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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF MONTEREY

11 CALIFORNIA AMERICAN WATER,
12 Plaintiff,
13 v.
14 CITY OF SEASIDE, et al.,
15 Defendants.

Case No. M66343

Assigned for All Purposes to the
Honorable Leslie C. Nichols

**REQUEST FOR STATUS CONFERENCE,
AND ADJUDICATION BACKGROUND
REPORT AND UPDATE**

([Proposed] Order Granting Status Conference
Filed Concurrently)

16
17 MONTEREY PENINSULA WATER
18 MANAGEMENT DISTRICT,
19 Intervenor.

Action Filed: August 14, 2003
Trial Date: December 13, 2005

20 MONTEREY COUNTY WATER
21 RESOURCES AGENCY,
22 Intervenor.

23 AND RELATED CROSS-ACTIONS.
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1 **I. REQUEST FOR STATUS CONFERENCE**

2 On January 29, 2016, the parties in this action were served with notice that the Honorable
3 Leslie C. Nichols has been assigned to the within case for all purposes. (See Attachment 1, a true
4 and correct copy of the Court's Assignment Order.) The Seaside Groundwater Basin Watermaster
5 ("Watermaster"), through its counsel, hereby respectfully requests that the Court convene a status
6 conference in this post-judgment action to receive updates from, and provide instructions to,
7 Watermaster concerning the status of management of the Seaside Groundwater Basin ("Seaside
8 Basin" or "Basin") pursuant to the amended decision ("Decision"), entered on February 9, 2007
9 in this matter. A true and correct copy of the Decision and all exhibits thereto is attached hereto
10 as Attachment 2.

11 A proposed order setting a status conference is filed concurrently. A report explaining the
12 background of this action and current issues pertaining to the management of the Basin follows.

13 **II. REPORT TO COURT**

14 **A. Introduction**

15 This case concerns the adjudication of groundwater rights within the Seaside Basin and
16 the management of the Basin by the Watermaster pursuant to the Court's oversight through its
17 continuing jurisdiction. A description of the Basin, the parties to this action, the complaint,
18 defendants' responses, and the Court's ruling on a stipulation and motion for entry of judgment is
19 set forth in the Decision.¹

20 **B. Description of the Seaside Groundwater Basin**

21 **1. Location**

22 The Seaside Basin is located in northern coastal Monterey County and it underlies the
23 Cities of Seaside, Sand City, Del Rey Oaks, Monterey, and portions of unincorporated county
24 areas, including the southern portions of the former Fort Ord and the Laguna Seca Area. The
25 boundaries of the Basin are depicted in Exhibit B of the Decision. Generally, the Seaside Basin
26 is bounded by the Pacific Ocean on the west, the Salinas Valley on the north, the Toro Park area

27 _____
28 ¹ At the request of the Court, Watermaster will elaborate upon and/or will file sworn declarations
or provide witnesses to substantiate any factual statement contained in this report.

1 on the east, and Highways 68 and 218 on the south.

2 **2. Subareas**

3 The Decision references four subareas of the Seaside Basin: (1) the Southern Coastal
4 Subarea, (2) the Northern Coastal Subarea, (3) the Northern Inland Subarea, and (4) the Laguna
5 Seca Subarea (“LSSA”). The Northern Inland Subarea is located east of the Northern Coastal
6 Subarea and north of the LSSA. The LSSA is east and inland of the Southern Coastal Subarea and
7 south of the Northern Inland Subarea. The Decision, however, defines only the LSSA and the
8 Coastal Subarea, and production and storage rights are allocated only in the Coastal Subarea and
9 the LSSA. A depiction of the Basin, including Subareas, is attached hereto as Attachment 3.

10 **3. Hydrogeology**

11 Groundwater under the Decision is defined as “all water beneath the ground surface in the
12 Seaside Basin, including water for Natural Replenishment, Artificial Replenishment, Carryover
13 and Stored Water.” (Section III.A.12; p. 12.) “Groundwater” is commonly understood to include
14 the water occurring beneath the earth’s surface that completely fills (saturates) the void space of
15 rocks or sediment. Most of California’s groundwater occurs in material deposited by streams,
16 called alluvium, which consists of sand and gravel as well as clay and silt. Sand and gravel
17 usually provide the best source of water and are termed aquifers. Clay and silt deposits are
18 relatively poor sources of water and are referred to as aquitards. California’s groundwater basins
19 may include one or a series of alluvial aquifers with intermingled aquitards. Groundwater is an
20 important component of the hydrologic cycle because it accounts for nearly all of the world’s
21 fresh water readily available for use.²

22 **a. Geography and Watersheds**

23 An active dune system along the coast dominates the Basin’s coastal topography, with
24 older, less active dunes found inland, mostly within the former Ford Ord open space. This hilly
25 coastal plain slopes both northwards to the Salinas River Valley and westwards towards the
26 Monterey Bay. Surface elevations overlying the Basin range from sea level at the coast to 950
27

28 ² DWR – Bulletin 118, Update 2003, p. 80.

1 feet above mean sea level inland.

2 The land areas that contribute water to aquifers are known as watersheds. The Basin
3 contains a number of watersheds defined by the California Department of Water Resources
4 (“DWR”) that are part of the Salinas Hydrologic Unit. Pilarcitos Canyon and Corral de Tierra
5 Valley watersheds drain northeast to the Salinas Valley, while the Laguna Seca and Monterey
6 watersheds drain northwest to the Pacific Ocean. There are few flowing creeks overlying the
7 Basin because of the permeable nature of the soils. The only creek with a defined channel is the
8 Arroyo del Rey which flows intermittently in Canyon del Rey to the south of the Basin, roughly
9 alongside Highways 68 and 218 (Canyon del Rey Blvd), and into Laguna Grande Lake, through
10 Roberts Lake and eventually into Monterey Bay through a series of flow control structures. Flow
11 in the creek responds rapidly to rainfall, but is usually dry in the summer months.

12 There are no natural surface water bodies overlying the Basin. The coastal manmade lakes
13 referred to as Laguna Grande and Roberts Lake are located just south of the Basin’s boundary.
14 Although these lakes do not fall directly within the Basin’s boundaries, their catchments include
15 part of the Basin.

16 **b. Stratigraphy and Hydrostratigraphy**

17 The Seaside Basin consists of a sequence of unconsolidated marine, fluvial and eolian
18 sediments that overlie the relatively impermeable Monterey Formation of Miocene age and older
19 crystalline rocks. Generally, a groundwater basin is an alluvial aquifer or a stacked series of
20 alluvial aquifers with reasonably well-defined boundaries in a lateral direction and a definable
21 bottom. Lateral boundaries are features that significantly impede groundwater flow such as rock
22 or sediments with very low permeability or a geologic structure such as a fault. Bottom
23 boundaries would include rock or sediments of very low permeability if no aquifers occur below
24 those sediments within the basin.³

25 Overlying the Monterey Formation is Santa Margarita Sandstone, which is also referred to
26 as the Santa Margarita aquifer or deep aquifer. The Santa Margarita Sandstone consists primarily
27

28 ³ Id. p. 88.

1 of marine-derived, sedimentary sandstone. Exploratory drilling associated with the Watermaster's
2 sentinel wells suggests that parts of the deep aquifer previously assigned to the Santa Margarita
3 Sandstone in and near the Northern Coastal and Northern Inland subareas consist of generally
4 finer-grained sediments that should be assigned to the Purisima Formation. The Purisima
5 Formation "interfingers" with the Santa Margarita Sandstone in the northern portion of the Basin.
6 The location of the transition is poorly understood because there are very few wells in the area.
7 Like the Santa Margarita Sandstone, the Purisima Formation is a marine deposit consisting of
8 poorly hardened gravels, sands, silts, and silty clay.

9 The geologic unit overlying the Santa Margarita Sandstone and Purisima Formation is a
10 Tertiary and Quaternary continental deposit locally called the Paso Robles or shallow aquifer.
11 This unit consists of a mixture of continentally derived gravel, sand, silt and clay sedimentary
12 deposits. It is an unconfined aquifer overlain by the Aromas Sands. The Aromas Sands and older
13 dune deposits are quaternary surficial deposits representing the uppermost geologic units in the
14 Basin. These deposits are a variety of continental deposits, including: fluvial and coastal terrace,
15 flood-plain, stream alluvium, colluviums and basin deposits. A depiction of the arrangement of
16 Basin aquifers is attached hereto as Attachment 4.

17 c. Groundwater Occurrence

18 (1) Santa Margarita/Purisima Aquifer

19 The majority of production wells in the Basin produce groundwater from the deep or
20 Santa Margarita/Purisima aquifer. Groundwater levels in this aquifer have shown a decline since
21 production quantities increased in the 1990s. Due to overlying low conductivity sediments, the
22 deeper Santa Margarita/ Purisima aquifer is confined. Based on observed groundwater level
23 behavior in the Santa Margarita aquifer, there appears to be limited leakage from the overlying
24 shallow aquifer and limited connection to the ocean.

25 (2) Paso Robles Aquifer

26 The Paso Robles aquifer (the middle aquifer) is an unconfined aquifer that is tapped by a
27 number of production wells. Many of the wells draw water from both the Paso Robles aquifer and
28 the underlying Santa Margarita aquifer. The water-bearing characteristics of the Paso Robles

1 aquifer are variable due to the flood plain depositional environment, which formed coarse-grained
2 channel deposits cutting into fine-grained overbank deposits. The Paso Robles aquifer is
3 hydraulically linked to the ocean, which increases its susceptibility to seawater intrusion.

4 (3) Aromas Sands

5 The Aromas Sands (the shallowest aquifer) and other surficial deposits are unsaturated in
6 many parts of the Basin, and are not extensively pumped for municipal use. Only near the coast
7 are they partly saturated. These sediments are not significant sources of groundwater supply.

8 **d. Groundwater Flow**

9 Understanding groundwater flow patterns is necessary in order to effectively manage a
10 groundwater basin. Among other things, changes in flow patterns can affect the water quality of
11 a basin as well as groundwater levels.

12 (1) Horizontal Flow Directions

13 Both the Santa Margarita/Purisima and Paso Robles aquifers have pumping depressions
14 (i.e., areas of low groundwater caused by groundwater withdrawals) — one in the Northern
15 Coastal Subarea and one in the LSSA. In general, groundwater flows from the higher inland areas
16 to the lower coastal areas.

17 (2) Vertical Flow Gradients

18 Monitoring well data shows that in the 1980's and early 1990's vertical gradients were
19 upwards, or from the deep aquifer to the shallow aquifer. However, as groundwater pumping in
20 the Basin increased, the gradients reversed to downwards, or from the shallow aquifer to the deep
21 aquifer. In the area of Roberts Lake and Laguna Grande in the Southern Coastal subarea, there is
22 likely an upwards vertical gradient due to the area being a groundwater discharge point. This
23 assumption, however, cannot be confirmed with groundwater elevation data as there are no
24 monitoring wells in this area.

25 **e. Status of Basin Groundwater Conditions**

26 The Decision required the Watermaster to prepare a comprehensive Basin Monitoring and
27 Management Program ("M&MP") to ensure the Basin remains protected and managed as a
28 perpetual source of water. The M&MP monitors current overdraft conditions and the threat of

1 potential seawater intrusion into the coastal subareas of the Basin. Groundwater production,
2 quality, and groundwater level monitoring is performed in coastal and inland production and
3 monitoring wells.

4 Over the past twelve years, the Basin's groundwater levels have declined. The downward
5 trend in groundwater levels is not sustainable in the Seaside Basin, potentially leading to water
6 quality degradation and loss of Basin storage resulting from seawater intrusion. Continued
7 declines in groundwater levels also could lead to pumping groundwater levels falling below the
8 top of a well screens and pump intakes

9 Plans to replenish the Basin through the development of the Monterey Peninsula Water
10 Supply Project are discussed below. To date, however, no seawater intrusion or land subsidence
11 has been detected in the Basin, and no operational problems have been reported as a result of
12 these lowering groundwater levels.

13 C. **Relation of the Seaside Basin to Adjacent Groundwater Basins and**
14 **Subbasins and the 2014 Sustainable Groundwater Management Act**

15 As explained by DWR, a subbasin is created for the purposes of collecting and analyzing
16 data, managing water resources, and managing adjudicated basins. A subbasin is created by
17 dividing a groundwater basin into smaller units using geologic and hydrologic barriers or
18 institutional boundaries. The designation of a subbasin boundary is flexible and could change in
19 the future.⁴ The adjudicated boundaries of the Seaside Basin are currently encompassed within
20 the boundaries of two different subbasins designated by DWR in Bulletin 118 (described below)
21 as subbasins of the broader Salinas Valley Groundwater Basin, specifically, the Seaside Area
22 Subbasin (3-4.08) and the Corral de Tierra Area Subbasin (3-4.10). The DWR Bulletin 118
23 subbasins, including the subbasins within the Salinas Valley, are depicted in the DWR map of the
24 basins and subbasins within the Central Coast Hydrologic Region, attached as Attachment 5.

25 The boundaries of the adjudicated Seaside Basin as compared to the boundaries of the
26 Seaside Area Subbasin identified in Bulletin 118 are depicted in the map comparing the Seaside
27

28 ⁴ Id. p. 90.

1 adjudicated Seaside Basin boundaries with the DWR Bulletin 118 Seaside Basin boundaries,
2 developed by the MPWMD, which is attached as Attachment 6. As explained below, groundwater
3 production in the Corral de Tierra Area Subbasin is contributing to declining groundwater levels
4 in the eastern portion of the LSSA of the Seaside Basin.

5 The Seaside Basin is one of approximately two dozen groundwater basins in California
6 that have been adjudicated by the courts and are now subject to judicial management.
7 Historically, the majority of non-adjudicated groundwater basins have not been managed to limit
8 groundwater extractions to prevent overdraft. To address the lack of management in these basins,
9 in 2014, the legislature adopted a new groundwater management law called the Sustainable
10 Groundwater Management Act (“SGMA”). SGMA requires that all alluvial basins and subbasins
11 that are deemed high and medium priority by DWR be comprehensively managed under the new
12 law. (Wat. Code §§ 10720 et seq.) The act requires that one or more local water and/or land use
13 agencies establish a new “Groundwater Sustainability Agency” (“GSA”) by 2017. (Wat. Code
14 §§ 10723 and 10735.2(a)(1).) The GSA must develop a “Groundwater Sustainability Plan”
15 (“GSP”) for basin/subbasin by 2020 or 2022, the deadline depending on whether the basin/
16 subbasin has been identified as in a critical overdraft condition. (Wat. Code § 10720.7(a).) All of
17 the subbasins within the Salinas Valley Groundwater Basin are either medium or high priority,
18 including the subbasins encompassing the Seaside Basin.

19 The GSP must be designed to avoid adverse basin conditions, including those resulting
20 from sustained and unmitigated overdraft. (Wat. Code §§ 10721 (t), (u), (w) and 10727.) The
21 GSP must be designed to achieve sustainability within 20 years and must be approved by DWR
22 as satisfying the requirements of SGMA. (Wat. Code §§ 10721(t), (u), (w), 10727, 1027.2, and
23 10733.)

24 SGMA exempts adjudicated groundwater basins from the Act’s GSA/GSP requirements
25 in recognition of the comprehensive groundwater management overseen by the courts within
26 adjudicated basins. (Wat. Code § 10720.8.) For adjudicated basins, SGMA requires annual
27 information filings be made to DWR, including water use data, groundwater levels, changes in
28 basin storage, copies of annual reports submitted to the court, and other standard information.

1 (*Id.*) Watermaster is complying with these new reporting requirements.

2 Other than the Seaside Basin, all other subbasins within the Salinas Valley Groundwater
3 Basin are subject to SGMA’s requirements for establishment of a GSA and the development of a
4 GSP. As discussed below, the application of SGMA to the Corral de Tierra Area Subbasin, which
5 adjoins the eastern boundary of the Seaside Basin, will be important to efforts to address
6 overdraft conditions within the LSSA of the Seaside Basin as well as within the Corral de Tierra
7 Area Subbasin.

8 DWR defines basins within California through the basin boundary descriptions set forth in
9 a DWR publication referred to as Bulletin 118. These basin boundaries are used pursuant to
10 SGMA for basin management planning requirements. (Wat. Code § 10722.) Pursuant to SGMA,
11 local agencies may petition DWR to adjust basin boundaries. (Wat. Code § 10722.2.) The
12 Monterey Peninsula Water Management District (“MPWMD”), a local water management agency
13 and a party to this action, is seeking a boundary modification that will recognize the adjudicated
14 boundaries of the Seaside Basin for purposes of Bulletin 118. The boundary modification request
15 is logical and practical for managing the areas outside of the adjudicated boundaries pursuant to
16 SGMA, while clearly recognizing and excluding the adjudicated basin boundaries, which are
17 exempted from the SGMA’s GSA/GSP requirements. Watermaster supports MPWMD’s basin
18 boundary modification request and will update the Court on its progression.

19 **D. Summary of the Court’s Decision and Basin Management Structure**

20 As a general overview, the Decision:

- 21 • Calculates the Basin’s “safe yield;”
- 22 • Limits the quantity of groundwater available for cumulative production pursuant to
23 a series of 10% triennial rampdowns in allowed annual production until total Basin
24 production is no more than the safe yield;
- 25 • Allocates the allowed annual production between the parties and establishes two
26 “classes” of adjudicated production rights, referred to as Standard Production
27 Allocation and Alternative Production Allocation;
- 28 • Allows for groundwater replenishment and storage;

- 1 • Allows for “carryover” of unused Standard Production Allocation from year to
- 2 year;
- 3 • Allows for transfers of Standard Production Allocation;
- 4 • Establishes the Watermaster, as a special master to the Court, to assist in the
- 5 implementation of the Decision and management of the Basin;
- 6 • Requires the Watermaster to assess administrative budget and replenishment
- 7 assessments to finance its administrative activities and Basin replenishment; and
- 8 • Reserves continuing jurisdiction to the Court to modify the Decision as appropriate
- 9 and to resolve any future disputes.

10 1. Natural Safe Yield

11 Consistent with California common law, the Decision defines the "Natural Safe Yield" as
12 the quantity of groundwater existing in the Basin that occurs solely as a result of natural
13 replenishment under existing conditions. (Section III.A; p.8.) The Natural Safe Yield of the
14 Seaside Basin as a whole was determined to be between 2,581 to 2,913 acre-feet per year
15 (“AFY”). Divided between the subareas, the Decision determined that Natural Safe Yield was
16 between 1,973 to 2,305 AFY for the Coastal subareas and 608 AFY for the LSSA. (Section II.B;
17 p.13.)

18 2. Operating Safe Yield

19 The Decision defines the “Operating Safe Yield” of the Basin as the maximum amount of
20 groundwater allowed to be produced from each subarea. (Section III.A; p. 13.) The Operating
21 Safe Yield is designed to decrease over time to afford a gradual rampdown of historical
22 production quantities until the Basin’s Operating’s Safe Yield equals its Natural Safe Yield. The
23 Operating Safe Yield for the Basin as a whole was originally set at 5,600 acre-feet, divided
24 among the subareas as 4,611 acre-feet for the Coastal Subareas and 989 acre-feet for the LSSA.
25 (*Id.*)

26 3. Rampdown

27 Under the Decision, the Basin’s Operating Safe Yield is reduced by 10 percent every three
28 years until it is equivalent to the Basin’s Natural Safe Yield unless:

- 1 a. The Watermaster has secured and is adding an equivalent amount of non-native
2 water to the Basin on an annual basis; or
- 3 b. The Watermaster has secured reclaimed water in an equivalent amount and has
4 contracted with one or more of the water producers to utilize this water in lieu of
5 their production allocation; or
- 6 c. Any combination of conditions (a) and (b), above, which results in the decrease in
7 production of native water required by the Decision; or
- 8 d. The Watermaster has determined that groundwater levels within the Basin are
9 sufficient to ensure a positive offshore gradient to prevent seawater intrusion into
10 the Basin. (Section III.B.2; pp.17-18.)

11 Further, if a “Material Injury,” as defined in the Decision, arises, Watermaster, with the
12 concurrence of the Court, shall reduce the Basin's Operating Safe Yield as necessary to avoid the
13 Material Injury. (*Id.*)

14 **4. Production Allocations**

15 As noted above, the Decision establishes two forms of groundwater production
16 allocations. The first is the Standard Production Allocation, which is akin to an appropriate
17 groundwater right under California common law. It allows for municipal and other “non-
18 overlying” uses of Basin groundwater. (Section III.B.2; pp.17-19.) The second form is the
19 Alternative Production Allocation, which is akin to an overlying groundwater right under
20 California common law. It affords a first priority groundwater right to use Basin groundwater on
21 identified overlying parcels. (Section III.B.3; pp.19-21.)

22 Parties holding Alternative Production Allocation (“Alternative Producers”) are afforded a
23 right to produce the quantity of their allocation specified in Table 2 of the Decision, which right is
24 prior and paramount to the Standard Production Allocation and is not subject to future reductions
25 for the benefit of Standard Producers. (Section III.B.3; pp.19-21.) However, the Alternative
26 Production Allocation is limited to parcels identified in Exhibit C to the Decision and may not be
27 transferred for use by others unless the Alternative Production Allocation is converted into a
28 Standard Production Allocation, as discussed further below. (Section III.B.3(a); p.20.) Alternative

1 Producers are also not afforded storage or carryover rights.

2 Parties holding Standard Production Allocation (“Standard Producers”) are afforded a
3 right to produce the Basin's residual Operating Safe Yield that is surplus to the cumulative
4 production by the Alternative Producers. (Section III.B.2; pp.17-19.) The Operating Safe Yield is
5 divided amongst Standard Producers pursuant to the percentages set forth in Table 1 of the
6 Decision. (Section III.B.2; p. 19.) The Standard Production Allocation may be used on any
7 property overlying the Basin, but only Cal-Am may export water outside the Basin to its
8 customers. (Section III.M.3.; pp 42-43.) Those parties possessing Standard Production Allocation
9 may also store water and carry over their unused Standard Production Allocation from one year to
10 the next. (Section III.H; pp 25-28.)

11 An Alternative Producer may make a one-time election to convert Alternative Production
12 Allocation to Standard Production Allocation. (Section III.B.3; p.21.) By doing so, the allocation
13 converted to Standard Production Allocation may then be transferred for use off of the overlying
14 land. The beneficiary of the allocation also obtains comparable storage and carryover
15 opportunities. However, upon conversion, the allocation then becomes subject to the rampdown
16 in the Operating Safe Yield and liable for replenishment assessments imposed on the production
17 of Standard Production Allocation. (Section III.B.2; pp. 17-18.)

18 5. Replenishment Assessments

19 The Decision instructs Watermaster to levy "replenishment assessments" on each acre-
20 foot of production by a producer in excess of their share of the Basin's Native Safe Yield and the
21 Operating Safe Yield. (Section III. L.1.j.iii; pp 32-34.) Replenishment assessments are not
22 imposed upon production under an Alternative Production Allocation so long as the production is
23 within the fixed amount established for that producer. (*Id.*) The amount of the assessment must
24 cover the cost of artificial replenishment in an amount necessary to off-set that producer's
25 production in excess of their share of the Native Safe Yield and the Operating Safe Yield. (*Id.*)
26 The replenishment assessment is determined annually based upon Watermaster’s estimate of the
27 cost of providing non-native water to replenish the Basin. (*Id.*) Because non-native water is not
28 presently available to replenish the Basin, Watermaster makes this calculation based on its best

1 estimate of the future cost of obtaining non-native water for replenishment when it becomes
2 available.

3 **6. Storage and Carryover Rights**

4 The Decision established that underground storage within the Basin is a public resource.
5 (Section III.H; pp 25.) Subject to supervision by the Watermaster and the Court, the Standard
6 Producers are permitted to utilize available storage space for groundwater storage projects.
7 (Section III.H; pp 25-28.) The Watermaster is to determine the total useable storage space in the
8 Basin, and may adjust its determination as it deems appropriate. (*Id.*) Standard Producers are also
9 granted the right to carry over unused Standard Production Allocation from year to year, subject a
10 percentage decrease consistent with percentage decreases in the Operating Safe Yield. (Section
11 III.F; pp 23.)

12 **7. Transferability of Water Rights**

13 Standard Producers may assign and transfer any portion of their Standard Production
14 Allocation on an annual basis or in perpetuity to any person for use within the Basin. (Section
15 III.M.2; p. 42.) The Parties may also assign and transfer the right to extract any quantity of water
16 stored or carried over. (*Id.*)

17 **8. Watermaster**

18 Section III.L of the Decision establishes the Watermaster to administer and enforce the
19 provisions of the Decision and any subsequent instructions or orders of the Court. The
20 Watermaster consists of thirteen voting positions held among nine representatives. Cal-Am, City
21 of Seaside, City of Sand City, City of Monterey, and City of Del Rey Oaks each appoint a
22 representative. The “Landowner Group,” representing the overlying landowners, appoints two
23 representatives: one representative from the Coastal Subarea and one representative from the
24 LSSA. The Monterey Peninsula Water Management District and the Monterey County Water
25 Resources Agency (“MCWRA”) also each appoint a representative. The Cal-Am representative
26 possesses three voting positions; the Seaside, MPWMD, and MCWRA representatives each
27 possess two voting positions; and every other representatives possesses one voting position. Each
28 representative from the Landowner Group is to carry one-half of the Landowner representative

1 vote. (Section III.L.1; p 29.)

2 **9. Continuing Jurisdiction**

3 The Decision reserves full jurisdiction, power and authority to the Court to make such
 4 further or supplemental orders or directions as may be necessary or appropriate for interpretation,
 5 enforcement, or implementation of the Decision. (Section III.O.1; p. 44.) The Court may also
 6 modify, amend or amplify any of the Decision’s provisions, except adjustments to water rights
 7 and production allocation unless necessary to accommodate the intervention of a new party. The
 8 Court may also join, through intervention, new parties that produce or propose to produce
 9 groundwater from the Basin. (Section III.O.1; p. 45.) Pursuant to the Court’s continuing
 10 jurisdiction, the Court also review a decision issued by Watermaster. (Section III.N; pp. 43-44.)

11 **E. Summary of Historical Basin Production, Basin Conditions, Seawater**
 12 **Intrusion Monitoring and Management Plan, and Other Watermaster**
 13 **Actions**

14 Historical production from the Basin is summarized in the following table:

15 **SEASIDE BASIN WATER USAGE**
 16 **Decision-Allowed v. Actual**

Water Year (Annual Report Year)	Decision-Allowed Operational Yield, in AF	Actual Total Basin Production in AF
2006	5,600.0	5,020.1
2007	5,600.0	5,384.6
2008	5,600.0	5,272.0
2009	5,180.0	4,392.6
2010	5,040.0	4,547.6
2011	5,040.0	4,151.5
2012	4,480.0	3,832.9
2013	4,480.0	3,895.8
2014	4,480.0	4,040.2
2015	3,920.0	3,762.0
Total	49,420.00	44,299.30

23 As this table shows, actual production has been continuously below the cumulative
 24 Operating Safe Yields since the entry of the Decision. Total production has been 5,121 acre-feet
 25 less than the total Operating Safe Yield. As anticipated, groundwater levels have continued to
 26 decline in the areas of pumping depressions in the Northern Coastal Subarea and the LSSA.
 27 Summertime static (non-pumping) groundwater levels within a key well in the Northern Coastal
 28

1 Subarea fell from 24.01 to 31.01 feet below mean sea level between 2009 and 2015, and
2 summertime static groundwater levels within a key well in the LSSA fell from 160.37 to 142.55
3 feet above mean sea level over that same period. The most recent groundwater elevation maps
4 for the Basin developed by Hydrometrics LLC are attached as Attachment 7. It is anticipated that
5 these groundwater declines are being and will be addressed by rampdown and replenishment
6 obligations in accordance with the Decision.

7 **1. Preventing Seawater Intrusion**

8 As part of implementing the M&MP, Watermaster installed a series of “sentinel”
9 monitoring wells along the coast within the Coastal Subarea to monitor a number of indicators
10 that will provide advance notice of potential seawater intrusion into the Basin. Data collected
11 from these sentinel wells, as well as many other wells located within the Basin, are analyzed in
12 the Seawater Intrusion Analysis Reports (“SIAR”) prepared for the Watermaster by its consultant,
13 HydroMetrics LLC. These reports have been prepared annually since 2007. The geochemical
14 analyses contained in the reports have consistently shown that no seawater intrusion has been
15 detected in either of the Basin’s principal aquifers – the Paso Robles Formation (shallow) or
16 Santa Margarita Sandstone (deep).

17 Although seawater intrusion into the Basin has not been detected, the potential for it to
18 occur exists as long as groundwater levels within the Basin are below mean sea level.⁵
19 Groundwater levels in the Northern Coastal Subarea must be returned to above sea level to
20 achieve a positive offshore gradient, which will preclude seawater intrusion into the Basin.

21
22 In February 2009, as mandated by the Decision and as part of the Watermaster’s
23

24 ⁵ In the Northern Coastal Subarea's shallow aquifer (Paso Robles), groundwater levels have
25 stabilized over the past several years and are above sea level, except within a pumping depression
26 centered around the main production wells in this subarea where levels are in some locations
27 more than 25 feet below sea level. In the deep aquifer (Santa Margarita) of the Northern Coastal
28 Subarea, groundwater levels continue to be well below sea level. Within a pumping depression
centered around the main production wells in this subarea, levels in some locations are up to 50
feet below sea level. The trend shows an overall long-term decline in groundwater levels since the
Decision was entered. In the Southern Coastal Subarea groundwater levels have always been
above sea level and have continued to remain stable over time.

1 implementation of the M&MP, HydroMetrics LLC prepared a Seawater Intrusion Response Plan
2 (“SIRP”). The SIRP is the Watermaster’s contingency plan for responding to seawater intrusion
3 in the Basin, if and when it occurs.

4 Section 3 of the SIRP establishes indicators of seawater intrusion. These indicators are
5 used in preparing the SIARs each year. Section 4 of the SIRP lists response measures that will be
6 implemented if seawater intrusion is observed in the Basin. These actions consist of the following
7 steps:

- 8 • Immediate sample verification (resampling) if any of the seawater intrusion indicators
9 is detected.
- 10 • Issuance by the Watermaster of a Declaration of Seawater Intrusion if verification
11 confirms the occurrence of seawater intrusion.
- 12 • Notification to groundwater producers in the Basin that the contingency actions
13 contained in the SIRP have been triggered.
- 14 • Implementation of a pumping redistribution plan to contain the area where intrusion
15 has been detected and to protect production wells against intrusion.
- 16 • Initiation of efforts to strategically use supplemental water supplies to protect the
17 Basin and to restore it to pre-seawater intrusion conditions.

18 No sources of supplemental water are identified in the SIRP, but potential sources are
19 listed in the Basin Management Action Plan (“BMAP”) prepared for the Watermaster by
20 HydroMetrics LLC in February 2009. That document describes supplemental water supplies and
21 management actions that may be implemented to help prevent seawater intrusion by allowing
22 groundwater levels to recover in the Basin. Of the supplemental sources described in the BMAP,
23 the principal one currently being pursued is the Monterey Peninsula Water Supply Project
24 (“MPWSP”), described below.

25 2. Stabilizing Groundwater Levels in the LSSA

26 Groundwater levels in the LSSA have gradually declined since the Decision was entered.
27 The declines are attributable to production occurring both within the Basin and outside of the
28 adjudicated boundaries within the Corral de Tierra Area Subbasin.

1 Recent groundwater modeling studies prepared for the Watermaster by HydroMetrics
2 indicate that the eastern side of the LSSA (adjacent to the neighboring Corral de Tierra Area
3 Subbasin) will suffer the most severe and persistent declines. Pumping in the Corral de Tierra
4 Area Subbasin reduces the amount of groundwater that flows from that area into the LSSA. This
5 results in a reduced amount of naturally occurring recharge of the LSSA, which contributes to the
6 decline of groundwater levels within the LSSA. The modeling results showed that, without
7 further management, groundwater elevations will gradually decline and that levels will fall below
8 the top of the well screens in several of the wells in the LSSA prior to 2041.

9 One hypothetical scenario modeled the effect of completely discontinuing all pumping in
10 the LSSA and allowing unrestrained pumping in the Corral de Tierra Area Subbasin consistent
11 with current production quantities in that subbasin. Under that scenario, the groundwater flow
12 direction in the easterly portion of the LSSA would shift northeasterly by 2041, resulting in
13 groundwater flowing out of the LSSA and into the Corral de Tierra Subbasin. In this hypothetical
14 scenario the model showed that groundwater levels in the eastern portion of the LSSA would
15 continue to decline, despite elimination of pumping in the LSSA.

16 Because the Watermaster has no control or influence over pumping outside the Seaside
17 Basin boundaries, it is unable to prevent declining groundwater elevations in a portion of the
18 LSSA without assistance from the MCWRA, which has groundwater management jurisdiction
19 over the area to the east of the LSSA. Watermaster has contacted the MCWRA to develop
20 mutually acceptable solutions to the declining groundwater levels in both areas. Watermaster
21 anticipates that a robust collaborative effort will develop in relation to the GSP planning process
22 for the Corral de Tierra Area Subbasin under SGMA. Under SGMA, the GSA for the Corral de
23 Tierra Area Subbasin must coordinate with the Watermaster for the Seaside Basin to avoid
24 “undesirable results,” as defined in SGMA, in both areas. (Wat. Code § 10721(t).) Through the
25 SGMA process, excessive pumping in the Corral de Tierra area must be curtailed. (Wat. Code §
26 10721(t),(u) and (w); 10727.2.) Watermaster intends to coordinate with the emerging GSA for the
27 Corral de Tierra Area Subbasin to achieve sustainable groundwater management in both areas.
28

1 **F. Overview of Monterey Peninsula Water Issues and Seaside Basin's Role**

2 **1. Carmel River and Seaside Basin**

3 The Monterey Peninsula has endured water supply challenges for decades stemming from
4 the fact that, unlike many areas of California, the community relies exclusively on locally-
5 generated water supply. Cal-Am is the Monterey Peninsula's principal water supplier. Its primary
6 source of supply has been, and presently continues to be, diversions from underflow of the
7 Carmel River system. Cal-Am also extracts groundwater from the Seaside Basin in both the
8 Northern Coastal Subarea and the LSSA. Its largest well (the Peralta Well) was installed within
9 the Coastal Subarea in 1993 to augment supplies from the Carmel River Valley.

10 **2. SWRCB Orders (WR Order 95-10 and WR Order 2009-0060) and**
11 **Historical Replacement Water Supply Efforts**

12 As a result of filed complaints, in 1995 the State Water Resources Control Board
13 ("SWRCB") issued WR Order 95-10, ruling that the Carmel River underflow where Cal-Am's
14 wells are located is a "subterranean stream" subject to the SWRCB's permitting jurisdiction, that
15 Cal-Am did not possess a valid basis of right to appropriate Carmel River subterranean
16 streamflow in excess of 3,316 AFY, and that Cal-Am had extracted a total of about 10,730 AFY
17 (approximately 70 percent of its historical diversions) without a valid basis of right. The order
18 required Cal-Am to diligently pursue efforts to develop a legal supply of water to replace its
19 unauthorized diversion.

20 Cal-Am initially sought to obtain the necessary water from a proposed new dam on the
21 Carmel River proposed by the MPWMD, which would have been called the New Los Padres
22 Dam. However, MPWMD was unable to secure public support for funding and that dam was
23 never constructed. Cal-Am then filed an application with the California Public Utilities
24 Commission ("CPUC") for its own dam project, the "Carmel River Dam." which was never
25 constructed. However, while that CPUC application was pending, the state legislature adopted
26 legislation directing the CPUC to identify a long-term water supply contingency plan to replace
27 Cal-Am's unauthorized water diversions from the Carmel River. This process ultimately led to a
28 determination to pursue desalination as the principal replacement water supply instead of a new

1 reservoir on the Carmel River

2 In 2009, the SWRCB issued a cease and desist order upon Cal-Am in WR Order 2009-
3 0060 (the “CDO”), which imposed an immediate reduction on Cal-Am’s diversions, a schedule of
4 additional annual reductions through 2016, and a requirement that all unauthorized diversions by
5 Cal-Am cease no later than December 31, 2016.

6 **3. The Monterey Peninsula Water Supply Project**

7 Currently, Cal-Am is seeking to permit and construct the MPWSP, which includes a
8 seawater well intake system, a desalination plant, conveyance facilities, and an aquifer storage
9 and recovery system (“ASR”). The MPWSP also includes a variation that combines a reduced-
10 capacity desalination plant with a water purchase agreement (“WPA”) for product water from the
11 proposed Pure Water Monterey Groundwater Replenishment Project (“GWRP”), which would
12 use advanced water treatment procedures to treat effluent water and other degraded water supplies
13 for injection into and subsequent recovery from the Seaside Basin.

14 **4. The Basin’s Role in Monterey Peninsula’s Water Supply**

15 The Basin will provide a permanent supply of groundwater to Cal-Am, the City of
16 Seaside, and various overlying land users indefinitely, but in a reduced amount consistent with
17 the Basin’s long-term safe yield. In addition to its supply of native groundwater, the Basin will
18 provide an essential subterranean reservoir to store water produced from the GWRP and the ASR.

19 Studies conducted by the Watermaster and others have concluded that the Basin can serve
20 as a reliable long-term source of water to water purveyors and overlying landowners, but not at
21 the historical rates of well pumping. The Natural Safe Yield of the Basin was established in the
22 Decision as approximately 3,000 AFY. Historical pumping rates just prior to the Decision were
23 approximately 5,600 AFY. Due in part to conservation measures and compliance with the
24 Decision’s mandated triennial pumping reductions, annual pumping from the Basin dropped to
25 less than 3,800 AF in Water Year 2015.

26 Cal-Am’s allocation of the Basin’s Natural Safe Yield is approximately 1,474 AFY, and
27 Cal-Am intends to continue producing from the Basin at this level after its current pumping is
28 ramped down pursuant to the Decision. Cal-Am is sizing the MPWSP to allow it to meet its water

1 customer demands by augmenting its entitlement to 1,474 AFY of Basin groundwater.

2 As part of the sizing of the MPWSP, Cal-Am has included capacity to produce an
3 additional 700 AFY of desalinated water for a period of at least 25 years in order to replenish the
4 Basin in an amount equal to its historical overpumping dating back to the date of the Decision.
5 This will enable Cal-Am to reduce its pumping of native groundwater from the Basin to 774 AFY
6 (rather than its allowed 1,474 AFY) for a period of at least 25 years.

7 **5. Schedule for MPWSP and GWRP**

8 Cal-Am has applied to the CPUC for a certificate of public convenience and necessity
9 (“CPCN”) for the MPWSP. The matter is pending in Application A.12-04-019. Unfortunately,
10 processing of the application has been delayed and the CPUC recently indicated that a draft
11 Environmental Impact Report/Environmental Impact Statement will be issued for public
12 comment on December 21, 2016. As a result, the startup date for the desalination plant is now
13 anticipated to occur during the first half of the year 2020.

