



CAYUCOS SANITARY DISTRICT

200 Ash Ave. / PO Box 333
Cayucos, CA 93430-0333
(805) 995-3290

www.CayucosSanitaryDistrict.gov

GOVERNING BOARD
R. Enns, President
S. Lyon, Vice-President
J. Curti, Director
J. Smith, Director
J. Clark, Director

**BOARD OF DIRECTORS
SPECIAL MEETING AGENDA
THURSDAY, DECEMBER 18, 2025 AT 5:00PM
200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430**

- 1. ESTABLISH QUORUM AND CALL TO ORDER**
- 2. PUBLIC COMMENT ON AGENDA ITEM(S)**
As this is a special meeting, members of the public may speak before consideration of the items that appear on this agenda, however, there is no opportunity afforded under the Brown Act to speak on non-agendized items.
- 3. DISCUSSION AND CONSIDERATION TO APPROVE A PURCHASE AND SALE AGREEMENT FOR THE JOINTLY OWNED CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT WASTEWATER TREATMENT PLANT PROPERTY AND RELATED ASSETS**
- 4. ADJOURNMENT**

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CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: WILL CLEMENS, INTERIM DISTRICT MANAGER

DATE: DECEMBER 18, 2025

SUBJECT: DISCUSSION AND CONSIDERATION TO APPROVE A PURCHASE AND SALE AGREEMENT FOR THE JOINTLY OWNED CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT WASTEWATER TREATMENT PLANT PROPERTY AND RELATED ASSETS

DISCUSSION

The Cayucos Sanitary District (District) was formed in 1942 for the purpose of constructing and operating a sewer collection system and wastewater treatment facility. In 1954 the District constructed a sewer collection system and, under a Joint Powers Agreement (JPA) with the Morro Bay Sanitary District (now the City of Morro Bay (Morro Bay)), constructed a Wastewater Treatment Plant (WWTP). The JPA was subsequently amended in 1969, 1973, and again in 1982.

In 1982 the WWTP was reconstructed and expanded and was in use until both the District and Morro Bay constructed separate Water Recycling Facilities and the jointly owned WWTP was no longer necessary. The District completed its Water Recycling Facility and began treating wastewater in September 2021 and Morro Bay did the same in October 2022.

There is now a desire to divest the District's interest in the jointly owned WWTP property and related assets located within the boundaries of the City of Morro Bay. Approval of the attached Purchase and Sale Agreement would sell the District's ownership interest in the WWTP property and related assets to the City of Morro Bay.

Due to the size of some Exhibits to the Purchase and Sale Agreement, these are available for inspection in person at the District Office and on the District's website.

RECOMMENDATION

Staff recommends that the Board of Directors approve the attached Purchase and Sale Agreement.

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this “Agreement”) is made and entered into as of January __, 2026 (the “Effective Date”), by and between the Cayucos Sanitary District, a political subdivision of the State of California (“District” or “Seller”), and the City of Morro Bay, a California municipal corporation (“City” or “Buyer”). District and City are sometimes individually referred to as a “Party,” and collectively referred to as the “Parties” herein.

RECITALS

A. District and City jointly own a wastewater treatment plant and related assets (“Treatment Plant”), including an ocean outfall, on-site equipment and common trunk line (collectively with the Treatment Plant, the “Assets”), as more specifically described below. The jointly owned real property associated with the Treatment Plant is generally located at 160 Atascadero Road, 180 Atascadero Road, and 1700 Embarcadero within the City, designated Assessor’s Parcel Numbers (“APNs”) 066-331-033 and 066-331-034 (“Real Property”), and more particularly described in the legal description attached hereto as Exhibit “A”.

B. Pursuant to that certain Joint Powers Agreement for the Ownership, Operation and Maintenance of Wastewater Treatment Plant Facilities dated October 25, 1982 (“Joint Powers Agreement”), District currently owns a forty percent (40%) interest in the Real Property, as further described in the Joint Powers Agreement and that certain Appraisal Report authored by Central California Appraisals dated July 22, 2024 (fully incorporated herein by this reference). District also owns a forty percent (40%) interest in the jointly-owned sewer trunk main described as the 8” common trunkline beginning at manhole number 1.27 and ending as a 27” common trunkline at manhole 13.47 (“Trunk Main”) and a thirty-five percent (35%) interest in both the ocean outfall described as beginning at Latitude 35°, 22', 47” N and Longitude 120°, 51', 40" W and terminating at Latitude 35°, 23', 11" N and Longitude 120°, 52', 29" W (“Outfall”) and on-site Treatment Plant equipment (“Treatment Plant Equipment”), as described in Section 5 of the Joint Powers Agreement. The Joint Powers Agreement is attached hereto as Exhibit “D”, and the Appraisal Report is attached hereto as Exhibit “E”.

