

FILED

MAR 27 2006

LISA M. GALDOS
CLERK OF THE SUPERIOR COURT
D. VALENZUELA DEPUTY

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

CALIFORNIA AMERICAN WATER,)

Case No. M66343

Plaintiff,)

DECISION

vs.)

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

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

(Assigned to Hon. Roger D. Randall, Ret.)

Defendants.)

MONTEREY PENINSULA WATER)
MANAGEMENT DISTRICT,)

Intervenor.)

MONTEREY COUNTY WATER)
RESOURCES AGENCY,)

Intervenor.)

AND RELATED CROSS-ACTIONS)

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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
20 land 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
23 is 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 Mission
11 Memorial Park ("Mission Memorial") is a California corporation with its principal place of
12 business in the County of Monterey. Mission Memorial's primary business activity is the
13 operation of a cemetery in the City of Seaside. As part of maintenance of the cemetery, Mission
14 Memorial has produced groundwater from the Seaside Basin. Mission Memorial also owns land
15 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 Park.
10 County of Monterey has produced groundwater from the Seaside Basin for use at Laguna Seca
11 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
19 section 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
5 and coordinated management of groundwater within the Seaside Basin pursuant to Article X,
6 Section 2 of the California Constitution. The pleadings further allege that Plaintiff and
7 Defendants collectively claim substantially all rights of groundwater use, replenishment and
8 storage within the Seaside Basin area, that the Natural Safe Yield (as defined in Section III.A.) is
9 being exceeded, and that absent a physical solution and coordinated groundwater management
10 strategy, the Seaside Basin is in imminent risk of continued lowering of water levels, increased
11 pump-lifts, diminution of water supply and quality, seawater intrusion, and possible land
12 subsidence. Accordingly, Plaintiff requested: (1) a determination of the Seaside Basin's safe
13 yield; (2) an operating plan for the management of the Basin; (3) a declaration of the rights of the
14 parties named in this Complaint; (4) a declaration and quantification, as part of a physical
15 solution, of the parties' respective rights to make use of the Seaside Basin's available storage
16 space; and (5) the appointment of a Watermaster to administer the Court's Decision.
17 Subsequently, Plaintiff has twice amended its complaint and the operative complaint is now the
18 Second Amended Complaint, which sets forth the same general allegations as the original
19 complaint.

20 D. Defendants' Responses.

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

25 On or about September 24, 2003, Intervenor MPWMD filed a complaint in intervention
26 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 Seaside, on or about January 9, 2004, filed a cross-complaint against MPWMD.
2 MPWMD responded to the cross-complaint by filing an Answer, containing a general denial and
3 affirmative defenses.

4 Laguna Seca, on or about April 23, 2004, filed a cross-complaint against California
5 American. California American responded to the cross-complaint pursuant to an Answer,
6 containing a general denial and affirmative defenses.

7 Bishop, on or about September 23, 2004, filed a cross-complaint against California
8 American and against all defendants other than Laguna Seca. California American, Granite, Sand
9 city, Alderwoods Group, York School, D.B.O., Monterey, MPWMD, Seaside, and Pasadera
10 responded to the cross-complaint pursuant to Answers containing general denials and affirmative
11 defenses.

12 SNG, on or about July 26, 2005, filed a cross-complaint against MPWMD. MPWMD
13 responded to the cross-complaint by filing an Answer, containing a general denial and affirmative
14 defenses.

15 At the conclusion of argument on December 22, 2005, the various defendant cross-
16 complainants agreed that the relief they had sought via their cross-complaints had been subsumed
17 in the litigation of the complaint and complaints in intervention, the answers thereto, and the
18 Settlement Agreement and General Mutual Release executed by all parties save the intervenors
19 and the County of Monterey.

20 E. Joint Motion for Entry of Judgment.

21 Plaintiff and Water User Defendants filed a Motion for the Entry of Judgment along with
22 a Stipulation for Entry of Judgment, which was opposed by both intervenors. The Motion for
23 Entry of Judgment requested that the Court approve the Stipulation and enter the Judgment. The
24 motion was heard by this Court on December 12, 2005. At the request of the moving parties, it
25 deferred its ruling until it had taken evidence in the trial of this matter.

26 Having now received the evidence, and having considered written and oral argument from
27 the various parties, the Court denies the Motion for Entry of Judgment. The Court accepts the
28 stipulation of certain of the parties entitled "Settlement Agreement and General Mutual Release"

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
5 groundwater in the Seaside Basin Area, including the imposition of a physical solution, pursuant
6 to Article X, 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 peer 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
12 of 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
14 water 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
17 Court finds that the Parties collectively possess a variety of rights based in prescription and other
18 original rights (including overlying and appropriative rights). Each Party's right to produce
19 naturally occurring groundwater from the Seaside Basin therefore reflects the amount of their
20 historical production from the Basin, and respects the priority of allocations under California law.
21 The physical solution set forth by this Decision is intended to ultimately reduce the drawdown of
22 the aquifer to the level of the Natural Safe Yield; to maximize the potential beneficial use of the
23 Basin; 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) 23
4 Cal.2d 68, 76-77; see also Water Code, § 7075.) The Court finds, therefore, that the right to store
5 and recover water from the Seaside Basin shall be governed by the provisions of the Decision,
6 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
12 groundwater by any person or entity that produces a total quantity of groundwater that is less
13 than five (5) acre feet per year. However, to the extent the Court determines in the future that
14 this exemption has contributed to or threatens to contribute to a Material Injury to the Seaside
15 Basin or any interest related to the Seaside Basin, including any contribution caused by
16 production subject to this exemption in combination with all other production from the Seaside
17 Basin, the Court will modify or eliminate this exemption as it deems prudent pursuant to its
18 reserved jurisdiction provided in Section III.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
22 future water-supply needs. Accordingly, the Court finds that production allocations should be
23 assignable, subject to the rules and regulations promulgated by the Watermaster, and subject to
24 certain Parties' participation in the Alternative Production Allocation, described in Section III.B.3,
25 which election will restrict their transfers of water.

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1 - III. DECISION

2 IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

3 A. Definitions.

4 1. "Administrative Year" is the twelve (12) month period from January 1 through
5 December 31.

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

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

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

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

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

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

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1 8. “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 9. “Direct Injection” means a method of Groundwater recharge whereby Water is
5 pumped into the Basin through wells or other artificial channels.

6 10. “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 11. “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 12. “Groundwater” means all Water beneath the ground surface in the Seaside
13 Basin, including Water from Natural Replenishment, Artificial Replenishment, Carryover, and
14 Stored Water.

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

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

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

26 16. “Natural Replenishment” means all processes by which Water may become a
27 part of the Groundwater supply of the Seaside Basin without the benefit of the Physical Solution
28 and the coordinated management it provides. Groundwater that occurs in the Seaside Basin as a

1 result of the Physical Solution, which is not Natural Replenishment, includes, but is not limited to
2 Storage, Carryover, and Artificial Replenishment.

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

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

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

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

26 21. "Over-Production" and other variations of the same term means (1) with regard
27 to all Production from the Seaside Basin, that quantity of Production which exceeds an initially
28 assumed Natural Safe Yield of 3,000 afy (or such adjusted calculation of Natural Safe Yield as

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

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

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

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

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

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

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

25 28. "Replenishment Assessment" means an assessment levied by the Watermaster
26 per each acre-foot of Over-Production against each party Over-Producing Groundwater in the
27 previous Administrative Year. The amount of the assessment shall be sufficient to cover the cost
28 of Artificial Replenishment in an amount necessary to off-set that Producer's Over-Production,

1 and levied as provide in Section III.L.3.j.iii. The assessment must of necessity be initially
2 determined based upon the estimated cost of providing Non-Native water to replenish the Basin,
3 as determined by the Watermaster.

4 29. "Seaside Basin" is the underground water basin or reservoir underlying the
5 Seaside Basin Area, the exterior boundaries of which are the same as the exterior boundaries of
6 the Seaside Basin Area.

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

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

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

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

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

19 35. "Storage Allocation Percentage" means the percentage of Total Usable Storage
20 Space allocated to each Producer proceeding under the Standard Production Allocation.
21 Producers proceeding under the Alternative Production Allocation are not allocated Storage rights
22 and, consequently, their share of the Total Usable Storage Space is apportioned to the Producers
23 proceeding under the Standard Production Allocation. Pursuant to the terms of Section III.B.3,
24 Parties proceeding under the Alternative Production Allocation enjoy a one-time right to change
25 to the Standard Production Allocation. Due to the recalculation of the Storage Allocation
26 Percentage necessitated when a Party changes to the Standard Production Allocation, the
27 Watermaster will maintain the up-to-date Seaside Basin Storage Allocation Percentages.

28 //

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

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

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

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

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

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

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

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

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

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1 45. “Watermaster Rules and Regulations” means those rules and regulations
2 promulgated by the Watermaster consistent with the terms of this Decision.