14 Notably, the CPUC may issue an earlier separate decision authorizing Cal-Am to enter
15 into a WPA to purchase water from the GWRP. If the CPUC determines a separate WPA decision
16 is desirable, that decision is currently anticipated to be made in or around August of 2016. Once a
17 WPA is executed, construction on the GWRP can commence shortly thereafter since the project
18 has already been approved by the Monterey Regional Water Pollution Control Agency and the
19 MPWMD and an EIR has been certified for the project. The startup date for the GWRP is
20 scheduled for 2018.

21 **6. Proposed CDO Extension**

22 Because of delays in the permitting and processing of the MPWSP, Cal-Am will not have
23 a substitute water supply to allow it to cease all unauthorized diversions from the Carmel River
24 Valley by the CDO’s present deadline of December 31, 2016. Therefore, Cal-Am, the MPWMD,
25 and the Monterey Peninsula Regional Water Authority (“MPRWA”) have filed an application for
26 an extension of the CDO that would impose incremental further reductions to Carmel River
27 pumping in the near term, with full cessation of unauthorized diversions by the end of 2020. The
28 proposal was discussed extensively with SWRCB staff before it was submitted to the SWRCB.

1 Cal-Am anticipates that a decision on the proposed modified CDO will be issued by the SWRCB
2 during the second half of 2016.

3 **G. Potential Request for Relief From the 2018-2021 Triennial Rampdown**

4 Pursuant to terms of the proposed CDO extension, the most challenging years for the
5 Monterey Peninsula will be 2018-2020. Depending on the SWRCB's actions on the proposed
6 CDO extension, demand projections, and developments concerning the MPWSP, Cal-Am has
7 indicated that it may request Watermaster to seek the Court's permission to postpone the 2018-
8 2021 rampdown to the Operating Safe Yield of 560 AFY. Such relief from the Operating Safe
9 Yield is currently justified and consistent with the Decision, in the view of Watermaster,
10 principally because Watermaster, through an arrangement with the City of Seaside, has already
11 replenished 2,500 acre-feet of non-native water into the Basin. This has occurred through the City
12 of Seaside's acquisition of 2,500 acre-feet of imported water, which it has used in-lieu of
13 producing the Alternative Production Allocation to which it is entitled for irrigation of two golf
14 courses owned by the city. Watermaster, with the Court's concurrence, entered into an agreement
15 with the City to grant it a credit against the replenishment assessment liability that it incurred in
16 relation to the City's production of Standard Production Allocation for its small municipal water
17 system. Thus, effectively, Watermaster has purchased this 2,500 acre-feet of replenishment
18 supply for the Basin's benefit.

19 The Decision allows relief from the triennial rampdown if "Watermaster has secured and
20 is adding an equivalent amount of Non-Native water to the Basin on an annual basis" (Cite.)
21 Watermaster's in-lieu replenishment program with the City of Seaside does not meet the express
22 criteria of replenishing equivalent Non-Native water *on an annual basis*. However, there
23 currently is, in Watermaster's view, a reasonable basis to postpone the 2018-2021 rampdown for
24 the following reasons:

- 25 • The three-year rampdown total is 1,680 AF (560 AF x 3 years) and 2,500 acre-feet of
26 replenishment has occurred. Thus, the quantity of replenishment water is 149% of the
27 quantity of rampdown relief that may be requested.

- 1 • Watermaster has implemented a robust monitoring and seawater intrusion response
- 2 program, and there is no evidence of seawater intrusion or any other imminent adverse
- 3 impact to the Basin.
- 4 • Relief from the rampdown may be critical to avoid deleterious economic and social
- 5 consequences to the region associated with Cal-Am's CDO extension request.
- 6 • Once it is operational, the MPWSP will be able to provide water allowing for
- 7 replenishment of the Basin in an amount equivalent to the postponed rampdown.

8 Although it has not yet been determined whether relief from the 2018-2021 rampdown
9 will be requested, Watermaster appries the Court of this issue now to afford the Court advanced
10 notice and, given the importance of this issue in the context of the CDO extension, to provide the
11 Court with an opportunity to ask questions and provide any early direction concerning the issue.

12 **H. Next Steps and Proposed 2017 Status Conference**

13 Watermaster will monitor and, to the extent possible, participate in the GSA formation
14 process for the Corral de Tierra Area Subbasin and begin coordination efforts once the GSA is
15 established. Cal-Am and the MPWMD will continue to update Watermaster on progress for the
16 MPWSP and GWRP.


17 In addition to reporting to the Court at the 2016 Status Conference requested herein,
18 Watermaster will report on the status of the issues described in this report in its 2016 Annual
19 Report to the Court. Watermaster also proposes that the Court set a subsequent status conference
20 hearing for the first quarter of 2017. At that status conference, Watermaster will update the Court
21 on the development of the MPWSP and the requested CDO extension from the SWRCB, report
22 on any updates to the strategy to address groundwater level declines in the LSSA, and discuss
23 whether a motion for relief from the 2018-2021 rampdown is anticipated in 2017.

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Dated: May 23, 2016

BROWNSTEIN HYATT FARBER
SCHRECK, LLP

By: 
RUSSELL M. MCGLOTHLIN
Attorneys for Seaside Groundwater Basin
Watermaster

Attachment 1

**SUPERIOR COURT OF CALIFORNIA,
COUNTY OF MONTEREY**

California American Water,
Plaintiff,

v.

City of Seaside, et al,
Defendants.

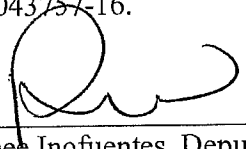
Case No. M6643

ASSIGNMENT ORDER

THE HONORABLE LESLIE C. NICHOLS, Retired Judge of the Superior Court of California, County of Santa Clara, is hereby assign by Chief Justice of California and Chairperson of the Judicial Council, Tani G. Cantil-Sakauye, to sit as a Judge of the Superior Court of California, County of Monterey for all purposes on the matter referenced above.

Effective January 27, 2016, assignment number: 1043757-16.

Dated: 1/29/16



Renee Inofuentes, Deputy Clerk

CERTIFICATE OF MAILING

I do hereby certify that I am not a party to the within stated cause and that on January 29, 2016, I deposited true and correct copies of the attached ASSIGNMENT ORDER, each in sealed envelopes with postage thereon fully prepaid, in the mail at Salinas, California, directed to each of the following-named persons at their respective addresses, as hereinafter set forth:

See attached Service List

CONNIE MAZZEI,
Clerk of the Superior Court
Of California, County of Monterey.

By:  _____
Deputy

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WATERMASTER EXECUTIVE OFFICER

Attachment 2

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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MONTEREY

CALIFORNIA AMERICAN WATER,
Plaintiff,

Case No. M66343

vs.

AMENDED DECISION

CITY OF SEASIDE; CITY OF
MONTEREY; CITY OF SAND CITY;
CITY OF DEL REY OAKS; SECURITY

Action Filed: August 14, 2003
Trial Date: December 13, 2005
Dept.: 21

NATIONAL GUARANTY, INC.; GRANITE
ROCK COMPANY, INC.; D.B.O.
DEVELOPMENT COMPANY NO. 27, INC.;
MURIEL E. CALABRESE 1987 TRUST;
ALDERWOODS GROUP (CALIFORNIA),
INC.; PASADERA COUNTRY CLUB, LLC;
LAGUNA SECA RESORT, INC; BISHOP
MC INTOSH & MC INTOSH, a general
partnership; THE YORK SCHOOL, INC.;
COUNTY OF MONTEREY; and DOES 1
through 1,000, Inclusive,

Defendants. _____

MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT,

Intervenor. _____

MONTEREY COUNTY WATER
RESOURCES AGENCY,

Intervenor. _____

AND RELATED CROSS-ACTIONS

I. INTRODUCTION

This Decision sets forth the adjudicated rights of the parties to this lawsuit (with certain exceptions noted in section I.D. below), including Plaintiff California American Water, and Defendants the City of Seaside, the City of Monterey, the City of Sand City, the City of Del Rey Oaks, Security National Guaranty, Inc., Granite Rock Company, D.B.O. Development Company No. 27, Muriel E. Calabrese 1987 Trust, Alderwoods Group (California), Inc., Pasadera Country Club, LLC, Laguna Seca Resort, Inc., Bishop, McIntosh & McIntosh, and The York School, Inc. (hereinafter "Water User Defendants") to use the water resources of the Seaside Groundwater Basin ("Seaside Basin" or "Basin") and provides for a physical solution for the perpetual management of the Basin, which long-term management will provide a means to augment the water supply for the Monterey Peninsula.

A. Seaside Groundwater Basin.

The Seaside Basin is located in Monterey County and underlies the Cities of Seaside, Sand City, Del Rey Oaks, Monterey, and portions of unincorporated county areas, including the southern portions of Fort Ord, and the Laguna Seca Area. The boundaries of the Basin are depicted in Exhibit B of this Decision. Generally, the Seaside Basin is bounded by the Pacific Ocean on the west, the Salinas Valley on the north, the Toro Park area on the east, and Highways 68 and 218 on the south. The Seaside Basin consists of subareas, including the Coastal subarea and the Laguna Seca subarea in which geologic features form partial hydrogeologic barriers between the subareas.

B. The Parties.

1. Plaintiff California American Water ("Plaintiff" or "California American") is an investor-owned public utility incorporated under the laws of the State of California. (See Pub. Utilities Code, §§ 1001 et seq. and 2701 et seq.) California American produces groundwater from the Seaside Basin and delivers it for use on land within its certificated service area that both overlies portions of the Seaside Basin, and is located outside of the Seaside Basin Area, all within the County of Monterey.

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1 2. Defendant City of Seaside ("Seaside") is a general law city situated in the
2 County of Monterey. Seaside produces groundwater from the Seaside Basin (1) for use on two
3 city-owned golf courses that overlie the Basin, and (2) for municipal water service to its residents.
4 (*See* Cal. Const., Art. XI, § 9; Gov. Code, § 38730.)

5 3. Defendant City of Sand City ("Sand City") is a charter city situated in the
6 County of Monterey. Sand City produces groundwater from the Seaside Basin and delivers it for
7 use on private and publicly owned lands within its incorporated boundaries, all of which overlie
8 the Seaside Basin. (*See* Cal. Const., Art. XI, § 9; Gov. Code, § 38730.)

9 4. Defendant City of Del Rey Oaks ("Del Rey Oaks") is a general law city situated
10 in the County of Monterey. Land within Del Rey Oaks' incorporated boundaries overlies the
11 Seaside Basin. The two wells Del Rey Oaks presently operates for irrigation of public lands are
12 located outside the Seaside Basin area and are, therefore, excluded from this Stipulation. (*See*
13 Cal. Const., Art. XI, § 9; Gov. Code, § 38730.)

14 5. Defendant City of Monterey ("Monterey") is a charter city situated in the
15 County of Monterey. Monterey owns and controls land that overlies the Seaside Basin area.

16 6. Defendant Security National Guaranty, Inc. ("SNG") is a California corporation
17 with its principal place of business in the City and County of San Francisco. SNG's primary
18 business activity is real estate development. As part of its operation, SNG and/or its
19 predecessors-in-interest have produced groundwater from the Seaside Basin. SNG also owns land
20 overlying the Seaside Basin.

21 7. Defendant Granite Rock Company ("Granite") is a California corporation with
22 its principal place of business in the County of Santa Cruz. Granite's primary business activity is
23 the production and sale of concrete aggregate and building materials. As part of its Seaside
24 concrete and building materials plant, Granite has produced groundwater from the Seaside Basin.
25 Granite also owns land overlying the Seaside Basin.

26 8. Defendant D.B.O. Development No. 27 ("D.B.O."), erroneously sued herein as
27 D.B.O. Development Company, is a California limited liability company with its principal place
28 of business in the County of Monterey. D.B.O.'s primary business activity is the ownership and

1 development of real property for commercial, industrial, residential, and public uses. As part of
2 their ownership and development of land overlying the Seaside Basin, D.B.O. and/or its
3 predecessor in interest have produced groundwater from the Basin. D.B.O. also owns and
4 controls land overlying the Seaside Basin.

5 9. Defendant Muriel E. Calabrese 1987 Trust ("Calabrese") is an irrevocable trust
6 that holds property in the County of Monterey. Calabrese and/or its predecessor in interest have
7 produced groundwater from the Seaside Basin in relation to the operation of its paving, grading
8 and construction business and operation of a concrete batch plant in Sand City. Calabrese also
9 owns and controls land overlying the Seaside Basin.

10 10. Defendant Alderwoods Group (California), Inc. ("Alderwoods Group"), DBA
11 Mission Memorial Park ("Mission Memorial") is a California corporation with its principal
12 place of business in the County of Monterey. Mission Memorial's primary business activity is
13 the operation of a cemetery in the City of Seaside. As part of maintenance of the cemetery,
14 Mission Memorial has produced groundwater from the Seaside Basin. Mission Memorial also
15 owns land overlying the Seaside Basin.

16 11. Defendant Pasadera Country Club, LLC ("Pasadera") is a California limited
17 liability company with its principal place of business in the County of Monterey. Pasadera's
18 primary business activity is the operation of a private golf course. As part of its golf course
19 operations, Pasadera has produced groundwater from the Seaside Basin. Pasadera also owns
20 land overlying the Seaside Basin.

21 12. Defendant Bishop, McIntosh & McIntosh ("Bishop") is a general partnership,
22 with its principal place of business in the County of Monterey. Bishop owns land overlying the
23 Laguna Seca Subarea of the Seaside Basin. Defendant Laguna Seca Resort, Inc. ("Laguna
24 Seca") is a California corporation with its principal place of business in the County of Monterey.
25 Laguna Seca's primary business activity is the operation of a public golf course on land owned in
26 fee by Bishop. Laguna Seca operates the golf course pursuant to a lease with Bishop. As part of
27 the golf course's operations, groundwater is produced from the Laguna Seca Subarea of the
28 Seaside Basin for irrigation purposes. Laguna Seca filed a cross-complaint against California

1 American, and Bishop filed a cross-complaint against California American and all defendants
2 other than Laguna Seca Defendants Laguna Seca Resort, Inc. and Bishop, McIntosh & McIntosh
3 shall collectively be referred to as "Laguna Seca/Bishop." However, the pumping allocation
4 established in Section III.B., below, is held only by Bishop, as the overlying property owner.
5 Laguna Seca is a Water User Defendant now exercising Bishop's pumping allocation and
6 operating the golf course facilities. The damages provided for in Section III.G. shall be based on
7 the Average Gross Annual Income of the entity operating the golf course facilities, which is now
8 Laguna Seca (Bishop's lessee).

9 13. Defendant County of Monterey owns land on which is operates the Laguna Seca
10 Park. County of Monterey has produced groundwater from the Seaside Basin for use at Laguna
11 Seca Park. County of Monterey owns land overlying the Seaside Basin.

12 14. Intervenor Monterey Peninsula Water Management District ("MPWMD") is a
13 district formed pursuant to Water Code Appendix sections 118-1 et seq. MPWMD intervened
14 as a party defendant as against California American, cross-complained against the other parties as
15 a plaintiff, and is a defendant in a cross-complaint filed by Seaside and joined in by City
16 defendants.

17 15. Intervenor Monterey County Water Resources Agency ("MCWRA") is a duly
18 constituted Water Resources Agency created pursuant to California Water Code Appendix section
19 52-3 et seq. MCWRA intervened inn this action as a plaintiff as against all parties.

20 16. Defendant The York School, Inc. ("York" or "York School"), is a nonprofit
21 corporation, founded in 1959 as an independent day school providing college preparatory
22 education. Its primary activity is the operation of a school. York leases approximately 31.4 acres
23 of property from the United States, Department of the Army, on the former Fort Ord. This
24 property is located immediately north of the main campus, across York Road, and is a portion of a
25 larger parcel, approximately 107 acres in size, that is scheduled to be transferred as a public
26 benefit conveyance to York from the federal government. This parcel overlies the Seaside Basin
27 and is subject to this Decision. York has produced groundwater from the Seaside Basin. York
28 is not an agent of the United States, nor can York bind the United States to this Decision.

1 C. The Complaint.

2 On or about August 14, 2003, Plaintiff filed a complaint against Defendants and Does 1
3 through 1,000 requesting a declaration of Plaintiff's and Defendants' individual and collective
4 rights to groundwater and a mandatory and prohibitory injunction requiring the reasonable use and
5 coordinated management of groundwater within the Seaside Basin pursuant to Article X, Section 2
6 of the California Constitution. The pleadings further allege that Plaintiff and Defendants
7 collectively claim substantially all rights of groundwater use, replenishment and storage within the
8 Seaside Basin area, that the Natural Safe Yield (as defined in Section III.A.) is being exceeded,
9 and that absent a physical solution and coordinated groundwater management strategy, the Seaside
10 Basin is in imminent risk of continued lowering of water levels, increased pump-lifts, diminution
11 of water supply and quality, seawater intrusion, and possible land subsidence. Accordingly,
12 Plaintiff requested: (1) a determination of the Seaside Basin's safe yield; (2) an operating plan for
13 the management of the Basin; (3) a declaration of the rights of the parties named in this
14 Complaint; (4) a declaration and quantification, as part of a physical solution, of the parties'
15 respective rights to make use of the Seaside Basin's available storage space; and (5) the
16 appointment of a Watermaster to administer the Court's Decision. Subsequently, Plaintiff has
17 twice amended its complaint and the operative complaint is now the Second Amended
18 Complaint, which sets forth the same general allegations as the original complaint.

19 D. Defendants' Responses.

20 Water User Defendants in this action have all responded to the Complaint pursuant to
21 Answers. In addition, they have all joined in a motion seeking Court approval of a Stipulated
22 Judgment. The Monterey Peninsula Water Management District and the County of Monterey,
23 including the Monterey County Water Resources Agency, did not join in the Stipulation.

24 On or about September 24, 2003, Intervenor MPWMD filed a complaint in intervention
25 against the defendants named in the Complaint. Defendants to that complaint responded to the
27 cross-complaint pursuant to an Answer, containing a general denial and affirmative defenses.

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1 filed with the Court during trial insofar as the stipulation does not conflict with the ruling set forth
2 herein.

3 F. Jurisdiction. This Court has jurisdiction to enter a Judgment declaring and adjudicating
4 Plaintiff's and Water User Defendants' rights to the reasonable and beneficial use of groundwater
5 in the Seaside Basin Area, including the imposition of a physical solution, pursuant to Article X,
6 Section 2 of the California Constitution.

7 II. FINDINGS

8 A. Importance of Groundwater. Groundwater is an important water supply source for
9 businesses, individuals and public agencies that overlie or Extract groundwater from the Seaside
10 Basin. The overwhelming majority of the groundwater appropriated from the Seaside Basin has
11 been and continues to be dedicated to a public use in accordance with the provisions of the
12 California Constitution, Article X, Section 5. The Plaintiff and the Water User Defendants rely
13 upon continued availability of groundwater to meet their demands. The intervenors, MPWMD
14 and MCWRA, have a legislatively mandated interest in the preservation and enhancement of
15 groundwater in the Basin.

16 B. Status of the Groundwater Basin.

17 1. Perennial Natural Safe Yield. The Perennial Natural Safe Yield (as defined in
18 Section III.A. and hereinafter referred to as "Natural Safe Yield") of the Seaside Basin is solely
19 the result of natural percolation from precipitation and surface water bodies overlying the Basin.
20 The Court finds that the Natural Safe Yield of the Basin as a whole, assuming no action is taken
21 to capture subsurface flow exiting the northern boundary of the Basin, is from 2,581 to 2,913 acre
22 feet per year. The Natural Safe Yield for the Coastal Subarea is estimated from 1,973 to 2,305
23 acre feet per year, and the Natural Safe Yield for the Laguna Seca Subarea is 608 acre feet per
24 year.

25 2. Groundwater Production. Production records demonstrate that the cumulative
26 annual groundwater production of the Parties from the Seaside Basin area in each of the five (5)
27 years immediately preceding the filing of this action has been between approximately 5,100 and
28 6,100 acre feet. Therefore, the Court finds that groundwater production has exceeded the Natural

1 Safe Yield during the preceding five (5) years throughout the Seaside Basin and in each of its
2 subareas. While no one can predict with precision when it will occur, all parties agree continued
3 indefinite production of the Basin Groundwater in excess of the Natural Safe Yield will
4 ultimately result in seawater intrusion, with deleterious effects on the Basin. The evidence
5 demonstrates that the stage is set for such an occurrence in the foreseeable future.

6 C. Legal Claims.

7 1. Groundwater Rights. Certain Parties allege that they have produced groundwater
8 openly, notoriously, continuously, and without interruption in excess of the Natural Safe Yield of
9 the Basin for more than five (5) years. As a result, these Parties allege that they have accrued
10 prescriptive rights as articulated by the California Supreme Court in *City of Pasadena v. City of*
11 *Alhambra* (1948) 33 Cal.2d 908. In defense of these claims, other Parties deny that the elements of
12 prescription have been satisfied, and further allege the affirmative defense of "self help" as
13 recognized in *Pasadena, supra*, 33 Cal.2d at pp. 932-32. Those Parties responsible for public water
14 service also raise Civil Code section 1007 as an affirmative defense against prescription.

15 The Court finds that there is merit to the claim that certain prescriptive rights have accrued,
16 but also finds that there is merit to the aforementioned affirmative defenses. Accordingly, the Court
17 finds that the Parties collectively possess a variety of rights based in prescription and other original
18 rights (including overlying and appropriative rights). Each Party's right to produce naturally
19 occurring groundwater from the Seaside Basin therefore reflects the amount of their historical
20 production from the Basin, and respects the priority of allocations under California law. The
21 physical solution set forth by this Decision is intended to ultimately reduce the drawdown of the
22 aquifer to the level of the Natural Safe Yield; to maximize the potential beneficial use of the Basin;
23 and to provide a means to augment the water supply for the Monterey Peninsula.

24 2. Storage Rights. The Court finds that the public interest is served by augmenting
25 the total yield of the Seaside Basin through artificial groundwater recharge, storage, and recovery.
26 It is well established that an entity which artificially recharges a groundwater basin with the intent
27 to later recapture that water maintains an exclusive right to recapture that quantity of water by
28 which said recharge augments the retrievable water supply of the groundwater basin, so long as

1 such recharge and recapture (i.e., storage) does not materially harm the groundwater basin or any
2 other entity's prior rights associated with the groundwater basin. (*City of Los Angeles v. City of*
3 *San Fernando* (1975) 14 Cal.3d 199, 264; *City of Los Angeles v. City of Glendale* (1943)
4 23 Cal.2d 68, 76-77; see also Water Code, § 7075.) The Court finds, therefore, that the right to
5 store and recover water from the Seaside Basin shall be governed by the provisions of the
6 Decision, and the rules and regulations promulgated by the Seaside Basin Watermaster, the basic
7 provisions of which are described in Section III.H.

8 3. *De Minimis Production.* The Court finds that production of groundwater by any
9 person or entity less than five (5) acre feet per year is not likely to significantly contribute to a
10 Material Injury (as defined in Section III.A.) to the Seaside Basin or any interest related to the
11 Seaside Basin. Accordingly, this Decision is not intended to govern the production of groundwater
12 by any person or entity that produces a total quantity of groundwater that is less than five (5) acre
13 feet per year. However, to the extent the Court determines in the future that this exemption has
14 contributed to or threatens to contribute to a Material Injury to the Seaside Basin or any interest
15 related to the Seaside Basin, including any contribution caused by production subject to this
16 exemption in combination with all other production from the Seaside Basin, the Court will modify
17 or eliminate this exemption as it deems prudent pursuant to its reserved jurisdiction provided in
18 Section M.O.

19 4. *Transferability of Seaside Basin Rights.* The Court finds that maximum
20 beneficial use of the Seaside Basin's resources is encouraged by the ability to sell and lease
21 production allocations. Such transferability will also provide necessary flexibility to satisfy future
22 water supply needs. Accordingly, the Court finds that production allocations should be assignable,
23 subject to the rules and regulations promulgated by the Watermaster, and subject to certain Parties'
24 participation in the Alternative Production Allocation, described in Section III.B.3, which election
25 will restrict their transfers of water.

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2 **III. DECISION**

3 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

4 A. Definitions.

5 1. "Alternative Production Allocation" is the amount of Groundwater that a
6 Producer participating in this allocation method may Produce from a Subarea of the Seaside
7 Basin as provided in Section III.B.3.

8 2. "Artificial Replenishment" means the act of the Watermaster, directly or
9 indirectly, engaging in or contracting for Non-Native Water to be added to the Groundwater
10 supply of the Seaside Basin through Spreading or Direct Injection to offset the cumulative Over-
11 Production from the Seaside Basin in any particular Water Year pursuant to Section III.L.3.j.iii.
12 It shall also include programs in which Producers agree to refrain, in whole or in part, from
13 exercising their right to produce their full Production Allocation where the intent is to cause the
14 replenishment of the Seaside Basin through forbearance in lieu of the injection or spreading of
15 Non-Native Water.

16 3. "Base Water Right" is the percentage figure or the fixed amount assigned to
17 each Party as provided in Section III.B.2, which is used to determine various rights and
18 obligations of the Parties as provided in Sections III.B.2, III.B.3, III.L.3.c, and III.L.3.j.iii.

19 4. "Brackish Water" means water containing greater than 1,000 parts of chlorides
20 to 1,000,000 parts of Water.

21 5. "Carryover" means that portion of a Party's Production Allocation that is not
22 Extracted from the Basin during a particular Water Year. Each acre-foot of Carryover establishes
23 an acre-foot of Carryover Credit.

24 6. "Carryover Credit(s)" means the quantity of Water established through
25 Carryover, that a Party is entitled to Produce from the Basin pursuant to Section III.F.

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1 7. "Coastal Subarea" means those portions of the Seaside Basin that are west of
2 North-South Road, and further as shown on the Basin map attached as Exhibit B to this
3 Decision.

4 8. "Direct Injection" means a method of Groundwater recharge whereby Water is
5 pumped into the Basin through wells or other artificial channels.

6 9. "Extraction," "Extractions," "Extracting," "Extracted," and other variations
7 of the same noun or verb, mean pumping, taking, diverting or withdrawing Groundwater by any
8 manner or means whatsoever from the Seaside Basin.

9 10. "Feasible" means capable of being accomplished in a successful manner within
10 a reasonable period of time, taking into account economic, environmental, social, and
11 technological factors.

12 11. "Fiscal Year" means the twelve (12) month period from January 1 through
13 December 31.

14 12. "Groundwater" means all Water beneath the ground surface in the Seaside
15 Basin, including Water from Natural Replenishment, Artificial Replenishment, Carryover, and
16 Stored Water.

17 13. "Laguna Seca Subarea," or "Laguna Seca Area," means those portions of the
18 Basin that are east of the Southern Coastal Subarea and south of the Northern Inland Subarea, as
19 shown on the Seaside Basin map attached as Exhibit B to this Decision.

20 14. "Landowner Group" means all Producers that own or lease land overlying the
21 Seaside Basin and Produce Groundwater solely for use on said land, except California American,
22 Seaside (Municipal), Monterey, Del Rey Oaks, and Sand City.

23 15. "Material Injury" means a substantial adverse physical impact to the Seaside
24 Basin or any particular Producer(s), including but not limited to: seawater intrusion, land
25 subsidence, excessive pump lifts, and water quality degradation. Pursuant to a request by any
26 Producer, or on its own initiative, Watermaster shall determine whether a Material Injury has
27 occurred, subject to review by the Court as provided for in Section M.N.
28

1 16. "Natural Replenishment" means all processes by which Water may become a
2 part of the Groundwater supply of the Seaside Basin without the benefit of the Physical Solution
3 and the coordinated management it provides. Groundwater that occurs in the Seaside Basin as a
4 result of the Physical Solution, which is not Natural Replenishment, includes, but is not limited
5 to Storage, Carryover, and Artificial Replenishment.

6 17. "Natural Safe Yield" or "Perennial Natural Safe Yield" means the quantity of
7 Groundwater existing in the Seaside Basin that occurs solely as a result of Natural
8 Replenishment. The Natural Safe Yield of the Seaside Basin as a whole, assuming no action is
9 taken to capture subsurface flow exiting the northern boundary of the Basin, is from 2,581 to
10 2,913 acre feet per year. The Natural Safe Yield for the Coastal Subareas is from 1,973 to 2,305
11 acre feet per year. The Natural Safe Yield for the Laguna Seca Subarea is 608 acre feet per year.

12 18. "Non-Native Water" means all Water that would not otherwise add to the
13 Groundwater supply through natural means or from return flows from surface applications other
14 than intentional Spreading.

15 19. "Overdraft" or "Overdrafted" refers to a condition within a Groundwater
16 basin resulting from long-term depletions of the basin over a period of years.

17 20. "Operating Safe Yield" means the maximum amount of Groundwater resulting
18 from Natural Replenishment that this Decision, based upon historical usage, allows to be
19 produced from each Subarea for a finite period of years, unless such level of production is found
20 to cause Material Injury. The Operating Safe Yield for the Seaside Basin, as a whole, is 5,600
21 acre feet. The Operating Yield is 4,611 acre feet for the Coastal Subarea and 989 acre feet for
22 the Laguna Seca Subarea. The Operating Yield established here will be maintained for three (3)
23 years from the date of this Decision or until a determination is made by the Watermaster,
24 concurred in by this Court, that continued pumping at this established Operating Yield will
25 cause Material Injury to the Seaside Basin or to the Subareas, or will cause Material Injury to a
26 Producer due to unreasonable pump lifts. In either such event the Watermaster shall determine
27 the modified Operating Yield in accordance with the Principles and Procedures attached hereto
28 as Exhibit A, and through the application of criteria that it shall develop for this purpose.

1 21. "Over-Production" and other variations of the same term means (1) with regard
2 to all Production from the Seaside Basin, that quantity of Production which exceeds an initially
3 assumed Natural Safe Yield of 3,000 afy (or such adjusted calculation of Natural Safe Yield as
4 further study of the Basin by the Watermaster shall justify); or (2) with regard to each Producer,
5 that quantity of Water Produced in any Water Year in excess of that Producer's Base Water Right,
6 as applied to an initially assumed Natural Safe Yield of 3,000 afy (subject to adjustment as further
7 study shall justify). For a Party producing under the Alternative Production Allocation, the
8 calculation shall be based upon the Base Water Right assigned to them in Table 1, infra, only to
9 the extent that Party has elected to convert all or part of an Alternative Production Allocation into a
10 Standard Production Allocation, pursuant to Section III.B.3.e.

11 22. Operating Yield Over-Production means pumping of Native Water by Producers
12 in excess of their Standard Production Allocation or Alternative Production Allocation, as
13 discussed in Section III.L.3.j.iii.

14 23. "Person" or "Persons" includes individuals, partnerships, associations,
15 governmental agencies and corporations, and any and all types of entities.

16 24. "Physical Solution" means the efficient and equitable management of
17 Groundwater resources within the Seaside Basin, as prescribed by this Decision, to maximize the
18 reasonable and beneficial use of Water resources in a manner that is consistent with Article X,
19 Section 2 of the California Constitution, the public interest, and the basin rights of the Parties, while
20 working to bring the Production of Native Water to Natural Safe Yield.

21 25. "Produce," "Produced," or "Production" means (1) the process of Extracting
22 Water or (2) the gross amount of Water Extracted.

23 26. "Producer" means a Party possessing a Base Water Rights.

24 27. "Production Allocation" is the amount of Groundwater that a Producer may
25 Produce from a Subarea of the Seaside Basin based on the Parties' election to proceed under
26 either the Standard Production Allocation or the Alternative Production Allocation set forth in
27 Sections III.B.2 and III.B.3, respectively.

28

1 28. "Replenishment Assessment" means an assessment levied by the Watermaster
2 per each acre-foot of Over-Production against each party Over-Producing Groundwater in the
3 previous Water Year. The amount of the assessment shall be sufficient to cover the cost of
4 Artificial Replenishment in an amount necessary to off-set that Producer's Over-Production, and
5 levied as provide in Section III.L.3.j.iii. The assessment must of necessity be initially determined
6 based upon the estimated cost of providing Non-Native water to replenish the Basin, as determined
7 by the Watermaster.

8 29. "Seaside Basin" is the underground water basin or reservoir underlying the
9 Seaside Basin Area, the exterior boundaries of which are the same as the exterior boundaries of
10 the Seaside Basin Area.

11 30. "Seaside Basin Area" is the territory depicted in Exhibit B to this Decision.

12 31. "Spreading" means a method of introducing Non-Native Water into the Seaside
13 Basin whereby Water is placed in permeable impoundments and allowed to percolate into the
14 Seaside Basin.

15 32. "Standard Production Allocation" is the amount of Groundwater that a Producer
16 participating in this allocation method may Produce from a Subarea of the Seaside Basin as
17 provided in Section III.B.2, which is determined by multiplying the Base Water Right by the
18 Operating Yield.

19 33. "Storage" means the existence of Stored Water in the Seaside Basin.

20 34. "Storage Allocation" means that quantity of Stored Water in acre feet that a
21 Party is allowed to Store in the Coastal Subarea or the Laguna Seca Subarea at any particular
22 time.

23 35. "Storage Allocation Percentage" means the percentage of Total Usable Storage
24 Space allocated to each Producer proceeding under the Standard Production Allocation. Producers
25 proceeding under the Alternative Production Allocation are not allocated Storage rights and,
26 consequently, their share of the Total Usable Storage Space is apportioned to the Producers
27 proceeding under the Standard Production Allocation. Pursuant to the terms of Section III.B.3,
28 Parties proceeding under the Alternative Production Allocation enjoy a one-time right to change

1 to the Standard Production Allocation. Due to the recalculation of the Storage Allocation
2 Percentage necessitated when a Party changes to the Standard Production Allocation, the
3 Watermaster will maintain the up-to-date Seaside Basin Storage Allocation Percentages.

4 36. "Storage and Recovery Agreement" means an agreement between Watermaster
5 and a Party for Storage pursuant to Section III.L.3.j.xx.

6 37. "Store" and other variations of the same verb refer to the activities establishing
7 Stored Water in the Seaside Basin.

8 38. "Stored Water" means (1) Non-Native Water introduced into the Seaside Basin
9 by a Party or any predecessors-in-interest by Spreading or Directly Injecting that Water into the
10 Seaside Basin for Storage and subsequent Extraction by and for the benefit of that Party or their
11 successors-in-interest; (2) Groundwater within the Seaside Basin that is accounted for as a
12 Producer's Carryover; or (3) Non-Native water introduced into the Basin through purchases by the
13 Watermaster, and used to reduce and ultimately reverse Over-Production.

14 39. "Stored Water Credit" means the quantity of Stored Water augmenting the
15 Basin's Retrievable Groundwater Supply, which is attributable to a Party's Storage and further
16 governed by this Decision and a Storage and Recovery Agreement.

17 40. "Subarea(s)" means either the Laguna Seca Subarea or the Coastal Subarea.

18 41. "Total Useable Storage Space" means the maximum amount of space available
19 in the Seaside Basin that can prudently be used for Storage as shall be determined and modified
20 by Watermaster pursuant to Section III.L.3.j.xix, less Storage space which may be reserved by
21 the Watermaster for its use in recharging the Basin.

22 42. "Transfer" and other variations of the same verb refers to the temporary or
23 permanent assignment, sale, or lease of all or part of any Producer's Production Allocation,
24 Storage Allocation, Carryover Credits, or Stored Water Credits. Pursuant to Section III.B.3.,
25 Transfer does not include the use of Water on properties identified in Exhibit C for use under an
26 Alternative Production Allocation.

27 43. "Water" includes all forms of Water.

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1 44. "Watermaster" means the court-appointed Watermaster pursuant to Section
2 III.L. of this Decision for the purpose of executing the powers, duties, and responsibilities
3 assigned therein.

4 45. "Watermaster Rules and Regulations" means those rules and regulations
5 promulgated by the Watermaster consistent with the terms of this Decision.

6 46. "Water Year" means the twelve (12) month period from October P^t through
7 September 30th.

8 B. Physical Solution.

9 1. Groundwater Rights. The Parties have Produced Groundwater from the Seaside
10 Basin openly, notoriously, continuously, and without interruption, which Production has been
11 determined to be in excess of the Natural Safe Yield of the Seaside Basin and each of its
12 Subareas for more than five (5) years. Accordingly, Parties have accrued mutual prescriptive
13 rights and/or have preserved their overlying, appropriative, and prescriptive rights against further
14 prescription by self-help. These individual and competitive rights, whether mutually prescriptive,
15 appropriative or overlying rights, can be most efficiently exercised and satisfied by the
16 implementation of this Physical Solution and in the manner expressly set forth herein.

17 2. Standard Production Allocation. Each Producer is authorized to Produce its
18 Production Allocation within the designated Subarea in each of the first three Water Years.
19 Except for those certain Parties electing to proceed under the Alternative Production Allocation,
20 as set forth in Section III.B.3., each Producer's Production Allocation for the first three Water
21 Years shall be calculated by multiplying its Base Water Right, as set forth in Table 1 below, by
22 that portion of the Operating Yield which is in excess of the sum of the Alternative Production
23 Allocations. The Operating Yield for the Seaside Basin, as a whole, is set at 5,600 acre feet
24 annually (afa). The Operating Yield for the Coastal Subarea is 4,611 afa, with 743 afa committed
25 to Alternative Production Allocations and 3,868 afa committed to Standard Production
26 Allocations. The Operating Yield for the Laguna Seca Subarea is 989 afa, with 644 afa
27 committed to Alternative Production Allocations and 345 afa committed to Standard Production
28 Allocations. The Operating Yield established here will be maintained for three (3) Water Years

1 from the date Judgment is granted or until a determination is made by the Watermaster, concurred
2 in by this Court, that continued pumping at this established Operating Yield will cause Material
3 Injury to the Seaside Basin or to the Subareas or will cause Material Injury to a Producer due to
4 unreasonable pump lifts. In the event of such Material Injury the Watermaster shall determine the
5 modified Operating Yield in accordance with the Principles and Procedures attached hereto as
6 Exhibit A, and through the application of criteria that it shall develop for this purpose.¹
7 Commencing with the fourth Water Year², and triennially thereafter the Operating Yield for both
8 Subareas will be decreased by ten percent (10%) until the Operating Yield is the equivalent of the
9 Natural Safe Yield unless:

- 10 a. The Watermaster has secured and is adding an equivalent amount of
11 Non-Native water to the Basin on an annual basis; or
- 12 b. The Watermaster has secured reclaimed water in an equivalent amount
13 and has contracted with one or more of the Producers to utilize said water in lieu of
14 their Production Allocation, with the Producer agreeing to forego their right to
15 claim a Stored Water Credit for such forbearance; or
- 16 a. Any combination of a and b which results in the decrease in Production
17 of Native Water required by this decision; or
- 18 b. The Watermaster has determined that Groundwater levels within the
19 Santa Margarita and Paso Robles aquifers are at sufficient levels to ensure a
20 positive offshore gradient to prevent seawater intrusion.

23 ¹ If the Operating Yield changes, Standard Production Allocations will be calculated by multiplying the
24 portion of the changed Operating Yield committed to Standard Production Allocations by the Standard Producers'
25 Base Water Rights. This calculation will result in a remaining quantity of water already committed to Standard
26 Production Allocations (due to the Base Water Right percentages assigned to Alternative Producers but which are
27 not used to calculate the Standard Production Allocations), which will be further allocated to the Standard Producers
28 in proportion to their Base Water Rights until no quantity remains unallocated.