C. City desires to purchase District’s interest in the Real Property and Assets (collectively, the “Property”), and District desires to sell the Property to City.

D. City and District also desire to terminate the Joint Powers Agreement effective upon Closing of the sale of the Property, because the sole purpose of the Joint Powers Agreement is to govern the joint ownership, operation and maintenance of the Treatment Plant, and therefore following Closing, the Joint Powers Agreement will be obsolete.

E. District constructed and is the sole owner of the 18” Cayucos Sanitary District Interceptor which parallels the Trunk Main (“CSD Interceptor”). The CSD Interceptor is specifically excluded from this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, District and City agree as follows:

1. Recitals Incorporated. The foregoing Recitals are true and correct and are incorporated herein by reference, as if fully set forth herein.

2. Acquisition.

2.1 Purchase and Sale. Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, upon the terms and conditions herein set forth. As stated in the Recitals, the Property comprises the following property and assets:

- (a) Seller's entire (40%) interest in the Real Property;
- (b) Seller's entire (40%) interest in the Trunk Main;
- (c) Seller's entire (35%) interest in the Treatment Plant Equipment; and
- (d) Seller's entire (35%) interest in the Outfall.

2.2 Purchase Price. The purchase price of the Property is Three Million Eight Hundred Sixty-Seven Thousand Eight Hundred Dollars (**\$3,867,800.00**) (the "Purchase Price").

3. Escrow.

3.1 Opening of Escrow. Within three (3) days of the Effective Date, Buyer shall open escrow with First American Title Company, Attention Renee Brian, 899 Pacific Street, San Luis Obispo, CA 93401, RBrian@firstam.com ("Title Company" or "Escrow Holder") by delivering a signed copy of this Agreement to the Title Company ("Escrow"). The Escrow shall be deemed opened on the date the Title Company has received an executed counterpart of this Agreement from both Buyer and Seller ("Opening of Escrow").

3.2 Close of Escrow. The "Close of Escrow" or "Closing Date" means the date on which the grant deed conveying title to the Property to Buyer is recorded in the Official Records of San Luis Obispo County, California. The Close of Escrow shall occur on the date designated by Buyer at least ten (10) days in advance, but in no event later than thirty (30) days after the Effective Date. On or prior to the Close of Escrow, Buyer shall (i) deliver to Title Company for recording, the Grand Deed in the form attached hereto as Exhibit "B" ("Grant Deed"), duly executed by Buyer, acknowledged and in recordable form, and (ii) deliver the Purchase Price to Title Company in accordance with Section 2.2 above. Upon Seller's receipt of the Purchase Price from Title Company, Seller shall authorize Title Company to record the Grant Deed. If the Close of Escrow has not occurred within thirty (30) days after the Effective Date of this Agreement (unless either Party shall be in default of its obligations hereunder, in which case the non-defaulting Party shall be entitled to all remedies provided for herein), Escrow and the rights and obligations of the Parties hereunder shall terminate.

4. Conditions of Title.

4.1 Title Documents. Title Company shall deliver the following documents ("**Title Documents**") to Buyer within five (5) days after the Opening of Escrow: (a) a preliminary title report ("**Title Report**") dated on or after the Effective Date, issued by the Title Company with

respect to the Property; and (b) legible copies of all documents, whether recorded or unrecorded, referred to in the Title Report. After Buyer and Seller sign this Agreement, Seller will use reasonable efforts to remove any defects in title to the Property identified by the Title Company or Buyer. If any title defects have not been removed or satisfactory arrangements have not been made for their removal within fifteen (15) days after the Effective Date (**"Title Cure Period"**), Buyer may elect to: (i) close the purchase of the Property and take title subject to the title defects that have not been removed; or (ii) terminate this Agreement, and the Escrow and the rights and obligations of the Parties hereunder shall terminate.