3 B. Physical Solution.

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

12 2. Standard Production Allocation. Each Producer is authorized to Produce its
13 Production Allocation within the designated Subarea in each of the first three Administrative
14 Years. Except for those certain Parties electing to proceed under the Alternative Production
15 Allocation, as set forth in Section III.B.3., each Producer’s Production Allocation for the first
16 three Administrative Years shall be calculated by multiplying its Base Water Right, as set forth in
17 Table 1 below, by that portion of the Operating Yield which is in excess of the sum of the
18 Alternative Production Allocations. The Operating Yield for the Seaside Basin, as a whole, is set
19 at 5,600 acre feet annually (“afa”). The Operating Yield for the Coastal Subarea is 4,611 afa,
20 with 743 afa committed to Alternative Production Allocations and 3,868 afa committed to
21 Standard Production Allocations. The Operating Yield for the Laguna Seca Subarea is 989 afa,
22 with 644 afa committed to Alternative Production Allocations and 345 afa committed to Standard
23 Production Allocations. The Operating Yield established here will be maintained for three (3)
24 Administrative Years from the date Judgment is granted or until a determination is made by the
25 Watermaster, concurred in by this Court, that continued pumping at this established Operating
26 Yield will cause Material Injury to the Seaside Basin or to the Subareas or will cause Material
27 Injury to a Producer due to unreasonable pump lifts. In the event of such Material Injury the
28 Watermaster shall determine the modified Operating Yield in accordance with the Principles and

1 Procedures attached hereto as Exhibit A, and through the application of criteria that it shall
2 develop for this purpose.¹

3 Commencing with the fourth Administrative Year, and triennially thereafter the Operating
4 Yield for both Subareas will be decreased by ten percent (10%) until the Operating Yield is the
5 equivalent of the Natural Safe Yield unless:

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

17 **TABLE 1²**

18 **Standard Production Allocations**

19

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%

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

² 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.

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

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

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

c. The Party electing the Alternative Production Allocation is obligated to adopt all reasonably Feasible Water conservation methods, including methods consistent with

generally accepted irrigation practices;

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

e. In the event that this Court, the Watermaster, or other competent governmental entity requires a reduction in the Extraction of Groundwater from the Seaside Basin or either of its Subareas, then Parties exercising a Standard Production Allocation in the affected subarea shall reduce their Groundwater Extractions *pro rata* to accommodate the required reduction. Only after such Parties exercising a Standard Production Allocation reduce their Extractions to zero, may Parties exercising an Alternative Production Allocation in the affected subarea be required to reduce their Groundwater Extractions. In such case, those Parties exercising an Alternative Production Allocation shall reduce their pumping in an amount correlative to each other in accordance with the California law pertaining to allocation of rights to Overdrafted Groundwater basins between overlying landowners.

TABLE 2
Alternative Production Allocations

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

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

* The County of Monterey possesses certain water rights based upon its use of water from the aquifer for maintenance of Laguna Seca Park. Its historic Production of Groundwater has 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.

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

C. Production of Brackish Water. Sand City shall have the right to Produce Brackish Water from the brackish Groundwater aquifer portion of the Coastal Subarea of the Seaside Basin for the purpose of operating its proposed desalinization plant, said Production being limited to the Aromas Sands Formation, so long as such Production does not cause a Material Injury. Upon receiving a complaint supported by evidence from any Party to this Decision that the Production of Brackish Water by Sand City is causing a Material Injury to the Seaside Basin or to the rights of any Party to this Decision as set forth herein, the Watermaster shall hold a noticed hearing. The burden of proof at such hearing shall be on the Party making the complaint to show, based on substantial evidence, that the Production of Brackish Water by Sand City is causing a Material

1 Injury. If the Watermaster determines, based on substantial evidence, that the Production of
2 Brackish Water by Sand City is causing a Material Injury to the Seaside Basin or to the rights of
3 any Party to this Decision as set forth herein, the Watermaster may impose conditions on such
4 Production of Brackish Water that are reasonably necessary to prevent such Material Injury.

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

11 E. No Abandonment. It is in the interest of reasonable beneficial use of the Seaside Basin
12 and its Water supply, that no Producer be encouraged to take and use more Water in any
13 Administrative Year than is actually required, Therefore, failure to Produce all of the Water to
14 which a Producer is entitled hereunder for any amount of time shall, in and of itself, not be
15 deemed to be, or constitute an abandonment of such Producer's Base Water Right or Production
16 Allocation, in whole or in part. The Water unused by any Party (either as Production or
17 Carryover) will otherwise contribute to the ongoing efficient administration of the Decision and
18 the Physical Solution.

19 F. Right to Carryover Unused Production Allocation; Carryover Credits. Except for those
20 certain Parties electing to proceed under the Alternative Production Allocation, as set forth in
21 Section III.B.3., for the first three Administrative Years each Producer who, during a particular
22 Administrative Year, does not Extract from the Basin a total quantity equal to such Producer's
23 Standard Production Allocation for the particular Administrative Year may establish Carryover
24 Credits, up to the total amount of that Producer's Storage Allocation; provided, however, in no
25 circumstance may the sum of a Producer's Storage Credits and Carryover Credits exceed that
26 Producer's available Storage Allocation. Use (Extraction) of Carryover Credits shall be governed
27 as otherwise provided in this Decision and the Watermaster Rules and Regulations. In

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1 consideration of the Seaside Basin's hydrogeologic characteristics, the Watermaster may
2 discount the quantity of Water that may be Extracted pursuant to a Carryover Credit.

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

16 1. Damages from an Intrusion shall be calculated based upon the losses incurred by
17 the Water User Defendant that are caused by the Intrusion. These losses may include the loss of
18 crop yield and associated income, measured against the average achieved over the preceding five
19 (5) years from the date of the loss. Where an Intrusion occurs with respect to a Water User
20 Defendant's exercise of an Alternative Production Allocation for golf course irrigation (i.e., an
21 Intrusion to a "Golf Course Water User"), the Intrusion may cause discoloration, thinning and
22 damage to the golf course turf and may require replacement of golf course turf and other golf
23 course landscaping. Such conditions may, in turn, cause the loss of income from reduced golf
24 course facilities usage and loss of good will. It may be difficult to quantify such damages to a
25 sum certain. Accordingly, where a Golf Course Water User demonstrates that an Intrusion
26 caused discoloration, thinning or loss of golf course turf, the following criteria shall be utilized to
27 determine damages for an Intrusion to a Golf Course Water User.

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1 a. Lost Income.

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

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

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

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

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

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

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

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

13 H. Allowed Storage.

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

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

1 3. California American Storage Allocation. All Storage Allocation held by
2 California American shall be held in trust by California American: (i) first for the benefit of
3 California American's retail Water service customers within its service territory on the Monterey
4 Peninsula and the County of Monterey and cities within its service territory which it serves; and
5 (ii) then for other purposes as California American deems appropriate. In the event of a reduction
6 in service from the Seaside Basin, California American will allocate service, including that which
7 is associated with its Storage Allocation, in a manner that is consistent with and proportionate to
8 its historic deliveries to all then current customers. Further, to the extent that California American
9 has excess Storage Allocation available after meeting its responsibilities to its retail Water service
10 customers within its service territory on the Monterey Peninsula and the cities which it serves,
11 upon request by the County of Monterey, Monterey, Seaside, Sand City, or Del Rey Oaks,
12 California American shall make available portions of its Storage Allocation within the Coastal
13 Subarea for use by the requesting city in the Coastal Subarea as provided herein. Specifically, the
14 city's request shall be made in writing and generally describe the public purpose and proposed
15 use of the Storage Allocation by the requesting city. California American shall not deny the
16 request unless making the requested portion of the Storage Allocation available to the city would
17 unreasonably interfere with California American's ability to operate its system or to otherwise
18 provide service to its customers. Should California American not be able to accommodate all
19 requests by all cities without unreasonably interfering with its operations and service
20 responsibilities, first priority to excess Storage Allocation shall be given to each respective city
21 requesting the use of a portion of the Storage Allocation up to an amount equal to the percentage
22 that the total quantity of Water delivered by California American for retail service to the
23 requesting city bears to the total quantity of Water delivered to all cities at the date the Decision
24 is entered. Notwithstanding the paramount rights of each city described in this section, 5 percent
25 of any Storage Allocation held in trust by California American will be reserved for *de minimis*
26 Storage opportunities and made available for the benefit of any requesting city on the basis of
27 first in time, first in right. Additionally, provision of Storage Allocation by California American
28 to a requesting city shall not be construed as a waiver of California American's rights under

1 section 1501 et seq. of the California Public Utilities Code or consent to duplication of its retail
2 Water service. Moreover, California American shall not charge any fee for use of its Storage
3 Allocation by Monterey, Seaside, Sand City, or Del Rey Oaks. However, the capital or other
4 value of California American's Storage Allocation shall belong to California American. Finally,
5 no city may request use of California American's Storage Allocation unless it has first used all of
6 its own Storage Allocation as provided herein.

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

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

15 5. Carryover. Each Producer operating under the Standard Production Allocation
16 shall have the right to use their respective Storage Allocation to Store any Carryover Water
17 subject to the provisions of this Decision. Unused (not Extracted) Stored Water Credits and
18 Carryover Credits shall be carried over from year to year for the first three Administrative Years.
19 Thereafter Carryover Water withdrawal is subject to a percentage decrease consistent with
20 percentage decreases in the Operating Yield, according to the terms of this Decision. Due to the
21 hydrogeologic characteristics of the Seaside Basin, naturally occurring losses of stored Water
22 may require Watermaster to discount the percentage of Stored Water that may be Extracted.
23 Watermaster shall study the efficiencies of Storage in the Seaside Basin and set a uniform
24 percentage for withdrawals of Stored Water.

