

RESOLUTION NO. 20-25

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOQUEL CREEK WATER DISTRICT
ADOPTING AN ADDENDUM TO THE PREVIOUSLY CERTIFIED EIR, APPROVING THE PURCHASE
AND SALE AGREEMENT OF 2455 CHANTICLEER AVENUE, AND APPROVING TREATMENT
PROCESS AND FACILITY LAYOUT MODIFICATIONS**

WHEREAS, as part of the District's Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention Project ("Project"), the District had identified the southwest corner of the Soquel Avenue-Chanticleer Avenue intersection ("Chanticleer Site") to locate the Advanced Water Purification Facility ("AWPF") with or without Tertiary Treatment at the Santa Cruz Wastewater Treatment Facility; and

WHEREAS, the District previously certified the Final Environmental Impact Report ("EIR") with Resolution No. 18-30 and adopted a Mitigation Monitoring and Reporting Program, adopted a Statement of Overriding Considerations and approved the Project on December 18, 2018 with Resolution 18-31 pursuant to the California Environmental Quality Act ("CEQA"); and

WHEREAS, subsequent to certification of the EIR and approval of the Project, a parcel adjacent to the Chanticleer Site, 2455 Chanticleer Avenue ("Property"), was listed for sale and became available to acquire;

WHEREAS, the District seeks to purchase the Property, which includes an existing approximately 2,200 square foot building with a six-space parking area that is currently operated as Provision Glass, and to incorporate it into the design of the Project, specifically the design of the AWPF; and

WHEREAS, the District seeks to use the existing building and parking area of Property as an on-site construction office and worker parking associated with construction activities at the Chanticleer Site, as well as a learning center and operations facility; and

WHEREAS, on August 18, 2020, the District approved an Option Agreement ("Option") to purchase the Property at the purchase price of \$1,300,000, which is its fair market value, and now seeks to exercise the Option and proceed with the purchase of the Property pursuant to the negotiated terms and conditions of the Purchase and Sale Agreement attached hereto as Exhibit "A" ("Agreement"); and

WHEREAS, additionally as part of the project design development, the District identified treatment process and facility layout refinements to the Tertiary Treatment and Advanced Water Purification System at the Santa Cruz Wastewater Treatment Facility and at the Chanticleer Site; and

WHEREAS, because the District proposes to acquire and incorporate the Property into the design of the Project and revise treatment processes and update facility layouts, an Addendum to the EIR is required to meet the requirements of CEQA, only as to the modifications to the Project ; and

WHEREAS, pursuant to State CEQA Guidelines section 15164(a), a lead agency shall prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in State CEQA Guidelines section 15162 calling for preparation of a subsequent EIR have occurred; and

WHEREAS, the District has prepared an Addendum to the previously certified EIR, which analyzes the impacts of the modifications to the Project; and

WHEREAS, the District has determined that none of the circumstances identified in State CEQA Guidelines section 15162 have arisen, and that an Addendum to the EIR is appropriate; and

WHEREAS, pursuant to State CEQA Guidelines section 15164(c), the Addendum is not required to be circulated for public review; and

WHEREAS, the District nonetheless has publicly noticed and agendized its consideration of the Addendum and the proposed modifications of the Project; and

WHEREAS, the District Board of Directors has independently reviewed and considered the Addendum, together with the previously certified EIR and other documents in the record before it; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the SOQUEL CREEK WATER DISTRICT:

SECTION 1. The Board of Directors has reviewed and considered the information contained in the Addendum, EIR, and all supporting documentation, copies of which are on file at the District's office and are incorporated by reference as though set forth fully herein. Based on this review, the District finds that the Addendum contains a complete, objective, and accurate reporting of the potential impacts of the modifications to the Project, and that these findings reflect the independent judgment and analysis of the District.

SECTION 2. The District finds that the Addendum has been completed in compliance with CEQA. The District further finds that any comments received regarding the modified components of the Project have been examined and determined to not modify the significant conclusions of the EIR. The District further finds that no additional feasible mitigation measures within the District's authority are necessary to reduce the environmental impacts of the modified component of the Project, because all impacts of the modified component of the Project are either less than significant, will be mitigated to a level of less than significant through compliance with the existing mitigation, or remain significant and unavoidable even with the imposition of all feasible mitigation. Finally, based on the substantial evidence set forth in the record, including but not limited to the Addendum, the District finds that none of the conditions triggering the need for subsequent environmental review have occurred. Specifically, the District finds that no subsequent environmental review is required pursuant to State CEQA Guidelines section 15162 because:

- a. No substantial changes are proposed by the modifications to the Project which will require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- b. No substantial changes have occurred with respect to the circumstances under which the modifications to the Project are being undertaken which will require major revisions of the EIR due to the involvement of new significant, environmental effects or a substantial increase in the severity of previously identified significant effects; and
- c. No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the EIR was certified, shows that: (i) either the modifications to the Project will have one or more new significant effects; (ii) significant effects of modifications to the Project examined in the EIR will be substantially more severe; (iii) mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant

effects of the modifications to the Project, but the District declined to adopt the measure or alternative; or (iv) mitigation measures or alternatives which are considerably different from those analyzed in the EIR would substantially reduce one or more significant effects on the environment of the modifications to the Project, but the District declines to adopt the measure or alternative.

SECTION 3. The District hereby approves and adopts the Addendum to the EIR prepared for the Project, and confirms that all the mitigation measures previously imposed as part of the District's December 18, 2018 approvals remain fully applicable to the modifications to the Project.

SECTION 4. The Board of Directors hereby exercises the Option and approves the purchase of the Property by and pursuant to the terms and conditions set forth in the Agreement. The Board of Directors hereby authorizes and directs the Board President or his designee to execute the Agreement, attached hereto as Exhibit "A."

SECTION 5. The General Manager or his designee is hereby authorized and directed to take any actions and execute any and all necessary documents, subject to legal counsel review, to implement the Agreement, to make all non-substantive changes to the Agreement and escrow documents, to execute the Agreement, and to any actions necessary to effectuate the purchase of the Property.

SECTION 6. The District hereby approves the modifications to the Project.

SECTION 7. The District directs staff to file a Notice of Determination with the County Clerk's Office within five (5) working days of adoption of this Resolution.

SECTION 8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The District declares that the District would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 9. The documents and materials that constitute the record of proceedings on which this Resolution and the above findings have been based are located at the offices of the District. The custodian for these records is the General Manager.

PASSED AND ADOPTED by the Board of Directors of the SOQUEL CREEK WATER DISTRICT this 18th day of November 2020, by the following vote:

AYES: Directors Daniels, Lather, LaHue, Jaffe and Christensen
NOES: None
ABSENT: None

APPROVED:

Dr. Bruce Daniels

Dr. Bruce Daniels, President
Board of Directors
Soquel Creek Water District

ATTEST:

Emma Olin

Emma Olin, Board Clerk

Exhibit “A”

Purchase and Sale Agreement – 2455 Chanticleer Avenue

EXHIBIT C OF OPTION AGREEMENT

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made and entered into as of the 18 day of November, 2020 (the "**Effective Date**"), by and between DOUGLAS WILLIAM DOERING, TRUSTEE OF THE DOUGLAS DOERING 2007 TRUST, dated May 18, 2007 (the "**Seller**") and Soquel Creek Water District, a County Water District organized pursuant to California Water Code Section 30,000 et. seq., or its assignee (the "**Purchaser**" and together with the Seller, the "**Parties**").

RECITALS

- A. Seller is the owner of the Seller's Assets (as defined below).
- B. Seller is interested in selling the Seller's Assets to Purchaser and Purchaser is interested in purchasing the Seller's Assets from Seller.
- C. Parties have previously entered into an Agreement for Option to Purchase Real Property to enable the purchase/sale of the property, and are now ready to proceed with the purchase.
- D. That Agreement provides that, in the event that the Parties wish to proceed with the purchase/sale, that the terms and conditions of the Transaction be provided in a separate Purchase and Sale Agreement.

NOW, THEREFORE, Purchaser and Seller agree as follows:

AGREEMENT

SECTION 1. PURCHASE AND SALE.

