construction of turnout off the RUWAP main	<ul style="list-style-type: none"> Allow access to recycled water at two locations Allow for early stage recycled water monitoring 	Design – 90%	Bertrand	<ul style="list-style-type: none"> Design to be completed in Jan 2025 Construction to start in Mar 2025



CIP Status Report

No	Project No.	Title	Description	Justification	Phase	PM	Status
45	GA-2513	Monitoring Well Water Quality Equipment	Purchase of water quality monitoring equipment to meet the GSA program needs	<ul style="list-style-type: none"> The District must implement its mission as the Groundwater Sustainability Agency 	Purchase	Gao	<ul style="list-style-type: none"> Project to be completed by Jun 2025
46	GA-2401	Indirect Potable Reuse Program – Sand Tank	<ul style="list-style-type: none"> Programmatic plan, design, and construction of indirect potable reuse system. 400LF of pipeline to connect to treated recycled water main, injection well, and appurtenances 	<ul style="list-style-type: none"> Current regulatory climate indicating direct potable reuse to be approved Project will increase water supply portfolio if DPR approved 	Project Assessment	Breen	<ul style="list-style-type: none"> Project grant funding opportunities being assessed Carollo to design abandonment plan and design for future injection site
47	GA-2402	Install Monitoring Wells	<ul style="list-style-type: none"> This project is a part of the Monterey Subbasin GSP in the Monterey/Ord management area to address monitoring data gaps in the area 	<ul style="list-style-type: none"> The project is needed to address GSP data gaps but to also analyze future feasibility of other projects that require future study of the aquifer system such as indirect potable reuse and/or aquifer storage and recovery 	Bidding – 30%	Gao	<ul style="list-style-type: none"> Construction to start in Mar 2025 Project to be completed by Jun 2025

Table: 6a
Marina Coast Water District
Capital Improvement Projects - arranged per CIP Update Report
as of 12/31/24

Summary by Project

	CIP No.	Project Name	Amended Budget	FY25 YTD Expense	Encumbrance	Balance	% Spent + Enc	Comments
1	WD-2401	IOP B SIDE IMPRV PROJ	1,650,000.00	45,243.56	33,457.05	1,571,299.39	5%	
2	WD-2405	SOLAR ARRAY						design and construction to coincide with completion of WD-2401 IOP B Side
3	WD-2501	CIP MGMT TOOL	28,000.00		28,000.00	-	100%	
4	WD-2503	PLC REPLCMT PROJ PH2	553,000.00	76,980.00	411,015.00	65,005.00	88%	
5	WD-2308.2	SCADA IMPROVEMENTS PH2	682,000.00			682,000.00	0%	
6	WD-2404	SECURITY ACCESS IMPROV	723,000.00	203,914.39	501,716.68	17,368.93	98%	
7	GW-2504	EASTERN WELL FIELD SUP	53,000.00	920.92	48,000.00	4,079.08	92%	
8	GW-2505	HYDRANT REPL FY24/25	138,000.00	4,176.72		133,823.28	3%	
9	GW-2507	BOOSTER IMPROV FY24/25*	135,000.00			135,000.00	0%	
10	GW-2508	PIPELINE RENEW FY24/25*	407,000.00			407,000.00	0%	
11	GW-2509	WELL REHAB FY24/25*	120,000.00			120,000.00	0%	
12	GW-0112	A1/A2 TANK B/C BSTR	8,350,000.00	1,362,537.04	57,581.52	6,929,881.44	17%	
13	GW-0123	B2 ZONE TANK	3,916,500.00	69,790.91	207,285.97	3,639,423.12	7%	
14	GW-0378	WELL 12 REHAB	211,000.00	4,341.17		206,658.83	2%	
15	GW-2403	RDP - COMPR DESAL IMP	628,000.00	61,342.70	90,446.25	476,211.05	24%	
16	GW-2404	RDP RES RD DESAL PLANT	1,985,000.00	56,026.40	79,870.00	1,849,103.60	7%	
17	GW-2310	CASTROVILLE PIPELINE	7,800,000.00			7,800,000.00	0%	Grant funded - grant not yet secured
18	MW-0322	PIPELINE LYNSCOTT	95,000.00	759.72		94,240.28	1%	
19	MW-0321	PIPELINE CA AVE	110,000.00	981.33		109,018.67	1%	
20	OW-0201	GIGLING TRANSM MAIN	1,286,000.00	27,218.00	26,864.40	1,231,917.60	4%	
21	OW-0330	PAINT RESERVOIR 2 EXTE	337,000.00	4,370.89		332,629.11	1%	
22	OW-0340	MCCLURE RD WATER PIPEL	675,000.00	2,498.13		672,501.87	0%	
23	OW-2401	FORA BLIGHT REMOVAL	472,000.00	1,811.11	8,000.00	462,188.89	2%	
24	OW-2402	OWTP BLDG REMOVAL FORA	444,000.00	2,799.39		441,200.61	1%	
25	OW-2421/GW-2401	INTER-GARRISON RD PIPE	1,050,000.00	10,175.27	82,040.00	957,784.73	9%	
26	OW-0341	COE AVE WATER PIPELINE UPSIZING	695,000.00	643,828.97		51,171.03	93%	
27	OW-2420	IMJIN PARKWAY WIDENING - WATER IMPVT	120,000.00	1,718.74		118,281.26	1%	
28	OW-2501	ASP BOOSTER PUMP STATION IMPVT	100,000.00	429.65	15,000.00	84,570.35	15%	
29	OW-2502	PATTON PKWY LOOP CONNECTOR PIPELINE	150,000.00			150,000.00	0%	
30	GS-2510	MISC LS IMPROV FY24/25*	-			-		
31	GS-2511	PIPELINE RENEW FY24/25*	946,000.00			946,000.00	0%	
32	GS-2512	NE REROUTE TO INTERCEP	105,000.00	3,170.94		101,829.06	3%	
33	GS-2401	LS WETWELL LINING PROG*	-			-		
34	GS-2531	LIFT STATION WET WELL LINING	95,000.00			95,000.00	0%	
35	GS-2532	LIFT STATION IMPVT SAFETY GRATES	160,000.00			160,000.00	0%	
36	MS-0205	PIPELINE RESRV RD CRST	347,000.00	1,522.58		345,477.42	0%	

Table: 6a
 Marina Coast Water District
 Capital Improvement Projects - arranged per CIP Update Report
 as of 12/31/24

Summary by Project

CIP No.	Project Name	Amended Budget	FY25 YTD Expense	Encumbrance	Balance	% Spent + Enc	Comments	
37	MS-2401	TATE PARK LIFT STATION	2,816,450.00	43,748.15	118,906.47	2,653,795.38	6%	
38	OS-0210	1ST AVE GRAVITY MAIN	345,000.00	2,629.08	24,165.00	318,205.92	8%	
39	OS-0218	GIGLING LS/ FORCE MN	210,000.00	407.00		209,593.00	0%	
40	OS-0348	ODOR CONTROL PROGRAM	190,000.00	1,885.90	29,700.00	158,414.10	17%	
41	OS-0350	IMJIN MANHOLE REHAB	158,000.00	4,495.75	8,055.00	145,449.25	8%	
42	OS-2305	MANHOLE REHAB LGHTFTR	145,000.00	6,086.01	16,110.00	122,803.99	15%	
43	OS-2420	IMJIN PARKWAY WIDENING - SEWER IMPVT	125,000.00	24,310.32		100,689.68	19%	
44	RW-2401	ATW IRRIGATION CONNECT	223,000.00	7,275.79	18,431.00	197,293.21	12%	
45	GA-2513	MONITORING EQUIPMENT	210,000.00	46,756.50		163,243.50	22%	
46	GA-2401	INDIRECT POTABLE REUSE	7,400,000.00			7,400,000.00	0%	Grant funded - grant not yet secured
47	GA-2402	INSTALL MONITORING WELL	1,650,000.00	13,466.35	27.10	1,636,506.55	1%	
		Grand Total	48,038,950.00	2,737,619.38	1,804,671.44	43,496,659.18	9%	

Less: Grant Funded Projects
 Adjusted CIP Budget

(15,200,000.00)

32,838,950.00

2,737,619.38

8%

1,804,671.44

Spent

28,296,659.18

14%

Spent + Encumbered

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 9-D

Meeting Date: January 22, 2025

Prepared By: Jack Gao, PMP

Approved By: Remleh Scherzinger, PE

Agenda Title: Adopt Resolution No. 2025-03 to Award a Contract for the Purchase of an Electrical Switchboard for the Reservation Road Desal Plant Renovation Capital Improvement Project

Staff Recommendation: The Board of Directors adopt Resolution No. 2025-03 to award a contract for the purchase of a new Electrical Switchboard in the amount not-to-exceed of \$157,431 from Aqua Sierra Controls Inc. and authorize the General Manager to sign all the necessary documents.

Background: *Strategic Plan, Mission Statement – Marina Coast Water District delivers safe and environmentally sustainable water, recycled water, and wastewater services that meet community needs. Strategic Plan, Goal No. 4 – INFRASTRUCTURE: Reliable, Cost-Effective, and Sustainable Facilities and Properties. OBJECTIVE 4.1: A comprehensive plan guides long-term, cost-effective renewal, replacement, usage, and development of District facilities and properties; OBJECTIVE 4.2: The comprehensive, long-term facility plan is funded.*

The Marina Coast Water District (District) owns and maintains the Reservation Road Desalination Plant located at 11 Reservation Rd, Marina, CA. The Marina Coast Water District intends to improve upon the District’s service supply, reliability, and resiliency through the renovation of this site and surrounding infrastructure. Upgrades to the site’s existing electrical switchboard are a necessary improvement to allow the plant to be brought back to fully operational status and act as a beneficial asset to the District and its customers.

Discussion/Analysis: The District requested proposals for the purchase of an electrical switchboard from six local vendors. Requests were sent to: Bay Power, Inc., Telstar Instruments, Aqua Sierra Controls, Inc., Tesco Controls, Bat Electric, and W.M. Lyles. In response, the District received proposals from four of the six vendors: Bay Power, Inc., Telstar Instruments, Aqua Sierra Controls, Inc., and Tesco Controls. Bids received ranged from \$90,351 to \$170,756 and 140 days to 392 days for delivery. These amounts are within the overall Capital Improvement Program (CIP) Project GW-2404 approved budget of \$1,985,000. Upon District review, it was determined that Bay Power, Inc. provided the lowest bid for the project followed by Aqua Sierra Controls, Inc.

Given that Bay Power’s proposed cost and lead time fell significantly below those of its competitors, an additional proposal review was carried out by Affinity Engineering and WRAAB to ensure the proposal meets all the District’s requirements. The resulting Technical Memorandum (Attachment 1) summarizes the recommendations made by Affinity Engineering and WRAAB stating that the apparent low bidder, Bay Power, Inc., was not considered to be responsive due to their proposal lacking required components. The review concluded that the lowest bidder, Bay Power, Inc., was considered non-responsive and recommended the lowest responsive bidder to be Aqua Sierra Controls, Inc.

Aqua Sierra Controls, Inc. provided the District with a complete proposal with an estimated total cost of \$157,431 and a lead time of 238 calendar days. This proposal contains the lowest total

purchase cost along with the shortest lead time when compared to the two other complete proposals. For this reason, the District has selected Aqua Sierra Controls, Inc. as the proposed vendor for this switchboard product purchase.

Environmental Review Compliance: None required.

Legal Counsel Review: None required.

Climate Adaptation: Not applicable.

Financial Impact: Yes No **Funding Source/Recap:** \$1,985,000 approved CIP Project Budget for the Reservation Road Desal Plant Renovation (GW-2404) for fiscal year 2024/2025.

Approved Budget:	\$1,985,000
Switchboard Cost:	\$(157,431)
Budget Remaining:	\$1,827,569

Other Considerations: None.

Material Included for Information/Consideration: Resolution No. 2025-03; and, Attachment 1 – Technical Memo.

Action Required: Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

January 22, 2025

Resolution No. 2025 - 03
Resolution of the Board of Directors
Marina Coast Water District
Award of Contract for the Purchase of an Electrical Switchboard for the
Reservation Road Desal Plant Renovation Capital Improvement Project (GW-2404)

RESOLVED by the Board of Directors ("Directors") of the Marina Coast Water District ("District"), a regular meeting duly called and held on January 22, 2025, at 920 Second Avenue Suite A, Marina, California, as follows:

WHEREAS, the District owns and maintains the Reservation Road Desalination Plant located at 11 Reservation Rd, Marina, CA; and,

WHEREAS, the District Board of Directors approved the Capital Improvement Program (CIP) Project Budget for the Reservation Road Desal Plant Renovation Project (GW-2404) in the amount of \$1,985,000; and,

WHEREAS, upgrading the existing electrical switchboard is a necessary foundational improvement to complete the scope of CIP Project GW-2404 and allow the plant to be brought back to fully operational status and act as a beneficial asset to the District and its customers; and,

WHEREAS, the District requested proposals from six local vendors for the purchase of an electrical switchboard; and,

WHEREAS, the District received four proposals in response; and,

WHEREAS, additional proposal review from Affinity Engineering and WRAAB determined the lowest bidder, Bay Power, to be non-responsive and Aqua Sierra Controls, Inc. to be the lowest responsible bidder; and,

WHEREAS, Aqua Sierra Controls, Inc. proposal was in the not-to-exceed amount of \$157,431; and,

WHEREAS, allocating \$157,431 of the overall CIP Budget of \$1,985,000 leaves a remaining \$1,827,569 of which can be used for the further renovation of the Reservation Road Desalination Plant; and,

WHEREAS, the District selected Aqua Sierra Controls, Inc. as the lowest bidder.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Marina Coast Water District does hereby:

1. Adopt Resolution No. 2025-03 to accept the proposal for the purchase of a new Electrical Switchboard from Aqua Sierra Controls, Inc. in the amount not-to-exceed \$157,431.
2. Authorize the General Manager to execute the order and to take all actions and execute all documents as may be necessary or appropriate to give effect to this resolution.

PASSED AND ADOPTED on January 22, 2025, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Gail Morton, President

ATTEST:

Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2023-03 adopted January 22, 2025.

Remleh Scherzinger, Secretary



TECHNICAL MEMORANDUM

To: Jack Gao, Marina Coast Water District
CC: Jim Crowley, P.E., Zanjero
 Garret Haertel, P.E., Marina Coast Water District
From: Jim Carson, P.E., Affinity Engineering Inc.
 Imran Saeed, P.E., WRAAB
Subject: MCWD – Reservation Road Facility
 Switchboard Upgrades Project – Non-Responsive Lowest Bidder
Date: December 31, 2024

This Technical Memorandum (TM) by Affinity Engineering (Affinity) and WRAAB summarizes the recommendation that the lowest bidder for the Reservation Road Facility (Facility) Main Electrical Service Switchboard Upgrades project (Project) was non-responsive.

Marina Coast Water District (MCWD) received bids for the Project. The Project consists of procuring a main electric service switchboard to replace the existing switchboard at the Facility. The apparent low bidder (Bay Power) bid \$90,350. The second lowest bidder (Aqua Sierra Controls) bid \$137,600. Affinity and WRAAB reviewed the bids and interviewed both bidders. Based on the review and interview, Affinity and WRAAB do not consider Bay Power to be responsive for the following reasons.

1. Shop drawings are required to be submitted in specification section 26 24 00-1.03.A but were not included in Bay Power's bid.
2. An FAT is required to be performed in specification section 26 24 00-3.01 but was not included in Bay Power's bid.

Based on the review and interview Affinity and WRAAB found the bid from Aqua Sierra Controls to be responsive since it complied with all specification requirements. Should MCWD agree with the recommendation, then the lowest responsive bidder is Aqua Sierra Controls.

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-A

Meeting Date: January 22, 2025

Prepared By: Mary Lagasca, CPA

Approved By: Remleh Scherzinger, PE

Agenda Title: Receive the Marina Coast Water District FY 2024-2025 Mid-Year Financial Report

Staff Recommendation: Receive the Marina Coast Water District Mid-Year Financial Report for FY 2024-2025.

Background: *Strategic Plan, Objective 3.3 – The Board receives understandable, timely, and up-to-date financial reports on an approved schedule.*

On June 17, 2024, the Board passed and adopted Resolution No. 2024-25 adopting the Marina Coast Water District Budget for FY 2024-2025.

Discussion/Analysis: The FY 2024-2025 Mid-Year Report summarizes the District's consolidated financial activities through December 31, 2024, comparing them to the adopted budget.

Summary:

The FY 2024-2025 Mid-Year Financial Report provides a detailed overview of the District's financial position, comparing actual financial activities through December 31, 2024, with the adopted budget. The report highlights the District's strong financial performance, showing revenues of \$18.9 million and total expenses of \$12.3 million, resulting in a net revenue of \$6.6 million.

Revenue Analysis:

The District's total revenue for FY 2024-2025 amounts to \$18.9 million, which is 33% of the adopted budget and 45% of the adjusted budget. The adjusted budget reflects adjustments attributed to a \$15.2 million grant for Capital Improvement Projects (CIPs), which has yet to be awarded, and year-end entries such as deferred revenue totaling \$204,000.

Notably, the District has already collected nearly 100% of planned revenue from plan check and permit fees, capacity fees, and interest income. Compared to the same period in FY2023-2024, revenue has increased by 4%, from \$18.2 million to \$18.9 million. Historically, the District collects most of its revenue during the third and fourth quarters of the fiscal year, and it is anticipated that revenue collection will align with budgeted projections by year-end.

Expenses:

The district's total expenses through December 2024 are \$12.3 million. This includes \$9.1 million in operating expenses, \$3.1 million for CIP and capital equipment, and \$57,000 in principal debt service payments.

Operating expenses through December 2024 total \$9.1 million, comprising \$4 million for salaries and benefits and \$5.1 million for departmental operating costs. Salaries and benefits of \$4 million account for 42% of its adjusted budget, reflecting a 15% increase from prior year. This increase is attributed to cost-of-living adjustments (COLA) specified in the memorandum of agreement

(MOU) with employees and the successful hiring efforts that significantly reduced vacant positions over the past year.

Departmental operating expenses of \$5.1 million represent 29% of its adopted budget, reflecting a notable 31% decrease from the prior year. This reduction is attributed to cost-saving initiatives, including lower expenses for consulting services, legal fees, and efficient management of utility costs. Additionally, a contributing factor to the decrease in departmental operating expenses is the unresolved liability to Monterey One Water for the Pure Water Monterey Project. The District is currently engaged in ongoing discussions with Monterey One Water to address invoice discrepancies and accounting issues, which the District is actively working to resolve.

Spending on Capital Improvement Projects (CIP) currently represents 8% of the adjusted budget, or 14% when including encumbered funds for ongoing and planned projects. While this level of expenses appears low at mid-year, it is not uncommon for CIP spending to be weighted toward the latter half of the fiscal year due to the timing of project approvals, procurement processes, and construction schedules.

The District anticipates a substantial acceleration in CIP spending in the coming months as projects move from planning and design phases into active construction and implementation. Efforts are underway to streamline project management and ensure the timely execution of key initiatives, including infrastructure upgrades and capital equipment procurement. These efforts are expected to bring CIP spending closer to the budgeted levels by the end of the fiscal year, supporting the District's long-term strategic objectives and addressing critical infrastructure needs.

Investments:

The District's investments continue to demonstrate strong performance, as reflected in the historical growth of its portfolio. As of December 2024, the investment portfolio reached \$46.8 million, compared to \$39.6 million in December 2023 and \$28.7 million in December 2022. This represents a \$7.2 million increase over the prior year, marking an 18% growth.

Interest earnings have also seen a substantial rise. By December 2024, the District earned \$1.8 million in interest, a 66% increase compared to the \$1.1 million earned in the previous year. These results are driven by the District's strategy of portfolio diversification and securing favorable returns through negotiations with partner banks.

To sustain this momentum, the District is actively exploring additional long-term investment opportunities to further optimize returns and strengthen its financial position.

Conclusion:

Overall, the mid-year financial results demonstrate the District's effective management of its resources, with positive trends in revenue, controlled expenditures, and robust investment performance. These results ensure the District's continued ability to meet operational and capital commitments while advancing its mission to deliver high-quality water services to the community.

Environmental Review Compliance: None required.

Legal Counsel Review: None required.

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

Material Included for Information/Consideration: FY 2024-2025 Mid-Year Report

Action Required: _____Resolution _____Motion X Review

Board Action

Motion By_____ Seconded By_____ No Action Taken_____

Ayes_____ Abstained_____

Noes_____ Absent_____

Table 1:
Marina Coast Water District
Mid Year Summary
as of 12/31/24

	Marina	Marina	Ord	Ord	Recycled		FY25 YTD Revenue	FY 25 vs FY 24	FY24 YTD Revenue	FY 24 vs FY 23	FY23 YTD Revenue
Revenue	Water	Sewer	Water	Sewer	Water	GSA	as of 12/31/24	% Change	as of 12/31/23	% Change	as of 12/31/22
1 Water Sales	2,211,518		5,359,425			-	7,570,943	11%	6,795,557	15%	5,926,428
2 Other Water Sales						-	-			-100%	168,142
3 Sewer Sales		739,096		1,986,234		-	2,725,330	8%	2,529,940	6%	2,378,822
4 Fire System Charge	64,423		183,933			-	248,356	14%	218,034	6%	205,064
5 Backflow Revenue						-	-	-100%	45		17
6 Late Charges	2,235		11,497			-	13,732	-87%	104,230	31%	79,284
7 Plan Check/Permit Fees	7,161		19,835	18,719		-	45,715	38%	33,184	71%	19,400
8 Wheeling Charge		7,074	19,028			-	26,102	41%	18,528	3%	17,986
9 Meter Fees	15,929		117,128			-	133,057	8%	123,533	80%	68,534
10 Capacity Fee/Capital Surcharge	144,260	61,153	3,551,124	813,408		-	4,569,945	24%	3,673,435	-65%	10,644,274
11 Other Income	20,670	587	3,062	16,067	12	-	40,399	2%	39,618	39%	28,523
12 Interest Income	122,903	63,387	345,224	171,742	153,871	-	857,127	41%	608,237	127%	267,581
13 Rental Revenue	44,787	12,796	79,977	22,394		-	159,954	1%	159,119	1%	157,661
14 Developer Revenue	64,273	42,216	132,214	124,578	1,071	-	364,352	-23%	475,610	34%	353,704
15 Grant Funding	-					138,180	138,180	239%	40,704	-98%	2,464,637
16 Recycled Water Sales	-				715,008	-	715,008	6%	673,737		27,555
17 Water Source Fees	-					536,830	536,830				
18 Deferred Revenue						-	-				
19 2019 Bond Proceeds	221,796		273,175	-	-	-	494,971		2,683,980		
20 2024 Bond Proceeds	58,206	42,211	152,310			-	252,727				
Total Revenue	2,978,162	968,520	10,247,932	3,153,142	869,962	675,010	18,892,728	4%	18,177,491	-20%	22,807,612
Expenses	Marina	Marina	Ord	Ord	Recycled		FY25 YTD Expense	FY 24 vs FY 23	FY24 YTD Expense	FY 23 vs FY 22	FY23 YTD Expense
	Water	Sewer	Water	Sewer	Water	GSA	as of 12/31/24	% Change	as of 12/31/23	% Change	as of 12/31/22
1 Salaries & Benefits	1,043,876.00	361,265.00	1,999,306.00	619,499.00	20,170.00	(20.00)	4,044,096	15%	3,507,099	9%	3,211,154
2 Department Expense	1,051,757.00	193,922.00	2,180,930.00	411,842.00	60,331.00	245,393.00	4,144,175	-37%	6,588,865	61%	4,080,709
3 Interest Expense	143,267.00	90,972.00	413,023.00	164,403.00	97,262.00	-	908,927	26%	720,705	-15%	846,343
Franchise Fees	-	-	-	-	-	-	-	-100%	53,141	-47%	99,868
5 Capital Improvement Projects	564,283	58,681	1,972,170	71,826	10,025	61,663	2,738,648	64%	1,666,877	-64%	4,570,876
6 Capital Equipment	98,599	17,313	240,037	41,550	3,462		400,961	-18%	489,743	-22%	625,869
7 Principal Debt Service	15,905	4,544	28,402	7,952			56,803	6%	53,672	6%	50,715
8 Trf to Capital Repl. Fund							-				
Total Expenses	2,917,687	726,697	6,833,868	1,317,072	191,250	307,036	12,293,610	-6%	13,080,102	-3%	13,485,534
Net Revenue	60,475	241,823	3,414,064	1,836,070	678,712	367,974	6,599,118	29%	5,097,389	-45%	9,322,078

Highlights:
- all funds in the positive
- revenue all ok
- expense all ok, behind on CIP

Table 2:
Marina Coast Water District
Revenue Budget Analysis
as of 12/31/24

	Revenue	Budget	FY25 YTD Revenue as of 12/31/24	Balance	(FY25 bud vs act) % Collected	Comments	(FY25 act vs FY24 act)	Prior Years	
							% Change from FY25 to FY24	FY24 YTD Revenue as of 12/31/23	FY23 YTD Revenue as of 12/31/22
1	Water Sales	15,363,500.00	7,570,944.00	7,792,556.00	49%		11%	6,795,557.00	5,926,428.00
2	Other Water Sales	-	-	-	0%			-	168,142.00
3	Sewer Sales	6,047,000.00	2,725,329.00	3,321,671.00	45%		8%	2,529,940.00	2,378,822.00
4	Fire System Charge	445,000.00	248,356.00	196,644.00	56%		14%	218,034.00	205,064.00
5	Backflow Revenue	54,000.00	-	54,000.00	0%	Collected at Year End	-100%	45.00	17.00
6	Late Charges	210,000.00	13,732.00	196,268.00	7%	District suspended late fee charges from Jul to Dec	-87%	104,230.00	79,284.00
7	Plan Check/Permit Fees	52,000.00	52,788.00	(788.00)	102%	reached our budget already	59%	33,184.00	19,400.00
8	Wheeling Charge	38,000.00	19,028.00	18,972.00	50%		3%	18,528.00	17,986.00
9	Meter Fees	229,000.00	133,057.00	95,943.00	58%		8%	123,533.00	68,534.00
10	Capacity Fee/Capital Surcharge	4,631,000.00	4,569,945.00	61,055.00	99%	reached our budget already	24%	3,673,435.00	10,644,274.00
11	Other Income	65,100.00	40,398.00	24,702.00	62%		2%	39,618.00	28,523.00
12	Interest Income	930,400.00	857,128.00	73,272.00	92%	will hit our budgeted amount	41%	608,237.00	267,581.00
13	Rental Revenue	632,320.00	159,954.00	472,366.00	25%	some rental revenue are Year End Entries	1%	159,119.00	157,661.00
14	Developer Revenue	770,000.00	364,352.00	405,648.00	47%	matches with Developer Expense	-23%	475,610.00	353,704.00
15	Grant Funding	17,787,000.00	138,180.00	17,648,820.00	1%		239%	40,704.00	2,464,637.00
16	Recycled Water Sales	1,732,327.00	715,008.00	1,017,319.00	41%		6%	673,737.00	27,555.00
17	Water Source Fees	1,073,659.00	536,830.00	536,829.00	50%				
18	Deferred Revenue	203,814.00		203,814.00	0%	Year End Entry			
19	2019 Bond Proceeds	-	494,972.00	(494,972.00)	0%		-82%	2,683,980.00	
20	2024 Bond Proceeds	7,398,000.00	252,727.00	7,145,273.00	3%			-	
	Total	57,662,120.00	18,892,728.00	38,769,392.00	33%		4%	18,177,491.00	22,807,612.00

Adjustments:

Less: CIP Grants not yet secured (15,200,000.00)
Less: Deferred Revenue (YE JE) (203,814.00)

Adjusted Budget 42,258,306.00 18,892,728.00 23,365,578.00 **45% Collected**

	Actuals	Change	
FY23 Mid Year Actuals	22,807,612.00		
FY24 Mid Year Actuals	18,177,491.00	-20%	dec from PY due to grant revenue (\$2.4M) and one time capacity fee (\$7.5M) for recycled water rec'vd in FY23
FY25 Mid Year Actuals	18,892,728.00	4%	

Highlights:
- 45% collection rate based on FY25 Adjusted Budget
- most revenues are collected towards the 2nd half of the fiscal year
- hit our target already - plan check fees, capacity fees, interest income

Table 3:
Marina Coast Water District
Expense Budget Analysis - Salaries & Benefits
as of 12/31/24

							(FY25 act vs FY24 act)	Prior Years	
			FY 25 YTD Exp				% Change from	FY 24 YTD Exp	FY 23 YTD Exp
Expense Account		Budget	as of 12/31/24	Encumbrance	Balance	% Spent	FY25 to FY24	as of 12/31/23	as of 12/31/22
1	Wages	6,864,478.00	2,835,147.00	-	4,029,331.00	41%	20%	2,354,973.00	2,163,485.00
2	Wages - CIP	(592,467.00)	(160,864.00)	-	(431,603.00)	27%	218%	(50,556.00)	(80,781.00)
3	Overtime	95,518.00	13,756.00	-	81,762.00	14%	9%	12,617.00	9,897.00
4	Standby Wages	83,208.00	36,713.00	-	46,495.00	44%	15%	31,914.00	20,244.00
5	Social Security Exp	402,236.00	151,465.00	-	250,771.00	38%	17%	129,987.00	120,854.00
6	Medicare Exp	98,513.00	39,925.00	-	58,588.00	41%	20%	33,369.00	30,711.00
7	Medical Insurance	944,514.00	458,441.00	-	486,073.00	49%	14%	402,214.00	394,989.00
8	Dental Insurance	42,197.00	21,079.00	-	21,118.00	50%	2%	20,585.00	18,274.00
9	Vision Insurance	10,326.00	4,750.00	-	5,576.00	46%	5%	4,509.00	4,320.00
10	Workers Comp Insurance	134,950.00	29,253.00	-	105,697.00	22%	0%	29,354.00	25,308.00
11	Life Insurance	23,105.00	12,423.00	-	10,682.00	54%	16%	10,732.00	10,288.00
12	Uniform/Boot Benefit	18,400.00	4,664.00	8,029.00	5,707.00	25%	-51%	9,429.00	7,680.00
13	Tuition Reimbursement	15,000.00	5,000.00	-	10,000.00	33%		-	-
14	SUI Expense	11,781.00	658.00	-	11,123.00	6%	-26%	893.00	1,741.00
15	ETT Expense	358.00	30.00	-	328.00	8%	-12%	34.00	60.00
16	Car/Cellphone Allowance	7,200.00	3,300.00	-	3,900.00	46%	0%	3,300.00	3,600.00
17	Disability Plan	20,534.00	9,805.00	-	10,729.00	48%	18%	8,302.00	7,664.00
19	Calpers Retirement (ER)	1,028,746.00	460,192.00	-	568,554.00	45%	22%	378,713.00	358,863.00
20	Calpers Retirement (EE)	225,961.00	101,416.00	-	124,545.00	45%	7%	94,779.00	93,538.00
21	Pension Expense	515,000.00	-	-	515,000.00	0%		-	-
22	OPEB Expense	-	-	-	-	0%		-	-
23	Deferred Comp (ER)	125,498.00	14,743.00	-	110,755.00	12%	-49%	28,951.00	16,819.00
24	Board Compensation	10,000.00	2,200.00	-	7,800.00	22%	-27%	3,000.00	3,600.00
	Total	10,085,056.00	4,044,096.00	8,029.00	6,032,931.00	40%	15%	3,507,099.00	3,211,154.00

Adjustments:

Less: Pension Expense (YE JE)	(515,000.00)
Less: OPEB Expense (YE JE)	-
Adjusted Total	9,570,056.00

42% Spent

	Actuals	Change
FY23 Mid Year Actuals	3,211,154.00	
FY24 Mid Year Actuals	3,507,099.00	295,945.00
FY25 Mid Year Actuals	4,044,096.00	536,997.00

9% increase from PY due to new MOU

15% increase from PY due to COLA & significant number of positions filled over the last year

Table 4:
Marina Coast Water District
Expense Budget Analysis - Department Expense
as of 12/31/24