25 6. Injection and/or Spreading. Each Producer operating under the Standard
26 Production Allocation, and the Watermaster, and certain public agencies, shall have the right to
27 Store Water by Direct Injection, Spreading, or other artificial means so long as such Storage does
28 not cause Material Injury to any other Party. Except as provided in Section III.H.5., no Producer

1 herein granted a Storage Allocation may Store Water in the Seaside Basin without first executing
2 a Storage and Recovery Agreement with Watermaster, pursuant to Section III.L.3.j.xx. Each
3 Storage and Recovery Agreement shall further define the terms and conditions by which a
4 Producer may exercise its Storage Allocation and associated Stored Water Credits.

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

11 J. Measurement of Extractions and Storage. All Producers shall install, maintain, and use
12 adequate measuring devices on all Groundwater Production facilities as directed by Watermaster
13 and report accurate measurements of all Groundwater Produced from the Seaside Basin in the
14 manner required by Watermaster's Rules and Regulations. Such measuring devices shall not
15 conflict with any monitoring devices required by MPWMD. All Producers shall comply with the
16 provisions for measurement of any Storage of Water in the Seaside Basin, as provided in
17 Watermaster's Rules and Regulations, and as may be further provided for in a Storage and
18 Recovery Agreement issued by Watermaster for such Storage.

19 K. Order of Accounting for the Production of Groundwater. Unless otherwise requested by
20 a Producer in writing to Watermaster, Watermaster shall account for all Production of Water
21 from the Seaside Basin by a Producer in any Administrative Year as follows: Production shall
22 first be deemed Production of that Producer's Production Allocation up to that Producer's total
23 Production Allocation, and thereafter shall be deemed Production of that Producer's Carryover
24 Credits, if any, and thereafter shall be deemed Production of that Producer's Stored Water
25 Credits, if any. So long as consistent with this section, Watermaster may prescribe
26 administrative rules within its Rules and Regulations concerning the method and manner of
27 accounting for the Production of Groundwater.

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1 L. Appointment of Watermaster; Watermaster Administrative Provisions.

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

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

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

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

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

27 b. Term of Office. Each new Watermaster board shall assume office at the
28 first regular meeting in January of every second year. Each Watermaster board member shall

1 serve for a two-year term, subject to the retained jurisdiction of the Court. Should a vacancy arise
2 on the Watermaster board for any reason, the respective entity or group from which that vacancy
3 arises shall appoint a replacement representative in the manner prescribed by Watermaster Rules
4 and Regulations. Such replacement shall complete the remainder of the term of the vacated
5 office. Within 30 days of the appointment of any new Watermaster board member, any Party
6 may file a motion with the Court challenging the appointment. The Court, acting *sua sponte*, may
7 reject any Watermaster board appointment within the 30-day period. Challenges shall be based
8 on allegations that the appointed board member does not possess the requisite skills necessary to
9 effectively serve as a member of the Watermaster board.

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

17 d. Organization. At the first meeting of each newly comprised Watermaster
18 board, the Watermaster shall elect a chairman and a vice-chairman from its membership. It shall
19 also select a secretary, a treasurer and such assistant secretaries and assistant treasurers as may be
20 appropriate, any of whom may, but need not, be representatives appointed to Watermaster.

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

25 f. Regular Meetings. The Watermaster shall hold regular meetings at places
26 and times to be specified in the Watermaster Rules and Regulations. Its first meeting must be
27 held within 15 days from the date Judgment is granted in this case. Notice of the scheduled or
28 //

1 regular meetings of the Watermaster and of any changes in the time or place thereof shall be
2 mailed to all Parties and interested Persons as provided for in Section III.P.2.

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

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

18 i. Appointment of the Initial Watermaster Board. The initial Watermaster
19 board, which shall take office immediately from the date Judgment is granted, shall be composed
20 of the duly authorized representatives of California American, Seaside, Sand City, Del Rey Oaks,
21 Monterey, MCWRA, MPWMD, and two individuals to be designated by the landowners as the
22 initial representatives of the Landowner Group for the Coastal and Laguna Seca Subareas,
23 respectively.

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

27 i. Preparation of Monitoring and Management Plan. Within sixty
28 (60) days from the date Judgment is granted, Watermaster will prepare a comprehensive

1 monitoring and management plan for the Seaside Basin ("Monitoring and Management Plan").
2 The Monitoring and Management Plan must be consistent with the criteria set forth in Exhibit A.

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

14 iii. Artificial Replenishment and Replenishment Assessments. Each
15 Administrative Year, the Watermaster will determine a Replenishment Assessment for Artificial
16 Replenishment of the Seaside Basin necessary to offset the cumulative Basin Over-Production
17 (as defined in Section III.A.21.), and levy a Replenishment Assessment. Said Replenishment
18 Assessment does not apply to Production under an Alternative Production Allocation so long as
19 such Production is within the fixed amount established for that Producer in Table 2 of Section
20 III.B.3. Funds so generated may be accumulated for multiple Administrative Years, if necessary,
21 and shall be utilized solely for replenishment of the Basin Groundwater supply with Non-Native
22 water.

23 An additional Watermaster Replenishment Assessment shall be levied after the close of
24 each Administrative Year against all Producers that incurred Operating Yield Over-Production
25 during the Administrative Year. Said assessment shall be in addition to the Replenishment
26 Assessment addressed in Section III.A.21. The Replenishment Assessment based upon
27 Operating Yield Over-Production shall be levied against the Parties participating in the Alternative
28 Production Allocation for only such Production that exceeds the Parties' respective fixed

1 Alternative Production Allocation identified on Table 2. In the event Watermaster cannot procure
2 Artificial Replenishment Water to offset Operating Yield Over-Production during the ensuing
3 Administrative Year, the Watermaster shall so declare in December and no Operating Yield Over-
4 Production then in effect may occur during the ensuing Administrative Year. Funds generated
5 by the Operating Yield Over-Production Assessment shall be utilized by the Watermaster to
6 engage in or contract for Replenishment of the Operating Yield Over-Production occurring in the
7 Preceding Administrative Year as expeditiously as possible.

8 Replenishment Assessments based on Over-Production and on Operating Yield
9 Over-Production shall be assessed on a per acre-foot basis on each acre-foot, or portion of an
10 acre-foot, of Over-Production. The per acre-foot amount of the Replenishment Assessments
11 shall be determined and declared by Watermaster in January of each Administrative Year in order
12 to provide Parties with advance knowledge of the cost of Over-Production in that Administrative
13 Year.

14 Payment of the Replenishment Assessment shall be made by each Producer incurring a
15 Replenishment Assessment within 40 days after the mailing of a statement for the Replenishment
16 Assessment by Watermaster. If payment by any Producer is not made on or before said date, the
17 Watermaster shall add a penalty of 5 percent thereof to such Producer's statement. Payment
18 required of any Producer hereunder may be enforced by execution issued outside of this Court,
19 by order of this Court, or by other proceedings by the Watermaster or by any Producer on the
20 Watermaster's behalf. All proceeds of Replenishment Assessments shall be used to procure
21 Non-Native water, including, if appropriate, substitute reclaimed water.

22 iv. Budget Assessments. The Watermaster budget for each
23 Administrative Year, and for the initial funding of the Monitoring and Management Plan, shall be
24 funded by Budget Assessments. The Watermaster budget will be composed of three separate
25 budgets. The first budget is solely for the funding of the Monitoring and Management Plan.
26 The initial, one-time funding for the Monitoring and Management Plan shall not be in excess of
27 \$1,000,000. The annual budget for the Monitoring and Management Plan shall not be in excess
28 of \$200,000 for the first Administrative Year, and thereafter as determined by the Watermaster.

1 The Budget Assessment for the Monitoring and Management budget shall be assessed against
2 each Producer (except those in the Landowner Group) by multiplying the amount of the
3 Monitoring and Management Plan budget for the ensuing Administrative Year by the following
4 percentages:

- | | | | |
|---|-----|---------------------------|-----|
| 5 | (1) | California American | 91% |
| 6 | (2) | City of Seaside | 7% |
| 7 | (3) | Granite Rock Company | 1% |
| 8 | (4) | D.B.O. Development No. 27 | 1% |

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

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

- | | | | |
|----|-----|---------------------|-------|
| 18 | (1) | California American | 83% |
| 19 | (2) | City of Seaside | 14.4% |
| 20 | (3) | City of Sand City | 2.6% |

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

24 Except for the initial Budget Assessment which shall be due 30 days from the date
25 Judgment is granted, payment of the Budget Assessment, subject to any adjustment by the Court
26 as provided in Section III.N., shall be made by each Producer prior to the beginning of the
27 Administrative Year to which the Budget Assessment relates, or within 40 days after the mailing
28 of the tentative budget, whichever is later. If such payment by any Producer is not made on or

1 before said date, the Watermaster shall add a penalty of 5 percent thereof to such Producer's
2 statement. Payment required of any Producer hereunder may be enforced by execution issued
3 outside of this Court, by order of this Court, or by other proceedings by the Watermaster or by
4 any Producer on the Watermaster's behalf.