4.2 [RESERVED]

5. Condition of Property.

5.1 Purchase As-Is, Where Is. Unless otherwise expressly provided herein, Buyer expressly acknowledges and agrees, and represents and warrants to Seller, that Buyer, who already owns a portion of all the Property, is purchasing the Property "AS IS, WHERE IS", and "WITH ALL FAULTS." Buyer is purchasing the Property after such inspection, analysis, examination and investigation Buyer cares to make and expressly without Seller's covenant, warranty or representation as to physical condition, title, leases, rents, revenues, income, expenses, operation, entitlements, zoning or other regulation, compliance with law, suitability for particular purposes or any other matter whatsoever. Seller has no obligation to make repairs, replacements or improvements to the Property, or to pay any fees, costs or expenses related to the Property after title passes to Buyer. Buyer acknowledges and agrees that, neither Seller nor any of Seller's agents, contractors, consultants, attorneys or representatives have made, make and specifically negate and disclaim and Buyer is not relying on any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Property, including, but not limited to, (a) the value of the Property; (b) the income to be derived from the Property; (c) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, including the possibilities for development of the Property; (d) the habitability, marketability, merchantability, profitability or fitness for a particular purpose of the Property; (e) the manner, quality, state of repair or lack of repair of the Property; (f) the nature, quality or condition of the Property, including without limitation, soils and geology; (g) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (h) compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements, including but not limited to, Title III of the Americans with Disabilities Act of 1990, California Health and Safety Code, the Federal Water Pollution Control Act, the Federal Resource Conservation and Recovery Act, the U.S. Environmental Protection Agency regulations at 40 CFR part 261, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, the Resources Conservation and Recovery Act of 1976, the Clean Water Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act and the Toxic Substance Control Act, as any of the foregoing may be amended from time to time and regulations promulgated under any of the foregoing from time to time; (i) the presence or absence of hazardous materials at, on, under, or adjacent to the Property; (j) the content, completeness or accuracy of the Due Diligence Materials or the Preliminary Report; (k) the conformity of the Property to past, current or future applicable zoning or building requirements; (l) deficiency of any drainage or undershoring; (m) that the

Property may be located on or near earthquake faults; (n) the existence or non-existence of land use, zoning or building entitlements affecting the Property; (o) the land use status of the Property, including, but not limited to, general plan status, specific plan status, zoning status, subdivision status under the California Subdivision Map Act or the subdivision ordinances of the City or any other Entitlements; (p) the applicability of the Federal or California endangered species acts and the existence of any species protected thereunder; (q) any non-compliance of the Property or any improvements thereon with California Civil Code sections 895, et seq.; or (r) any other matter. Buyer further acknowledges and agrees that, having been given the opportunity to inspect the Property, particularly as already a part owner of the Property and in possession of the Property for decades, and having obtained and examined such information and documentation affecting the Property as Buyer has deemed necessary or appropriate, Buyer is relying solely on its own investigations and review, and not on any information provided or to be provided by Seller. As of the date of this Agreement, Buyer acknowledges that, as the party already in possession of the Property and the party that has constructed and maintained all Improvements thereon, (i) Buyer has conducted such surveys and inspections and (ii) Buyer has had adequate opportunity to make such inspection of the Property as Buyer has, in Buyer's discretion, deemed necessary or advisable as a condition precedent to Buyer's purchase of the Property and to determine the characteristics listed in this Paragraph and all other aspects of the Property.

5.2 No Obligation to Repair. Unless otherwise expressly provided herein, any reports, repairs or work related to the Property required by Buyer are the sole responsibility of Buyer, and Buyer agrees that there is no obligation on the part of Seller to make any changes, alterations or repairs to the Property or to cure any violations of law or to comply with the requirements of any insurer.

6. Conditions to Close of Escrow.

6.1 Buyer's Conditions. Buyer's obligation to purchase the Property is subject to the satisfaction of the following conditions for Buyer's benefit:

(a) Title. The Title Company shall be irrevocably committed to issue a title insurance policy, together with endorsements reasonably requested by Buyer (the "**Title Policy**"), in the amount of the Purchase Price showing title to the Property vested in Buyer, subject to exceptions approved by Buyer.

(b) Inspections. Buyer shall have approved the results of any inspections, investigations, tests and studies of the Property, including, without limitation, investigations with regard to the environmental condition of the Property, zoning, building codes and other governmental regulations, architectural inspections, engineering tests, economic feasibility studies and soils, seismic and geologic reports.

(c) Seller's Obligations. Seller shall have timely performed all of the obligations required by this Agreement to be performed by Seller.