								(FY25 act vs FY24 act)	Prior Years	
								% Change from	FY 24 YTD Exp	FY 23 YTD Exp
Expense Account	Budget	FY 25 YTD Exp as of 12/31/24	Encumbrance	Balance	% Spent	Comments	FY25 to FY24	as of 12/31/23	as of 12/31/22	
1 Property & Liability Insurance	347,000.00	183,285.00		163,715.00	53%		32%	139,214.00	97,072.00	
2 Property Taxes	4,400.00	4,842.00		(442.00)	110%	Ok. One time charge	11%	4,347.00	3,875.00	
3 Power & Gas	45,000.00	17,394.00		27,606.00	39%		8%	16,144.00	13,763.00	
4 Bldg Security & Other Services	25,000.00	14,556.00		10,444.00	58%		5%	13,928.00	14,099.00	
5 Phone/Answering Services	105,000.00	51,437.00		53,563.00	49%		4%	49,507.00	40,530.00	
6 Rent/Lease Equipment	106,500.00	50,209.00		56,291.00	47%		-2%	51,217.00	7,541.00	
7 Lab Contract Testing & Materials	83,000.00	42,911.00		40,089.00	52%		43%	29,947.00	12,159.00	
8 Books & Reference Materials	4,650.00	450.00		4,200.00	10%		-53%	949.00	-	
9 Postage	53,000.00	34,684.00		18,316.00	65%		24%	27,899.00	20,088.00	
10 Printing/Scanning	43,000.00	7,061.00		35,939.00	16%		-34%	10,696.00	9,337.00	
11 Office & General Supply	66,600.00	25,902.00	1,709.00	38,989.00	39%		-1%	26,208.00	17,107.00	
12 Computer & Software Expense	312,456.00	164,406.00	9,961.00	138,089.00	53%		-21%	207,027.00	79,273.00	
13 Advertisement	8,700.00	200.00		8,500.00	2%		-91%	2,186.00	26,308.00	
14 Hospitality & Awards	16,300.00	5,012.00		11,288.00	31%		-20%	6,238.00	5,001.00	
15 Corral De Tierra GSP	50,000.00	-		50,000.00	0%			-	-	
16 Regulatory Fees	42,045.00	42,326.00		(281.00)	101%	Ok. One time charge	6%	40,017.00	36,076.00	
17 Board Mtg. & Video Recording	5,600.00	1,840.00		3,760.00	33%		-33%	2,760.00	1,840.00	
18 Maintenance Agreements	399,950.00	140,465.00		259,485.00	35%		-13%	162,096.00	120,097.00	
19 Accounting Services	150,000.00	25,699.00	4,250.00	120,051.00	17%		18%	21,759.00	20,700.00	
20 O&M Chemicals/Lubricants	128,400.00	58,205.00		70,195.00	45%		0%	58,188.00	58,329.00	
21 Consulting Services	3,474,000.00	570,751.00	1,129,024.00	1,774,225.00	16%	Doing great compared to PY	-37%	901,795.00	385,866.00	
22 IOP Expenses	20,400.00	-		20,400.00	0%			-	-	
23 BLM Expenses	99,000.00	32,180.00		66,820.00	33%		-11%	36,323.00	28,749.00	
24 Bank & Administration Fees	15,000.00	24,785.00		(9,785.00)	165%	one time set up fees - new payment portal	-63%	67,057.00	77,404.00	
25 O&M Maintenance & Equip	700,000.00	228,288.00	5,924.00	465,788.00	33%		-10%	254,207.00	149,353.00	
26 O&M Power	1,293,650.00	505,176.00		788,474.00	39%		6%	475,939.00	565,214.00	
27 Interest Expense	1,964,688.00	908,926.00	60,258.00	995,504.00	46%		26%	720,704.00	846,343.00	
28 Emergency Repairs	-	-		-			-100%	47,060.00	-	
29 Pure Water Monterey Project	1,755,000.00	-		1,755,000.00	0%	Working with M1W to resolve accounting issues	-100%	916,700.00	-	
30 Meters	315,140.00	(2,409.00)		317,549.00	-1%		-102%	157,389.00	54,559.00	
31 Telemetry	70,000.00	19,486.00		50,514.00	28%		21%	16,085.00	43,209.00	
32 Conference/Travel/Education Expense	106,260.00	5,626.00	200.00	100,434.00	5%		-79%	27,315.00	15,845.00	

Table 4:
Marina Coast Water District
Expense Budget Analysis - Department Expense
as of 12/31/24

								Prior Years	
								FY 24 YTD Exp	FY 23 YTD Exp
Expense Account	Budget	FY 24 YTD Exp as of 12/31/24	Encumbrance	Balance	% Spent	Comments		as of 12/31/23	as of 12/31/22
33 Meters				-					16,207.00
34 Safety	24,500.00	9,656.00		14,844.00	39%		-8%	10,454.00	5,508.00
35 Rebate Programs	158,250.00	7,922.00		150,328.00	5%		-91%	92,329.00	46,217.00
36 Membership & Dues	84,154.00	12,691.00	11,072.00	60,391.00	15%		-16%	15,046.00	12,324.00
37 Water Source Fees	1,073,659.00	536,830.00		536,829.00	50%			-	-
38 Franchise Fees	-	-		-			-100%	53,141.00	99,867.00
39 Permits/Mapping Services	71,000.00	5,811.00	9,390.00	55,799.00	8%		45%	4,003.00	68.00
40 Depreciation Expense	410,000.00	163,966.00	-	246,034.00			16%	141,375.00	-
41 Legal Services	2,605,500.00	422,340.00	-	2,183,160.00	16%	Doing great compared to PY	-80%	2,079,202.00	1,697,643.00
42 Fleet Maintenance	162,000.00	63,115.00	-	98,885.00	39%		5%	60,198.00	69,085.00
43 Maintenance & Equip	6,860.00	1,418.00	-	5,442.00	21%		51%	937.00	4,972.00
44 Developer Expense (Reimbursable)	770,000.00	336,572.00	485,825.00	(52,397.00)	44%	matches with Developer	-19%	414,983.00	324,187.00
45 Finance/Late Fees	1,500.00	113.00	-	1,387.00	8%		16%	97.00	-
46 Miscellaneous	500.00	144.00	-	356.00	29%		206%	47.00	1,108.00
47 2024 Series Bond Fees	-	328,829.00	-	(328,829.00)		was not budgeted but covered by Bond Issuance			
Total	17,177,662.00	5,053,100.00	1,717,613.00	10,735,778.00	29%	Spent	-31%	7,362,713.00	5,026,923.00

	Actuals	Change	
FY23 Mid Year Actuals	5,026,923.00		
FY24 Mid Year Actuals	7,362,713.00	2,335,790.00	46% Inc from PY
FY25 Mid Year Actuals	5,053,100.00	(2,309,613.00)	-31% Inc from PY

Highlights:

- Monterey One Expense not yet booked due on going discussion on calculation
- 31% decrease fro PY Expense - Pure Water Monterey Expense not yet booked, legal fees 80% down, consulting line 37% down
- Legal fees great at 16% budget

Table 5:
 Marina Coast Water District
 Capital Equipment
 as of 12/31/24

		<u>FY25 YTD Expense</u>	
Capital Equipment	Budget	as of 12/31/24	Balance
Vehicles	276,594.00	151,031.00	125,563.00
O&M Equipment	536,000.00	249,930.00	286,070.00
Total	812,594.00	400,961.00	411,633.00
		49%	Spent

Table: 6
Marina Coast Water District
Capital Improvement Projects
as of 12/31/24

Summary by Project

	CIP No.	Project Name	Amended Budget	FY25 YTD Expense	Encumbrance	Balance	% Spent + Enc	Comments
1	GA-2401	INDIRECT POTABLE REUSE	7,400,000.00			7,400,000.00	0%	Grant funded - grant not yet secured
2	GA-2402	INSTALL MONITORING WELL	1,650,000.00	13,466.35	27.10	1,636,506.55	1%	
3	GA-2513	MONITORING EQUIPMENT	210,000.00	46,756.50		163,243.50	22%	
4	GS-2401	LS WETWELL LINING PROG*	-			-		
5	GS-2510	MISC LS IMPROV FY24/25*	-			-		
6	GS-2511	PIPELINE RENEW FY24/25*	946,000.00			946,000.00	0%	
7	GS-2512	NE REROUTE TO INTERCEP	105,000.00	3,170.94		101,829.06	3%	
8	GS-2531	LIFT STATION WET WELL LINING	95,000.00			95,000.00	0%	
9	GS-2532	LIFT STATION IMPVT SAFETY GRATES	160,000.00			160,000.00	0%	
10	GW-0112	A1/A2 TANK B/C BSTR	8,350,000.00	1,362,537.04	57,581.52	6,929,881.44	17%	
11	GW-0123	B2_ZONE TANK	3,916,500.00	69,790.91	207,285.97	3,639,423.12	7%	
12	GW-0378	WELL 12 REHAB	211,000.00	4,341.17		206,658.83	2%	
13	GW-2310	CASTROVILLE PIPELINE	7,800,000.00			7,800,000.00	0%	Grant funded - grant not yet secured
14	GW-2401	INTER-GARRISON RD PIPE	1,050,000.00	10,175.27	82,040.00	957,784.73	9%	
15	GW-2403	RDP - COMPR DESAL IMP	628,000.00	61,342.70	90,446.25	476,211.05	24%	
16	GW-2404	RDP RES RD DESAL PLANT	1,985,000.00	56,026.40	79,870.00	1,849,103.60	7%	
17	GW-2504	EASTERN WELL FIELD SUP	53,000.00	920.92	48,000.00	4,079.08	92%	
18	GW-2505	HYDRANT REPL FY24/25	138,000.00	4,176.72		133,823.28	3%	
19	GW-2507	BOOSTER IMPROV FY24/25*	135,000.00			135,000.00	0%	
20	GW-2508	PIPELINE RENEW FY24/25*	407,000.00			407,000.00	0%	
21	GW-2509	WELL REHAB FY24/25*	120,000.00			120,000.00	0%	
22	MS-0205	PIPELINE RESRV RD CRST	347,000.00	1,522.58		345,477.42	0%	
23	MS-2401	TATE PARK LIFT STATION	2,816,450.00	43,748.15	118,906.47	2,653,795.38	6%	
24	MW-0321	PIPELINE CA AVE	110,000.00	981.33		109,018.67	1%	
25	MW-0322	PIPELINE LYNSCOTT	95,000.00	759.72		94,240.28	1%	
26	OS-0210	1ST AVE GRAVITY MAIN	345,000.00	2,629.08	24,165.00	318,205.92	8%	
27	OS-0218	GIGLING LS/ FORCE MN	210,000.00	407.00		209,593.00	0%	
28	OS-0348	ODOR CONTROL PROGRAM	190,000.00	1,885.90	29,700.00	158,414.10	17%	
29	OS-0350	IMJIN MANHOLE REHAB	158,000.00	4,495.75	8,055.00	145,449.25	8%	
30	OS-2305	MANHOLE REHAB LGHTFTR	145,000.00	6,086.01	16,110.00	122,803.99	15%	
31	OS-2420	IMJIN PARKWAY WIDENING - SEWER IMPVT	125,000.00	24,310.32		100,689.68	19%	
32	OW-0201	GIGLING TRANSM MAIN	1,286,000.00	27,218.00	26,864.40	1,231,917.60	4%	
33	OW-0330	PAINT RESERVOIR 2 EXTE	337,000.00	4,370.89		332,629.11	1%	
34	OW-0340	MCCLURE RD WATER PIPEL	675,000.00	2,498.13		672,501.87	0%	
35	OW-0341	COE AVE WATER PIPELINE UPSIZING	695,000.00	643,828.97		51,171.03	93%	

Table: 6
 Marina Coast Water District
 Capital Improvement Projects
 as of 12/31/24

CIP No.	Project Name	Amended Budget	FY25 YTD Expense	Encumbrance	Balance	% Spent + Enc	Comments
36	OW-2401 FORA BLIGHT REMOVAL	472,000.00	1,811.11	8,000.00	462,188.89	2%	
37	OW-2402 OWTP BLDG REMOVAL FORA	444,000.00	2,799.39		441,200.61	1%	
38	OW-2420 IMJIN PARKWAY WIDENING - WATER IMPVT	120,000.00	1,718.74		118,281.26	1%	
39	OW-2501 ASP BOOSTER PUMP STATION IMPVT	100,000.00	429.65	15,000.00	84,570.35	15%	
40	OW-2502 PATTON PKWY LOOP CONNECTOR PIPELINE	150,000.00			150,000.00	0%	
41	RW-2401 ATW IRRIGATION CONNECT	223,000.00	7,275.79	18,431.00	197,293.21	12%	
42	WD-2308.2 SCADA IMPROVEMENTS PH2	682,000.00			682,000.00	0%	
43	WD-2401 IOP B SIDE IMPRV PROJ	1,650,000.00	45,243.56	33,457.05	1,571,299.39	5%	
44	WD-2404 SECURITY ACCESS IMPROV	723,000.00	203,914.39	501,716.68	17,368.93	98%	will be completed together with the IOP B Side (April 2025)
45	WD-2501 CIP MGMT TOOL	28,000.00		28,000.00	-	100%	
46	WD-2503 PLC REPLCMT PROJ PH2	553,000.00	76,980.00	411,015.00	65,005.00	88%	
	Grand Total	48,038,950.00	2,737,619.38	1,804,671.44	43,496,659.18	9%	

Less: Grant Funded Projects	(15,200,000.00)						
Adjusted CIP Budget	<u>32,838,950.00</u>	2,737,619.38	1,804,671.44	28,296,659.18	14%	Spent + Encumbered	
		8%	Spent				

Table 7:
Marina Coast Water District
Capital Improvement Projects
as of 12/31/24

Summary by Funding Source

Funding Source	CIP No.	Project Name	Amdended Budget	FY25 YTD Expenses	Encumbrance	Balance	% Spent + Enc
2019 Bond	GW-0112	A1/A2 TANK B/C BSTR	401,728.00	401,728.00		-	100%
2024 Bond	GS-2401	LS WETWELL LINING PROG*	-			-	
	GS-2510	MISC LS IMPROV FY24/25*	-			-	
	GS-2511	PIPELINE RENEW FY24/25*	250,000.00			250,000.00	
	GS-2512	NE REROUTE TO INTERCEP	16,000.00	996.38		15,003.62	
	GS-2531	LIFT STATION WET WELL LINING	29,000.00			29,000.00	
	GS-2532	LIFT STATION IMPVT SAFETY GRATES	85,000.00			85,000.00	
	GW-0112	A1/A2 TANK B/C BSTR	7,177,272.00	960,809.04	57,581.52	6,158,881.44	
	GW-0378	WELL 12 REHAB	211,000.00	4,341.17		206,658.83	
	GW-2401	INTER-GARRISON RD PIPE	1,050,000.00	10,175.27	82,040.00	957,784.73	
	GW-2505	HYDRANT REPL FY24/25	138,000.00	4,176.72		133,823.28	
	GW-2507	BOOSTER IMPROV FY24/25*	135,000.00			135,000.00	
	GW-2508	PIPELINE RENEW FY24/25*	407,000.00			407,000.00	
	GW-2509	WELL REHAB FY24/25*	120,000.00			120,000.00	
	MS-0205	PIPELINE RESRV RD CRST	35,000.00	1,522.58		33,477.42	
	MS-2401	TATE PARK LIFT STATION	1,122,000.00	43,748.15	118,906.47	959,345.38	
	MW-0321	PIPELINE CA AVE	110,000.00	981.33		109,018.67	
	OW-0201	GIGLING TRANSM MAIN	1,286,000.00	27,218.00	26,864.40	1,231,917.60	
	OW-0330	PAINT RESERVOIR 2 EXTE	337,000.00	4,370.89		332,629.11	
	OW-0340	MCCLURE RD WATER PIPEL	675,000.00	2,498.13		672,501.87	
	OW-0341	COE AVE WATER PIPELINE UPSIZING	85,000.00	33,828.97		51,171.03	
	OW-2420	IMJIN PARKWAY WIDENING - WATER IMPVT	120,000.00	1,718.74		118,281.26	
	OW-2501	ASP BOOSTER PUMP STATION IMPVT	100,000.00	429.65	15,000.00	84,570.35	
	OW-2502	PATTON PKWY LOOP CONNECTOR PIPELINE	150,000.00			150,000.00	
	WD-2308.2	SCADA IMPROVEMENTS PH2	491,000.00			491,000.00	
	WD-2501	CIP MGMT TOOL	19,000.00		19,000.00	(895.92)	
	WD-2503	PLC REPLCMT PROJ PH2	203,000.00	76,980.00	102,560.00	23,460.00	11%
Bldg Removal Fund	OW-2401	FORA BLIGHT REMOVAL	472,000.00	1,811.11	8,000.00	462,188.89	
	OW-2402	OWTP BLDG REMOVAL FORA	444,000.00	2,799.39		441,200.61	1%
Capacity Fee	GS-2512	NE REROUTE TO INTERCEP	53,000.00	2,174.56		50,825.44	
	GW-0112	A1/A2 TANK B/C BSTR	771,000.00			771,000.00	
	GW-0123	B2 ZONE TANK	3,916,500.00	69,790.91	207,285.97	3,639,423.12	
	GW-2403	RDP - COMPR DESAL IMP	628,000.00	61,342.70	90,446.25	476,211.05	
	GW-2404	RDP RES RD DESAL PLANT	1,985,000.00	56,026.40	79,870.00	1,849,103.60	
	GW-2504	EASTERN WELL FIELD SUP	53,000.00	920.92	48,000.00	4,079.08	
	MS-0205	PIPELINE RESRV RD CRST	312,000.00			312,000.00	
	MS-2401	TATE PARK LIFT STATION	1,694,450.00			1,694,450.00	
	MW-0322	PIPELINE LYNSCOTT	95,000.00	759.72		94,240.28	

**Table 7:
Marina Coast Water District
Capital Improvement Projects
as of 12/31/24**

	OW-0341	COE AVE WATER PIPELINE UPSIZING	610,000.00	610,000.00		-	
	RW-2401	ATW IRRIGATION CONNECT	223,000.00	7,275.79	18,431.00	197,293.21	
	WD-2401	IOP B SIDE IMPRV PROJ	1,518,000.00	43,803.02	30,780.49	1,443,416.49	
	WD-2404	SECURITY ACCESS IMPROV	723,000.00	203,914.39	501,716.68	17,368.93	16%
Capital Replacement	GS-2401	LS WETWELL LINING PROG*	-			-	
	GS-2510	MISC LS IMPROV FY24/25*	-			-	
	GS-2511	PIPELINE RENEW FY24/25*	696,000.00			696,000.00	
	GS-2512	NE REROUTE TO INTERCEP	36,000.00			36,000.00	
	GS-2531	LIFT STATION WET WELL LINING	66,000.00			66,000.00	
	GS-2532	LIFT STATION IMPVT SAFETY GRATES	75,000.00			75,000.00	
	OS-0210	1ST AVE GRAVITY MAIN	345,000.00	2,629.08	24,165.00	318,205.92	
	OS-0218	GIGLING LS/ FORCE MN	210,000.00	407.00		209,593.00	
	OS-0348	ODOR CONTROL PROGRAM	190,000.00	1,885.90	29,700.00	158,414.10	
	OS-0350	IMJIN MANHOLE REHAB	158,000.00	4,495.75	8,055.00	145,449.25	
	OS-2305	MANHOLE REHAB LGHTFTR	145,000.00	6,086.01	16,110.00	122,803.99	
	OS-2420	IMJIN PARKWAY WIDENING - SEWER IMPVT	125,000.00	24,310.32		100,689.68	
	WD-2308.2	SCADA IMPROVEMENTS PH2	191,000.00			191,000.00	
	WD-2501	CIP MGMT TOOL	7,000.00		7,000.00	(133.88)	
	WD-2503	PLC REPLCMT PROJ PH2	350,000.00		308,455.00	41,545.00	17%
Future Grant	GA-2401	INDIRECT POTABLE REUSE	7,400,000.00			7,400,000.00	not awarded
	GA-2402	INSTALL MONITORING WELL	1,261,000.00	2,866.65	27.10	1,258,106.25	0.23%
	GW-2310	CASTROVILLE PIPELINE	7,800,000.00			7,800,000.00	not awarded
GSA Fund Balance	GA-2402	INSTALL MONITORING WELL	389,000.00	10,599.70		378,400.30	
	GA-2513	MONITORING EQUIPMENT	210,000.00	46,756.50		163,243.50	
	WD-2401	IOP B SIDE IMPRV PROJ	132,000.00	1,440.54	2,676.56	127,882.90	
	WD-2501	CIP MGMT TOOL	2,000.00		2,000.00	-	9%
Grand Total			48,038,950.00	2,738,649.18	1,804,671.44	43,495,629.38	

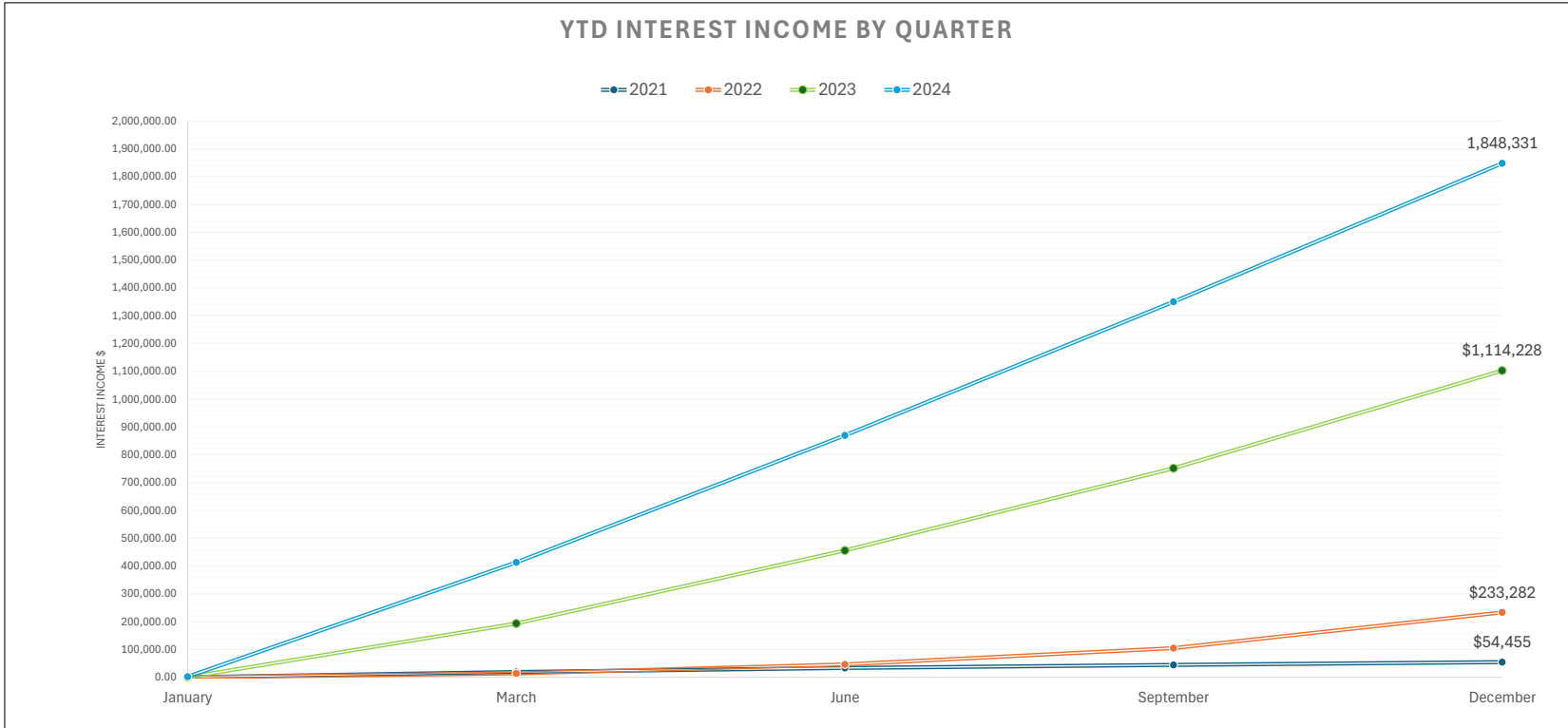
Summary by Funding Source

	% Spent + Enc
2019 Bond	100%
2024 Bond	11%
Bldg Removal Fund	1%
Capacity Fee	16%
Capital Replacement	17%
GSA Grant	0.23%
GSA Fund Balance	9%

**MARINA COAST WATER DISTRICT
HISTORICAL INVESTMENT SUMMARY
AS OF 12/31/2024**

DEPOSITORY	BALANCE AS OF	YTD INTEREST	RATE	BALANCE AS OF	YTD INTEREST	RATE	BALANCE AS	YTD INTEREST	MATURITY	RATE
	12/31/22	12/31/22		12/31/23	12/31/23		OF 12/31/24	12/31/24	DATE	
Mechanics Bank										
General Checking	1,499,758	-		2,638,565	-		2,142,085	-		
Checking - RUWAP LOC Proceeds	4,117	-		-	-		-	-		
Savings/MMK	8,107,297	32,084	2.78%	12,352,434	326,547	4.86%	15,974,863	550,594		4.67%
Restricted Money Market (MMK)	1,087,431	6,029	2.78%	1,132,302	44,870	4.86%	1,187,356	55,054		4.67%
Savings - Bldg. Removal Fund	981,667	3,608	2.78%	1,019,059	37,392	4.86%	1,068,608	49,548		4.67%
Certificate of Deposit	-	-		-	8,822	3.50%	-	-		
Certificate of Deposit	-	-		-	17,644	3.50%	-	-		
Certificate of Deposit	-	-		5,000,000	145,397	4.35%	5,124,658	256,755	1/26/25	5.25%
Certificate of Deposit	-	-		3,000,000	59,342	4.75%	3,074,795	154,512	2/2/25	5.25%
Certificate of Deposit	-	-		2,000,000	9,041	5.00%	2,101,531	100,565	5/29/25	4.25%
PNC Bank										
General Checking	-	-		2,047,516	-		-	-		
Certificate of Deposit	-	-		-	34,032	4.55%	-	-		
Certificate of Deposit	-	-		-	45,123	4.50%	-	-		
Chase Bank										
Savings	-	-		-	16	0.00%	-	-		
State Local Agency Investment Fund (LAIF)	17,011,388	191,560	2.07%	10,381,957	386,001	4.00%	7,258,828	356,995		4.71%
California CLASS	-	-		-	-		8,871,669	324,308		4.64%
Total Investment	28,691,658	233,281	2.60%	39,571,833	1,114,227	4.06%	46,804,393	1,848,331		4.76%
YTD Change in Ending Balance				10,880,175	378%		7,232,560			

Certificates of Deposit - Purchases of certificates of deposit, in accordance with Section 53635.8 and subdivision (i) of Section 53601, shall not exceed 30% of the agency's total funds. Currently, the District's total CD investment is at 22%



Interest Income	2021	2022	2023	2024
Q1	\$ 18,977	\$ 13,903	\$ 193,290	\$ 412,849
Q2	\$ 14,283	\$ 32,268	\$ 262,412	\$ 457,269
Q3	\$ 10,875	\$ 58,380	\$ 295,927	\$ 480,512
Q4	\$ 10,320	\$ 128,731	\$ 362,599	\$ 497,701
Total Interest	\$ 54,455	\$ 233,282	\$ 1,114,228	\$ 1,848,331

Table 9:
Marina Coast Water District
Reserve Detail
as of 12/31/24

				MARINA WATER	MARINA SEWER	ORD WATER	ORD SEWER	RECYCLED WATER	GSA	TOTAL	
Restricted Reserves											
	Debt Service - RUWAP										
		LAIF						627,415.00		627,415.00	
	Total Debt Service - RUWAP			-	-	-	-	627,415.00	-	627,415.00	
	Capacity Fee Reserve										
		Mechanics - CD				3,074,795.00		2,562,329.00		5,637,124.00	
		Mechanics - MMK				2,809,566.00	2,422,626.00	1,643,969.00		6,876,161.00	
		LAIF		785,293.00	63,431.00	37,678.00	2,087,107.00	58,669.00		3,032,178.00	
		CA Class				2,135,392.00		3,091,894.00		5,227,286.00	
	Total Capacity Fee Reserve			785,293.00	63,431.00	8,057,431.00	4,509,733.00	7,356,861.00	-	20,772,749.00	
Total Restricted Reserves				785,293.00	63,431.00	8,057,431.00	4,509,733.00	7,984,276.00	-	21,400,164.00	46%
Designated Reserves											
	Capital Replacement Reserves										
		LAIF		292,875.00	408,268.00	1,363,547.00	1,038,177.00			3,102,867.00	
		CA Class		1,443,441.00	154,654.00	103,103.00				1,701,198.00	
		Mechanics - Bldg Removal Fund				1,068,608.00				1,068,608.00	
	Total Capital Replacement Reserve			1,736,316.00	562,922.00	2,535,258.00	1,038,177.00	-	-	5,872,673.00	
	General Fund/Operating Reserves										
		CA Class		847,146.00	53,570.00	1,042,468.00				1,943,184.00	
		LAIF		132,788.00	84,684.00	114,354.00	139,937.00	24,606.00		496,369.00	
		Mechanics - CD		2,562,329.00			2,101,531.00			4,663,860.00	
		Mechanics - General Checking		(2,425,306.00)	3,382,794.00	(609,989.00)	484,873.00	(125,487.00)	1,424,398.00	2,131,283.00	
		Mechanics - MMK		825,527.00	3,091,744.00	285,178.00	5,311,231.00	783,060.00		10,296,740.00	
	Total Operating Reserve			1,942,484.00	6,612,792.00	832,011.00	8,037,572.00	682,179.00	1,424,398.00	19,531,436.00	
Total Designated Reserve				3,678,800.00	7,175,714.00	3,367,269.00	9,075,749.00	682,179.00	1,424,398.00	25,404,109.00	54%
Total Reserves				4,464,093.00	7,239,145.00	11,424,700.00	13,585,482.00	8,666,455.00	1,424,398.00	46,804,273.00	

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 10-B

Meeting Date: January 22, 2025

Prepared By: Mary Lagasca, CPA

Approved By: Remleh Scherzinger PE

Agenda Title: Consider Adoption of Resolution No. 2025-04 to Authorize the Issuance and Sale of Enterprise Revenue Refunding Bonds in the Principal Amount of Not-to-Exceed \$26,000,000 to Refinance Outstanding 2015 Bonds; and Approve Related Documents and Official Actions

Staff Recommendation: The staff recommends that the Board authorize the issuance and sale of Enterprise Revenue Refunding Bonds in the principal amount not-to-exceed \$26,000,000 to refinance outstanding 2015 Bonds and approve related documents and official actions.

Background: Strategic Plan, Objective 3.2 – Finance well managed to provide adequate revenue and avoid volatile rates.

On August 23, 2006, the District issued Certificates of Participation, Series 2006, in the amount of \$42,310,000. These funds were used to finance improvements to the District’s water and wastewater systems and to refinance prior obligations. In 2015, the District issued 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax Exempt Series A for \$29,840,000. The refinancing resulted in approximate savings of \$2.5 million from 2016 to 2037.

On December 16, 2024, the Board authorized the refinancing of the 2015 bonds, with the goal of achieving additional savings in debt service costs. The Board also approved Jones Hall as bond counsel and disclosure counsel, and Fieldman Rolapp & Associates as financial advisor to assist with the refinancing process.

Discussion/Analysis: Following the December 2024 Board approval, our financial advisor has recommended advancing the bond issuance by 2-3 weeks from the original planned schedule. This recommendation comes in response to the current market conditions, with the goal of potentially avoiding further increases in interest rates and securing more favorable terms for the District.

The proceeds of the sale of the 2025 Bonds will be used to:

1. Refinance the District’s 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A, which is currently outstanding in the aggregate principal amount of \$21,605,000; and,
2. Pay the costs of executing and delivering the 2025 bonds.

Environmental Review Compliance: None required.

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

Climate Adaptation: Not applicable.

Financial Impact X Yes _____ No Funding Source/Recap: The refunding of the 2015 Senior Lien Enterprise Revenue Bond, Series A would generate future annual cost savings of approximately \$135,000. The savings would be allocated based on the outstanding 2015 Senior

Lien Enterprise Revenue Bond cost allocation as follows: Marina Water – 8%; Marina Sewer – 5%; Ord Water – 48%; Ord Sewer – 16%; and Recycled Water – 23%.