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

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

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

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

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

22 x. Annual Report. The Watermaster will prepare, file with the Court
23 and mail to each of the Parties on or before the 15th day of February, an annual report for the
24 preceding Administrative Year, the scope of which shall include but not be limited to the
25 following:

- 26 • Groundwater Extractions;
- 27 • Groundwater Storage;
- 28 • Amount of Artificial Replenishment, if any, performed by Watermaster;

- Leases or sales of Production Allocation;
- Use of imported, reclaimed, or desalinated Water as a source of Water for Storage or as a Water supply for lands overlying the Seaside Basin;
- Violations of the Decision and any corrective actions taken;
- Watermaster administration costs;
- Replenishment Assessments;
- All components of the Watermaster budget; and
- Recommendations.

xi. Annual Budget and Appeal Procedure in Relation Thereto. The Watermaster will annually adopt a tentative budget for each Administrative Year stating the anticipated expense for administering the provisions of this Decision, including reasonable reserve funds. The adoption of each Administrative Year's tentative budget shall require the affirmative vote of seven (7) voting positions. The Watermaster shall mail a copy of said tentative budget to each of the Producers hereto at least 60 days before the beginning of each Administrative Year. The Landowner Group representative shall not participate in any vote concerning the approval of the Watermaster budget. If any Producer hereto has any objection to said tentative budget, it shall present the same in writing to the Watermaster within 15 days after the date of mailing of said tentative budget by the Watermaster. If no objections are received within said period, the tentative budget shall become the Final budget. If objections are received, the Watermaster shall, within 10 days thereafter, consider such objections, prepare a Final budget, and mail a copy thereof to each Producer, together with a statement of the amount assessed to each Producer (Administrative Assessment). Any Producer may apply to the Court within 15 days after the mailing of such Final budget for a revision thereof based on specific objections thereto in the manner provided in Section III.N. The Producer challenging the budget shall make the payments otherwise required of them to the Watermaster, despite the filing of the request for revision with the Court. Upon any revision by the Court, the Watermaster shall either remit to the Producers their pro rata portions of any reduction in the budget, or credit their accounts with respect to their Administrative Assessment for the next ensuing Administrative Year, as the Court

1 shall direct. The amount of each Producer's Budget Assessment shall be determined as provided
2 in Section III.L.3.j.iv.

3 Any money in Watermaster's budget not expended at the end of any Administrative Year
4 shall be applied to the budget of the succeeding Administrative Year.

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

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

17 xiv. Employment of Staff and Consultants. The Watermaster may
18 employ such administrative, engineering, geologic, accounting, legal, or other specialized
19 personnel or consultants as may be deemed appropriate to the carrying out of its duties, powers,
20 and responsibilities and to require appropriate bonds from all officers and employees handling
21 the Watermaster funds.

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

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

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

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

8 xix. Declaration of Total Usable Storage Space. The Watermaster will
9 declare the Total Usable Storage Space and periodically issue adjustments to the same.

10 xx. Review of Storage Applications; Regulation of Storage; Issuance
11 of Storage and Recovery Agreements. The Watermaster will review applications for Storage in
12 the Seaside Basin, regulate the Storage of Non-Native Water in the Seaside Basin, and issue
13 Storage and Recovery Agreements, all as provided below. All applications for Storage in the
14 Seaside Basin shall be considered and voted on before a noticed meeting of the Watermaster.
15 However, all such applications shall be approved absent the issuance of findings that a Material
16 Injury to the Seaside Basin or Producers will or is likely to occur as a result of the proposed
17 Storage program and no reasonable conditions could be imposed to eliminate such risk. If a
18 Storage application is approved, the Watermaster shall issue a Storage and Recovery Agreement.
19 The Storage and Recovery Agreement may include, among other possible elements and/or
20 provisions, the following conditions to avoid Material Injury: (1) the quantity of Water authorized
21 to be Spread or Directly Injected into the Seaside Basin, (2) the location of the authorized
22 Spreading or Direct Injection, (3) the location(s) where the Water may be recaptured, (4) the
23 particular Water quality characteristics that are required pursuant to the Storage and Recovery
24 Agreement, (5) the amount of Water that may be recaptured pursuant to the Stored Water Credits
25 calculated by Watermaster, (6) any other terms and conditions deemed necessary to protect the
26 Seaside Basin and those areas affected by the Seaside Basin. Such Storage and Recovery
27 Agreements may provide for different locations for introduction and Extraction of Stored Water if
28 deemed appropriate by the Watermaster.

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

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

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

19 • Prevent contaminants from entering the Groundwater supplies
20 of the Seaside Basin, which present a significant threat to the Groundwater quality of the
21 Seaside Basin, whether or not the threat is immediate;

22 • Remove contaminants from the Groundwater supplies of the
23 Seaside Basin presenting a significant threat to the Groundwater quality of the Seaside Basin;

24 • Determine the existence, extent, and location of contaminants in, or
25 which may enter; the Groundwater supplies of the Seaside Basin;

26 • Determine Persons responsible for those contaminants; and

27 • Perform or obtain engineering, hydrologic, and scientific studies as
28 may be reasonably required for any of the foregoing purposes.

1 xxiv. Other Specified Powers Pursuant to Decision Terms. The
2 Watermaster will undertake any other powers, duties, or responsibilities provided through any
3 other provision of this Decision.

4 xxv. No Power to Alter Allocation or Rights. Watermaster has no
5 power to adjust any Producer's Base Water Right or the formula for determining Production
6 Allocation, except to accommodate the intervention of a new Party pursuant to Section III.O.1.b.
7 However, should an adjustment of Base Water Right and/or Production Allocation within a
8 Subarea be required to accommodate the intervention of a new Party, no adjustment shall be made
9 to the Base Water Right or Production Allocations possessed by any Party operating under the
10 Alternative Production Allocation within the Landowner Group until the Production Allocations
11 for that Subarea possessed by Parties operating under the Standard Production Allocation have
12 been reduced to zero.

13 xxvi. Effect of Non-Compliance by Watermaster With Time
14 Provisions. Failure of the Watermaster to perform any duty, power or responsibility set forth
15 in this Decision within the time limitation herein set forth shall not deprive the Watermaster
16 of authority to subsequently discharge such duty, power, or responsibility, except to the extent
17 that any such failure by the Watermaster may have rendered some otherwise required act by a
18 Party impossible.

19 xxvii. Public Records. Watermaster shall conform to the procedures
20 established under the California Public Records Act, California Government Code section
21 54950 et seq., as it may be amended from time to time.

22 M. Additional Provisions of Physical Solution.

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

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1 I. California American Obligation to Augment Water Supply

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

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

14 c. Regulatory Authorization. California American's duties under
15 Sections III.M.1.a and III.M.1.b above will be measured and construed in the context that
16 there are various regulatory approvals that must be obtained for California American to
17 successfully implement the measures reasonably contemplated to secure supplemental Water.
18 For example, it is acknowledged and understood that California American's ability to
19 complete a supplemental Water supply project will require approvals and authorizations from
20 the State Water Resources Control Board ("SWRCB") and the California Public Utilities
21 Commission ("CPUC"). Accordingly, California American will not be considered in default
22 under this Section III.M.1 if it uses reasonable best efforts to obtain the required approvals
23 and authorizations.

24 d. Credit Toward Replenishment Assessment. California American's
25 expenditures for water supply augmentation may also provide replenishment water for the
26 Basin. Accordingly, on an annual basis, California American will provide the Watermaster
27 with an accounting of all expenditures it has made for water supply augmentation that it
28 ~~believes have~~ *Contractor has* or will also result in replenishment of the Basin. The Watermaster shall review

1 these expenditures and ^{if it concurs} reduce California American's Replenishment Assessment obligation,
2 for that year, by an amount equal to the amount claimed by California American. To the
3 extent that the Watermaster ^{revit} disputes any of the claimed amounts, it shall provide California
4 American with an explanation ^{with rejection} of its contest and allow California American an opportunity to
5 meet and confer on the disputed amount. In the event that the Watermaster and California
6 American cannot ^{agree} resolve their dispute, the matter will be referred to the Court through a
7 request filed by ^{California American} the Watermaster. ^{DAV}

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

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

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

16 a. Exports Authorized from the Coastal Subarea. Producers may export
17 Water Produced from the Coastal Subarea for reasonable and beneficial uses within another
18 Subarea of the Seaside Basin. Only California American may export water outside the Basin,
19 and then only to provide water to its current customers. This means that, in any
20 Administrative Year, any Producer may export from the Coastal Subarea up to, but not in
21 excess of, a quantity equal to the sum of that Producer's Production Allocation, plus Stored
22 Water Credits, plus Carryover Credits. Export of Groundwater in excess of a Producer's
23 total rights (Production Allocation, plus Stored Water Credits, plus Carryover Credits),
24 however, is prohibited.

25 b. Exports of Natural Replenishment Water Prohibited from the Laguna
26 Seca Subarea. Exports from the Laguna Seca Subarea of Natural Replenishment Water and
27 Carryover Credits not caused by Artificial Replenishment are prohibited.