² As ordered by the Court at the January 12, 2007 hearing, the initial potential 10% reduction in Operating
Yield will occur, if at all, on January 1, 2009. The 10% reduction would apply to 75% of the Operating Yield,
because 25% of the Water Year would have already elapsed. Assuming the current Operating Yield of 5600 acre-
feet, the Basin-wide Operating Yield would be reduced to 3,780 acre-feet for the remainder of the Water Year.
Subsequent potential Operating Yield reductions would occur on the Water Year schedule set forth in the MMP.

TABLE 1³

Standard Production Allocations

Party:	Percentage of Operating Yield Coastal Subarea
California American Water	77.55%
City of Seaside (Municipal)	6.36%
City of Seaside (Golf Courses)	10.47%
City of Sand City	0.17%
Granite Rock Company	0.60%
SNG	2.89%
D.B.O. Development No. 27	1.09%
Calabrese	0.27%
Mission Memorial Park	0.60%

Producer:	Percentage of Operating Yield for Laguna Seca Sec area
California American Water Company	45.13%
Pasadera Country Club	22.65%
Bishop	28.88%
York School	2.89 %
Laguna Seca County Park	0.45%*

* Because the County of Monterey has not joined in the Settlement Agreement and General Mutual Release, its right to Produce water will be governed by the provisions made for those Producers selecting Alternative Production Allocations.

3. Alternative Production Allocation. The following Parties, which all assert overlying Groundwater rights, have chosen to participate in an Alternative Production Allocation: Seaside with regard to the Groundwater that it Produces for irrigation of its golf courses; Sand City, SNG, Calabrese, Mission Memorial, Pasadera, Bishop, York School, and Laguna Seca.

The Alternative Production Allocation provides the aforementioned Parties with a prior and paramount right over those Parties Producing under the Standard Production Allocation to Produce the amount set forth in Table 2 in perpetuity, and said Alternative Production shall not be

³ Certain Parties including Seaside (Golf Courses), Sand City, SNG, Calabrese, Mission Memorial, Pasadera, Bishop and York School hold an Alternative Production Allocation in the fixed amount shown in Table 2. If any of these Parties subsequently elects to convert to the Standard Production Allocation, then the Base Water Right shown in Table 1 for such converting Party will be used to determine that Party's Standard Production Allocation consistent with the terms provided in Section III.B.3.e.

1 subject to any reductions under Section III.B.2 or at such times as the Watermaster determines to
2 reduce the Operating Yield in accordance with Section III.L.3.j.ii., subject to the following terms:

3 a. The Alternative Production Allocation may not be transferred for use on
4 any other property, but shall be limited to use on the respective properties (including subdivisions
5 thereof) identified in Exhibit C;

6 b. The Party electing the Alternative Production Allocation may not establish
7 Carryover Credits or Storage rights;

8 c. The Party electing the Alternative Production Allocation is obligated to
9 adopt all reasonably Feasible Water conservation methods, including methods consistent with
10 generally accepted irrigation practices;

11 d. In the event a Party electing the Alternative Production Allocation is
12 required to utilize reclaimed Water for irrigation purposes, pursuant to the terms of sections
13 13550 and 13551 of the California Water Code, that Party shall have the first opportunity to
14 obtain and substitute reclaimed Water for its irrigation demands. Should that Party not pursue
15 such substitution with due diligence, any other Party may provide reclaimed Water for the
16 irrigation purpose pursuant to the terms of sections 13550 and 13551 of the California Water
17 Code. Under either circumstance, the Party providing the reclaimed Water for substitution shall
18 obtain a credit to Produce an amount of Groundwater equal to the amount of substituted
19 reclaimed Water in that particular Water Year, provided that such credit shall be reduced
20 proportionately to all reductions in the Operating Yield in accordance with Section III.L.3.j.ii.
21 The Alternative Production Allocation of the Party utilizing the reclaimed Water shall be debited
22 in an amount equal to the reclaimed Water being substituted.

23 e. In the event that this Court, the Watermaster, or other competent
24 governmental entity requires a reduction in the Extraction of Groundwater from the Seaside Basin
25 or either of its Subareas, then Parties exercising a Standard Production Allocation in the affected
26 subarea shall reduce their Groundwater Extractions *pro rata* to accommodate the required
27 reduction. Only after such Parties exercising a Standard Production Allocation reduce their
28 Extractions to zero, may Parties exercising an Alternative Production Allocation in the affected

1 subarea be required to reduce their Groundwater Extractions. In such case, those Parties
 2 exercising an Alternative Production Allocation shall reduce their pumping in an amount
 3 correlative to each other in accordance with the California law pertaining to allocation of rights to
 4 Overdrafted Groundwater basins between overlying landowners.

5 **TABLE 2**

6 **Alternative Production Allocations**

7

Party:	Coastal Subarea
Seaside (Golf Courses)	540 afa
S NG	149 afa
Calabrese	14 afa
Mission Memorial	31 afa
Sand City	9 afa

11

Producer:	Alternative Production Allocation
Pasadera	251 afa
Bishop	320 afa
York School	32 afa
Laguna Seca County Park	41 afa*

12
13
14
15 * The County of Monterey possesses certain water rights based upon its use of water from the
 16 aquifer for maintenance of Laguna Seca Park. Its historic Production of Groundwater has
 17 averaged 41 afy. It has not joined in the stipulation of the other Producers, but is entitled to draw
 up to 41 afy from the Laguna Seca Subarea as if it were a party to the Alternative Production
 Allocations.

18 At any time prior to the expiration of the initial three-year operating period of this
 19 Decision, as designated in Section III.B.2, any of the aforementioned Parties, except the County
 20 of Monterey, may choose to change all or a portion of their Alternative Production Allocation to
 21 the Standard Production Allocation method set forth in Section III.B.2 and shall be entitled to all
 22 of the privileges associated with said Production Allocation as set forth herein (e.g.,
 23 transferability, Storage rights, and Carryover rights). A Party choosing to change to the Standard
 24 Production Allocation shall do so by filing a declaration with the Court, and serving said
 25 declaration on all other parties. Once a Party chooses to change to the Standard Production
 26 Allocation method set forth in Section III.B.2, that Party shall not be allowed to thereafter again
 27 choose to participate in the Alternative Production Allocation. The Parties under the Standard
 28

1 Production Allocation shall not be allowed at any time to change from the Standard Production
2 Allocation to the Alternative Production Allocation.

3 C. Production of Brackish Water. Sand City shall have the right to Produce Brackish Water
4 from the brackish Groundwater aquifer portion of the Coastal Subarea of the Seaside Basin for the
5 purpose of operating its proposed desalinization plant, said Production being limited to the Aromas
6 Sands Formation, so long as such Production does not cause a Material Injury. Upon receiving a
7 complaint supported by evidence from any Party to this Decision that the Production of Brackish
8 Water by Sand City is causing a Material Injury to the Seaside Basin or to the rights of any Party to
9 this Decision as set forth herein, the Watermaster shall hold a noticed hearing. The burden of proof
10 at such hearing shall be on the Party making the complaint to show, based on substantial evidence,
11 that the Production of Brackish Water by Sand City is causing a Material Injury. If the Watermaster
12 determines, based on substantial evidence, that the Production of Brackish Water by Sand City is
13 causing a Material Injury to the Seaside Basin or to the rights of any Party to this Decision as set
14 forth herein, the Watermaster may impose conditions on such Production of Brackish Water that
15 are reasonably necessary to prevent such Material Injury.

16 D. Injunction of Unauthorized Production. Each Producer is prohibited and enjoined from
17 Producing Groundwater from the Seaside Basin except pursuant to a right authorized by this
18 Decision, including Production Allocation, Carryover, Stored Water Credits, or Over-Production
19 subject to the Replenishment Assessment. Further, all Producers are enjoined from any Over-
20 Production beyond the Operating Yield in any Water Year in which Watermaster has declared
21 that Artificial Replenishment is not available or possible.

22 E. No Abandonment. It is in the interest of reasonable beneficial use of the Seaside Basin
23 and its Water supply, that no Producer be encouraged to take and use more Water in any Water
24 Year than is actually required, Therefore, failure to Produce all of the Water to which a Producer
25 is entitled hereunder for any amount of time shall, in and of itself, not be deemed to be, or
26 constitute an abandonment of such Producer's Base Water Right or Production Allocation, in
27 whole or in part. The Water unused by any Party (either as Production or Carryover) will
28

1 otherwise contribute to the ongoing efficient administration of the Decision and the Physical
2 Solution.

3 F. Right to Carryover Unused Production Allocation; Carryover Credits. Except for those
4 certain Parties electing to proceed under the Alternative Production Allocation, as set forth in
5 Section III.B.3., for the first three Water Years each Producer who, during a particular Water
6 Year, does not Extract from the Basin a total quantity equal to such Producer's Standard
7 Production Allocation for the particular Water Year may establish Carryover Credits, up to the
8 total amount of that Producer's Storage Allocation; provided, however, in no circumstance may
9 the sum of a Producer's Storage Credits and Carryover Credits exceed that Producer's available
10 Storage Allocation. Use (Extraction) of Carryover Credits shall be governed as otherwise
11 provided in this Decision and the Watermaster Rules and Regulations. In consideration of the
12 Seaside Basin's hydrogeologic characteristics, the Watermaster may discount the quantity of
13 Water that may be Extracted pursuant to a Carryover Credit.

14 G. Damages and Prohibition on Enjoining Municipal Pumping. The Parties recognize that
15 California American's pumping is for municipal purposes, including drinking Water supplies for
16 most of the Monterey Peninsula, including within all of the Defendant Cities and to all of the
17 Defendant landowners. In this context, if California American's Groundwater pumping causes an
18 "Intrusion" upon a Water User Defendant's Production Allocation, then it shall compensate the
19 Water User Defendant for damages caused by this Intrusion. An "Intrusion" occurs when a Water
20 User Defendant exercising an Alternative Production Allocation is directed by the Watermaster,
21 this Court or any other competent governmental entity to reduce its Groundwater pumping to a
22 level below that Water User Defendant's Alternative Production Allocation, while California
23 American continues pumping Groundwater from the same subarea. This damages provision does
24 not alter the priority of the Alternative Production Allocation over the Standard Production
25 Allocation pursuant to Section III.B.3, and is intended to address potential exigent circumstances
26 that might arise regarding California American's municipal water service.

27 1. Damages from an Intrusion shall be calculated based upon the losses incurred by
28 the Water User Defendant that are caused by the Intrusion. These losses may include the loss of

1 crop yield and associated income, measured against the average achieved over the preceding five
2 (5) years from the date of the loss. Where an Intrusion occurs with respect to a Water User
3 Defendant's exercise of an Alternative Production Allocation for golf course irrigation (i.e., an
4 Intrusion to a "Golf Course Water User"), the Intrusion may cause discoloration, thinning and
5 damage to the golf course turf and may require replacement of golf course turf and other golf
6 course landscaping. Such conditions may, in turn, cause the loss of income from reduced golf
7 course facilities usage and loss of good will. It may be difficult to quantify such damages to a
8 sum certain. Accordingly, where a Golf Course Water User demonstrates that an Intrusion
9 caused discoloration, thinning or loss of golf course turf, the following criteria shall be utilized to
10 determine damages for an Intrusion to a Golf Course Water User.

11 a Lost Income.

12 i. The Golf Course Water User's "Average Gross Annual Income"
13 shall be determined by summing its gross annual income from each of the five (5) years
14 preceding the year of the Intrusion and dividing that sum by five, except where a Golf Course
15 Water User (Pasadera) has not been in operation for seven (7) years at the time of the Intrusion,
16 the Average Gross Annual Income shall be determined by summing the gross annual income
17 from each of the three years preceding the year of the Intrusion and dividing that sum by three;

18 ii. The Golf Course Water User's gross annual income during the
19 year of an Intrusion shall be subtracted from its Average Gross Annual Income, with the resulting
20 difference constituting the amount of lost income damages for that year of Intrusion; and

21 iii. If an Intrusion occurs in two or more years within a five-year
22 period, damages shall be calculated using an Average Gross Annual Income based on the last
23 consecutive five-year period preceding the first year of Intrusion, or if a Golf Course Water User
24 (i.e., Pasadera) has not been in operation for a full seven (7) years at the time of the Intrusion,
25 damages shall be calculated using an Average Gross Annual Income based on the last consecutive
26 three-year period proceeding the first year of Intrusion. Gross Annual Income shall not be
27 calculated based upon a year in which an Intrusion occurred.

28 //

1 iv. Water User Defendants shall make Feasible efforts to mitigate
2 damages caused by an Intrusion (e.g., including use of evapotranspiration rates to schedule turf
3 grass irrigation).

4 b. Property Damage/Out-of-Pocket Repair Costs.

5 i. Actual costs of repairing and/or replacing golf course turf and/or other
6 golf course landscaping and associated labor costs shall be added to the lost income damages
7 calculated as set forth in subparagraph (1), above.

8 ii. The Golf Course Water User shall make Feasible efforts to
9 mitigate damages by employing the best irrigation practices, including use of evapotranspiration
10 rates to schedule turf grass irrigation.

11 2. A damages Claim with all substantiating gross annual income data shall be
12 provided to California American within 120 days after December 31 of the year in which the
13 Intrusion occurred. California American shall accept or reject the Claim within 30 days thereafter.
14 If within 35 days after receipt of a Claim, California American fails to notify the claimant of
15 California American's acceptance or rejection of that Claim, such Claim is deemed accepted. If the
16 Claim is affirmatively accepted, payment will be made at the time of Claim acceptance. If the
17 Claim is deemed accepted by California American's failure to timely accept or reject the Claim,
18 payment will be made within 30 days after the date the Claim is deemed accepted. If the Claim is
19 rejected, all or in part, the Water User Defendant may proceed to a hearing before the Court to
20 determine the appropriate damages, considering the above referenced criteria. The hearing shall be
21 by motion with all supporting documentation and contest thereto submitted and supported by
22 declaration.

23 H. Allowed Storage.

24 1. Public Resource. Underground Storage within the Seaside Basin is and shall
25 remain a public resource. Subject to this paramount public right, the Parties hereto shall be
26 permitted to utilize available Storage space for bona fide Groundwater Storage projects. This use
27 shall be subject to the supervision of the Watermaster and this Court and shall be governed by the
28 following more specific provisions.

1 2. In General. Except for those certain Parties electing to proceed under the
2 Alternative Production Allocation as set forth in Section 111.B.3., each Producer is entitled to
3 Store Water in the Basin as provided for in this Decision and Watermaster's Rules and Regulations
4 up to the amount of their Storage Allocation. Each Producer's Allowed Storage Allocation in each
5 Subarea shall be calculated by multiplying its Storage Allocation Percentage by the Total Useable
6 Storage Space, less space reserved by the Watermaster as herein below set forth. The initial
7 Storage Allocation Percentages are equal to the Base Water Rights, Table 1, less Storage reserved
8 for the Watermaster and certain public agencies. Parties with an Alternative Production Allocation
9 are entitled to their Storage Production Allocation when they elect to change to Standard
10 Production Allocation

11 3. California American Storage Allocation. All Storage Allocation held by
12 California American shall be held in trust by California American: (i) first for the benefit of
13 California American's retail Water service customers within its service territory on the Monterey
14 Peninsula and the County of Monterey and cities within its service territory which it serves; and
15 (ii) then for other purposes as California American deems appropriate. In the event of a reduction
16 in service from the Seaside Basin, California American will allocate service, including that which
17 is associated with its Storage Allocation, in a manner that is consistent with and proportionate to its
18 historic deliveries to all then current customers. Further, to the extent that California American has
19 excess Storage Allocation available after meeting its responsibilities to its retail Water service
20 customers within its service territory on the Monterey Peninsula and the cities which it serves,
21 upon request by the County of Monterey, Monterey, Seaside, Sand City, or Del Rey Oaks,
22 California American shall make available portions of its Storage Allocation within the Coastal
23 Subarea for use by the requesting city in the Coastal Subarea as provided herein. Specifically, the
24 city's request shall be made in writing and generally describe the public purpose and proposed use
25 of the Storage Allocation by the requesting city. California American shall not deny the request
26 unless making the requested portion of the Storage Allocation available to the city would
27 unreasonably interfere with California American's ability to operate its system or to otherwise
28 provide service to its customers. Should California American not be able to accommodate all

1 requests by all cities without unreasonably interfering with its operations and service
2 responsibilities, first priority to excess Storage Allocation shall be given to each respective city
3 requesting the use of a portion of the Storage Allocation up to an amount equal to the percentage
4 that the total quantity of Water delivered by California American for retail service to the
5 requesting city bears to the total quantity of Water delivered to all cities at the date the Decision is
6 entered. Notwithstanding the paramount rights of each city described in this section, 5 percent of
7 any Storage Allocation held in trust by California American will be reserved for *de minimis*
8 Storage opportunities and made available for the benefit of any requesting city on the basis of first
9 in time, first in right. Additionally, provision of Storage Allocation by California American to a
10 requesting city shall not be construed as a waiver of California American's rights under section
11 1501 et seq. of the California Public Utilities Code or consent to duplication of its retail Water
12 service. Moreover, California American shall not charge any fee for use of its Storage Allocation
13 by Monterey, Seaside, Sand City, or Del Rey Oaks. However, the capital or other value of
14 California American's Storage Allocation shall belong to California American. Finally,
15 no city may request use of California American's Storage Allocation unless it has first used all of
16 its own. Storage Allocation as provided herein.

17 4. Determination of Total Useable Storage Space. Watermaster shall determine and
18 declare the Total Useable Storage Space in the Basin, and may annually adjust the Total Useable
19 Storage Space pursuant to Section III.L.3.j.xix of this Decision,. If and when Watermaster adjusts
20 the Total Useable Storage Space in the Basin, each Producer's Storage Allocation shall be adjusted
21 accordingly.

22 Each Storage Allocation is of the same legal force and effect, and each is without priority
23 with reference to any other Producer's Storage Allocation. Watermaster shall, however, consider
24 each proposal to Store Water independently pursuant to Section III.L.3.j.xx.

25 5. Carryover. Each Producer operating under the Standard Production Allocation
26 shall have the right to use their respective Storage Allocation to Store any Carryover Water
27 subject to the provisions of this Decision. Unused (not Extracted) Stored Water Credits and
28 Carryover Credits shall be carried over from year to year for the first three Water Years.

1 Thereafter Carryover Water withdrawal is subject to a percentage decrease consistent with
2 percentage decreases in the Operating Yield, according to the terms of this Decision. Due to
3 the hydrogeologic characteristics of the Seaside Basin, naturally occurring losses of stored
4 Water may require Watermaster to discount the percentage of Stored Water that may be
5 Extracted. Watermaster shall study the efficiencies of Storage in the Seaside Basin and set a
6 uniform percentage for withdrawals of Stored Water.

7 6. Injection and/or Spreading. Each Producer operating under the Standard
8 Production Allocation, and the Watermaster, and certain public agencies, shall have the right to
9 Store Water by Direct Injection, Spreading, or other artificial means so long as such Storage
10 does not cause Material Injury to any other Party. Except as provided in Section III.H.5., no
11 Producer herein granted a Storage Allocation may Store Water in the Seaside Basin without first
12 executing a Storage and Recovery Agreement with Watermaster, pursuant to Section
13 III.L.3.j.xx. Each Storage and Recovery Agreement shall further define the terms and conditions
14 by which a Producer may exercise its Storage Allocation and associated Stored Water Credits.

15 I. Injunction Against Unauthorized Storage. Each Producer is enjoined and restrained
16 from Carrying Over or Storing any quantity of Water in the Seaside Basin greater than that
17 Producer's Storage Allocation. Further, each Producer is enjoined from Storing any Water in the
18 Seaside Basin except as provided in Section III.H.5. (establishment of Carryover Credits) or as
19 authorized by a Storage and Recovery Agreement issued by Watermaster pursuant to Section
20 III.L.3.j.xx.

21 J. Measurement of Extractions and Storage. All Producers shall install, maintain, and use
22 adequate measuring devices on all Groundwater Production facilities as directed by
23 Watermaster and report accurate measurements of all Groundwater Produced from the Seaside
24 Basin in the manner required by Watermaster's Rules and Regulations. Such measuring devices
25 shall not conflict with any monitoring devices required by MPWMD. All Producers shall
26 comply with the provisions for measurement of any Storage of Water in the Seaside Basin, as
27 provided in Watermaster's Rules and Regulations, and as may be further provided for in a
28 Storage and Recovery Agreement issued by Watermaster for such Storage.

1 K. Order of Accounting for the Production of Groundwater. Unless otherwise requested by
2 a Producer in writing to Watermaster, Watermaster shall account for all Production of Water
3 form the Seaside Basin by a Producer in any Water Year as follows: Production shall first be
4 deemed Production of that Producer's Production Allocation up to that Producer's total
5 Production Allocation, and thereafter shall be deemed Production of that Producer's Carryover
6 Credits, if any, and thereafter shall be deemed Production of that Producer's Stored Water
7 Credits, if any. So long as consistent with this section, Watermaster may prescribe
8 administrative rules within its Rules and Regulations concerning the method and manner of
9 accounting for the Production of Groundwater.

10 L. Appointment of Watermaster; Watermaster Administrative Provisions.

11 1. Establishment of Watermaster. A Watermaster shall be established for the
12 purposes of administering and enforcing the provisions of this Decision and any subsequent
13 instructions or orders of the Court. The Watermaster shall consist of thirteen (13) voting
14 positions held among nine (9) representatives. California American, Seaside, Sand City,
15 Monterey, and Del Rey Oaks shall each appoint one (1) representative to Watermaster for each
16 two-year term of Watermaster. The Landowner Group shall appoint two (2) representatives to
17 Watermaster for each two-year term of Watermaster. The MPWMD shall have one (1)
18 representative and the MCWRA shall have one (1) representative. The representatives elected to
19 represent the Landowner Group shall include one (1) representative from the Coastal Subarea
20 and one (1) representative from the Laguna Seca Subarea. The California American
21 representative shall possess three (3) voting positions; the Seaside, MPWMD, and MCWRA
22 representatives shall each possess two (2) voting positions; and every other representatives shall
23 possess one (1) voting position. Each representative from the Landowner Group shall carry one-
24 half of the Landowner Representative vote. Each representative under the Landowner Group
25 may also act as an alternate for the other.

26 The right to assign a representative to Watermaster and the representative's respective
27 voting power shall only transfer upon permanent sale of 51 percent or more of the Party's Base
28 Water Right. but not upon the lease of any portion of the member's Base Water Right.

1 2. Quorum and Agency Action. A minimum of six (6) representatives shall be
2 required to constitute a quorum for the transaction of Watermaster affairs. Unless otherwise
3 provided herein, the affirmative vote of seven (7) voting positions shall be required to constitute
4 action by Watermaster.

5 3. Qualification, Nomination, Election, and Administrative Procedures.

6 a. Qualification. Any duly authorized agent of the entities or groups
7 provided for in Section III.L.1. is qualified to serve as a representative on the Watermaster board.

8 b. Term of Office. Each new Watermaster board shall assume office at the
9 first regular meeting in January of every second year. Each Watermaster board member shall serve
10 for a two-year term, subject to the retained jurisdiction of the Court. Should a vacancy arise on the
11 Watermaster board for any reason, the respective entity or group from which that vacancy arises
12 shall appoint a replacement representative in the manner prescribed by Watermaster Rules and
13 Regulations. Such replacement shall complete the remainder of the term of the vacated office.

14 Within 30 days of the appointment of any new Watermaster board member, any Party may file a
15 motion with the Court challenging the appointment. The Court, acting *sua sponte*, may reject any
16 Watermaster board appointment within the 30-day period. Challenges shall be based on allegations
17 that the appointed board member does not possess the requisite skills necessary to effectively serve
18 as a member of the Watermaster board.

19 c. Nomination and Election of Landowner Representative. The nomination
20 and election of the Landowner Group representatives shall occur in November of every second
21 year in the manner designated by Watermaster Rules and Regulations. The nomination and election
22 of the Landowner Group representatives shall be by cumulative voting with each member of the
23 Landowner Group entitled to one (1) vote for each acre-foot of annual entitlement under the
24 member's Alternative Production Allocation. Voting rights may only be transferred upon
25 permanent sale of 51 percent or more of the Landowner Party's Base Water Right.

26 d. Organization. At the first meeting of each newly comprised Watermaster
27 board, the Watermaster shall elect a chairman and a vice-chairman from its membership. It shall
28

1 also select a secretary, a treasurer and such assistant secretaries and assistant treasurers as may be
2 appropriate, any of whom may, but need not, be representatives appointed to Watermaster.

3 e. Minutes. Minutes of all Watermaster meetings shall be kept and shall
4 reflect a summary of all actions taken by the Watermaster. Copies thereof shall be furnished to
5 all Parties and interested Persons as provided for in Section III.P.2. Copies of minutes shall
6 constitute notice of any Watermaster action therein reported.

7 f. Regular Meetings. The Watermaster shall hold regular meetings at places
8 and times to be specified in the Watermaster Rules and Regulations. Its first meeting must be
9 held within 15 days from the date Judgment is granted in this case. Notice of the scheduled or
10 regular meetings of the Watermaster and of any changes in the time or place thereof shall be
11 mailed to all Parties and interested Persons as provided for in Section III.P.2.

12 g. Special Meetings. Special meetings of the Watermaster may be called at
13 any time by the chairman or vice chairman or by any three (3) representatives appointed to
14 Watermaster by written notice delivered personally or mailed to all Parties and interested Persons
15 as provided for in Section III.P.2., at least twenty-four (24) hours on a business day before the time
16 of each such meeting in the case of personal delivery, and five (5) days' notice prior to such
17 meeting in the case of mail if the special meeting is being called under urgent circumstances. If a
18 special meeting is called and no urgent circumstance exists, then at least ten (10) days' notice must
19 be provided to all Parties. The notice shall specify the time and place of the special meeting and
20 the business to be transacted at such meeting. No other business shall be considered at such
21 meeting.

22 h. Meeting Procedures. Watermaster shall designate the procedure for
23 conducting meetings within its Rules and Regulations. Rules and regulations for conducting
24 meetings shall conform to the procedures established for meetings of public agencies pursuant to
25 the California Open Meetings Law ("Brown Act"), California Government Code section 54950 et
26 seq., as it may be amended from time to time.

27 i. Appointment of the Initial Watermaster Board. The initial Watermaster
28 board, which shall take office immediately from the date Judgment is granted, shall be composed

1 of the duly authorized representatives of California American, Seaside, Sand City, Del Rey Oaks,
2 Monterey, MCWRA, MPWMD, and two individuals to be designated by the landowners as the
3 initial representatives of the Landowner Group for the Coastal and Laguna Seca Subareas,
4 respectively.

5 j. Duties, Powers and Responsibilities of the Watermaster. To assist the
6 Court in the administration and enforcement of the provisions of this Decision, the Watermaster
7 shall have and is limited to the following duties, powers, and responsibilities:

8 i. Preparation of Monitoring and Management Plan. Within sixty
9 (60) days from the date Judgment is granted, Watermaster will prepare a comprehensive
10 monitoring and management plan for the Seaside Basin ("Monitoring and Management Plan").
11 The Monitoring and Management Plan must be consistent with the criteria set forth in Exhibit A.

12 ii. Declaration of Operating Yield. Based upon the evidence at trial
13 concerning historic Production in the Basin, the Court sets the Operating Yield for the Seaside
14 Basin, as a whole, as 5,600 acre feet. The Operating Yield for the Coastal Subarea is 4,611 acre
15 feet and 9889 acre feet for the Laguna Seca Subarea. The Operating Yield established here will be
16 maintained for three (3) years from the date Judgment is granted, or until a determination is made
17 by the Watermaster, concurred in by this Court, that continued pumping at this established
18 Operating Yield will cause Material Injury to the Seaside Basin or to the Subareas or will cause
19 Material Injury to a Producer due to unreasonable pump lifts. In that event, the Watermaster shall
20 determine the modified Operating Yield in accordance with the Principles and Procedures
21 attached hereto as Exhibit A, and through the application of criteria that it shall develop for this
22 purpose.

23 iii. Artificial Replenishment and Replenishment Assessments. Each
24 Water Year, the Watermaster will determine a Replenishment Assessment for Artificial
25 Replenishment of the Seaside Basin necessary to offset the cumulative Basin Over-Production
26 (as defined in Section III.A.21.), and levy a Replenishment Assessment. Said Replenishment
27 Assessment does not apply to Production under an Alternative Production Allocation so long as
28 such Production is within the fixed amount established for that Producer in Table 2 of

1 Section III.B.3. Funds so generated may be accumulated for multiple Water Years, if necessary,
2 and shall be utilized solely for replenishment of the Basin Groundwater supply with Non-Native
3 water.

4 An additional Watermaster Replenishment Assessment shall be levied after the close of
5 each Water Year against all Producers that incurred Operating Yield Over-Production during the
6 Water Year. Said assessment shall be in addition to the Replenishment Assessment addressed in
7 Section III.A.21. The Replenishment Assessment based upon Operating Yield Over-Production
8 shall be levied against the Parties participating in the Alternative Production Allocation for only
9 such Production that exceeds the Parties' respective fixed Alternative Production Allocation
10 identified on Table 2. In the event Watermaster cannot procure Artificial Replenishment Water to
11 offset Operating Yield Over-Production during the ensuing Water Year, the Watermaster shall so
12 declare in December and no Operating Yield Over-Production then in effect may occur during the
13 ensuing Water Year. Funds generated by the Operating Yield Over-Production Assessment shall be
14 utilized by the Watermaster to engage in or contract for Replenishment of the Operating Yield
15 Over-Production occurring in the Preceding Water Year as expeditiously as possible.

16 Replenishment Assessments based on Over-Production and on Operating Yield Over-
17 Production shall be assessed within 60 days of the end of each Water Year on a per acre-foot basis
18 on each acre-foot, or portion of an acre-foot, of Over-Production, and payment shall be due no
19 later than January 15th of the following year. The per acre-foot amount of the Replenishment
20 Assessments shall be determined and declared by Watermaster in October of each Water Year in
21 order to provide Parties with advance knowledge of the cost of Over-Production in that Water
22 Year.

23 Payment of the Replenishment Assessment shall be made by each Producer incurring a
24 Replenishment Assessment within 40 days after the mailing of a statement for the Replenishment
25 Assessment by Watermaster. If payment by any Producer is not made on or before said date, the
26 Watermaster shall add a penalty of 5 percent thereof to such Producer's statement. Payment
27 required of any Producer hereunder may be enforced by execution issued outside of this Court, by
28 order of this Court, or by other proceedings by the Watermaster or by any Producer on the

1 Watermaster's behalf. All proceeds of Replenishment Assessments shall be used to procure
2 Non-Native water, including, if appropriate, substitute reclaimed water.

3 iv. Budget Assessments. The Watermaster budget for each Fiscal
4 Year, and for the initial funding of the Monitoring and Management Plan, shall be funded by Budget
5 Assessments. The Watermaster budget will be composed of three separate budgets. The first budget
6 is solely for the funding of the Monitoring and Management Plan. The initial, onetime funding for
7 the Monitoring and Management Plan shall not be in excess of \$1,000,000. The annual budget for
8 the Monitoring and Management Plan shall not be in excess of \$200,000 for the first Fiscal Year,
9 and thereafter as determined by the Watermaster. The Budget Assessment for the Monitoring and
10 Management budget shall be assessed against each Producer (except *those in the Landowner
11 Group) by multiplying the amount of the Monitoring and Management Plan budget for the ensuing
12 Fiscal Year by the following percentages:

- | | | | |
|----|-----|---------------------------|-----|
| 13 | (1) | California American | 91% |
| 14 | (2) | City of Seaside | 7% |
| 15 | (3) | Granite Rock Company | 1% |
| 16 | (4) | D.B.O. Development No. 27 | 1% |

17 At such times as a Party within the Coastal Subarea chooses to change its Alternative Production
18 to a Standard Production Allocation that Party will be assessed a proportionate share of the
19 Budget Assessment for the Monitoring and Management Plan Budget based upon a modification
20 of the percentages to include any new Standard Production.

21 The administrative budget shall be fixed at \$100,000 annually for the first Fiscal Year, and
22 thereafter as determined by the Watermaster. The Budget Assessment for the administrative
23 budget shall be assessed against each Producer (except those inn the Landowner Group) by
24 multiplying the amount of the budget for the ensuing Fiscal Year by the following percentages:

- | | | | |
|----|-----|---------------------|-------|
| 25 | (1) | California American | 83% |
| 26 | (2) | City of Seaside | 14.4% |
| 27 | (3) | City of Sand City | 2.6% |

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1 The Replenishment Budget shall be calculated based upon the anticipated cost of
2 obtaining replenishment water, and shall be assessed as set forth in Section III.A.21, and in
3 Section III.L.3.j.iii.

4 Except for the initial Budget Assessment which shall be due 30 days from the date
5 Judgment is granted, payment of the Administrative Assessment and the Monitoring and
6 Management Assessment, subject to any adjustment by the Court as provided in Section III.N.,
7 shall be made on or before January 15th of the Fiscal Year for which the assessments have been
8 levied. If such payment by any Producer is not made on or before said date, the Watermaster
9 shall add a penalty of 5 percent thereof to such Producer's statement. Payment required of any
10 Producer hereunder may be enforced by execution issued outside of this Court, by order of this
11 Court, or by other proceedings by the Watermaster or by any Producer on the Watermaster's
12 behalf.

13 v. Reports, Information, and Records. The Watermaster will require
14 Parties to furnish such reports, information, and records as may be reasonably necessary to
15 determine compliance or lack of compliance by any Party with the provisions of this Decision.

16 vi. Requirement of Measuring Devices. The Watermaster will
17 require all Parties owning or operating any Groundwater Extraction and/or Storage facilities to
18 install appropriate Water measuring devices, and to maintain said Water measuring devices at all
19 times in good working order at such Party's own expense. Such devices shall not interfere with
20 any measuring gauges required by MPWMD.

21 vii. Inspections by the Watermaster. The Watermaster will make
22 inspections of Water Production facilities and measuring devices at such times and as often as
23 may be reasonable under the circumstances, and to calibrate or test such devices.

24 viii. Collection of Arrears. The Watermaster will undertake any and all
25 actions necessary to collect the arrears of any Party with regard to any and all components of the
26 Budget Assessment and/or the Replenishment Assessment.

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1 ix. Hearing Objections; Review and Approvals. The Watermaster
2 will hear all objections and/or review and determine approval or denial of the action(s) of any
3 Party as provided for by any other provision of this Decision.

4 x. Annual Report. The Watermaster will prepare, file with the Court
5 and mail to each of the Parties on or before the 15th day of November, an annual report for the
6 preceding Water Year, the scope of which shall include but not be limited to the following:

- 7 · Groundwater Extractions;
- 8 · Groundwater Storage;
- 9 · Amount of Artificial Replenishment, if any, performed by Watermaster;
- 10 · Leases or sales of Production Allocation;
- 11 · Use of imported, reclaimed, or desalinated Water as a source of Water for
12 Storage or as a Water supply for lands overlying the Seaside Basin;
- 13 · Violations of the Decision and any corrective actions taken;
- 14 · Watermaster administration costs;
- 15 · Replenishment Assessments;
- 16 · All components of the Watermaster budget; and
- 17 · Recommendations.

18 xi. Annual Budget and Appeal Procedure in Relation Thereto. The
19 Watermaster will annually adopt a tentative budget for each Fiscal Year stating the anticipated
20 expense for administering the provisions of this Decision, including reasonable reserve funds. The
21 adoption of each Fiscal Year's tentative budget shall require the affirmative vote of seven (7)
22 voting positions. The Watermaster shall mail a copy of said tentative budget to each of the
23 Producers hereto at least 60 days before the beginning of each Fiscal Year. The Landowner Group
24 representative shall not participate in any vote concerning the approval of the Watermaster
25 budget.^(f) If any Producer hereto has any objection to said tentative budget, it shall present the same
26 in writing to the Watermaster within 15 days after the date of mailing of said tentative budget by
27 the Watermaster. If no objections are received within said period, the tentative budget shall
28 become the Final budget. If objections are received, the Watermaster shall, within 10 days

1 thereafter, consider such objections, prepare a Final budget, and mail a copy thereof to each
2 Producer, together with a statement of the amount assessed to each Producer (Administrative
3 Assessment). Any Producer may apply to the Court within 15 days after the mailing of such
4 Final budget for a revision thereof based on specific objections thereto in the manner provided in
5 Section III.N. The Producer challenging the budget shall make the payments otherwise required
6 of them to the Watermaster, despite the filing of the request for revision with the Court. Upon
7 any revision by the Court, the Watermaster shall either remit to the Producers their pro rata
8 portions of any reduction in the budget, or credit their accounts with respect to their
9 Administrative Assessment for the next ensuing Fiscal Year, as the Court shall direct. The
10 amount of each Producer's Budget Assessment shall be determined as provided in Section
11 III.L.3.j.iv.

12 Any money in Watermaster's budget not expended at the end of any Fiscal Year shall be
13 applied to the budget of the succeeding Fiscal Year.

14 xii. Rules and Regulations. The Watermaster will adopt and amend
15 from time to time such Rules and Regulations as may be reasonably necessary to carry out its
16 duties, powers and responsibilities under the provisions of this Decision. The Rules and
17 Regulations and any amendments thereto, shall be effective on such date after the mailing
18 thereof to the Parties as is specified by the Watermaster, but not sooner than thirty (30) days after
19 such mailing. The Watermaster shall adopt initial Watermaster Rules and Regulations within
20 ninety (90) days from the date Judgment is granted.

21 xiii. Acquisition of Facilities. The Watermaster may purchase, lease,
22 acquire and hold all necessary property and equipment as necessary to perform the duties,
23 powers, and responsibilities provided to Watermaster by this Decision; provided, however, that
24 Watermaster shall not acquire any interest in real property in excess of year-to-year tenancy for
25 necessary quarters and facilities.

26 xiv. Employment of Staff and Consultants. The Watermaster may
27 employ such administrative, engineering, geologic, accounting, legal, or other specialized
28 personnel or consultants as may be deemed appropriate to the carrying out of its duties, powers,

1 and responsibilities and to require appropriate bonds from all officers and employees handling
2 the Watermaster funds.

3 xv. Investment of Funds. The Watermaster may hold and invest any
4 and all funds that the Watermaster may possess in investments authorized from time to time for
5 public agencies in the State of California.

6 xvi. Borrowing. The Watermaster may borrow in anticipation of
7 receipt of assessment proceeds an amount not to exceed the annual amount of assessments levied
8 but uncollected.

9 xvii. Contracts. The Watermaster may enter into contracts for the
10 performance of any administrative power herein granted.

11 xviii. Cooperation with Public and Private Entities. The Watermaster
12 may act jointly or cooperate with any public or private entity to the end that the purposes of the
13 Physical Solution may be fully and economically carried out. Where it is more economical to do
14 so, Watermaster is directed to use such facilities of a public or private entity as are available to it
15 to execute the duties, powers, and responsibilities provided to Watermaster under this Decision.