Other Considerations: None

Material Included for Information/Consideration: Resolution No. 2025-04; Indenture of Trust, Escrow Agreement, Preliminary Official Statement and Official Notice of Sale

Action Required: Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

January 22, 2025

Resolution No. 2025-04
Resolution of the Board of Directors
Marina Coast Water District

Authorizing The Issuance and Sale of Enterprise Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$26,000,000 to Refinance Outstanding 2015 Bonds, and Approving Indenture of Trust, Escrow Agreement, Preliminary Official Statement, Official Notice of Sale and Related Documents and Official Actions

RESOLVED by the Board of Directors (the “Board”) of the Marina Coast Water District (the “District”), at a regular meeting duly called and held on January 22, 2025, at 920 Second Avenue, Suite A, Marina, California, as follows:

WHEREAS, the District owns and operates facilities and property for the supply, treatment and distribution of water (the “Water System”) and the collection, treatment and disposal of wastewater within the service area of the District (the “Wastewater System”) and in order to refinance obligations originally incurred to finance the construction of improvements to the Water Enterprise and the Wastewater Enterprise, the District has previously issued its Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A in the aggregate principal amount of \$29,840,000 (the “2015 Bonds”) which are secured by a pledge of and lien on the net revenues of the Enterprises (the “Net Revenues”); and,

WHEREAS, the 2015 Bonds are subject to redemption in whole or in part on any date on or after June 1, 2025, in order to provide funds to refinance the 2015 Bonds and thereby realize interest rate savings to the District, the Board of Directors of the District wishes to authorize the issuance and sale of 2025 Enterprise Revenue Refunding Bonds in the aggregate principal amount of not to exceed \$26,000,000 (the “Refunding Bonds”), under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Refunding Bond Law”); and,

WHEREAS, as required by Government Code Section 5852.1, attached hereto as Appendix A is certain financial information relating to the Refunding Bonds that has been obtained by the District and is hereby disclosed and made public; and,

WHEREAS, the Board has previously approved a Debt Management Policy which complies with Government Code Section 8855, and the delivery of the Refunding Bonds will be in compliance with said policy; and,

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the District.

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

Section 1. Authorization of Refunding Bonds. The Board hereby authorizes the issuance of the Refunding Bonds in the maximum principal amount of \$26,000,000, for the purpose of providing funds to refinance the 2015 Bonds. The Refunding Bonds shall be revenue bonds which are payable from and secured by a pledge of and lien on the net revenues of the Water System and the

Wastewater System, on a parity with certain other outstanding obligations of the District. The Refunding Bonds are authorized and shall be issued under and pursuant to the terms and provisions of the Refunding Bond Law.

Section 2. Approval of Indenture of Trust. The Board of Directors hereby approves the Indenture of Trust between the District and U.S. Bank Trust Company, National Association, as trustee, relating to the issuance and sale of the Refunding Bonds, in substantially the form on file with the Clerk of the Board together with any changes therein or additions thereto deemed advisable by the General Manager or the Director of Administrative Services (each, an “Authorized Officer”). An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the District to execute the final form of the Indenture of Trust, and the Clerk of the Board is hereby authorized and directed to attest the final form of the Indenture of Trust. Execution of the Indenture of Trust by an Authorized Officer shall be conclusive evidence of the approval of any changes therein or additions thereto by such Authorized Officer.

Section 3. Competitive Sale; Approval of Official Notice of Sale. The Board hereby authorizes and directs the sale of the Refunding Bonds by competitive public bidding. Bids shall be received, and the Refunding Bonds shall be sold, subject to the terms and conditions set forth in the Official Notice of Sale in substantially the form on file with the Clerk of the Board together with any additions thereto or changes therein deemed advisable by an Authorized Officer. An Authorized Officer is hereby authorized and directed to accept the best bid determined in accordance with the Official Notice of Sale, in the name and on behalf of the District.

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

Section 4. 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 Refunding Bonds in the form on file with the Clerk of the Board. An Authorized Officer is hereby authorized to execute an appropriate certificate affirming the Board’s determination that the Preliminary Official Statement has been deemed final within the meaning of such Rule. Distribution of the Preliminary Official Statement by the municipal advisor to prospective bidders for the Refunding Bonds is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board hereby authorizes the distribution of the final Official Statement by the purchaser of the Refunding Bonds. The final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

Section 5. Professional Services. The Board hereby affirms the engagement of Jones Hall, A Professional Law Corporation, for bond counsel and disclosure counsel services in connection with the delivery and sale of the Refunding Bonds, pursuant to an agreement between the District and such firm in the form on file with the Clerk of the Board, which the General Manager is hereby authorized and directed to execute on behalf of the District. The Board further affirms the engagement of Fieldman, Rolapp & Associates, Inc. for municipal advisory services in connection with the delivery and sale of the Refunding Bonds, pursuant to the existing agreement between the District and such firm. The estimated costs of issuing the Refunding Bonds are set forth in Appendix A, which is hereby approved.

Section 6. Official Actions. The President, the Vice 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, Bonds, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including but not limited to a Continuing Disclosure Certificate in substantially the form appended to the Official Statement, which they or any of them 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 authorized 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 7. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

* * * * *

PASSED AND ADOPTED on January 22, 2025, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____
Noes: Directors _____
Absent: Directors _____
Abstained: Directors _____

Gail Morton, President

ATTEST:

Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2023-04 adopted January 22, 2025.

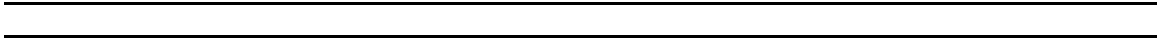
Remleh Scherzinger, Secretary

APPENDIX A

REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the Refunding Bonds (Estimated): 3.31%.
2. Finance charge of the Refunding Bonds, being the sum of all fees and charges paid to third parties, in the amount of approximately \$386,040. Such amount consists of costs of issuing the Refunding Bonds in the amount of approximately \$225,000 together with estimated purchaser's compensation in the amount of approximately \$161,040.
3. Proceeds of the Refunding Bonds 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 Refunding Bonds (Estimated): \$21,901,734.
4. Total Payment Amount for the Refunding Bonds, being the sum of all debt service to be paid on the Refunding Bonds to final maturity (Estimated): \$26,983,121.

**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 Refunding Bonds.*



INDENTURE OF TRUST

between the

MARINA COAST WATER DISTRICT

and

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

Dated as of March 1, 2025

Relating to

\$ _____
Marina Coast Water District
2025 Enterprise Revenue Refunding Bonds



INDENTURE OF TRUST

This INDENTURE OF TRUST dated as of March 1, 2025 (this “Indenture”), is between the MARINA COAST WATER DISTRICT, a county water district organized and existing under the laws of the State of California (the “District”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

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”).

2. The District has previously issued its Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A in the aggregate principal amount of \$29,840,000 (the “2015 Bonds”) for the purpose of refunding outstanding obligations of the District incurred to finance improvements to the Water Enterprise and the Wastewater Enterprise, under an Indenture of Trust dated as of July 1, 2015 (the “2015 Bond Indenture”), between the District and MUFG Union Bank, N.A., as trustee.

3. Under the 2015 Bond Indenture, the District has the option to redeem the 2015 Bonds on any date on or after June 1, 2025.

4. In order to provide funds to refund the 2015 Bonds and thereby realize debt service savings to the District, the Board of Directors of the District has authorized the issuance of Marina Coast Water District 2025 Enterprise Revenue Refunding Bonds in the aggregate principal amount of \$_____ (the “Bonds”), under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code.

5. The Bonds are payable from and secured by a pledge of and lien on the net revenues of the Water Enterprise and the Wastewater Enterprise (collectively, the “Enterprises”), on a parity with other outstanding obligations of the District.

6. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest thereon, the Board of Directors of the District has authorized the execution of this Indenture.

A G R E E M E N T :

In order to secure the payment of the principal of and the interest on all the Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein

contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the District and the Trustee hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

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 Indenture have the respective meanings specified in Appendix A when used in this Indenture.

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 Indenture, 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 Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

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

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

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization and Purpose of Bonds. The District has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the District is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The District hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$_____ under the Refunding Bond Law for the purposes of providing funds to redeem and discharge the 2015 Bonds in full. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Refunding Bond Law. The Bonds shall be designated the "Marina Coast Water District 2025 Enterprise Revenue Refunding Bonds."

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds shall be dated as of the Closing Date and shall mature on June 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum as set forth in the following table:

Maturity Date (<u>June 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>
------------------------------------	----------------------------	-------------------------

Interest on the Bonds shall be payable from the Bond Payment Date next preceding the date of authentication thereof unless:

- (a) a Bond is authenticated on or before an Bond Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Bond Payment Date;
- (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date; or
- (c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Bond Payment Date.

Interest on the Bonds shall be payable on each Bond Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Bond Payment Date shall be payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

Interest on the Bonds shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Bond Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Bond Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee. The foregoing payment provisions are subject in all respects to the provisions of Section 2.05 so long as the Bonds are registered in the book-entry system of DTC.

Section 2.03. Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on or before June 1, 20__, are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, 20__, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, from any available source of funds, on June 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The District shall give the Trustee written notice of its intention to redeem Bonds under this subsection, and the manner of selecting such Bonds for redemption from among the maturities thereof, not less than 45 days prior to the date of redemption thereof.

(b) Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on June 1 in the respective years as set forth in the following table; *provided, however,* that if some but not all of such Term Bonds have been redeemed under subsection (a) of this Section, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000 (as set forth in a schedule provided by the District to the Trustee).

**Mandatory Sinking Fund Redemption of
Term Bonds Maturing June 1, 20__**

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

(c) Redemption From Net Proceeds of Insurance, Sale and Condemnation. The Bonds are subject to mandatory redemption, 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 redemption of the Bonds by the District pursuant to Sections 5.04 or 5.04. The Bonds are subject to redemption under this subsection at a redemption price equal to the principal amount represented thereby to be redeemed, without premium, together with accrued interest represented thereby to the redemption date.

(d) Notice of Redemption. The Trustee on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

(e) Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Bonds under subsection (a) of this Section by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Trustee shall have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption to the respective Owners of the Bonds designated for redemption, at their addresses appearing on the Registration Books.

(f) Partial Redemption of Individual Maturity of Bonds. Whenever provision is made in this Section for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such

separate denominations will be treated as separate Bonds which may be separately redeemed.

(g) Partial Redemption of Individual Bond. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same series and maturity date, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(h) Effect of Redemption. From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest on the Bonds so called for redemption have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the District, the Trustee shall cancel and destroy all Bonds redeemed under this Section.

Section 2.04. Form and Execution of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The President of the Board of Directors of the District shall execute, and the Secretary to the Board shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond are the proper officers of the District, duly authorized to execute debt instruments on behalf of the District, although on the date of such Bond any such person was not an officer of the District.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Book Entry System.

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

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the District and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the District and the Trustee has 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 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, (iii) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The District and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and interest on such Bond, and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest on the Bonds 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 of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the District to make payments of principal and interest under this Indenture. Upon delivery by the Depository to the District of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, 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 Bonds for the Depository's book-entry system, the District has previously executed and delivered to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. 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 Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee 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 Indenture, to qualify the Bonds 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 Bonds, 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 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection. 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 Bonds 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 Bonds 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 Bonds that they be able to obtain certificated Bonds, the District may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds 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 Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond 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. Transfer and Exchange of Bonds.

(a) Transfer. Any Bond 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 of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds under this Section. Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The District shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds under this subsection. The District shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

Section 2.07. Registration Books. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the District, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to, or upon the order of, the District. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee is given, the District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III ISSUE OF BONDS

Section 3.01. Issuance of Bonds. Upon the execution and delivery of this Indenture, the District shall execute and deliver the Bonds in the aggregate principal amount of \$_____ to the Trustee and the Trustee shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Request of the District therefor.

Section 3.02. Deposit and Application of Proceeds. On the Closing Date, the Trustee shall apply the proceeds of the Bonds as follows:

- (a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.
- (b) The Trustee shall transfer the amount of \$_____, constituting the remainder of the Bond proceeds, to the Escrow Bank for deposit and application in accordance with the Escrow Agreement.

Section 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund", to be held by the Trustee in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Requisition of the District stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request

of the District; in each case together with a statement or invoice for each amount requested thereunder. On September 1, 2025, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Bond Fund to be applied to pay a portion of the interest next coming due and payable on the Bonds and the Trustee shall thereupon close the Costs of Issuance Fund.

Section 3.04. Refunding of 2015 Bonds. The District shall cause the proceeds of the Bonds to be applied on the Closing Date to the payment, redemption and discharge of the 2015 Bonds in full. The District covenants that the pledge and lien on the revenues of the District for the security of the 2015 Bonds shall be discharged in full on the Closing Date.

Section 3.05. Validity of Bonds. The recital contained in the Bonds that they are issued pursuant to the laws of the State of California shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

SECURITY FOR THE BONDS; FLOW OF FUNDS

Section 4.01. Pledge of Net Revenues. The Bonds shall be secured by a first pledge of all of the Net Revenues, on a parity with the pledge which secures the Prior Parity Debt and any Additional Parity Debt. In addition, the Bonds, the Prior Parity Debt and any Additional Parity Debt shall be secured by a pledge of all of the moneys in the Bond Fund, including all amounts derived from the investment of such moneys. The Bonds, the Prior Parity Debt and any Additional Parity Debt shall be equally secured by a pledge, charge and lien upon the Net Revenues and such moneys, without priority for series, issue, number or date and the payment of the interest on and principal of the Bonds shall be secured by an exclusive pledge, charge and lien upon the Net Revenues and such moneys. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

Section 4.02. Receipt, Deposit and Application of Net Revenues.

(a) The District has previously established the Enterprise Funds, which it shall continue to hold and maintain for the purposes and uses set forth herein. The District shall deposit all Gross Revenues from the Water Enterprise into the Water Fund, and all of the Gross Revenues from the Wastewater Fund into the Wastewater Fund, immediately on receipt. 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) all payments of principal of and interest on the Bonds, 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 Indenture and any Parity Debt Documents; and
- (v) any other purposes authorized under subsection (d) of this Section.

(b) No Preference or Priority. Payment of the principal of and interest on the Bonds, the 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 principal of and interest on the Bonds, the Prior Parity Debt and any Additional Parity Debt, such payments will be made on a pro rata basis.

(c) 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 4.03. Bond Fund; Application to Pay Debt Service. At least three Business Days prior to each Bond Payment Date, the District shall withdraw from the Enterprise Funds and transfer to the Trustee an amount which, together with other available amounts then on deposit in the Bond Fund, is at least equal to the aggregate amount of principal and interest coming due on the Bonds on such Bond Payment Date. The Trustee shall deposit such amounts upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust, to be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. The Trustee shall apply amounts in the Bond Fund solely for the purpose of (i) paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed hereunder), (ii) paying the principal of the Bonds at the maturity thereof, and (iii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof. Upon the payment of all Outstanding Bonds, the Trustee shall transfer any moneys remaining in the Bond Fund to the District for deposit into the Enterprise Funds.

Section 4.04. Investments.

(a) Investment of Funds Held by District. Amounts on deposit in the Enterprise Funds shall be invested by the District from time to time in any securities in which the District may legally invest funds subject to its control.

(b) Investment of Funds Held by Trustee. The Trustee shall invest moneys in the funds and accounts held by it hereunder in Permitted Investments specified in the

Request of the District delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the District, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (e) of the definition thereof; *provided, however*, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee shall hold such moneys uninvested.

(c) General Investment Provisions. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture the District is required to transfer any moneys to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the District. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

The District acknowledges 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. The District understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. Upon the District's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee will furnish the District periodic transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 4.05. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the District covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (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 Indenture 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 the investment directions of the District in any Certificate or Request of the District.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at cost thereof (consisting of present value thereof within the meaning of Section 148 of the Tax Code);

provided that the District shall inform the Trustee which funds are subject to a yield restriction, and shall provide the Trustee with any necessary valuation criteria or formulae.

(c) Except as provided in the preceding subsection (b), for the purpose of determining the amount in any fund, the Trustee shall value Permitted Investments credited to such fund at least annually at the Fair Market Value thereof. The Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system. If and as directed by the District in writing, the Trustee shall sell or present for redemption any Permitted Investment so purchased by the Trustee whenever it is necessary 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 has no liability or responsibility for any loss resulting therefrom.

(d) For purposes of this Section, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

ARTICLE V

FINANCIAL COVENANTS

Section 5.01. Punctual Payment; Compliance With Documents. The District shall punctually pay or cause to be paid the principal of and interest on the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures.

Section 5.02. Discharge of Claims. The District covenants that in order to fully preserve and protect the priority and security of the Bonds the District shall pay from the Gross Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Enterprises which, if unpaid, may become a lien or charge upon the Gross Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. The District shall also pay all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Enterprises or upon any part thereof.

Section 5.03. Operation of Enterprises in Efficient and Economical Manner. The District covenants and agrees to operate the Enterprises in an efficient and

economical manner and to operate, maintain and preserve the Enterprises in good repair and working order.

Section 5.04. Sale or Eminent Domain of Enterprises. Except as provided herein, the District covenants that the Enterprises will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise dispose 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 principal of or interest on the Bonds or would materially adversely affect its ability to comply with the terms of this Indenture. 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 Bonds, or which otherwise would impair the rights of the Bond Owners with respect to the Net Revenues. If any substantial part of the Enterprises is sold, the payment therefor shall either (a) be applied for the repair or replacement of the affected property, or to other capital improvements of the related Enterprise, or (b) be applied on a pro rata basis to prepay the Bonds, the Prior Parity Debt and any Additional Parity Debt on the next available redemption 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 applied to the acquisition of replacement facilities or other capital improvements of the Enterprises, or (b) be applied on a pro rata basis to prepay the Bonds, the Prior Parity Debt and any Additional Parity Debt on the next available redemption date.

Section 5.05. 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 shall either (a) be applied to the repair or replacement of the insured facilities, or to other capital improvements of the related Enterprise, or (b) be applied on a pro rata basis to redeem the Bonds, the Prior Parity Debt and any Additional Parity Debt on the next available redemption 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 Trustee and the Owners of the Bonds.

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 5.06. Records and Accounts. The District shall keep proper records and accounts of the Enterprises, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprises. Said books shall, upon reasonable request, be subject to the inspection of the Trustee and the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing.

The District will cause the books and accounts of the Enterprises to be audited annually by an Independent Accountant and will make available for inspection by the Bond Owners at the Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant. The District will furnish a copy of such statements, upon reasonable request, to the Trustee and any Bond Owner.

Section 5.07. 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 payments of principal of and interest on the portion of the Bonds, the Prior Parity Debt and any Additional Parity Debt which is allocable to the Water Enterprise as such payments become due and payable during the Fiscal Year, without preference or priority, except to the extent payable from the proceeds of Additional Parity Debt held for that purpose; and
- (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 payments of principal of and interest on the portion of the Bonds, the Prior Parity Debt and any Additional Parity Debt which is allocable to the Wastewater Enterprise as such payments become due and payable during the Fiscal Year, without preference or priority, except to the extent payable from the proceeds of Additional Parity Debt held for that purpose; and
- (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. 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, 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.

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, 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, such event shall not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

Section 5.08. 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 Net Revenues which are released from the pledge and lien which secures the Bonds, the Prior Parity Debt and any Additional Parity Debt, as the District may determine.

The District may, but is not required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Funds in any Fiscal Year for the purpose of paying the principal of and interest on the Bonds, the 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 Bonds, 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 5.09. Issuance of Additional Parity Debt. The District may issue or incur Additional Parity Debt which is secured by a pledge of and lien on the Net Revenues and amounts on deposit in the Bond Fund on a parity with the pledge and lien which secure the Bonds, the Prior Parity Debt and any other Additional Parity Debt, 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 a Fiscal Consultant or shown in the audited financial statements of the District, plus at the option of the District any or all of the Additional Revenues, are at least equal to 125% of the Debt Service coming due in 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 Bonds.

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

Section 5.11. Tax Covenants Relating to Bonds.

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become “private activity bonds” within the meaning of Section 141(a) of the Tax Code or to meet the private loan financing test of Section 141(c) of the Tax Code.

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

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds 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 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(e) Rebate of Excess Investment Earnings. The District shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The District shall pay when due an amount equal to 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 to be made 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 six years following the retirement of the Bonds, records of the determinations made under this subsection.

The Trustee has no duty to monitor the compliance by the District with any of the covenants contained in this Section.

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 does 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.

Section 5.13. Further Assurances. The District will adopt, 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 of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds, the Trustee the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) Performance of Duties. The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties will be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

(b) Removal of Trustee. The District may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee ceases to be eligible in accordance

with subsection (e) of this Section, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is 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. The District may accomplish such removal by giving 30 days written notice to the Trustee, whereupon the District will appoint a successor Trustee by an instrument in writing.

(c) Resignation by Trustee. The Trustee may at any time resign by giving written notice of such resignation to the District, and by giving notice of such resignation by first class mail, postage prepaid, to the Bond Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee by an instrument in writing.

(d) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the District shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each Rating Agency when then maintains a rating on the Bonds, and to the Owners at the addresses shown on the Registration Books. If the District fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the District.

(e) Qualifications of Trustee. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall:

- (i) be a company or bank having trust powers,

- (ii) have a corporate trust office in the State of California,
- (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$100,000,000, and
- (iv) be subject to supervision or examination by federal or state authority.

If such bank or 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 subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) of this Section.

The District will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Bonds are Outstanding.

Section 6.02. Merger or Consolidation. Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Rights and Liabilities of Trustee.

(a) The recitals of facts herein and in the Bonds contained are taken as statements of the District, and the Trustee has no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor shall it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as 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 the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the District.

(b) The Trustee has no liability with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding 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 under this Indenture.

(c) The Trustee has no liability for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder is not construed as a mandatory duty.

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee is not bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee is not responsible for the District's payment of principal and interest on the Bonds, the District's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.06 and may rely conclusively on the Certificate of the District accompanying such financial statements to establish the District's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Gross Revenues into the Water Fund and the investment and application of moneys on deposit in the Water Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) No provision in this Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee is entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(f) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(h) 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) fully to inspect the Water System, including all books, papers and records of the District pertaining to the Water System and the Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(i) Before taking any action under Article VIII the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur hereunder.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The permissive right of the Trustee to do things enumerated in this Indenture is not construed as a duty.

(l) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and is not answerable for the conduct of the same if appointed by it with reasonable care.

Section 6.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person's title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the District, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the District.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the District and any Owner, and their agents and representatives duly authorized in writing.

Section 6.06. Compensation and Indemnification. Absent any agreement to the contrary, the District shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee has a first lien on the Net Revenues and all funds and accounts held by the Trustee hereunder to secure

the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII. Any such expenses incurred by the Trustee shall be deemed to constitute a substantial contribution to the trust estate which secures the Bonds.

The District further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the District under this Section shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the District at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the District, at least semiannually, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Indenture.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THIS INDENTURE

Section 7.01. Amendments Permitted.

(a) Amendment With Bond Owner Consent. This Indenture and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended by the District and the Trustee upon Request of the District at any time by the execution of a Supplemental Indenture, but only with the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding with respect to all Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.05. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Bond Owners. No such modification or amendment shall:

- (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal thereof or interest thereon at the time and place and at the

rate and in the currency provided therein, without the written consent of the Owner of such Bond, or

- (ii) permit the creation by the District of any mortgage, pledge or lien upon the Net Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by this Indenture), or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or
- (iii) modify any of the rights or obligations of the Trustee without its written consent.

(b) Amendment Without Bond Owner Consent. This Indenture and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, but only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the District contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District;
- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the District deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the District and the Trustee;
- (iii) to provide for the issuance of Additional Parity Debt under Section 5.09, and to provide the terms and conditions under which such Additional Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 5.09; or
- (iv) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the District and the Trustee.

(c) Notice of Amendments. The District shall deliver or cause to be delivered a draft of any Supplemental Indenture to each Rating Agency when then maintains a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective under this Article, this Indenture 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, 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 Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment.

After the effective date of any amendment or modification hereof under this Article, the District may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the District, as to such amendment or modification and in that case upon demand of the District the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the District may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the District the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

Section 7.04. Amendment by Mutual Consent.

The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner.

Section 7.05. Trustee's Reliance.

The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the District and an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 8.01. Events of Default and Acceleration of Maturities.

Each of the following events constitutes an Event of Default hereunder:

- (a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- (b) Failure to pay any installment of interest on the Bonds when due.
- (c) Failure by the District to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the District by the Trustee; *provided, however*, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the District institutes corrective action within such 30-day

period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

- (d) The District commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- (e) The occurrence and continuation of an event of default under and as defined in the Parity Debt Documents.

If an Event of Default occurs and is continuing, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under this Indenture.

Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, but in no event later than five Business Days following actual knowledge of such occurrence, the Trustee shall give notice of such Event of Default to the District by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or has immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the District shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate of 10% per annum, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the District and to the Trustee, may, on behalf of the Owners of all of the Bonds, 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.

Section 8.02. Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the

provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

- (a) *First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.
- (b) *Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Section 8.03. Power of Trustee to Control Proceedings. If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, with the consent or at the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.04. Limitation on Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;
- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and

- (d) the Trustee has failed 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 any remedy hereunder; it being understood and intended that no one or more Owners has any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.05. Non-waiver. Nothing in this Article or in any other provision of this Indenture or in the Bonds, affects or impairs the obligation of the District, which is absolute and unconditional, to pay from the Net Revenues and other amounts pledged hereunder, the principal of and interest on the Bonds to the Bond Owners when due and payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Bond Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bond Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Bond Owner 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 of any such default or an acquiescence therein, and every power and remedy conferred upon the Bond Owners by the Refunding Bond Law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bond Owners.

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

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified

to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

Section 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. 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, and may be exercised without exhausting and without regard to any other remedy conferred by the Refunding Bond Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Limited Liability of District. Notwithstanding anything in this Indenture contained, the District is not required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the principal of or interest on the Bonds, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Gross Revenues). The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the District for such purpose without incurring indebtedness.

The Bonds are revenue bonds, payable exclusively from the Net Revenues and other funds as in this Indenture provided. The general fund of the District is not liable, and the credit of the District is not pledged, for the payment of the interest on or principal of the Bonds. The Owners of the Bonds have no right to compel the forfeiture of any property of the District. The principal of and interest on the Bonds are not a debt of the District, or a legal or equitable pledge, charge, lien or encumbrance upon any property of the District or upon any of its income, receipts or revenues except the Net Revenues and other funds pledged to the payment thereof as provided in this Indenture.

Section 9.02. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, gives to any person other than the District and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the District shall be for the sole and exclusive benefit of the Trustee and the Owners of the Bonds.

Section 9.03. Defeasance of Bonds. If the District pays and discharges the entire indebtedness on any Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, in the opinion or report of an

Independent Accountant is fully sufficient to pay such Bonds, including all principal and interest;

- (c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds at or before maturity; or
- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the District, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Net Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the District under this Indenture with respect to such Bonds shall cease and terminate, except only:

- (a) the obligations of the District under Section 5.11,
- (b) the obligation of the Trustee to transfer and exchange Bonds hereunder,
- (c) the obligation of the District to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and
- (d) the obligations of the District to compensate and indemnify the Trustee under Section 6.06.

The District shall file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the District.

In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with this Section, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.06, to the District.

Section 9.04. Execution of Documents and Proof of Ownership by Owners.

Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other

instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond binds all future Owners of such Bond in respect of anything done or suffered to be done by the District or the Trustee in good faith and in accordance therewith.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the District (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. The Trustee will not be deemed to have knowledge that any Bond is owned or held by the District unless the District is the Registered Owner or the Trustee has received written notice to that effect.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the District of any Bonds which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the District shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The District shall pay all costs of any microfilming of Bonds to be destroyed.

Section 9.08. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the District or the Trustee may be established and maintained in the accounting records of the District or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the District shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 9.09. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours 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 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
920 Second Avenue, Suite A
Marina, California 93933
Attention: General Manager

If to the Trustee: U.S. Bank Trust Company, National Association
Corporate Trust Dept.
1 California St, Ste 1000
Attention: Corporate Trust Department
San Francisco, California 94111

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the principal of or interest on the Bonds which remains unclaimed for two years after the date when the payments of such principal and interest have become payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when the principal of and interest on such Bonds have become payable, shall be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the principal of and interest on such Bonds.

Section 9.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 9.12. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the MARINA COAST WATER DISTRICT has caused this Indenture to be signed in its name by its President and attested by its Secretary to the Board, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

MARINA COAST WATER DISTRICT

By _____
President

Attest:

Secretary to the Board

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

By _____
Authorized Officer

APPENDIX A

DEFINITIONS

“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 a Fiscal 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 5.09(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 a Fiscal Consultant.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the District of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Fund” means the fund by that name established and held by the Trustee under Section 4.03.

“Bond Payment Date” means June 1 and December 1 in each year, beginning June 1, 2025, and continuing so long as any Bonds remain Outstanding.

“Bond Year” means any twelve-month period commencing on June 2 in a year and ending on the next succeeding June 1, both dates inclusive; except that the first Bond Year commences on the Closing Date and ends on June 1, 2025.

“Bonds” means the Marina Coast Water District 2025 Enterprise Revenue Refunding Bonds issued in the aggregate principal amount of \$_____ and at any time Outstanding hereunder.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the city in which the Office of the Trustee is located, and on which the Federal Reserve Bank system is not closed.

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

“Closing Date” means March ___, 2025, being the date of delivery of the Bonds 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 authorization, issuance, sale and delivery of the Bonds and the refunding of the 2015 Bonds, including but not limited to: printing expenses; Rating Agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds and the refunding of the 2015 Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 3.03.

“**Debt Service**” means, for any period of calculation, the sum of the principal and interest on the Bonds 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.

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

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

“District” means the Marina Coast Water District, a county water district organized and existing under the laws of the State of California, and any successor thereto.

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

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

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

“Escrow Agreement” means the Escrow Deposit and Trust Agreement dated the Closing Date, between the District and U.S. Bank Trust Company, National Association, as escrow bank and as trustee for the 2015 Bonds, relating to the deposit and application of the proceeds of the Bonds and other funds to pay and discharge the 2015 Bonds.

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; and (b) any obligations the timely payment of principal of and interest on which are fully guaranteed by the United States of America or which are directly or indirectly secured by obligations described in the preceding clause (a).

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

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or such other period as may be established by the District as its official fiscal year period (written notice of which shall be given by the District to the Trustee).

“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 (if any) 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.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

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

“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 coming payable during such period.

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

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.09, or at such other or additional offices as may be specified by the Trustee in writing to the District; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“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.

“Original Purchaser” means _____, as the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the District has been discharged in accordance with Section 9.03; (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture; and (d) Bonds which are required to be disregarded and not deemed Outstanding under Section 9.05.

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

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities.
- (b) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by any Rating Agency.
- (c) Bank deposit products, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the District, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee and its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by any Rating Agency at the time of purchase; (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation; or (iii) such deposits are collateralized by Defeasance Securities in the amount exceeding FDIC insurance.
- (d) Commercial paper rated in the highest short-term rating category by any Rating Agency at the time of purchase.
- (e) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating in the highest rating category of any Rating Agency.
- (f) 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 in the highest rating category of any Rating Agency (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries receive and retain a fee for services provided to the fund whether as a custodian, transfer agent, investment advisor or otherwise).

- (g) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency, or (b) fully secured as to the payment of principal and interest by Defeasance Securities.
- (h) Bonds or notes issued by any state or municipality which are rated by any Rating Agency in one of the two highest rating categories assigned by such Rating Agency.
- (i) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by any Rating Agency at the time of initial investment.
- (j) The Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

Ratings of Permitted Investments referred to in this definition shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments or the responsibility to validate the ratings of Permitted Investments prior to the initial purchase.

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement, installment sale 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 obligations of the District under the Installment Purchase Agreement dated January 18, 2017, between the District and Holman Capital Corporation, issued in the original principal amount of \$2,799,880; (b) the obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01011, between the District and the California State Water Resources Control Board, which are outstanding in the principal amount of \$4,925,469 as of the Closing Date; (c) the obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01045, between the District and the California State Water Resources Control Board, which are outstanding in the principal amount of \$6,740,985 as of the Closing Date; (d) the obligations of the District under the Installment Sale Agreement dated as of December 1, 2019, between the District and the Public Property Financing Corporation of California, relating to the \$17,725,000 original principal amount of Enterprise Revenue Certificates of Participation, Series 2019; and (e) the obligations of the District under the Installment Sale Agreement dated as of August 1,

2024, between the District and the CSDA Finance Corporation, relating to the \$19,310,000 original principal amount of Enterprise Revenue Certificates of Participation, Series 2024.