(d) Seller's Representations. All representations and warranties of Seller set forth in Section 8.1 or elsewhere in this Agreement shall be true and correct as of the Close of Escrow, as if made on such date.

6.2 Seller's Conditions. Seller's obligation to sell the Property is subject to the satisfaction of the following conditions for Seller's benefit:

(a) Buyer's Obligations. Buyer shall have timely performed all of the obligations required by this Agreement to be performed by Buyer.

(b) Buyer's Representations. All representations and warranties of Buyer set forth in Section 8.2 of this Agreement shall be true and correct as of the Close of Escrow, as if made on such date.

(c) Certificate of Acceptance. Buyer shall have delivered to Seller or to Title Company a duly executed certificate of acceptance, in the form attached hereto as Exhibit "C" ("Certificate of Acceptance"), to be appended to the Grant Deed.

6.3 Termination of Agreement.

(a) Failure of Buyer's Conditions. If any one or more of the conditions to Buyer's obligations as set forth in Section 6.1 or elsewhere in this Agreement, is not either fully satisfied or waived in writing on or before the Closing Date, then Buyer may elect, by written notice to Seller, to terminate this Agreement, in which case this Agreement, the Escrow and the rights and obligations of the Parties hereunder shall terminate, except such rights and obligations which, by their terms, are to survive termination. Nothing in this paragraph shall be deemed to limit any of Buyer's rights or remedies at law or in equity in the event of a default by Seller.

(b) Failure of Seller's Conditions. If any one or more of the conditions to Seller's obligations as set forth in Section 6.2 or elsewhere in this Agreement, is not either fully satisfied or waived in writing on or before the Closing Date, then Seller may elect, by written notice to Buyer, to terminate this Agreement, in which case this Agreement, the Escrow and the rights and obligations of the Parties hereunder shall terminate, except such rights and obligations which, by their terms, are to survive termination. Nothing in this paragraph shall be deemed to limit Seller's rights in the event of a default by Buyer.

(c) Independent Consideration. If this Agreement shall terminate for any reason, Buyer shall pay Seller the sum of (\$1.00), which shall be deposited into Escrow upon the Opening of Escrow, as independent consideration for Seller's executing delivery and performance of this Agreement, the sufficiency of which is acknowledged by Seller.

7. Close of Escrow.

7.1 Deposits by Seller. At least five (5) business days prior to the scheduled Closing Date, Seller shall deposit with the Title Company the following documents:

(a) Grant Deed. The Grant Deed, duly executed by Seller, acknowledged and in recordable form.

(b) Title Documents. To the extent applicable, an executed owner's affidavit in the customary form of the Title Company, organizational and authority documents

requested by the Title Company, and such other documents as may be requested by the Title Company in order to issue the Title Policy, subject to any approved exceptions.

(c) Escrow Instructions. Executed escrow instructions consistent with the provisions of this Agreement.

(d) Seller's Affidavits. Executed affidavits certifying that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and California Revenue and Taxation Code Section 18662(e) ("Affidavits"). If Seller shall fail to submit the Affidavits, the Title Company shall deduct from amounts due to Seller any amounts required to be withheld under federal or state law and shall report and remit any such amounts so withheld to the Internal Revenue Service or the California Franchise Tax Board with such forms and at such times as shall be required by applicable statute or regulation.

7.2 Deposits by Buyer. Buyer shall deposit with the Title Company the following funds and documents:

(a) Funds. The Purchase Price for the Property as listed in Section 2.2 of this Agreement, and Seller's share of the revenue from the Leases as described in Section 7.5.

(b) Escrow Instructions. At least ten (10) days prior to Closing, escrow instructions consistent with the provisions of this Agreement.

7.3 Costs and Expenses. Buyer shall pay the cost of the Title Policy, the documentary transfer taxes, escrow fees, recording fees, delivery costs, and all miscellaneous charges and other closing costs, except as specifically set forth in this Agreement.

7.4 Disbursements and Other Actions by the Title Company. After all of the conditions precedent set forth in Sections 6.1 and 6.2 have been satisfied or waived, and all deposits have been made by Seller and Buyer in accordance with Sections 7.1 and 7.2, respectively, the Parties shall instruct the Title Company to perform all of the following in the manner indicated:

(a) Recording. Cause the Grant Deed and any other documents that the Parties hereto may mutually direct to be recorded in the Official Records of San Luis Obispo County, California.