16 xix. Declaration of Total Usable Storage Space. The Watermaster
17 will declare the Total Useable Storage Space and periodically issue adjustments to the same.

18 xx. Review of Storage Applications; Regulation of Storage; Issuance
19 of Storage and Recovery Agreements. The Watermaster will review applications for Storage in
20 the Seaside Basin, regulate the Storage of Non-Native Water in the Seaside Basin, and issue
21 Storage and Recovery Agreements, all as provided below. All applications for Storage in the
22 Seaside Basin shall be considered and voted on before a noticed meeting of the Watermaster.
23 However, all such applications shall be approved absent the issuance of findings that a Material
24 Injury to the Seaside Basin or Producers will or is likely to occur as a result of the proposed
25 Storage program and no reasonable conditions could be imposed to eliminate such risk. If a
26 Storage application is approved, the Watermaster shall issue a Storage and Recovery Agreement.
27 The Storage and Recovery Agreement may include, among other possible elements and/or
28 provisions, the following conditions to avoid Material Injury: (1) the quantity of Water authorized

1 to be Spread or Directly Injected into the Seaside Basin, (2) the location of the authorized
2 Spreading or Direct Injection, (3) the location(s) where the Water may be recaptured, (4) the
3 particular Water quality characteristics that are required pursuant to the Storage and Recovery
4 Agreement, (5) the amount of Water that may be recaptured pursuant to the Stored Water Credits
5 calculated by Watermaster, (6) any other terms and conditions deemed necessary to protect the
6 Seaside Basin and those areas affected by the Seaside Basin. Such Storage and Recovery
7 Agreements may provide for different locations for introduction and Extraction of Stored Water if
8 deemed appropriate by the Watermaster.

9 xxi. Monitoring and Study of the Seaside Basin and All Seaside Basin
10 Activities. The Watermaster will monitor and perform or obtain engineering, hydrogeologic, and
11 scientific studies concerning all characteristics and workings of the Seaside Basin, and all natural
12 and human-induced influences on the Seaside Basin, as they may affect the quantity and quality
13 of Water available for Extraction, that are reasonably required for the purposes of achieving
14 prudent management of the Seaside Basin in accord with the provisions of this Decision.

15 xxii. Relocation of Authorized Production Locations. The Watermaster
16 will order relocation of the authorized quantity of Production pursuant to any Producer's
17 Production Allocation from a specific location or from a specific aquifer within the same Subarea
18 of the Seaside Basin, provided that it allows equivalent Production from any other location/aquifer
19 in the Seaside Basin within the same Subarea that would not also create a reasonable potential for
20 Material Injury. Watermaster may only order relocation of Production after issuing findings that a
21 Material Injury has occurred or is likely to occur as a result of the then-authorized quantity and
22 geographic distribution of Production. Watermaster may not order the relocation of Production by
23 any Producer that is a member of the Landowner Group.

24 xxiii. Water Quality. The Watermaster will take any action within the
25 Seaside Basin, including, but not limited to, capital expenditures and legal actions, which in the
26 discretion of Watermaster is necessary or desirable to accomplish any of the following:

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28

1 xxvii. Public Records. Watermaster shall conform to the
2 procedures established under the California Public Records Act, California Government
3 Code section 54950 et seq., as it may be amended from time to time.

4 M. Additional Provisions of Physical Solution.

5 In order to provide flexibility to the injunctive provisions set forth in Section III.D
6 of this Decision, and to assist in a Physical Solution to meet Water requirements in the Basin,
7 the determination of rights and responsibilities, and the injunctive provisions so set forth are
8 subject to the following provisions:

9 1. California American Obligation to Augment Water Supply

10 a. Long-Term Supplemental Water Supplies. California American shall
11 undertake all reasonable best efforts to promptly and diligently pursue, and if necessary
12 collaborate with other entities, to obtain and develop sufficient long-term supplemental
13 Water supplies to augment the Water supply available for its service territory within
14 Monterey County.

15 b. Interim Supplemental Water Supplies. During the interim period,
16 until long-term supplemental Water supplies are available, California American shall
17 undertake all reasonable best efforts to ensure that it has sufficient Water supplies to meet all
18 present Water supply needs, including the Water credits allocated to the various political
19 subdivisions pursuant to the MPWMD's Water Allocation Program, in such quantities as set
20 forth in Exhibit D, and the Water credits issued to various properties pursuant to the
21 MPWMD's Water Allocation Program.

22 c. Regulatory Authorization. California American's duties under
23 Sections III.M.1.a and III.M.1.b above will be measured and construed in the context that
24 there are various regulatory approvals that must be obtained for California American to
25 successfully implement the measures reasonably contemplated to secure supplemental Water.
26 For example, it is acknowledged and understood that California American's ability to
27 complete a supplemental Water supply project will require approvals and authorizations from
28 the State Water Resources Control Board ("SWRCB") and the California Public Utilities

1 Commission ("CPUC"). Accordingly, California American will not be considered in default
2 under this Section III.M.1 if it uses reasonable best efforts to obtain the required approvals
3 and authorizations.

4 d. Credit Toward Replenishment Assessment. California American's expenditures
5 for water supply augmentation may also provide replenishment water for the Basin.
6 Accordingly, on an annual basis, California American will provide the Watermaster with an
7 accounting of all expenditures it has made for water supply augmentation that it contends has or
8 will result in replenishment of the Basin. The Watermaster shall review these expenditures and if
9 it concurs reduce California American's Replenishment Assessment obligation, for that year, by
10 an amount equal to the amount claimed by California American. To the extent that the
11 Watermaster rejects any of the claimed amounts, it shall provide California American with an
12 explanation for the rejection and allow California American an opportunity to meet and confer
13 on the disputed amount. In the event that the Watermaster and California American cannot
14 agree, the matter may be referred to the Court through a request filed by California American.

15 2. Assignment and Transfer of Production Allocation. Subject to other
16 provisions of this Decision, and any applicable Watermaster Rules and Regulations, the
17 Parties may assign and transfer any portion of their respective Production Allocation either
18 on an annual Water Year basis or in perpetuity to any Person for use within the Basin.

19 The Parties may also assign and transfer the right to Extract any quantity of
20 Water associated with an existing Stored Water Credit or Carryover Credit, subject to
21 other provisions of this Decision, and any applicable Watermaster Rules and
22 Regulations.

23 3. Export of Groundwater Outside of Subarea or Seaside Basin.

24 a. Exports Authorized from the Coastal Subarea. Producers may export
25 Water Produced from the Coastal Subarea for reasonable and beneficial uses within another
26 Subarea of the Seaside Basin. Only California American may export water outside the Basin,
27 and then only to provide water to its current customers. This means that, in any Water Year,
28 any Producer may export from the Coastal Subarea up to, but not in excess of, a quantity

1 equal to the sum of that Producer's Production Allocation, plus Stored Water Credits, plus
2 Carryover Credits. Export of Groundwater in excess of a Producer's total rights (Production
3 Allocation, plus Stored Water Credits, plus Carryover Credits), however, is prohibited.

4 b. Exports of Natural Replenishment Water Prohibited from the
5 Laguna Seca Subarea. Exports from the Laguna Seca Subarea of Natural Replenishment
6 Water and Carryover Credits not caused by Artificial Replenishment are prohibited.

7 c. Portability Authorized Within Subareas; Portability Prohibited
8 Between Subareas. Any Producer may change the location of its Production facilities within
9 its respective Subarea or join other Production facilities within its Subarea, so long as such
10 relocation does not cause a Material Injury or threat of Material Injury to the Basin or
11 interfere with the Production by any pre-existing Production facilities operated by another
12 Producer(s). No Party may Produce Groundwater from the Coastal Subareas pursuant to any
13 right recognized by this Decision in the Laguna Seca Subarea, and vice versa.

14 N. Watermaster Decision Review Procedures. Any action, decision, rule or procedure of
15 the Watermaster pursuant to this Decision shall be subject to review by the Court on its own
16 motion or on timely motion by any Party, as follows:

17 1. Effective Date of the Watermaster Action. Any order, decision or action of the
18 Watermaster pursuant to this Decision on noticed specific agenda items shall be deemed to
19 have occurred on the date of the order, decision or action.

20 2. Notice of Motion. Any Party may, by a regularly noticed motion, petition the
21 Court for review of the Watermaster's action or decision pursuant to this Decision. The
22 motion shall be deemed to be filed when a copy, conformed as filed with the Court, has been
23 delivered to the Watermaster together with the service fee established by the Watermaster
24 sufficient to cover the cost to photocopy and mail the motion to each Party. The Watermaster
25 shall prepare copies and mail a copy of the motion to each Party or its designee according to
26 the official service list which shall be maintained by the Watermaster according to Section
27 III.P.2. A Party's obligation to serve notice of a motion upon the Parties is deemed to be
28 satisfied by filing the motion as provided herein. Unless ordered by the Court, any such

1 petition shall not operate to stay the effect of any Watermaster action or decision that is
2 challenged.

3 3. Time for Motion. A motion to review any Watermaster action or decision will
4 be filed within thirty (30) days after such Watermaster action or decision, except that motions
5 to review Budget Assessments and Replenishment Assessments hereunder shall be filed
6 within fifteen (15) days of mailing of notice of the Assessment.

7 4. De Novo Nature of Proceedings. Upon filing of a petition to review a
8 Watermaster action, the Watermaster shall notify the Parties of a date when the Court will take
9 evidence and hear argument. The Court's review shall be de novo and the Watermaster
10 decision or action shall have no evidentiary weight in such proceeding.

11 0. Reserved Jurisdiction and Other Remedies.

12 1. Continuing Jurisdiction.

13 a. Jurisdiction Reserved. Full jurisdiction, power and authority are
14 retained by and reserved by the Court upon the application of any Party or by the
15 Watermaster, by a noticed motion to all Parties, to make such further or supplemental orders
16 or directions as may be necessary or appropriate for interpretation, enforcement, or
17 implementation of this Decision. The Court may also modify, amend or amplify any of the
18 provisions of this Decision upon noticed motion to all the Parties. The Court, through its
19 reserved and retained jurisdiction, however, shall not have the authority to adjust any
20 Producer's Base Water Right or Production Allocation, except to accommodate the
21 intervention of a new Party pursuant to Section 111.0.1.b. However, should an adjustment of
22 Base Water Right and/or Production Allocation within a Subarea be required to accommodate
23 the intervention of a new Party, no adjustment shall be made to the Base Water Right or
24 Production Allocations possessed by any Party operating under the Alternative Production
25 Allocation within the Landowner Group until the Production Allocations within that Subarea
26 possessed by Parties operating under the Standard Production Allocation have been reduced
27 to zero.

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1 b. Intervention After Decision. Any non-party who is Producing or
2 proposes to Produce Groundwater from the Seaside Basin in an amount equal to or greater
3 than five (5) acre feet per year, may seek to become a Party to this Decision through (1) a
4 stipulation for intervention entered into with the Watermaster or (2) any Party or the
5 Watermaster filing a complaint against the non-party requesting that the non-party be joined
6 in and bound by this Decision. The Watermaster may execute said stipulation on behalf of the
7 other Parties herein, but such stipulation shall not preclude a Party from opposing such
8 intervention at the time of the Court hearing thereon. A stipulation for intervention must be
9 filed with the Court, and the Court will then consider an order confirming said intervention
10 following thirty (30) days' notice to the Parties. Thereafter, if approved by the Court, such
11 intervenor shall be a Party bound by this Decision and entitled to the rights and privileges
12 accorded under the Physical Solution herein.

13 2. Reservation of Other Remedies.

14 a. Claims By and Against Non-Parties. Nothing in this Decision shall
15 expand or restrict the rights, remedies or defenses available to any Party in raising or
16 defending against claims made by any non-party. Any Party shall have the right to initiate an
17 action against any non-party to enforce or compel compliance with the provisions of this
18 Decision.

19 b. Claims Between Parties on Matters Unrelated to the Decision.

20 Nothing in this Decision shall either expand or restrict the rights or remedies of the Parties
21 concerning any subject matter that is unrelated to the use of the Seaside Basin for Extraction
22 and/or Storage of Water as allocated and equitably managed pursuant to this Decision.

23 P. General Provisions.

24 1. Decision Constitutes Inter Se Adjudication. This Decision constitutes an inter
25 se adjudication of the respective rights of all Parties.

26 2. Service Upon and Delivery to Parties and Interested Persons of Various
27 Papers. This Decision and all future notices, determinations, requests, demands, objections,
28 reports and other papers and processes Produced from this Court shall be served on all

1 Parties by first class mail, postage prepaid, addressed to the designee and at the address
2 designated for that purpose in the list attached as Exhibit E to this Decision, or in any
3 substitute designation filed with the Court.

4 Each Party who has not heretofore made such a designation, within thirty (30) days
5 from the date Judgment is granted, shall file with the Court, with proof of service of a copy
6 upon the Watermaster, a written designation of the Person to whom, and the address at which,
7 all future notices, determinations, requests, demands, objections, reports and other papers and
8 processes to be served upon that Party or delivered to that Party are to be so served or
9 delivered.

10 A later substitute designation filed and served in the same manner by any Party shall be
11 effective from the date of the filing as to the then future notices, determinations, requests,
12 demands, objections, reports and other papers and processes to be served upon or delivered to
13 that Party.

14 Watermaster shall maintain at all times a current list of Parties to whom notices are to be
15 sent and their address for purposes of service. Copies of such lists shall be available to any
16 Person. If no designation is made, a Party's designee shall be deemed to be, in order of priority:
17 (a) the Party's attorney of record; (b) if the Party does not have an attorney of record, the Party
18 itself at the address on the Watermaster list.

19 Watermaster shall also maintain a list of interested Persons that shall include all Persons
20 whom, by written request to Watermaster, request to be added to Watermaster's list of interested
21 Persons. All notices, determinations, requests, demands, objections, reports and other papers and
22 processes required to be delivered to interested Persons shall be delivered to all Parties and all
23 Persons on Watermaster's list of interested Persons.

24 Delivery to or service upon any Party or interested Person by Watermaster, by any other
25 Party, or by the Court, of any document required to be served upon or delivered to a Party under
26 or pursuant to this Decision shall be deemed made if made by deposit thereof (or by copy
27 thereof) in the mail, first class postage prepaid, addressed to the designee of the Party and at the
28 address shown in the latest designation filed by that Party.

1 Any Party desiring to be relieved of receiving deliveries from Watermaster may file a
2 waiver of notice on a form to be provided by Watermaster.

3 3. Decision Binding on Successors. All provisions contained in this Decision are
4 applicable to and binding upon and inure to the benefit of not only the Parties to this action, but
5 also to their respective heirs, executors, administrators, successors, assigns, lessees, licensees and
6 to the agents, employees and attorneys in fact of any such Persons.

7 Q. The Complaints in Intervention

8 The Complaint in Intervention of MPWMD seeks declaratory relief regarding its statutory
9 right to manage and control pumping in the Basin, to store water in and Extract water from the
10 Basin, to store and use reclaimed water, to manage all water distribution facilities within the Basin,
11 and "the quantification and prioritization of its water and storage rights". It also sought a Physical
12 Solution for the management of the Basin's water resources, with MPWMD being appointed as
13 Watermaster to administer the Court's judgment. It also sought parallel injunctive relief against the
14 parties to the lawsuit.

15 The Complaint in Intervention of MCWRA sought declaratory and injunctive relief
16 regarding its right to manage and control water resources including, inter alia, those within the
17 boundaries of the Seaside Basin, and a permanent injunction prohibiting any party to the lawsuit
18 from exercising control "in any fashion" of the Basin in contravention of its water management
19 authority.

20 On December 12, 2005, the Court asked the parties to brief the issue of whether MPWMD
21 should be designated as Watermaster. Briefs were submitted by MPWMD, Plaintiff, Cal Am, and
22 the City of Seaside. The court had previously received an Amicus brief from the Sierra Club which
23 dealt with the issue of the powers of MPWMD and the effect on those powers if the court were to
24 appoint a Watermaster other than MPWMD. The Court has read and considered each submitted
25 brief. It has also read the Act which created MPWMD (Water
26 Code Appendix, Chapter 118), and has had the benefit of the arguments of the parties concerning
27 the subject. Being so informed it has concluded that the appointment of a collaborative
28 Watermaster does not interfere with the powers of the District.

1 The District has argued that appointment of a Watermaster other than itself would violate
2 the Separation of Powers doctrine. It urges that the legislature has vested it with the power to
3 regulate pumping, and therefore only it is qualified to serve as Watermaster. On the other hand,
4 the District has asked the Court to adopt a Physical Solution for the Basin. In so arguing, it
5 necessarily concedes that this Court possesses power to regulate use of the Basin beyond any
6 power the District currently possesses. Furthermore, the undisputed evidence in this case has
7 shown that, although the District is empowered to adopt a Groundwater management plan it has
8 never done so. The language of Water Code Section 10753 is instructive regarding the issue of
9 the Separation of Powers:

10 "(a) Any local agency, whose service area includes a groundwater basin... that is
11 not subject to groundwater management pursuant to... a court order, judgment, or
12 decree, may... adopt and implement a groundwater management plan."

13 (Emphasis added.)

14 Pursuant to the quoted provisions of the foregoing section, the District will not be able in the
15 future to adopt a Groundwater management plan for the Seaside Basin. Clearly the legislature
16 contemplated that courts had the power to develop management plans for aquifer management
17 even if a water management district already existed in a geographical area.

18 The District further argues that if the Court appoints a Watermaster other than itself, the
19 authority of the Watermaster must not conflict with the MPWMD's authority. It is certainly true
20 that the District possesses certain authority, which it is free to exercise according to the
21 legislative mandate which created it. However, it is apparent the legislature did not intend that all
22 of the powers it granted to the District be held exclusively by the District, else it would not at a
23 later time have created the Monterey County Water Resources Agency and endowed it with many
24 of the powers granted to the MPWMD. Rather, in creating the MCWRA, the legislature
25 mandated that the two agencies cooperate with one another (Water Code Appendix Section 52-
26 85). Similarly, the judgment contemplated in this Decision requires the Watermaster to "... act
27 jointly or cooperate with any public...entity to the end that the purposes of the Physical Solution
28 may be fully... carried out." (Section III.L.3.j.xviii)

1 On pages 15-16 of its brief, the District lists 9 powers and asserts those powers would
2 "encompass the duties of any appointed watermaster." The Court has compared those 9 asserted
3 powers and has concluded that those powers, to the extent that they exist or are currently being
4 utilized by the District, do not encompass all the duties of a Watermaster appointed by the
5 judgment. Furthermore, to the extent the Watermaster may be given powers akin to those of the
6 District, this Court retains jurisdiction to determine any conflict which may arise in the future.
7 For example, the Decision directs that any metering of Production wells by the Watermaster
8 shall be done in a way which does not conflict with the MPWMD gauging already in place on
9 all producing wells. The MPWMD is still able to develop water resources within its boundaries
10 and can store water for the benefit of the District in the Basin, although it has not to date done
11 either of those things with regard to the Seaside Basin.

12 One asserted power deserves more precise attention: the asserted "...power and duty to
13 manage and regulate the transferability of the water among users- (Water Code Appendix)
14 Section 328(g)." The plain reading of the referenced section does not encompass the right
15 asserted. Furthermore, to the extent those that section purports to grant the District the power
16 to "...declare rights in the natural flow of any subterranean supply of water..." it is apparent that
17 the legislature did not intent to interfere with the ultimate right of the courts to determine the
18 water rights of parties claiming such rights. To read the section otherwise would be to create a
19 true Separation of Powers issue.

20 In fairness to the District, it had, of necessity, to confine its analysis of the duties of the
21 proposed Watermaster to those set forth in the Proposed Stipulated Judgment. The Decision,
22 while obviously relying on the structure and format of the Stipulated Judgment, does not track all
23 provisions of said Judgment. For example, many of the concerns of the District revolve around
24 its statutory right to store water in subterranean reservoirs. The Decision preserves that right.
25 Similarly, while the Decision allows the assignment of Production rights (which the District is
26 not empowered to affect by its referenced legislation, Water Code Section 328(g)), it does not
27 provide for the transferability of Storage rights, a matter which might be of concern to the
28 District under certain circumstances.

1 The District argues that the proposed powers of the Watermaster regarding maintenance and
2 modification of the Operating Safe Yield would conflict with the District's authority. Much of its
3 argument is addressed to language in the Proposed Stipulated Judgment which does not appear in
4 the Decision. The Decision grants certain rights of control to the Watermaster for the purpose of
5 maintaining the viability of the aquifer. However, it does not purport to forbid any regulation of
6 the Basin which may be required by a public agency possessing the power to impose such
7 regulation. In this regard it should be noted that the complaint in this case first raised the issue of
8 the Overdraft status of the Basin, and the initial pleadings of the District stated that it did not
9 know if that were true or not. The Decision does not conflict with any procedure or plan currently
10 in place by the District to establish an Operating Yield for the Basin.

11 Of concern to the District is the fact that the Watermaster will be empowered to augment
12 the underground water supply. While Water Code Section 118-343 gives the District the power to
13 levy a Groundwater charge for the purpose of augmenting underground water supplies, in fact
14 from the time of its creation in 1977 to the present the District has established no such charge, and
15 has not augmented the underground water supply of the Basin. The fact that the Watermaster is
16 authorized in the contemplated judgment to assess charges for replenishment of the Basin does not
17 prevent the District in the future from undertaking such augmentation, if it determines it is
18 appropriate to do so.

19 Based upon the evidence adduced at trial, which demonstrated that a collaborative
20 Watermaster will likely provide more tangible results than any single individual or entity
21 Watermaster, the Court has decided to appoint a collaborative board as Watermaster.

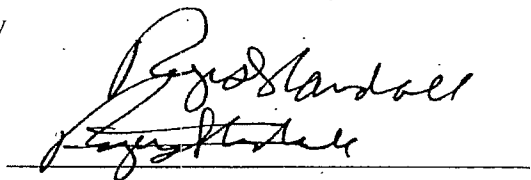
22 The prayer of MPWMD for injunctive relief is denied, except insofar as the court will issue
23 injunctive relief as set forth in the Decision at the request of all parties. The prayer that the Court
24 adopt a Physical Solution for the Seaside Basin is granted. The request for declaratory relief is
25 granted to the extent that the court finds that the statutory rights of MPWMD are not in conflict
26 with the Physical Solution and the appointment of a Watermaster in this proceeding.

27 The Complaint in Intervention of MCWRA also seeks declaratory and injunctive relief, but
28 does not urge the appointment of itself or any other entity as Watermaster. The request for

1 injunctive relief is denied as moot, since the lawsuit does not challenge the statutory authority of
2 the Agency. The request for declaratory relief is granted to the extent that the Court finds that
3 the statutory rights of MCWRA are not in conflict with the Physical Solution adopted by the
4 Court in this proceeding.

5 A statement of decision, if requested by any party, will be prepared by Plaintiff. If no party
6 within ten days of the filing of this Decision specifies controverted issues or makes proposals not
7 covered in the Decision this Decision shall become the Statement of Decision, and Plaintiff shall
8 prepare a judgment thereon.

By



9
10 Dated:

11 9 February 07

Honorable Roger D. Randall

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Principles and Procedures of the Seaside Basin Monitoring and Management Plan

Introduction

This document sets forth the criteria that will guide the Watermaster in creating the Seaside Basin Monitoring and Management Plan. It also establishes a procedure for dealing with seawater intrusion, should the same occur, during the time the Watermaster is developing its plan of action to deal with such an eventuality.

Plan Criteria

Within sixty days of entry of the Judgment by the Court, the Watermaster will submit for the Court's approval a Monitoring and Management Plan containing details for implementation of the following actions:

- a. *Exploratory borehole drilling program.* About four exploratory boreholes shall be drilled along the shoreline and the northern boundary of the Basin to depths ranging from 500 to 1500 feet, the depth being controlled by the depth of the Monterey formations. Lithologic samples shall be collected and classified for every one foot of drilling. A full suite of geophysical logs shall be collected. The data collected as part of this program shall be compared to other well data in the Seaside Basin to further refine the hydrogeologic conceptual model in the areas between the production wells and saline groundwater.
- b. *Geophysical surveys.* Geophysical surveys shall be performed along the shoreline and the northern boundary of the Basin, intersecting the test borehole locations. The results of the geophysical surveys shall be calibrated against the test borehole data. The borehole data and the surveys shall be analyzed to characterize the near shore hydrology and to locate and design new monitoring wells.
- c. *New monitoring wells.* About four to six monitoring well clusters shall be drilled and installed along the shoreline and the northern boundary of the Basin. Each cluster shall consist of at least four to five wells to provide a detailed vertical characterization of head and water quality through the aquifer system. The Watermaster shall coordinate the placement of the wells with MPWMD, which already has some monitoring wells in place with plans to drill more, to avoid duplication of effort and cost inefficiencies.
- d. *Design and implementation of a piezometric and water quality monitoring program.* Pressure transducers and ionic probes (EC and Cl) shall be installed in each well at each cluster. These probes will record water levels and water quality on a frequent interval (every 15 minutes for water levels, and every day for water quality). Where possible, similar probes will be installed in the pumping wells to record water levels and on/off cycles. Grab samples will be obtained periodically to true up the ionic probes. These data will be analyzed to assess the state of seawater

Exhibit A

- e. intrusion, reveal groundwater barriers within the aquifer system, and more accurately estimate aquifer system parameters.
- e. *Development and implementation of a management program.* The objectives of the management program will be to optimize pumping, halt seawater intrusion, and return the Basin to equilibrium through implementation of conservation methods; replacement of water drawdown by substitution of reclaimed water, where appropriate, infusion of imported water into the aquifer; and utilization of controlled pumping schedules through analysis of real-time monitoring.
- f. *Develop criteria for use by the Watermaster in determining any modification of the Operating Yield.*

The management program will include periodic review of monitoring information and the use of this review to guide near-term and long-term groundwater pumping. If seawater is detected by the MPWMD monitoring wells currently in place, or by pumping wells, or by the monitoring well system contemplated by this document, the Watermaster shall follow the procedures developed pursuant to the mandate of the following paragraph. If it is detected before such procedures are in place, the Watermaster shall follow the procedure set forth in the *Interim Contingency Procedure to Contain Seawater Intrusion*, infra.

Within one year after entry of the Judgment by the Court, the Watermaster will:

- (a) develop improved estimates of the natural and secondary recharge within the Seaside Basin;
- (b) develop and implement a program for collecting groundwater production, water use, and land use data for the Seaside Basin and appropriate adjacent areas;
- (c) develop a suitable groundwater model of the Seaside Basin and appropriate adjacent areas;
- (d) develop a plan of action to be implemented to avoid various adverse effects in the Basin, including seawater intrusion; and
- (e) develop a plan of action to contain seawater intrusion, should it occur. The plan of action to avoid adverse effects in the Basin shall include a timeline for the importation of Non-Native water for spreading or injection into the Basin, and for acquisition of recycled water in lieu of Native Water production, and shall outline concrete steps to be taken to secure both Non-Native Water and recycled water.

Interim Contingency Procedure to Contain Seawater Intrusion

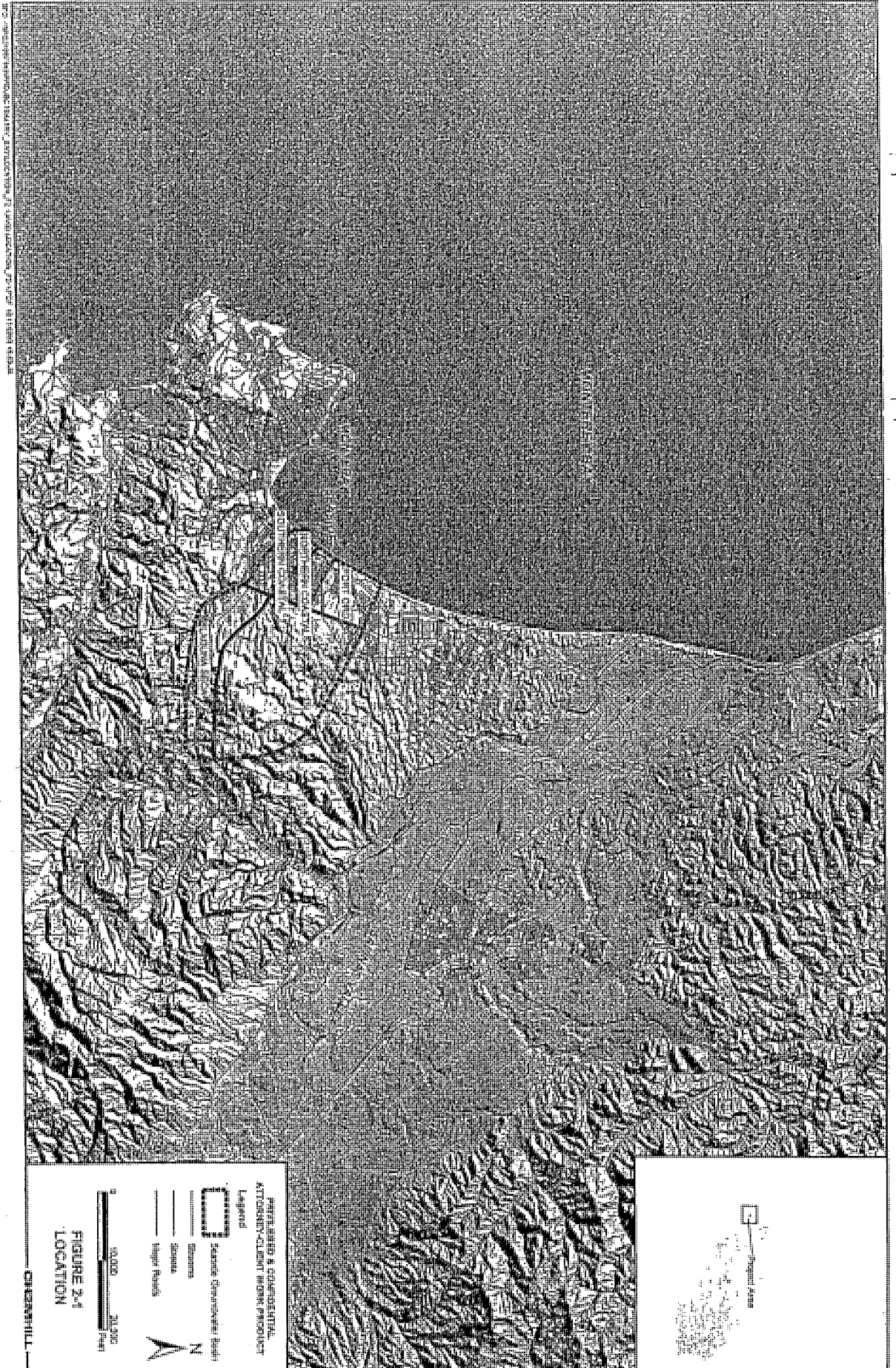
If Seawater intrusion is detected in the Basin during the development of the Watermaster's Management Plan, the following contingency plan will be set in motion to prevent seawater from contaminating larger portions of the Basin:

- a. *Detection in a coastal monitoring well.* If seawater intrusion is detected in a coastal monitoring well, it is imperative that pumping stresses be reduced so that seawater is not pulled inland to producing wells. To accomplish this, all wells that produce from the intruded aquifer that are within one-half mile of the affected monitoring well will reduce their production to the equivalent of one-half their previous five-year pumping average. Monitoring of groundwater levels within the one-half mile radius

of the affected well will be increased to determine if groundwater gradients following reductions in pumping have been modified sufficiently to prevent further seawater intrusion. This increase in monitoring effort will include installing at least one new monitoring well as a sentinel between the affected monitoring well and the nearest down-gradient active production well. After six months of reduced pumping, the threat of further seawater intrusion will be re-evaluated. If there continues to be a groundwater gradient that would pull the detected seawater toward producing wells, the pumping wells within one-half mile of the affected monitoring well will further reduce pumping to one-third of their previous five-year pumping average. After another six months of monitoring, the direction of groundwater gradients will again be evaluated. If there continues to be a groundwater gradient that would pull the detected seawater towards producing wells, then the wells with reduced pumping will discontinue pumping. If, after the initial discovery of intrusion, seawater is encountered in an additional monitoring well, pumping reductions will be required for nearby producing wells in the same manner as for the first intruded monitoring well.

- b. *Detection in a production well.* If seawater intrusion is encountered in a production well, that well will discontinue pumping. In addition, all wells that produce from the intruded aquifer that are within one-half mile of the affected well will reduce their production to the equivalent of one-half of their previous five-year pumping average. The sequence of threat evaluation, subsequent pumping reductions, and installation of new monitoring wells will be the same as for that in subparagraph a.

If the implementation of the procedures set forth above causes a production well to reduce its pumping or to cease pumping altogether, all reasonable efforts must be undertaken by the Watermaster to insure that lost production will be replaced by redistributing pumping, further conservation efforts on the part of all parties, or provision of replacement water from other sources.



Security National Guaranty

Parcel Descriptions

Legal description:

Parcel I:

A part of Rancho Noche Buena and Monterey City Lands Tract No. 1 in County of Monterey, State of California, being a part of that certain 86.75 acre tract of land conveyed by T.A. Work, et ux, to Mrs. E. Roberts by Deed dated May 16, 1921, recorded in Vol. 13 of Official Records at page 444, Records of Monterey County, and particularly described as follows:

Beginning at a 4" x 4" post standing at northeasterly corner of the above mentioned 86.75 acre tract of land and in the westerly boundary of that certain strip of land, 100 feet wide, as conveyed by David Jacks, to Monterey Railroad Company by Deed dated May 1, 1880, recorded in Vol. Z of Deeds at page 472, Records of Monterey County (now known as the right of way of the Southern Pacific Railroad, Monterey Branch) and from which point of beginning the S.P.R.R. Engineer's station 594 + 60.0 C.C.T. 201/2 in center line of tract bears S. 60° 10' E., 50.3 feet distant; thence southerly along westerly boundary of said 100 foot strip of land for a distance of 1570 feet, a little more or less, to a 4" x 4" post marked "AT 1386.6" "SPRR LINE," from which SPRR Engineer's Station 610 + 51.0, C.C.T.2 in centerline of tract bears S. 63° 21' E., 61.1 feet distant; thence leave said westerly boundary and running N. 53° 06' W., 1386.6 feet, at 765.6 feet to a 4" x 4" post marked "A + 621.0" "LINE", at 1243.1 feet at a 4" x 4" post marked "AT 143.5" "LINE" "WP", 1386.6 feet to a point in the mean high water line of Monterey Bay; thence along mean high water of Monterey Bay, N. 32° 08 1/2' E., 1500 feet to a point in the Northerly boundary of said 86.75 acre tract; thence along said northerly boundary up middle of canyon S. 53° 06' E., 1115.0 feet, at 132.6 feet a 4" x 4" post marked "AT 132.6" "WP" at 523.8 feet to a 4" x 6" post marked "AT 523.8" at 905.0 feet a 4" x 4" fencepost, 1115.0 feet to the place of beginning. Courses all true, declination of magnetic needle being 17° 30' East.

Excepting therefrom all that certain real property described in the Final Order of Condemnation issued out of the Superior Court of the State of California for the County of Monterey, Case No. 55706 entitled The People of the State of California, acting by and through the Department of Public Works, plaintiff, vs. Bank of America National Trust and Savings Association, et al, defendants, recorded April 1, 1966 in Reel 455 of Official Records of Monterey County at Page 620.

Parcel II:

That certain tract of land conveyed by T.A. Work, et ux, to Edith A. Roberts by Deed dated January 3, 1927 and recorded in Volume 102 of Official Records at page 129, records of Monterey County, particularly described as follows:

Beginning at the above mentioned 4" x 4" post standing at the northeast corner of the first above described tract; thence northerly along westerly boundary of the above mentioned 100 foot strip of railroad property for a distance of 210.0 feet; thence in a direct line to a 4" x 4"

EXHIBIT C

Legal description -- page 2:

fence post in the northerly boundary of the said 86.75 acre tract which bears N. 53° 06' W., 210.0 feet from the place of beginning; thence along said northerly boundary S. 53° 06' E., 210.0 feet to the place of beginning. Courses all true, variation of the magnetic needle 17° 30' East.

..APNS: 011-501-004
011-501-014

END OF DOCUMENT

**Legal Description of York School Parcels Subject to
Stipulated Judgment**

Legal Description

Parcels 1 and 2, as shown and designated on that certain Record of Survey filed on September 27, 1996 in Volume 20 of Surveys at Page 75, records of Monterey County, California.

APN 031-131-005 [5.41 acre parcel]

APN 031-131-006 [101.19 acre parcel]

THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

SURV. PG. 75

SURVEYOR'S STATEMENT

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT CONTROL AND THE INSTRUMENTS AND METHODS EMPLOYED BY ME OR UNDER MY DIRECT CONTROL IN THE SURVEYING ACT AT THE REQUEST OF THE YORK SCHOOL IN MARCH 1994.

John A. Van Vliet
 JOHN A. VAN VLIET
 STATE OF CALIFORNIA
 LICENSE NO. 15310
 EXPIRES 31 MARCH 1997



RECORDER'S STATEMENT

FILED FOR RECORD AT THE REQUEST OF BESTOR ENGINEERS, INC. THIS MAP IS PART OF VOLUME 1196, ASSESSOR'S MAP, IN VOLUME 500 OF THE COUNTY RECORDS OF MONTEREY COUNTY, CALIFORNIA.

BRUCE A. REDDIE
 COUNTY RECORDER
 SERIAL NO. 5782166
 FEE \$ 240

COUNTY SURVEYOR'S STATEMENT

THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH SECTION 8716 OF THE LAND SURVEYORS ACT AND IS CORRECT.