“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 5.08.

“Rating Agency” means (a) Standard & Poor’s Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, of New York, New York, and its successors, and (b) Moody’s Investors Service, of New York, New York, and its successors; and (c) Fitch Ratings, of New York, New York, and its successors.

“Record Date” means, with respect to any Bond Payment Date, the 15th calendar day of the month preceding such Bond Payment Date.

“Refunding Bond Law” means Articles 10 and 11 of Chapter 3 of Part 1 of Division two of Title 5 of the California Government Code, commencing with Section 53570 of said Code, as in effect on the Closing Date or as thereafter amended from time to time.

“Registration Books” means the books maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Bonds.

“Requisition of the District” means a requisition in writing signed by the General Manager, the Director of Administrative Services or any other officer of the District duly authorized by the Board of Directors for that purpose.

“Securities Depositories” means DTC; 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 Request of the District delivered by the District to the Trustee.

“Supplemental Indenture” means any indenture, agreement, resolution or other instrument hereafter duly adopted or executed in accordance with the provisions of Section 7.01.

“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 temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Term Bonds” means the Bonds which mature on June 1, 2037.

“Trustee” means U.S. Bank Trust Company, National Association, as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

“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.

principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee before the 15th day of the month preceding the applicable Bond Payment Date.

This Bond is one of a duly authorized issue of bonds of the District designated as its "Marina Coast Water District 2025 Enterprise Revenue Refunding Bonds" (the "Bonds"), in the aggregate principal amount of \$_____ authorized under a Resolution adopted by the Board of Directors of the District on February __, 2025 (the "Refunding Bond Law"), and issued under an Indenture of Trust dated as of March 1, 2025 (the "Indenture"), between the District and the Trustee. The Bonds have been issued for the purpose of refinancing indebtedness of the District which was incurred to finance the acquisition of land to be used in connection with the District's water supply, treatment and distribution system (the "Water Enterprise") and its wastewater collection, treatment and disposal system (the "Wastewater Enterprise").

Reference is hereby made to the Indenture (a copy of which is on file at said Office of the Trustee) and all indentures supplemental thereto and to the Refunding Bond Law for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the District thereunder. The Registered Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are payable from Net Revenues (as such term is defined in the Indenture) of the Water Enterprise and the Wastewater Enterprise and are secured by a pledge and assignment of said Net Revenues and of amounts held in the Bond Fund established under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The District has the right under the Indenture to issue additional obligations on a parity with the Bonds, subject to the specific conditions set forth in the Indenture. The Bonds are special obligations of the District and are not a lien or charge upon the funds or property of the District, except to the extent of the aforesaid pledge and assignment.

The Bonds maturing on or before June 1, 202_, are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, 202_, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, from any available source of funds, on June 1, 202_, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on June 1, 20__, are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on June 1 in the respective years as set forth in the following table; *provided, however*, that if some but not all of such Bonds have been redeemed under the preceding paragraph, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000 (as set forth in a schedule provided by the District to the Trustee).

**Mandatory Sinking Fund Redemption of
Term Bonds Maturing June 1, 20__**

Sinking Fund Redemption Date <u>(June 1)</u>	<u>Principal Amount To Be Redeemed</u>
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Whenever provision is made in the Indenture for the redemption of Bonds of more than one maturity, the Bonds to be redeemed shall be selected among maturities on such basis as shall be set forth in a written certificate of the District filed with the Trustee, and the Trustee shall select the Bonds to be redeemed within any maturity by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

The Trustee on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption, at least 20 but not more than 60 days prior to the redemption date, at their respective addresses appearing on the Registration Books. Neither the failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Interest on the Bonds called for redemption will not accrue from and after the redemption date. The District has the right to cancel and rescind any notice of the optional redemption of the Bonds, as set forth more fully in the Indenture.

The Bonds are issuable as fully registered Bonds in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations provided in the Indenture, Bonds may be exchanged, at said Office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of authorized denomination or denominations, of the same maturity and for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The District and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the District and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the District to pay the principal and interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b)

reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

Unless this Bond 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 Bond 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.

It is hereby certified and recited that any and all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Refunding Bond Law, and by the constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by the Refunding Bond Law and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond is not entitled to any benefit under the Indenture, or is not valid or obligatory for any purpose, until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, Marina Coast Water District has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the President and attested to by the facsimile signature of its Secretary to the Board, all as of the Issue Date stated above.

MARINA COAST WATER DISTRICT

By _____
President

Attest

Secretary to the Board

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated:

**U.S. Bank Trust Company, National
Association,
as Trustee**

By _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond 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(s) shall be guaranteed by an eligible guarantor institution.

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

ESCROW AGREEMENT

This ESCROW AGREEMENT (this “Agreement”), dated as of March 1, 2025, is between the MARINA COAST WATER DISTRICT, a county water district organized and existing under the laws of the State of California (the “District”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as escrow agent (the “Escrow Agent”) and as trustee for the 2015 Bonds described below.

BACKGROUND:

1. The District has previously issued its Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A in the aggregate principal amount of \$29,840,000 (the “2015 Bonds”) for the purpose of refunding outstanding obligations of the District incurred to finance improvements to the District’s water and wastewater enterprises, under an Indenture of Trust dated as of July 1, 2015 (the “2015 Bond Indenture”), between the District and MUFG Union Bank, N.A., as trustee.

2. U.S. Bank Trust Company, National Association currently serves as trustee for the 2015 Bonds (the “2015 Bond Trustee”).

3. The 2015 Bonds maturing on and after June 1, 2026 (the “Refunded Bonds”) are subject to redemption on June 1, 2025, and on any day thereafter, at a redemption price equal to 100% of the principal amount thereof together with accrued interest thereon to the redemption date, without premium.

4. In order to provide funds to refinance the 2015 Bonds and thereby realize debt service savings, the District has authorized the issuance of its Marina Coast Water District 2025 Enterprise Revenue Refunding Bonds in the aggregate principal amount of \$_____ (the “2025 Bonds”) under an Indenture of Trust dated as of March 1, 2025, between the District and U.S. Bank Trust Company, National Association, as trustee (the “2025 Bond Trustee”).

5. The District wishes to appoint the Escrow Agent for the purpose of establishing an irrevocable escrow fund to be funded, invested, held and administered for the purpose of providing for the redemption and defeasance of the 2015 Bonds in full.

A G R E E M E N T :

In consideration of the premises and the material covenants contained herein, the District and the Escrow Agent hereby agree as follows:

Section 1. Appointment of Escrow Agent; Establishment of Escrow Fund.

The District hereby appoints the Escrow Agent to act as escrow agent for purpose of administering the funds required to (a) redeem the Refunded Bonds in full in accordance with Section 2.03(a) of the 2015 Bond Indenture and (b) pay and discharge all of the outstanding 2015 Bonds and the 2015 Bond Indenture in accordance with Section 9.03 of the 2015 Bond Indenture.

The Escrow Agent is hereby directed to establish an escrow fund (the “Escrow Fund”) to be held by the Escrow Agent in trust as an irrevocable escrow securing the payment and discharge of the 2015 Bonds in accordance with the 2015 Bond Indenture. If at any time the Escrow Agent receives actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payment required by Section 4, the Escrow Agent shall notify the District of such fact and the District shall immediately cure such deficiency from any source of legally available funds. The Escrow Agent has no liability for any such insufficiency.

Section 2. Deposit of Amounts in Escrow Fund. On March __, 2025 (the “Closing Date”), the District shall cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of \$_____ in immediately available funds, to be derived from the proceeds of the 2025 Bonds.

Section 3. Investment of Amounts in Escrow Fund. On the Closing Date, the Escrow Agent shall invest the amount of \$_____ on deposited in the Escrow Fund in the following United States Treasury Securities, State and Local Government Series, of the type indicated, and shall hold the remaining \$_____ in cash, uninvested.

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>
Certificate of Indebtedness, State and Local Government Series	June 1, 2025	\$	%

Section 4. Application of Amounts in Escrow Fund. The Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay the principal of and interest on the 2015 Bonds in accordance with the following schedule:

<u>Payment Date</u>	<u>Interest Payment</u>	<u>Maturing Principal</u>	<u>Redeemed Principal</u>	<u>Total Payment</u>
June 1, 2025	\$		\$	\$

Following the payment and redemption of the 2015 Bonds in full on June 1, 2025, the Escrow Agent shall transfer any amounts remaining on deposit in the Escrow Fund to the 2025 Bond Trustee to be applied to pay interest next coming due and payable on the 2025 Bonds.

Section 5. Irrevocable Election to Redeem Refunded Bonds. The District hereby notifies the Escrow Agent of its irrevocable election to redeem the Refunded Bonds

in full on June 1, 2025, pursuant to Section 2.03(a) of the 2015 Bond Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The Escrow Agent shall give notice of redemption of the Refunded Bonds in accordance with provisions of Section 2.03(c) of the 2015 Bond Indenture, at the sole expense of the District. Such notice shall be in substantially the form set forth in Exhibit A attached hereto. In addition, following the deposit of funds into the Escrow Fund under Section 2, the Escrow Agent shall cause a Notice of Defeasance for the 2015 Bonds, in substantially the form attached hereto as Exhibit B, to be filed on the Electronic Municipal Market Access (EMMA) System which is maintained by the Municipal Securities Rulemaking Board.

Section 6. Transfer of 2015 Funds. Any amounts held in the funds and accounts established under the 2015 Bond Indenture by the Escrow Agent, in its capacity as 2015 Bond Trustee, shall be withdrawn therefrom on the Closing Date and transferred to the 2025 Bond Trustee for deposit in the Bond Fund which has been established for the 2025 Bonds under the 2025 Bond Indenture, to be applied to pay interest next coming due and payable on the 2025 Bonds.

Section 7. Substitution or Withdrawal of Federal Securities. The District may at any time direct the Escrow Bank to substitute other Federal Securities (as such term is defined in the 2015 Bond Indenture) for any or all of the Federal Securities then deposited in the Escrow Fund, or to withdraw and transfer to the District any portion of the Federal Securities then deposited in the Escrow Fund, provided that any such direction and substitution or withdrawal shall be accompanied by: (a) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund, together with interest to be derived therefrom, or in the case of withdrawal, the Federal Securities to be remaining in the Escrow Fund following such withdrawal, together with the interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 5; and (b) an opinion of Bond Counsel that the substitution or withdrawal will not affect, for Federal income tax purposes, the exclusion from gross income for federal income tax purposes of the interest on the 2015 Bonds. In the event that, following any such substitution of Federal Securities pursuant to this Section, there is an amount of moneys or Federal Securities in excess of an amount sufficient to make the payments required by Section 5, such excess shall be paid to the District.

Section 8. Compensation to Escrow Agent. The District shall pay the Escrow Agent full compensation for its services under this Agreement, including out-of-pocket costs such as redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase, substitution or withdrawal of any securities after the date hereof.

Section 9. Right to Rely on Documents. The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Agent in connection with this

Agreement and believed by the Escrow Agent to be signed by the proper party, and it need not investigate any fact or matter stated therein.

Section 10. Indemnification of Escrow Agent. The District shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, costs and expenses (including attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from the execution and delivery of this Agreement and in the performance of its duties and obligations under this Agreement, except to the extent caused by the Escrow Agent's negligence or willful misconduct. The provisions of this Section shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

Section 11. Limitations on Liability. The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement. The Escrow Agent shall not be liable for the recitals or representations contained in this Agreement and shall not be responsible for the validity of this Agreement, the sufficiency of the Escrow Fund or the moneys and securities to pay the redemption price of the Refunded Bonds.

Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the District and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is

to be added or deleted from the listing. If the District elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The District acknowledges 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. The Escrow Bank will furnish the District periodic transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder; provided that the Escrow Bank is not obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

Section 12. Resignation; Successors and Assigns. The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

Section 13. Termination of Agreement. Upon payment and redemption in full of the 2015 Bonds, and upon payment of all fees, expenses and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

Section 14. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

MARINA COAST WATER DISTRICT

By: _____
General Manager

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,**
as Escrow Agent

By: _____
Vice President

EXHIBIT A

NOTICE OF REDEMPTION OF

\$29,840,000
Marina Coast Water District
2015 Senior Lien Enterprise Revenue Refunding Bonds,
Tax-Exempt Series A

<u>Maturity Date</u> <u>(June 1)</u>	<u>CUSIP</u>	<u>Interest</u> <u>Rate</u>	<u>Par Amount</u>
2026	56808C AV1	5.000%	\$1,300,000
2027	56808C AW9	5.000	1,365,000
2028	56808C AX7	5.000	1,430,000
2029	56808C AY5	5.000	1,500,000
2030	56808C AZ2	5.000	1,575,000
2031	56808C BA6	5.000	1,655,000
2032	56808C BB4	3.750	1,740,000
2033	56808C BC2	3.750	1,805,000
2034	56808C BD0	3.875	1,870,000
2035	56808C BE8	5.000	1,945,000
2037	56808C BF5	5.000	4,185,000

NOTICE IS HEREBY GIVEN to the holders of the outstanding Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A which are referenced in the table above (the "Refunded Bonds"), that such bonds have been called for redemption prior to maturity on June 1, 2025 (the "Redemption Date") in accordance with their terms at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the Redemption Date, without premium (the "Redemption Price"). The source of the funds to be used for such redemption is the principal of and interest on moneys heretofore deposited with U.S. Bank Trust Company, National Association, as Escrow Agent.

The Redemption Price of the Refunded Bonds shall become due and payable on the Redemption Date, and after such date, interest on such Refunded Bonds shall cease to accrue and be payable.

Holders of the Refunded Bonds will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust office of U.S. Bank Trust Company, National Association in the following manner:

If by Hand Mail or Overnight Mail:

U. S. Bank National Association
Global Corporate Trust
111 Fillmore Avenue E. St. Paul, MN 55107

Bondholders presenting their Refunded Bonds in person for same day payment **must** surrender their bond(s) by 1:00 PM on the Redemption Date and a check will be available for pickup after 2:00 PM. Checks not picked up by 4:30 PM will be mailed

out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Refunded Bond, you are not required to endorse the Refunded Bond to collect the Redemption Price. **Interest on the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.**

IMPORTANT NOTICE: Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

Neither the Marina Coast Water District nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in this Redemption Notice. It is included solely for convenience of the Holders.

Dated: _____, 2025

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

EXHIBIT B

NOTICE OF DEFEASANCE OF

\$29,840,000
Marina Coast Water District
2015 Senior Lien Enterprise Revenue Refunding Bonds,
Tax-Exempt Series A

<u>Maturity Date</u> <u>(June 1)</u>	<u>CUSIP</u>	<u>Interest</u> <u>Rate</u>	<u>Par Amount</u>
2025	56808C AU3	5.000%	\$1,235,000
2026	56808C AV1	5.000	1,300,000
2027	56808C AW9	5.000	1,365,000
2028	56808C AX7	5.000	1,430,000
2029	56808C AY5	5.000	1,500,000
2030	56808C AZ2	5.000	1,575,000
2031	56808C BA6	5.000	1,655,000
2032	56808C BB4	3.750	1,740,000
2033	56808C BC2	3.750	1,805,000
2034	56808C BD0	3.875	1,870,000
2035	56808C BE8	5.000	1,945,000
2037	56808C BF5	5.000	4,185,000

NOTICE IS HEREBY GIVEN with respect to the Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A which are referenced in the table above (the "Defeased Bonds"), issued under an Indenture of Trust dated as of March 1, 2015 (the 2015 Bond Indenture") that the District has deposited certain federal securities and cash with U.S. Bank Trust Company, National Association, as escrow agent (the "Escrow Agent"). As a result of such deposit, the Defeased Bonds are deemed to have been paid and discharged in accordance with the 2015 Bond Indenture. The pledge of moneys provided for under the 2015 Bond Indenture and all other obligations of the District to the owners of the Defeased Bonds shall hereafter be limited to the application of moneys held by the Escrow Agent for the redemption price for the Defeased Bonds as the same becomes due and payable as described below.

Amounts held by the Escrow Agent are calculated to be sufficient to redeem the outstanding Defeased Bonds on June 1, 2025 at a redemption price equal to 100% of the principal amount of the Defeased Bonds, together with accrued interest to such date, without premium.

Dated: March __, 2025

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent

* The Escrow Agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Defeasance. It is included solely for the convenience of the Holders.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY ____, 2025

NEW ISSUE – BOOK-ENTRY ONLY

**RATING: S&P: “_____”
See “RATING” herein**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”

\$ _____ *
**Marina Coast Water District
2025 Enterprise Revenue Refunding Bonds**

Dated: Date of Delivery

Due: June 1, as shown below

The captioned bonds (the “Bonds”) are being issued by the Marina Coast Water District (the “District”) pursuant to an Indenture of Trust dated as of March 1, 2025 (the “Indenture”) between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The Bonds are being executed and delivered to (i) refinance the District’s 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A (the “2015 Bonds”), which are currently outstanding in the aggregate principal amount of \$21,605,000, and (ii) pay the costs of executing and delivering the Bonds. See “FINANCING PLAN.”

The Bonds will be delivered as fully registered bonds, 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 the Bonds. Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2025, by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds.

The Bonds are subject to redemption prior to maturity. See “THE BONDS – Redemption.”

The District’s obligation to pay debt service on the Bonds is a special obligation of the District payable and secured exclusively from the Net Revenues of the Enterprises (as defined in this Official Statement) of the District from amounts on deposit in certain funds and accounts established under the Indenture. A debt service reserve fund for the Bonds will not be established in connection with the execution and delivery thereof. The District has previously incurred obligations that are outstanding and that are payable on a parity basis with the Bonds. In addition, under the Indenture, the District may incur additional debt secured by Net Revenues on a parity with the Bonds, provided that the conditions set forth in the Indenture are met. See “RISK FACTORS” and “SECURITY FOR THE BONDS – Parity Debt; Limitations on Future Debt.”

The District has applied for a municipal bond insurance policy with respect to the Bonds. The District makes no representation as to whether the Bonds will qualify for municipal bond insurance, and satisfaction of any conditions to the issuance of a municipal bond insurance policy shall be the sole responsibility of the winning bidder. Bidders may specify whether they wish to include municipal bond insurance on some or all of the Bonds in their bid submission.

THE BONDS ARE PAYABLE SOLELY FROM NET REVENUES PLEDGED BY THE DISTRICT AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE.

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 Bonds. Investors should review the entire Official Statement before making any investment decision.

**MATURITY SCHEDULE
(See inside cover)**

The Bonds will be sold and awarded pursuant to a competitive bidding process to be held on February ____, 2025, subject to change or cancellation, as set forth in the Official Notice of Sale with respect to the Bonds. The Bonds are offered when, as and if executed and delivered to the winning bidder, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Jones Hall is also acting as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by Griffith, Masuda & Hobbs, A Professional Law Corporation, as General Counsel. It is anticipated that the Bonds will be available for delivery in book-entry form on or about _____, 2025.*

The date of this Official Statement is: _____, 2025.

* Preliminary; subject to change.

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.

MATURITY SCHEDULE

(Base CUSIP[†] 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[†]</u> <u>Number</u>
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\$ _____ - _____% Term Bonds due June 1, 20__;
Yield _____%; Price _____; CUSIP[†]: _____

\$ _____ - _____% Term Bonds due June 1, 20__;
Yield _____%; Price _____; CUSIP[†]: _____

[†] CUSIP is a Registered Trademark of The American Bankers Association (ABA). FactSet Research Systems Inc. operates The CUSIP Service Bureau for the ABA. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP services. None of the District, the Underwriter, or their agents, is responsible for the selection or correctness of the CUSIP numbers set forth above.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds 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 Bonds 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 Bonds 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 Bonds.

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 Indenture and other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of Prices. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds 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 Bonds 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 Bonds.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website.

**MARINA COAST WATER DISTRICT
(MONTEREY COUNTY, CALIFORNIA)**

BOARD OF DIRECTORS

Gail Morton, President
Jan Shriner, Vice President
Stacey Fritz-Smith, Director
Brad Imamura, Director
Thomas Moore, Director

DISTRICT STAFF

Remleh Scherzinger, General Manager
Mary Lagasca, Director of Administrative Services

SPECIAL SERVICES

General Counsel

Griffith, Masuda & Hobbs, A Professional Law Corporation
Turlock, California

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Verification Agent

Robert Thomas CPA, LLC
Minneapolis, Minnesota

Trustee and Escrow Agent

U.S. Bank Trust Company, National Association
San Francisco, California

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**Marina Coast Water District
(MONTEREY COUNTY, CALIFORNIA)**

[INSERT DISTRICT MAP]

OFFICIAL STATEMENT

\$ _____ *

**Marina Coast Water District
2025 Enterprise Revenue Refunding Bonds**

INTRODUCTION

*This Official Statement, including the cover page, inside cover and appendices, is provided to furnish information in connection with the issuance by the Marina Coast Water District of the above-captioned bonds (the “**Bonds**”). 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 INDENTURE.”*

The District. The Marina Coast Water District (the “**District**”) is a county water district organized in 1960 under the provisions of the County Water District Law. The District provides water (including recycled water) and wastewater services to customers within the service area of the District. See “THE DISTRICT AND THE ENTERPRISES.” For selected financial, economic and demographic information about the District, see “THE DISTRICT AND THE ENTERPRISES.” The audited financial statements of the District for the fiscal year ended June 30, 2024, are attached as APPENDIX A.

The Bonds. The Bonds are being issued by the District pursuant to the provisions of an Indenture of Trust, dated as of March 1, 2025 (the “**Indenture**”), between the District and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

Redemption. The Bonds are subject to redemption prior to their scheduled payment dates as described in this Official Statement. See “THE BONDS – Redemption.”

Security for the Bonds. The Bonds are payable from, and secured by, Net Revenues (as defined in this Official Statement) derived from the operation of the water enterprise (as defined herein, the “**Water Enterprise**”) and the wastewater enterprise (as defined herein, the “**Wastewater Enterprise**”) of the District (each an “**Enterprise**” and together, the “**Enterprises**”), and from amounts on deposit in certain funds and accounts established under the Indenture. A debt service reserve fund for the Bonds will not be established by the District in connection with the execution and delivery thereof. See “SECURITY FOR THE BONDS.” The term Water Enterprise includes both the District’s potable water system and recycled water system.

Bond Insurance. Municipal bond insurance has been applied for by the District, and remains subject to credit approval. In the event the District obtains a commitment for municipal

* Preliminary; subject to change.

bond insurance, each bidder has the option to elect whether such insurance will be issued. If the winning bidder elects to obtain any policy of municipal bond insurance, the premium for such insurance and the costs of any related ratings will be paid by the winning bidder, and the District will have no responsibility for payment of such premium and costs.

Use of Proceeds. The proceeds of the Bonds will be used to refinance the Marina Coast Water District 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A (the “**2015 Bonds**”), which are currently outstanding in the aggregate principal amount of \$21,605,000. See “FINANCING PLAN.”

Rate Covenant. In the Indenture, the District covenants to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished separately by each of the Enterprises during each Fiscal Year which at the time of fixing are sufficient to yield Net Revenues of such Enterprise which are at least equal to the sum of 125% of the amount of Debt Service calculated for such Fiscal Year which is allocable to such Enterprise. See “SECURITY FOR THE BONDS – Rate Covenant; Collection of Rates and Charges.”

Prior Parity Debt. The District’s pledge of Net Revenues securing the Bonds 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 obligations of the District under the Installment Purchase Agreement dated January 18, 2017 (the “**2017 Taxable Installment Purchase Agreement**”), between the District and Holman Capital Corporation (and subsequently assigned to Santa Cruz County Bank), which obligations are currently outstanding in the principal amount of \$2,037,485;
- (ii) the installment payment obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01011 (“**SRF Agreement No. D17-01011**”), between the District and the California State Water Resources Control Board (the “**SWRCB**”), in the maximum principal amount of \$10,513,217 (excluding grants made or to be made thereunder to the District), of which \$4,925,469 is currently outstanding;
- (iii) the installment payment obligations of the District under the Construction Installment Sale Agreement and Grant, Agreement No. D17-01045 (“**SRF Agreement No. D17-01045**” and together with the SRF Agreement No. D17-01011, the “**SRF Agreements**”), between the District and the SWRCB, in the maximum principal amount of \$11,439,582 (excluding grants made or to be made thereunder to the District), of which \$6,740,985 is currently outstanding; the installment payment obligations of the District under the SRF Agreements are referred to in this Official Statement as the “**SRF Loans**”;
- (iv) the obligations of the District under the Installment Sale Agreement dated as of December 1, 2019, between the District and CSDA Finance Corporation, relating to the \$17,725,000 aggregate principal amount of Enterprise Revenue Certificates of Participation, Series 2019 (“**2019 Certificates**”), which are currently outstanding in the amount of \$16,250,000; and
- (v) the obligations of the District under the Installment Sale Agreement dated as of August 1, 2024, between the District and CSDA Finance Corporation, relating to the

\$19,310,000 aggregate principal amount of Enterprise Revenue Certificates of Participation, Series 2024 (“**2024 Certificates**”), which are currently outstanding in the amount of \$19,310,000.

See “SECURITY FOR THE BONDS – 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 Bonds (collectively, “**Additional Parity Debt**”) subject to the satisfaction of certain conditions. See “SECURITY FOR THE BONDS – Prior Parity Debt; Limitations on Future Debt.”

Subordinate and Other Debt. Nothing in the Indenture 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 Indenture.

Limited Obligation. THE DISTRICT’S OBLIGATION TO PAY THE BONDS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES AND OTHER FUNDS PROVIDED THEREFOR IN THE INDENTURE. THE DISTRICT HAS NOT AGREED TO LEVY AND DOES NOT LEVY ANY FORM OF TAXATION TO PAY THE BONDS.

Risk Factors. The purchase of the Bonds 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 INDENTURE.”

FINANCING PLAN

General

The proceeds of the sale of the Bonds will be used to (i) defease and refund the 2015 Bonds, which are currently outstanding in the aggregate principal amount of \$21,605,000, and (ii) pay costs of issuing the Bonds. The 2015 Bonds maturing on and after June 1, 2026, are subject to redemption on June 1, 2025 (the “**Redemption Date**”), and on any day thereafter, at a redemption price equal to 100% of the principal amount thereof together with accrued interest thereon to the redemption date, without premium.

Pursuant to an Escrow Agreement, dated as of March 1, 2025, between the District and U.S. Bank Trust Company, National Association, as escrow agent and trustee for the 2015 Bonds, (the “**Escrow Agent**”), amounts that, together with earnings thereon, are sufficient to defease, in full, and optionally redeem (or pay as due) all of the 2015 Bonds on the Redemption Date, will be deposited with the Escrow Agent in an irrevocable escrow account for such purpose.

Robert Thomas CPA, LLC, Minneapolis, Minnesota (the “**Verification Agent**”), upon delivery of the Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the principal and interest requirements of the 2015 Bonds and (b) the “yields” on the amount of proceeds held and invested prior to redemption of the 2015 Bonds and on the Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds are as follows:

Sources:

Principal Amount
Plus: [Net] Original Issue Premium
Total Sources: _____

Uses:

Escrow Fund for 2015 Bonds
Costs of Issuance⁽¹⁾
Total Uses: _____

⁽¹⁾ Includes Underwriter’s discount, Trustee fees, Bond Counsel and Disclosure Counsel fees, General Counsel fees, Municipal Advisor fees, printing costs, rating agency fees, and other related costs.

THE BONDS

Description

The Bonds 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, commencing June 1, 2025 (each, a “**Interest Payment Date**”), and will mature on the dates and in the amounts set forth on the inside front cover. Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Bonds will be executed and delivered in fully registered form without coupons. The Bonds are being executed and delivered in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“**DTC**”). Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture. See the discussion under “– Transfer and Exchange” below.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless (a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or (c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date. “**Record Date**” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

While the Bonds 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 Bonds.

See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

Redemption*

Optional Redemption. The Bonds maturing on or before June 1, 20___, are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, 20___, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, from any available source of funds, on June 1, 20___, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Redemption From Net Proceeds of Insurance, Sale and Condemnation. The Bonds are subject to mandatory redemption, 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 redemption of the Bonds by the District under the Indenture. The Bonds are subject to redemption from such net proceeds at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 20___ and on June 1, 20___ (together, the “**Term Bonds**”) are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on June 1 in the respective years as set forth in the following table; *provided, however*, that if some but not all of such Term Bonds have been optionally redeemed, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000 (as set forth in a schedule provided by the District to the Trustee).

**Mandatory Sinking Fund Redemption of
Term Bonds Maturing June 1, 20_____**

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

**Mandatory Sinking Fund Redemption of
Term Bonds Maturing June 1, 20_____**

Sinking Fund Redemption Date (<u>June 1</u>)	Principal Amount <u>To Be Redeemed</u>
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§§ Preliminary; subject to change.

Notice of Redemption. The Trustee on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Trustee shall have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption to the respective Owners of the Bonds designated for redemption, at their addresses appearing on the Registration Books.

Partial Redemption of Individual Maturity of Bonds. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Individual Bond. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the District, the Trustee shall cancel and destroy all Bonds redeemed under the Indenture.

Notwithstanding the foregoing, while the Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption 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 redemption to the Beneficial Owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co., as nominee of DTC. One fully-registered bond will be issued for each maturity of the Bonds, 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 or interest with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption 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 Bonds or an error or delay relating thereto.

Transfer and Exchange

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges by beneficial owners of their interest in the Bonds will be made in accordance with DTC procedures and not as hereinafter described. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The registration of any Bond 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 Bond 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 Bond or Bonds shall be surrendered for registration of transfer, the Trustee will execute and deliver a new Bond or Bonds 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 Bond Owner of any tax or other governmental charge required to be paid with respect to such transfer.

Bonds may be exchanged at the Trust Office of the Trustee, for a like aggregate principal amount of Bonds 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 Bond 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 Bond during the period established by the Trustee for the selection of Bonds for redemption, or (ii) the portion of any Bond which the Trustee has selected for redemption under the provisions of the Indenture.

SECURITY FOR THE BONDS

Limited Obligation

The District's obligation to pay the Bonds 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 Indenture for the payment of the Bonds, or to levy any form of taxation. No other funds or property of the District will be liable for the payment of the Bonds.

Security for the Bonds

Pledge of Net Revenues. The Bonds are secured by a first pledge of all of the Net Revenues, on a parity with the pledge which secures the Prior Parity Debt and any Additional Parity Debt. In addition, the Bonds, the Prior Parity Debt and any Additional Parity Debt are secured by a pledge of all of the moneys in the Bond Fund, including all amounts derived from the investment of such moneys. The Bonds, the Prior Parity Debt and any Additional Parity Debt shall be equally secured by a pledge, charge and lien upon the Net Revenues and such moneys, without priority for series, issue, number or date and the payment of the interest on and principal of the Bonds shall be secured by an exclusive pledge, charge and lien upon the Net Revenues and such moneys. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

Definitions. Set forth in the following paragraphs are some of the terms defined in the Indenture that are most relevant to understanding the pledge of Net Revenues to the Bonds.

"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 (if any) allocable to the Enterprises which are levied upon taxable property in the District by the Board of Supervisors of Monterey County, and which are allocated to the District under the provisions of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code of the State, including all payments, subventions and reimbursements, if any, to the District specifically attributable to taxes lost by reason of tax exemptions and tax rate limitations, if any; but excluding any taxes levied for the sole purpose of providing for payment of principal and interest on any voter-approved indebtedness incurred by the District, which taxes would not otherwise be subject to levy but for the issuance of such indebtedness;
- (b) all amounts levied by the District as a fee for connecting to the Enterprises, as such fee is established from time to time under the applicable laws of the State;
- (c) all income, rents, rates, fees, charges and other moneys received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Enterprises or otherwise arising from the Enterprises;

- (d) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Enterprises;
- (e) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Enterprises as permitted by the Indenture; and
- (f) amounts transferred from the Rate Stabilization Fund (if any) to the Enterprise Funds in any Fiscal Year in accordance with the Indenture.

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 (if any) 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 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.