1.1 On the terms and conditions set forth herein, on the Closing Date (as defined below) Seller shall sell to Purchaser and Purchaser shall purchase from Seller the following:

1.1.1 The real property situated in the State of California (the "**State**"), located at 2455 Chanticleer Avenue, Santa Cruz, California 95062, referred to as Assessor's Parcel No. 029-013-57 which is more particularly described in **Exhibit A** attached hereto (the "**Real Property**") and the **Improvements**, including, but not limited to, a commercial building located at 2455 Chanticleer Avenue, Santa Cruz, California, thereon, together with all of Seller's right, title and interest in and to all tenements, hereditaments, rights, privileges, interests, easements and appurtenances now or hereafter belonging or in any way pertaining to the Real Property;

1.1.2 All fixtures (the "**Fixtures**") attached or appurtenant to the Real Property;

1.1.3 All furnishings, equipment, tools, machinery, fixtures, appliances and all other tangible personal property located on or about the Real Property which is owned by Seller, but excluding the security camera system inside and outside of the Improvements (collectively, the "**Personal Property**"). Seller shall remove the security camera system on or before the Closing (defined below);

1.1.4 To the extent assignable, all of the permits, licenses, approvals, entitlements and other governmental and quasi-governmental authorizations including, without limitation, certificates of occupancy and other similar permits relating to all or any part of the Real Property and all amendments, modifications, supplements, general conditions and addenda thereto, required in connection with the ownership of the Real Property (the "**Permits and Approvals**"). As used herein, "quasi-governmental" shall include the providers of all utility services to the Real Property;

1.1.5 Any and all original reports, drawings, plans, blueprints, studies, specifications, certificates of occupancy, building permits and grading permits relating to all or any part of the Real Property and all amendments, modifications, supplements, general conditions and addenda thereto, which are in the actual possession of Seller (the "**Reports and Studies**");

1.1.6 To the extent assignable, any and all warranties, representations and guaranties with respect to the ownership of the Real Property, whether express or implied, which Seller now holds or under which Seller is the beneficiary (the "**Warranties**");

1.1.7 To the extent assignable, all of Seller's legal and equitable claims, causes of action, and rights against the architects, engineers, designers, contractors, subcontractors, suppliers and materialmen and any other party who has supplied labor, services, materials or equipment, directly or indirectly, in connection with the design, planning, construction or ownership of all or any part of the Real Property (the "**Claims**"); and

1.1.8 To the extent assignable, all rights to lien waivers, surety agreements, bonds, warranties, guaranties, utility use agreements, covenants, commitments, permits, certificates, approvals, and other intangible personal property of every kind and nature whatsoever owned by Seller as of the date of this Agreement or hereafter acquired, which can be legally transferred and which relate directly and specifically to the ownership of the Real Property (the "**Intangible Property**").

Hereinafter the assets described in **Section 1.1.1** through **1.1.8** shall sometimes be collectively referred to as "**Seller's Assets**" or "**Property**."

1.2 Purchaser does not hereby or in connection herewith assume any liability of Seller or any other party whatsoever in relation to Seller's Assets arising prior to the Closing Date.

SECTION 2. PURCHASE PRICE.

The purchase price (the "**Purchase Price**") payable by Purchaser for Seller's Assets shall be:

2.1 One Million Three Hundred Thousand Dollars (\$1,300,000.00) (the "Purchase Price"). The Parties acknowledge and agree, the Purchase Price includes, without limitation, full payment of just compensation, relocation benefits, lease bonus value, attorneys' fees, costs, interest, and damages in complete settlement of all claims (known and unknown), causes of action and demands of Seller against Purchaser because of Purchaser's purchase of the property, and for any and all claims (known and unknown) arising from or relating to the Purchase and Sale which is the subject of this Agreement. The Purchase Price shall be payable as follows:

2.2 Purchaser shall deposit Twenty Five Thousand Dollars (\$25,000.00) into Escrow (the "Deposit"). The Deposit shall be refundable to Purchaser unless Purchaser waives all contingencies by the expiration of the Due Diligence Period. If the Closing of the transaction contemplated by this transaction occurs, the Deposit shall be disbursed to Seller and applied to the Purchase Price at Closing.

2.3 Total Payment. On or before the Closing Date (as defined below), Purchaser will deposit with Stewart Title Company, One Million Two Hundred Seventy Five Thousand Dollars and 00/100 (\$1,275,000) ("**Escrow Holder**") an amount equal to the entire purchase price, subject to adjustment by reason of any credits from option payments, applicable prorations, and the allocation of closing costs described below, and minus any Deposit amount applied.

SECTION 3. DUE DILIGENCE PERIOD

3.1 Due Diligence Period. The "Due Diligence Period" means the period beginning the later of (a) the Effective Date or (b) the date on which Purchaser has received all of the Due Diligence Documents (defined in Section 3.2) from Seller and ending at 5:00 p.m. on the date thirty (30) days later.

3.1.1 Access to Information and the Property. Purchaser shall conduct its investigation of the Property during the Due Diligence Period at no cost to Seller. This investigation ("Due Diligence Investigation") may include, at Purchaser's option: a physical inspection of the Real Property and all Improvements thereon, including soil, geological and other tests, engineering evaluations of the mechanical, electrical, HVAC and other systems in the Improvements and review of the Plans; review of all governmental matters affecting the Property, including zoning, environmental and building permit and occupancy matters; review and verification of all financial and other information previously provided by Seller relating to the operation of the Property; review of the condition of title to the Property, including the building, structural system and roof inspection; and review of such other matters pertaining to an investment in the Property as Purchaser deems advisable. In addition to the Preliminary Documents delivered to Purchaser pursuant to Section 3.2, Purchaser and its representatives shall have the right of access during reasonable

business hours to all files, books and records maintained by Seller or its agents (including, without limitation, all of the Additional Documents to be made available to Purchaser at the Property pursuant to Section 3.3), wherever located, relating to the Property, including the right to copy the same. Purchaser and its representatives shall also have the right of access to the Property during reasonable business hours to conduct its investigation of the physical condition of the Property. Seller agrees that the rights granted to Purchaser herein and the results of its Due Diligence Investigation shall not relieve Seller of any obligations Seller may have under any other provisions of this Agreement, or under other documents entered into concurrently herewith, or implied by law, nor shall they constitute a waiver by Purchaser of the right to enforce any of the same. Seller shall cooperate with Purchaser in its due diligence activities and provide access to the Property, its records, or provide information so long as it is within Seller's control.

3.2 Delivery of Preliminary Documents. Within 5 business days after the Effective Date, Seller shall deliver to Purchaser, at Seller's expense, all of the documents described in the remaining subsections of this Section 3.2 (collectively, the "Preliminary Documents") in Seller's possession or control.

3.2.1 Title Report and Survey. A preliminary title report or commitment for title insurance (the "Preliminary Title Report"), dated no earlier than 10 days before the Effective Date, covering the Property and issued by a title insurance company or companies acceptable to Purchaser (the "Title Company"), together with a legible copy of each document, map and survey referred to in the Preliminary Title Report. Purchaser, at Purchaser's sole cost, may obtain an as-built survey of the Property (the "Survey") prepared by a certified land surveyor in accordance with the most recent American Land Title Association standards, certified by such surveyor to Purchaser and the Title Company in a form acceptable to the Title Company for the purpose of deleting any survey exception from the Title Policy described in Section 14.1.3.

3.2.2 Plans. Copies of all as-built plans and specifications for the Improvements, including without limitation the plans and specifications for and a complete description of all existing renovations and improvements to the Property and all rentable space therein, and as-built drawings for all underground utilities (collectively, the "Plans"), together with a certificate from an architect approved by Purchaser certifying to Purchaser that the Improvements were constructed and completed in accordance with the Plans;

3.2.3 Soils Report. Any soils report on the Land prepared at Seller's request or in the possession or control of Seller, including (if available) a report on compliance with any soils work recommended to be done prior to construction of the Improvements;

3.2.4 Engineers' Reports. Any structural, mechanical, environmental or geological reports concerning the Property which have been prepared at Seller's request or which are within Seller's possession or control;

3.2.5 Inspection Reports. Copies of all written reports received by Seller within three (3) years prior to the Effective Date from Seller's insurance companies, any governmental agency or any other person or entity, which requires or demands correction of any condition, or requests modification in or termination of any uses of the Property, accompanied by Seller's summary of (a) any oral reports from such insurance companies or governmental agencies, and (b) the present status of any matter noted in any oral or written report.