(b) Funds. Disburse the Purchase Price to Seller. Distribute any remaining funds in Escrow to Buyer.

(c) Title Policy. Issue the Title Policy to Buyer.

(d) Transfer Documents. Immediately send all original forms and documents delivered to Escrow under Section 7.1(d) above to Buyer, or as directed by Buyer.

7.5 Possession and Existing Leases. Buyer is already in possession of the Property pursuant to the Joint Powers Agreement. Buyer acknowledges that a portion of the Property is currently leased by the Parties to three commercial tenants pursuant to the lease agreements (the "Leases") described in Exhibit "F" attached hereto and incorporated by reference

herein. Buyer agrees that rent from the Leases shall be prorated through the Close of Escrow, and upon the Close of Escrow, these Leases shall remain in full force and effect, and Buyer, as the sole lessor, shall assume all of Seller's rights and obligations under the existing Leases. Notwithstanding the foregoing, Seller shall deliver vacant possession of the unleased portions of the Property to Buyer upon the Close of Escrow, free of any person having any right to occupy or use said unleased portions of the Property, other than Buyer and Buyer's contractors and other licensees.

8. Representations and Warranties.

8.1 Seller's Representations and Warranties. Seller makes the following representations and warranties to Buyer, each of which is material and is being relied upon by Buyer:

(a) Other Agreements; Third Party Consents. The execution and delivery of this Agreement and the sale of the Property to Buyer will not conflict with or constitute a default under any agreement binding upon Seller. To Seller's actual knowledge, no default presently exists under any agreement affecting the Property, and no event has occurred that, with notice or lapse of time or both, that would constitute any such default. No consents or waivers by any third party are necessary to permit the sale of the Property to Buyer.

(b) Litigation. There are no lawsuits or proceedings pending with third parties that do or would affect the Property or Seller's ability to fulfill all of its obligations under this Agreement, and Seller has no knowledge of any such threatened lawsuits or proceedings. There are no outstanding claims on Seller's insurance policies relating to the Property.

(c) Bankruptcy. Seller has not filed or been the subject of any filing of a petition under any federal or state bankruptcy or insolvency law.

(d) Signatories. The persons executing this Agreement, the instruments referenced herein, and any other documents executed and delivered on behalf of Seller have the full right, power and authority to do so and have been duly authorized to do so by Seller, and no other persons are required to execute this Agreement on behalf of Seller.

(e) Compliance with Law. To Seller's actual knowledge, all laws, ordinances, rules, and requirements and regulations of every governmental agency, body, or subdivision thereof bearing on the Property have been complied with by Sellers.

(f) Documents. To Seller's actual knowledge, all documents delivered to Buyer pursuant to this Agreement are true and complete copies of originals, without any representation or warranty as to the contents or accuracy thereof.

8.2 Buyer's Representations and Warranties. Buyer makes the following representations and warranties to Seller, each of which is material and is being relied upon by Seller:

(a) Authority. Buyer has the legal right, power, and authority to enter into this Agreement and to purchase the Property from Seller. This Agreement has been duly and

validly authorized, executed, and delivered by Buyer, and each of the persons signing this Agreement on behalf of Buyer is authorized to do so. All the documents executed by Buyer will be duly authorized, executed, and delivered by Buyer.

(b) Other Agreements; Third Party Consents. The execution and delivery of this Agreement and the purchase of the Property from Seller will not conflict with or constitute a default under any agreement binding upon Buyer. To Buyer's actual knowledge, no default presently exists under any agreement affecting the Property, and no event has occurred that, with notice or lapse of time or both, that would constitute any such default. No consents or waivers of any third party are necessary to permit the purchase of the Property from Seller.

(c) Signatories. The persons executing this Agreement, the instruments referenced herein, and any other documents executed and delivered on behalf of Buyer have the full right, power and authority to do so and have been duly authorized to do so by Buyer, and no other persons are required to execute this Agreement on behalf of Buyer.

(d) Documents. To Buyer's actual knowledge, all documents delivered to Seller pursuant to this Agreement are true and complete copies of originals, without any representation or warranty as to the contents or accuracy thereof.

(e) Inspection. Buyer has been given a sufficient opportunity to inspect the Property and has obtained and examined such information and documentation affecting the Property as Buyer has deemed necessary or appropriate.