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 Indenture and any Parity Debt Documents. The District shall apply amounts on deposit in the Enterprise Funds to pay when due the following amounts in the following order of priority:

- (a) all Operation and Maintenance Costs;
- (b) the Bonds and all payments of principal of and interest on the Prior Parity Debt and any Additional Parity Debt;
- (c) to the Trustee the amount of any deficiency in any reserve fund established for Additional Parity Debt, the notice of which deficiency has been to the District in accordance with the related Parity Debt Documents; and
- (d) any other payments required to comply with the provisions of the Indenture and any Parity Debt Documents.

The Indenture 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 redemption 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 Bonds 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 Bonds 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 Indenture.

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 payments of principal of and interest on the portion of the Bonds, the Prior Parity Debt or any Additional Parity Debt allocable to such Enterprise, as they become due and payable during the Fiscal Year, without preference or priority, except to the extent payable from the proceeds of Additional Parity Debt held for that purpose; and
- (c) all payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues of such Enterprise during such Fiscal Year.

Net Revenues. In addition, the District will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished separately by each of the Enterprises during each Fiscal Year which at the time of fixing are sufficient to yield Net Revenues of such Enterprise which are at least equal to the sum of 125% of the amount of Debt Service calculated for such Fiscal Year which is allocable to such Enterprise. For purposes of such covenant, the amount of Net Revenues for a Fiscal Year will be computed by including in Gross Revenues all amounts transferred into such Enterprise Fund from the Rate Stabilization Fund during the Fiscal Year, excluding any such amounts which are derived from Gross Revenues received in such Fiscal Year. See “– Rate Stabilization Fund,” below. In the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet such requirements, such event will not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

“Debt Service” means, for any period of calculation, the sum of the principal and interest on the Bonds 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 Indenture, the District has the right (but not the obligation) at any time to establish a fund to be held by it and administered in accordance with the Indenture (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 Bonds, the Prior Parity Debt and any Additional Parity Debt, as the District may determine, in accordance with the provisions of the Indenture. See APPENDIX B.

The District may, but is not required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Funds in any Fiscal Year for the purpose of paying the Bonds 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, excluding any amounts which are derived from Gross Revenues received in such Fiscal Year. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Bonds, the Prior Parity Debt and any Additional Parity Debt. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the District, be applied for any other lawful purposes. The District has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the District. The District maintains a Rate Stabilization Fund, currently with a \$0 balance.

Parity Debt; Limitations on Future Debt

General. Under the Indenture, 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 Bonds is on a parity with the District’s pledge of Net Revenues to the Prior Parity Debt. The Prior Parity Debt consists of the following:

- (a) the 2017 Taxable Installment Purchase Agreement, which is currently outstanding in the principal amount of \$2,037,485;
- (b) the SRF Agreement No. D17-01011, which is currently outstanding in the principal amount of \$4,925,469;
- (c) the SRF Agreement D17-01045, which is currently outstanding in the amount of \$6,740,985;
- (d) the 2019 Certificates, which are currently outstanding in the amount of \$16,250,000; and

- (e) the 2024 Certificates, which are currently outstanding in the amount of \$19,310,000.

Future Parity Debt. Under the Indenture, the District may issue or incur any Additional Parity Debt during the Term thereof upon satisfaction of all of the following conditions:

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

The Indenture 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 Indenture, the District may not issue or incur any additional bonds or other obligations having any lien on the Net Revenues which is senior to the lien which secures the Bonds, or having any priority in payment of principal or interest out of the Net Revenues over the Bonds.

Subordinate Obligations. Nothing in the Indenture 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 Indenture.

No Debt Service Reserve Fund

The District will not fund a debt service reserve fund for the Bonds in connection with the execution and delivery thereof.

Additional Covenants

The District makes certain additional covenants in the Indenture, including a covenant to maintain and preserve the Enterprises and a covenant to maintain insurance. See APPENDIX B – “SUMMARY OF INDENTURE.”

DEBT SERVICE SCHEDULE

Scheduled debt service for the Bonds and the Prior Parity Debt is shown in the following table.

Fiscal Year Ending June 30	Total Prior Parity Debt Service ⁽¹⁾	2025 Bonds Principal Amount	2025 Bonds Interest Amount	Total 2025 Bonds Debt Service	Total Parity Debt Service
2025 ⁽²⁾	\$2,905,864				
2026	2,599,804				
2027	2,600,554				
2028	2,600,304				
2029	2,599,054				
2030	2,601,804				
2031	2,598,304				
2032	2,598,804				
2033	2,598,054				
2034	2,601,454				
2035	2,598,854				
2036	2,600,454				
2037	2,601,054				
2038	3,608,266				
2039	3,609,616				
2040	3,606,716				
2041	3,609,616				
2042	3,607,766				
2043	3,606,366				
2044	3,606,366				
2045	3,607,566				
2046	3,608,466				
2047	3,605,816				
2048	3,609,616				
2049	3,604,516				
2050	530,666				
2051	530,666				
2052	530,666				
2053	304,068				
2054	--				
2055	--				
Total	\$79,291,130				

(1) Includes the estimated repayment of the SRF Agreement No. D17-01011 and SRF Agreement D17-01045 at 1.80%.

(2) Includes the portion of the 2015 Bonds paid by the District prior to the issuance of the 2025 Bonds.

Source: Fieldman, Rolapp & Associates, Inc.

THE DISTRICT AND THE ENTERPRISES

General

Formation. The District is a county water district organized in 1960 under the provisions of the California Water Code Division 12 (the “**County Water District Law**”) for the purpose of installing and operating a water supply, water distribution system and wastewater collection system for the community of Marina, which was later incorporated as the City of Marina (the “**City**”). The District has the powers under the County Water District Law to, among other things, provide potable water, wastewater treatment and collection and reclaimed water services. In connection therewith, the District has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District first commenced wastewater service within the community of Marina in 1964 after constructing a trunk sewer system and treatment plant. The District first began providing potable water service within the City in 1966 after acquiring the assets of a private water company. The District was the first to pilot test desalination operations in 1996 and successfully operated its plant until 2003 when the plant was placed on stand-by. In 1998, the District began providing water and sewer services to the former Fort Ord area pursuant to a contract with the Fort Ord Reuse Authority (“**FORA**”). In 2000, the District entered into utility services contracts with the U.S. Army to provide water and sewer services to the Army and other Federal agencies within the former Fort Ord utilizing the Federal Government’s reserved groundwater rights recognized by the Monterey County Water Resources Agency (“**MCWRA**”) and the Army’s prepaid wastewater treatment capacity. With the dissolution of FORA in 2020, the District assumed full control of the water and sewer systems budgeting, planning, ratemaking, and operations within the District’s Ord service area. In 2022, the District began providing Advanced Treated Water (“**ATW**”) recycled water services within the Ord service area.

Service Areas. The District serves approximately 41,000 residents through more than 11,000 customer accounts and approximately 20,500 connections in its Marina and Ord service areas. The District currently provides water, recycled water and wastewater service to 8 jurisdictions, consisting of 2 cities (Marina and Seaside); 2 universities (California State University Monterey Bay and University of California Santa Cruz); 2 federal entities (U.S. Army and Bureau of Land Management); the County of Monterey; and California State Parks. Additionally, the District will provide water and recycled water services to the City of Del Rey Oaks and water service to the City of Monterey when development occurs within each city’s lands within the former Fort Ord. See “– Service Area” below for more details.

Systems. The District operates three separate systems: the wastewater system, the potable water system, and the recycled water system. Each is accounted for separately in the District’s financial records and for purposes of levying rates and charges in compliance with Proposition 218. However, because the recycled water system was recently established and currently has a single customer (the City of Seaside), for the purposes of the legal documents pursuant to which the Bonds and Parity Debt are issued and this Official Statement, the financial results of the recycled water system have been included within the Water Enterprise. See “THE DISTRICT AND THE ENTERPRISES.”

2024 Rate Study. In April 2024, the District adopted new rates and charges for its water system, wastewater system and recycled water system. The rates and charges are based on a rate study and final plan prepared by Hildebrand Consulting, LLC and delivered to the District in April 2024 (the “**2024 Rate Study**”) that covers a 5-year period. The 2024 Rate Study also

includes a review and update of the cost allocation plan between the District's various cost centers. Between the two service areas there are six "cost centers": Marina water, Ord water, Marina sewer, Ord sewer, recycled water and the Groundwater Sustainability Agency (GSA).

The new rates and charges were adopted by the Board of Directors on June 17, 2024, after complying with the Proposition 218 requirements for adopting rate increases. Additional details on the new rates and charges are described under "– Water Enterprise of the District" and "– Wastewater Enterprise of the District."

Service Areas

General. The District serves approximately 41,000 residents through more than 20,500 water, recycled water and sewer connections, within its Marina and Ord service areas. The Marina service area consists of approximately 5.6 square miles. The Ord service area consists of approximately 16 square miles that constitute the former Fort Ord Army Base. The Marina and Ord service areas are maintained as separate service areas, with separate financial records, accounts, and capital improvement programs. All lands within the Marina service area have been annexed into the District's jurisdictional boundaries. Lands within the Ord service area that receive both water and wastewater services or that have received required land use approvals have been annexed into the District's jurisdictional boundaries. Additional lands within the Ord service area will become eligible for annexation in the future. Certain lands within the Ord service area only receive or will only receive the District's water service. For example, wastewater collection services are provided by the Seaside County Sanitation District, and not the District, for portions of the City of Seaside and for the City of Del Rey Oaks. The District's Board of Directors has determined that only lands that receive both water and wastewater services from the District are eligible for annexation to the District.

As required by State law, the Local Agency Formation Commission in Monterey County ("LAFCO") has established a "sphere of influence" for the District, which defines the area which may be annexed to the District. The sphere of influence includes a major undeveloped urban area - Armstrong Ranch. The Marina Station development area within the Armstrong Ranch has been annexed to the District. The District purchased a portion of the Armstrong Ranch (approximately 224 acres) in June 2010 and is in the process of annexing the parcel. The Lonestar Property, now known as CEMEX, is currently involved in a sale transaction which the District anticipates may result in annexation in the near term.

Regulatory Matters

General. The District is not aware of any environmental or regulatory issues that would adversely impact its ability to operate its systems.

Potable Water. The applicable drinking water standards for the District's Water Enterprise are provided in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the U.S. Environmental Protection Agency in conformance with the Safe Drinking Water Act (PL 93-523). The standards specify water quality sampling frequencies and location as well as maximum concentrations of chemical constituents and are continuously revised and amended. The District operates under a Domestic Water Supply Permit issued by the SWRCB.

Recycled Water. The production and use of recycled water may be permitted through general or individual waste discharge requirements (California Water Code §13263), water

reclamation requirements (California Water Code §13523), a master reclamation permit (California Water Code §13523.1), or amendments to an adopted order, such as an existing National Pollution Discharge Elimination System Permit. The District’s recycled water system is operated under a permit from the SWRCB, for which M1W is the holder. Accordingly, compliance with the permit, including with respect to water quality and related matters, is the primary responsibility of M1W.

Wastewater System. Regulatory requirements applicable to the Wastewater Enterprise are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State’s Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the Regional Water Board. The District is not aware of any environmental or regulatory issues that would adversely impact its ability to provide wastewater service. The waste discharge requirements applicable to the Wastewater Enterprise are a product of “Waste Discharge Requirements for the Monterey Regional Water Pollution Control Agency Regional Treatment Plant,” imposed by Order No. R3-2014-0013/NPDES No. CA0048551 of the California Regional Water Quality Control Board, Central Coast Region (“**Order R3-2013-0013**”). Order No. R3-2014-0013 governs discharge of secondary treated municipal wastewater treatment effluent and brine wastes by M1W from the M1W Regional Wastewater Treatment Plant (as such terms are defined herein).

Air Emissions Permits. The District operates pursuant to a variety of permits from the Monterey Bay Unified Air Pollution Control District.

Governance and Management

The District is governed by a 5-member Board of Directors, the members of which are elected at large within the Marina and Ord service areas for staggered 4-year terms. The current members of the Board of Directors, the expiration dates of their terms and their occupations are set forth below.

Member	Expiration of Term	Occupation
Gail Morton, President	December 2026	Attorney
Jan Shriner, Vice President	December 2026	Environmental Educator
Stacey Fritz-Smith, Director	December 2028	Entrepreneur
Brad Imamura, Director	December 2026	Retired Environmental Health Specialist
Thomas Moore, Director	December 2028	Retired Professor

Annually, a President and Vice President are chosen among the members of the Board of Directors. The District operates under a Board-Manager form of government. The Board of Directors appoints the General Manager who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the policies of the Board of Directors. Management of the District’s finances is the responsibility of the Director of Administrative Services. Set forth below are brief resumes of the General Manager and the Director of Administrative Services:

General Manager. Remleh Scherzinger was appointed the District’s General Manager in April 2021. Mr. Scherzinger has more than 25 years of experience in management and engineering in the water and electric utility industry. He has served as a senior manager or the general manager for 16 years. Mr. Scherzinger has a Bachelor of Science degree in Civil/Environmental Engineering from California Polytechnic University at Pomona, a Master’s degree in Business Administration from Sonoma State University with a focus on financial and

organizational management and is a registered Professional Civil Engineer. Mr. Scherzinger is also a Certified Special District Manager by the California Special District Association (CSDA).

Mr. Scherzinger has spent a majority of his career developing and executing highly efficient capital improvement programs which deliver projects in a timely fashion within budgeted parameters. His desire to serve his community to the maximum extent drives his desire to provide the highest levels of customers service while maximizing the benefits to the rate payer base. His optimistic belief and problem solving further support his fiscal conservatism by providing solutions that emphasize cost-effectiveness without compromising quality.

Director of Administrative Services. Mary Lagasca was appointed the District's Director of Administrative Services in August 2022. Ms. Lagasca has over 17 years of experience in municipal/governmental accounting, budget management and debt administration. Ms. Lagasca has a Bachelor of Science degree in Business Economics and a Master's in Accounting and Financial Management. Ms. Lagasca is a Certified Public Accountant in the State of California.

Ms. Lagasca is a member of the California Municipal Finance Officers Association (CSMFO) and Government Finance Officers Association (GFOA). Ms. Lagasca has strong municipal public sector experience and has successfully managed operating budgets and capital improvement budgets over \$200 million.

Employees

General. The District had 46 full-time employees as of June 30, 2024. Of the 46 employees of the District, 1 employee is unrepresented by collective bargaining units, 8 employees are included in the bargaining units represented by the Teamsters Local 890 (the "**Teamsters**") and the rest are in the bargaining unit represented by the Marina Coast Water District Employee Association (the "**Association**"). The contracts with the Teamsters and the Association expire on June 30, 2027. The District has never experienced a work stoppage or other employee action.

Pension Plan

*This caption contains certain information relating to the California Public Employees' Retirement System ("**CalPERS**"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. None of the District, the Municipal Advisor or the Underwriter has independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS. The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. None of the District, the Municipal Advisor or the Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plan.*

Plan Description. The Miscellaneous Plan of the Marina Coast Water District (the "**Miscellaneous Plan**") is part of the Public Agency portion of CalPERS, a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment

and administrative agent for participating public employers within the State. Menus of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution.

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

The District's Miscellaneous Plan is comprised of the following tiers: (i) a tier for employees employed prior to July 1, 2015 (the "**Classic Miscellaneous Plan**"), and (ii) a tier for employees employed on or after July 1, 2015 (the "**PEPRA Miscellaneous Plan**"). The Classic Miscellaneous Plan and PEPRA Miscellaneous Plan are each referred to as a "**Tier**." The following table shows the number of District employees within each Tier as of June 30, 2024.

<u>Tier</u>	<u>Number of Employees</u>
Classic Miscellaneous Plan	18
PEPRA Miscellaneous Plan	28
Total	<u>46</u>

Source: The District.

CalPERS Contributions and Funding Policy. The California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to pay the Miscellaneous Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and the Miscellaneous Plan's allocated share of the amortized unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

The District's employer contribution rates (including unfunded accrued liability contribution) for each Tier of the Miscellaneous Plan as a percentage of payroll for the last four fiscal years and for Fiscal Year 2025-26 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 2021-22 through 2025-26⁽¹⁾
By Tier**

<u>Tier</u>	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>	<u>Fiscal Year 2024-25</u>	<u>Fiscal Year 2025-26</u>
Classic Miscellaneous Plan	9.13%	9.12%	10.66%	10.71%	10.76%
PEPRA Miscellaneous Plan	7.59%	7.47%	7.68%	7.87%	7.96%

(1) The rates shown provide a recent history of the required and discretionary employer contributions for the plan. The required amounts are based on the actuarial valuation from two years prior without subsequent adjustments, if any. Additional discretionary payments before July 1, 2019, or after April 28, 2023, are not included.
Source: CalPERS Annual Valuation Actuarial Reports as of June 30 of the years 2022 through 2026.

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 2020-21 through 2023-24.

**CalPERS Contributions by Tier
Fiscal Years 2020-21 through 2023-24**

	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>
Classic Miscellaneous Plan				
Contributions - employer	\$267,381	\$242,876	\$253,722	\$311,357
Contributions - employee (paid by District)	201,651	186,214	194,743	204,456
Total	\$469,032	\$429,090	\$448,465	\$515,813
PEPRA Miscellaneous Plan				
Contributions - employer	\$100,360	\$124,896	\$147,609	\$184,190
Contributions - employee	87,613	111,074	133,382	185,855
Total	\$187,973	\$235,970	\$280,991	\$370,045

Source: The District.

The District's total actuarially determined employer contributions and rates for the Pension Plans in aggregate as a percentage of payroll for the last four Fiscal Years are set forth in the following table.

**CalPERS Employer Contributions
Miscellaneous Rate Plan
Fiscal Years 2020-21 through 2023-24**

	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>
District Contribution	\$592,479	\$645,776	\$733,319	810,311
Contribution as % of Covered Payroll	14.18%	15.52%	15.39%	15.20%

Source: The District.

Funded Status. The following table sets forth the schedule of funding for each Tier as of June 30 of the years 2019 through 2023. *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 2019 through 2023 –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 ⁽¹⁾	Annual Covered Payroll	Unfunded Accrued Liability as % of Payroll
2019	\$18,754,765	\$14,871,873	\$3,882,892	79.3%	\$2,941,856	131.1%
2020	19,372,830	14,978,213	4,394,617	77.3	2,826,169	155.5
2021	20,493,562	17,878,153	2,615,409	87.2	2,713,538	96.4
2022	20,495,282	15,266,758	5,228,524	74.5	2,533,035	206.4
2023	22,233,467	16,506,199	5,727,268	74.2	2,664,196	--

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 ⁽¹⁾	Annual Covered Payroll	Unfunded Accrued Liability as % of Payroll
2019	\$260,022	\$233,551	\$26,471	89.8%	\$986,443	2.7%
2020	429,198	385,332	43,866	89.8	1,241,192	3.5
2021	661,517	691,626	(30,109)	104.6	1,448,317	(2.1)
2022	887,465	767,152	120,313	86.4	1,718,200	7.0
2023	1,097,023	925,659	171,364	84.4	1,798,764	--

Source: CalPERS Annual Valuation Actuarial Report as of June 30, 2023 for each Tier.

Projected Annual Contributions. The following table shows the District's actuarially-determined required employer contribution (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount) for Fiscal Year 2025-26, and projected employer contributions (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount) for Fiscal Years 2026-27 through 2030-31. The minimum employer contributions for Fiscal Year 2023-24 were calculated using a discount rate of 6.80% and assume the realized rate of return on assets for Fiscal Year 2026-27 and beyond is 6.80%.

**CalPERS Projected Employer Contributions
As of June 30, 2023 – By Tier**

	<u>Classic Miscellaneous Plan</u>					
	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Fiscal Year 2030-31
Normal Cost %	10.76%	10.8%	10.8%	10.8%	10.8%	10.8%
UAL Payment	\$475,936	\$512,000	\$541,000	\$613,000	\$626,000	\$638,000

	<u>PEPRA Miscellaneous Plan</u>					
	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Fiscal Year 2030-31
Normal Cost %	7.9%	8.0%	8.0%	8.0%	8.0%	8.0%
UAL Payment	\$10,635	\$14,000	\$17,000	\$18,000	\$18,000	\$18,000

(1) Fiscal Year 2025-26 represent the District's actuarially-determined required employer contribution (as a percentage of payroll) and unfunded accrued liability contribution (as a dollar amount); remaining fiscal year figures are projections.
Source: CalPERS Actuarial Valuation Reports as of June 30, 2023 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 2025-26 through Fiscal Year 2030-31. See APPENDIX A – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2024, NOTES TO BASIC FINANCIAL STATEMENTS, Note 7, Defined Benefit Pension Plan” for additional information about the District’s retirement plans.

The information set forth in the previous table was provided to the District by CalPERS and has not been reviewed for accuracy or audited by the Auditor. CalPERS is responsible for the assumptions, estimates and data that are used to create the such information.

Other Post-Employment Benefits (OPEB)

The District provides other post-employment benefits (“OPEBs”) to certain former employees as described below.

Plan Description. The District administers a single-employer defined-benefit post-employment healthcare plan (the “OPEB Plan”). It offers two retirement options: Option 1 provides retirees aged at least 62 with 25 years of continuous district service 100% coverage of medical insurance premiums, Option 2 offers retirees aged at least 62 with 10 years of continuous district service 80% coverage of medical insurance premiums. District will provide continued +1 health, vision and dental benefits for the retiree provided the minimum requirements established by the District are met, at the sole cost of the retired employee.

As of the June 30, 2024, the following current and former employees of the District were covered under the OPEB Plan:

	<u>Number of Employees</u>
Active Employees:	41
Inactive currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits:	--
Total	<u>46</u>

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, 2024, the District paid \$21,239 in pay-as-you-go premiums and the estimated implicit subsidy was \$14,944 resulting in total payments of \$36,183. For fiscal year ended June 30, 2023, the District paid \$22,614 in pay-as-you-go premiums and the estimated implicit subsidy was \$15,885 resulting in total payments of \$38,499.

Total OPEB Obligation. The District’s total OPEB liability was valued as of June 30, 2023 and was used to calculate the OPEB liability measured as of June 30, 2024. The District’s total OPEB liability as of June 30, 2024 was \$1,129,856.

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, 2024, NOTES TO BASIC FINANCIAL STATEMENTS, Note 8, Other Post-Employment Benefits (OPEB)” for a description of the actuarial methods and assumptions used to measure the District’s total OPEB liability as of June 30, 2024.

OPEB Funded Status. The status of the OPEB Plan as of the June 30, 2024 and June 30, 2023 measurement dates is as follows:

	June 30, 2024	June 30, 2023
Total OPEB Liability – Beginning	\$2,033,377	\$1,533,102
Total OPEB Liability – Ending	\$1,129,856	\$2,033,377
Covered employee payroll	\$4,458,879	\$3,569,242
Total OPEB Liability as % of covered-employee payroll	25.34%	56.97%

Source: The District.

See APPENDIX A – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2024, NOTES TO BASIC FINANCIAL STATEMENTS, Note 8, Other Post-Employment Benefits (OPEB)” and “Schedule of Changes in the Total OPEB Liability and Related Ratios” therein for additional information regarding the District’s OPEB costs.

Insurance

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

Budget Process

Annually, the district prepares and adopts an operating budget and updates its five-year Capital Improvement Program (CIP). Both serve as the District’s financial planning and fiscal control. Budgets are adopted on a basis consistent with governmental GAAP. Budgetary controls are set at the department level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District’s budget includes the projects, services, and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented, and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis. The General Manger has the discretion to transfer appropriations between activities. Board approval is required for any overall

increase in appropriations or changes to the Capital Improvement Program. Annual audits for all District funds are conducted and usually completed by December 31 of the following Fiscal Year.

Financial Information of the District

A copy of the most recent audited financial statements of the District prepared by Chavan and Associates, 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, 2024, and the respective changes in financial position and cash flows, where applicable, for the Fiscal Year then ended in conformity with accounting principles generally accepted in the United States of America.

The summary operating results contained under the caption “Historical Operating Results” for Fiscal Years 2019-20 through 2023-24 are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

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Historical Operating Results and Debt Service Coverage

The following tables are a summary of operating results and debt service coverage for the District for the last five fiscal years. The results for Fiscal Years 2019-20 through 2023-24 have been derived from the audited financial statements.

Marina Coast Water District Historical Operating Results Fiscal Year Ended June 30⁽¹⁾ Fiscal Years 2019-20 through 2023-24

	2020	2021	2022	2023	2024
Gross Revenues					
Water Services ⁽²⁾	\$11,652,404	\$12,366,437	\$13,133,302	\$13,624,939	\$15,323,077
Wastewater Services	4,484,940	4,633,032	4,930,600	5,315,471	5,580,361
Capacity and Connection Fees ⁽³⁾	3,679,241	1,595,664	5,035,396	14,362,216	11,172,872
Other Services and Fees	822,682	599,085	747,980	1,654,967	1,828,640
Grants	6,063,324	2,187,939	590,598	2,502,600	505,877
Other Revenue/Rental Income	497,152	204,702	204,702	201,755	204,256
Interest Earned ⁽⁴⁾	359,505	274,739	241,183	1,117,546	1,871,214
Gain on disposal of capital assets	--	--	--	31,436	12,714
Total Gross Revenues	\$27,559,248	\$21,861,598	\$24,883,761	\$38,810,930	\$36,499,011
Operation and Maintenance Costs⁽⁵⁾					
General and Administrative ⁽⁶⁾	\$7,245,471	\$6,456,567	\$6,431,233	\$9,186,105	\$8,777,642
Operations and Maintenance	3,698,491	4,083,157	4,600,041	4,916,612	5,828,094
Laboratory	255,418	87,294	142,525	208,003	223,150
Conservation	326,074	286,123	341,615	385,864	415,930
Engineering	1,525,620	1,336,329	1,534,122	1,690,881	2,572,644
Water Resources	948,216	1,019,506	824,856	715,230	1,041,941
Total Operation and Maintenance Costs	\$13,999,290	\$13,268,976	\$13,874,392	\$17,102,695	\$18,859,401
Net Revenues	\$13,559,958	\$8,592,622	\$11,009,369	\$21,708,235	\$17,639,610
Senior Debt Service⁽⁷⁾					
2015 Revenue Bonds	\$2,249,150	\$2,249,350	\$2,252,600	\$2,249,000	\$2,252,500
2017 Taxable Installment Loan	237,388	237,388	237,388	237,388	237,388
SRF Loans	0	0	0	226,274	530,666
2019 Certificates	453,425	1,007,300	1,004,700	1,006,700	1,008,100
Total Debt Service	\$2,939,963	\$3,494,038	\$3,494,688	\$3,719,362	\$4,028,654
Senior Debt Service Coverage	4.61	2.46	3.15	5.84	4.38
Net Revenues Available for Subordinate Debt Service	\$10,619,995	\$5,098,584	\$7,514,681	\$17,988,873	\$13,610,956
Subordinate Debt Service ⁽⁷⁾					
2010 Subordinate Bonds	\$966,179	\$0	\$0	\$0	\$0
Total Debt Service Coverage	3.47	2.46	3.15	5.84	4.38
Cash Available for Capital Projects or Other Purposes	\$9,653,816	\$5,098,584	\$7,514,681	\$17,988,873	\$13,610,956

(1) All figures in this table, excluding debt service, are presented on an accrual basis in accordance with the District's financial statements. Portions of the District's financial statements for Fiscal Year 2021 were restated in Fiscal Year 2022 to implement GASB Statement No. 87 related to lease accounting.

(2) Fiscal Year 2023 and Fiscal Year 2024 includes recycled water sales revenue.

(3) Capacity and connection fees include developer contributions.

(4) Includes interest earned on all water and wastewater accounts including moneys deposited in the Recycled Water Fund, related to RUWAP. Excludes unrealized gains or losses in investments.

(5) Excludes non-cash items, including those related to GASB pension and OPEB costs.

(6) Increase in General and Administrative in Fiscal Years 2022-23 and 2023-24 primarily due to expenses and staff time related to the Groundwater Sustainability Agency (GSA).

(7) Debt service presented on a cash basis.

Source: The District.

Projected Operating Results and Debt Service Coverage

The estimated projected operating results for the District for the Fiscal Years ending June 30, 2025 through June 30, 2029 together with projected debt service coverage on the Bonds and the other Parity Debt, are shown in the following table. The fiscal forecast represents the District's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. Actual operating results achieved during the projection period may vary from those presented in the forecast, and such variations may be material. See "RISK FACTORS." See also "– Water Enterprise of the District" and "– Wastewater Enterprise of the District" for further information regarding the District's projected operating results of the Water Enterprise and Wastewater Enterprise, respectively.

Marina Coast Water District Projected Operating Results Fiscal Year Ended June 30

	Budget 2025 ⁽¹⁾	Projections 2026	Projections 2027	Projections 2028	Projections 2029
Gross Revenues					
Water Services ⁽²⁾	\$17,095,827	\$19,350,000	\$22,427,000	\$24,619,000	\$27,032,000
Wastewater Services ⁽³⁾	6,047,000	6,708,000	7,447,000	8,158,000	8,938,000
Capacity and Connection Fees ⁽⁴⁾	5,401,000	5,415,000	4,415,000	4,415,000	4,415,000
Grants ⁽⁵⁾	2,304,000	0	0	0	0
Other Services and Fees	2,063,659	2,310,000	2,310,000	2,310,000	2,310,000
Other Revenue/Rental Income ⁽⁶⁾	939,234	418,000	418,000	418,000	418,000
Interest Earned ⁽⁷⁾	930,400	799,506	808,411	1,030,328	1,068,999
Total Gross Revenues	\$34,781,120	\$35,000,506	\$37,825,411	\$40,950,328	\$44,181,999
Operation and Maintenance Costs					
General and Administrative ⁽⁸⁾⁽⁹⁾	\$11,057,463	\$11,720,911	\$12,072,538	\$12,434,714	\$12,807,756
Operations and Maintenance ⁽⁸⁾⁽¹⁰⁾	7,100,155	6,042,164	6,223,429	6,410,132	6,602,436
Laboratory ⁽⁸⁾⁽¹¹⁾	284,440	292,973	301,762	310,815	320,140
Conservation ⁽⁸⁾⁽¹²⁾	548,837	565,302	582,261	599,729	617,721
Engineering ⁽⁸⁾⁽¹³⁾	3,338,805	3,438,969	3,542,138	3,648,402	3,757,854
Water Resources ⁽⁸⁾⁽¹⁴⁾	2,609,613	1,000,000	1,030,000	1,060,900	1,092,727
Total Operation and Maintenance Costs	\$24,939,313	\$23,060,320	\$23,752,129	\$24,464,693	\$25,198,634
Net Revenue	\$9,841,807	\$11,940,186	\$14,073,281	\$16,485,635	\$18,983,366
Debt Service					
2015 Revenue Bonds ^{(15)*}	\$507,450	\$0	\$0	\$0	\$0
2017 Taxable Installment Loan	237,388	237,388	237,388	237,388	237,388
SRF Loans ⁽¹⁶⁾	530,666	530,666	530,666	530,666	530,666
2019 Certificates	1,003,900	1,005,650	1,006,400	1,006,150	1,004,900
2024 Certificates	626,459	826,100	826,100	826,100	826,100
2025 Bonds ^{(15)*}	1,555,275	2,064,000	2,066,500	2,061,000	2,062,750
Total Debt Service*	\$4,461,139	\$4,663,804	\$4,667,054	\$4,661,304	\$4,661,804
Debt Service Coverage*	2.21	2.56	3.02	3.54	4.07
Cash Available for Capital Projects or Other Purposes*	\$5,380,668	\$7,276,381	\$9,406,227	\$11,824,331	\$14,321,561

[Footnotes Follow On Next Page]

* Preliminary; subject to change.