3.3 Additional Documents and Information. From the Effective Date through the Closing Date, Seller shall make available to Purchaser at the Property in accordance with Section 3.1, the documents and information described in this Section 3.3 (collectively, the "Additional Documents"):

3.3.1 Agreements. Copies of written, and written descriptions of oral, easements, covenants, restrictions, agreements, contracts and other documents, whether existing or, to the knowledge of Seller, proposed as of the Effective Date, including without limitation any agreements relating to the insurance, service, operation, repair, supply, advertising, promotion, sale, leasing or management of the Property, which (a) affect the Property, (b) are not disclosed by the Preliminary Title Report, and (c) have not been delivered to Purchaser pursuant to Section 3.2. If no such documents exist, Seller shall furnish its certification to that effect;

3.3.2 Warranties/Roof Inspections/HVAC Inspections. Copies of any and all guarantees or warranties and other rights given to Seller in connection with the construction, maintenance, repair or remodeling of the Improvements, periodic inspections, or the purchase of any of the Personal Property. If no such documents exist, Seller shall furnish its certification to that effect;

3.3.3 Insurance Policies. Copies of certificates evidencing the insurance carried by Seller of the Property;

3.3.4 Other Documents. All data, correspondence, documents, agreements, waivers, notices, applications and other records with respect to the Property relating to transactions with taxing authorities, governmental agencies, utilities, vendors and others with whom Purchaser may be dealing from and after the Closing Date; and

3.3.5 Requested Information. Such other documents and information concerning the Property as Purchaser may reasonably request.

3.4 Approval/Disapproval of Due Diligence Investigations. Purchaser shall approve or disapprove the results of Purchaser's Due Diligence Investigation, in the exercise of Purchaser's sole discretion, by written notice delivered to Seller no later than the expiration of the Due Diligence Period. Purchaser's disapproval shall terminate this Agreement unless, at the time Purchaser gives notice of its disapproval, Purchaser also notifies Seller of Purchaser's desire to enter into negotiations with Seller for the purpose of reaching an accommodation concerning the disapproval. If Purchaser so notifies Seller and the parties have not reached a written

agreement satisfactory to both of them regarding the disapproval within 10 days after the date of the disapproval notice, Purchaser, at its option, may either (a) elect to terminate this Agreement by so notifying Seller and recover the Deposit, or (b) elect to proceed with the transactions contemplated by this Agreement notwithstanding its earlier disapproval. If Purchaser fails to deliver to Seller notice of its approval or disapproval of the results of its Due Diligence Investigation, Purchaser shall be deemed to have disapproved such results. If Purchaser elects to terminate the Agreement, Purchaser shall return to Seller all of the Preliminary Documents and Additional Documents previously delivered by Seller to Purchaser within 5 business days of such termination.

3.5 Title Review.

3.5.1 Monetary Liens. At its expense, Seller shall remove all liens on the Property at or prior to the Closing (collectively, "Monetary Liens"): (i) all delinquent taxes, bonds and assessments and interest and penalties thereon (it being agreed that Seller shall not be required to remove any non delinquent taxes and assessments imposed by any governmental agency that are paid with the property taxes for the Property); and (ii) all other monetary liens, including without limitation all those shown on the Preliminary Title Report (including judgment and mechanics' liens, whether or not liquidated, and mortgages and deeds of trust, with Seller being fully responsible for any fees or penalties incurred in connection therewith).

3.5.2 Approval/Disapproval of Title Review. Purchaser shall approve or disapprove of the Preliminary Title Report, the Survey and any exceptions to title shown thereon (other than the Monetary Liens) in the exercise of Purchaser's sole discretion, by the expiration of the Due Diligence Period. If Purchaser disapproves, Purchaser may either (a) terminate this Agreement by giving Seller written notice of termination or (b) give Seller a written notice ("Disapproval Notice") identifying the disapproved title matters ("Disapproved Title Matters"). With respect to any Disapproved Title Matters, other than the Monetary Liens, Seller shall notify Purchaser in writing within 5 days after Seller's receipt of the Disapproval Notice whether Seller will cause the Disapproved Title Matters to be removed or cured at or prior to Closing. If Seller elects not to remove or cure all Disapproved Title Matters, Purchaser may, at its option: (i) subject to satisfaction of the other conditions to Closing, close the purchase of the Property and take title subject to the Disapproved Title Matters which Seller elects not to remove or cure; or (ii) terminate this Agreement in accordance with Section 9.6.1.

3.5.3 Purchaser's Options. If any Disapproved Title Matters (including the Monetary Liens) have not been removed at least 5 days prior to Closing or provision for their removal at the Closing has not been made to Purchaser's satisfaction, Purchaser may, at its option: (i) close the purchase of the Property and take title subject to the Disapproved Title Matters which have not been removed; (ii) close the purchase of the Property and cure or remove the Disapproved Title Matters which have not been removed. Purchaser may credit the costs of such cure or removal against the Purchase Price by reducing the amount of cash payable by Purchaser at the Closing, but only to the extent such costs are expended to remove (A) Monetary Liens

referred to in Section 3.5.1 or (B) Disapproved Title Matters which Seller agreed to remove; or (iii) terminate this Agreement in accordance with Section 16.1.3.

3.5.4 Failure to Disapprove. If Purchaser fails to notify Seller of its approval or disapproval of the Preliminary Title Report, the Survey or the exceptions shown thereon by the end of the Due Diligence Period, then Purchaser shall be deemed to have disapproved the same.

SECTION 4. CLOSING.

4.1 The Closing Date. Provided all of the conditions to closing set forth in **Section 14** of this Agreement have been satisfied or waived, the closing (the "**Closing**") of the Transaction shall take place on or before December 10th, 2020 (the "**Closing Date**").

4.2 The Closing Process. The Closing shall occur through escrow and accordingly, at or prior to the Closing Date, the Parties shall deposit in escrow with Escrow Holder (the "**Title Company**") all documents and monies necessary to close this transaction as herein provided. Time is of the essence of this Agreement. Closing shall occur in accordance with the procedures and instructions given by the Parties to the Title Company prior to Closing.

SECTION 5. CONVEYANCES/DELIVERIES AT CLOSING.

5.1 Seller's Closing Deliveries. Seller shall deliver the following documents to the Title Company for recording and/or delivery to Purchaser on or before Closing:

5.1.1 One (1) original of Grant Deed with respect to the Real Property (the "**Deed**"), executed and acknowledged in the form attached hereto as **Exhibit B**;

5.1.2 Two (2) original counterparts of the Bill of Sale and Assignment and Assumption Agreement with respect to the balance of the Seller's Assets, signed by Seller in the form attached hereto as **Exhibit C**;

5.1.3 An affidavit executed by Seller under penalty of perjury, stating Seller's United States taxpayer identification numbers and that Seller is not a foreign person, in accordance with the Internal Revenue Code, Section 1445(b)(2), in the form attached hereto as **Exhibit D** (the "**FIRPTA Affidavit**");

5.1.4 An Owner's Affidavit duly executed by Seller in such form and content as may be reasonably required by the Title Company;

5.1.5 Such other affidavits and indemnities and other documents as may be customarily and reasonably required for the issuance of the Title Policy in accordance with the terms of this Agreement;

5.1.6 A closing statement duly executed by Seller;

5.1.7 A 593W in the form proscribed by the California Department of Revenue (the "**California FIRPTA**"); and

5.1.8 The originals (or copies if originals are unavailable) of the Service Contracts Purchaser has elected to assume, if any, and estoppel certificates from the other parties to such Service Contracts in form and substance satisfactory to Purchaser;

5.1.9 All costs of Closing, including, but not limited to, the CLTA increment of the premium for the Title Policy, recording fees, transfer taxes and fees, one half of the escrow fees, sales tax and any other costs of Closing customarily paid by sellers of real property, plus or minus prorations as provided in Section 6.2; provided that, Purchaser and Seller shall bear their own attorneys' fees and costs in connection with the negotiation and preparation of this Agreement and the transactions completed by this Agreement;

5.1.10 All records and files relating to the management or operation of the Property, including, without limitation, property tax bills, insurance, and property taxes; and

5.1.11 Documentation, reasonably acceptable to Purchaser and the Title Company, confirming the authority of Seller to execute and deliver this Agreement and all of the documents described in this **Section 5** and to consummate the Transaction.

5.2 Purchaser's Deliveries. Purchaser shall deliver or cause to be delivered to the Title Company for recording and/or delivery to Seller the following:

5.2.1 The Purchase Price, plus or minus prorations as provided in Section 6.2, on or before the Closing Date;

5.2.2 Two (2) original counterparts of the Bill of Sale and Assignment and Assumption Agreement signed by Purchaser;

5.2.3 One (1) original of Preliminary Change of Ownership Report (the "**PCOR**") signed by Purchaser;

5.2.4 A closing statement duly executed by Purchaser; and

5.2.5 Documentation, reasonably acceptable to Seller and the Title Company, confirming the authority of Purchaser to execute and deliver this Agreement and all of the documents described in this **Section 5** and to consummate the Transaction.

SECTION 6. CLOSING COSTS AND PRORATIONS.