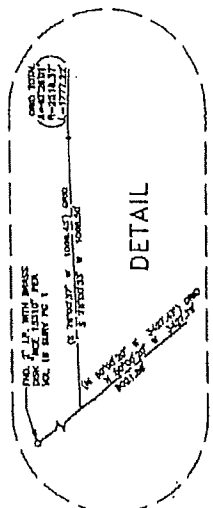
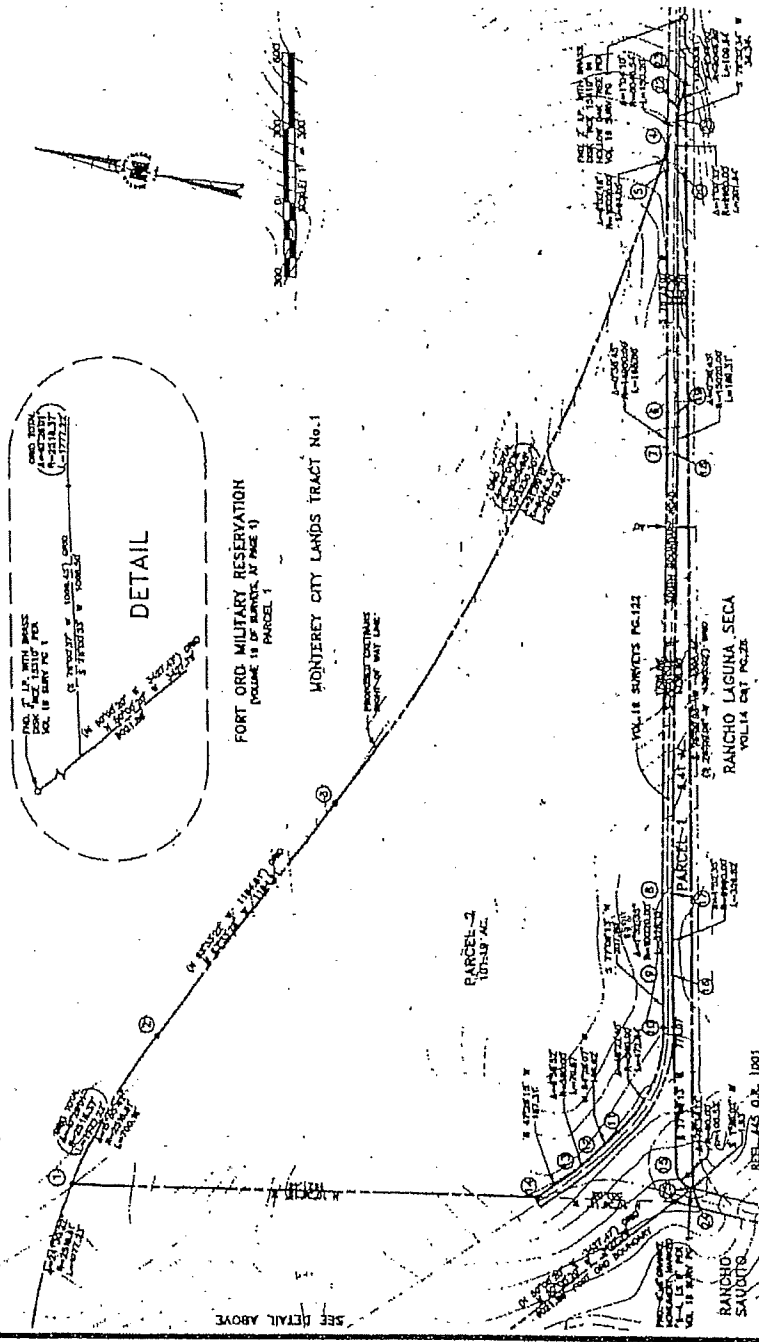
John A. Van Vliet
 COUNTY SURVEYOR
 STATE OF CALIFORNIA
 LICENSE NO. 15310



RECORD OF SURVEY
 BOUNDARY OF A 101.19 & 5.41 ACRE PARCEL
 BEING A PORTION
 OF FORT ORD MILITARY RESERVATION

FOR THE
 YORK SCHOOL
 MONTEREY CITY LANDS TRACT No. 1
 MONTEREY COUNTY, CALIFORNIA

BESTOR ENGINEERS, INC.
 1001 MILK LANE
 MONTEREY, CALIFORNIA 93940
 DATE: MARCH 13, 1995
 SHEET 1 OF 1



LINE NO.	BEARING	DISTANCE	REMARKS
1	N 77° 05' 47" E	101.19	TO CORNER 1
2	S 77° 05' 47" W	101.19	TO CORNER 2
3	S 77° 05' 47" W	5.41	TO CORNER 3
4	N 77° 05' 47" E	5.41	TO CORNER 4
5	N 77° 05' 47" E	101.19	TO CORNER 5
6	S 77° 05' 47" W	101.19	TO CORNER 6
7	S 77° 05' 47" W	5.41	TO CORNER 7
8	N 77° 05' 47" E	5.41	TO CORNER 8
9	N 77° 05' 47" E	101.19	TO CORNER 9
10	S 77° 05' 47" W	101.19	TO CORNER 10
11	S 77° 05' 47" W	5.41	TO CORNER 11
12	N 77° 05' 47" E	5.41	TO CORNER 12
13	N 77° 05' 47" E	101.19	TO CORNER 13
14	S 77° 05' 47" W	101.19	TO CORNER 14
15	S 77° 05' 47" W	5.41	TO CORNER 15
16	N 77° 05' 47" E	5.41	TO CORNER 16
17	N 77° 05' 47" E	101.19	TO CORNER 17
18	S 77° 05' 47" W	101.19	TO CORNER 18
19	S 77° 05' 47" W	5.41	TO CORNER 19
20	N 77° 05' 47" E	5.41	TO CORNER 20
21	N 77° 05' 47" E	101.19	TO CORNER 21
22	S 77° 05' 47" W	101.19	TO CORNER 22
23	S 77° 05' 47" W	5.41	TO CORNER 23
24	N 77° 05' 47" E	5.41	TO CORNER 24
25	N 77° 05' 47" E	101.19	TO CORNER 25
26	S 77° 05' 47" W	101.19	TO CORNER 26
27	S 77° 05' 47" W	5.41	TO CORNER 27
28	N 77° 05' 47" E	5.41	TO CORNER 28
29	N 77° 05' 47" E	101.19	TO CORNER 29
30	S 77° 05' 47" W	101.19	TO CORNER 30
31	S 77° 05' 47" W	5.41	TO CORNER 31
32	N 77° 05' 47" E	5.41	TO CORNER 32
33	N 77° 05' 47" E	101.19	TO CORNER 33
34	S 77° 05' 47" W	101.19	TO CORNER 34
35	S 77° 05' 47" W	5.41	TO CORNER 35
36	N 77° 05' 47" E	5.41	TO CORNER 36
37	N 77° 05' 47" E	101.19	TO CORNER 37
38	S 77° 05' 47" W	101.19	TO CORNER 38
39	S 77° 05' 47" W	5.41	TO CORNER 39
40	N 77° 05' 47" E	5.41	TO CORNER 40
41	N 77° 05' 47" E	101.19	TO CORNER 41
42	S 77° 05' 47" W	101.19	TO CORNER 42
43	S 77° 05' 47" W	5.41	TO CORNER 43
44	N 77° 05' 47" E	5.41	TO CORNER 44
45	N 77° 05' 47" E	101.19	TO CORNER 45
46	S 77° 05' 47" W	101.19	TO CORNER 46
47	S 77° 05' 47" W	5.41	TO CORNER 47
48	N 77° 05' 47" E	5.41	TO CORNER 48
49	N 77° 05' 47" E	101.19	TO CORNER 49
50	S 77° 05' 47" W	101.19	TO CORNER 50
51	S 77° 05' 47" W	5.41	TO CORNER 51
52	N 77° 05' 47" E	5.41	TO CORNER 52
53	N 77° 05' 47" E	101.19	TO CORNER 53
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55	S 77° 05' 47" W	5.41	TO CORNER 55
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59	S 77° 05' 47" W	5.41	TO CORNER 59
60	N 77° 05' 47" E	5.41	TO CORNER 60
61	N 77° 05' 47" E	101.19	TO CORNER 61
62	S 77° 05' 47" W	101.19	TO CORNER 62
63	S 77° 05' 47" W	5.41	TO CORNER 63
64	N 77° 05' 47" E	5.41	TO CORNER 64
65	N 77° 05' 47" E	101.19	TO CORNER 65
66	S 77° 05' 47" W	101.19	TO CORNER 66
67	S 77° 05' 47" W	5.41	TO CORNER 67
68	N 77° 05' 47" E	5.41	TO CORNER 68
69	N 77° 05' 47" E	101.19	TO CORNER 69
70	S 77° 05' 47" W	101.19	TO CORNER 70
71	S 77° 05' 47" W	5.41	TO CORNER 71
72	N 77° 05' 47" E	5.41	TO CORNER 72
73	N 77° 05' 47" E	101.19	TO CORNER 73
74	S 77° 05' 47" W	101.19	TO CORNER 74
75	S 77° 05' 47" W	5.41	TO CORNER 75
76	N 77° 05' 47" E	5.41	TO CORNER 76
77	N 77° 05' 47" E	101.19	TO CORNER 77
78	S 77° 05' 47" W	101.19	TO CORNER 78
79	S 77° 05' 47" W	5.41	TO CORNER 79
80	N 77° 05' 47" E	5.41	TO CORNER 80
81	N 77° 05' 47" E	101.19	TO CORNER 81
82	S 77° 05' 47" W	101.19	TO CORNER 82
83	S 77° 05' 47" W	5.41	TO CORNER 83
84	N 77° 05' 47" E	5.41	TO CORNER 84
85	N 77° 05' 47" E	101.19	TO CORNER 85
86	S 77° 05' 47" W	101.19	TO CORNER 86
87	S 77° 05' 47" W	5.41	TO CORNER 87
88	N 77° 05' 47" E	5.41	TO CORNER 88
89	N 77° 05' 47" E	101.19	TO CORNER 89
90	S 77° 05' 47" W	101.19	TO CORNER 90
91	S 77° 05' 47" W	5.41	TO CORNER 91
92	N 77° 05' 47" E	5.41	TO CORNER 92
93	N 77° 05' 47" E	101.19	TO CORNER 93
94	S 77° 05' 47" W	101.19	TO CORNER 94
95	S 77° 05' 47" W	5.41	TO CORNER 95
96	N 77° 05' 47" E	5.41	TO CORNER 96
97	N 77° 05' 47" E	101.19	TO CORNER 97
98	S 77° 05' 47" W	101.19	TO CORNER 98
99	S 77° 05' 47" W	5.41	TO CORNER 99
100	N 77° 05' 47" E	5.41	TO CORNER 100

LEGEND

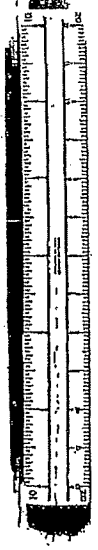
- DENOTES SET 1" BRON PIPE WITH PLASTIC PLUG "PCE 15310"
- DENOTES 1 1/2" IRON PIPE WITH BRASS DISK "R.C.E. 15310", UNLESS OTHERWISE NOTED.
- DENOTES MONUMENT SET.
- PROPERTY LINE
- ⊙ BOUNDARY CORNER NUMBER
- ALL DISTANCES ARE SHOWN IN FEET AND DECIMALS THEREOF.
- () DENOTES RECORD INFORMATION PER LEGAL DESCRIPTION 05-MON-85-4-D/15.0 DATED MARCH 13, 1985.

NOTE REGARDING DERIVATION OF COORDINATES:

STATE PLANE COORDINATES BASED ON THE NORTH AMERICAN DATUM OF 1983 (NAD 83) ZONE 4 WERE DETERMINED FOR THE BOUNDARY CORNERS AND MONUMENTS. THESE COORDINATES WERE THEN SCALED BY A MEAN PROJECT COMPARISON FACTOR OF .999999999 TO PRODUCE "GROUND" PLANE COORDINATES TO OBTAIN TRUE DISTANCES. ALTHOUGH THE GROUND DISTANCES BY THE MEAN PROJECT COMPARISON FACTOR, NO ADJUSTMENT WAS APPLIED WHEN THE STATE PLANE COORDINATES WERE DERIVED FROM THE "GROUND" COORDINATES. THE STATE PLANE COORDINATES WERE DERIVED FROM THE "GROUND" COORDINATES USING THE LAUREST PROJECTION FOR CALIFORNIA, STATE PLANE ZONE 4.

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE GRID BEARING OF N 77° 05' 47" E BETWEEN CALIFORNIA HIGH PRECISION GEODETIC NETWORK (CHPN) CONTROL POINTS 1001 AND 1002. THE GRID BEARING WAS ADJUSTED TO THE LAUREST PROJECTION FOR CALIFORNIA, STATE PLANE ZONE 4. THE COORDINATES FOR THE TWO CONTROL POINTS WERE ESTABLISHED BY THE CALIFORNIA DEPARTMENT OF WATER RESOURCES (CDWR) IN 1982. THE BEARINGS FOR THIS SURVEY WERE ESTABLISHED USING GLOBAL POSITIONING SYSTEM (GPS) "FAST-STATIC" SURVEYING TECHNIQUES.



**Legal Description of a 5.41 Acre Parcel
On the Former Fort Ord Military Reservation
(Designated as Parcel L3.1)**

Certain real property situate in Monterey City Lands Tract No. 1, in the County of Monterey, State of California described as follows:

Parcel 1 as shown on that certain Record of Survey filed in Volume 20, Page 75 of Surveys in the office of the County Recorder of said county, more particularly described as follows:

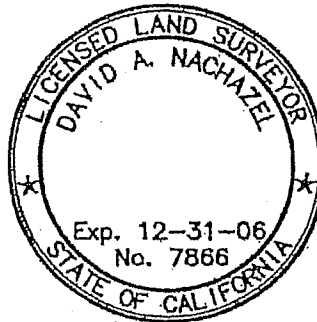
Beginning at a 1 inch iron pipe with plastic plug stamped "RCE 15310" marking the most easterly corner of said Parcel 1; thence

- 1) South 78°00'03" West, 4,395.44 feet to a 6" x 8" granite monument marked "S-4, LS 8" marking the most westerly corner of said Parcel 1; thence
- 2) North 01°35'02" East, 1.93 feet to the beginning of a curve concave to the southeast having a radius of 80.00 feet; thence
- 3) Northeasterly 105.52 feet along said curve through a central angle of 75°34'11"; thence
- 4) North 77°09'13" East, 776.07 feet to the beginning of a curve concave to the south having a radius of 9,980.00 feet; thence
- 5) Easterly 326.82 feet along said curve through a central angle of 01°52'35"; thence
- 6) North 79°01'48" East, 1,738.80 feet to the beginning of a curve concave to the north having a radius of 15,020.00 feet; thence
- 7) Easterly 169.31 feet along said curve through a central angle of 00°38'45"; thence
- 8) North 78°23'02" East, 964.20 feet to the beginning of a curve concave to the south having a radius of 9,980.00 feet; thence
- 9) Easterly 201.84 feet along said curve through a central angle of 01°09'32"; thence
- 10) North 79°32'34" East, 36.34 feet to the beginning of a non-tangent curve concave to the north having a radius of 8,046.54 feet, and to which beginning a radial bears South 04°13'13" West; thence
- 11) Easterly 109.62 feet along said curve through a central angle of 00°46'50" to the **Point of Beginning**.

Containing 5.41 Acres, more or less.

Dated: March 22, 2005

Bestor Engineers, Inc.
David Nachazel
Licensed Surveyor #7866
State of California
Expires: 31 December 2006



Legal Description of a 101.19 Acre Parcel
On the Former Fort Ord Military Reservation
(Designated as Parcel L3.2)

Certain real property situate in Monterey City Lands Tract No. 1, in the County of Monterey, State of California described as follows:

Parcel 2 as shown on that certain Record of Survey filed in Volume 20, Page 75 of Surveys in the office of the County Recorder of said county, more particularly described as follows:

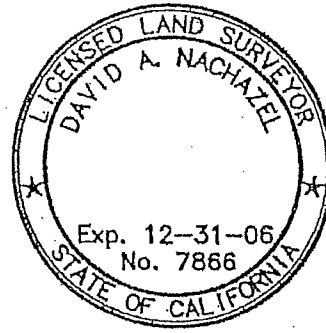
Beginning at a 1 inch iron pipe with plastic plug stamped "RCE 15310" marking the most easterly corner of said Parcel 2, said point being the beginning of a non-tangent curve concave to the south having a radius of 10,020.00 feet, and to which beginning a radial bears North $11^{\circ}04'42''$ West, said point also being on the northerly boundary of that certain 40 foot wide right-of-way of South Boundary Road as said right-of-way is shown and designated as Parcel 3 as per map filed in Volume 19, Page 122 of Surveys in the office of the County Recorder of said county; thence along said northerly boundary

- 1) Westerly, 94.05 feet through a central angle of $00^{\circ}32'16''$; thence
- 2) South $78^{\circ}23'02''$ West, 964.20 feet to the beginning of a curve concave to the north having a radius of 14,980.00 feet; thence
- 3) Westerly, 168.86 feet along said curve through a central angle of $00^{\circ}38'45''$; thence
- 4) South $79^{\circ}01'48''$ West, 1,738.80 feet to the beginning of a curve concave to the south having a radius of 10,020.00 feet; thence
- 5) Westerly, 328.13 feet along said curve through a central angle of $01^{\circ}52'35''$; thence
- 6) South $77^{\circ}09'13''$ West, 207.00 feet to the beginning of a curve concave to the north having a radius of 560.00 feet; thence
- 7) Westerly, 472.84 feet along said curve through a central angle of $48^{\circ}22'40''$; thence
- 8) North $54^{\circ}28'07''$ West, 166.62 feet to the beginning of a curve concave to the northeast having a radius of 580.00 feet; thence
- 9) Northwesterly, 70.67 feet along said curve through a central angle of $06^{\circ}58'52''$; thence
- 10) North $47^{\circ}29'15''$ West, 187.31; thence
- 11) North $10^{\circ}36'16''$ West, 1,921.46 feet to the beginning of a non-tangent curve concave to the south having a radius of 2,518.61 feet, and to which beginning a radial bears North $10^{\circ}30'53''$ East; thence
- 12) Easterly, 700.18 feet along said curve through a central angle of $15^{\circ}55'42''$; thence
- 13) South $63^{\circ}33'25''$ East, 1,184.91 feet to the beginning of a curve concave to the north having a radius of 8,046.54 feet; thence
- 14) Easterly, 2,970.74 feet along said curve through a central angle of $21^{\circ}09'12''$ to the most easterly corner of said Parcel 2 and to the **Point of Beginning**.

Containing 101.19 Acres, more or less.

Dated: September 15, 2005

Bestor Engineers, Inc.
David Nachazel
Licensed Surveyor #7866
State of California
Expires: 31 December 2006



SAND CITY PARCELS

PARCEL I

A PARCEL OF LAND IN THE CITY OF SAND CITY LOCATED WITHIN THE "MAP OF EAST MONTEREY, MONTEREY COUNTY, CA" BEGINNING AT THE MOST SOUTHERLY CORNER OF LOT 14 IN BLOCK 33 AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF EAST MONTEREY, MONTEREY COUNTY, CA., SURVEYED BY W.C. LITTLE," FILED FOR RECORD OCTOBER 18, 1887 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA IN VOLUME 1 OF MAPS, "CITIES AND TOWNS" AT PAGE 22, THENCE:

- NORTH 0°05'45" WEST, 271.91 FEET; THENCE
- NORTH 89°54'15" EAST, 50.00 FEET; THENCE
- NORTH 0°05'45" WEST, 50.00 FEET; THENCE
- NORTH 89°54'15" EAST, 50.00 FEET; THENCE
- NORTH 0°05'45" WEST, 149.82 FEET; THENCE
- NORTH 89°54'15" EAST, 300.00 FEET; THENCE
- SOUTH 0°05'45" EAST, 192.16 FEET TO THE NORTHERN RIGHT-OF-WAY LINE OF THE FORMER SOUTHERN PACIFIC RAILROAD (TAMC PROPERTY); THENCE
- ALONG SAID RIGHT-OF-WAY NORTH 55°02'51" EAST, 904.00 FEET MORE OR LESS TO THE INTERSECTION WITH THE SOUTHERN RIGHT-OF-WAY LINE OF REDWOOD AVENUE AS SHOWN ON SAID "MAP OF EAST MONTEREY"; THENCE
- SOUTH 34°57'09" EAST, 35.00 FEET; THENCE
- SOUTH 55°02'51" WEST, 1527.83 FEET MORE OR LESS TO A POINT WHICH IS SOUTH 34°57'09" EAST OF THE INTERSECTION OF THE NORTHERN RIGHT-OF-WAY LINE OF THE FORMER SOUTHERN PACIFIC RAILROAD (TAMC PROPERTY) AND THE NORTHERN RIGHT-OF-WAY LINE OF ORANGE AVENUE AS SHOWN ON SAID "MAP OF EAST MONTEREY"; THENCE
- NORTH 34°57'09" EAST, 35.00 FEET TO THE INTERSECTION OF SAID LINES; THENCE
- NORTH 55°02'51" EAST, 136.39 FEET TO THE POINT OF BEGINNING.

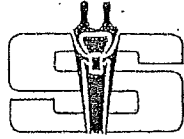
CONTAINING 3.88 ACRES MORE OR LESS.

PARCEL II

A PARCEL OF LAND IN THE CITY OF SAND CITY LOCATED WITHIN THE "MAP OF EAST MONTEREY, MONTEREY COUNTY, CA" AND THE "SEASIDE ADDITION TO THE MAP OF EAST MONTEREY, MONTEREY, CA" BEGINNING AT THE MOST WESTERLY CORNER OF LOT 1 IN BLOCK 40 AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF EAST MONTEREY, MONTEREY COUNTY, CA., SURVEYED BY W.C. LITTLE," FILED FOR RECORD OCTOBER 18, 1887 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA IN VOLUME 1 OF MAPS, "CITIES AND TOWNS" AT PAGE 22, THENCE:

- NORTH 0°17'58" WEST, 197.63 FEET TO THE INTERSECTION OF THE MOST EASTERLY LINE OF BLOCK 4 OF THE SEASIDE ADDITION; THENCE
- NORTH 31°36'14" WEST, 126.44 FEET; THENCE
- SOUTH 74°12'10" WEST, 106.54 FEET; THENCE
- NORTH 15°47'31" WEST, 163.92 FEET; THENCE
- NORTH 63°39'31" EAST, 24.52 FEET; THENCE
- NORTH 29°04'20" EAST, 42.40 FEET; THENCE
- SOUTH 60°55'40" EAST, 75.72 FEET; THENCE
- NORTH 66°23'15" EAST, 160.35 FEET; THENCE
- SOUTH 31°53'22" EAST, 227.98 FEET; THENCE
- NORTH 74°24'06" EAST, 115.97 FEET; THENCE
- SOUTH 15°35'54" EAST, 50.00 FEET; THENCE
- SOUTH 74°24'06" WEST, 101.20 FEET; THENCE
- SOUTH 32°12'24" EAST, 103.74 FEET TO THE NORTHERLY LINE OF BLOCK 4 AS SHOWN ON THE "MAP OF EAST MONTEREY"; THENCE
- SOUTH 74°34'15" WEST, 175.96 FEET; THENCE
- SOUTH 0°17'58" EAST, 125.00 FEET; THENCE
- NORTH 89°49'37" WEST, 75.21 FEET TO THE POINT OF BEGINNING.

CONTAINING 2.44 ACRES MORE OR LESS,



Sanctity of Contract

ESCALANTE OFFICE:
STEWART TITLE OF CALIFORNIA, INC.
450 Lincoln, Suite 101
Salinas, California 93901
(831)424-0334/FAX (831)424-9867
www.stewartmonterey.com
Contact: CLARA BABER

STEWART TITLE OF CALIFORNIA, INC.

PRELIMINARY REPORT

PROPERTY ADDRESS:

1 MCCLURE WAY
SEASIDE, CA

OUR ORDER NO.: 01114905

REFERENCE NO: FT. ORD GOLF COURSES

In response to the above referenced application for a policy of title insurance, Stewart Title of California, Inc. hereby reports that is prepared to issue, or cause to be issued, as of the date hereof a Policy or Policies of Title Insurance describing the land at the estate or therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit B of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

SCHEDULE A

Order No.: 01114905

Dated as of: August 02, 2001 at 7:30 A.M.

The form of policy of title insurance contemplated by this report is:

American Land Title Association Loan Policy

California Land Title Association Owners Policy

The estate or interest in the land hereinafter described or referred to covered by this report is:

A FEE AS TO PARCEL(S) 1, 2, AND 3 HEREIN DESCRIBED AND
EASEMENT(S) MORE PARTICULARLY DESCRIBED AS TO PARCEL(S) 3A, 3B,
3C, 4, 5 AND 6

Title to said estate or interest at the date hereof is vested in:

THE CITY OF SEASIDE, a political subdivision of the State of
California

The land referred to in this report is situated in the State of California, County of MONTEREY,
in City of SEASIDE and is described as follows:

SEE LEGAL ATTACHMENT

LEGAL DESCRIPTION

Order No.: 01114905

The land referred to herein is situated in the State of California, County of MONTEREY, City of SEASIDE described as follows:

PARCEL 1:

CERTAIN REAL PROPERTY SITUATE IN RANCHO NOCHE BUENA, COUNTY OF MONTEREY, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT ON THE NORTHWESTERLY BOUNDARY OF THAT CERTAIN 375.134 ACRE PARCEL (FORT ORD GOLF COURSES), AS SAID BOUNDARY AND PARCEL ARE SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP FILED NOVEMBER 16, 1994 IN VOLUME 19 OF SURVEY MAPS, AT PAGE 21, RECORDS OF MONTEREY COUNTY, CALIFORNIA, SAID POINT ALSO BEING SHOWN AND DESIGNATED AS CORNER NUMBERED TWENTY-TWO (22) ON SAID MAP (HAVING COORDINATES: NORTHING = 2125520.43 AND EASTING = 5731464.95): THENCE ALONG SAID BOUNDARY

- (1) N. 44° 39' 19" E. 1733.18 FEET; THENCE
- (2) EASTERLY, 414.10 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 470.00 FEET, THROUGH A CENTRAL ANGLE OF 50° 28' 54"; THENCE TANGENTIALLY
- (3) S. 84° 51' 47" E., 1476.58 FEET; THENCE
- (4) NORTHEASTERLY, 468.31 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 530.00 FEET, THROUGH A CENTRAL ANGLE OF 50° 37' 37"; THENCE TANGENTIALLY
- (5) N. 44° 30' 36" E.; 436.91 FEET TO THE MOST NORTHERLY CORNER OF SAID PARCEL; THENCE ALONG THE NORTHEASTERLY BOUNDARY OF SAID PARCEL
- (6) S. 45° 29' 24" E., 82.00 FEET; THENCE
- (7) S. 61° 45' 31" E., 311.38 FEET; THENCE
- (8) S. 20° 21' 57" E., 41.35 FEET; THENCE
- (9) S. 28° 46' 07" E., 98.84 FEET; THENCE
- (10) S. 32° 16' 38" E., 220.10 FEET; THENCE

Continued on next page

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STEWART TITLE
Guaranty Company

LEGAL DESCRIPTION - continued
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- (11) S. 56° 17' 20" E., 103.07 FEET; THENCE
 - (12) S. 52° 37' 09" E., 174.13 FEET; THENCE
 - (13) S. 50° 36' 52" E., 376.85 FEET; THENCE
 - (14) S. 41° 44' 54" E., 311.38 FEET TO THE NORTHEASTERLY CORNER OF SAID PARCEL; THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL
 - (15) S. 23° 22' 44" W., 855.21 FEET; THENCE
 - (16) S. 09° 09' 39" E., 430.68 FEET; THENCE LEAVING SAID EASTERLY BOUNDARY
 - (17) S. 66° 45' 05" E., 79.92 FEET; THENCE
 - (18) S. 23° 14' 55" W., 1707.26 FEET TO THE NORTHEASTERLY CORNER OF THAT CERTAIN 40.092 ACRE PARCEL SHOWN AND DESIGNATED AS "PARCEL 3" ON THAT CERTAIN RECORD OF SURVEY MAP FILED NOVEMBER 18, 1994 IN VOLUME 19 OF SURVEYS, AT PAGE 22, RECORDS OF MONTEREY COUNTY, CALIFORNIA; THENCE ALONG THE NORTHERLY BOUNDARY THEREOF
 - (19) N. 79° 34' 35" W., (AT 77.60 FEET, A POINT ON SAID EASTERLY BOUNDARY OF SAID 375.134 ACRE PARCEL), 1025.59 FEET TO THE NORTHWESTERLY CORNER OF SAID PARCEL 3; THENCE ALONG THE COMMON BOUNDARY OF BOTH SAID PARCELS
 - (20) S. 23° 14' 55" W., (AT 1852.03 FEET, THE SOUTHEASTERLY CORNER OF SAID 375.134 ACRE PARCEL), 1897.43 FEET TO THE SOUTHWESTERLY CORNER OF SAID PARCEL 3; THENCE LEAVING THE BOUNDARY OF SAID PARCEL 3
 - (21) S. 23° 14' 55" W., 77.69 FEET; THENCE
 - (22) N. 87° 38' 15" W., 417.95 FEET; THENCE
 - (23) N. 02° 10' 44" W., 293.61 FEET; THENCE
 - (24) N. 41° 23' 40" W., 33.31 FEET TO AN ANGLE POINT ON THE SOUTHWESTERLY BOUNDARY OF SAID 375.134 ACRE PARCEL; THENCE ALONG
- Continued on next page

LEGAL DESCRIPTION - continued
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SAID SOUTHWESTERLY BOUNDARY

- (25) N. 41° 23' 40" W., 225.85 FEET; THENCE
- (26) N. 54° 48' 21" W., 116.12 FEET; THENCE
- (27) N. 70° 30' 41" W., 79.18 FEET; THENCE
- (28) N. 52° 56' 22" W., 364.27 FEET; THENCE
- (29) N. 48° 34' 36" W., 301.92 FEET; THENCE
- (30) N. 01° 05' 39" W., 245.40 FEET; THENCE
- (31) N. 00° 02' 24" W., 238.08 FEET; THENCE
- (32) N. 08° 39' 13" W., 196.46 FEET; THENCE
- (33) N. 10° 58' 04" W., 239.05 FEET; THENCE
- (34) N. 14° 02' 58" W., 479.24 FEET; THENCE
- (35) N. 25° 14' 12" W., 188.26 FEET; THENCE
- (36) N. 45° 42' 30" W., 230.28 FEET; THENCE
- (37) N. 57° 01' 36" W., 147.39 FEET; THENCE
- (38) N. 74° 45' 09" W., 263.40 FEET; THENCE
- (39) N. 08° 25' 05" W., 475.89 FEET; THENCE
- (40) N. 12° 55' 30" E., 35.88 FEET; THENCE
- (41) N. 22° 53' 19" W., 544.56 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF SAID LAND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

CERTAIN REAL PROPERTY SITUATE IN RANCHO NOCHE BUENA, COUNTY OF MONTEREY, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED AS FOLLOWS:

Continued on next page

LEGAL DESCRIPTION - continued
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COMMENCING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN 375.134 ACRE PARCEL, AS SAID CORNER AND PARCEL ARE SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP FILED NOVEMBER 16, 1994 IN VOLUME 19 OF SURVEYS, AT PAGE 21, RECORDS OF MONTEREY COUNTY, CALIFORNIA, SAID CORNER ALSO BEING DESIGNATED AS CORNER NUMBERED TWENTY-SEVEN (27) AND BEARS N. 44° 30' 36" E., 436.91 FEET; DISTANT FROM CORNER NUMBERED TWENTY-SIX (26), AS SHOWN ON SAID MAP; THENCE

(A) S. 24° 11' 58" W., 1410.85 FEET TO THE TRUE POINT OF BEGINNING; THENCE

(1) S. 59° 00' 00" E., 270.00 FEET; THENCE

(2) S. 31° 00' 00" W., 350.00 FEET; THENCE

(3) N. 59° 00' 00" W., 270.00 FEET; THENCE

(4) N. 31° 00' 00" E., 350.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL WATER RIGHTS TO POTABLE WATER DERIVED FROM THE SALINAS AQUIFER, AS SET FORTH IN THE DEED RECORDED JANUARY 15, 1997 IN REEL 3468, PAGE 1515, OFFICIAL RECORDS.

PARCEL 2:

CERTAIN REAL PROPERTY SITUATE IN RANCHO NOCHE BUENA, COUNTY OF MONTEREY, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A GRANITE MONUMENT MARKED "NB4A", BEING AN ANGLE POINT ON THE SOUTHWESTERLY BOUNDARY OF THAT CERTAIN PARCEL 1 OF THE FORT ORD MILITARY RESERVATION AS SAID PARCEL 1 IS SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP FILED SEPTEMBER 7, 1994 IN VOLUME 19 OF SURVEY MAPS, AT PAGE 1, RECORDS OF MONTEREY COUNTY, CALIFORNIA (HAVING COORDINATES: NORTHING = 2121541.64 AND EASTING = 5734939.34); THENCE

(A) N. 66° 43' 46" W., 3957.11 FEET TO THE TRUE POINT OF BEGINNING (HAVING COORDINATES: NORTHING = 2123104.99 AND EASTING

Continued on next page

LEGAL DESCRIPTION - continued
Order No.: 01114905.

(= 5731304.14); THENCE

(1) S. 77° 49' 37" W., 11.76 FEET; THENCE

(2) SOUTHWESTERLY, 145.91 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 85.00 FEET, THROUGH A CENTRAL ANGLE OF 98° 21' 00"; THENCE TANGENTIALLY

(3) S. 20° 31' 23" E., 32.81 FEET; THENCE

(4) S. 55° 53' 55" W., 57.43; THENCE

(5) NORTHWESTERLY 174.74 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 220.00 FEET, THROUGH A CENTRAL ANGLE OF 45° 30' 32"; THENCE TANGENTIALLY

(6) N. 78° 35' 33" W., 90.16 FEET; THENCE

(7) N. 11° 46' 00" E., 271.23 FEET; THENCE

(8) NORTHEASTERLY , 48.21 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 30.00 FEET, THROUGH A CENTRAL ANGLE OF 92° 04' 19"; THENCE TANGENTIALLY

(9) S. 76° 09' 41" E., 182.36 FEET; THENCE

(10) SOUTHEASTERLY, 109.41 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 220.00 FEET, THROUGH A CENTRAL ANGLE OF 28° 29' 38" TO THE CURVE POINT OF BEGINNING. AND BEING A PORTION OF SAID PARCEL 1.

EXCEPTING THEREFROM ALL WATER RIGHTS TO POTABLE WATER DERIVED FROM THE SALINAS AQUIFER, AS SET FORTH IN THE DEED RECORDED JANUARY 15, 1997 IN REEL 3468, PAGE 1515, OFFICIAL RECORDS.

PARCEL 3:

CERTAIN REAL PROPERTY SITUATE IN MONTEREY CITY LANDS TRACT NO. 1, COUNTY OF MONTEREY, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED AS FOLLOWS:

Continued on next page

COMMENCING AT A GRANITE MONUMENT MARKED "NB4A", BEING AN ANGLE POINT ON THE SOUTHWESTERLY BOUNDARY OF THAT CERTAIN PARCEL 1 OF THE FORT ORD MILITARY RESERVATION AS SAID PARCEL 1 IS SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP FILED SEPTEMBER 7, 1994 IN VOLUME 19 OF SURVEY MAPS, AT PAGE 1, RECORDS OF MONTEREY COUNTY, CALIFORNIA (HAVING COORDINATES: NORTHING = 2121541.64 AND EASTING = 5734939.34); THENCE

(A) N. 65° 14' 42" E., 1172.01 FEET TO THE TRUE POINT OF BEGINNING (HAVING COORDINATES: NORTHING = 2122032.41 AND EASTING (= 5736003.65); THENCE

(1) N. 23° 20' 00" E., (AT 207.55 FEET, A POINT HEREINAFTER REFERRED TO AS "POINT A"; AT 293.18 FEET, A POINT HEREINAFTER REFERRED TO AS "POINT B") 300 FEET; THENCE

(2) S. 66° 40' 00" E., (AT 118.91 FEET, A POINT HEREINAFTER REFERRED TO AS "POINT C"; AT 149.02 FEET, A POINT HEREINAFTER REFERRED TO AS "POINT D"), 300.00 FEET; THENCE

(3) S. 23° 20' 00" W., (AT 24.05 FEET, A POINT HEREINAFTER REFERRED TO AS "POINT D", AT 55.76 FEET, A POINT HEREINAFTER REFERRED TO AS "POINT E"), 300.00 FEET; THENCE

(4) N. 66° 40' 00" 300.00 FEET TO THE TRUE POINT OF BEGINNING AND BEING A PORTION OF SAID PARCEL 1.

EXCEPTING THEREFROM ALL WATER RIGHTS TO POTABLE WATER DERIVED FROM THE SALINAS AQUIFER, AS SET FORTH IN THE DEED RECORDED JANUARY 15, 1997 IN REEL 3468, PAGE 1515, OFFICIAL RECORDS.

PARCEL 3A:

TOGETHER WITH A 70 FOOT-WIDE EASEMENT FOR WATER LINE PURPOSES OVER THE FOLLOWING DESCRIBED PARCEL.

BEGINNING AT HEREINABOVE DESCRIBED "POINT A"; THENCE

(1) N. 31° 30' 00" W., 874.03 FEET; THENCE

(2) N. 70° 00' 00" W., 120.92 FEET TO ~~A~~ POINT ON THE

Continued on next page

LEGAL DESCRIPTION - continued
Order No.: 01114905

SOUTHEASTERLY BOUNDARY OF THAT CERTAIN 40.092 ACRE PARCEL SHOWN AND DESIGNATED AS "PARCEL 3 (FITCH SCHOOL)" ON THAT CERTAIN RECORD OF SURVEY MAP FILED NOVEMBER 14, 1994 IN VOLUME 19 OF SURVEY MAPS, AT PAGE 22, RECORDS OF MONTEREY COUNTY, CALIFORNIA, AS SAID POINT BEARS (ALONG SAID BOUNDARY) S. 23° 14' 55" W., 278.82 FEET DISTANT FROM THE MOST EASTERLY CORNER OF SAID PARCEL 3; THENCE ALONG SAID BOUNDARY

(3) N. 23° 14' 55" E., 70.11 FEET; THENCE LEAVING SAID BOUNDARY

(4) S. 70° 00' 00" E., 141.39 FEET; THENCE

(5) S. 31° 30' 00" E., 849.15 FEET TO HEREINABOVE DESCRIBED "POINT B"; THENCE

(6) S. 23° 20' 00" W., 85.63 FEET TO THE POINT OF BEGINNING.

PARCEL 3B:

AND TOGETHER WITH A 30 FOOT-WIDE EASEMENT FOR OVERFLOW PIPE PURPOSES OVER THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT HEREINABOVE DESCRIBED "POINT C"; THENCE

(1) N. 28° 11' 00" E., 112.29 FEET; THENCE

(2) S. 61° 49' 00" E., 30.00 FEET; THENCE

(3) S. 28° 11' 00" W., 109.74 FEET TO A POINT HEREINABOVE DESCRIBED AS "POINT D"; THENCE

(4) N. 66° 40' 00" W., 30.11 FEET TO THE POINT OF BEGINNING.

PARCEL 3C:

TOGETHER WITH A 30 FOOT-WIDE EASEMENT FOR ROAD PURPOSES OVER THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT HEREINABOVE DESCRIBED "POINT E"; THENCE

Continued on next page

LEGAL DESCRIPTION - continued
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- (1) S. 47° 45' 00" E., 85.80 FEET; THENCE
- (2) S. 43° 45' 00" E., 219.42 FEET; THENCE
- (3) S. 56° 00' 00" W., 30.44 FEET; THENCE
- (4) N. 43° 45' 00" W., 213.22 FEET; THENCE
- (5) N. 47° 45' 00" W., 74.47 FEET TO HEREINABOVE DESCRIBED "POINT F"; THENCE
- (6) N. 23° 20' 00" E., 31.71 FEET TO THE POINT OF BEGINNING.