- (1) Reflects the District's recently approved Fiscal Year 2025 Budget with certain adjustments.
- (2) Based on projected water deliveries and rate increases approved pursuant to the District's 2024 Rate Study and Public Hearing.
- (3) Based on projected rate increases approved pursuant to the District's 2024 Rate Study and Public Hearing.
- (4) Reflects the District's estimated capacity fees based on ongoing development
- (5) Fiscal Year 2025 includes \$978,000 in funds received from FORA for ongoing building improvements and a \$1.3 million grant for operations.
- (6) Reflects estimated rental income from the Bureau of Land Management.
- (7) Reflects 3.0% earnings on the District's reserves.
- (8) Fiscal Year 2025 reflects an increase in salaries and benefits based on a 10% COLA adjustment.
- (9) Projected to increase by 6% in Fiscal Year 2026 and 3% annually thereafter.
- (10) Projected to decrease by 15% in Fiscal Year 2026 due to a reduction in utility electricity cost increase and lower legal expenses. Projected to increase annually by 3% thereafter starting in Fiscal Year 2027.
- (11) Projected to increase by 3% annually thereafter starting in Fiscal Year 2026.
- (12) Projected to increase by 3% annually thereafter starting in Fiscal Year 2026.
- (13) Projected to increase by 3% annually thereafter starting in Fiscal Year 2026.
- (14) Projected to decrease by 62% in Fiscal Year 2026 due to a reduction in one-time O&M Costs in Fiscal Year 2025. Projected to increase annually by 3% thereafter starting in Fiscal Year 2027.
- (15) 2015 Revenue Bonds are being refunded by the 2025 Bonds.
- (16) Reflects estimated SRF Loan repayments at 1.80%.

Source: *The District.*

Water Enterprise of the District

General. As used herein and in the legal documents for the Bonds, the term “**Water Enterprise**” means the entire water supply, storage and distribution system of the District, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the District for the supply, treatment and storage of water to residents of the District and adjacent areas, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District. The term Water Enterprise includes both the District’s potable water system and recycled water system.

The District has historically provided potable water services to the residents within the City through its Central Marina system, which lies at the northern end of the Salinas Valley on the Monterey Bay. In August 2005, the “Central Marina” and “Ord Community” water systems were connected; integrated operations allow water to flow between the two systems to meet peak demands and improve overall services. The amount of water exchanged between the systems is automatically monitored and recorded. In July 2007, the California Department of Public Health approved the consolidation of the water systems as the “Marina Coast Water District Water System.”

The District’s potable water system encompasses approximately 234 miles of potable water pipeline. The District owns 9 production wells (7 of which are active) with an estimated capacity of approximately 20 million gallons of potable water per day (“**MGD**”). District potable water storage includes 11 water storage tanks with a combined capacity of 11 million gallons and 6 booster pump stations. In addition, 34 monitoring wells are strategically located throughout the District to monitor water quality and groundwater levels in the aquifers that are the source for the District’s potable water supply. All wells are sampled to identify the presence of chemicals, the threat of saltwater intrusion, and to monitor water levels.

Potable Water Sources and Water Rights. Currently, the sole source of potable water supply for the District is the Salinas Valley Groundwater Basin, both Marina and the Ord service areas have relied upon this source of supply since the areas were initially developed. The District owns and operates its production wells, and does not purchase wholesale potable water supply. The MCWRA in the 1993 and 1996 Annexation Agreements for Zones 2 and 2A granted groundwater allocations of 6,600 AFY to the Army and 3,020 AFY to the District. Under the 1993 and 1996 Annexation Agreements, MCWRA has “allocated groundwater pumping rights” to Fort Ord and to the Marina Area Lands. Under the Annexation Agreements, MCWRA has agreed to backstop those groundwater allocations in the event that the actual available groundwater is not physically or legally available (e.g., because of a Salinas Valley Groundwater Basin adjudication).

Under the 1996 Marina Area Lands annexation, MCWRA recognized the District’s right to pump 3,020 AFY to serve water demands within the City of Marina. The 1996 Annexation Agreement also recognized the Armstrong Ranch’s right to use groundwater for overlying irrigation uses and allocated 20 AFY of potable water. The agreement reserved an additional 900 AFY of potable groundwater (920 AFY total) to be pumped by the District for urban uses within the Armstrong Ranch subject to annexation to MCWRA Zones 2/2A (now Zone 2C) and to the District and the City of Marina. Approximately 306 acres of the Armstrong Ranch is currently being developed for the Marina Station development. That land has already been annexed into the City of Marina and the District. The Armstrong Ranch owners annexed into MCWRA Zone 2C in 2021 thereby triggering under the 1996 Annexation Agreement the following phase-in of urban water allocations, “20 AFY when this Agreement and Framework becomes effective, 150 AFY upon

annexation to the Zones, and an additional 150 AFY every two years thereafter, up to the total of 920 AFY for potable purposes from the [Salinas River Groundwater] Basin.” The phase-in started in 2021, so the full 920 AFY will not vest until 2031. The 1996 Annexation Agreement also allocated an additional 500 AFY for urban development of the Lonestar (now CEMEX) property upon annexation to the District. In summary, the 1996 Annexation Agreement recognized the District’s right to pump 3,020 AFY plus upon satisfaction of specified condition the additional right to pump 920 AFY for the Armstrong Ranch and 500 AFY for the CEMEX property, for a total groundwater pumping limit of 4,440 AFY for its Marina service area.

By an October 24, 2001 Quitclaim Deed, the Federal Government by and through the Secretary of the Army, conveyed Fort Ord’s potable water system and 4,871 AFY of the 6,600 AFY recognized under the 1993 Ord Annexation Agreement to the Fort Ord Reuse Authority (“FORA”). On October 25, 2001, FORA in turn conveyed the same potable water system and 4,871 AFY to the District. The Federal Government retained the rights to 1,729 AFY of potable water for its exclusive use. In 2007, FORA allocated most of 4,871 AFY to its land use jurisdictions but the underlying groundwater right is owned and managed by the District. Pursuant to a prior agreement, an additional 38 AFY needs to be conveyed by the Federal Government to the District.

In summary, the MCWRA has recognized the District’s right to pump a total of 10,540 AFY of potable water from the Salinas River Groundwater Basin, consisting of the following: 3,020 AFY for the Marina service area, 920 AFY for the Armstrong Ranch within the Marina service area, and 6,600 AFY for the Ord service area. Under the District’s utility services contract with the Army, the District pumps water under the Federal Government’s retained rights to meet potable water demands of the Army and the Bureau of Land Management within the former Fort Ord. The District is in the process of restarting its Reservation Road Desalination facility which can produce up to 300 AFY to support development demand and provide a supplemental water supply.

Potable Water Supply Reliability. The Salinas Valley Groundwater Basin has an estimated 19.8 million acre-feet of storage capacity, and groundwater levels have not declined significantly during drought cycles, so pumping within the agreed-upon limits is considered reliable. Recycled water originates as municipal wastewater from indoor water uses. Indoor water use sees less of a decline during drought restrictions than outdoor water use, so recycled supply is considered reliable as well. As a municipal water district with comparatively minimal pumping from the Salinas Valley Groundwater Basin (as compared with agriculture) and access to recycled municipal wastewater, the District is positioned to be less impacted should a significant reliability issue arise basin wide. However, the Sustainable Groundwater Management Act may impact the long-term availability of groundwater within the Salinas Valley Groundwater Basin.

Historical Water Connections. The following table shows the growth in the number of water connections to the Water Enterprise for the five most recent fiscal years.

**Marina Coast Water District
Historical Water Connections**

Fiscal Year Ending June 30	Total	% Increase
2020	9,477	2.52%
2021	9,632	1.64
2022	9,954	3.34
2023	10,005	0.51
2024	10,514	5.09

Source: The District.

Historical Water Deliveries. The following chart presents a summary of historical water deliveries for the Water Enterprise in AFY for the five most recent Fiscal Years. The table includes both potable water and recycled water.

**Marina Coast Water District
Historical Water Deliveries (Potable and Recycled) (Acre Feet Per Year)⁽¹⁾**

Fiscal Year Ending June 30	Potable	Recycled	Total	Increase/ Decrease
2020	2,991	--	2,991	3.57%
2021	3,159	--	3,159	5.62
2022	3,182	--	3,182	0.73
2023	2,810	178	2,988	(6.10) ⁽²⁾
2024	3,018	386	3,404	13.92 ⁽³⁾

- (1) The above table differs from the Schedule 4 in the Statistical Section of the District's Fiscal Year 2023 Audited Financial Statement because it refers to water deliveries instead of water production. Water production refers to the total amount of water treated and processed by the district. On the other hand, deliveries specifically indicate the amount of water actually transported and supplied to customers or designated locations. While production numbers reflect the total output, delivery figures focus solely on the quantity distributed to end users.
- (2) Decrease in total water deliveries is due to changes in climate patterns resulting in a wet season leading to reduced production from decreased demand.
- (3) Increase in Fiscal Year 2024 total water deliveries is a result of increased recycled water demand and additional 5% increase in water customers.

Source: The District.

Historical Water Sales Revenues. The following table shows annual water sales revenues from water sales for the five most recent fiscal years.

**Marina Coast Water District
Historical Water Sales Revenues (Potable and Recycled)**

Fiscal Year Ending June 30	Potable		Recycled	Total	Increase/ Decrease
	Marina	Ord			
2020	\$3,970,782	\$7,681,622	--	\$11,652,404	8.96%
2021	4,174,833	8,191,604	--	12,366,437	6.13
2022	4,280,991	8,852,311	--	13,133,302	6.20
2023	4,211,031	8,825,990	\$587,918	13,624,939	3.74
2024	4,444,114	9,712,860	1,166,103	15,323,077	12.46

Source: The District.

Largest Customers (by Water Usage). The following table sets forth the largest customers of the Water Enterprise for Fiscal Year 2023-24 based on water usage, which customers accounted for approximately 34.54% of water demand from the Water Enterprise in such Fiscal Year. Amounts in the table below are estimated and unaudited. See “RISK FACTORS – Concentration of Largest Customers.”

**Marina Coast Water District
Largest Water Customers Fiscal Year 2023-24 (Potable and Recycled)**

Customer	Service Area	Water Usage (acre feet)	% of Total
1. City of Seaside ⁽¹⁾	Ord	387	11.56%
2. Monterey Bay Military Housing	Ord	249	7.44
3. California State University Monterey Bay	Ord	156	4.66
4. University Corporation at Monterey Bay	Ord	139	4.15
5. Seaside Highlands H.O. Association	Ord	52	1.55
6. Sun Bay Apartments	Ord	47	1.40
7. Bay View Mobile Home Park	Ord	36	1.08
8. MPUSD-Seaside High School	Ord	34	1.02
9. City of Marina	Marina	29	0.87
10. LV44 Ltd Partnership	Marina	27	0.81
Total Largest Users		1,156	34.54%
Total All Users		3,347	

(1) The City of Seaside’s total water usage increased from 178 AF in Fiscal Year 2022-23 to 387 AF in Fiscal Year 2023-24. This increase was due primarily to the City of Seaside being required to shut-down their groundwater wells used to irrigate the Bayonet Golf Course in November 2022 and, instead, taking over the recycled water account of the Bayonet Golf Course and obtaining recycled water from the District for that purpose. Of the total water use for the City of Seaside, 1 AF was potable water and 386 AF was recycled water.
Source: The District.

Largest Customers (by Revenue). The following table sets forth the largest customers of the Water Enterprise for Fiscal Year 2023-24 based on amounts billed, which customers accounted for approximately 35% of water service revenues in such Fiscal Year. See “RISK FACTORS – Concentration of Largest Customers.”

**Marina Coast Water District
Top 10 Customers Revenue Sources**

Rank	Name	Total Billed
1	Monterey Bay Military Housing	\$1,496,963.32
2	City of Seaside	1,215,713.03
3	California State University Monterey Bay	839,846.14
4	University Corporation at Monterey Bay	721,459.95
5	Seaside Highlands H.O. Association	233,039.30
6	Sun Bay Apartments	216,981.75
7	Bay View Mobile Home Park	184,960.28
8	MPUSD-Seaside High School	165,138.03
9	Army Commander/DLIFC & POM	143,107.04
10	City of Marina	134,745.02
	Total	\$5,351,953.86
	Gross Revenue - Water Services	\$15,323,077
	% of TOTAL	35%

Source: The District.

Potable Water Rates and Charges. The following tables show the District's monthly water rates for the Marina and Ord service areas for fiscal years 2025 through 2029. Such rates are based on the 2024 Rate Study.

**Marina Coast Water District
Monthly Water Rates – Marina Service Area**

Single Family Consumption Charge (\$/hcf)

<u>Tier</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
Tier 1 ⁽¹⁾	\$4.36	\$5.23	\$6.28	\$6.78	\$7.32
Tier 2	\$7.00	\$8.40	\$10.08	\$10.89	\$11.76

(1) Tier 1 – For the first 10 hcf per month

Multi-Family and Non-Residential Consumption Charge (\$/hcf)

<u>Rate</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
Uniform Rate	\$4.64	\$5.57	\$6.68	\$7.22	\$7.79

**Marina Coast Water District
Monthly Water Rates – Ord Service Area**

Single Family Consumption Charge (\$/hcf)

<u>Tier</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
Tier 1 ⁽¹⁾	\$6.79	\$7.47	\$8.22	\$8.71	\$9.23
Tier 2	\$10.37	\$11.41	\$12.55	\$13.30	\$14.10

(1) Tier 1 – For the first 10 hcf per month

Multi-Family and Non-Residential Consumption Charge (\$/hcf)

<u>Rate</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
Uniform Rate	\$7.30	\$8.03	\$8.83	\$9.36	\$9.92

**Marina Coast Water District
Monthly Water Service Fees – Marina Service Area**

<u>Meter Size</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
5/8" or 3/4"	\$42.29	\$50.75	\$60.90	\$65.77	\$71.03
1"	\$65.06	\$78.07	\$93.69	\$101.18	\$109.28
1.5"	\$122.01	\$146.41	\$175.69	\$189.75	\$204.93
2"	\$190.34	\$228.41	\$274.09	\$296.02	\$319.70
3"	\$372.56	\$447.07	\$536.49	\$579.41	\$625.76
4"	\$577.55	\$693.06	\$831.67	\$898.21	\$970.06
6"	\$1,146.99	\$1,376.39	\$1,651.67	\$1,783.80	\$1,926.50
8"	\$1,830.31	\$2,196.37	\$2,635.65	\$2,846.50	\$3,074.22
10"	\$3,196.95	\$3,836.34	\$4,603.61	\$4,971.90	\$5,369.65
12"	\$4,791.37	\$5,749.64	\$6,899.57	\$7,451.54	\$8,047.66

**Marina Coast Water District
Monthly Fire Service Fees – Marina Service Area**

<u>Meter Size</u>	<u>Meter Charges July 1, 2024⁽¹⁾</u>
1"	\$2.07
1.5"	\$6.01
2"	\$12.82
2.5"	\$23.04
3"	\$37.23
4"	\$79.33
6"	\$230.45
8"	\$491.08

(1) Private fire meter charges will be increased by the CPI report each July 1 through July 2028.

Marina Coast Water District Monthly Water Service Fees – Ord Service Area

<u>Meter Size</u>	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
5/8" or 3/4"	\$52.34	\$57.57	\$63.33	\$67.13	\$71.16
1"	\$78.61	\$86.47	\$95.12	\$100.83	\$106.87
1.5"	\$144.31	\$158.74	\$174.62	\$185.09	\$196.20
2"	\$223.14	\$245.45	\$270.00	\$286.20	\$303.37
3"	\$433.35	\$476.69	\$524.35	\$555.81	\$589.16
4"	\$669.85	\$736.84	\$810.52	\$859.15	\$91.70
6"	\$1,326.78	\$1,459.46	\$1,605.40	\$1,701.73	\$1,803.83
8"	\$2,115.09	\$2,326.60	\$2,559.26	\$2,712.81	\$2,875.58
10"	\$3,691.72	\$4,060.89	\$4,466.98	\$4,735.00	\$5,019.10
12"	\$5,531.12	\$6,084.23	\$6,692.66	\$7,094.21	\$7,519.87

**Marina Coast Water District
Monthly Fire Service Fees – Ord Service Area**

<u>Meter Size</u>	<u>Meter Charges July 1, 2024</u>
1"	\$2.97
1.5"	\$8.65
2"	\$18.45
2.5"	\$33.16
3"	\$53.56
4"	\$114.13
6"	\$331.51
8"	\$706.48

(1) Private fire meter charges will be increased by the CPI report each July 1 through July 2028.

The table below sets forth a comparison of the monthly water rates of the District and charges for a single-family residential user (based on 6 HCF per month) to those of nearby water purveyors as of July 1, 2024.

**Marina Coast Water District
Comparative Water Rates**

<u>Community</u>	<u>Total Monthly Bill</u>
City of Seaside ⁽¹⁾	\$111
Cal/Am Water - Monterey	101
District - Ord Service Area	93
District - Marina Service Area	68
Cal Water - Salinas	49

(1) Area within City of Seaside serviced by City's water system; not connected to the District.
Source: The District.

Recycled Water Rates. Recycled water rates adopted as part of the recent 2024 Rate Study are as follows.

**Marina Coast Water District
Monthly Water Service Fees – Recycled Water**

	<u>Effective 7/1/24</u>	<u>Effective 7/1/25</u>	<u>Effective 7/1/26</u>	<u>Effective 7/1/27</u>	<u>Effective 7/1/28</u>
Consumption Charge (\$/hcf)					
Per HCF	\$7.10	\$7.46	\$7.83	\$8.22	\$8.63
Fixed Monthly Service Charge (Based on Meter Size)					
5/8" or 3/4"	\$55.13	\$57.89	\$60.78	\$63.82	\$67.01
1"	78.16	82.07	86.17	90.48	95.00
1.5"	135.77	142.56	149.69	157.17	165.03
2"	204.90	215.15	225.91	237.21	249.07
3"	423.78	444.97	467.22	490.58	515.11
4"	746.36	783.68	822.86	864.00	907.20
6"	1,518.25	1,594.16	1,673.87	1,757.56	1,845.44
8"	3,246.34	3,408.66	3,579.09	3,758.04	3,945.94
10"	4,694.47	4,929.19	5,175.65	5,434.43	5,706.15
12"	5,918.77	6,214.71	6,525.45	6,851.72	7,194.31

Source: The District.

Collection Procedures. The District operates monthly billing cycles for water, wastewater collection, and recycled water service. A consolidated bill is sent to District customers each month, and payment is due by the 15th day after the billing date. After this date, the payment is considered delinquent, and a delinquency message will appear on a reminder bill if payment is not received. If accounts are not paid in full within 60 days of the billing date, service will be discontinued until full payment, which includes late penalties, a deposit fee of \$45.00, and a \$20.00 reconnection fee.

On September 28, 2018, Governor Brown signed Senate Bill 998 ("SB 998"), introducing new restrictions on reducing residential water service for customers behind on their payments. SB 998 changed existing practices, policies, and procedures related to delinquent accounts and discontinuation of water service by retail water suppliers. For urban and community water systems like the District, the requirements of SB 998 came into effect on February 1, 2020. Under SB 998, water systems were required to have written policies for discontinuing service available in multiple languages spoken by at least ten percent of the population in the system's service area. Moreover, SB 998 imposed restrictions on when water systems can be cut off from residential water service. It further limited reconnection fees for specific low-income customers to \$50 during regular business hours and \$150 during non-regular hours. By February 1, 2020, the District had already updated its billing and collection policies to comply with SB 998. Based on the District's billing, collection, and delinquency history over the previous fiscal years since its implementation, the District did not experience any adverse effects from complying with SB 998.

Projected Water Connections (Potable and Recycled). The following table shows the increase in the number of water connections to the Water Enterprise projected by the District for the next five Fiscal Years.

**Marina Coast Water District
Projected Water Connections**

Fiscal Year Ending June 30	Total	Increase/ (Decrease)
2025	11,140	6.15%
2026	11,827	6.17
2027	12,559	6.19
2028	13,339	6.21
2029	14,169	6.23

Source: The District.

Projected Water Deliveries (Potable and Recycled). The District currently estimates that water deliveries for the next five Fiscal Years will be as follows.

**Marina Coast Water District
Projected Water Deliveries (In Acre Feet Per Year)**

Fiscal Year Ending June 30	Total	Increase/ (Decrease)
2025	3,590	5.45%
2026	3,787	5.49
2027	3,996	5.52
2028	4,218	5.56
2029	4,453	5.59

Source: The District.

Projected Water Sales Revenues (Potable and Recycled). The following table projects annual water sales revenues of the Water Enterprise, which projections are based on the

increases in projected water deliveries described under “– Projected Water Deliveries” and rates described under “– Water Enterprise Rates and Charges.”

**Marina Coast Water District
Projected Water Sales Revenues**

Fiscal Year Ending June 30	Marina	Potable	Ord	Recycled	Total	Increase/ (Decrease)
2025	\$5,043,000	\$10,320,500		\$1,732,327	\$17,095,827	26.12%
2026	6,092,000	11,501,000		1,757,000	19,350,000	13.19
2027	7,359,000	13,226,000		1,842,000	22,427,000	15.9
2028	8,007,000	14,681,000		1,931,000	24,619,000	9.77
2029	8,712,000	16,296,000		2,024,000	27,032,000	9.8

Source: The District.

Water Shortage Contingency Plan. The District maintains a Water Shortage Contingency Plan in compliance with California Water Code Section 10632 (the “**Water Shortage Contingency Plan**”). The Water Shortage Contingency Plan provides for five stages of action that are triggered based on specific water supply conditions applicable to each stage. The following table generally describes the five stages of the Water Shortage Contingency Plan. Upon declaration of a particular water conservation stage, the District will automatically increase rates.

**Marina Coast Water District
Water Conservation Stages and Demand Reduction Goals**

<u>Stage</u>	<u>Water Shortage Level</u>	<u>Demand Reduction Goal</u>	<u>Type of Program</u>
Stage 1	0 – 10%	10% reduction	Voluntary Compliance
Stage 2	>10 - 25%	20% reduction	Voluntary Compliance
Stage 3	>25 - 35%	30% reduction	Mandatory Compliance
Stage 4	>35 – 50%	40% reduction	Mandatory Compliance
Stage 5	>50%	50%+ reduction	Mandatory Compliance

Priorities for use of available water, based on California Water Code are:

1. Health and Safety - interior residential and fire fighting
2. Commercial, Industrial, and Governmental - maintain jobs & economic base
3. Existing Landscaping - especially trees and shrubs
4. New Demand - projects without permits when shortage declared

Source: The District.

Recycled water deliveries are not subject to the above Water Shortage Contingency Plan. A major purpose of the District expansion into recycled water is to diversify its water supply sources and reduce dependence on groundwater supplies.

Groundwater Sustainability. The Marina and Ord service areas overlie portions of the Monterey Subbasin, the 180/400 Foot Aquifer Subbasin (the “**180/400 Subbasin**”), and part of the Seaside Adjudicated Basin which are all part of the Salinas Valley Groundwater Basin. Two of the seven active wells of the District are located in the Marina service area and five wells are in the Ord service area, as previously described. All seven wells are located in the northern portion of the Monterey Subbasin.

Marina Coast Water District Groundwater Sustainability Agency. Pursuant to the Sustainable Groundwater Management Act (“**SGMA**”) effective January 1, 2015, the California Department of Water Resources (“**DWR**”) granted the District exclusive Groundwater Sustainability Agency (“**GSA**”) status within its jurisdictional boundaries within the Monterey Subbasin and the 180/400 Subbasin. Within the Monterey Subbasin (48.2 square miles) of the greater Salinas Valley Groundwater Basin, the District is the Groundwater Sustainability Agency (“**GSA**”) for the Marina-Ord Management Area (“**MCWDGSA**”), which includes areas within the District’s Ord service area that are not within the District’s jurisdictional boundaries. The Salinas Valley Basin Groundwater Sustainability Agency (“**SVBGSA**”) is the GSA for the smaller Corral de Tierra Management Area of the Monterey Subbasin. The District in conjunction with the SVBGSA submitted to the California Department of Water Resources (“**DWR**”) the Monterey Subbasin Groundwater Sustainability Plan (“**GS Plan**”) in 2022; the plan was approved on April 27, 2023. The MCWDGSA is currently working in tandem with the SVBGSA to bring the Monterey Subbasin into sustainable balance and is focused on implementing the GS Plan. DWR has classified the Monterey Subbasin as a medium priority subbasin.

Water Enterprise Improvements. The District projects substantial capital improvements to the Water Enterprise for existing and future users in the amount of approximately \$92.9 million over the next five Fiscal Years. The District expects that such capital improvements will be funded by facility capacity fees, grants, loans, the net proceeds of the 2024 Certificates, and Net Revenues remaining after the payment of the debt service on the Bonds, the Prior Parity Debt, any Additional Parity Debt, and any other debt of the District. Such capital improvements include pipeline improvements, replacement of booster pumps, lift station enhancements, construction of reservoir tanks, acquisition of emergency generators at key well sites, booster stations and sewer pumping facilities to maintain operation during power outages, demolition of existing corporation yard and construction of new yard, well rehabilitation.

Recycled Water System. Recycled water is wastewater treated to various treatment levels, which are primary, secondary, tertiary, advanced treated, and direct potable reuse. As shown in the table below, entitled “Marina Coast Water District, Historical Wastewater Enterprise Usage in Daily Average Flow in Million Gallons Per Day (‘MGD’),” for the Fiscal Year ending June 30, 2024, Marina wastewater flows were 1.173 MGD (1,314 AFY) and Ord Community were 0.973 MGD (1,090 AFY).

Wastewater treatment capacity rights. Under the April 25, 1989 Annexation Agreement to the Monterey Regional Water Pollution Control Agency (“**MRWPCA**”) (now known as Monterey One Water or M1W), MPWPCA agreed to treat up to 2.0 MGD of wastewater from the District from its Marina service area. Under the October 24, 2001 Quitclaim Deed for Water and Wastewater Systems on the former Fort Ord, the Federal Government via the Fort Ord Reuse Authority quitclaimed 2.22 MGD of the Government’s prepaid wastewater treatment capacity in the Regional Treatment Plant (“**RTP**”) to the District. Consequently, the District owns 4.22 MGD of treatment capacity in the RTP, which treats wastewater to the secondary treatment level.

Secondarily treated wastewater is sent from the RTP to either the Salinas Valley Reclamation Plant (“**SVRP**”) for tertiary treatment for delivery to the Castroville Seawater Intrusion Project or to the Advanced Water Treatment Facility (“**AWTF**”), also called the Advanced Water Purification Facility. The brine waste created in the treatment process is disposed of via M1W’s ocean outfall. Treating wastewater through the AWTF results in

a 19% treatment loss, e.g., 100 AF of untreated wastewater results in 81 AF of advanced treated water (“**ATW**”).

District’s Right to Recapture Central Marina Wastewater Flows in the form of Tertiary Treated Wastewater. The 1989 MRWPCA Annexation Agreement also granted the District the right to obtain from the MRWPCA regional treatment plant, wastewater for reuse within basically the District’s Marina service area (“sewer flow recapture right”). The 1996 MCWRA Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands recognized the District’s right to tertiary treated water from the Marina sewer flows, but limited the District’s right to 300 AF of tertiary treated water during the period April through September. During the October through March period, the District was granted first priority to recapture any sewer flows above 300 AF in addition to any actual October through March sewer flows. Subject to limitations, tertiary treated water can be used for non-potable irrigation purposes. The District is reserving its right to this tertiary treated water. In the future, the District should have the option to take this recycled water as tertiary treated water, advanced treated water, or for direct potable reuse depending upon the financing and construction of the necessary infrastructure and the water demand.

District’s Rights to Advanced Treated Wastewater for Use within the Ord Service Area. The 1,427 AFY of ATW for the Ord service area is the result of the Regional Urban Water Augmentation Project (“**RUWAP**”) effort to develop an additional 2,400 AFY of water for the redevelopment of the former Fort Ord. In 2007, FORA allocated 1,427 AFY of recycled water expected to be produced by RUWAP to its member land use jurisdictions. In 2016, the District and MRWPCA entered into the Pure Water Delivery and Supply Project Agreement, which provided for a Phase 1 delivery of 600 AFY of ATW to the District and a Phase 2 delivery of the remaining 827 AFY to the District. The Agreement integrated RUWAP into the larger Pure Water Monterey Groundwater Replenishment Project (the “**PWM Project**”). The PWM Project is designed to provide up to 1,427 AFY of ATW for the District and up to 3,700 AFY of recycled water for use on the Monterey Peninsula. The PWM Project is a partnership between MRWPCA (now Monterey One Water, “**M1W**”) and the District to construct the following facilities: the AWTF with a treatment capacity of 4 MGD (a 5 MGD plant was actually construction), a new 13-mile transmission pipeline which would incorporate an existing District-owned recycled water pipeline, and an ATW tank reservoir. The treatment plant would be constructed, owned, and operated by MRWPCA with the District having treatment capacity rights in the plant. The transmission pipeline would be constructed, owned, and operated by the District with MRWPCA having carrying capacity rights for up to 3,700 AFY in the new and existing pipelines. The 2 million gallon tank reservoir would be constructed, owned and operated by the District with MRWPCA having junior storage rights in the tank.

The RUWAP Pipeline will initially deliver up to 600 AFY of ATW to District customers in the Ord service area. The source waters for the PWM Project are wastewater, industrial process water, crop drainage water, and urban stormwater runoff, which includes the District’s wastewater. The advanced treated water is suitable for direct injection into the Seaside Groundwater Basin for indirect potable reuse. This water is of higher quality than tertiary treated and disinfected recycled water, and may be used for urban landscape irrigation, thereby reducing reliance on groundwater. The RUWAP Pipeline is used to transport advanced treated water to District customers and for injection into the Seaside Groundwater Basin by M1W. M1W sells the water to the Monterey Peninsula Water Management District (“**MPWMD**”). The MPWMD in turn sells the water to the California American Water Company who extracts the water for direct use in its Monterey Peninsula service area.

All elements of the PWM Project, including injection/extraction wells within the Seaside Groundwater Basin, began startup operations in 2020. During CY 2023, the AWTF treated an average of 6.06 MGD of influent and produced on average 4.0 MGD of ATW.

Wastewater Enterprise of the District

General. As used herein and in the legal documents for the Bonds, the term “**Wastewater Enterprise**” means the entire wastewater collection, treatment and disposal system owned or operated by the District, including but not limited to all facilities, properties and improvements at any time owned or operated by the District for the collection, treatment and disposal of wastewater within the service areas of the District, together with any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the District.

Through the Wastewater Enterprise, the District provides wastewater collection service to customers in the Marina and Ord service areas. The District owns and operates 20 sewer lift stations, more than 162 miles of gravity pipeline and 7 miles of forced main with the right to convey for treatment up to 4.22 mgd of sewage to the Monterey One Water’s Regional Treatment Plant (the “**M1W Regional Wastewater Treatment Plant**”), which has a daily treatment capacity of 29.6 mgd and is owned and operated by Monterey One Water (“**M1W**”). M1W is a Joint Power Authority of which the District is a member and a 14.257% owner. Raw wastewater is conveyed to an interceptor and measured at the M1W pump station for the District’s Marina service area and at the flume structure for the Ord service area.

Historical Wastewater Connections. The following table shows the growth in the number of wastewater connections to the Wastewater Enterprise for the five most recent Fiscal Years.

**Marina Coast Water District
Historical Wastewater Connections**

Fiscal Year Ending June 30	Total	Increase/ (Decrease)
2020	9,077	2.10%
2021	9,207	1.43
2022	9,507	3.26
2023	9,776	2.83
2024	10,063	2.94

Source: The District.

Historical Wastewater Enterprise Usage. The following table summarizes the volume of wastewater treated for the five most recent Fiscal Years.

**Marina Coast Water District
Historical Wastewater Enterprise Usage
In Daily Average Flow In Million Gallons Per Day (“MGD”)**

Fiscal Year Ending June 30	Marina	Ord	Total	Increase/ (Decrease)
2020	1.044	0.897	1.941	(2.36%)
2021	1.063	0.837	1.900	(2.11)
2022	0.990	0.907	1.897	(0.16)
2023	1.910	1.035	1.945	2.53
2024	1.173	0.973	2.146	10.33

Source: The District.

Historical Wastewater Service Charge Revenues. The following table shows annual wastewater service charge revenues of the Wastewater Enterprise for the five most recent Fiscal Years.

**Marina Coast Water District
Historical Wastewater Service Charge Revenues**

Fiscal Year Ending June 30	Marina	Ord	Total	Increase/ (Decrease)
2020	\$1,398,578	\$3,086,362	\$4,484,940	6.88%
2021	1,445,422	3,187,610	4,633,032	3.30
2022	1,514,468	3,416,132	4,930,600	6.42
2023	1,584,549	3,730,922	5,315,471	7.81
2024	1,625,640	3,954,721	5,580,361	4.98

Source: The District.

Largest Customers (by Revenue). The following table sets forth the largest customers of the Wastewater Enterprise for Fiscal Year 2023-24 based on amounts billed, which customers accounted for approximately 31% of wastewater service revenues in such Fiscal Year. See “RISK FACTORS – Concentration of Largest Customers.”