6.1 Costs and Expenses. All costs and expenses associated with the sale of Seller's Assets to Purchaser, including, without limitation, all title insurance premiums, real estate excise taxes, transfer taxes and escrow fees, shall be allocated between Seller and Purchaser as follows:

6.1.1 Seller and Purchaser shall pay for the transfer taxes due upon the conveyance of the Real Property to Purchaser, and any recording fees, as customary in the County of Santa Cruz;

6.1.2 Purchaser shall pay for the premiums for an extended coverage ALTA owner's policy of title insurance in the full amount of the Purchase Price;

6.1.3 Purchaser shall pay for the cost of the ALTA survey required in order for the Title Company to issue an extended coverage policy of title insurance;

6.1.4 Seller and Purchaser shall share on a 50-50 basis any escrow fees charged by Escrow Holder; and

6.1.5 Seller and Purchaser shall each pay their own legal fees and expenses.

6.2 Prorations and Adjustments.

6.2.1 Real and personal property taxes shall be prorated as of the Closing Date, with Seller responsible therefor for the period prior to the Closing Date and with Purchaser responsible therefor for the period from and after the Closing Date.

6.2.2 Seller shall arrange for a final statement with respect to all utilities serving the Real Property as of the Closing Date and shall pay all fees identified thereon and Purchaser shall arrange for all such utilities to be billed in its name from and after the Closing Date and shall pay all fees and deposits due therefor as of the Closing Date.

SECTION 7. POSSESSION.

On the Closing Date, Seller shall deliver to Purchaser possession of the Seller's Assets.

SECTION 8. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller does hereby warrant and represent to Purchaser that:

8.1 Authority. Seller has full power and authority to execute and deliver this Agreement and all related documents, and to carry out the transactions contemplated herein. This Agreement is valid, binding and enforceable against Seller in accordance with its terms, except as such enforceability may be limited by creditors' rights laws or general principals of equity. The execution of this Agreement and the consummation of the transactions contemplated herein do not result in a breach of the terms and conditions of nor constitute a default under or

violation of Seller's corporate formation documents or of any law, regulation, court order, mortgage, note, bond, indenture, agreement, license or other instrument or obligation to which Seller is now a party or by which Seller or any of the assets of Seller may be bound or affected.

8.2 Necessary Action. Seller will take all action and obtain all consents required of Seller prior to the Closing Date necessary for it to lawfully enter into and carry out the terms of this Agreement, including.

8.3 Litigation. There are no claims, actions, suits, investigations or proceedings pending or, to the best of such Seller's knowledge, threatened by or before any court, administrative agency or other governmental authority or any arbitrator against or relating to Seller or with respect to the ownership or operation of the Seller's Assets. The transactions contemplated herein have not been challenged by any governmental agency or any other person against the Seller, nor does Seller know or have reasonable grounds to know, of any basis for any such actions, suits or proceedings against the Seller. For purposes hereof, a claim, action, suit, investigation or proceeding shall be deemed to be pending if the same has been served upon Seller or Seller otherwise has actual knowledge of the existence thereof.

8.4 Compliance with Law.

8.4.1 To Seller's knowledge, the Real Property and its use are now in compliance with all applicable municipal, county, state and federal laws, regulations, statutes, ordinances, standards and orders and all administrative rulings and with all municipal, health, building, land use and zoning laws and regulations, including, but not limited to building and firecodes; and

8.4.2 Seller has not received any notice from any governmental body claiming a violation of any building, zoning, environmental or other laws or ordinances which violation is uncured as of the Effective Date.

8.5 Hazardous Materials. To Seller's knowledge, Seller has not used, nor authorized, nor knowingly allowed the use of the Real Property and the Real Property has not been used by Seller for the generating, handling, storage, disposal, or release of hazardous substances or hazardous waste or petroleum or petroleum products (collectively referred to as "**Hazardous Substances**") defined as such under any applicable local, state, or federal law or regulation which regulates the discharge of solid, liquid, or gaseous wastes into the environment or the placement of structures or materials into any waters or otherwise (hereinafter referred to as "**Environmental Laws**") except such Hazardous Substances as are used, generated, handled, stored, disposed of and/or released at the Real Property in the ordinary course of the operation of the Seller's Assets where such use, generation, handling, storage, disposal and/or release complies with applicable Environmental Laws. Seller has not used nor authorized nor allowed the use of the Real Property, and, to Seller's knowledge, the Real Property has not been used by Seller, in a matter other than in full compliance with Environmental Laws. Seller has received no notice of any claims, actions, suits or proceedings or investigations relating to Hazardous Substances pending or threatened against Seller with respect to ownership, condition, or operation of any of the Seller's Assets, including, but not limited to, the Real Property, in any court or before or by any federal, state, or other governmental agency or private arbitration

(hereinafter referred to "**Environmental Litigation**"). To Seller's knowledge, there are no underground tanks or any other underground storage facility presently located on the Real Property.

8.6 Condemnation. There is presently no pending or, to the best of Seller's knowledge, contemplated or threatened, (i) proceedings with respect to the condemnation of the Real Property or any part thereof, (ii) reclassification of any or all of the Real Property for local zoning purposes, or (iii) reassessment or reclassification of any or all of the Real Property or state or local real property taxation purposes.

8.7 Other Sales. From and after the Execution Date until the earlier to occur of the Closing Date or the termination of this Agreement in accordance with the terms hereof, neither Seller nor anyone authorized to act on its behalf shall, directly or indirectly, initiate or solicit or otherwise engage in discussions relating to any alternative acquisition proposal or similar transaction with respect to the Seller's Assets.

8.8 Occupancy Rights. As of the Closing Date there shall be no occupancy rights (written or oral), leases or tenancies granted by Seller with respect to the Real Property.

8.9 Condition of Real Property. To Seller's knowledge, there are no defects in the Seller's Assets which materially adversely affect the use or value of the Seller's Assets. The Improvements and the Personal Property are in good condition and repair and are free of any latent or patent design, construction, physical or mechanical defects and there is no actual or threatened settlement, earth movement, termite infestation or damage affecting the Property.

8.10 Permits, Filings. To Seller's knowledge, Seller has filed or has caused to be filed all required filings for the lawful operation of the Seller's Assets.

8.11 Executive Order 13224. Seller is not, and the entities or individuals that constitute Seller, or that may own or control Seller, or that may be owned or controlled by Seller (in all cases, other than through the ownership of publicly traded, direct or indirect, ownership interests) are not (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 for the purpose of identifying suspected terrorists or on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/tllsdn.pdf> or any replacement website or other replacement official publication of such list which identifies an "Specially Designated National" or "blocked person."

8.12 Disclosure. Seller has not withheld from Purchaser any material facts relating to the Real Property or the Seller's Assets. No representation or warranty in this Agreement or in any letter, certificate, schedule, statement or other document furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated herein or therein or necessary to make the statements herein or therein not misleading. For purposes of this Agreement, without creating any personal liability on behalf of such individual, usage of "to Seller's actual knowledge," to Seller's knowledge," or other words

to such effect, shall mean the present knowledge of Seller after due inquiry and investigation, existing as of the Execution Date.

In the event that from and after the date hereof, Seller obtains any knowledge of any fact or condition, or receives any notice, that would cause any of the above representations and warranties to no longer be true and correct in all material respects, Seller shall give Purchaser notice of such fact or condition and shall give Purchaser a copy of any such notice. In the event that the fact or condition disclosed by Seller will have a material adverse effect on the Seller's Assets, Purchaser shall have a period of five (5) business days after receipt of such notice to terminate this Agreement, whereupon the Deposit shall be returned to Purchaser and neither Purchaser nor Seller shall have any further liabilities or obligations one to the other. If Purchaser shall not so terminate this Agreement, then the representations and warranties shall be deemed modified to except such fact or condition as noted by Seller in such notice.

SECTION 9. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser does hereby represent and warrant to Seller that:

9.1 Authority. Purchaser has full power and authority to execute and to deliver this Agreement and all related documents, and to carry out the transactions contemplated herein and therein at the times provided for herein.

9.2 Enforceability/No Conflict. This Agreement is valid, binding and enforceable against Purchaser in accordance with its terms except as such enforceability may be limited by creditors rights laws and general principles of equity. The execution of this Agreement and the consummation of the transactions contemplated herein in accordance with the terms hereof do not and will not result in a breach of the terms and conditions of nor constitute a default under Purchaser's corporate documents or any law, regulation, court order, mortgage, note, bond, indenture, agreement, license or other instrument or obligation to which Purchaser is now a party or by which any of the assets of Purchaser is bound or affected.

9.3 Necessary Action. Purchaser will take all action and obtain all consents required of Purchaser prior to the Closing Date necessary for it to lawfully enter into and carry out the terms of this Agreement.