PARCEL 4:

AN EASEMENT FOR ROAD AND UTILITY PURPOSES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A GRANITE MONUMENT MARKER "NB4A", BEING AN ANGLE POINT ON THE SOUTHWESTERLY BOUNDARY OF THAT CERTAIN PARCEL 1 OF THE FORT ORD MILITARY RESERVATION AS SAID PARCEL 1 IS SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP FILED SEPTEMBER 7, 1994 IN VOLUME 19 OF SURVEY MAPS, AT PAGE 1, RECORDS OF MONTEREY COUNTY, CALIFORNIA (HAVING COORDINATES: NORTHING EQUALS 2121541.64 AND EASTING EQUALS 5734939.34); THENCE

- (1) N. 87° 38' 15" W., 2620.44 FEET; THENCE LEAVING SAID BOUNDARY,
- (2) N. 34° 09' 07" W., 1118.93 FEET; THENCE
- (3) N. 55° 50' 53" E., 62.65 FEET; THENCE
- (4) S. 33° 54' 04" E., 759.29 FEET; THENCE
- (5) S. 40° 09' 33" E., 114.92 FEET; THENCE
- (6) S. 48° 11' 17" E., 206.18 FEET; THENCE
- (7) SOUTHEASTERLY, 179.02 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVE A RADIUS OF 260.00 FEET, THROUGH A CENTRAL

Continued on next page

LEGAL DESCRIPTION - continued
Order No.: 01114905

ANGLE OF 39° 26' 58" THENCE TANGENTIALLY

(8) S. 87° 38' 15" E., 1279.68 FEET; THENCE

(9) N. 23° 14' 55" E., 77.69 FEET TO THE MOST WESTERLY CORNER OF THAT CERTAIN 40.092 ACRE PARCEL SHOWN AND DESIGNATED AS PARCEL 3 (FITCH SCHOOL) ON THAT CERTAIN RECORD OF SURVEY MAP FILED NOVEMBER 16, 1994 IN VOLUME 19 OF SURVEY MAPS, AT PAGE 22, RECORDS OF MONTEREY COUNTY, CALIFORNIA; THENCE ALONG THE SOUTHERLY AND EASTERLY BOUNDARY OF SAID 40.092 ACRE PARCEL,

(10) S. 87° 38' 15" E., 429.80 FEET; THENCE

(11) NORTHEASTERLY 1121.83 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 930.00 FEET, THROUGH A CENTRAL ANGLE OF 69° 06' 50"; THENCE LEAVING LAST SAID BOUNDARY,

(12) S. 19° 26' 42" W., 753.69 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL WATER RIGHT TO POTABLE WATER DERIVED FROM THE SALINAS AQUIFER, AS SET FORTH IN THE DEED RECORDED JANUARY 15, 1997 IN REEL 3468, PAGE 1515, OFFICIAL RECORDS.

PARCEL 5:

AN EASEMENT FOR ROAD AND UTILITY PURPOSES BEGIN MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT ON THE NORTHWESTERLY BOUNDARY OF THAT CERTAIN 375.134 ACRE PARCEL (FORT ORD GOLF COURSES), AS SAID BOUNDARY AND PARCEL ARE SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP FILED NOVEMBER 16, 1994 IN VOLUME 19 OF SURVEY MAPS, AT PAGE 21, RECORDS OF MONTEREY COUNTY, CALIFORNIA, SAID POINT ALSO BEING SHOWN AND DESIGNATED AS CORNER NUMBERED TWENTY-TWO (22) ON SAID MAP (HAVING COORDINATES: NORTHING EQUALS 2125520.43 AND EASTING EQUALS 5731464.95); THENCE ALONG SAID BOUNDARY,

(1) N. 44° 39' 19" E., 1733.18 FEET; THENCE

(2) EASTERLY, 414.10 FEET ALONG THE ARC OF A TANGENT CURVE TO
Continued on next page

THE RIGHT HAVE A RADIUS OF 470.00 FEET, THROUGH A CENTRAL ANGLE OF 50° 28' 54"; THENCE TANGENTIALLY

- (3) S. 84° 51' 47" E., 1476.58 FEET; THENCE
- (4) NORTHEASTERLY, 468.31 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 530.00 FEET, THROUGH A CENTRAL ANGLE OF 50° 37' 37"; THENCE TANGENTIALLY
- (5) N. 44° 30' 36" E., (AT 436.91 FEET, LEAVING SAID BOUNDARY) 1214.31 FEET; THENCE
- (6) N. 52° 45' 18" W., 60.49 FEET; THENCE
- (7) S. 44° 30' 36" W., 1206.66 FEET; THENCE
- (8) WESTERLY, 415.30 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 470.00 FEET, THROUGH A CENTRAL ANGLE OF 50° 37' 37"; THENCE TANGENTIALLY
- (9) N. 84° 51' 47" W., 1476.58 FEET; THENCE
- (10) SOUTHWESTERLY, 466.97 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 530.00 FEET, THROUGH A CENTRAL ANGLE OF 50° 28' 54"; THENCE TANGENTIALLY
- (11) S. 44° 39' 19" W., 2088.27 FEET; THENCE
- (12) SOUTHWESTERLY, 153.84 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 4770.00 FEET, THROUGH A CENTRAL ANGLE OF 18° 45' 16"; THENCE TANGENTIALLY
- (13) S. 63° 24' 35" W., 649.45 FEET; THENCE
- (14) SOUTHWESTERLY, 167.68 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 1830.00 FEET, THROUGH A CENTRAL ANGLE OF 05° 15' 00"; THENCE TANGENTIALLY
- (15) S. 58° 09' 35" W., 39.73 FEET; THENCE
- (16) S. 57° 59' 07" W., 255.83 FEET; THENCE

Continued on next page

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(17) SOUTHWESTERLY, 257.69 FEET ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 570.00 FEET WHOSE CENTER BEARS N. 32° 03' 19" W., THROUGH A CENTRAL ANGLE OF 25° 54' 09"; THENCE TANGENTIALLY

(18) S. 83° 50' 50" W., 173.72 FEET; THENCE

(19) SOUTHWESTERLY, 336.66 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 605.00 FEET, THROUGH A CENTRAL ANGLE OF 31° 52' 59"; THENCE NON-TANGENTIALLY

(20) S. 39° 02' 05" W., 48.88 FEET; THENCE

(21) SOUTHWESTERLY, 235.98 FEET ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 620.04 FEET WHOSE CENTER BEARS S. 42° 02' 56" E., THROUGH A CENTRAL ANGLE OF 21° 48' 23"; THENCE NON-TANGENTIALLY

(22) S. 48° 10' 09" W., 16.00 FEET; THENCE

(23) S. 04° 07' 13" W., 16.00 FEET; THENCE

(24) S. 26° 08' 41" W., 1035.15 FEET; THENCE

(25) SOUTHWESTERLY, 213.21 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 680.04 FEET, THROUGH A CENTRAL ANGLE OF 17° 57' 48"; THENCE TANGENTIALLY

(26) S. 44° 06' 29" W., 255.19 FEET; THENCE

(27) SOUTHWESTERLY 255.41 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 820.05 FEET, THROUGH A CENTRAL ANGLE OF 17° 50' 43"; THENCE TANGENTIALLY

(28) S. 26° 15' 46" W., 187.90 FEET; THENCE

(29) S. 03° 01' 44" W., 367.64 FEET TO AN ANGLE POINT ON THE SOUTHWESTERLY BOUNDARY OF THAT CERTAIN PARCEL 1, AS SAID BOUNDARY AND PARCEL ARE SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP FILED SEPTEMBER 7, 1994 IN VOLUME 19 OF SURVEYS, AT PAGE 1, RECORDS OF MONTEREY COUNTY, CALIFORNIA, SAID POINT ALSO BEING SHOWN AND DESIGNATED AS CORNER NUMBERED THREE HUNDRED TWENTY-SIX

Continued on next page

LEGAL DESCRIPTION - Continued
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- (326) ON SAID MAP; THENCE ALONG SAID BOUNDARY,
(30) N. 31° 41' 48" E., 182.78 FEET; THENCE
(31) N. 08° 14' 06" E., 113.99 FEET; THENCE
(32) S. 88° 09' 44" E., 49.74 FEET; THENCE
(33) N. 01° 50' 16" E., 60.00 FEET; THENCE
(34) N. 69° 37' 11" W., 47.18 FEET; THENCE
(35) N. 04° 32' 55" E., 45.01 FEET; THENCE
(36) N. 18° 23' 45" E., 133.46 FEET; THENCE
(37) N. 39° 37' 46" E., 233.97 FEET; THENCE
(38) N. 32° 49' 26" E., 152.97 FEET; THENCE
(39) N. 48° 49' 46" E., 154.06 FEET; THENCE
(40) N. 35° 27' 17" E., 106.34 FEET; THENCE
(41) N. 28° 43' 45" E., 404.39 FEET; THENCE
(42) N. 23° 49' 01" E., 35.65 FEET; THENCE LEAVING LAST SAID
BOUNDARY,
(43) N. 63° 51' 19" W., 19.64 FEET; THENCE
(44) N. 26° 08' 41" E., 693.51 FEET; THENCE
(45) NORTHEASTERLY, 217.71 FEET ALONG THE ARC OF A TANGENT
CURVE TO THE RIGHT HAVING A RADIUS OF 560.04 FEET, THROUGH A
CENTRAL ANGLE OF 22° 16' 23"; THENCE NON-TANGENTIALLY
(46) N. 39° 02' 05" E., 46.70 FEET; THENCE
(47) NORTHEASTERLY, 296.65 FEET ALONG THE ARC OF A NON-TANGENT
CURVE TO THE RIGHT HAVE A RADIUS OF 545.00 FEET WHOSE CENTER
BEARS S. 37° 20' 22" E., THROUGH A CENTRAL ANGLE OF 31° 11' 12";

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LEGAL DESCRIPTION - continued
Order No.:01114905

THENCE TANGENTIALLY

- (48) N. 83° 50' 50" E., 173.72 FEET; THENCE
- (49) NORTHEASTERLY, 284.81 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 630.00 FEET; THROUGH A CENTRAL ANGLE OF 25° 54' 09"; THENCE NON-TANGENTIALLY
- (50) N. 57° 59' 07" E., 255.69 FEET; THENCE
- (51) N. 58° 09' 35" E., 39.64 FEET; THENCE
- (52) NORTHEASTERLY, 162.18 FEET ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 1770.00 FEET THROUGH A CENTRAL ANGLE OF 05° 15' 00"; THENCE TANGENTIALLY
- (53) N. 63° 24' 35" E., 649.45 FEET; THENCE
- (54) NORTHEASTERLY, 173.48 FEET ALONG THE ARC OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 530.00 FEET, THROUGH A CENTRAL ANGLE OF 18° 45' 16"; THENCE TANGENTIALLY
- (55) N. 44° 39' 19" E., 355.09 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL WATER RIGHTS TO POTABLE WATER DERIVED FROM THE SALINAS AQUIFER, AS SET FORTH IN THE DEED RECORDED JANUARY 15, 1997 IN REEL 3468, PAGE 1515, OFFICIAL RECORDS.

PARCEL 6:

A NON-EXCLUSIVE EASEMENT VARIOUSLY 12 AND 10 FEET IN WIDTH FOR THE OPERATION, MAINTENANCE, REPAIR AND REPLACEMENT OF INFRASTRUCTURE PERTAINING TO NON-POTABLE IRRIGATION SYSTEM AS CREATED BY AND UNDER THE TERMS OF THE QUITCLAIM DEED FOR TRANSFER OF BAYONET AND BLACK HORSE GOLF COURSES TO THE CITY OF SEASIDE, CALIFORNIA, RECORDED JANUARY 15, 1997 IN REEL 3468, PAGE 1515, OFFICIAL RECORDS OVER THROUGH OR UNDER "HAYES PARK", AS DEPICTED BY DASHED LINES ON THE FINAL PAGE OF EXHIBIT A OF SAID DEED AND AS REFERENCED IN THE SECOND PARAGRAPH OF THAT CERTAIN DOCUMENT ENTITLED NOTICE RECORDED JANUARY 15, 1997 IN REEL 3468, PAGE 1507, OFFICIAL RECORDS.

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LEGAL DESCRIPTION - continued
Order No.:01114905

A.P.N.: 031-051-005

SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions in a Policy of Title Insurance are as follows:

1. 2001/2002 General Taxes are exempt.
2. Unsecured Taxes assessed to BSL Golf of California, Assessment No: 800-024-360, Assessor's Parcel No. 031-051-005 due in one installment of \$1,100.00 on August 31, 2001.
Affects: Leasehold interest.
3. Unsecured Taxes assessed to BSL Golf of California, Assessment No: 860-002-438, Assessor's Parcel No. 031-051-005 due in one installment of \$116,238.98.
Affects: Leasehold interest.
4. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.
5. Premises may lie within the boundaries of the Monterey Regional Water Pollution Control Agency and may be subject to assessments and obligations therein. Verification of current status should be made prior to the close of this transaction. Phone No.: (831) 372-2385
6. A non-exclusive easement for public utilities, subject to the conditions contained therein, granted to Coalinga Oil Transportation Company, recorded December 29, 1904 in Volume 82 of Deeds, at page 292, Official Records.

NOTE: Said easement can not be located from information set forth in said document.

7. Easement for public utilities, sewer lines, gas pipelines, wells, roads, electrical pole lines and wires, subject to the conditions contained therein, and incidents thereto reserved by David J. Jacks Corporation, a corporation, in deed recorded August 21, 1917 in Book 151, of Deeds, page 140.
Affects: Those portions of said land as described therein.

Said easements were quitclaimed to the United States of America by Deed recorded October 3, 1940 in Book 692 at Page 10, Official Records.

8. Terms and conditions as contained in the Deed executed by David J. Jacks Corporation, a corporation, to the United States of America, recorded August 21, 1917 in Book 151 of Deeds at page 140.
Affects: Said land and other property.
9. Easement for electrical pole lines and wires, and road purposes, subject to the conditions contained therein, and incidents

Continued on next page

SCHEDULE "B" CONTINUED:

Order No. 01114905

thereto granted to Coast Valley Gas & Electric Company, a California corporation, by deed recorded July 26, 1924 in Book 39, of Official Records, page 490, and as delineated on that certain Record of Survey Map filed in the Office of the Recorder of the County of Monterey, State of California, on September 7, 1994 in Volume 19 of Surveys, at Page 1, and corrected by Certificate of Correction thereto recorded October 21, 1994 in Reel 3163 at Page 1216, Official Records.

Affects: Those portions of said land as described therein.

Modification of said easements thereunder recorded February 11, 1931 in Book 280 at page 127, Official Records.

Amendment to said easements thereunder recorded October 24, 1954 in Book 1562 at page 81, Official Records.

10. Easement for water pipeline, subject to the conditions contained therein, and incidents thereto granted to Likins-Foster Ord Corp., a corporation, by deed recorded February 13, 1951 in Book 1281, of Official Records, page 1, and as delineated on that certain Record of Survey Map filed in the Office of the Recorder of the County of Monterey, State of California, on September 7, 1994 in Volume 19 of Surveys, at Page 1, and corrected by Certificate of Correction thereto recorded October 21, 1994 in Reel 3163 at Page 1216, Official Records.
- Affects: Said land as described therein.

11. Easement for gas and water pipelines and public utility pole lines, subject to the conditions contained therein, and incidents thereto granted to the Pacific Gas and Electric Company, a corporation, by deed recorded November 17, 1972 in Reel 810, of Official Records, page 669, and as delineated on that certain Record of Survey Map filed in the Office of the Recorder of the County of Monterey, State of California, on September 7, 1994 in Volume 19 of Surveys, at Page 1, and corrected by Certificate of Correction thereto recorded October 21, 1994 in Reel 3163 at Page 1216, Official Records.
- Affects: Those strips of land as described therein lying with said land.

12. Terms and conditions as contained in the Department of the Army License for ingress and egress over established roads on former Fort Ord, Monterey County, California, open to the public to allow public access to the property known as Bayonet and Black

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SCHEDULE "B" CONTINUED:
Order No. 01114905

Horse Golf Course, executed by Marvin D. Fisher, Chief, Real Estate Division, Sacramento District, on behalf of the Secretary of the Army, to the City of Seaside, a political subdivision of the State of California, recorded January 15, 1997 in Reel 3468 at Page 1508, Official Records.

NOTE: No description of said roads is described in said license.

13. Terms and conditions as contained in a Quitclaim Deed for Transfer of Bayonet and Black Horse Golf Courses to the City of Seaside, California, which sets forth, among other things, reservations and easements for infrastructures for irrigation system, water pipelines, public utilities and road access, and references to asbestos, lead-based paint, unexploded ordnance, hazardous materials and toxic substances, executed by the United States of America, acting by and through the Secretary of the Army, to the City of Seaside, a political subdivision of the State of California, recorded January 15, 1997 in Reel 3468 at Page 1515, Official Records.
14. Terms and conditions as contained in an unrecorded Lease dated January 15, 1997 executed by and between the City of Seaside, a municipal corporation, as Lessor, and BSL Golf of California, Inc., a California corporation, as Lessee, for a term of 30 years commencing on January 15, 1997 and ending on January 14, 2027, subject to extension for up to two 5-year Option Terms, as disclosed by a Memorandum of Commencement Date, recorded January 15, 1997 in Reel 3468 at Page 1575, Official Records.
15. A financing statement filed in the office of the County Recorder showing:
Debtor: BSL Golf of California, Inc., a California corporation
Secured Party: Wells Fargo Bank, National Association
Additional Secured Party: Reliance Trust Company
Recorded January 15, 1997 in Reel 3469, of Official Records of Monterey County, page 47.
16. A financing statement filed in the office of the County Recorder showing:
Debtor: BSL Golf of California, Inc., a California corporation
Secured Party: Wells Fargo Bank, National Association
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SCHEDULE "B" CONTINUED:

Order No. 01114905

Recorded January 15, 1997 in Reel 3469, of Official Records of Monterey County, page 101, and Re-recorded February 10, 1997 in Reel 3479 at page 163, Official Records.

Amendment thereunder recorded June 26, 1998 as Recorder's Serial No. 9841729, Official Records.

17. Terms and conditions as contained in the Department of the Army Easement for Electric Power and for Natural Gas Pipeline Right-of-Way Located on Presidio of Monterey Annex and Certain Excess Lands Formerly Designated as Fort Ord Military Installation, Monterey, California, executed by and between the United States of America, through the Secretary of the Army, as Grantor, and Pacific Gas and Electric Company, a California corporation, as Grantee, recorded April 17, 1997 in Reel 3506 at page 1533, Official Records.

Affects: Those strips of land as described therein lying within said land.

Notice of Final Description for Easement executed by Pacific Gas and Electric Company, recorded September 9, 1997 as Recorder's Serial No. 9751897, Official Records.

Correction Deed thereunder executed by Pacific Gas and Electric Company, a California corporation, recorded October 1, 1997 as Recorder's Serial No. 9756845, Official Records.

Affects: Those strips of land as described therein lying within said land.

18. Deed of Trust to secure payment of \$15,000,000.00, and any other amounts secured thereby, dated May 15, 1998, recorded June 16, 1998 as Recorder's Serial No. 9841732, of Official Records of Monterey County

Trustor : BSL Golf of California, Inc., a California Corporation
Trustee : American Securities Company, a corporation
Beneficiary : Wells Fargo Bank, National Association
Loan No. : not shown

Terms and conditions as contained in a Consent by Lessor of Real Property executed by and between Wells Fargo Bank, National Association, as Bank, the City of Seaside, as Lessor, and BSL

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SCHEDULE "B" CONTINUED:
Order No. 01114905

Golf of California, Inc., a California corporation, as Lessee, recorded June 26, 1998 as Recorder's Serial No. 9841733, Official Records.

19. Terms and conditions as contained in an unrecorded Option Agreement dated November 24, 1997, executed by and between BSI Golf of California, Inc., a California corporation, and the Firefighters' Pension & Relief Fund for the City of New Orleans, a disclosed by a Memorandum of Option Agreement recorded November 26, 1997 as Recorder's Serial No. 9770629, Official Records.

Said Option Agreement was subordinated to the lien of the Deed of Trust shown as Exception No. 18 herein by Subordination Agreement recorded June 26, 1998 as Recorder's Serial No. 9841731, Official Records.

NOTES:

NOTE 1:

This report is preparatory to the issuance of an ALTA Loan Policy of Title Insurance. We have no knowledge of any fact which would preclude the issuance of said ALTA Loan Policy with Endorsements 100 and 116 attached.

The Property Address of said land herein is known as:

1 MCCLURE WAY
SEASIDE, CA

NOTE 2:

No conveyances affecting the herein described real property have been recorded in the two years preceding the date of this report.

NOTE 3:

Short Term Rate applicable:
YES

NOTE 4:

California "Good Funds" Law

Effective January 1, 1990, California Insurance Code Section 12413.1 (Chapter 598, Statutes of 1989) prohibits a title insurance company, controlled escrow company, or underwritten title company from disbursing funds from an escrow or

Continued on next page

SCHEDULE "B" CONTINUED;
Order No. 01114905

NOTE (Continued):

sub-escrow account, (except for funds deposited by WIRE TRANSFER or ELECTRONIC PAYMENT) until the day those funds are made available to the depositor pursuant to Part 229 of Title 12 of the Code of Federal Regulations, (REG.CC). Items such as CASHIER'S, CERTIFIED OR TELLERS CHECKS may be available for disbursement on the business day following the business day of deposit, however, other forms of deposits may cause extended delays in closing the escrow or sub-escrow.

STEWART TITLE OF CALIFORNIA, INC. will not be responsible for accruals of interest or other charges resulting from compliance with the disbursement restrictions imposed by State law.

BT/CB/JC 08/15/01

EXHIBIT A

CLTA PRELIMINARY REPORT FORM
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
 - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
 - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
 - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
 - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
 - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS, PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS. CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

2. AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:
 - * LAND USE
 - * LAND DIVISION
 - * IMPROVEMENTS ON THE LAND
 - * ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- * A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- * THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- * THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- * THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- * THAT RESULT IN NO LOSS TO YOU
- * THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- * TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 1 OF SCHEDULE A OR
- * IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
AND
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS;
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
 - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
 - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
 - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
 - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
 - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. BASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

AND

AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
 - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
 - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
 - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
 - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY 1 . RT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98)
 ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98)
 EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
 - A. BUILDING
 - B. ZONING
 - C. LAND USE
 - D. IMPROVEMENTS ON LAND
 - E. LAND DIVISION
 - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
 - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
 - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
 - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
 - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
 - C. THAT RESULT IN NO LOSS TO YOU; OR
 - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8.D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
 - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A; AND
 - B. IN STREETS; ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

REV. 1999

STEWART TITLE GUARANTY COMPANY

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"GOLD" COMPREHENSIVE PROTECTIVE
PLAN POLICY OF TITLE INSURANCE
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 31, 34, 35, 38, 39, AND 40);
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
(A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
(B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
(C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;
(I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
(II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.

Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.

We may collect nonpublic personal information about you from the following sources:

- * Information we receive from you, such as on applications or other forms.
- * Information about your transactions we secure from our files, or from our affiliates or others.
- * Information we receive from a consumer reporting agency.
- * Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

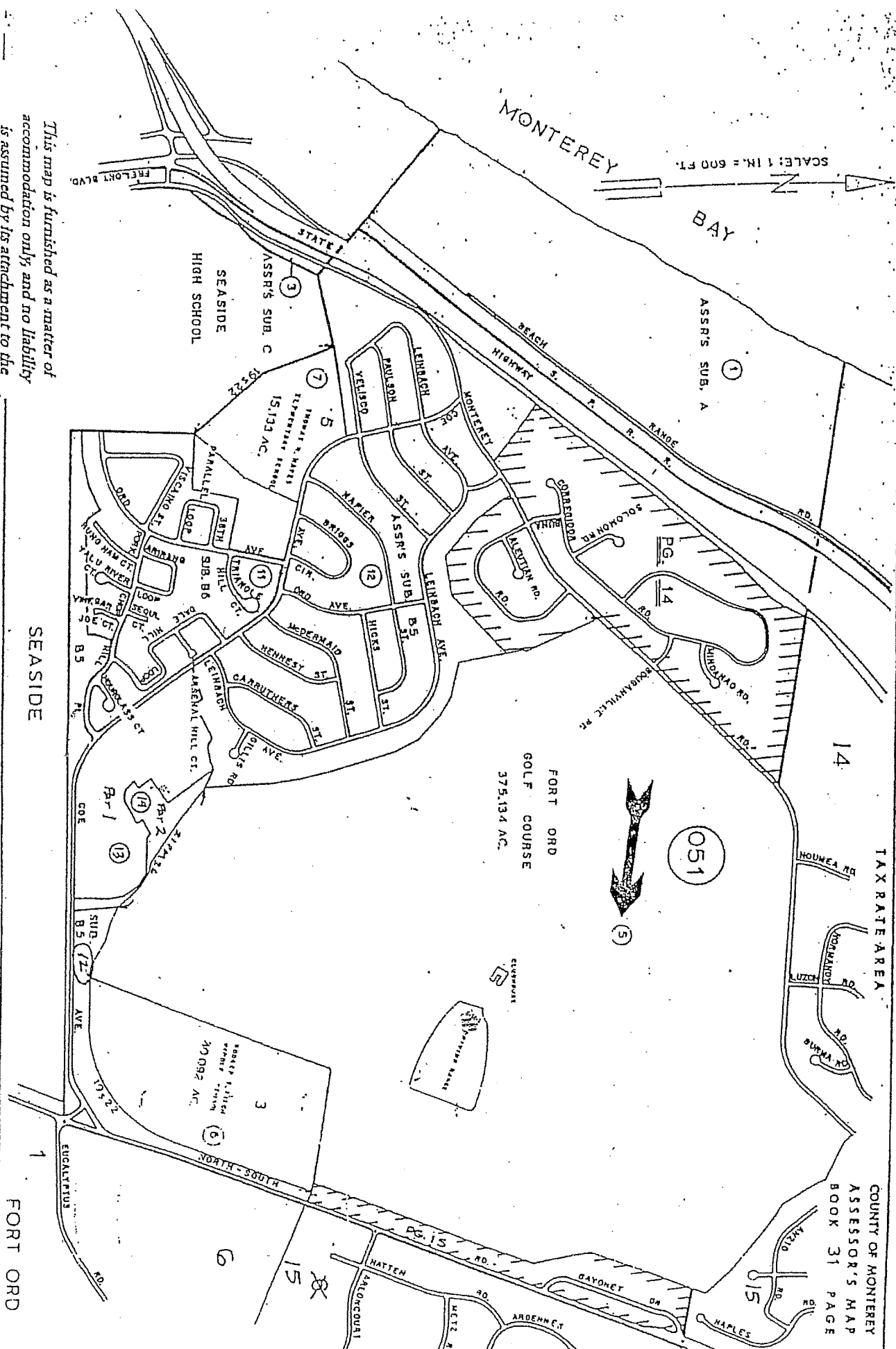
We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- * Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- * Non-financial companies such as envelope stuffers and fulfillment service providers.

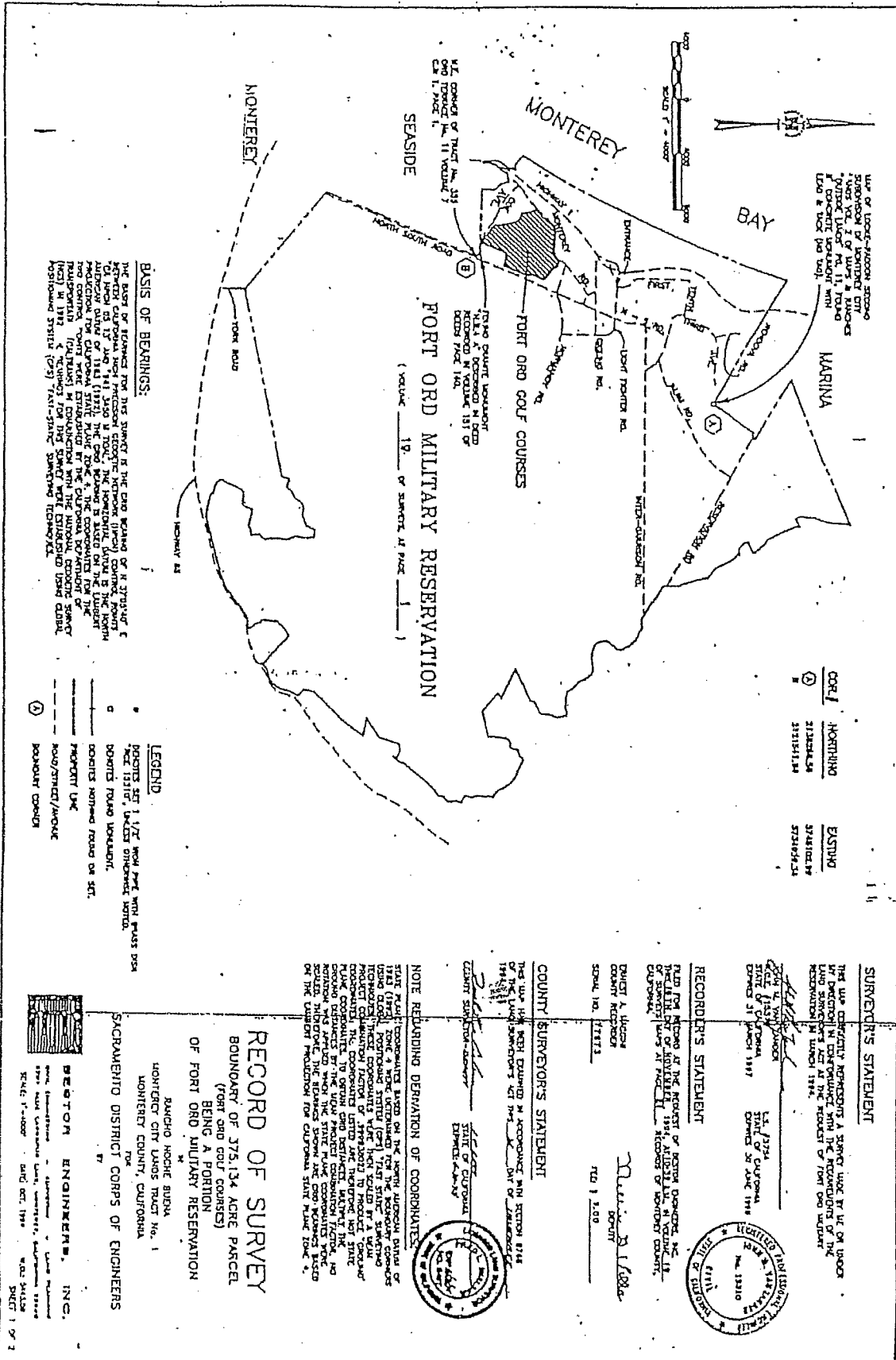
WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.



This map is furnished as a matter of accommodation only, and no liability is assumed by its attachment to the policy of title insurance of Stewart Title Guaranty Company.

This map is furnished as a matter of accommodation only, and no liability is assumed by its attachment to the policy of title insurance of Stewart Title Guaranty Company.



BASIS OF BEARINGS:

The basis of bearings for this survey is the true bearing of N 77° 14' 15" E of the California State Plane Coordinate System (CPCS) for the year 1983. The bearings were computed from the CPCS for the year 1983 and were adjusted to the true bearings for the year 1983 by the application of the correction for the Earth's magnetic declination for the year 1983. The bearings were computed from the CPCS for the year 1983 and were adjusted to the true bearings for the year 1983 by the application of the correction for the Earth's magnetic declination for the year 1983.

BEARING	DISTANCE	POINT
N 77° 14' 15" E	1000.00	MONTEARY
S 77° 14' 15" W	1000.00	SEASIDE
N 77° 14' 15" E	1000.00	PORT ORD
S 77° 14' 15" W	1000.00	MARINA
N 77° 14' 15" E	1000.00	BAY

LEGEND

- MONUMENT
- BEARING TAPE MONUMENT
- PROPERTY LINE
- - - - - EASEMENT
- BOUNDARY CORNER

RECORD OF SURVEY
 BOUNDARY OF 375.134 ACRE PARCEL
 BEING A PORTION
 OF FORT ORD MILITARY RESERVATION
 IN
 SACRAMENTO DISTRICT CORPS OF ENGINEERS
 FOR
 BANCROFT HOCHER BUREAU
 HORTON CITY LANDS TRACT No. 1
 MONTEREY COUNTY, CALIFORNIA

RESTON ENGINEERS, INC.
 2001 Sacramento Street, Sacramento, California 95811
 STATE LICENSE NO. 10000 AND DEC. 1994

NOTE REGARDING DEVIATION OF COORDINATES

The State Plane Coordinate System (CPCS) for the year 1983 is used for this survey. The bearings were computed from the CPCS for the year 1983 and were adjusted to the true bearings for the year 1983 by the application of the correction for the Earth's magnetic declination for the year 1983.

COUNTY SUPERVISOR'S STATEMENT

I, the undersigned, County Supervisor of Monterey County, California, do hereby certify that the above described land is within the boundaries of the County of Monterey, California.

[Signature]
 COUNTY SUPERVISOR
 MONTEREY COUNTY, CALIFORNIA

RECORDER'S STATEMENT

THIS MAP BEING IN THE RECORDS OF RESTON ENGINEERS, INC. OF SACRAMENTO, CALIFORNIA, AND BEING A PORTION OF THE RECORDS OF RESTON ENGINEERS, INC. OF SACRAMENTO, CALIFORNIA, IS HEREBY RECORDED IN THE OFFICE OF THE COUNTY CLERK OF MONTEREY COUNTY, CALIFORNIA, THIS 15th DAY OF JUNE 1994.

[Signature]
 COUNTY CLERK
 MONTEREY COUNTY, CALIFORNIA

SURVEYOR'S STATEMENT

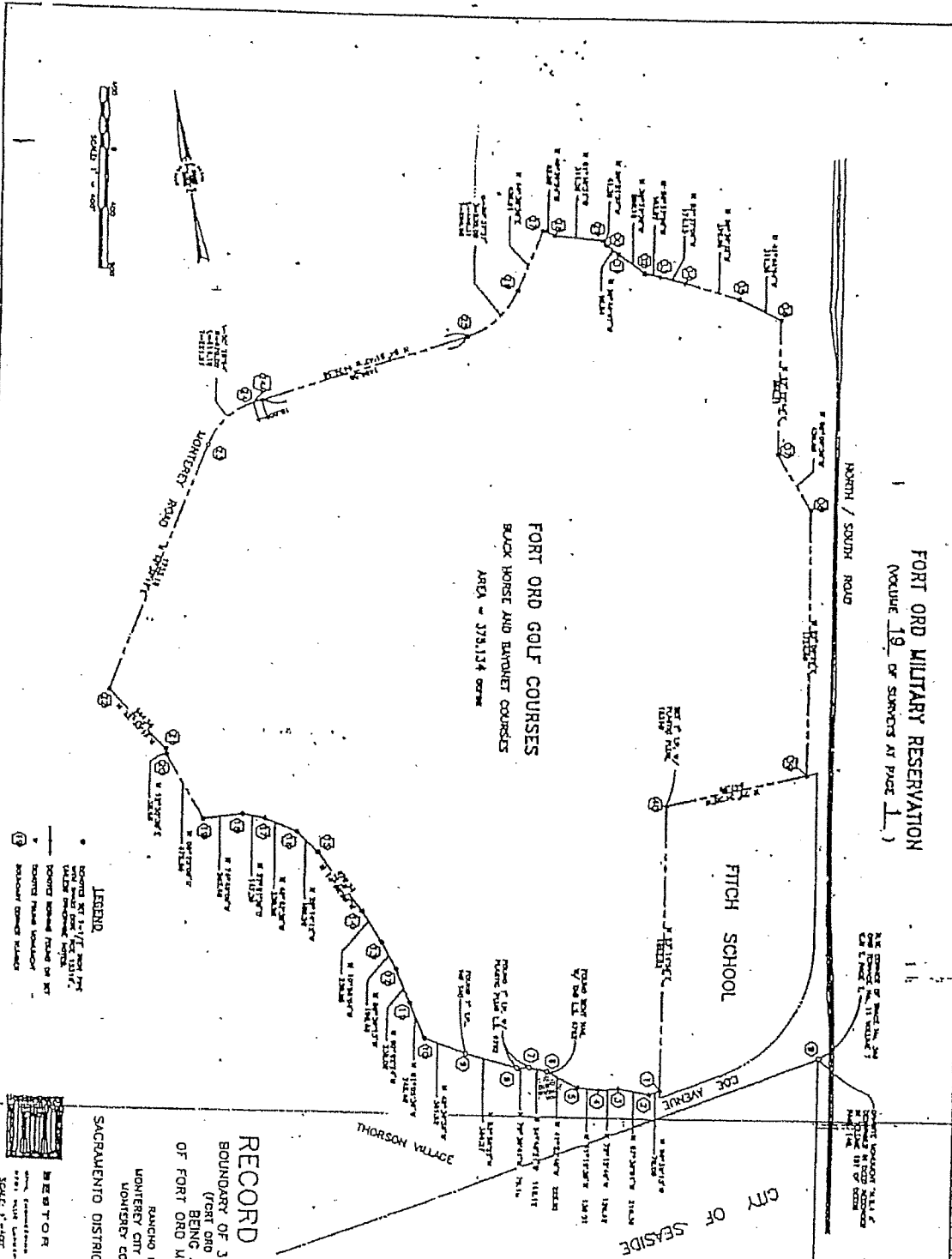
I, the undersigned, Surveyor of Reston Engineers, Inc., do hereby certify that the above described land is within the boundaries of the County of Monterey, California.

[Signature]
 SURVEYOR
 RESTON ENGINEERS, INC.

RECORD OF SURVEY
 BOUNDARY OF 375.134 ACRE PARCEL
 BEING A PORTION
 OF FORT ORD MILITARY RESERVATION
 IN
 SACRAMENTO DISTRICT CORPS OF ENGINEERS
 FOR
 BANCROFT HOCHER BUREAU
 HORTON CITY LANDS TRACT No. 1
 MONTEREY COUNTY, CALIFORNIA

VOL 19 SUR. MAPS PG. 21

FORT ORD MILITARY RESERVATION
 (VOLUME 19 OF SURVEYS AT PAGE 1.)