**Marina Coast Water District
Largest Customers of Wastewater Enterprise (By Revenue)**

Rank	Name	Total Billed
1	University Corporation at Monterey Bay	\$604,822.46
2	Monterey Bay Military Housing	503,289.59
3	California State Univ Mtry Bay	169,158.72
4	Sun Bay Apartments	137,340.00
5	Bay View Mobile Home Park	102,543.48
6	Army Commander / DLIFC & POM	80,710.56
7	Charles Cypress, L.P.	43,367.76
8	LV44 Ltd Partnership	41,425.92
9	MPUSD - Seaside High School	41,339.40
10	Housing Authority of Mtry Co	<u>27,925.80</u>
	Total	\$1,751,923.69
	Gross Revenue - Wastewater Services	\$5,580,361
	% of TOTAL	31%

Source: The District.

Wastewater Enterprise Rates and Charges. The following tables show the District’s monthly wastewater rates for the Marina and Ord service areas for fiscal years 2025 through 2029. Such rates are based on a five-year rate study and financial plan that was completed in April 2024. The rates for the Marina and Ord service areas were adopted by the Board of Directors on June 17, 2024, after complying with the Proposition 218 requirements for adopting rate increases for the Marina and Ord service areas. The wastewater rates adopted by the Board of Directors in 2024 are referred to in this Official Statement as the “**2024 Wastewater Rates**”.

**Marina Coast Water District
Monthly Wastewater Rates – Marina Service Area**

Sewer Charges	Effective 7/1/24	Effective 7/1/25	Effective 7/1/26	Effective 7/1/27	Effective 7/1/28
Fixed Monthly Charges (per EDU)	\$9.45	\$10.87	\$12.50	\$13.75	\$15.13
Flow-Based Charges (per HCF)	\$1.85	\$2.13	\$2.45	\$2.70	\$2.97

**Marina Coast Water District
Monthly Wastewater Rates – Ord Service Area**

Sewer Charges	Effective 7/1/24	Effective 7/1/25	Effective 7/1/26	Effective 7/1/27	Effective 7/1/28
Fixed Monthly Charges (per EDU)	\$20.55	\$21.37	\$22.22	\$23.11	\$24.03
Flow-Based Charges (per HCF)	\$4.02	\$4.18	\$4.35	\$4.52	\$4.70

The table below sets forth a comparison of the average monthly wastewater billings of the District for a single family residential user to those of similar wastewater service providers as of July 1, 2024.

**Marina Coast Water District
Comparative Wastewater Rates**

Community	Monthly Bill
City of Seaside	\$60.52
Pacific Grove	55.03
City of Monterey	54.77
City of Salinas	49.45
District - Ord Service Area	40.65
District - Marina Service Area	18.70

Source: The District.

Collection Procedures. The District is on a monthly billing cycle for water, wastewater collection and recycled water service. A consolidated bill is sent monthly to District customers. Payment is due by the 15th day after the billing date and is considered delinquent if not paid by that date. If payment is not received, a delinquency message appears on a reminder bill. If bills are not paid, the District has the ability to shut-off water and/or sewer service.

Projected Wastewater Connections. The following table shows the increase in the number of wastewater connections to the Wastewater Enterprise projected by the District for the current and next four Fiscal Years.

**Marina Coast Water District
Projected Wastewater Connections**

Fiscal Year Ending June 30	Total	% Increase/ (Decrease)
2025	10,680	6.14%
2026	11,338	6.16
2027	12,038	6.18
2028	12,784	6.20
2029	13,579	6.22

Source: The District.

Projected Wastewater Enterprise Usage. The District currently estimates that Wastewater Enterprise usage for the current and next four Fiscal Years as shown in the following table.

**Marina Coast Water District
Projected Wastewater Enterprise Usage
In Daily Average Flow In MGD**

Fiscal Year Ending June 30	Total	Increase/ (Decrease)
2025	2.205	2.75%
2026	2.265	2.72
2027	2.328	2.78
2028	2.394	2.84
2029	2.463	2.88

Source: The District.

Projected Wastewater Service Charge Revenues. The following table projects annual wastewater service charge revenues of the Wastewater Enterprise for the current and next five Fiscal Years.

**Marina Coast Water District
Projected Wastewater Service Charge Revenues**

Fiscal Year Ending June 30	Total	Increase/ (Decrease)
2025	\$6,047,000	8.33%
2026	6,708,000	10.93
2027	7,447,000	11.02
2028	8,158,000	9.55
2029	8,938,000	9.56

Source: The District.

Future Wastewater Enterprise Improvements. The District projects capital improvements to the Wastewater Enterprise for existing and future users in the amount of approximately \$25 million over the next five years. The District expects that such capital improvements will be funded by facility capacity fees, grants, loans, the net proceeds of the 2024 Certificates, and Net Revenues remaining after the payment of the debt service on the Bonds, the Prior Parity Debt, any Additional Parity Debt, and any other debt of the District.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to purchasing the Bonds. 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 Bonds 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 Bonds. 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 Indenture. 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 pay debt service on the Bonds, 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 Bonds 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 Bonds 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 Bonds, require substantial increases in rates or charges in order to comply with the rate covenant in the Indenture (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 debt service on the Bonds, the Prior Parity Debt and any Additional Parity Debt.

These factors could include, among others, the following:

Aging Facilities. Over the life of the Bonds, the Enterprise facilities may become aged and in need of replacement or refurbishment. Long-lived facilities result in decreased reliability due to unplanned outages and place a greater maintenance burden on the District's operations.

Seismic Hazards. The Enterprises are not located in an Alquist-Priolo Earthquake Fault Zone. However, the Enterprises are located in a region of high seismic activity in the form of frequent medium earthquakes with nearby epicenters, as well as infrequent major earthquakes. Earthquakes can cause two types of hazards: primary and secondary. Primary seismic hazards include ground shaking and ground displacement, which in turn can induce secondary hazards. Secondary hazards include ground failure (lurch cracking, lateral spreading and slope failure), liquefaction, tsunamis and seiches and dam failure. The San Andreas Fault runs through the southeastern portion of the County for approximately 30 miles and poses the single greatest seismic risk to the District. Two other active faults include the Palo Colorado-San Gregorio Fault zone and the Monterey Bay Fault zone, which lies seaward of the District extending northwesterly to the Pacific Ocean. The western boundary of the District is located on the Pacific Ocean and the District is at risk of tsunami inundation along the shoreline and in the Salinas River flood plain to the north of the District.

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 Bonds when due, and pay debt service on the Prior Parity Debt and any Additional Parity Debt. The casualty and liability insurance maintained by the District may not cover damages and losses to the Enterprises due to earthquake, fire or flood.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. In November 2018, for example, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Several wildfires in recent years are believed to have been caused by power distribution and transmission lines coming into contact with dry trees and other vegetation during extreme weather events (such as high winds) and malfunctions in electric equipment. See “– PG&E

Public Safety Power Shutoffs” below. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The California Public Utilities Commission (the “**California PUC**”) has designated the District’s service areas as Tier 2 fire-threat areas on its Fire-Threat Map. According to the California PUC, Tier 2 fire-threat areas depict areas where there is an elevated risk (including likelihood and potential impacts on people and property) from utility associated wildfires. If wildfires were to substantially damage or destroy the District’s water system or portions thereof, the District’s ability to pay the Bonds when due, and pay debt service on the Prior Parity Debt and any Additional Parity Debt could be affected.

Climate Change; Sea Level Rise. The issue of climate change has become an important factor in water resources planning in the State. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts. Based on these studies, global warming could result in the following types of water resources impacts in the State, including impacts on the District:

- Changes in the timing, intensity, and variability of precipitation and replenishment of the groundwater basin,
- Long-term changes in watershed vegetation and increased incidence of wildfires that could affect water quality,
- Sea level rise and an increase in saltwater intrusion,
- Increased water temperatures with accompanying adverse effects on some fisheries,
- Increases in evaporation and concomitant increased irrigation need, and
- Changes in urban and agricultural water demand.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resource Agency, the Governor’s Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled “Rising Seas in California: An Update on Sea Level Rise Science” (the “**Sea Level Rise Report**”) to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline.

Projections of the effects of global climate change on the District are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. A rise in sea level may impact the Enterprises and operations of the District. In fact, to better protect against sea level rise and flooding, the District has already moved certain facilities away from the coast and may do so with respect to other facilities in the future.

Statutory and Regulatory Compliance. The operation of the Enterprises is subject to a variety of federal and State statutory and regulatory requirements. Any failure by the District to comply with applicable laws and regulations could result in significant fines and penalties. In addition, state and federal laws and regulations may be changed in the future in a manner that imposes additional obligations and costs on the District's operations of the Enterprises. For example, on July 3, 2024, the SWRCB adopted new permanent urban water conservation regulations that could impact approximately 405 urban water suppliers in the State, including the District. The new long-term water rules include specific goals for water usage in urban areas to lessen the need for mandatory water reductions during the next drought, and take effect on January 1, 2025 with a multi-year phase-in process. No water use reductions will be enforced until 2027.

The SWRCB has developed a Water Use Objective Exploration Tool (the "Tool") so that urban water purveyors and other interested parties could explore how the proposed water use efficiency standards may affect urban water use. The Tool is a work in progress and will be updated as more data becomes available. The Tool's current report for the District shows that the District would not have to reduce water use under the new regulations.

Casualty Losses. The Indenture obligates the District to obtain and keep in force various forms of insurance for repair or replacement of a portion of the Enterprises in the event of damage or destruction to such portions of the Enterprises. No assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement of any other portion of the Enterprises.

Droughts and Other Threats to Water Supply

Areas within the State, including the service area served by the District, are subject to drought conditions from time-to-time. In particular, drought conditions have occurred numerous times in recent years. Groundwater aquifers, upon which the District relies for potable water, recover more slowly than surface water reservoirs and are limited by how much and how fast water can recharge. Unlike surface water reservoirs, which can recover during one water year of heavy precipitation, groundwater aquifer recovery often takes years or decades. Excessive, long-term groundwater over-use resulting in groundwater depletion can cause subsidence and permanent loss of groundwater storage as well as water quality degradation and seawater intrusion.

In addition, irrigation for County of Monterey agriculture is almost entirely provided by groundwater pumping from the Salinas Basin. The Salinas Basin is the largest coastal

groundwater basin within the Central Coast of California. It lies within the southern coast ranges between the San Joaquin Valley and the Pacific Ocean, and is drained by the Salinas River. The valley extends approximately 150 miles from the La Panza Range north-northwest to its mouth at Monterey Bay, draining approximately 5,000 square miles in Monterey and San Luis Obispo Counties. The valley is bounded on the west by the Santa Lucia Range and Sierra de Salinas and on the east by the Gabilan and Diablo Ranges. The Monterey Bay acts as the northwestern boundary of the Salinas Basin. Rainfall is highest on the Santa Lucia Range (ranging from 30 to 60 inches per year) and lowest on the valley floor (about 14 inches per year). Dry years are common and droughts can extend over several years, such as the six-year drought of water years 2011 to 2016.

In 2015, the County of Monterey commissioned a report by Brown and Caldwell, for a near-term assessment of the condition of the Salinas Basin in terms of its groundwater resources. The report notes that the current distribution of groundwater extractions is not sustainable. The consequences of no-action under continued drought conditions would be the advancement of seawater intrusion and the continued decline of groundwater head. The District has been working with other local agency partners to address groundwater sustainability issues, as described elsewhere in this Official Statement. However, the District can make no assurances as to the reliability or adequacy of future water supplies to meet future demands. See “THE DISTRICT AND THE ENTERPRISES – Groundwater Sustainability; Water Enterprise Improvements” for a discussion of the SGMA, the District’s GS Plan and related matters.

Enterprise Expenses

There can be no assurance that Operation and Maintenance Costs of the Enterprises will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. The ability to adopt rate increases is subject to Proposition 218 and other factors; the inability to or failure to adopt rate increases could increase the likelihood of nonpayment. Increases in rates could also decrease demand and result in lower Net Revenues. See “– Proposition 218” below.

Concentration of Largest Users

Based upon final, as-audited amounts for Fiscal Year 2023-24, the largest customers of the Water Enterprise by usage accounted for approximately 35% of water demand of the Water Enterprise for Fiscal Year 2023-24, and the largest customers by revenue similarly accounted for approximately 35% of water service revenues in such fiscal year. The largest customers of the Wastewater Enterprise by revenue accounted for approximately 31% of wastewater service revenues in such fiscal year. See “THE DISTRICT AND THE ENTERPRISES – Water Enterprise of the District.” 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 Bonds 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 Indenture 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 Bonds upon the occurrence of an event of default under the Indenture 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 Bonds contained in the Indenture, the rights and obligations under the Bonds and the Indenture 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 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until prepaid under other redemption provisions set forth in the Indenture.

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 ad valorem taxes, special taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, limited local governments' authority to impose or increase property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge"). The District's rates and charges for water, wastewater, and recycled water are property-related fees and charges subject to Article XIID.

Specifically, under Article XIID, before the District may impose or increase any property-related fee or charge, the District must give written notice to the record owner of each parcel of land affected by that fee or charge. The District must then hold a public hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed. Each parcel regardless of parcel size is entitled to file one written protest. If a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article 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, numerous subsequent court cases have held that certain types of water and wastewater charges could be subject to the requirements of Proposition 218. These cases include, for example, *Capistrano Taxpayers Assoc., Inc. v. City of San Juan Capistrano* (186 Cal. Rptr. 3d 362 (Cal. App. 4th Distr. 2015)), *Bighorn-Desert View Water Agency v. Verjil* (46 Cal. Rptr. 3d 73 (Cal. 2006)), and *Howard Jarvis Taxpayers Assoc. v. City of Fresno* (26 Cal. Rptr. 3d 153 (Cal. App. 5th Distr. 2005)).

Under the *Bighorn* case, for example, the court held that under Article XIIC, local voters could adopt an initiative measure that could reduce or repeal a local agency’s rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds.

Under the *City of San Juan Capistrano* case, the court held that tiered or inclined rates that go up progressively in relation to usage must correspond to the actual cost of providing water service at each tier (level of usage), and accordingly the pricing for any tier cannot exceed the cost of service to that tier.

District’s Current Practice Regarding Rates and Charges. The District’s practice in implementing increases in water, wastewater, and recycled water rates and charges has been to comply with the requirements of Article XIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the Board of Directors approves rate increases.

Conclusion. It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted. As noted above, under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the District’s rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds. ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and***

Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases. See “– Future Initiatives; Change in Law.”

Proposition 26

On November 2, 2010, California voters approved Proposition 26, the so-called “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declared that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. Proposition 26’s amendments to Article XIII C broadly define “tax,” but specifically exclude, among other things:

“(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

...

(6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

The District believes its water, wastewater and recycled water fees and charges do not constitute a “tax” under Article XIII C. The District believes its connection fee is not a “tax” as defined by Proposition 26 because it is a charge to a landowner that is imposed (typically as a condition of property development) for a specific privilege and does not exceed the reasonable costs of conferring the privilege. The District will continue to comply with the provisions of Articles XIII C and XIII D (enacted by Proposition 218, described above) and implementing legislation in connection with future rate increases, as such requirements may be interpreted by state courts.

Future Initiatives; Change in Law

The California electorate or Legislature could implement changes in California law having the effect of reducing revenues payable to, or collected by, the District. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues and adversely affecting the security of the Bonds.

In particular, Articles XIII C and XIII D of the California Constitution were adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time-to-time other initiatives could be proposed and adopted affecting the District’s revenues or ability to increase revenues.

Limited Recourse on Default

If the District defaults on its obligation to pay the Bonds, the Trustee 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 total unpaid principal amounts of the Bonds.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds 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 Bonds 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 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

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 Bonds. The District is also reliant on other entities and service providers in connection with the administration of the Bonds, 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 Bond Owners. The District maintains cybersecurity insurance. See "THE DISTRICT AND THE ENTERPRISES – Water Enterprise and Wastewater Enterprise Insurance" for a description of such insurance.

Future Parity Debt

As described in "SECURITY FOR THE BONDS – Parity Debt; Limitations on Future Debt" above, the Indenture 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 Bonds and the Prior Parity Debt. The coverage tests for Additional Parity Debt involve, to some extent, projections of Net Revenues. If Additional Parity Debt is issued, the debt service coverage for the Bonds 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 Bonds, the Prior Parity Debt and any Additional Parity Debt issued in the future.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Underwriter and the beneficial owners of the Bonds to provide certain financial information and operating data relating to the District no later than nine months following the end of each Fiscal Year (the “**Annual Report**”), commencing on April 1, 2026 with the report for the Fiscal Year ending June 30, 2025, and to provide notices of the occurrence of certain enumerated events on the Municipal Securities Rulemaking Board’s EMMA website. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934.

The District previously entered into continuing disclosure undertakings under the Rule. A review of the District’s filings indicates that, during the past five years, the District has not failed to comply, in all material respects, with any previous undertaking.

In order to ensure future timely and complete compliance with its undertakings, the District has contracted with Fieldman, Rolapp & Associates, Inc. (d/b/as Applied Best Practices) to act as Dissemination Agent under the District’s continuing disclosure undertaking with respect to the Bonds.

LITIGATION

In connection with the execution and delivery of the Bonds, 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 Bonds, to contest the validity of the Bonds, the Indenture or any proceedings of the District with respect thereto. Also in connection with the execution and delivery of the Bonds, 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 Bonds when due.

As described in Note 10 to the District’s audited financial statements for the period ending June 30, 2024, (1) in the normal course of operations, various claims have been filed against the District, and in the opinion of the District’s management and legal counsel, the claims will not have a material impact on the basic financial statements; and (2) the District has received state grants for specific purposes that are subject to review and audit by the state government, and although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material. Notwithstanding the foregoing, if final judgments are made against the District and/or grant expenditure disallowances are large, such events could have a material adverse effect on the District’s ability to pay the Bonds when due.

RATING

S&P Global Ratings (“**S&P**”) has assigned its municipal bond rating of “___” to the Bonds. Such rating expresses only the views of S&P and is not a recommendation to buy, sell or hold the Bonds. This rating reflects only the views of S&P, and an explanation of the significance of the

ratings, and any outlook assigned to or associated with these ratings, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely, if in the judgment of the rating agency, circumstances so warrant. The District undertakes 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 Bonds.

In providing a rating on the Bonds, 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 Indenture. 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, Bond Counsel, subject, however to the qualifications set forth below, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the execution and delivery of the Bonds 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 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond 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 Bond 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 Bond 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 Bonds to determine taxable gain upon

disposition (including sale, redemption, or payment on maturity) of such Bonds. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds 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 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's stated maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, 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 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds 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 Bonds 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 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest with respect to the Bonds, or as to the consequences of owning or receiving interest with respect to the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest with respect to the Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render an opinion substantially in the form of APPENDIX C hereto with respect to the validity of

the Bonds. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Jones Hall, A Professional Law Corporation, is also serving as Disclosure Counsel to the District. Certain matters will also be passed upon for the District by Griffith, Masuda & Hobbs, A Professional Law Corporation, as General Counsel to the District. *Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon execution and delivery of the Bonds.*

COMPETITIVE SALE OF BONDS

The Bonds were sold following a competitive bidding process conducted on _____, 2025, and were awarded to _____ (the “**Underwriter**”), whose proposal represented the conforming bid with the lowest true interest cost for the Bonds as determined in accordance with the Official Notice of Sale. The Underwriter has agreed to purchase the Bonds at a price of \$_____, which is equal to the initial principal amount of the Bonds of \$_____ plus [net] original issue premium of \$_____, less an Underwriter’s discount of \$_____.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Underwriter.

CONTINGENT FEES

In connection with the issuance of the Bonds, some or all of the fees or other compensation payable to certain professionals involved with the offering is contingent upon the issuance and delivery of the Bonds. Those entities include:

- the Underwriter;
- Fieldman, Rolapp & Associates, Inc., as municipal advisor and dissemination agent;
- Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel;
- Robert Thomas CPA, LLC, as Verification Agent; and
- U.S. Bank Trust Company, National Association, as Trustee and Escrow Agent.

EXECUTION

The execution and delivery of this Official Statement has been duly authorized by the District.

MARINA COAST WATER DISTRICT

By: _____
General Manager

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2024**

APPENDIX B
SUMMARY OF INDENTURE

APPENDIX C

FORM OF BOND COUNSEL OPINION

[Closing Date]

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

OPINION: \$ _____ Marina Coast Water District
2025 Enterprise Revenue Refunding Bonds

Members of the Board of Directors:

We have acted as bond counsel in connection with the issuance by Marina Coast Water District (the "District") of \$ _____ aggregate principal amount of bonds of the District designated the "Marina Coast Water District 2025 Enterprise Revenue Refunding Bonds" (the "Bonds"), issued under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division two of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Refunding Bond Law"), and under an Indenture of Trust dated as of March 1, 2025 (the "Indenture"), between the District and U.S. Bank Trust Company, National Association, as trustee, and a resolution of the Board of Directors of the District adopted on _____, 2025. We have examined the Refunding Bond Law, an executed copy of the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The District is a county water district duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the District and are legal, valid and binding obligations of the District, payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly approved by the District and constitutes a legal, valid and binding obligation of the District enforceable against the District in accordance with its terms.
4. The Indenture establishes a valid lien on and pledge of the Net Revenues of the Water Enterprise and the Wastewater Enterprise (as such terms are defined in the Indenture) for the security of the Bonds and any obligations issued on a parity therewith.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted, however, that said interest may be subject to the corporate alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 (the "Tax Code") that must be satisfied subsequent to the delivery of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
Marina Coast Water District
2025 Enterprise Revenue Refunding Bonds

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Marina Coast Water District (the “**District**”) in connection with issuance of the bonds captioned-above (the “**Bonds**”). The Bonds are being issued under an Indenture of Trust, dated as of March 1, 2025 (the “**Indenture**”), between the District and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the District’s fiscal year (currently April 1 based on the District’s fiscal year end of June 30).

“*Dissemination Agent*” means Fieldman, Rolapp & Associates, Inc. (d/b/as Applied Best Practices), or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Trustee a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the execution and delivery of the Bonds.

“*Participating Underwriter*” means _____, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*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, 2026, with the report for the 2024-25 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and, subject to Section 4(a) hereof, later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice to such effect.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the Official Statement as follows:

(i) Principal amount of Bonds outstanding.

(ii) An update of the information in the following tables under caption entitled "THE DISTRICT AND THE ENTERPRISES – Water Enterprise of the District" in the Official Statement:

(A) Historical Water Connections.

(B) Historical Water Deliveries In Acre Feet Per Year.

(C) Historical Water Sales Revenues.

(iii) An update of the information in the following tables under the caption entitled "THE DISTRICT AND THE ENTERPRISES – Wastewater Enterprise of the District" in the Official Statement:

(A) Historical Wastewater Connections.

(B) Historical Wastewater Enterprise Usage.

(C) Historical Wastewater Service Charge Revenues.

(iv) A table showing Net Revenues and Expenditures of the District for the last fiscal year presented in a similar format as the table entitled "THE DISTRICT AND THE ENTERPRISES – Historical Operating Results".

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Under the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(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 Bonds under the Indenture.

(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 Bonds. 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 redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, 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 Bonds, 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 Bonds, 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 Bonds in the manner provided in the Indenture for amendments to the Indenture 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 Bonds.

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 Bonds 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 Indenture, 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 Bonds.

(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 Bonds, 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: _____, 2025

MARINA COAST WATER DISTRICT

By: _____

AGREED AND ACCEPTED:
FIELDMAN, ROLAPP & ASSOCIATES, INC.
(d/b/as Applied Best Practices),
as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds 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 Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (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 Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, 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 Bonds (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 bonds. 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 and 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 bonds 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. Redemption 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. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption 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 bonds 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 bonds 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.

OFFICIAL NOTICE OF SALE

\$ _____ *

MARINA COAST WATER DISTRICT 2025 ENTERPRISE REVENUE REFUNDING BONDS

Date of Sale:

[February 6, 2025]

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

BIDS TO BE RECEIVED VIA PARITY®

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

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

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

**A copy of the Preliminary Official Statement and Investor Roadshow
may be obtained at:**

www.munios.com or through *Parity*®

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

MARINA COAST WATER DISTRICT 2025 Enterprise Revenue Refunding Bonds

Notice is hereby given that all-or-none bids will be received by Marina Coast Water District, established under the laws of the State of California (the “District”), for the purchase of \$_____† par value of 2025 Enterprise Revenue Refunding Bonds (the “2025 Bonds”).

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

DATE: [February 6, 2025]

Provided, however, that without further advertising, and so long as an electronic bid has not been accepted by the District, electronic bids via I-Deal LLC BiDCOMP/PARITY® system *Parity*® (“*PARITY*®”) will be accepted at such time and place on [February 6, 2025].

This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the 2025 Bonds. Bidders must read the entire Preliminary Official Statement (the “POS”) to obtain information essential to making an informed investment decision. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the POS.

Terms of the 2025 Bonds

The District has made available a POS and an Investor Roadshow relating to the 2025 Bonds, copies of which have been posted to www.munios.com. The POS, including the cover page and all appendices thereto, provides certain information concerning the sale and delivery of the 2025 Bonds. Each bidder must have obtained and reviewed the POS prior to bidding for the 2025 Bonds.

Issue: The 2025 Bonds

The 2025 Bonds will be dated the date of delivery thereof (which is expected to be **March 4, 2025) (the “Delivery Date”)**, will be in the denomination of \$5,000 each, or integral multiples thereof, and will represent interest from the date of the 2025 Bonds to the final maturity of the 2025 Bonds. The interest rates with respect to the 2025 Bonds shall not exceed 5.00% per annum. Interest will be payable on June 1, 2025, and semiannually on each June 1, and December 1, of each year during the term of the 2025 Bonds. Principal will be payable on June 1 of each year

† Preliminary, subject to change.

during the term of the 2025 Bonds, commencing on June 1, 2025. **The final maturity date of the 2025 Bonds is June 1, 2037 (the “Final Maturity”).**

The proceeds of the sale of the 2025 Bonds will be used to: (i) refinance the District’s 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A (the “2015 Bonds”), which are currently outstanding in the aggregate principal amount of \$21,605,000, and (ii) pay the costs of executing and delivering the 2025 Bonds.

Security

The District’s obligation to pay the 2025 Bonds is a special obligation, limited solely to the Net Revenues of the District’s Water Enterprise and the Wastewater Enterprise (collectively, the “Enterprises”). The 2025 Bonds are secured by a first pledge of all Net Revenues, consisting of (1) Gross Revenues of the Enterprises less the payment of Operation and Maintenance Costs. The term “Gross Revenues” means (1) ad valorem property taxes allocable to the Enterprises, (2) all amounts levied by the District as a fee for connecting to the Enterprises, (3) all income, rents, rates, fees, charges and other moneys received for, and all the gross income and receipts derived by the District from the ownership and operation of the Enterprises, (4) the earnings on and income derived from the investment of funds in (1) – (3) above, (5) proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Enterprises, and (5) amounts (if any) transferred from a Rate Stabilization. The term “Net Revenues” means, for any Fiscal Year of the District (currently, the District’s Fiscal Year begins July 1), the Gross Revenues of such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. See Appendix B of the POS for detailed definitions of “Gross Revenues,” “Operation and Maintenance Costs” and “Water Enterprise” and “Wastewater Enterprise”. Refer to the POS section “SECURITY FOR THE BONDS”.

The 2025 Bonds will not be secured by a debt service reserve account.

Optional Redemption

The 2025 Bonds with stated maturities on or after June 1, _____, are subject to redemption prior to maturity, at the option of the District, in whole or in part by lot, from any available source of funds, on June 1, _____ and on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2025 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Sinking Fund Redemption

Any bidder may, at its option, specify that one or more maturities of the 2025 Bonds will consist of term 2025 Bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. If the bid of the successful bidder specifies that any maturity of 2025 Bonds will be term 2025 Bonds, such term 2025 Bonds will be subject to mandatory sinking fund redemption on June 1, in each year so designated in the bid, in the respective amounts for such years as set forth in the schedule set forth below, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the redemption date, without premium.

Principal Payments

The 2025 Bonds shall be serial maturities, as specified by each bidder, unless specified as term 2025 Bonds as described above under the caption “Sinking Fund Redemption” and principal shall be payable on June 1 of each year, commencing on June 1, 2025, as shown below. The final maturity of the 2025 Bonds shall be June 1, 2037. The principal amount of the 2025 Bonds maturing or subject to mandatory sinking fund redemption in any year shall be in integral multiples of \$5,000. Bidders will provide bids on all of the 2025 Bonds only. Subject to adjustment as hereinafter provided, the principal maturities are as follows:

Principal Payment Date (June 1)	Principal Amount*
2025	
2026	
2027	
2028	
2029	

2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	

* Preliminary, subject to change.

Adjustment of Principal Amount

The principal amount of the 2025 Bonds set forth above reflects certain assumptions of the District and Fieldman, Rolapp & Associates, Inc., the District’s Independent Registered Municipal Advisor (the “**Municipal Advisor**”) with respect to the likely coupon and yield, and related original issue discount or premium, of the winning bid. Following the determination of the successful bidder, the District reserves the right to increase or decrease the aggregate principal amount of the 2025 Bonds and any individual maturity thereof, in \$5,000 increments. Such adjustment shall be made within 5 hours of the bid award and in the sole discretion of the District and notice thereof will be promptly provided to the winning bidder. **In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid may not be withdrawn, and the successful bidder will not be permitted to change its bid price, the interest rate or yield in its bid for the 2025 Bonds.** The District shall not be responsible for the effect of any such adjustment on the compensation to the successful bidder and will use its reasonable best efforts to maintain a proportionate level of compensation to the successful bidder. The aggregate principal amount of the 2025 Bonds shall not exceed \$26,000,000.

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

Interest Rates

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2025 Bonds shall represent interest from their Delivery Date at rates to be determined at the sale thereof. The interest rates with respect to each maturity of the 2025 Bonds shall not exceed 5.00% per annum. Interest with respect to the 2025 Bonds is payable semiannually on December 1, and June 1, of each year (the “**Interest Payment Dates**”), commencing June 1, 2025.

Bidders may specify only a single interest rate for each maturity; provided, however, that (i) the interest rate specified must be in a multiple of 1/20 of 1% or 1/8 of 1%; (ii) a zero rate of interest cannot be specified; (iii) each of the 2025 Bonds shall bear interest from the Delivery Date to its Final Maturity or earlier redemption at the interest rate specified in the bid; (iv) no bid will be accepted which provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the 2025 Bonds. Bids that do not conform to the terms of this or the preceding paragraph will be rejected.

TERMS OF SALE

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

The 2025 Bonds will be awarded to the responsible bidder whose bid produces the **lowest true interest cost** (the “**TIC**”) on the 2025 Bonds and the premium being offered. The TIC shall be the interest rate required to discount the payments of principal and interest with respect to the 2025 Bonds which produces an amount equal to the bidder’s purchase price, utilizing the expected Delivery Date and the Final Maturity.

Bidders are requested to supply a calculation of the TIC of the 2025 Bonds to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District. If two or more bidders submit identical bids based on the considerations set forth herein, the 2025 Bonds will be awarded to the bidder whose bid was first submitted. In the event that multiple bids are received from a single bidder, the District shall accept the best of such bids, and each bidder agrees by submitting any bid to be bound by its best bid. The determination of the bid representing the lowest TIC will be made without regard to any adjustments, as described under the caption “Adjustment of Principal Amount”, even if such adjustments would have the effect of raising the TIC of the successful bid to a level higher than the bid containing the next lowest TIC prior to adjustment.

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

All or None Bid

Prospective purchaser may only submit a bid for all of the 2025 Bonds.

Minimum Premium Permitted

No bid shall be for less than 100% of the aggregate principal amount of the 2025 Bonds.

Purchaser's Discount

The Purchaser's Discount shall not exceed 0.8% of the aggregate principal amount of the 2025 Bonds.

Form of Bid / Electronic Bids Only

All bids for the 2025 Bonds must be unconditional and for not less than all of the respective maturities of the 2025 Bonds offered for sale. **Each bid must be in accordance with the terms and conditions set forth in this Official Notice of Sale.** Only electronic bids via PARITY® will be accepted in accordance with this Official Notice of Sale on the bid date. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control.