SECTION 10. BROKERS.

EACH OF THE PARTIES EACH REPRESENT, COVENANT, AND WARRANT TO THE OTHER THAT EACH HAS EMPLOYED NO BROKER, EXCEPT SBA COMMERCIAL, INC. OR FINDER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREIN. EACH PARTY AGREES TO INDEMNIFY AND HOLD HARMLESS THE OTHER PARTIES FROM AND AGAINST ALL LIABILITY, CLAIMS, DEMANDS, DAMAGES OR COSTS OF ANY KIND, INCLUDING ATTORNEYS' FEES, ARISING FROM OR CONNECTED WITH ANY BROKER'S COMMISSION OR FINDER'S FEE OR COMMISSION OR CHARGE CLAIMED TO BE DUE ANY PERSON ARISING FROM SUCH PARTY'S CONDUCT WITH RESPECT TO THE TRANSACTION.

SECTION 11. SELLER'S COVENANTS.

11.1 Pre-Closing. Between the date hereof and the Closing Date, except as contemplated by this Agreement or with the consent of Purchaser, Seller does hereby covenant as follows:

11.1.1 Seller will operate the Seller's Assets in the ordinary course of business and will not enter into any contract, commitment or agreement affecting Seller's Assets except in the ordinary course of business;

11.1.2 Seller will not take any action inconsistent with its obligations under this Agreement or which could hinder or delay the consummation of the transactions contemplated by this Agreement;

11.1.3 Seller shall not sell, encumber or otherwise transfer any interest in all or any portion of the Property, or agree to do so.

11.1.4 At its sole cost and expense, Seller shall operate and maintain the Property such that on the Closing Date the Property shall be in at least as good a condition and repair as on the Effective Date, reasonable wear and tear excepted. Without limiting the generality of the foregoing, Seller shall, at a minimum, spend such amounts for repair and maintenance as are consistent with its prior practice. Seller shall promptly advise Purchaser of any significant repair or improvement required to keep the Property in such condition. Seller shall not make any material alterations to the Property, or remove any of the Personal Property therefrom, without Purchaser's prior consent, unless such Personal Property so removed is simultaneously replaced with new Personal Property of similar quality and utility.

11.1.5 Seller will maintain in force the existing hazard and liability insurance policies, or comparable coverage, for Seller's Assets;

11.1.6 Seller will maintain Seller's Assets in substantially the same condition as they are in as of the Execution Date, ordinary wear and tear excepted; and

11.1.7 Seller will promptly notify Purchaser of any changes affecting the validity or accuracy of its representations and warranties of which it becomes aware prior to the Closing Date.

11.2 Closing. At the Closing, Seller agrees that it will:

11.2.1 Execute and deliver such endorsements, assignments and other instruments of transfer and conveyance as shall be reasonable or necessary to transfer and assign Seller's Assets to Purchaser as herein provided, conveying title to the Real Property and conveying title to the remainder of Seller's Assets free and clear of all liens and encumbrances;

11.2.2 Deliver to Purchaser a certificate dated as of the date of Closing certifying that Seller's representations and warranties contained in this

Agreement or in any certificate or document delivered in connection with this Agreement or the transactions contemplated herein are true at and as of the date of Closing as though such representations and warranties were then again made and that Seller shall have performed its obligations under this Agreement that are to be performed prior to or at Closing;

11.2.3 Pay for any of the costs and expenses identified in **Section 6** for which it is responsible; and

11.2.4 Deliver the documents described in **Section 5.1**.

11.3 Post-Closing. After the Closing, Seller agrees that it will take such actions and properly execute and deliver to Purchaser such further instruments of assignment, conveyance and transfer as may be necessary to assure, complete and evidence the full and effective transfer and conveyance of Seller's Assets.

SECTION 12. PURCHASER'S COVENANTS.

12.1 Pre-Closing. Between the date hereof and the Closing Date, except as contemplated by this Agreement or with the consent of Seller, Purchaser agrees that:

12.1.1 Purchaser will not take any action inconsistent with its obligations under this Agreement or which could hinder or delay the consummation of the Transaction contemplated by this Agreement; and

12.1.2 Purchaser will make all reasonable efforts, with all due diligence, to obtain all consents, approvals and licenses necessary to permit the consummation of the Transactions contemplated by this Agreement.

12.2 Closing. At the Closing, Purchaser agrees that it will:

12.2.1 Pay the cash due from it under **Section 2**;

12.2.2 Pay for any of the costs and expenses specified in **Section 6** for which it is responsible; and

12.2.3 Deliver or caused to be delivered the documents described in **Section 5.2** to which it is a party.

12.3 Post-Closing. After the Closing Date, Purchaser agrees that it will take such actions and properly execute and deliver such further instruments as Seller may reasonably request to assure, complete and evidence the Transaction provided for in this Agreement.

SECTION 13. MUTUAL COVENANTS.

Following the execution of this Agreement, the Parties agree:

13.1 If any event should occur, either within or without the knowledge or control of any of the Parties which would prevent fulfillment of the conditions to the obligations of any Party hereto to consummate the transactions contemplated by this Agreement, such Party shall use its or their reasonable efforts to cure the same as expeditiously as possible.

13.2 To cooperate fully with each other in preparing, filing, prosecuting, and taking any other actions which are or may be reasonable and necessary to obtain the consent of any governmental instrumentality or any third party or to accomplish the Transactions contemplated by this Agreement; provided that said cooperation shall not require either Party to incur any additional cost or expense.

SECTION 14. CONDITIONS PRECEDENT TO CLOSING.

14.1 Purchaser's Conditions. Purchaser's obligation to purchase Seller's Assets hereunder is subject to the following conditions on or before the Closing Date, any one or all of which may be waived by Purchaser by written notice to Seller:

14.1.1 Due Diligence. Purchaser having approved of the results of its Due Diligence Investigation pursuant to Section 3.

14.1.2 Title Review. Purchaser having approved of the results of its review of title pursuant to Section 3.5.

14.1.3 Title Policy. Seller having caused the Title Company to deliver to Purchaser (a) a CLTA Owner's policy of title insurance, provided that Purchaser may require an ALTA Owner's Policy if Purchaser pays the incremental premium for ALTA coverage ("Title Policy") (or at Purchaser's election a binder therefor) for the Property, or (b) the Title Company's irrevocable commitment to issue such policy of title insurance, (including such coinsurance, reinsurance and endorsements as Purchaser shall require), with liability equal to the Purchase Price showing fee title to the Property vested in Purchaser and subject only to: (i) the matters and exceptions which were approved by Purchaser pursuant to Section 3.5; and (ii) the standard printed exceptions in the form of title policy called for (collectively, "Conditions of Title").

14.1.4 Performance of Covenants. Seller performing and complying in all material respects with all of the terms of this Agreement to be performed and complied with by Seller prior to or at the Closing.

14.1.5 Damage and Destruction.

14.1.5.1 Prior to the Closing Date, the risk of physical loss to Seller's Assets shall be borne by Seller. Accordingly, it shall be a condition to Purchaser's obligation hereunder that from the Effective Date to the Closing Date, no material portion of any of Seller's Assets shall have been damaged or destroyed by fire or other casualty. If Seller's Assets shall have been so damaged or destroyed, both Seller and Purchaser shall have the right to terminate this Agreement by delivery of written notice to the other Party within thirty (30) days after gaining knowledge of such damage or destruction. If neither Party terminates this Agreement,

then at Closing, Seller shall assign to Purchaser all of its rights to any insurance proceeds in the connection therewith.

14.1.6 Seller's Performance. Seller shall have performed or shall have caused to be performed in all material respects all of its obligations under this Agreement that are to be performed prior to or at Closing to the extent the same have not been waived by Purchaser in accordance with the terms hereof.

14.1.7 Seller's Representations and Warranties. Seller's representations and warranties contained in this Agreement or in any certificate or document delivered in connection with this Agreement or the transactions contemplated herein shall be true in all material respects at and as of the date of Closing as though such representations and warranties were then again made.

14.2 Seller's Conditions. Seller's obligation to sell Seller's Assets hereunder is subject to the fulfillment of each of the following conditions, any one or all of which may be waived by Seller in writing:

14.2.1 Purchaser's Representations and Warranties. Purchaser's representations and warranties contained in this Agreement or in any certificate or document delivered in connection with this Agreement or the Transaction contemplated herein shall be true in all material respects at and as of the Closing as though such representations and warranties were then again made.

14.2.2 Purchaser's Performance. Purchaser shall have performed its obligations under this Agreement that are to be performed in all material respects prior to or at Closing to the extent the same have not been waived by Seller in accordance with the terms hereof.