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

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

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

14 2. Notice of Motion. Any Party may, by a regularly noticed motion, petition the
15 Court for review of the Watermaster's action or decision pursuant to this Decision. The
16 motion shall be deemed to be filed when a copy, conformed as filed with the Court, has been
17 delivered to the Watermaster together with the service fee established by the Watermaster
18 sufficient to cover the cost to photocopy and mail the motion to each Party. The Watermaster
19 shall prepare copies and mail a copy of the motion to each Party or its designee according to
20 the official service list which shall be maintained by the Watermaster according to Section
21 III.P.2. A Party's obligation to serve notice of a motion upon the Parties is deemed to be
22 satisfied by filing the motion as provided herein. Unless ordered by the Court, any such
23 petition shall not operate to stay the effect of any Watermaster action or decision that is
24 challenged.

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

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

5 O. Reserved Jurisdiction and Other Remedies.

6 1. Continuing Jurisdiction.

7 a. Jurisdiction Reserved. Full jurisdiction, power and authority are
8 retained by and reserved by the Court upon the application of any Party or by the
9 Watermaster, by a noticed motion to all Parties, to make such further or supplemental orders
10 or directions as may be necessary or appropriate for interpretation, enforcement, or
11 implementation of this Decision. The Court may also modify, amend or amplify any of the
12 provisions of this Decision upon noticed motion to all the Parties. The Court, through its
13 reserved and retained jurisdiction, however, shall not have the authority to adjust any
14 Producer's Base Water Right or Production Allocation, except to accommodate the
15 intervention of a new Party pursuant to Section III.O.1.b. However, should an adjustment of
16 Base Water Right and/or Production Allocation within a Subarea be required to accommodate
17 the intervention of a new Party, no adjustment shall be made to the Base Water Right or
18 Production Allocations possessed by any Party operating under the Alternative Production
19 Allocation within the Landowner Group until the Production Allocations within that Subarea
20 possessed by Parties operating under the Standard Production Allocation have been reduced
21 to zero.

22 b. Intervention After Decision. Any non-party who is Producing or
23 proposes to Produce Groundwater from the Seaside Basin in an amount equal to or greater
24 than five (5) acre feet per year, may seek to become a Party to this Decision through (1) a
25 stipulation for intervention entered into with the Watermaster or (2) any Party or the
26 Watermaster filing a complaint against the non-party requesting that the non-party be joined
27 in and bound by this Decision. The Watermaster may execute said stipulation on behalf of
28 the other Parties herein, but such stipulation shall not preclude a Party from opposing such

1 intervention at the time of the Court hearing thereon. A stipulation for intervention must be
2 filed with the Court, and the Court will then consider an order confirming said intervention
3 following thirty (30) days' notice to the Parties. Thereafter, if approved by the Court, such
4 intervenor shall be a Party bound by this Decision and entitled to the rights and privileges
5 accorded under the Physical Solution herein.

6 2. Reservation of Other Remedies.

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

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

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

16 P. General Provisions.

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

19 2. Service Upon and Delivery to Parties and Interested Persons of Various
20 Papers. This Decision and all future notices, determinations, requests, demands, objections,
21 reports and other papers and processes Produced from this Court shall be served on all
22 Parties by first class mail, postage prepaid, addressed to the designee and at the address
23 designated for that purpose in the list attached as Exhibit E to this Decision, or in any
24 substitute designation filed with the Court.

25 Each Party who has not heretofore made such a designation, within thirty (30) days
26 from the date Judgment is granted, shall file with the Court, with proof of service of a copy
27 upon the Watermaster, a written designation of the Person to whom, and the address at which,
28 all future notices, determinations, requests, demands, objections, reports and other papers and

1 processes to be served upon that Party or delivered to that Party are to be so served or
2 delivered.

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

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

12 Watermaster shall also maintain a list of interested Persons that shall include all Persons
13 whom, by written request to Watermaster, request to be added to Watermaster's list of interested
14 Persons. All notices, determinations, requests, demands, objections, reports and other papers and
15 processes required to be delivered to interested Persons shall be delivered to all Parties and all
16 Persons on Watermaster's list of interested Persons.

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

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

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

28 //

1 Q. The Complaints in Intervention

2 The Complaint in Intervention of MPWMD seeks declaratory relief regarding its statutory
3 right to manage and control pumping in the Basin, to store water in and Extract water from the
4 Basin, to store and use reclaimed water, to manage all water distribution facilities within the
5 Basin, and “the quantification and prioritization of its water and storage rights”. It also sought a
6 Physical Solution for the management of the Basin’s water resources, with MPWMD being
7 appointed as Watermaster to administer the Court’s judgment. It also sought parallel injunctive
8 relief against the parties to the lawsuit.

9 The Complaint in Intervention of MCWRA sought declaratory and injunctive relief
10 regarding its right to manage and control water resources including, inter alia, those within the
11 boundaries of the Seaside Basin, and a permanent injunction prohibiting any party to the lawsuit
12 from exercising control “in any fashion” of the Basin in contravention of its water management
13 authority.

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

23 The District has argued that appointment of a Watermaster other than itself would violate
24 the Separation of Powers doctrine. It urges that the legislature has vested it with the power to
25 regulate pumping, and therefore only it is qualified to serve as Watermaster. On the other hand,
26 the District has asked the Court to adopt a Physical Solution for the Basin. In so arguing, it
27 necessarily concedes that this Court possesses power to regulate use of the Basin beyond any
28 power the District currently possesses. Furthermore, the undisputed evidence in this case has

1 shown that, although the District is empowered to adopt a Groundwater management plan it has
2 never done so. The language of Water Code Section 10753 is instructive regarding the issue of
3 the Separation of Powers:

4 “(a) Any local agency, whose service area includes a groundwater basin...that is
5 not subject to groundwater management pursuant to...a court order, judgment, or
6 decree, may...adopt and implement a groundwater management plan.”

7 (Emphasis added.)

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

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

23 On pages 15-16 of its brief, the District lists 9 powers and asserts those powers would
24 “encompass the duties of any appointed watermaster.” The Court has compared those 9
25 asserted powers and has concluded that those powers, to the extent that they exist or are currently
26 being utilized by the District, do not encompass all the duties of a Watermaster appointed by the
27 judgment. Furthermore, to the extent the Watermaster may be given powers akin to those of the
28 District, this Court retains jurisdiction to determine any conflict which may arise in the future.

1 For example, the Decision directs that any metering of Production wells by the Watermaster
2 shall be done in a way which does not conflict with the MPWMD gauging already in place on all
3 producing wells. The MPWMD is still able to develop water resources within its boundaries
4 and can store water for the benefit of the District in the Basin, although it has not to date done
5 either of those things with regard to the Seaside Basin.

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

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

23 The District argues that the proposed powers of the Watermaster regarding maintenance
24 and modification of the Operating Safe Yield would conflict with the District's authority. Much
25 of its argument is addressed to language in the Proposed Stipulated Judgment which does not
26 appear in the Decision. The Decision grants certain rights of control to the Watermaster for the
27 purpose of maintaining the viability of the aquifer. However, it does not purport to forbid any
28 regulation of the Basin which may be required by a public agency possessing the power to

1 impose such regulation. In this regard it should be noted that the complaint in this case first
2 raised the issue of the Overdraft status of the Basin, and the initial pleadings of the District stated
3 that it did not know if that were true or not. The Decision does not conflict with any procedure
4 or plan currently in place by the District to establish an Operating Yield for the Basin.

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

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

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

21 The Complaint in Intervention of MCWRA also seeks declaratory and injunctive relief, but
22 does not urge the appointment of itself or any other entity as Watermaster. The request for
23 injunctive relief is denied as moot, since the lawsuit does not challenge the statutory authority of
24 the Agency. The request for declaratory relief is granted to the extent that the Court finds that
25 the statutory rights of MCWRA are not in conflict with the Physical Solution adopted by the
26 Court in this proceeding.

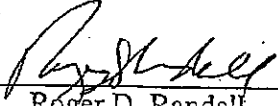
27 A statement of decision, if requested by any party, will be prepared by Plaintiff. If no
28 party within ten days of the filing of this Decision specifies controverted issues or makes