Once the bids are communicated electronically via PARITY® to the District as described herein, each bid will constitute a Bid for Purchase of the 2025 Bonds and will be deemed to be an irrevocable offer to purchase the 2025 Bonds on the terms provided in this Official Notice of Sale.

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

For purposes of submitting bids to purchase the 2025 Bonds, the time as maintained on PARITY® shall constitute the official time. No bid received after the deadline shall be considered. In any case, each bid must be in accordance with terms and conditions set forth in this Official Notice of Sale.

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

Bid Award Deposit

The winning bidder of the 2025 Bonds (the "**Purchaser**") will be required to submit a **Bid Award Deposit equal to \$200,000** not later than 12:00 p.m. Pacific Time on the first business day following the bid date ([February 7, 2025]) for the 2025 Bonds. The deposit shall be made by wire to an account of the District; wire instructions will be provided directly to the Purchaser. In the event the Purchaser's Bid Award Deposit is not received by the designated time, the underlying bid may be disqualified at the option of the District.

No interest will be paid by the District on the amount of the Bid Award Deposit. The proceeds of the Bid Award Deposit will be applied to the purchase price of the 2025 Bonds, or in the event of the failure of a Purchaser to pay for the 2025 Bonds in compliance with the terms of the bid, at the option of the District, its Bid Award Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the District.

Insurance

Municipal bond insurance has been applied for by the District. The insurance provider will provide notification of the 2025 Bonds qualification for bond insurance. Bids shall not be conditioned upon the issuance of a municipal bond insurance policy. The District makes no representation as to whether the 2025 Bonds will qualify for municipal bond insurance, and satisfaction of any conditions to the issuance of a municipal bond insurance policy shall be the sole responsibility of the Purchaser. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE WINNER BIDDER TO ACCEPT DELIVERY OF OR PAY FOR THE 2025 BONDS. IN THE EVENT OF SUCH FAILURE, THE DISTRICT SHALL AMEND THE OFFICIAL STATEMENT AND THE COST OF PRINTING AND MAILING SUCH SUPPLEMENT SHALL BE BORNE BY THE WINNING BIDDER ALONE.

In the event the District obtains a commitment for municipal bond insurance, each bidder has the option to elect whether such insurance will be issued. If the winning bidder elects to obtain any policy of municipal bond insurance, the premium for such insurance and the costs of any related ratings will be paid by the winning bidder, and the District will have no responsibility for payment of such premium and costs.

If the winning bidder elects to obtain a policy of municipal bond insurance for the Bonds, the bidder will be required to execute and deliver to the District a certificate, in form and substance acceptable to bond counsel, stating that (a) the present value of the fees for the municipal bond insurance policy is less than the present value of expected interest savings as a result of the insurance, determined by using the yield of the Bonds as the discount rate in computing present value; and (b) based on the experience of the purchaser in assisting issuers to obtain municipal bond insurance, the fees for the bond insurance policy do not exceed a reasonable arm's length charge for transfer of the credit risk represented by the insurance and do not include any payment for any direct or indirect services other than the transfer of credit risk.

Delivery and Payment

Delivery of the 2025 Bonds will be made to the Purchaser on the Delivery Date of the 2025 Bonds, which is expected to be March 4, 2025. Payment of the purchase price (less the amount of the good faith deposit described above) must be made in funds immediately available to the District. Any expenses of providing federal funds shall be borne by the Purchaser.

Right to Modify or Amend

The District reserves the right to modify or amend this Official Notice of Sale including, but not limited to the right to adjust and change the aggregate principal amounts of the 2025 Bonds being offered. Such notifications or amendments shall be made not later than 2:00 p.m. Pacific

Time on the business day immediately preceding the day of the bid opening through the PARITY® bidding platform.

Right to Reject Bids or Waive Irregularities

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

Right to Cancel, Postpone, or Reschedule Sale

The District reserves the right to cancel, postpone or reschedule the sale of the 2025 Bonds upon notice given through the PARITY® bidding platform, Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or The Bond Buyer Wire no later than 2:00 p.m. Pacific Time the business day before the bids are to be received. If any date is postponed, any alternative sale date will be announced through I-Deal LLC BiDCOMP/PARITY® system, Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or The Bond Buyer Wire at least 23 hours prior to such alternative sale date and at a time as the District shall determine. On any such alternative sale date, any bidder may submit a bid for the purchase of the 2025 Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced by through I-Deal LLC BiDCOMP/PARITY® system at the time the sale date and time are announced.

Registration of 2025 Bonds as to Principal and Interest and Place of Payment

The 2025 Bonds, when delivered, will be issued only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2025 Bonds. Ownership interests in the 2025 Bonds may be purchased in book-entry form, in any integral multiple of \$5,000, as described in the POS.

CUSIP Numbers and Other Fees

The Municipal Advisor has applied for CUSIP registration on the 2025 Bonds, and it is anticipated that CUSIP numbers will be printed on the 2025 Bonds, but neither the failure to print such numbers on any 2025 Bonds nor error with respect thereto shall constitute cause for a failure or refusal by the Purchaser thereof to accept delivery of and pay for the 2025 Bonds in accordance with the terms of the bidder’s certificate. Expenses of a CUSIP number will be the Purchaser’s responsibility. Any delay, error or omission with respect thereto will not constitute cause for the Purchaser to refuse to accept delivery of and pay for the 2025 Bonds. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the 2025 Bonds (see, “California Debt and Investment Advisory Commission Fee” below).

California Debt and Investment Advisory Commission Fee

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

Bond Counsel Legal Opinion

The 2025 Bonds are sold with the understanding that the Purchaser will be furnished with the approving opinion of Bond Counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, approving the validity of the 2025 Bonds and the Indenture under California Law, in the form of which is attached as Appendix C to the POS.

Tax-Exempt Status

As set forth in Appendix C to the POS, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the POS, interest (and original issue discount) represented by the 2025 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) represented by the 2025 Bonds is exempt from State of California personal income tax. See the POS under the caption "TAX MATTERS" for a fuller description of tax consequences relating to the 2025 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

Should changes in the law cause Bond Counsel's opinion to materially change prior to delivery of the 2025 Bonds to the Purchaser, the Purchaser will be relieved of its responsibility to take delivery of and pay for the 2025 Bonds, and in that event its Bid Award Deposit will be returned.

Disclosure Counsel Negative Assurance Letter

The firm of Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel to the District, will provide a letter which is addressed to the Purchaser of the 2025 Bonds regarding the Official Statement. Such letter will be substantially to the effect that during the course of Disclosure Counsel's work with regard to the 2025 Bonds, no facts have come to their attention that cause them to believe that the Official Statement (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning the Depository Trust Company and the book-entry system, any information contained in the appendices to the Official Statement, CUSIPs or any statements with respect to the District's compliance with its obligations under SEC Rule 15c2-12) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

No Litigation and Tax Certificate

The District will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the 2025 Bonds and the Indenture. The District will also deliver a Tax Certificate covering its reasonable expectations concerning the 2025 Bonds and the use of proceeds thereof.

Qualification for Sale; Blue Sky

The Purchaser will assume responsibility for taking any action necessary to qualify the 2025 Bonds for offer and sale in jurisdictions other than California, and for complying with the laws of all jurisdictions on resale of the 2025 Bonds, and shall indemnify, defend and hold harmless the District and its officers and officials from any loss or damage resulting from any failure to comply with any such law. Compliance with Blue Sky laws shall be the sole responsibility of the Purchaser, and the Purchaser shall pay all fees and disbursements related to the qualification of the 2025 Bonds for sale under the securities or Blue Sky laws of various jurisdictions. The District will furnish such information and take such action not inconsistent with law as the Purchaser may request and the District shall deem necessary or appropriate to qualify the 2025 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, however, that the District shall not be required to execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. **The Purchaser will not offer to sell, or solicit any offer to buy, the 2025 Bonds in any jurisdiction where it is unlawful for such Purchaser to make such offer, solicitation or sale, and the Purchaser shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions.**

Preliminary Official Statement and Final Official Statement Dissemination

The District has made available a POS relating to the 2025 Bonds, a copy of which has been posted to www.munios.com. Such POS, together with any supplements thereto, shall be in form “deemed final” by the District for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement. The District shall deliver, at closing, a certificate, executed by appropriate officers of the District acting in their official capacities, to the effect the Official Statement relating to the 2025 Bonds is true and correct in all material respects, and that the Official Statement does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

By making a bid for the 2025 Bonds, the successful bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the District, (2) to promptly file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System, and (3) to take any and all other actions necessary to comply with applicable SEC rules and MSRB rules governing the offering, sale and delivery of its 2025 Bonds to ultimate purchasers. The Final Official Statement for the 2025 Bonds will be made available electronically not later than 7 business days following the bid date; no hard copies will be provided to the Purchaser.

Continuing Disclosure

In order to assist the Purchaser in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, the District will undertake in a Continuing Disclosure Certificate to provide certain annual financial information and notice of the occurrence of certain

events. A description of these undertakings and form of the Continuing Disclosure Certificate are included in the POS as Appendix D.

Rating

A rating from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, has been assigned to the 2025 Bonds. The rating is shown in the POS under the caption "RATING." **The cost of obtaining such rating will be borne entirely by the District and not by the successful bidder.**

Establishment of Issue Price / Purchaser's Certificate

The Purchaser shall, within one (1) hour after being notified of the award of the 2025 Bonds, advise the Municipal Advisor by electronic transmission or writing by facsimile transmission of the initial public offering prices of the 2025 Bonds.

The Purchaser shall assist the District in establishing the issue price of the 2025 Bonds and shall execute and deliver to the District at closing a closing issue price certificate setting forth the reasonably expected initial offering prices to the public, actual initial offering prices to the public or the sales price or prices of the 2025 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the District and Bond Counsel.

In making the representations in the closing issue price certificate, the Purchaser must reflect the anticipated existence, if any, of a "derivative product" (e.g., a tender option) offered or to be offered by the Purchaser or any affiliate in connection with the initial sale of any of the 2025 Bonds. The Purchaser must also provide additional information if necessary, in the judgment of Bond Counsel to determine the issue price of the 2025 Bonds.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2025 Bonds) will apply to the initial sale of the 2025 Bonds (the "**Competitive Sale Requirements**") because:

- (1) the District shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the 2025 Bonds to the bidder who submits a firm offer to purchase the 2025 Bonds at the highest price (or lowest true interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the 2025 Bonds, as specified in the bid.

Bidders should prepare their bids on the assumption that the District will determine the issue price of the 2025 Bonds either based on the reasonably expected initial offering price to the public or by application of the hold-the-offering-price rule.

If the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, the District shall treat the first price at which 10% of a maturity of the 2025 Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity unless the Purchaser has elected on the bid form to apply the “**hold-the-offering price rule**,” as described below, in which case the initial offering price to the public as of the sale date of any maturity of the 2025 Bonds will be treated as the issue price of that maturity, in each case applied on a maturity-by-maturity basis. In the event that the competitive sale requirements are not satisfied, the Purchaser shall advise the District if any maturity of the 2025 Bonds satisfies the 10% test as of the date and time of the award of the 2025 Bonds, and if the Purchaser has elected to apply the hold-the-offering-price rule, the Purchaser shall notify the District, within one hour of the time of award of the 2025 Bonds, as to which maturities of the 2025 Bonds satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

The Purchaser shall also either: (i) confirm that the underwriters have offered or will offer each maturity of the 2025 Bonds to the public on or before the date of award at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the Purchaser; or (ii) if the Purchaser has elected to use the hold-the-offering-price rule, the Purchaser agrees, on behalf of the underwriters participating in the purchase of the 2025 Bonds, that the underwriters will neither offer nor sell unsold 2025 Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the 2025 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall report to the District the status as of the sale date, regarding the underwriters having sold 10% of a maturity of the 2025 Bonds to the public at the applicable initial offering price, and within one business day, when the underwriters have sold 10% of a maturity of the 2025 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The Purchaser shall cooperate with the District and Bond Counsel, including by providing requested information to assist in establishing the issue price of the 2025 Bonds and compliance with the hold-the-offering-price rule.

In making the representations set forth above, the Purchaser will confirm that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which any Purchaser is a party) relating to the initial sale of the 2025 Bonds to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail

distribution agreement to: (A) report the prices at which it sells to the public the unsold 2025 Bonds of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the 2025 Bonds of that maturity or all 2025 Bonds of that maturity have been sold to the public; and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires; and

(ii) any agreement among underwriters relating to the initial sale of the 2025 Bonds to the public, together with the related pricing wires, will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2025 Bonds to the public to: (A) report the prices at which it sells to the public the unsold 2025 Bonds of each maturity allotted to it until it is notified by the Purchaser or such underwriter that either the 10% test has been satisfied as to the 2025 Bonds of that maturity or all 2025 Bonds of that maturity have been sold to the public; and (B) require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser or the related underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that sales of any 2025 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this section of Official Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party to an underwriter;
- (2) “underwriter” means: (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2025 Bonds 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 2025 Bonds 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 2025 Bonds to the public);
- (3) a purchaser of any of the 2025 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date that the 2025 Bonds are awarded by the District to the Purchaser.

Right of Cancellation

The successful bidder will have the right, at its option, to cancel its purchase of the 2025 Bonds if the District fails to execute the 2025 Bonds and tender the same for delivery within 60

days from the date of the award thereof. In such event, the successful bidder will be entitled to the return of the Bid Award Deposit accompanying the bid.

Dated: _____, 2025

MARINA COAST WATER DISTRICT

/s/ Remleh Scherzinger
General Manager
Marina Coast Water District

ATTACHMENT 1 - BIDDER'S CERTIFICATE

§ _____
MARINA COAST WATER DISTRICT
2025 Enterprise Revenue Refunding Bonds

_____ (the “**Purchaser**”) is making these certifications in connection with the above-captioned certificates described in Schedule A attached hereto (the “**Obligations**”) and hereby certifies and represents the following, based upon the information available to it; provided, however, that: (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Bond Counsel; (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the “**Code**”); and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

[IF 3 BIDS RECEIVED]

A. Issue Price.

1. On ---- __, 2025, the Purchaser won on a competitive basis the right to reoffer the Obligations.

2. As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the “**Expected Offering Prices**”), and the Purchaser has offered the Maturities to the public at the Expected Offering Prices. The Expected Offering Prices are the prices for the Maturities of the Obligations used by the Purchaser in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Obligations.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

B. Defined Terms.

1. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.

2. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

3. *Related Party* means any entity if an Underwriter and the entity are subject, directly or indirectly, to: (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50%

common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is _____, 2025.

5. *Underwriter* means: (i) any person that agrees pursuant to a written contract with the issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

A. Issue Price.

1. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “**Initial Offering Prices**”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.

2. As of the date hereof, the first price at which 10% of each of the Maturities of the Obligations listed on Schedule A as a “10% Test Maturity” was sold to the Public was the Initial Offering Price for such Maturity.

3. EITHER [With respect to the Maturities of the Obligations listed on Schedule A as unsold maturities (the “**Undersold Maturities**”), 10% of each of the Undersold Maturities has not been sold to the Public at any single price. The Purchaser will promptly report to the issuer the first price at which 10% of such Undersold Maturities have been sold to the public. If all of an Undersold Maturity is sold to the Public but not more than 10% of the Undersold Maturity is sold to the Public at any particular price, the Purchaser will notify the issuer in writing of the amount of the Undersold Maturity sold to the Public at each respective price] OR [With respect to each of the Maturities of the Obligations listed on Schedule A as a “Hold-The-Offering-Price Maturity,” the Purchaser has agreed that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**hold-the-offering-price rule**”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.]

B. Defined Terms.

1. *Hold-the-Offering-Price Maturities* means those Maturities of the Obligations where the issue price was established under Treasury Regulations § 1.148-1(f)(2)(ii), as shown in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

2. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

3. *Issuer* is as defined in the attached Tax Certificate.

4. [*Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are generally treated as separate maturities for purposes of determining compliance.]

5. [*Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.]

6. [*Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to: (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).]

7. [*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is _____, 2025.]

8. [*Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).]

Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.

All terms not defined herein have the meaning ascribed in the attached Tax Certificate.

Dated: _____, 2025

By: _____
Authorized Representative

[IF 3 BIDS]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

[IF 3 BIDS]

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

[IF 3 BIDS NOT RECEIVED]

SCHEDULE A

<i>Maturity Date (June 1)</i>	<i>Principal Amount</i>	<i>Rate</i>	<i>Initial Offering Price</i>	<i>10% Test Maturities</i>	<i>Hold-the- Offering- Price Maturities</i>
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\$

%

[IF 3 BIDS NOT RECEIVED]

SCHEDULE B

PRICING WIRE

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 10-C

Meeting Date: January 22, 2025

Prepared By: Mayra Magdaleno

Approved By: Remleh Scherzinger, PE

Reviewed By: Garrett Haertel, PE

Agenda Title: Adopt Resolution No. 2025-05 to Amend the Professional Service Agreement with Psomas for Construction Management Services of the A1/A2 Reservoirs and B/C Booster Pump Station Project

Staff Recommendation: The Board of Directors approve Resolution No. 2025-05 to amend the Professional Services Agreement (PSA) with Psomas for Construction Management Services of the A1/A2 Reservoirs and B/C Booster Pump Station Project.

Background: *Strategic Plan, Goal No. 4 – INFRASTRUCTURE: Reliable, Cost-Effective, and Sustainable Facilities and Properties. OBJECTIVE 4.1: A comprehensive plan guides long-term, cost-effective renewal, replacement, usage, and development of District facilities and properties; and, OBJECTIVE 4.2: The comprehensive, long-term facility plan is funded.*

The Board of Directors of the Marina Coast Water District adopted Resolution No. 2021-16 on March 15, 2021, awarding a Professional Services Agreement (PSA) to Psomas for Construction Management Services for the A1/A2 Reservoir and B/C Booster Pump Station Project for the amount of \$935,760.

Discussion/Analysis: Psomas invoice dated December 12, 2024, shows the original contract amount of \$935,760 which is nearly exhausting its funds. To ensure the project’s successful completion, staff recommends amending the Psomas PSA, to a not-to-exceed total amount of \$2,221,400. The stated funds will cover construction management services until the expected completion of the construction project.

Environmental Review Compliance: The project has been cleared for Environmental Review.

Climate Adaptation: The District’s goal is to provide projects that address climate change and improve the District’s footprint on the environment. Water system improvement projects provide overall system reliability and reduce the potential liability of impacts to the sensitive local environment and inefficient operation and overconsumption of resources.

Financial Impact: ____ Yes X No **Funding Source/Recap:** If authorized, funding for this amendment to the Professional Service Agreement is included in the GW-0112 A1/A2 Tanks and B/C Booster Pump Station (Zone A Tank and Improvements) Project that was amended at the December 2024 board meeting.

Material Included for Information/Consideration: Resolution No. 2025-05.

Action Required: X Resolution _____ Motion _____ Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____

Abstained _____

Noes _____

Absent _____

January 22, 2025

Resolution No. 2025-05
Resolution of the Board of Directors
Marina Coast Water District

Amend the Professional Service Agreement with Psomas for Construction Management Services for the A1/A2 Reservoirs and B/C Booster Pump Station

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“MCWD” or “District”) at a regular meeting duly called and held on January 22, 2025 at 920 Second Avenue, Suite A, Marina, California as follows:

WHEREAS, MCWD is a County Water District and political subdivision of the State of California, organized under Division 12, Sections 3000 and following for the California Water Codes, established in 1960; and,

WHEREAS, the District’s water system has experienced a need to increase A-zone reservoir water storage to support Central Marina and redevelopment of the Former Fort Ord and,

WHEREAS, the need for additional water storage in the A-zone will be addressed via the District’s Capital Improvement Project (GW-0112) for the construction of the A1/A2 reservoirs and new B/C booster pump station; and,

WHEREAS, a Professional Service Agreement was awarded to Psomas for Construction Management Services for the amount of \$935,760 on March 15, 2021, as Resolution No. 2021-16; and,

WHEREAS, the proposal for the Professional Service Agreement amendment is for a not-to-exceed value of \$2,221,400; and,

WHEREAS, the stated funds will cover construction management services until the expected completion of the construction phase in April 2025.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby:

1. Adopt Resolution No. 2025-05 to Amend the Professional Service Agreement with Psomas for the A1/A2 Reservoirs and B/C Booster Pump Station Construction Management Services for CIP# GW-0112 for a not-to-exceed value of \$2,221,400; and,
2. Authorize the General Manager to take all actions and execute all documents which may be necessary or appropriate to give effect to this resolution.

PASSED AND ADOPTED on January 22, 2025, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Gail Morton, President

ATTEST:

Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2025-05 adopted January 22, 2025.

Remleh Scherzinger, Secretary

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 10-D

Meeting Date: January 22, 2025

Prepared By: Mayra Magdaleno
Dominique Bertrand, EIT

Approved By: Remleh Scherzinger, PE

Reviewed By: Garrett Haertel, PE

Agenda Title: Adopt Resolution No. 2025-06 to Amend the FY 2024-2025 Capital Improvement Program Budget

Staff Recommendation: The Board of Directors approve Resolution No. 2025-06 to amend the Capital Improvement Program (CIP) Budget.

Background: *Strategic Plan, Goal No. 4 – INFRASTRUCTURE: Reliable, Cost-Effective, and Sustainable Facilities and Properties. OBJECTIVE 4.1: A comprehensive plan guides long-term, cost-effective renewal, replacement, usage, and development of District facilities and properties; and, OBJECTIVE 4.2: The comprehensive, long-term facility plan is funded.*

The Fiscal Year (FY) 2024-2025 Budget approved by the Board of Directors included improvements and expansion plans for existing water, recycled water, and wastewater collection systems.

Projects listed include details on the service area and system. For reference, the project number contains an identifier prefix for the appropriate cost center. The prefixes include:

- District-wide projects (WD) (Projects affecting all cost centers),
- General Water (GW) (General projects affect both service areas),
- Marina Water (MW),
- Ord Community Water (OW),
- General Sewer (GS) (General projects affect both service areas),
- Marina Sewer (MS),
- Ord Community Sewer (OS),
- Recycled Water (RW), and
- Groundwater Sustainability Agency (GA).

Discussion/Analysis: The attached CIP Project Budget Transfer details active projects, including project number, title, description, justification, and construction progress status.

- 1. MW-2515 Water Pipeline in Bayer Steet from Carmel Avenue to Reservation Road;**
This new CIP will allocate funds from the existing CIP project, MW-0322, to enhance our efficiency and effectiveness in meeting the District’s objectives. In the FY 2024/2025 budget, MW-0322 intended to upsize the existing 8-inch water pipeline in Lynscott Drive to a new 12-inch pipeline. However, after recent updates to the District’s hydraulic water system model were completed, it was determined that upsizing a different section of the water system would provide greater hydraulic benefit. The current scope of this project involves the design for upsizing the existing 6-inch water pipeline on Bayer Street from Carmel Avenue to Reservation Road to a 12-inch pipeline. This change will enhance fire

flows in the B-Zone and support the Downtown Vitalization Specific Plan. Once the design has been completed in FY 2024/2025, construction will commence.

The following four projects are pipeline segments that were identified through review of the computer maintenance management system (CMMS) and the geographic information system (GIS), and interviews with maintenance staff. These projects were identified as being pipeline segments that were found deficient in either size, material or condition and could utilize the approved FY 2024/2025 Pipeline Renewal and Replacement Programmatic CIP Budgets to improve the reliability and resiliency of the District’s pipeline network.

2. **MW-2516 Water Pipeline in Del Monte Blvd from Beach Rd to Seaside Ct;** This new CIP project will allocate funds from the existing programmatic CIP project GW-2508 Water Pipeline Renew/Replacement Program FY 2024/2025. This project involves upsizing the existing 6-inch Asbestos Cement (AC) water pipeline in Del Monte Blvd from Beach Road to Seaside Court to a new 8-inch C900 Polyvinyl Chloride (PVC) pipeline. This project will eliminate a section of old, undersized AC pipeline, and replace it with new pipeline that conforms to current MCWD Standards.
3. **MW-2517 Water Pipeline in Del Monte Blvd from Beach Rd to Lillian Pl;** This new CIP project will allocate funds from the existing programmatic CIP project GW-2508 Water Pipeline Renew/Replacement Program FY 2024/2025. This project involves upsizing the existing 6-inch AC water pipeline from Beach Road to Lillian Place to a new 8-inch C900 PVC pipeline. This project will eliminate a section of old, undersized AC pipeline, and replace it with new pipeline that conforms to current MCWD Standards.
4. **MS-2506 Sewer Pipeline in Lakewood Dr from Cardoza Ave to Abdy Way;** This new CIP project will allocate funds from the existing programmatic CIP project GS-2511 Sewer Pipeline Renew/Replacement Program FY 2024/2025. This project involves upsizing the existing 6-inch AC sewer pipeline in Lakewood Drive to a new 8-inch SDR-35 PVC pipeline. This project will eliminate a section of old, undersized AC pipeline, and replace it with new pipeline that conforms to current MCWD Standards.
5. **OS-2519 Sewer Pipeline in Ardennes Cir to Metz Rd to Tunisia Ct;** This new CIP project will allocate funds from the existing programmatic CIP project GS-2511 Sewer Pipeline Renew/Replacement Program FY 2024/2025. This project involves upsizing the existing 6-inch clay sewer pipeline in the Military Base Housing in Tunisia Court to Metz Road to Ardennes Circle. This project will upsize the downstream section of the sewer system serving this neighborhood. This project will eliminate a section of old, undersized clay pipeline, and replace it with new pipeline that conforms to current MCWD Standards.

Environmental Review Compliance: Staff for each of these new projects will submit a California Environmental Quality Act (CEQA) Notice of Exemption (NOE).

Climate Adaptation: The District’s goal is to provide projects that address climate change and improve the District’s footprint on the environment. The myriad of FY 2024-2025 CIP projects accomplishes this in several ways. Water and sewer system improvement projects provide overall system reliability and reduce the potential liability of impacts to the sensitive local environment and inefficient operation and overconsumption of resources.

Financial Impact: _____ Yes X No

Funding Source/Recap: See Below:

The proposed FY 2024-2025 CIP Budget amendments are:

CIP Budget Amendment	Budget	Change	Balance
FROM: MW-0322 Water Pipeline in Lynscott from Carmel to Reservation Rd	\$95,000-MW	\$(95,000)	\$0
TO: MW-2515 Water Pipeline in Bayer St from Carmel Ave to Reservation Rd	\$0	\$95,000	\$95,000-MW

CIP Budget Amendment	Budget	Change	Balance
FROM: GW-2508 Water Pipeline Renew/Replacement Program FY 2024/2025	\$407,000-MW	\$(225,000)	\$182,000
TO: MW-2516 Water Pipeline in Del Monte Blvd from Beach Rd to Seaside Ct	\$0	\$225,000	\$225,000-MW

CIP Budget Amendment	Budget	Change	Balance
FROM: GW-2508 Water Pipeline Renew/Replacement Program FY 2024/2025	\$182,000-MW	\$(182,000)	\$0
TO: MW-2517 Water Pipeline in Del Monte Blvd from Beach Rd to Lillian Pl	\$0	\$182,000	\$182,000-MW

CIP Budget Amendment	Budget	Change	Balance
FROM: GS-2511 Sewer Pipeline Renew/Replacement program FY 2024/2025	\$250,000-MS	\$(250,000)	\$0
TO: MS-2506 Sewer Pipeline in Lakewood Dr from Cardoza Ave to Abdy Way	\$0	\$250,000	\$250,000-MS

CIP Budget Amendment	Budget	Change	Balance
FROM: GS-2511 Sewer Pipeline Renew/Replacement program FY 2024/2025	\$696,000-OS	\$(696,000)	\$0
TO: OS-2519 Sewer Pipeline in Ardennes Cir to Metz Rd to Tunisia Ct	\$0	\$696,000	\$696,000-OS

Material Included for Information/Consideration: Resolution No. 2025-06.

Action Required: X Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____

Abstained _____

Noes _____

Absent _____

January 22, 2025

Resolution No. 2025-06
Resolution of the Board of Directors
Marina Coast Water District
Amend the FY 2024-2025 Capital Improvement Program Budget

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“MCWD” or “District”) at a regular meeting duly called and held on January 22, 2025 at 920 Second Avenue, Suite A, Marina, California as follows:

WHEREAS, the MCWD is a County Water District and political subdivision of the State of California, organized under Division 12, Sections 3000 and following for the California Water Codes, established in 1960; and

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

WHEREAS, on May 18, 2020, the Directors of the District accepted the Water, Sewer and Recycled Water Master Plans; and,

WHEREAS, the Directors of the District passed and adopted Resolution No. 2024-25 adopting the District Budget for FY 2024-2025; and,

WHEREAS, District Engineering and Finance staff identified one project in need of budget allocations and calculated the funding necessary; and,

WHEREAS, District Engineering and Finance staff identified four specific projects in need of available programmatic funding and calculated the funding necessary; and,

WHEREAS, the District Engineering and Finance staff identified appropriate and available funding sources; and,

WHEREAS, the MCWD hydraulic water system model was updated on November 4, 2024; and,

WHEREAS, CIP MW-0322 Water Pipeline in Lynscott project does not provide hydraulic benefit to the water system; and,

WHEREAS, the District Engineer determined that upsizing the water pipeline in Bayer Street would provide greater hydraulic benefit; and,

WHEREAS, a FY 2024-2025 CIP Budget amendment is required to resource the identified projects in order to achieve the desired facility objectives.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby:

1. Adopt Resolution No. 2025-06 to Amend the FY 2024-2025 Capital Improvement Program Budget as follows:

CIP Budget Amendment	Budget	Change	Balance
FROM: MW-0322 Water Pipeline in Lynscott from Carmel to Reservation Rd	\$95,000-MW	\$(95,000)	\$0
TO: MW-2515 Water Pipeline in Bayer St from Carmel Ave to Reservation Rd	\$0	\$95,000	\$95,000-MW

CIP Budget Amendment	Budget	Change	Balance
FROM: GW-2508 Water Pipeline Renew/Replacement Program FY 2024/2025	\$407,000-MW	\$(225,000)	\$182,000
TO: MW-2516 Water Pipeline in Del Monte Blvd from Beach Rd to Seaside Ct	\$0	\$225,000	\$225,000-MW

CIP Budget Amendment	Budget	Change	Balance
FROM: GW-2508 Water Pipeline Renew/Replacement Program FY 2024/2025	\$182,000-MW	\$(182,000)	\$0
TO: MW-2517 Water Pipeline in Del Monte Blvd from Beach Rd to Lillian Pl	\$0	\$182,000	\$182,000-MW

CIP Budget Amendment	Budget	Change	Balance
FROM: GS-2511 Sewer Pipeline Renew/Replacement program FY 2024/2025	\$250,000-MS	\$(250,000)	\$0
TO: MS-2506 Sewer Pipeline in Lakewood Dr from Cardoza Ave to Abdy Way	\$0	\$250,000	\$250,000-MS

CIP Budget Amendment	Budget	Change	Balance
FROM: GS-2511 Sewer Pipeline Renew/Replacement program FY 2024/2025	\$696,000-OS	\$(696,000)	\$0
TO: OS-2519 Sewer Pipeline in Ardennes Cir to Metz Rd to Tunisia Ct	\$0	\$696,000	\$696,000-OS

2. Authorize the General Manager to take all actions and execute all documents which may be necessary or appropriate to give effect to this resolution.

PASSED AND ADOPTED on January 22, 2025, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Gail Morton, President

ATTEST:

Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2025-06 adopted January 22, 2025.

Remleh Scherzinger, Secretary

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 11-A

Meeting Date: January 22, 2025

Prepared By: Paula Riso

Approved By: Remleh Scherzinger PE

Agenda Title: Receive Ralph M. Brown Act Training

Background: *Strategic Plan Mission Statement – Marina Coast Water District delivers safe and environmentally sustainable water, recycled water, and wastewater services that meet community needs.*

Discussion/Analysis: On November 5, 2024, two Directors were elected to the Marina Coast Water District Board. As part of new Board member training, and as a refresher of the returning and current Board members, the District’s Assistant Legal Counsel, David Hobbs, will give a presentation and review of the Ralph M. Brown Act.

Environmental Review Compliance: None required.

Legal Counsel Review: Legal counsel prepared the document to be discussed.

Climate Adaptation: Not applicable.

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

Other Considerations: None.

Material Included for Information/Consideration: None.

Action Required: Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____