9. Covenants of Seller. Seller hereby covenants and agrees with Buyer as follows:

9.1 Change in Representations. Seller shall promptly notify Buyer of the occurrence of any fact, circumstance, condition, or event that would cause any of the representations made by Seller in this Agreement no longer to be true or accurate.

9.2 Future Action. From and after the date hereof, without the prior written consent of Buyer, Seller shall not take any action prior to the Close of Escrow that may result in a change in the condition of title to the Property approved by Buyer.

10. Decommission and Demolition of Property. After Close of Escrow, Buyer is solely responsible for any decommission and demolition of the Treatment Plant and all other structures located on the Real Property. Seller shall have no further rights, obligations, or duties with respect to the Treatment Plant or the Assets following Closing.

11. Termination of Joint Powers Agreement. The Parties agree that the Joint Powers Agreement, a true and correct copy of which is attached hereto as Exhibit "D" and incorporated herein by this reference, shall terminate concurrently with the Close of Escrow, at which time it shall have no further force and effect, and the Parties shall have no rights, obligations, or duties thereunder.

12. Buyer's General Indemnification. Buyer agrees to and does hereby indemnify, defend, and hold harmless Seller from and against any and all claims made or any loss incurred (including reasonable attorney fees) caused by Buyer's ownership, use or occupancy of the

property from and after the Close of Escrow. This indemnification provision is a surviving obligation.

13. Mediation of Disputes. Buyer and Seller agree to mediate any dispute between them arising out of this Agreement prior to any court action or arbitration. Mediation is a non-binding process in which the Parties meet with a neutral mediator (selected by the Parties) who will try to work out a mutually acceptable resolution. If the Parties cannot agree on a mediator, the Superior Court shall appoint one. The mediator may conduct more than one session and mediation fees shall be paid jointly by the Parties.

14. Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx, with a copy by email, addressed to the Parties as follows:

If to Seller: Cayucos Sanitary District
Attn: David Athey, District Manager
200 Ash Avenue
Cayucos, CA 93430
Email: D.Athey@cayucossanitarydistrict.gov

With a copy to: Timothy J. Carmel
Carmel & Naccasha LLP
694 Santa Rosa Street
San Luis Obispo, CA 93401
Email: tcarmel@carncalaw.com

If to Buyer: City of Morro Bay
Attn:
595 Harbor Street
Morro Bay, CA 93442
Email:

With a copy to: City of Morro Bay
Attn: Brian Stack, City Attorney
595 Harbor Street
Morro Bay, CA 93442
Email: bstack@morrobayca.gov

15. Miscellaneous.

15.1 Survival. The representations and warranties of Buyer and Seller set forth in this Agreement shall survive the recordation of the Grant Deed and the Close of Escrow, together with any agreements or obligations that, by their terms or nature, are to be performed after termination of this Agreement or Close of Escrow.

15.2 Required Actions of Buyer and Seller. Buyer and Seller agree to execute such documents and to diligently undertake such actions as may be required in order to complete the purchase contemplated in this Agreement.

15.3 Time. Time is of the essence with respect to each and every term, condition, obligation and provision of this Agreement, and the failure to timely perform any of the terms, conditions, obligations or provisions herein by either Party shall constitute a breach of and a default under this Agreement by the Party so failing to perform.

15.4 Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. Copies of signatures on documents transmitted by email (in pdf format) or electronically (by DocuSign or similar protocol) shall be binding on the Parties to the same extent as “ink original” signatures. It is understood and agreed that certain closing documents may not be delivered by email or electronically.

15.5 Captions. Any captions or headings in this Agreement are solely for the convenience of the Parties, and shall not be used for the interpretation of this Agreement.

15.6 No Obligations to Third Parties. The execution and delivery of this Agreement shall not be deemed to confer any rights upon any person or entity other than Buyer and Seller.

15.7 Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

15.8 Applicable Law. This Agreement shall be governed by and construed in accordance with California law.

15.9 Fees and Other Expenses. Except as otherwise provided herein, each of the Parties shall pay its own fees and expenses in connection with this Agreement.

15.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, personal representatives, successors and assigns.

15.11 Legal Fees. If either Party brings a lawsuit arising out of this Agreement, the prevailing Party shall be entitled to recover from the non-prevailing Party all costs of suit, including reasonable attorneys’ fees. The prevailing Party shall also be entitled to its attorneys’ fees and costs incurred in any post-judgment proceedings to collect and enforce the judgment.