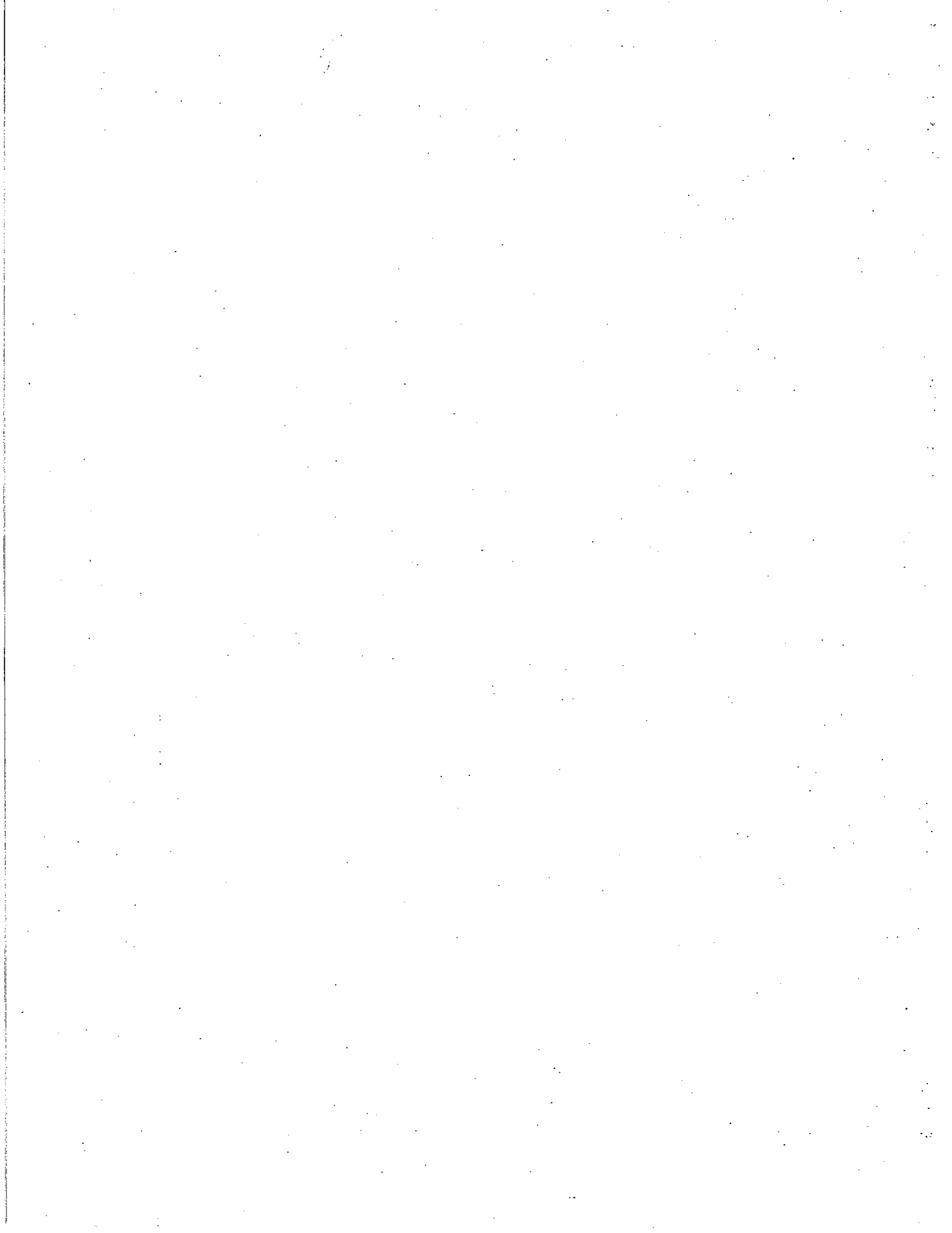
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proposals not covered in the Decision this Decision shall become the Statement of Decision,
and Plaintiff shall prepare a judgment thereon.

Dated: ^{March 22} ~~February~~ _____, 2006

By _____

Honorable  _____
Roger D. Randall



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 C1) 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

- 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

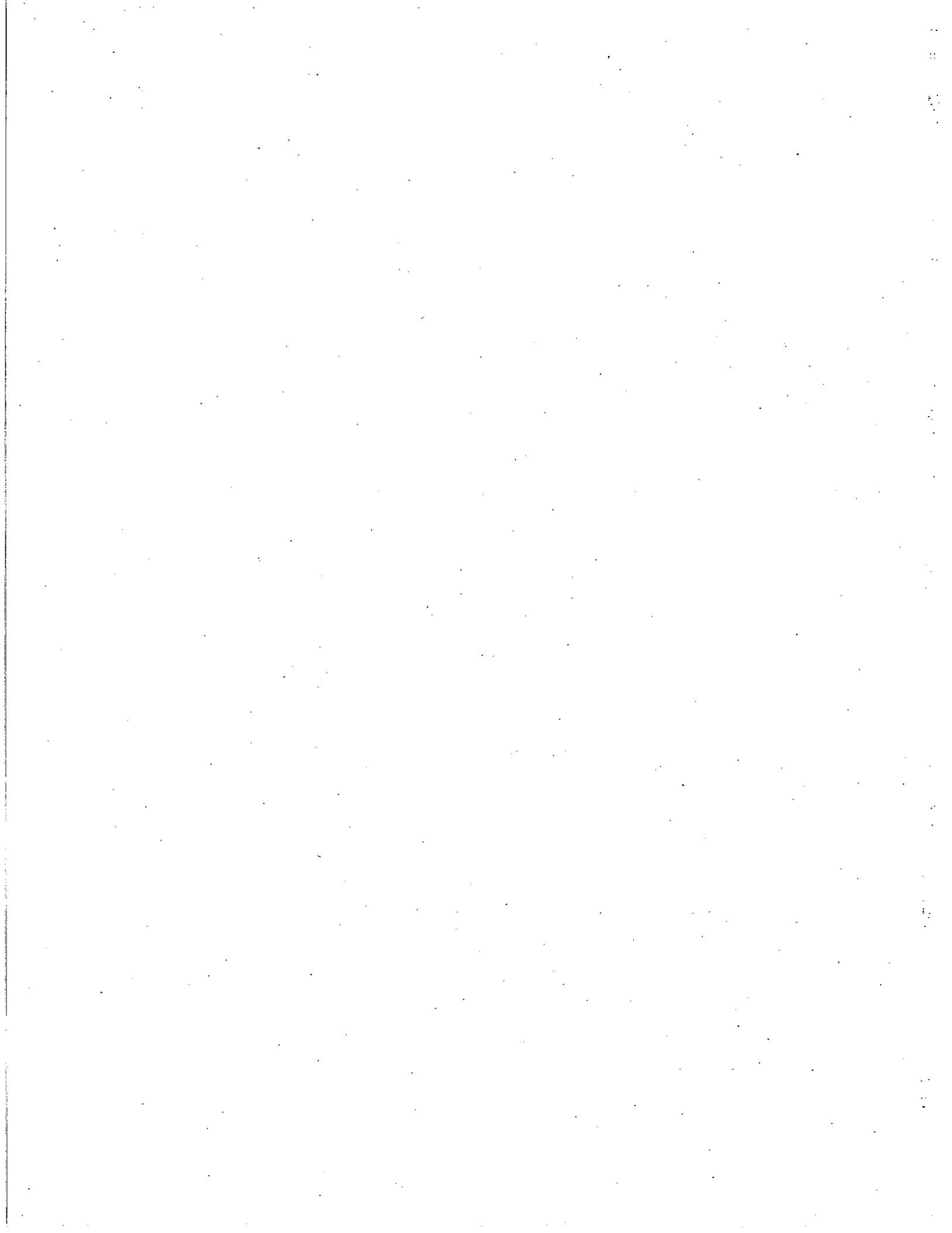
If Seawater intrusion is detected in the Basin during the development of the Watermaster's Management Plan, the following contingency plan will be set in motion to prevent seawater from contaminating larger portions of the Basin:

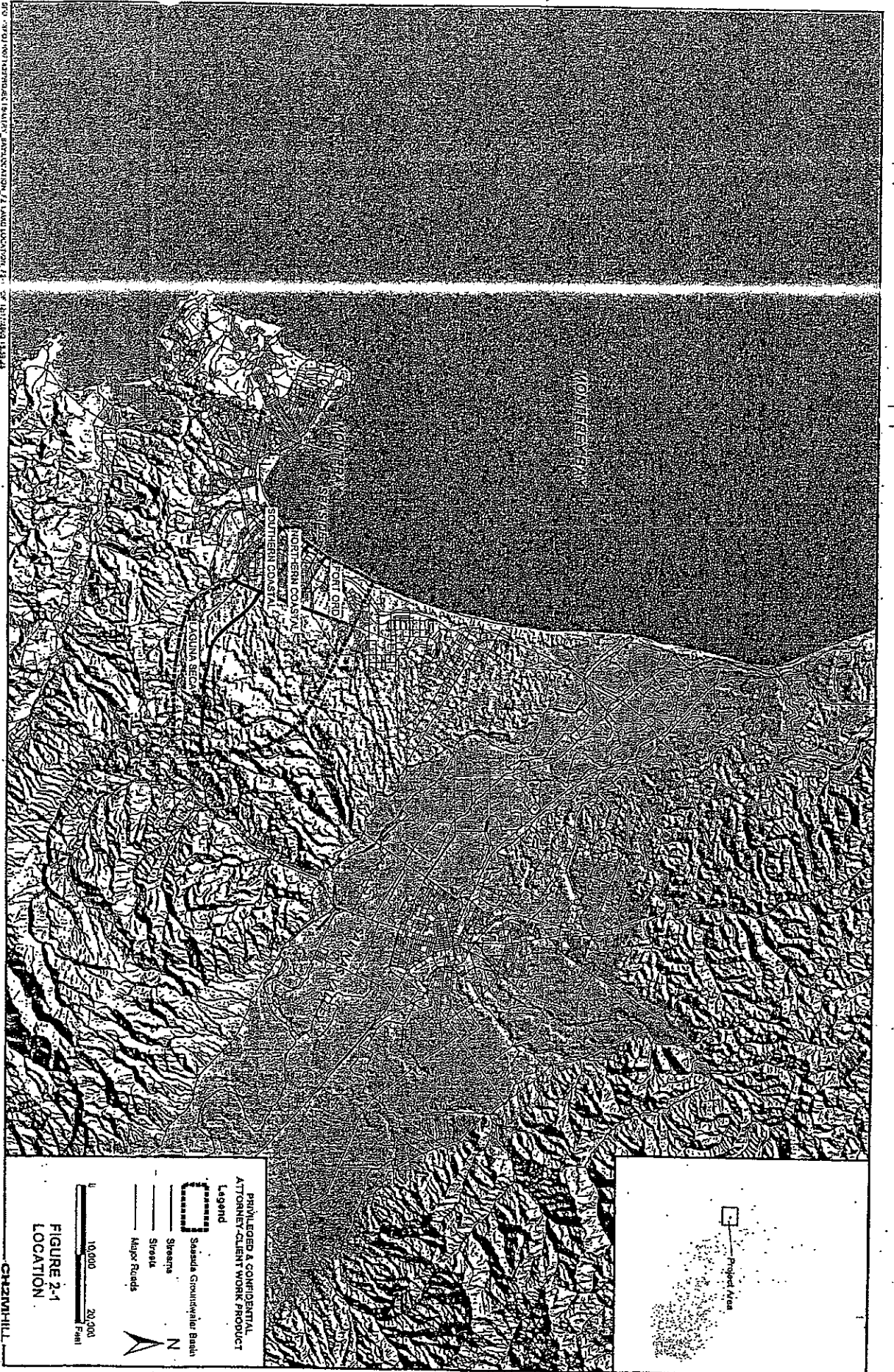
- a. *Detection in a coastal monitoring well.* If seawater intrusion is detected in a coastal monitoring well, it is imperative that pumping stresses be reduced so that seawater is not pulled inland to producing wells. To accomplish this, all wells that produce from the intruded aquifer that are within 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