SECTION 15. INDEMNIFICATION.

15.1 By Seller. Seller shall indemnify, defend and hold harmless Purchaser, its officials, officers, employees, volunteers, and agents from and against any and all costs, losses, damages, liabilities and obligations arising from or related to:

15.1.1 The ownership of the Sellers' Assets and the operation of the Seller's Assets which exist as of the Closing Date; and

15.1.2 Any misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate furnished or to be furnished by Seller to Purchaser hereunder.

15.2 By Purchaser to Seller. Purchaser shall indemnify, defend and hold Seller harmless from and against any and all costs, losses, damages, liabilities and obligations arising from or related to:

15.2.1 Any misrepresentation, breach of warranty or non-fulfillment of any agreement on the part of Purchaser under this Agreement or from any misrepresentation in or omission from any certificate furnished or to be furnished by Purchaser to Seller hereunder.

For purposes of this **Section 15**, an obligation shall be deemed to "exist" as of the Closing Date if it relates to events which occurred prior to the Closing Date even if it is not asserted until after the Closing Date.

SECTION 16. TERMINATION.

16.1 Grounds for Termination. This Agreement may be terminated and the transaction contemplated herein abandoned at any time prior to Closing:

16.1.1 By mutual written agreement of the parties;

16.1.2 By Seller if the conditions to Closing set forth in **Section 14.2** have not been satisfied or waived by the Closing Date or such earlier date as may be set forth in **Section 14.2** other than as a result of a breach or default by Seller in its obligations hereunder;

16.1.3 By Purchaser if the conditions to Closing set forth in **Section 14.1** have not been satisfied or waived by the Closing Date or such earlier date as may be set forth in **Section 14.1** other than as a result of a breach or default by Purchaser in its obligations hereunder; or, Purchaser having exercised its right to terminate this Agreement pursuant to Section 3.4 (disapproval of Due Diligence Investigation) or Section 3.5 (disapproval of title);

16.1.4 By Purchaser if required to do so as a result of the litigation brought by Ms. Becky Steinbruner;

16.1.5 By either Party in the event of a material breach by another Party of its obligations hereunder; and

16.1.6 By either Seller or Purchaser if the Closing has not occurred by the Closing Date specified in **Section 4**.

16.2 Seller's Remedies Upon Termination. In the event of the termination of this Agreement by Seller under Sections 16.1.2 , 16.1.4, or 16.1.5 or under Section 16.1.6 in the event the Closing has failed to occur as a result of a material breach by Purchaser of its obligations hereunder, Purchaser and Seller acknowledge and agree as follows:

SELLER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT AND TO RETAIN THE DEPOSIT AS SELLER'S SOLE AND EXCLUSIVE REMEDY AND ALL ACCRUED INTEREST THEREON AS LIQUIDATED DAMAGES, THE PARTIES ACKNOWLEDGING AND AGREEING THAT THE AMOUNT OF DAMAGES WHICH SELLER MAY INCUR AS

A RESULT OF SUCH TERMINATION MAY BE DIFFICULT TO ASCERTAIN AND THAT THE AMOUNT PREVIOUSLY PAID TO ON OR ON BEHALF OF SELLER (INLCUDING THE SURVEY COSTS) IS A REASONABLE AND FAIR ESTIMATE THEREOF, AFTER WHICH THE PARTIES SHALL HAVE NO FURTHER RIGHTS OR OBLIGATIONS HEREUNDER.

Douglas Doering

Seller's Initials

DBD

Purchaser's Initials

16.3 Purchaser's Remedies Upon Termination. In the event Purchaser has the right to terminate this Agreement by Purchaser under Sections 16.1.3, 16.1.4, or 16.1.5 or under Section 16.1.6 in the event the Closing has failed to occur as of a material breach by Seller of its obligations hereunder, Purchaser shall have the right either to (i) waive the condition or covenant or breach at issue and proceed with the transaction on the terms contemplated herein, (ii) seek specific performance of Seller's obligations hereunder or (iii) to terminate this Agreement and secure the return of the Deposit and any accrued interest thereon in accordance with the terms of the Escrow Agreement, after which neither Party shall have any further rights or obligations hereunder.

16.4 Other Termination Provisions. In the event this Agreement is terminated pursuant to Section 16.1.1 or in the event this Agreement is terminated pursuant to Section 16.1.6 as a result of no fault or breach by either Seller or Purchaser, then the entire Deposit and any accrued interest thereon shall immediately be refunded and returned to Purchaser, after which neither Party shall have any further rights or obligations hereunder.

16.5 Expenses. In the event the transaction contemplated hereby is not closed for any reason other than a breach by Purchaser or Seller, Seller and Purchaser shall pay equal shares of all escrow cancellation fee and title charges. In the event the transaction contemplated hereby is not closed as a result of a breach by Purchaser, Purchaser shall pay all escrow cancellation fees and title charges and in the event the transaction contemplated hereby is not closed as a result of a breach by Seller, Seller shall pay all escrow cancellation fees and title charges.

SECTION 17. MISCELLANEOUS.

17.1 Notice. Any notice, request or other communication to be given by any Party hereunder shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, by overnight courier guaranteeing overnight delivery or by facsimile transmission (if confirmed verbally or in writing by mail as aforesaid), to the following address:

If to Seller to: Douglas William Doering
2455 Chanticleer Ave
Santa Cruz, CA 95062

With a copy to: Douglas Doering
PO Box 2452
Aptos Ca 95001
Attention: _____
Email: Doering831@gmail.com

If to Purchaser to: Soquel Creek Water District
5180 Soquel Drive
Soquel, CA 95073
Attention: Ron Duncan, General Manager
RonD@soquelcreekwater.org

With a copy to: Joshua Nelson
Best Best & Krieger LLP
500 Capitol Mall, Suite 1700
Sacramento CA, 95814
Joshua.Nelson@bbklaw.com

Notice shall be deemed upon the actual receipt or refusal of receipt thereof regardless of the method of delivery used.

17.2 Sole Agreement. This Agreement may not be amended or modified in any respect whatsoever except by instrument in writing signed by the parties hereto. This Agreement constitutes the entire agreement between the parties hereto with respect to the Transaction and supersedes all prior negotiations, discussions, writings and agreements between them.

17.3 Assignment. Purchaser shall have the right to assign its interest under this Agreement for the purposes of financing the project, and in the event of such an assignment, shall provide notice to Seller. Seller shall not have the right to assign all or any portion of its interest in this Agreement without Purchaser's prior written consent.

17.4 Captions. The captions of this agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

17.5 Survival. All covenants, indemnities, warranties and representations of Purchaser and Seller herein shall survive the Closing and shall continue in effect for a period six (6) months after the Closing Date, after which they shall terminate and be of no further force or effect except with respect to claims made within such one year period, in which case the applicable covenant, indemnity, warranty and/or representation shall survive until the full and final resolution thereof.

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

17.7 Severability. Should any one or more of the provisions of this Agreement be determined to be invalid, unlawful or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

17.8 Counterparts/Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument. In order to expedite the transaction contemplated herein, facsimile or .pdf signatures may be used in place of original signatures on this Agreement. Seller and Purchaser intend to be bound by the signatures on the facsimile or .pdf document, are aware that the other party will rely on the facsimile or .pdf signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature.

17.9 Construction. Each Party acknowledges and agrees that it has participated in the drafting and the negotiation of this Agreement and has been represented by counsel during the course thereof. Accordingly, in the event of a dispute with respect to the interpretation or enforcement of the terms hereof, no provision shall be construed so as to favor or disfavor any Party hereto.

17.10 Attorneys' Fees. In the event of litigation or other proceedings involving the parties to this Agreement to enforce any provision of this Agreement, to enforce any remedy available upon default under this Agreement, or seeking a declaration of the rights of either Party under this Agreement, the prevailing Party shall be entitled to recover from the other such reasonable attorneys' fees and costs as may be actually incurred, including its costs and fees on appeal.

17.11 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

17.12 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included, unless such last day is a Saturday, Sunday or legal holiday, in which event the period shall run until the next day which is not a Saturday, Sunday or a legal holiday.

17.13 Expenses. Except as otherwise specifically provided herein, each Party shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the Transaction.

17.14 Third Party Beneficiary. Nothing in this Agreement express or implied is intended to and shall not be construed to confer upon or create in any person (other than the parties hereto and their permitted assigns) any rights or remedies under or by reason of this Agreement, including without limitation, any right to enforce this Agreement.

17.15 Accounts Receivable.

17.15.1 From and after the Closing Date, Purchaser shall assume responsibility for the billing for and collection of payments on account of services rendered or goods sold by it on and after the Closing Date and Seller shall retain all right, title and interest in and to and all responsibility for the collection of its accounts receivable for services rendered or goods sold prior to the Closing Date.