LEGEND

- CORNER OF LAY/1/2 AC. PARCEL
- BOUNDING CORNER
- BOUNDING CORNER
- BOUNDING CORNER

RECORD OF SURVEY
 BOUNDARY OF 375,124 ACRE PARCEL
 (FORT ORD GOLF COURSES)
 BEING A PORTION
 OF FORT ORD MILITARY RESERVATION
 IN
 RANCHO HOCHUE BUDUA
 MONTEREY CITY LANDS TRACT No. 1
 MONTEREY COUNTY, CALIFORNIA
 FOR
 SACRAMENTO DISTRICT CORPS OF ENGINEERS

BY
BESTOR ENGINEERS, INC.
 2201 North Underwood Blvd., Sacramento, California 95834
 SCALE 5"=400' DATE OCT. 1989 W.D. 341124
 SHEET 2 OF 2

POINT	BEARING	DISTANCE
1	N 89° 58' 12" W	110.00
2	N 89° 58' 12" W	110.00
3	N 89° 58' 12" W	110.00
4	N 89° 58' 12" W	110.00
5	N 89° 58' 12" W	110.00
6	N 89° 58' 12" W	110.00
7	N 89° 58' 12" W	110.00
8	N 89° 58' 12" W	110.00
9	N 89° 58' 12" W	110.00
10	N 89° 58' 12" W	110.00
11	N 89° 58' 12" W	110.00
12	N 89° 58' 12" W	110.00
13	N 89° 58' 12" W	110.00
14	N 89° 58' 12" W	110.00
15	N 89° 58' 12" W	110.00
16	N 89° 58' 12" W	110.00
17	N 89° 58' 12" W	110.00
18	N 89° 58' 12" W	110.00
19	N 89° 58' 12" W	110.00
20	N 89° 58' 12" W	110.00
21	N 89° 58' 12" W	110.00
22	N 89° 58' 12" W	110.00
23	N 89° 58' 12" W	110.00
24	N 89° 58' 12" W	110.00
25	N 89° 58' 12" W	110.00
26	N 89° 58' 12" W	110.00
27	N 89° 58' 12" W	110.00
28	N 89° 58' 12" W	110.00
29	N 89° 58' 12" W	110.00
30	N 89° 58' 12" W	110.00
31	N 89° 58' 12" W	110.00
32	N 89° 58' 12" W	110.00
33	N 89° 58' 12" W	110.00
34	N 89° 58' 12" W	110.00

Bishop, McIntosh & McIntosh
Alternative Production Allocation
Place of Use
Legal Description

That certain real property Described as Parcel 1 and Parcel 2 as shown on Volume 15, Page 190 of Parcel Maps, filed in the Office of the County Recorder of Monterey, State of California described as follows:

Beginning at the southwesterly corner of Parcel 2 as shown on Volume 15, Page 190 of Parcel Maps, filed in the Office of the County Recorder of Monterey; thence

- 1) North, 132.00 feet to the beginning of a non-tangent curve, concave north, having a radius of 170.00 feet, and to which beginning a radial bears South 37°10'00" East; thence
- 2) Easterly, 110.28 feet along said curve, through a central angle of 37°10'00"; thence
- 3) North 52°50'00" East, 149.37 feet; thence
- 4) North 22°30'00" West, 165.88 feet; thence
- 5) North 80°00'00" East, 110.00 feet; thence
- 6) North 16°30'00" East, 415.00 feet; thence
- 7) North 16°30'00" West, 105.88 feet; thence
- 8) North 44°11'18" East, 110.00 feet; thence
- 9) North 83°26'18" East, 170.00 feet; thence
- 10) South 54°03'42" East, 160.00 feet; thence
- 11) North 83°31'18" East, 180.00 feet; thence
- 12) South 57°43'42" East, 225.00 feet; thence
- 13) South 88°48'42" East, 715.00 feet; thence
- 14) South 21°30'00" East, 85.00 feet; thence
- 15) South 21°30'00" East, 85.00 feet; thence
- 16) South 19°00'00" West, 135.00 feet; thence
- 17) South 30°00'00" East, 55.00 feet; thence
- 18) South 64°00'00" East, 100.00 feet; thence
- 19) North 56°30'50" East, 312.38 feet; thence
- 20) North 00°07'38" East, 1,246.18 feet; thence
- 21) North 67°00'00" West, 425.02 feet; thence
- 22) North 18°58'19" East, 205.18 feet; thence
- 23) North 45°03'05" West, 117.72 feet; thence

- 24) North 08°24'30" West, 223.00 feet; thence
- 25) North 82°30'34" West, 216.80 feet; thence
- 26) West, 99.47 feet; thence
- 27) South 17°01'49" West, 251.49 feet; thence
- 28) South 25°00'00" West, 38.98 feet; thence
- 29) Continue southwesterly along said line; 53.10 feet; thence
- 30) North 67°00'00" West, 60.04 feet; thence
- 31) North 25°00'00" East, 90.00 feet; thence
- 32) North 17°01'49" East, 239.00 feet; thence
- 33) South 76°00'00" West, 97.78 feet; thence
- 34) South 70°00'00" West, 98.07 feet; thence
- 35) South 78°00'00" West, 74.00 feet; thence
- 36) South 84°00'00" West, 203.00 feet; thence
- 37) North 80°00'00" West, 80.00 feet; thence
- 38) North 58°00'00" West, 69.00 feet; thence
- 39) North 34°00'00" West, 68.00 feet; thence
- 40) North 11°59'51" West, 249.61 feet; thence
- 41) South 78°00'09" West, 514.98 feet; thence
- 42) Continue westerly along said line, 61.69 feet to the beginning of a curve, concave southeast, having a radius of 220.00 feet; thence
- 43) Southwesterly 175.36 feet along said curve, through a central angle of 45°40'09"; thence
- 44) South 32°20'00" West, 68.61 feet; thence
- 45) North 57°40'00" West, 35.00 feet to the beginning of a curve, concave south, having a radius of 530.00 feet; thence
- 46) Westerly 410.07 feet along said curve, through a central angle of 44°19'51"; thence
- 47) North 78°00'09" East, 2,213.91 feet; thence
- 48) South 11°59'51" East, 60.01 feet; thence
- 49) South 81°30'00" East, 239.29 feet; thence
- 50) South 70°35'30" East, 123.50 feet; thence
- 51) North 81°11'18" East, 85.52 feet; thence
- 52) South 26°33'42" East, 99.82 feet; thence
- 53) North 86°06'18" East, 139.96 feet; thence
- 54) North 16°46'18" East, 375.61 feet; thence
- 55) North 78°00'09" East, 520.00 feet; thence

- 56) South 27°23'42" East, 280.00 feet; thence
- 57) South 89°28'42" East, 210.00 feet; thence
- 58) South 21°03'42" East, 270.00 feet; thence
- 59) South 57°11'18" West, 160.00 feet; thence
- 60) South 31°36'18" West, 250.00 feet; thence
- 61) South 31°03'42" East, 220.00 feet; thence
- 62) South 33°56'18" West, 390.00 feet; thence
- 63) North 71°43'42" West, 230.00 feet; thence
- 64) South 58°36'18" West, 190.00 feet; thence
- 65) South 03°43'42" East, 290.00 feet; thence
- 66) South 57°22'35" East, 373.62 feet; thence
- 67) North 80°34'59" East, 267.61 feet; thence
- 68) North 84°31'21" East, 153.29 feet; thence
- 69) South 74°52'13" East, 327.86 feet; thence
- 70) South 84°20'29" East, 224.52 feet; thence
- 71) South 42°36'32" East, 93.11 feet; thence
- 72) South 76°35'50" East, 293.61 feet; thence
- 73) South 26°19'19" East, 136.78 feet; thence
- 74) South 21°36'43" East, 115.18 feet; thence
- 75) South 68°10'09" West, 287.48 feet; thence
- 76) South 38°33'50" West, 317.27 feet; thence
- 77) South 08°51'22" East, 522.61 feet; thence
- 78) South 34°53'42" East, 190.00 feet; thence
- 79) Continue southeasterly along said line, 470.00 feet; thence
- 80) South 72°03'42" East, 360.00 feet; thence
- 81) North 61°56'18" East, 220.00 feet; thence
- 82) North 78°56'18" East, 466.00 feet; thence
- 83) South 14°13'42" East, 183.05 feet; thence
- 84) South 21°33'42" East, 250.00 feet; thence
- 85) South 07°39'48" West, 199.76 feet; thence
- 86) South 69°26'18" West, 60.00 feet; thence
- 87) South 71°01'18" West, 120.00 feet; thence
- 88) South 82°56'18" West, 230.00 feet; thence
- 89) South 88°36'18" West, 155.00 feet; thence
- 90) North 86°08'42" West, 155.00 feet; thence

- 91) North 82°13'42" West, 160.00 feet; thence
- 92) North 76°48'42" West, 150.00 feet; thence
- 93) North 75°03'42" West, 160.00 feet; thence
- 94) North 70°18'42" West, 160.00 feet; thence
- 95) North 61°13'31" West, 290.26 feet; thence
- 96) North 57°03'42" West, 395.74 feet; thence
- 97) North 42°53'42" West, 152.00 feet; thence
- 98) North 66°08'42" West, 494.00 feet; thence
- 99) North 76°03'42" West, 490.00 feet; thence
- 100) South 89°56'18" West, 488.00 feet; thence
- 101) South 75°36'18" West, 642.00 feet; thence
- 102) North 89°43'42" West, 278.00 feet; thence
- 103) South 86°31'18" West, 414.00 feet; thence
- 104) North 89°18'42" West, 338.00 feet; thence
- 105) North 85°13'42" West, 160.00 feet; thence
- 106) North 74°33'42" West, 230.99 feet to the **Point of Beginning**.

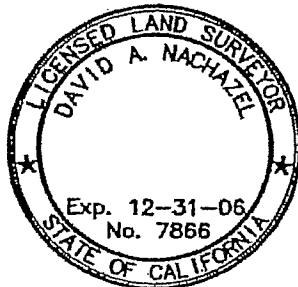
Containing 188.61 acres, more or less, as shown on the plat attached hereto and made a part of.

Bearings cited herein are referenced to Volume 15, Page 190 of Parcel Maps, filed in the office of the County Recorder of Monterey.

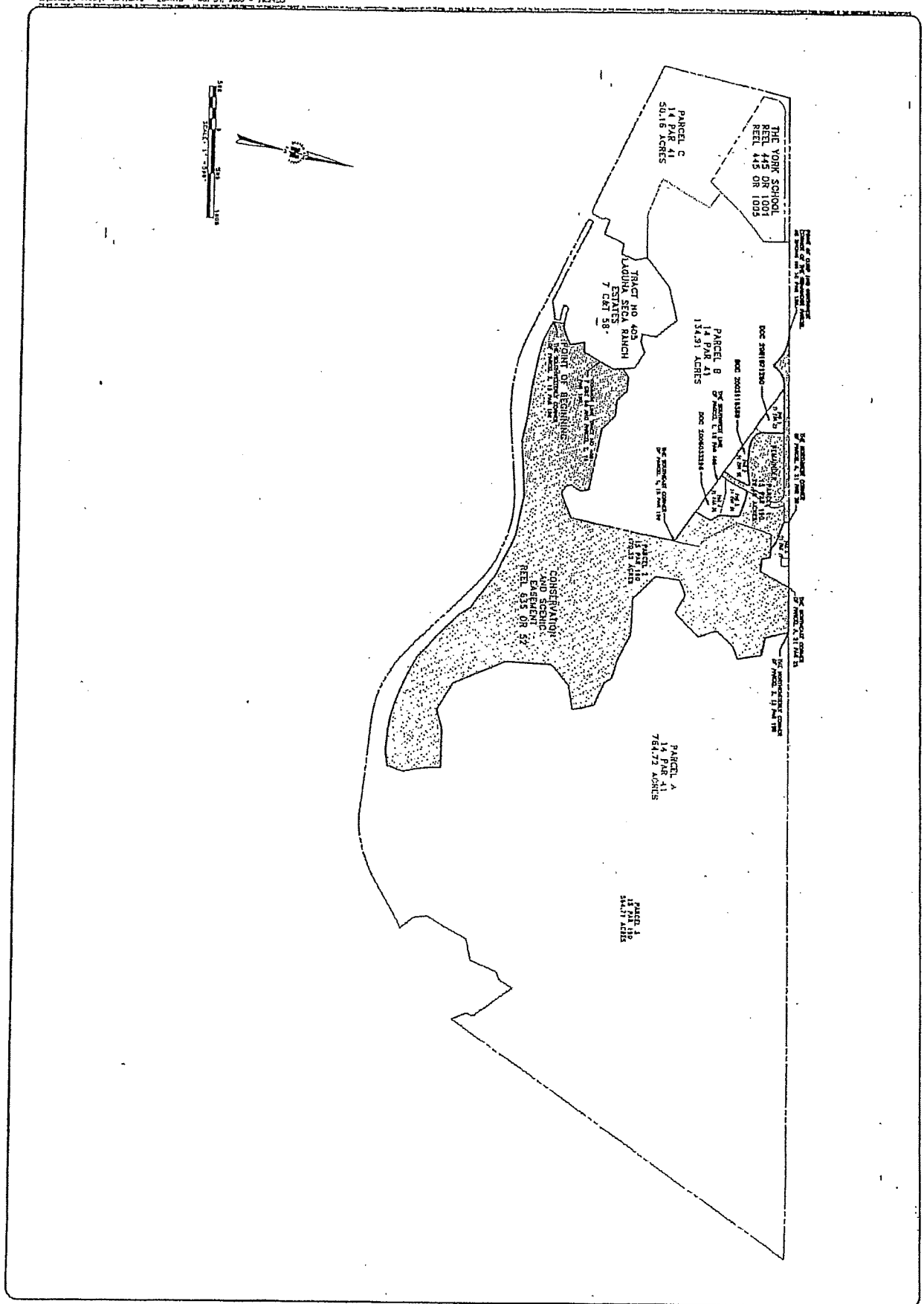
Dated: October 31, 2005

Bestor Engineers, Inc.

H. PATRICK WARD, PLS
LS 7866
Exp: 12/31/06



L:\2085\208520\docs\legal description.doc



DATE: 11-1-2003
 FILED: 10/27/2003
 SHEET: 1 of 1
 NO: 2013-25

PREPARED FOR: [Redacted]
 COUNTY OF MONTERY,
 CALIFORNIA

EXHIBIT
LAGUNA SECA #3



BESTOR ENGINEERS, INC.
 2701 SHAW SANFORD LANE, MONTREY, CALIFORNIA 95035

PRELIMINARY
NOT FOR CONSTRUCTION

DATE:	NOV 1 2003
FILED:	10/27/2003
SHEET:	1 of 1
NO:	2013-25

EXHIBIT "A"
DESCRIPTION OF REAL PROPERTY

THE LAND REFERRED TO IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF MONTEREY AND IS DESCRIBED AS FOLLOWS:

PARCEL A

Parcels I through P as shown on the Map entitled: "Tract No. 1307, Rancho Monterey", which map was filed for record on November 4th, 1998 in Volume 20 of Cities and Towns, as Page 7 in the Office of the County Recorder of Monterey County, California

PARCEL B (LEASEHOLD)

Beginning at a large granite monument, marked L S 8, S 4 standing at the common corner for Monterey City Lands Tract No. 1 (Pueblo Tract) as patented and the Rancho Saucito and Laguna Seca, as patented from which a double live oak 14" in diameter bears N. 18° 15' W., 35.35 feet distant, and leaning live oak 14" in diameter bears N. 50° 40' E., 69.85 feet distant, both trees being marked B T L S 8; thence along the boundary between said Monterey City Lands Tract No 1 and the Rancho Laguna Seca

- (1) N. 76° 05' E., 12537.36 feet to a hollow live oak 20 inches in diameter, marked LS9 from which a live oak 20 inches in diameter bears N. 89° 30' W., 66.17 feet distant and a double live oak 30 inches in diameter bears S. 44° 45' W., 63.50 feet distant both trees being marked B T L S 9; thence still along said dividing line
- (2) N. 77° 36' E., 987.4 feet to a 4 x 4 inch post marked M A F, S J F, Station; thence leaving said line
- (3) S. 22° 00' 1/2' W., 5357.6 feet at 850.0 feet a 4 x 4 inch post marked M A F, S J F, On Line, at 4843.2 feet a 4 x 4 inch post marked M A F, S J F, standing in a fence corner near the Laguna Seca Ranch Building at 5310.3 feet a 4 x 4 inch post marked M A F, S J F, W P. Standing in the northern right of way line of the New Salinas-Monterey Road (width 80 feet) from which a live oak 30 inches in diameter marked B T bears N. 17° E., 78 feet distant; 5357.6 feet to a station 376.44 of the center line of the said new right of way of said road; thence
- (4) S. 5° 35' W., 2855.1 feet at 41.1 feet a 4 x 4 inch post in fence on the southern side of said road, 1305.0 feet 4 x 4 inch post marked M A F, S J F, Line at 2293.8 feet a 4 x 4 inch post marked M A F, S J F, Line 2855.1 feet to a 8 x 8 inch post marked S J F, MAF, standing in the boundary between the Rancho Laguna Seca and Monterey City lands Tract No. 2 (Pueblo Tract); thence
- (5) N. 80 36' W., 1615.4 feet along fence and the boundary between Laguna Seca and Monterey City Lands Tract No. 2 to a live oak 2 1/2 feet in diameter, Corner L S 3 of the Patent survey of the Rancho Laguna Seca; thence
- (6) N. 40° 39' W., 1779.8 feet at 1062.7 feet a 4 x 4 inch post marked L S R, Line at 1707.0 feet a 4 x 4 inch post marked L S R, 409+77.6 in south line of new road

right of way at 1711.6 feet a large granite witness monument near the south line of the new Salinas Monterey Road Right of Way from which Engineer Station 409+05.61 E.C., bears N. 57° 32' E., 82.16 feet distant 1779.8 feet to Station L S 4 in the road right of way; thence

(7) N. 76° 04' W., 2550.2 feet a 4 x 4 inch post marked L S R, Line at 995.6 feet to a 4 x 4 inch post marked L S R, S J F, Line 420+28.15 in fence on south line of road at 1615 feet a 4 x 4 inch post marked L S R, Line, on Summit of Spur at 2015.0 feet a 4 x 4 inch post marked L S R, Line 2550.2 feet to the original Patent Survey Corner Oak L S 5; thence

(8) N. 89° 56' W., at 100.5 feet a 4 x 4 inch post marked L S R, S J F, Line at 525.0 feet a 4 x 4 inch post marked L S R, S J F, Line at 1273.1 feet a 4 x 4 inch post marked L S R, S J F Line 450+62, at 2337.0 feet a 4" x 4" post marked L S R, 461+16.5 Line, in fence on south side of the new road right of way, at 2551.2 feet a 4 x 4 inch post marked L S R. T. 16, S R 1 E, T. 16 S R 2 E, 2676.6 feet to a 8 x 8 inch post marked L S 6 set in the roots of the original oak corner tree S L 6, from which a live oak 10 inches in diameter bears S. 52° 15' W., 21 feet distant, marked B T, LS 6, and live oak 12 inches in diameter bears S. 83° E., 38.8 feet distant, marked B T L S 6; thence

(9) N. 75° 13 1/2' W., 3032.4 feet a 418.7 feet to a 4 x 4 inch post L S R, S J F Line at 943.9 feet a 4 x 4 inch post marked L S R, S J F, Line at 1243.9 feet a 4 x 4 inch post marked L S R, S J F Line at 189.10 feet a 4 x 4 inch post marked L S R, S J F, Line at 2491.0 feet a 4 x 4 inch post marked L S R, S J F, Line 3032.4 feet a 8 x 8 inch post marked L S 7 in fence, from which a live oak 14 inches in diameter bears S. 27° 50' E., 47 feet distant; thence leave the line of the Monterey City Lands Tract No. 2, and along the easterly line of the Rancho Saucito

(10) N. 0° 15' W., 1571.5 feet at 83.8 feet a 4 x 4 inch post marked T J F in fence on the north line of the new road right of way (width 80 feet) at 234.3 feet a large live oak on line marked, with a cross 1571.5 feet to the place of beginning.

Excepting therefrom that portion of said land described in the deed to the County of Monterey, recorded April 30, 1929 in Book 190, Page 91, Official Records.

Also excepting therefrom all that portion of said land conveyed to Eula May Leidig, by deed recorded April 23, 1946 in Volume 919 Official Records, Page 426

Also excepting therefrom that portion of said land described in the deed to Constance H. Bishop, recorded June 30, 1952 in Book 1390, Page 299, Official Records.

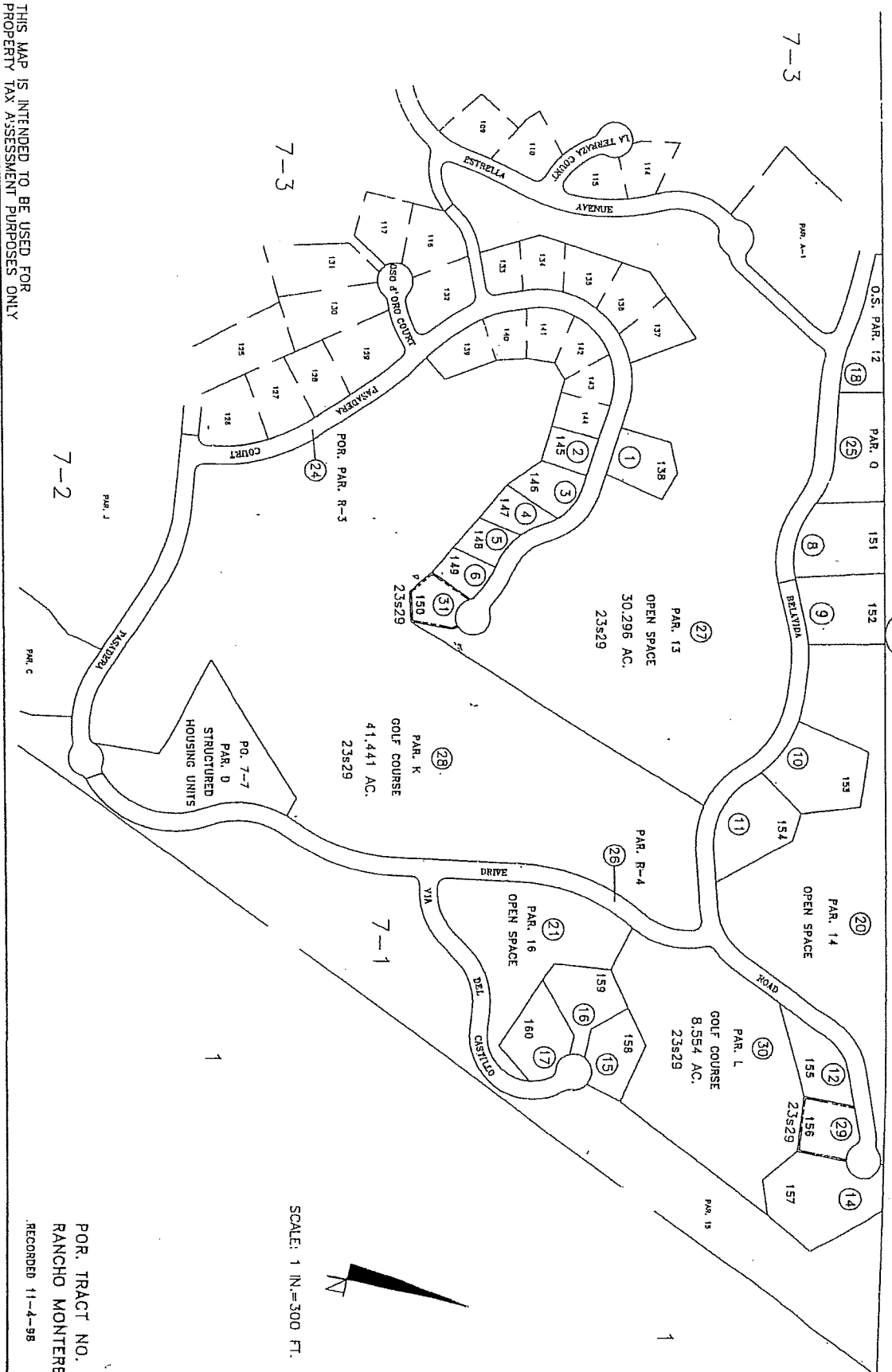
Also excepting therefrom that portion of said land described in the deed to James E. Elliott, et ux, recorded September 19, 1960 in Book 2083, Page 276, Official Records.

TAX CODE AREA 139-04
31/13

COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 173 PAGE

Attachment 2-3
Page 105 of 121

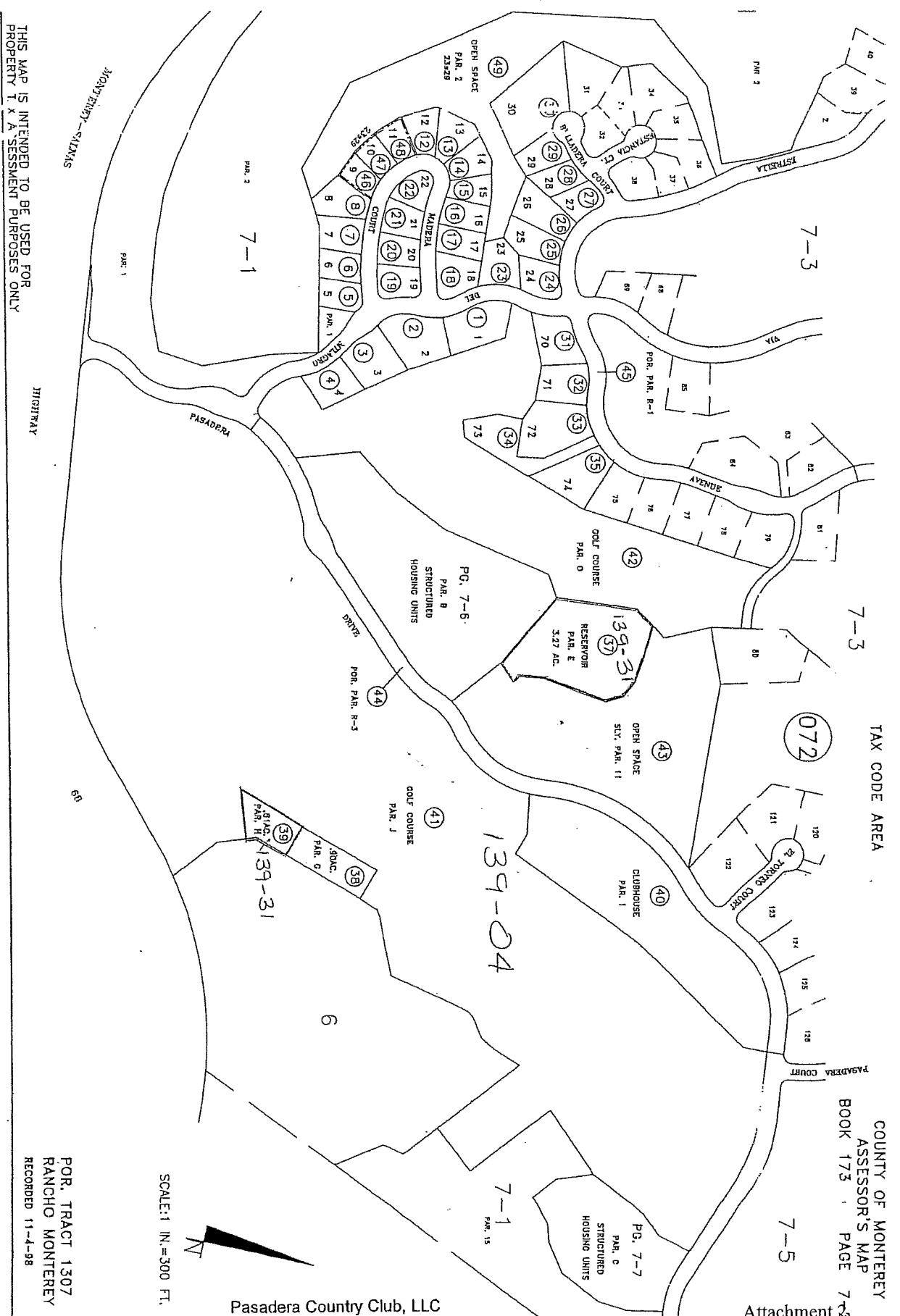
Pasadera Country Club, LLC
Page 3



SCALE: 1 IN.=300 FT.

POR. TRACT NO. 1307
RANCHO MONTEREY
RECORDED 11-4-98

THIS MAP IS INTENDED TO BE USED FOR
PROPERTY TAX ASSESSMENT PURPOSES ONLY



TAX CODE AREA

COUNTY OF MONTEREY
 ASSESSOR'S MAP
 BOOK 173 PAGE 7-2
 Attachment
 Page 106 of 121

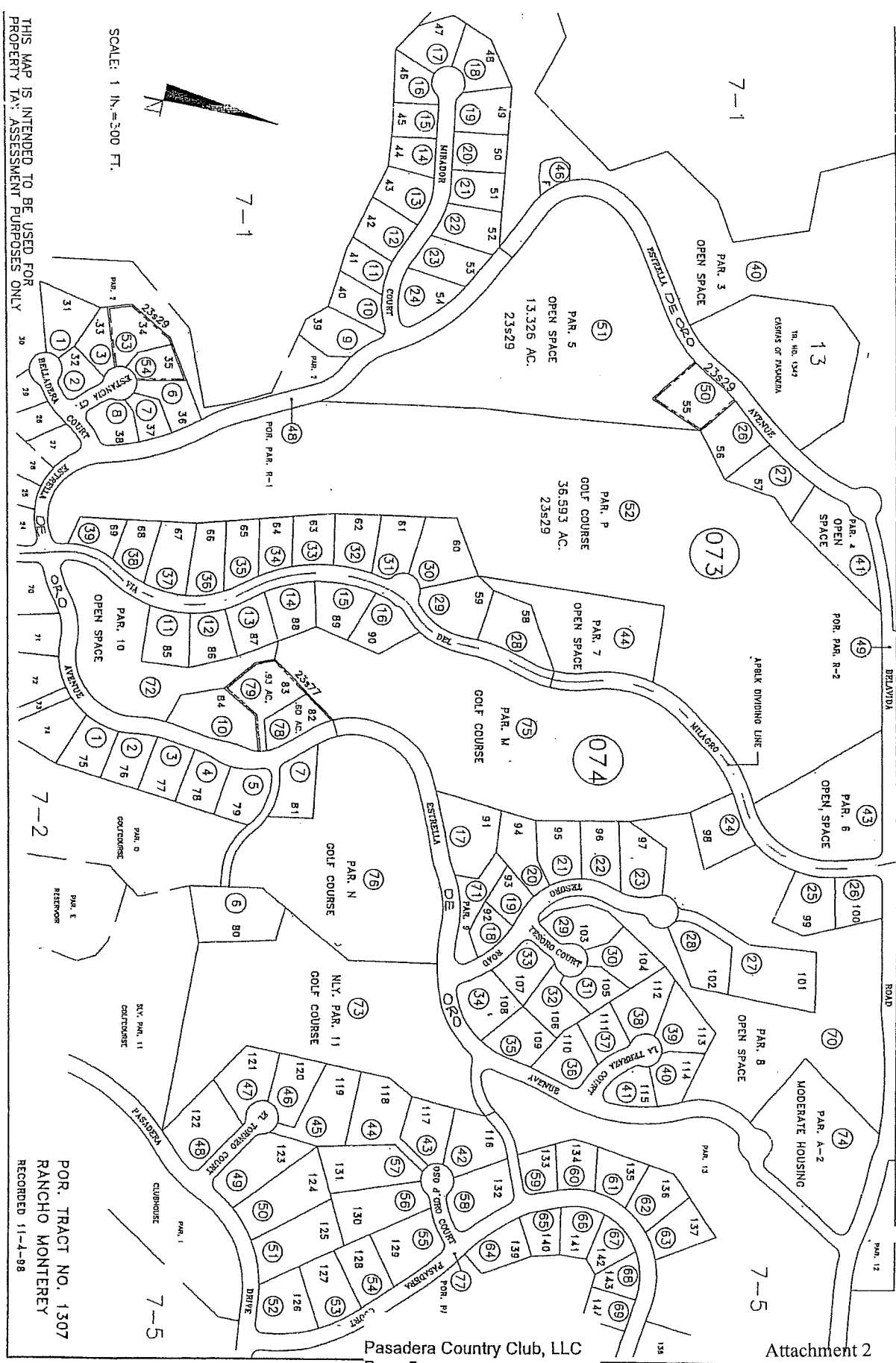
THIS MAP IS INTENDED TO BE USED FOR
 PROPERTY TAX ASSESSMENT PURPOSES ONLY

POR. TRACT 1307
 RANCHO MONTEREY
 RECORDED 11-4-98

SCALE: 1 IN. = 300 FT.



Pasadera Country Club, LLC
 Page 4



THIS MAP IS INTENDED TO BE USED FOR
PROPERTY TAX ASSESSMENT PURPOSES ONLY

SCALE: 1 IN. = 300 FT.



POR. TRACT NO. 1307
RANCHO MONTEREY
RECORDED 11-4-98

Pasadera Country Club, LLC
Page 5

Attachment 2
Page 107 of 121

**Mission Memorial Park
Legal Description and Map**

DESCRIPTION

1

PARCEL I:

Certain real propety situate, lying and being in the County of Monterey, State of California, being a portion of that certain 4.000 acres of land conveyed by Mission Memorial Park Inc., to John H. Moncivich and Walter Ehrlich by Deed dated August 10, 1955 in Volume 1647, Official Records of Monterey County, Page 261, particularly described as follows:

Beginning at the Southwesterly corner of said 4.00 acre parcel, being also a portion on the Westerly line of that certain 40 1/3 acre tract of land conveyed from Walter Ehrlich, et al, to Mission Memorial Park by Deed dated February 25, 1953 and recorded October 30, 1953 in Volume 1487, Official Records of Monterey County, at Page 420, from which point of beginning a concrete monument standing at the Northeasterly corner of Tract No. 303, Ord Terrace No. 9, as shown on that certain Map filed in Volume 6 of Maps, "Cities and Towns", at Page 104, Monterey County Records, bears N. 0° 42' 35" W., 830.75 feet (deed N. 1° 01' W., 831.9 feet); thence

- (1) Along the Southerly line of said 4.000 acre parcel, S. 89° 48' E., 102.71 feet (deed S. 89° 48' E., 97.72 feet); thence
- (2) 36.29 feet along the arc of a tangent curve to the left of radius 25.00 feet (long chord bears N. 48° 36' 40" E., 33.19 feet and central angle of 83° 10' 40"); thence
- (3) 184.40 feet along the arc of a tangent reverse curve to the right of radius 255.00 feet (long chord bears N. 27° 44' 20" E., 180.41 feet and central angle of 41° 26'); thence
- (4) Leaving the Easterly line of said 4.000 acre parcel N. 41° 32' 40" W., 125.00 feet; thence
- (5) S. 89° 09' 50" W., 132.07 feet to a point on the Westerly line of said 4.000 acre parcel and the Easterly line of said Ord Terrace No. 9; thence
- (6) Following said line, S. 0° 42' 35" E., 272.91 feet to the point of beginning.

A.P. NO.: 011-061-018

PARCEL II:

Beginning at a point on the Westerly line of that certain 40 1/3 acre tract of land conveyed from the City of Monterey to Walter Ehrlich, et al, by a Deed dated July 23, 1952 and recorded July 25, 1952 in Volume 1395, Official Records of Monterey County, at Page 187, from which point of beginning, a granite monument at the Northeasterly corner of Lot 1, Rancho Noche Buena bears N. 1° 01' W., 98.91 feet to a point on the Northerly line of said Lot 1, and thence along said Northerly line N. 89° 09' 50" E., 1307.36 feet (by said deed 1308.18 feet); thence from said point of beginning and following said Westerly line of said tract of land

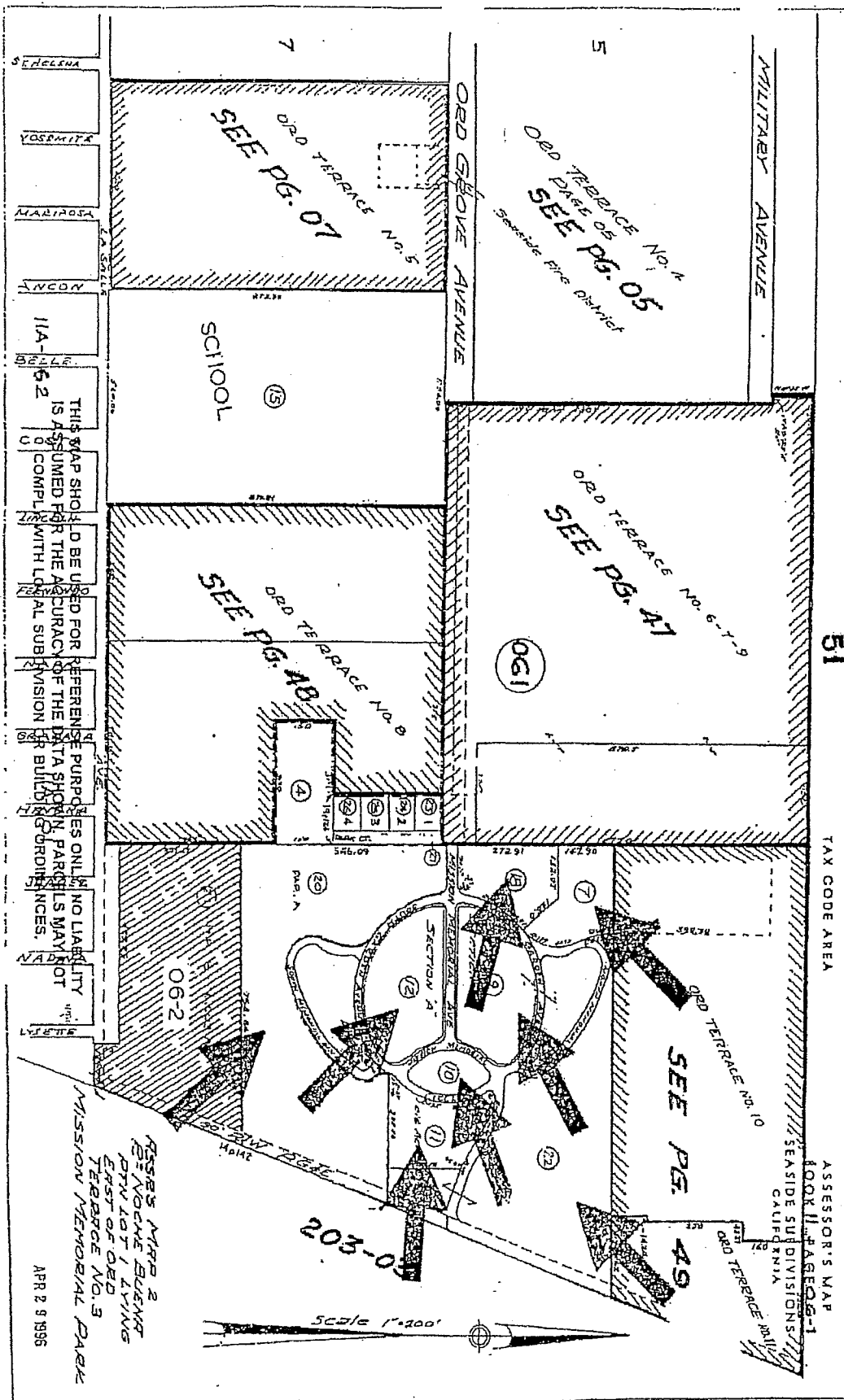
DESCRIPTION

- (1) S. 1° 01' E., 831.90 feet (in said deed said line is given a bearing of S. 0° 42' 35" E.); thence leaving said line
- (2) S. 89° 48' E., 97.72 feet; thence
- (3) 36.29 feet along the arc of a tangent curve of radius 25 feet (long chord bears N. 48° 36' 40" E., 33.19 feet); thence
- (4) 184.40 feet along the arc of a tangent reverse curve of radius 255 feet (center of said curve bears S. 82° 58' 40" E., long chord bears N. 27° 44' 20" E., 180.41 feet); thence
- (5) 164.72 feet along the arc of a tangent reverse curve of radius 125 feet (center of said curve bears N. 41° 32' 40" W., long chord bears N. 10° 42' 20" E., 153.05 feet); thence
- (6) 109.11 feet along the arc of a tangent reverse curve of radius 235 feet (center of said curve bears N. 62° 57' 20" E.; long chord bears N. 13° 44' 35" W., 108.13 feet); thence tangentially
- (7) N. 0° 26' 30" W., 398.30 feet; thence
- (8) S. 89° 09' 50" W., 221.04 feet to the point of beginning and being a portion of said 40 1/3 acre tract of land.