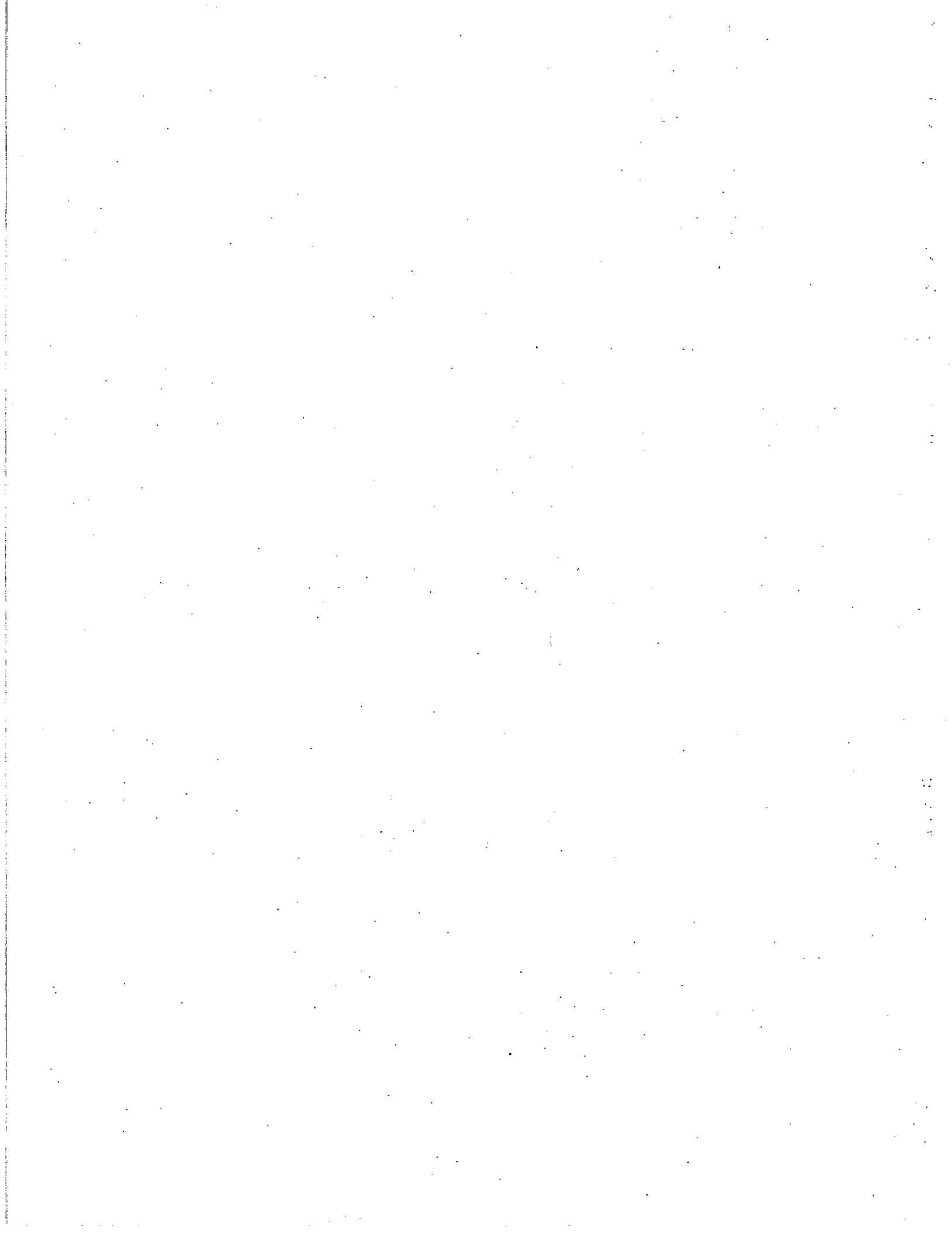
of the affected well will be increased to determine if groundwater gradients following reductions in pumping have been modified sufficiently to prevent further seawater intrusion. This increase in monitoring effort will include installing at least one new monitoring well as a sentinel between the affected 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:

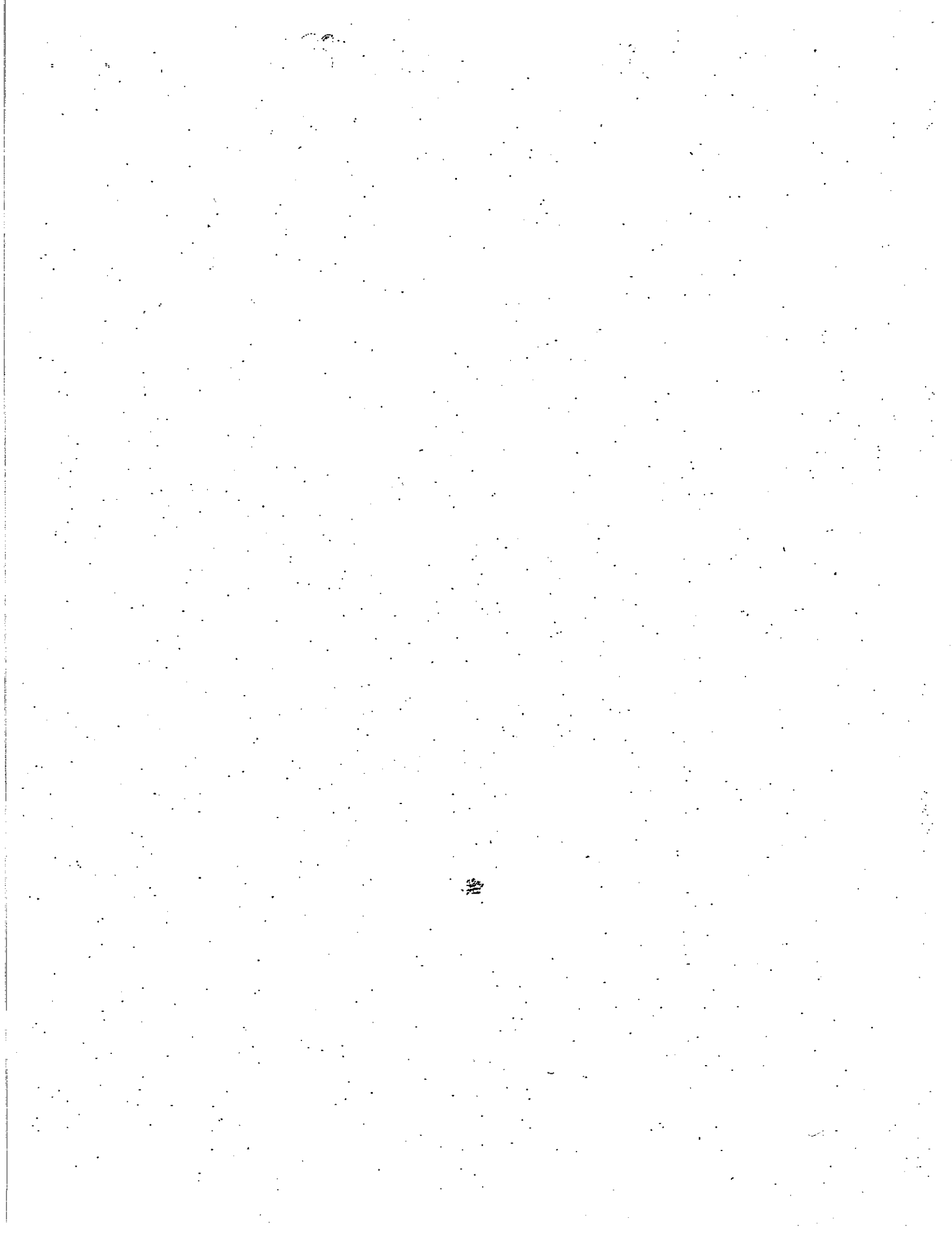
Beginning at the above mentioned 4" x 4" post standing at the northeast corner of the first above described tract; thence northerly along westerly boundary of the above mentioned 100 foot strip of railroad property for a distance of 210.0 feet; thence in a direct line to a 4" x 4"

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 OR IN CONFORMANCE WITH THE REQUIREMENTS OF THE LAND SURVEYORS ACT AT THE REQUEST OF THE YORK SCHOOL IN MARCH 1982.