[SIGNATURE PAGES FOLLOWS]

IN WITNESS WHEREOF, the Parties hereby execute this Purchase and Sale Agreement as of the Effective Date.

SELLER:

DOUGLAS WILLIAM DOERING, TRUSTEE OF
THE DOUGLAS DOERING 2007 TRUST, dated
May 18, 2007

By: *Douglas Doering*

Name: Douglas W Doering

Its: Trustee

PURCHASER:

SOQUEL CREEK WATER DISTRICT,
a county water district organized pursuant to
California Water Code Section 30000 et. seq.

By: *Dr. Bruce Daniels*

Name: Dr. Bruce Daniels

Its: ~~District Manager~~ Board President

EXHIBIT A

LEGAL DESCRIPTION

SITUATE IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

BEING A PORTION OF THE LANDS COVEYED TO DUNN BY DEED RECORDED IN DOCUMENT #2000-015103, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 3/8 INCH IRON PIPE AT THE SOUTHWESTERLY CORNER OF THE LANDS OF DOERING AS DESCRIBED IN RECORD DOCUMENT #2000-002790, SANTA CRUZ COUNTY RECORDS FROM WHICH A 1/2" IRON POPE, TAGGED LS 7367, AT THE NORTHWESTERLY CORNER OF SAID LANDS BEARS NORTH 05°34'01" EAST 61.95 FEET: THENCE ALONG THE NORTHERLY LINE OF SAID LANDS OF DUNN, SOUTH 80°38'21" EAST 32.32 FEET TO THE TRUE POINT OF THE BEGINNING: THENCE CONTINUING ALONG THE NORTHERLY LINE OF SAID LANDS OF DUNN, SOUTH 80°38'21" EAST 107.69 FEET TO THE WEST SIDE OF CHANTICLEER AVENUE FROM WHICH A LEAD PLUG AND TAG, LS 7367, BEARS SOUTH 80°38'21" EAST 10.00 FEET: THENCE SOUTHERLY ALONG THE WEST SIDE OF CHANTICLEER AVENUE. SOUTH 05°34'01" WEST 1.10 FEET: THENCE LEAVING THE WEST SIDE OF CHANTICLEER AVENUE NORTH 80°38'21" WEST 107.70 FEET TO A POINT: THENCE NORTH 06°06'36" EAST 1.11 FEET TO THE TRUE POINT OF BEGINNING.

A.P.N. 029-013-52

PARCEL TWO:

BEGINNING IN THE MIDDLE OF THE COUNTY ROAD FORTY FEET WIDE KNOWN AS CHANTICLEER AVENUE, AT A POINT FROM WHICH A HALF INCH GALVANIZED PIPE BEARS NORTH 81° 50' WEST 20.04 FEET DISTANT; SAID BEGINNING POINT IS IN TURN SOUTH 4° 27' WEST 284.06 FEET FROM AN IRON PIPE 3/4 INCH IN DIAMETER SET IN THE SOUTHEASTERLY CORNER OF LANDS OF ANGEL, AS RECORDED IN VOLUME 156 OF DEEDS AT PAGE 340, SANTA CRUZ COUNTY RECORDS; THENCE SOUTH 4° 27' WEST 52.0 FEET TO A POINT IN THE CENTER OF SAID ROAD; THENCE NORTH 81° 50' WEST 170.04 FEET TO DRIVEN IRON PIPE; THENCE NORTH 4° 27' EAST 52.0 FEET TO A DRIVEN IRON PIPE; THENCE SOUTH 81° 50' EAST 170.24 FEET TO THE POINT OF BEGINNING.

A.P. No.: 029-013-53

**EXHIBIT B
FORM OF GRANT DEED**

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO**

Soquel Creek Water District
5180 Soquel Drive
Soquel, CA 95073
Attn: Ron Duncan, General Manager

**EXEMPT FROM RECORDING FEES PURSUANT
TO GOVERNMENT CODE SECTION 27383**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 029-013-57

Grant Deed

The undersigned Grantor(s) declare(s): Soquel Creek Water District is exempt from property taxes
Documentary transfer tax is \$0.00.

- Computed on full value of property conveyed, or
- Computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area County of Santa Cruz and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

DOUGLAS WILLIAM DOERING, TRUSTEE OF THE DOUGLAS DOERING 2007 TRUST, dated May 18, 2007

hereby GRANT(S) to

SOQUEL CREEK WATER DISTRICT, a water district organized pursuant to the County Water District Law under Section 30000 et. seq. of the California Water Code

the following described real property in the Unincorporated area
County of Santa Cruz
State of California:

SEE ATTACHED EXHIBIT A

Dated: _____, 2020

DOUGLAS WILLIAM DOERING, TRUSTEE OF THE
DOUGLAS DOERING 2007 TRUST, dated May 18, 2007

By: ___ [Exhibit Only Do Not Execute] _____



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 20__ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (seal)



EXHIBIT A TO GRANT DEED
LEGAL DESCRIPTION OF PROPERTY

SITUATE IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

BEING A PORTION OF THE LANDS COVEYED TO DUNN BY DEED RECORDED
IN DOCUMENT #2000-015103, OFFICIAL RECORDS OF SANTA CRUZ COUNTY,
AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 3/8 INCH IRON PIPE AT THE SOUTHWESTERLY CORNER OF
THE LANDS OF DOERING AS DESCRIBED IN RECORD DOCUMENT #2000-
002790, SANTA CRUZ COUNTY RECORDS FROM WHICH A 1/2" IRON POPE,
TAGGED LS 7367, AT THE NORTHWESTERLY CORNER OF SAID LANDS
BEARS NORTH 05°34'01" EAST 61.95 FEET: THENCE ALONG THE NORTHERLY
LINE OF SAID LANDS OF DUNN, SOUTH 80°38'21" EAST 32.32 FEET TO THE
TRUE POINT OF THE BEGINNING: THENCE CONTINUING ALONG THE
NORTHERLY LINE OF SAID LANDS OF DUNN, SOUTH 80°38'21" EAST 107.69
FEET TO THE WEST SIDE OF CHANTICLEER AVENUE FROM WHICH A LEAD
PLUG AND TAG, LS 7367, BEARS SOUTH 80°38'21" EAST 10.00 FEET: THENCE
SOUTHERLY ALONG THE WEST SIDE OF CHANTICLEER AVENUE. SOUTH
05°34'01" WEST 1.10 FEET: THENCE LEAVING THE WEST SIDE OF
CHANTICLEER AVENUE NORTH 80°38'21" WEST 107.70 FEET TO A POINT:
THENCE NORTH 06°06'36" EAST 1.11 FEET TO THE TRUE POINT OF
BEGINNING.

A.P.N. 029-013-52

PARCEL TWO:

BEGINNING IN THE MIDDLE OF THE COUNTY ROAD FORTY FEET WIDE KNOWN AS
CHANTICLEER AVENUE, AT A POINT FROM WHICH A HALF INCH GALVANIZED PIPE BEARS NORTH
81° 50' WEST 20.04 FEET DISTANT; SAID BEGINNING POINT IS IN TURN SOUTH 4° 27' WEST
284.06 FEET FROM AN IRON PIPE 3/4 INCH IN DIAMETER SET IN THE SOUTHEASTERLY CORNER
OF LANDS OF ANGEL, AS RECORDED IN VOLUME 156 OF DEEDS AT PAGE 340, SANTA CRUZ
COUNTY RECORDS; THENCE SOUTH 4° 27' WEST 52.0 FEET TO A POINT IN THE CENTER OF SAID
ROAD; THENCE NORTH 81° 50' WEST 170.04 FEET TO DRIVEN IRON PIPE; THENCE NORTH 4° 27'
EAST 52.0 FEET TO A DRIVEN IRON PIPE; THENCE SOUTH 81° 50' EAST 170.24 FEET TO THE
POINT OF BEGINNING.

A.P. No.: 029-013-53

CERTIFICATE OF ACCEPTANCE

Pursuant to Section 27281 of the
California Government Code

This is to certify that the interest in real property conveyed by the Grant Deed dated _____, 2020, from DOUGLAS WILLIAM DOERING, TRUSTEE OF THE DOUGLAS DOERING 2007 TRUST, dated May 18, 2007, to SOQUEL CREEK WATER DISTRICT, a water district organized pursuant to the County Water District Law under Section 30000 et. seq. of the California Water Code, is hereby accepted by the undersigned officer on behalf of Soquel Creek Water District, pursuant to the authority conferred by Resolution No. _____, adopted by the Board of Directors of the Soquel Creek Water District on _____, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2020

SOQUEL CREEK WATER
DISTRICT

By: _____
Name: _____
Its: _____

EXHIBIT C

FORM OF BILL OF SALE

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

This Bill of Sale (the "Bill of Sale") is made as of _____, 2020, by DOUGLAS WILLIAM DOERING, TRUSTEE OF THE DOUGLAS DOERING 2007 TRUST, dated May 18, 2007 ("**Seller**").