15.12 Construction. The language of this Agreement shall be construed as a whole and in accordance with its fair meaning and not strictly for or against either Party.

15.13 Business Days. If the scheduled Closing Date, or the date on which a Party is required to perform an obligation, or the date on which any required notice is to be received, is a Saturday, Sunday or a legal holiday, that date shall be extended to the next regular business day.

15.14 Severability. If any provision of this Agreement shall be held to be unenforceable or invalid for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the Parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent.

15.15 Exhibits and Schedules. The following Exhibits are attached hereto and incorporated by reference into this Agreement:

Exhibit "A"	Legal Description of Property
Exhibit "B"	Form of Grant Deed
Exhibit "C"	Certificate of Acceptance
Exhibit "D"	Joint Powers Agreement
Exhibit "E"	Appraisal Report
Exhibit "F"	Current Leases of the Property

15.16 No Offer. The submission of this Agreement to Buyer for examination or execution does not create an option or constitute an offer to Buyer to purchase the Property on the terms contained herein, and this Agreement shall not become effective as a purchase and sale agreement or otherwise unless and until it has been executed and delivered by both Seller and Buyer.

15.17 Entire Agreement. This Agreement and the Exhibits attached hereto supersede any prior agreements, negotiations and communications, oral or written, and contain the entire agreement between Buyer and Seller regarding the subject matter hereof. The terms of this Agreement may not be amended, except by a writing executed by both Buyer and Seller.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Agreement as of the day and year first above written.

SELLER:

CAYUCOS SANITARY DISTRICT,
a political subdivision of the State of California

By: _____

Print Name: _____

Its: _____

Date: _____

APPROVED AS TO FORM:

Timothy J. Carmel
General Counsel

BUYER:

CITY OF MORRO BAY,
a California municipal corporation

By: _____

Print Name: _____

Its: _____

Date: _____

APPROVED AS TO FORM:

Brian Stack
City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "B"

RECORDING REQUESTED BY,)
MAIL TAX STATEMENT TO)
AND WHEN RECORDED MAIL TO:)
)
City of Morro Bay)
595 Harbor Street)
Morro Bay, CA 93442)
ATTN: City Clerk)

This document is exempt from payment of a recording fee pursuant to Government Code Section 27383.

GRANT DEED

APNs: 066-331-033 and 066-331-034

For valuable consideration, receipt of which is hereby acknowledged, CAYUCOS SANITARY DISTRICT, a political subdivision of the State of California ("Seller"), hereby grants to, the CITY OF MORRO BAY, a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), Seller's entire ownership interest in the real property and assets hereinafter referred to as the "Property," described in: (i) Exhibit A attached hereto and incorporated herein, and (ii) Recital A and Recital B of the Purchase and Sale Agreement entered into between the City and Seller dated **January**, **2026** ("Agreement").

The Property is conveyed in accordance with and subject to the Agreement, a copy of which is on file with each Party as a public record and which is incorporated herein by reference.

[Signatures on Following Page]

SELLER:

CAYUCOS SANITARY DISTRICT,
a political subdivision of the State of California

By: _____

Print Name: _____

Its: _____

Date: _____

APPROVED AS TO FORM:

Timothy J. Carmel
General Counsel

BUYER:

CITY OF MORRO BAY,
a California municipal corporation

By: _____

Print Name: _____

Its: _____

Date: _____

APPROVED AS TO FORM:

Brian Stack
City Attorney

EXHIBIT "C"

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in _____ conveyed by the Grant Deed dated _____, from CAYUCOS SANITARY DISTRICT, a political subdivision of the State of California, to the CITY OF MORRO BAY, a California municipal corporation, is hereby accepted by the undersigned officer on behalf of the City of Morro Bay pursuant to authority conferred by the City Council through _____ adopted on _____, and the Grantee consents to recordation thereof by its duly authorized officer.

CITY OF MORRO BAY,
a California municipal corporation

Dated: _____

By: _____
[Name],
[Title]

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT "D"

JOINT POWERS AGREEMENT

EXHIBIT “E”

APPRAISAL REPORT

EXHIBIT "F"

DESCRIPTION OF JOINTLY HELD LEASES

City of Morro Bay Corporation Yard Lease Agreement Dated May 19, 2005

Morro Dunes Trailer Park & Campgrounds, Inc. Commercial Lease Dated September 1, 2008

IWMA Household Hazardous Waste Second Agreement Effective April 5, 2020