



# SANTA CATALINA ISLAND COMPANY

December 16, 2004

Mr. Dominic Gregorio  
Division of Water Quality, Ocean Standards Unit  
State Water Resources Control Board  
PO Box 100  
Sacramento, CA 95812-0100

Dear Mr. Gregorio,

On behalf of the Santa Catalina Island Company (SCICo) and Two Harbors Enterprises (THE), I have received and reviewed the State Water Resource Control Board (SWRCB) letter dated October 18, 2004, addressing the prohibition of storm water discharges (dry and wet weather runoff) into the Areas of Special Biological Significance (ASBS), specifically Santa Catalina Island Subarea One.

I have reviewed the reference maps outlining the ASBS and understand that Subarea One and Four span across areas with multiple land owners and lessees. Below I have identified the primary land owners in these areas.

SCICo owns portions of land in Subarea One and leases land to several organizations in this area. The Santa Catalina Island Conservancy (the Conservancy) also owns a significant portion of the land in this area. Please note that SCICo and the Conservancy are entirely separate entities. It is my understanding that the Conservancy has not yet received the SWRCB letter. However, they are fully aware of the situation and expect they will be included. Your contact at the Conservancy is Mr. M. L. (Mel) Dinkel. He can be reached at 310-510-2595, extension 131.

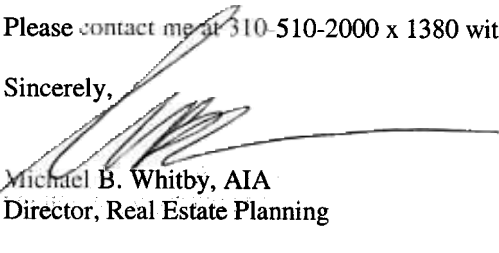
Additionally, SCICo has been a copied recipient of the SWRCB letter to our lessee, the Connolly-Pacific Company, which is located in Subarea Four. SCICo is a landowner in this area, as is the State of California and the Conservancy.

SCICo and THE desire to seek an exemption to the prohibition, under the provisions of the California Ocean Plan, Section III. I. 1. We are fully confident that the storm water discharges do not compromise protection of the ocean waters for beneficial uses of the ASBS, and that the public's interest will be served. I have also been in touch with Mr. Tony Michaels of the University of Southern California, Wrigley Institute for Environmental Studies (another landowner in Subarea One), who indicated he has been in the process of pursuing an exemption with the SWRCB.

I look forward to attending the workshop addressing the procedures for applying for an exception and possible sources of funding related to discharges into ASBS.

Please contact me at 310-510-2000 x 1380 with the details of the workshop once it is scheduled.

Sincerely,



Michael B. Whitby, AIA  
Director, Real Estate Planning

cc: Mr. M.L. Dinkle, Catalina Island Conservancy  
Ms. Barbara Dugal, California State Lands Commission  
Mr. Ralph G. Larison, Connolly-Pacific Company  
Dr. Tony Michaels, USC Wrigley Marine Science Center  
Mr. Paul Romo, Connolly-Pacific Company