In consideration of _____ (\$_____) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, effective as of _____, 20__ (the "**Effective Date**") _____, a **Seller** does hereby grant, bargain, sell, convey, transfer and assign to _____, SOQUEL CREEK WATER DISTRICT, a water district organized pursuant to the County Water District Law under Section 30000 et. seq. of the California Water Code ("**Purchaser**") pursuant to the terms of that Purchase Agreement dated as of _____, 20__ between Seller and _____ (the "**Purchase Agreement**") all of its right, title and interest in and to, all and singular the following (collectively, the "**Assigned Properties**"):

A. All fixtures (the "**Fixtures**") attached or appurtenant to the real property located within or used in connection with that certain improved real property commonly known as 2455 Chanticleer, Ave. Santa Cruz, CA and identified as Assessor's Parcel No. 029-013-57 (the "**Real Property**");

B. All furnishings, equipment, tools, machinery, fixtures, appliances and all other tangible personal property located on or about the Real Property which is owned by Seller (collectively, the "**Personal Property**");

C. All books, files and records related to the ownership and/or operation of the Seller's Assets that belong to Seller and can be legally transferred to Purchaser, including, but not limited to, employee files and resident records, but expressly excluding any of Seller's proprietary or organizational documents and Seller's financial, accounting and/or tax records (the "**Books and Records**");

D. To the extent assignable, all of the permits, licenses, approvals, entitlements and other governmental and quasi-governmental authorizations including, without limitation, certificates of occupancy and other similar permits relating to all or any part of the Real Property and all amendments, modifications, supplements, general conditions and addenda thereto, required in connection with the ownership of the Seller's Assets (the "**Permits and Approvals**");

(i) Any and all original reports, drawings, plans, blueprints, studies, specifications, certificates of occupancy, building permits and grading permits relating to all or any part of the Real Property and all amendments, modifications, supplements, general conditions and addenda thereto, which are in the actual possession of Seller (the "**Reports and Studies**");

(ii) To the extent assignable, any and all warranties, representations and guaranties with respect to the ownership of the Real Property, whether express or implied, which Seller now holds or under which Seller is the beneficiary (the "**Warranties**");

(iii) To the extent assignable, all of Seller's legal and equitable claims, causes of action, and rights against the architects, engineers, designers, contractors, subcontractors, suppliers and materialmen and any other party who has supplied labor, services, materials or equipment, directly or indirectly, in connection with the design, planning, construction or ownership of all or any part of the Real Property (the "**Claims**"); and

(iv) To the extent assignable, all rights to lien waivers, surety agreements, bonds, warranties, guaranties, utility use agreements, covenants, commitments, permits, certificates, approvals, and other intangible personal property of every kind and nature whatsoever owned by Seller as of the date of this Agreement or hereafter acquired, which can be legally transferred and which relate directly and specifically to the ownership of the Seller's Assets (the "**Intangible Property**").

TO HAVE AND TO HOLD, all and singular, the foregoing hereby sold, assigned, transferred and conveyed to Purchaser, its successors and assigns, to and for its own use and benefit. Assignor and Assignee further agree as follows:

1. By accepting this Assignment and by its execution hereof, Assignee hereby agrees to perform and discharge all of the duties and obligations to be performed or discharged by Assignor under the Assigned Properties accruing after the date hereof. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all loss, liability, claims or causes of action arising out of or relating to Assignee's failure to perform any of the obligations of the owner under the Assigned Properties from and after the date of this Assignment. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any and all loss, liability, claims or causes of action arising out of or relating to Assignor's failure to perform any of the obligations of the owner under the Assigned Properties prior to the date of this Assignment.

2. This Assignment is made subject to the liens and encumbrances, if any, described in Exhibit A hereto.

Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Purchase Agreement.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereby execute this Bill of Sale as of the day and year first set forth above.

SELLER:

_____,
a _____

By: _____
Name: _____
Its: _____

PURCHASER:

_____,
a _____

By: _____
Name: _____
Its: _____

EXHIBIT D

FIRPTA AFFIDAVIT

AFFIDAVIT REGARDING NONFOREIGN STATUS

Section 1445 of the Internal Revenue Code of 1986, as revised (the "**Code**"), provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. The undersigned hereby makes this affidavit on behalf of _____, a _____ (the "**Transferor**"), in connection with the transfer to _____, a _____ (the "**Transferee**"), of certain real property located in _____, California, as more particularly described in **EXHIBIT A** attached hereto (the "**Property**").

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder;

2. Transferor's U.S. employer identification number is [_____].

3. Transferor's address is _____.

4. Transferor understands that this affidavit may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both; and

5. Transferor understands that Transferee is relying on this affidavit in determining whether withholding is or will be required in connection with its purchase of the Property and may face liabilities if any statement in this affidavit is false.

Under penalty of perjury, the undersigned declares that he/she has examined this affidavit and to the best of his/her knowledge and belief, it is true, correct, and complete, and the undersigned further declares that he/she has authority to sign this document on behalf of Transferor.

[Signature Page Follows]

Executed as of this date, _____, 20__.

TRANSFEROR:

DOUGLAS WILLIAM DOERING,
TRUSTEE OF THE DOUGLAS DOERING
2007 TRUST, dated May 18, 2007

By: _____
Name: _____
Its: _____

EXHIBIT A TO FIRPTA

DESCRIPTION OF THE PROPERTY

SITUATE IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

BEING A PORTION OF THE LANDS COVEYED TO DUNN BY DEED RECORDED IN DOCUMENT #2000-015103, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 3/8 INCH IRON PIPE AT THE SOUTHWESTERLY CORNER OF THE LANDS OF DOERING AS DESCRIBED IN RECORD DOCUMENT #2000-002790, SANTA CRUZ COUNTY RECORDS FROM WHICH A 1/2" IRON POPE, TAGGED LS 7367, AT THE NORTHWESTERLY CORNER OF SAID LANDS BEARS NORTH 05°34'01" EAST 61.95 FEET: THENCE ALONG THE NORTHERLY LINE OF SAID LANDS OF DUNN, SOUTH 80°38'21" EAST 32.32 FEET TO THE TRUE POINT OF THE BEGINNING: THENCE CONTINUING ALONG THE NORTHERLY LINE OF SAID LANDS OF DUNN, SOUTH 80°38'21" EAST 107.69 FEET TO THE WEST SIDE OF CHANTICLEER AVENUE FROM WHICH A LEAD PLUG AND TAG, LS 7367, BEARS SOUTH 80°38'21" EAST 10.00 FEET: THENCE SOUTHERLY ALONG THE WEST SIDE OF CHANTICLEER AVENUE SOUTH 05°34'01" WEST 1.10 FEET: THENCE LEAVING THE WEST SIDE OF CHANTICLEER AVENUE NORTH 80°38'21" WEST 107.70 FEET TO A POINT: THENCE NORTH 06°06'36" EAST 1.11 FEET TO THE TRUE POINT OF BEGINNING.

A.P.N. 029-013-52

PARCEL TWO:

BEGINNING IN THE MIDDLE OF THE COUNTY ROAD FORTY FEET WIDE KNOWN AS CHANTICLEER AVENUE, AT A POINT FROM WHICH A HALF INCH GALVANIZED PIPE BEARS NORTH 81° 50' WEST 20.04 FEET DISTANT; SAID BEGINNING POINT IS IN TURN SOUTH 4° 27' WEST 284.06 FEET FROM AN IRON PIPE 3/4 INCH IN DIAMETER SET IN THE SOUTHEASTERLY CORNER OF LANDS OF ANGEL, AS RECORDED IN VOLUME 156 OF DEEDS AT PAGE 340, SANTA CRUZ COUNTY RECORDS; THENCE SOUTH 4° 27' WEST 52.0 FEET TO A POINT IN THE CENTER OF SAID ROAD; THENCE NORTH 81° 50' WEST 170.04 FEET TO DRIVEN IRON PIPE; THENCE NORTH 4° 27' EAST 52.0 FEET TO A DRIVEN IRON PIPE; THENCE SOUTH 81° 50' EAST 170.24 FEET TO THE POINT OF BEGINNING.

A.P. No.: 029-013-53