EXCEPTING THEREFROM that certain real property described in the Deed from John H. Moncovich, et al, to Mission Memorial Park, a Corporation, dated August 22, 1958 and recorded October 28, 1958 in Volume 1905, Official Records of Monterey County, at Page 268.

ALSO EXCEPTING THEREFROM that certain real property described in the Deed from John H. Moncovich, et al, to R.I. Gorrell and A. Von Drachenfels, a Partnership, composed of R.I. Gorrell and A. Von Drachenfels, dated October 27, 1958 and recorded November 25, 1958 in Volume 1912, Official Records of Monterey County, at Page 150.

A.P. NO.: 011-061-007



Description: Monterey, CA Assessor Map 11.6 Page 1 of 2 Only
 Order: JCV Comment:

EXHIBIT "A"

EXHIBIT "A"

Calabrese Lands

PARCEL 1:

All that real property situated in the City of Sand, County of Monterey, State of California, described as follows:

Part of Lot 1 of Rancho Noche Buena in Monterey County, Calif., described as follows, to wit:

Commencing at the intersection of the westerly line of Ocean View Avenue with the Northerly line of Park Drive projected Westerly, as same are shown and designated on that certain map entitled, "Map No. 3, Hot Spring Tract, being a portion of Lot 1, Rancho Noche Buena, Monterey County, Calif., surveyed by C. H. Sanders, March 1912", filed for record April 1, 1912 in the office of the County Recorder of the County of Monterey, State of California, in Volume 2 of Maps, "Cities and Towns", at page 35; and running thence: S. 61° 15' E., 581.7 feet along the northerly line of said Park Drive; thence

S. 56° 43 ½' E., 374 feet along the said northerly line of Park Drive; thence

N. 33° 16 ½' E., 479.6 feet; thence

N. 61° 15' W., 972.6 feet to the westerly line of Lot 1 of Rancho Buena which is also the westerly line of Ocean Ave., projected northerly; thence

S. 31° 16' W., along said westerly line 450 feet to the point of beginning containing 10.00 acres of land, a little more or less;

Also any and all land adjacent and contiguous to the above described property lying westerly of the above parcel and projecting into the Bay of Monterey and between the northerly line and the southerly line of the above described parcel as said lines are projected westerly;

EXCEPTING THEREFROM any portion of the above property lying within the lines of State Freeway No. 1.

APN: 011-012-005 and 011-011-020 - Vacant Lots in Sand City, California

Parcel 2:

All that real property situate in the City of Sand, County of Monterey, described as follows:

Certain real property situate in the Rancho Noche Buena, in the County of Monterey, State of California, being a portion of that certain 86.75 acre parcel of land conveyed from T. A. Work; et ux, to Mrs. Edith A. Roberts by deed dated May 16, 1921 and recorded April 5, 1923 in Volume 13 of Official Records of Monterey County at Page 444, particularly described as

BEGINNING at a point in said 86.75 acre parcel, being the intersection of the southwesterly line of that certain 41.01 acre parcel of land described in lease from Jno. L. D. Roberts to Pacific Coast Agregates, Inc., dated October 18, 1946, with the northwesterly boundary of that certain 9.20 acre parcel of land described as Parcel 1A in Action No. 55706, Order for Possession, of the Superior Court of the State of California in and for the County of Monterey, dated October 6, 1965, said southwesterly lease boundary line being a line which bears S. 51° 10' E. from a point on the northwesterly boundary of said 86.75 acre parcel of land lying 1500.0 feet southwesterly along said northwesterly boundary from the most northerly corner of said 86.75 acre parcel, and said northwesterly boundary of said Parcel 1A being the northwesterly Right of Way Line of proposed State Highway, Road V-Non-56-I, Mon, Sea, Snd C, as delineated on the map filed in the State Highway Map Book at Pages 631 to 643, Incl., records of said County; thence, along the boundary of said Parcel 1A, following Courses No. (12) and (11) as described in said court order

1. S. 59° 15' 51" W., 124.11 feet, to angle point of said boundary at southwesterly terminus of said course (12); thence
2. S. 73° 07' 28" W., 1.85 feet; thence, leaving said boundary
3. N. 51° 10' W., parallel with said southeasterly line of said lease parcel (in said lease N. 53° 06' W.) a distance of 68.20 feet; thence
4. Westerly, 128.88 feet, along the arc of a tangent curve to the left with radius of 100 feet (long chord bears N. 83° 05' 17" W., 120.14 feet); thence, non-tangentially
5. N. 51° 10' W., parallel with said southeasterly line of said lease parcel, a distance of 103.90 feet; thence
6. N. 38° 50' E., 190.0 feet, to intersection with said lease line; thence
7. S. 51° 10' E., along said lease line (in said lease S. 53° 06' E.), 312.52 feet, to the point of beginning. Basis of bearings for the above stated courses being identical with and derived from survey for said State Highway as shown on said highway map sheet.

TOGETHER WITH a non-exclusive easement for road and utilities purposes over the following described parcel of land;

BEGINNING at the westerly terminus of course numbered 2 of the boundary of the above described parcel of land, said course being stated "S. 73° 07' 28" W., 1.85 feet", thence

1. S. 73° 07' 28" W., along the boundary of said Parcel 1A as described in said court order, 121.03 feet, to angle point of said boundary; thence, leaving said boundary
2. N. 35° 00' 35" W., 100.00 feet, to the westerly terminus of course numbered 4 of the boundary of the above described parcel of land, said course being a curve of radius 100 feet; thence, following the boundary of said parcel as above described
3. Easterly 128.88 feet along the arc of said curve to the right having a radius of 100 feet (center of said curve bears S. 35° 00' 35" E., 100.00 feet distant from the terminus of the preceding course), to a point from which said center bears S. 38° 50' W.; thence tangentially
4. S. 51° 10' E., 68.20 feet, to the point of beginning.

APN: 011-501-010

EXHIBIT 19-A
MONTHLY ALLOCATION REPORT
 Reported in Acre-Feet
 September 30, 2005

	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right	Water Right
Airport District	8.100	0.000	5.782	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.782
Carmel-by-the-Sea	19.410	0.000	1.630	1.081	0.000	1.081	0.000	0.560	0.000	0.560	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.271
Del Rey Oaks	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Monterey	76.320	0.000	0.015	50.659	0.000	0.000	9.702	38.792	0.020 Cr	8.282	0.000	0.000	0.000	0.000	0.000	0.000	0.000	17.999
Monterey County	87.710	0.000	17.406	13.080	0.000	0.065	0.065	7.827	0.000	2.501	0.000	0.000	0.000	0.000	0.000	0.000	0.000	19.972
Pacific Grove	25.770	0.000	1.620	1.410	0.000	1.091	1.091	11.473	0.000	2.329	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.040
Sand City	51.860	0.000	1.490	0.838	0.000	0.838	0.838	24.717	0.000	24.717	0.000	0.000	0.000	0.000	0.000	0.000	0.000	27.045
Seaside	65.450	0.000	25.863	34.438	0.000	34.438	34.438	4.534	0.000	3.541	0.000	0.000	0.000	0.000	0.000	0.000	0.000	63.842
TOTALS	349.770	0.000	53.866	101.946	0.000	47.245	47.245	87.943	0.020 Cr	41.930	0.000	0.000	0.000	0.000	0.000	0.000	0.000	142.951

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Page 3

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CERTIFICATE OF MAILING
C.C.P. SEC. 1013a

I do hereby certify that I am not a party to the within stated cause and that on

1-12-06

I deposited true and correct copies of the following document:

TENTATIVE DECISION FILED JANUARY 12, 2006

in sealed envelopes with postage thereon fully prepaid, in the mail at Salinas, California 93901,
directed to each of the following named persons at their respective addresses, as hereinafter set forth:

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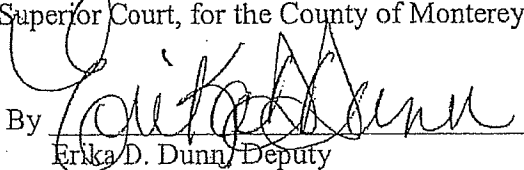
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Scott S. Slater, Esq.
Russell M. McGlothlin, Esq.
Michael T. Fife, Esq.
Hatch & Parent
21 East Carrillo Street
Santa Barbara, CA 93101

Dated:

1-12-06

LISA M. GÁLDOS, Clerk of the
Superior Court, for the County of Monterey

By


Erika D. Dunn, Deputy

Attachment 3

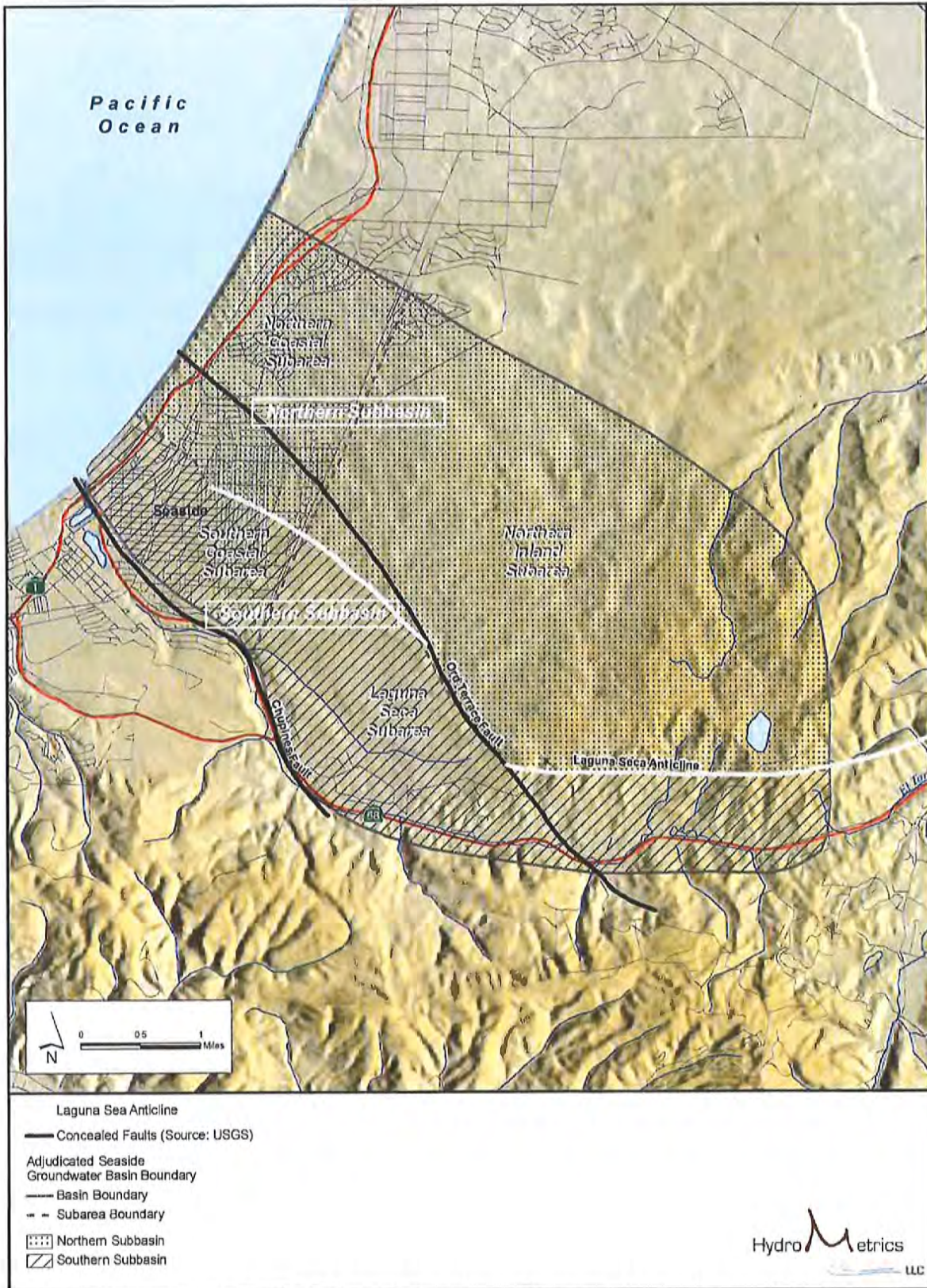


Figure 4: Amended Decision Boundary of the Seaside Groundwater Basin with Subareas

Attachment 4

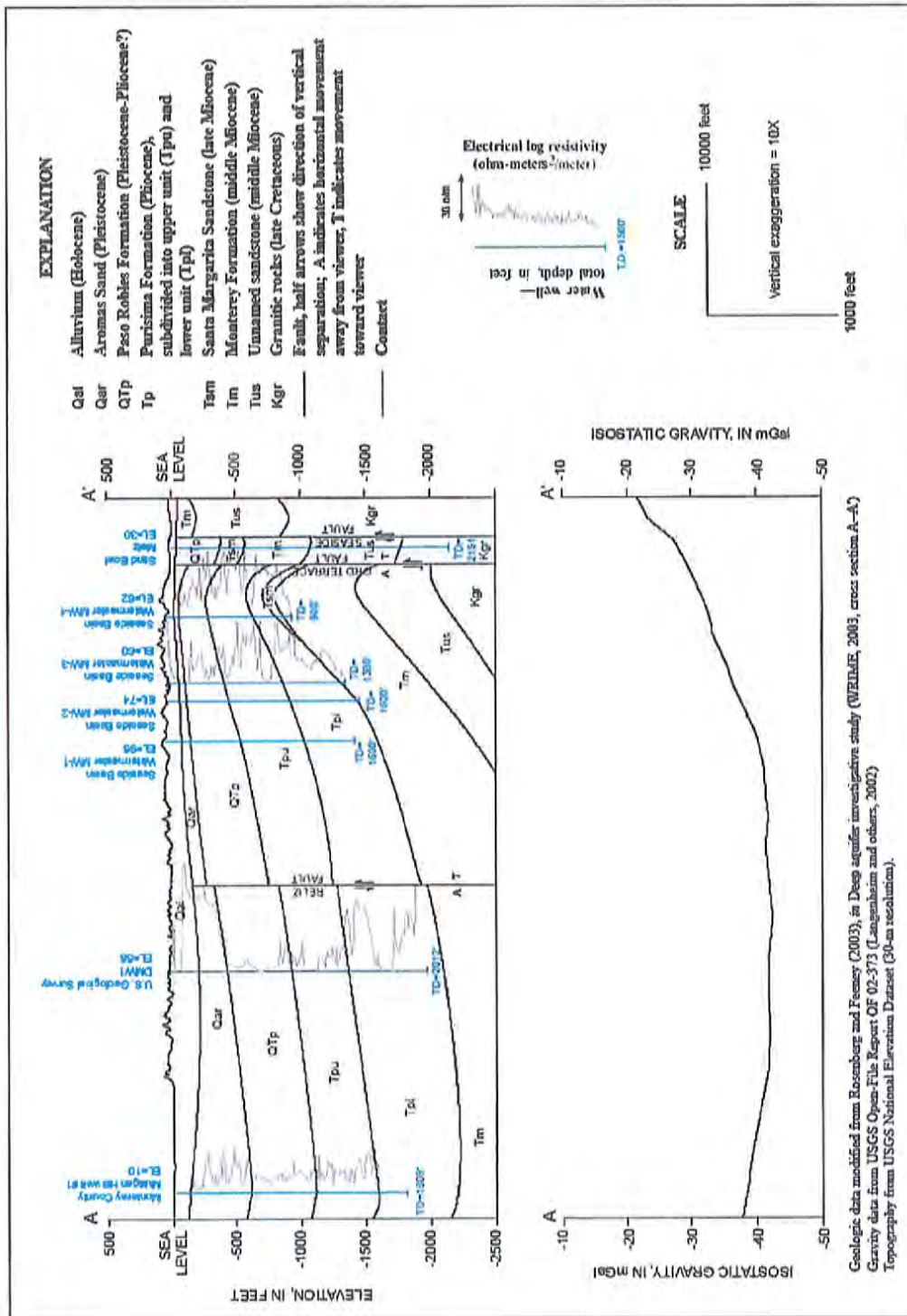


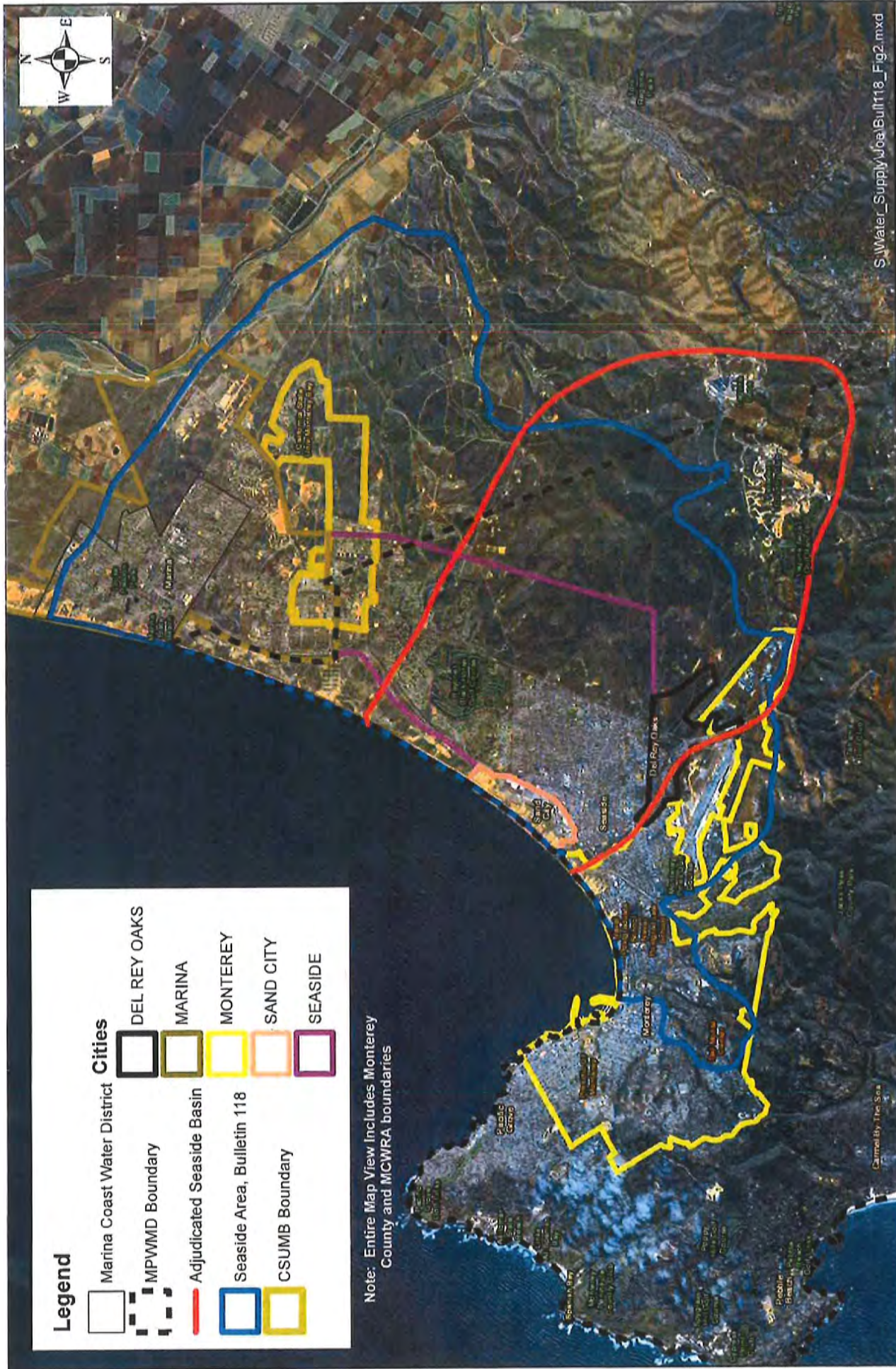
Figure 3: Geologic Cross Section A-A' (from Feeny, 2007)

Attachment 5

Alluvial Groundwater Basins and Subbasins within the Central Coast Hydrologic Region

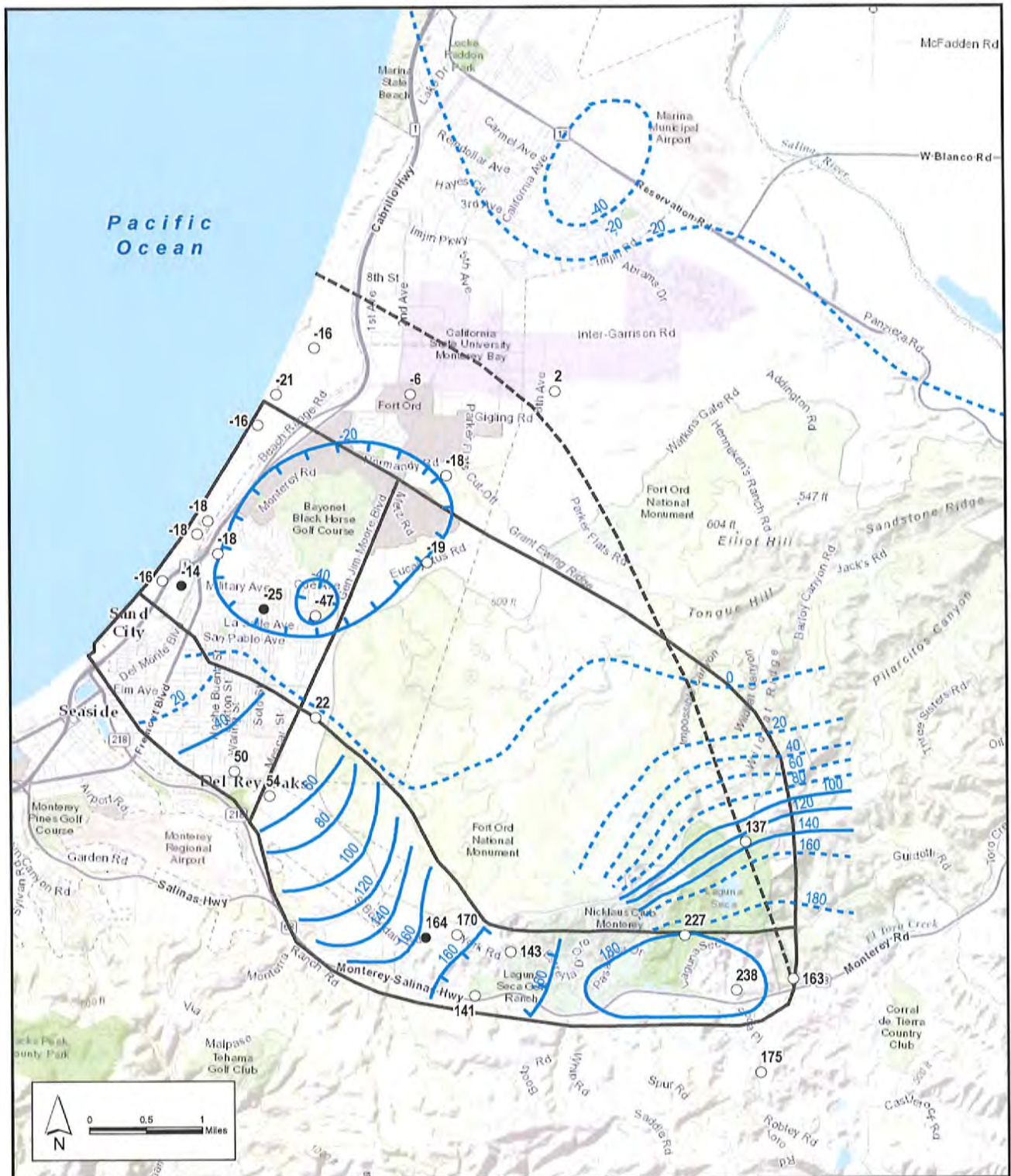


Attachment 6



**Figure 2: Proposed Modified Basin
 Boundary with Local Agencies**

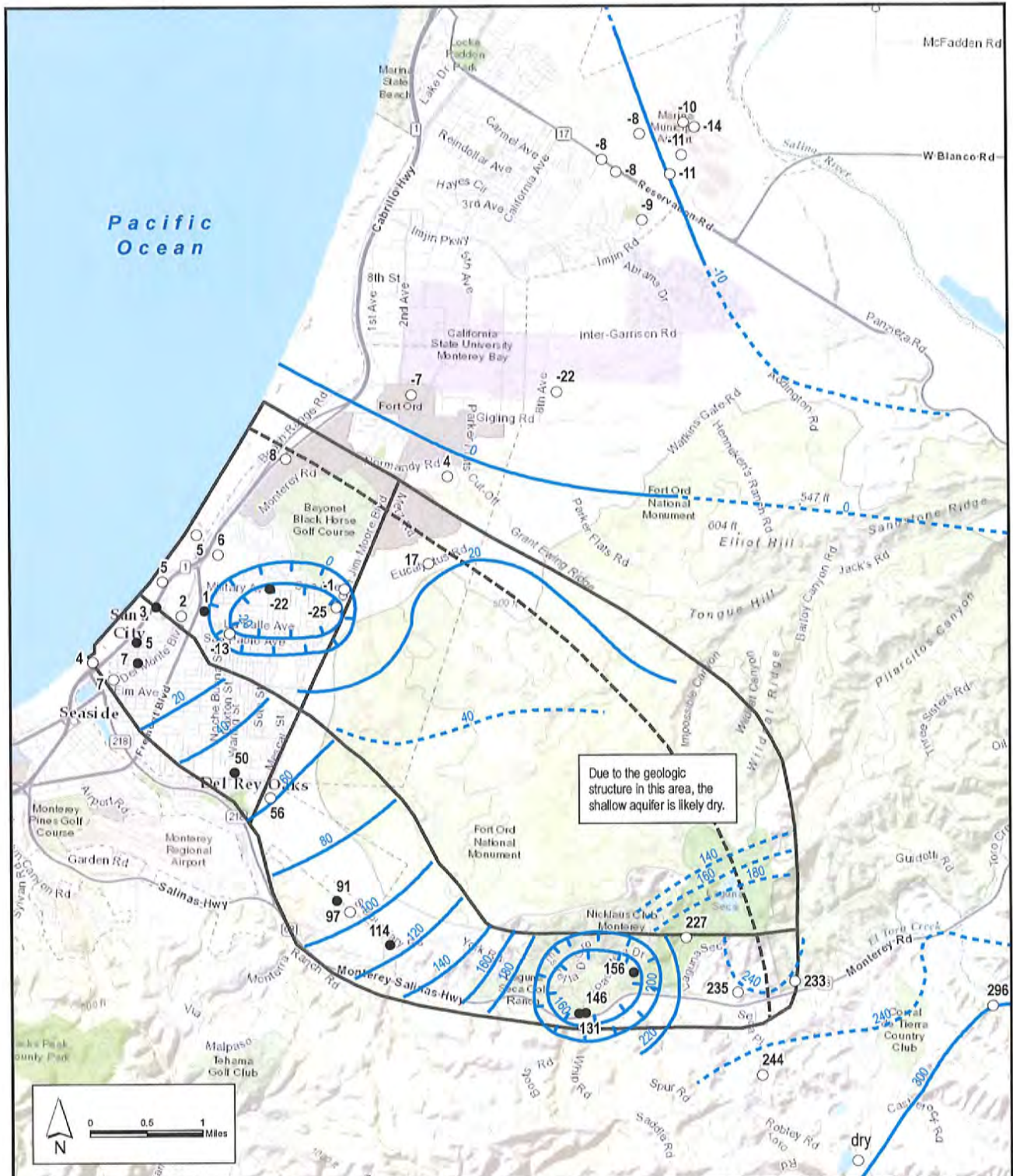
Attachment 7



Wells with Water-Level Data (2nd Quarter WY 2015, Deep Zone)

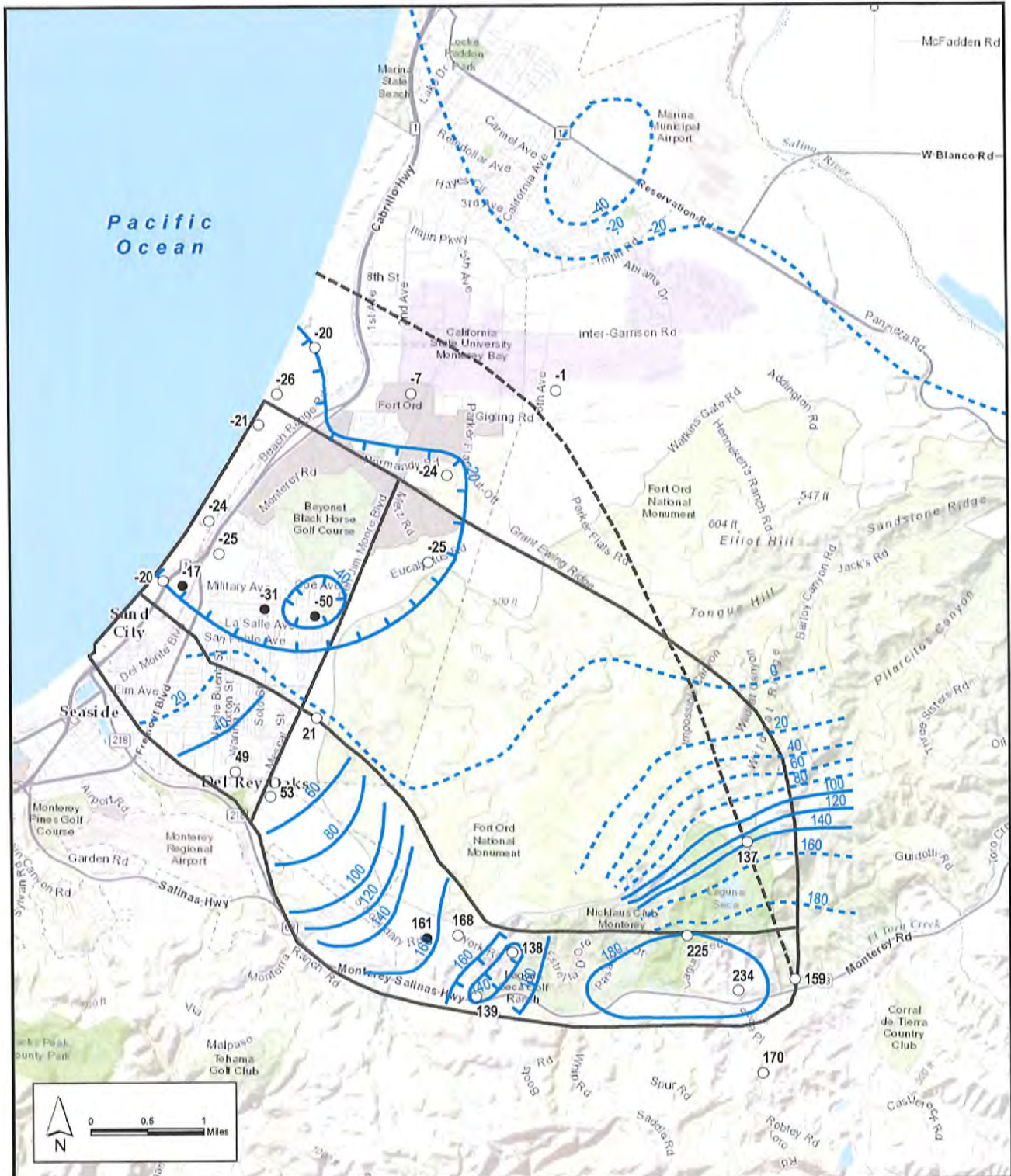
- Monitoring Well
 - Production Well
- Deep Zone Groundwater Elevation (feet MSL)**
- Groundwater Elevation
 - Pumping Depression
 - - - Dashed where uncertain (no well data)
 - - - Deep Aquifer Northern Boundary
 - ▭ Adjudicated Seaside Basin Boundary

Deep Zone Water Level Map - 2nd Quarter WY 2015 (January-March 2015)



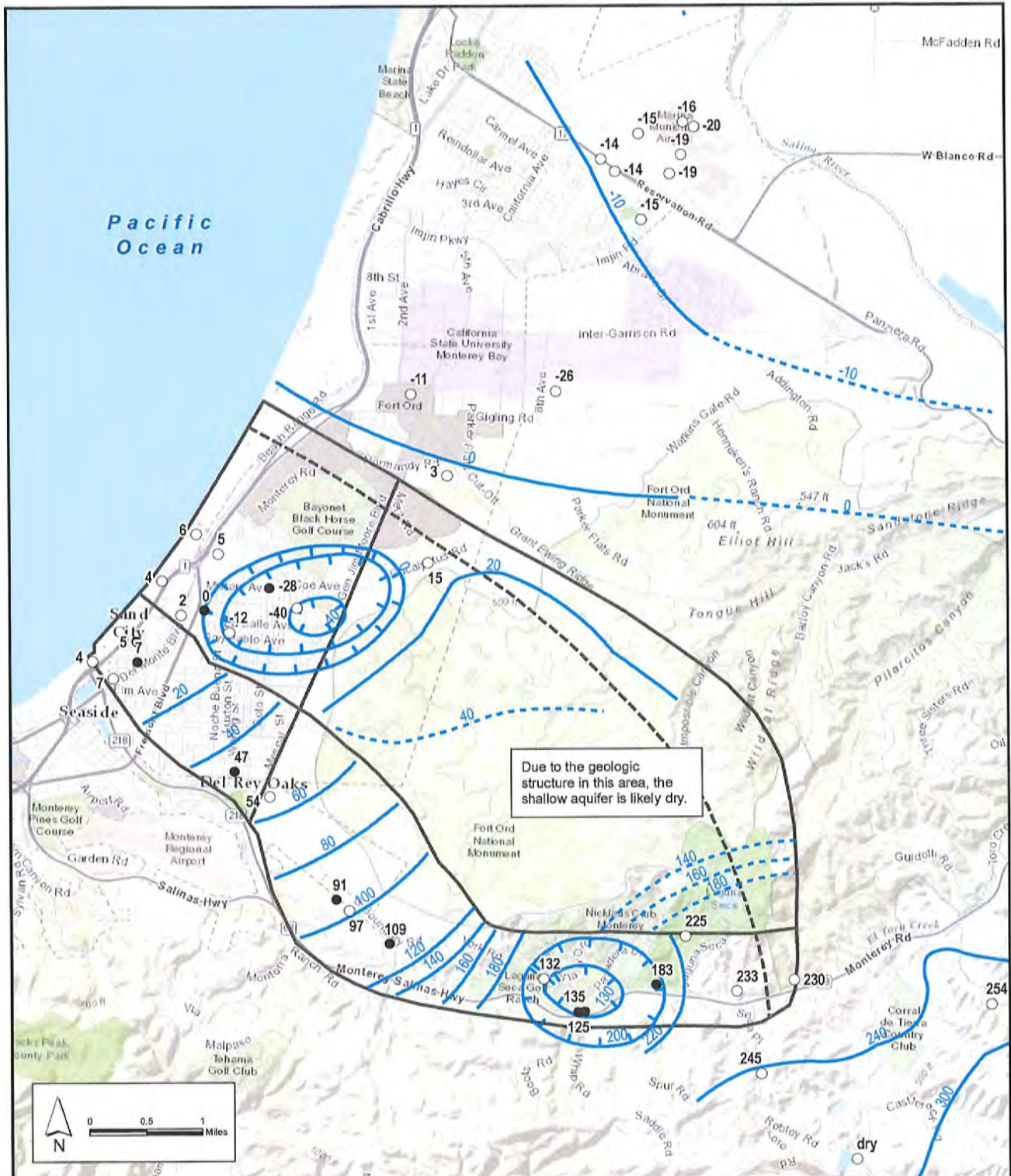
- Wells with Water-Level Data (2nd Quarter WY 2015, Shallow Zone)**
- Monitoring Well
 - Production Well
- Shallow Zone Groundwater Elevation (feet MSL)**
- Groundwater Elevation
 - Pumping Depression
 - - - Dashed where uncertain (no well data)
 - - - Shallow Aquifer Northern Boundary
 - ▭ Adjudicated Seaside Basin Boundary

Shallow Zone Water Level Map - 2nd Quarter WY 2015 (January-March 2015)

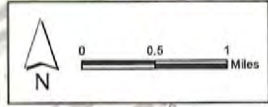


- Wells with Water-Level Data (4th Quarter WY 2015, Deep Zone)
- Monitoring Well
 - Production Well
- Deep Zone Groundwater Elevation (feet MSL)
- Groundwater Elevation
 - Pumping Depression
 - - - Dashed where uncertain (no well data)
 - - - Deep Aquifer Northern Boundary
 - ▭ Adjudicated Seaside Basin Boundary

Deep Zone Water Level Map - 4th Quarter WY 2015 (July-August 2015)



Due to the geologic structure in this area, the shallow aquifer is likely dry.



Wells with Water-Level Data (4th Quarter WY 2015, Shallow Zone)

- Monitoring Well
- Production Well

Shallow Zone Groundwater Elevation (feet MSL)

- Groundwater Elevation
- Pumping Depression
- - - Dashed where uncertain (no well data)
- - - Shallow Aquifer Northern Boundary
- ▭ Adjudicated Seaside Basin Boundary

Shallow Zone Water Level Map - 4th Quarter WY 2015 (July-August 2015)

PROOF OF SERVICE

STATE OF CALIFORNIA)
)
COUNTY OF SANTA BARBARA)

I am employed by Brownstein Hyatt Farber Schreck in the County of Santa Barbara, State of California. I am over the age of 18 and not a party to the within action; my business address is: 1020 State Street, Santa Barbara, California 93101. On May 23, 2016, I served the within documents:

- REQUEST FOR STATUS CONFERENCE, AND ADJUDICATION BACKGROUND REPORT AND UPDATE
- [PROPOSED] ORDER GRANTING STATUS CONFERENCE HEARING

- BY OVERNIGHT DELIVERY.** By placing with an overnight mail company for delivery a true copy thereof, enclosed in a sealed package, delivery fees prepaid addressed as shown on the Service List below.
- BY MAIL.** By placing each envelope (with postage affixed thereto) in the U.S. Mail addressed as shown below.
- By personally sending a true copy via e-mail to the parties at the e-mail addresses listed on the attached Service List, on the date below.
- By sending a true copy of the above document to the parties as set forth on the service list at the fax numbers indicated. The facsimile machine used complied with CRC Rule 2003(3), and the transmission was reported as complete and without error. Pursuant to CRC Rule 2005(i), a transmission confirmation report was properly issued by the transmitting facsimile machine, stating the time and date of such transmission.

SEE ATTACHED SERVICE LIST

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than on day after the date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on May 23, 2016, at Santa Barbara, California.



GINA LANE

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