STATE OF CALIFORNIA
 COUNTY OF MONTEREY
 I, BRUCE A. REDAS
 LAND SURVEYOR
 LICENSE NO. 1110
 EXPIRES 31 MARCH 1987



RECORDER'S STATEMENT

FILED FOR RECORD AT THE REQUEST OF RESTOR ENGINEERS, INC. THIS DAY OF MARCH 1982, AS SET FORTH IN VOLUME 520 OF SURVEY MAPS AT PAGE 75, RECORDERS OF MONTEREY COUNTY, CALIFORNIA.

BRUCE A. REDAS
 COUNTY RECORDER
 SERIAL NO. 578266
 FEB 1 1980

COUNTY SURVEYOR'S STATEMENT

THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH SECTION 87784 OF THE LAND SURVEYORS ACT THIS 21 DAY OF DECEMBER 1982.

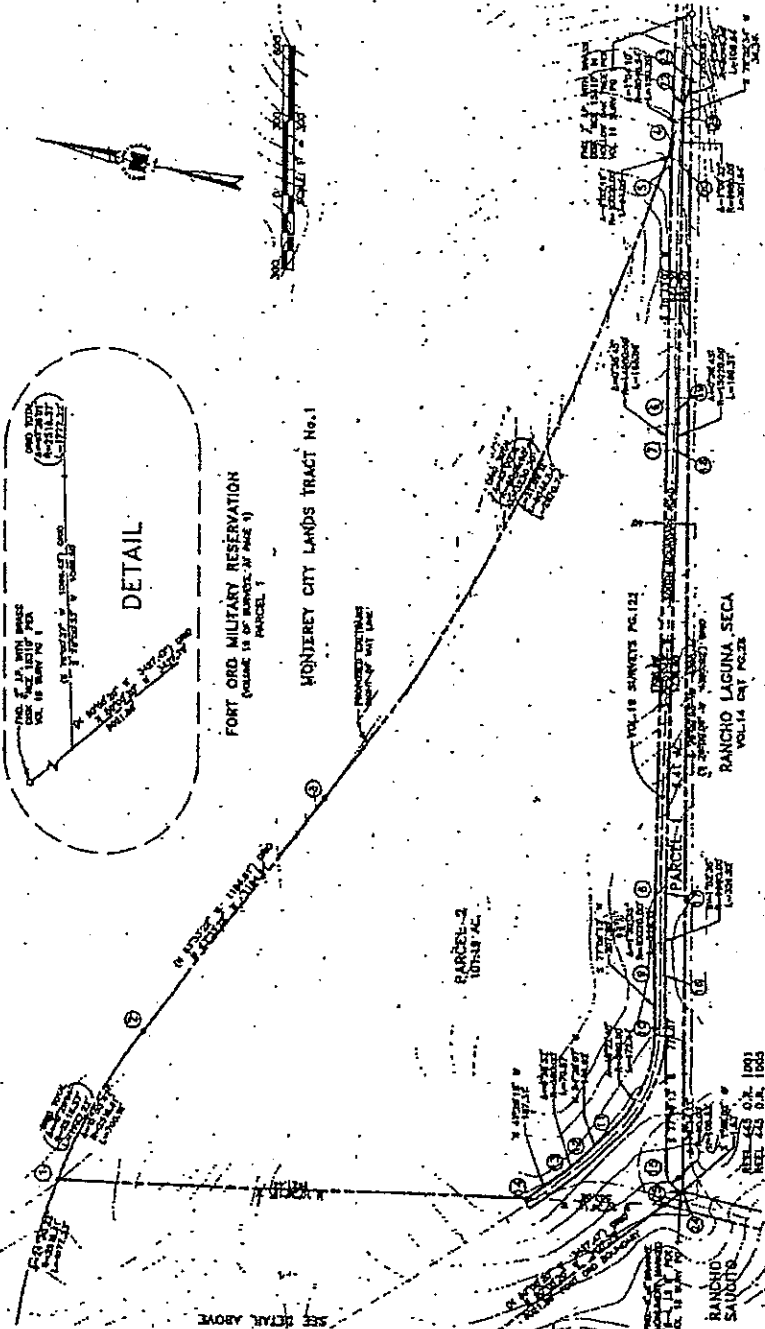
COUNTY SURVEYOR
 STATE OF CALIFORNIA



RECORD OF SURVEY

BOUNDARY OF A 101.19 ± 5.41 ACRE PARCEL BEING A PORTION OF FORT ORD MILITARY RESERVATION IN MONTEREY CITY LANDS TRACT No. 1 MONTEREY COUNTY, CALIFORNIA FOR THE YORK SCHOOL

RESTOR ENGINEERS, INC.
 1000 LAMAR AVENUE, SUITE 100
 MONTEREY, CALIFORNIA 93940
 DATE: AUGUST 1982



DATE	NOTHING	EASTING
1	107.19 ± 5.41	107.19 ± 5.41
2	107.19 ± 5.41	107.19 ± 5.41
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18	107.19 ± 5.41	107.19 ± 5.41
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20	107.19 ± 5.41	107.19 ± 5.41
21	107.19 ± 5.41	107.19 ± 5.41
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24	107.19 ± 5.41	107.19 ± 5.41
25	107.19 ± 5.41	107.19 ± 5.41

LEGEND

- MONUMENT SET 1" IRON PIPE WITH PLASTIC PLUG "ACE 1311"
- FOUND 1 1/2" IRON PIPE WITH BRASS END "ACE 1311"
- PROPERTY LINE
- ⊙ BOUNDARY CORNER NUMBER
- () RESURVEY RECORD INFORMATION PER LEGAL NOTICE DATED MARCH 13, 1982.

NOTE REGARDING DERIVATION OF COORDINATES:

STATE PLANE COORDINATES BASED ON THE NORTH AMERICAN DATUM OF 1983 (NAD 83) WERE DETERMINED FOR THE BOUNDARY CORNER POINTS USING GLOBAL POSITIONING SYSTEM (GPS) "FAST-STATIC" SURVEYING TECHNIQUES. THE COORDINATES LISTED ARE THEORETICAL POINT COORDINATES TO OBTAIN GRID DISTANCES. HOWEVER, THE DISTANCES LISTED WERE MEASURED IN THE FIELD USING A DISTANCE MEASURING DEVICE (DMD) WHICH WAS CALIBRATED IN THE LABORATORY. THEREFORE, THE BEARINGS SHOWN ARE GRID BEARINGS BASED ON THE LAMBERT PROJECTION FOR CALIFORNIA STATE PLANE ZONE 4.

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE GRID BEARING OF N 37° 09' 40" E FOR THE CALIFORNIA STATE PLANE ZONE 4. THE GRID BEARING OF THE NORTH AMERICAN DATUM OF 1983 (NAD 83) FOR THE GRID BEARING OF THE NORTH AMERICAN DATUM OF 1983 (NAD 83) IS THE GRID BEARING OF THE NORTH AMERICAN DATUM OF 1983 (NAD 83). THE COORDINATES FOR THE TWO TRANSDUCERS (GPS) USED IN THIS SURVEY WERE DETERMINED 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:

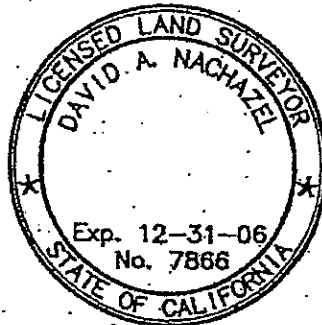
Beginning at a 1 inch iron pipe with plastic plug stamped "RCE 15310" marking the most easterly corner of said Parcel 1; thence

- 1) South $78^{\circ}00'03''$ 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 $01^{\circ}35'02''$ 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 $75^{\circ}34'11''$; thence
- 4) North $77^{\circ}09'13''$ 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 $01^{\circ}52'35''$; thence
- 6) North $79^{\circ}01'48''$ 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 $00^{\circ}38'45''$; thence
- 8) North $78^{\circ}23'02''$ 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 $01^{\circ}09'32''$; thence
- 10) North $79^{\circ}32'34''$ 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 $04^{\circ}13'13''$ West; thence
- 11) Easterly 109.62 feet along said curve through a central angle of $00^{\circ}46'50''$ 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:

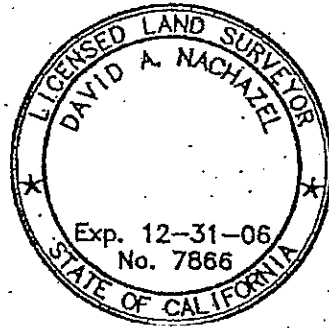
Beginning at a 1 inch iron pipe with plastic plug stamped "RCE 15310" marking the most easterly corner of said Parcel 2, said point being the beginning of a non-tangent curve concave to the south having a radius of 10,020.00 feet, and to which beginning a radial bears North 11°04'42" West, said point 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

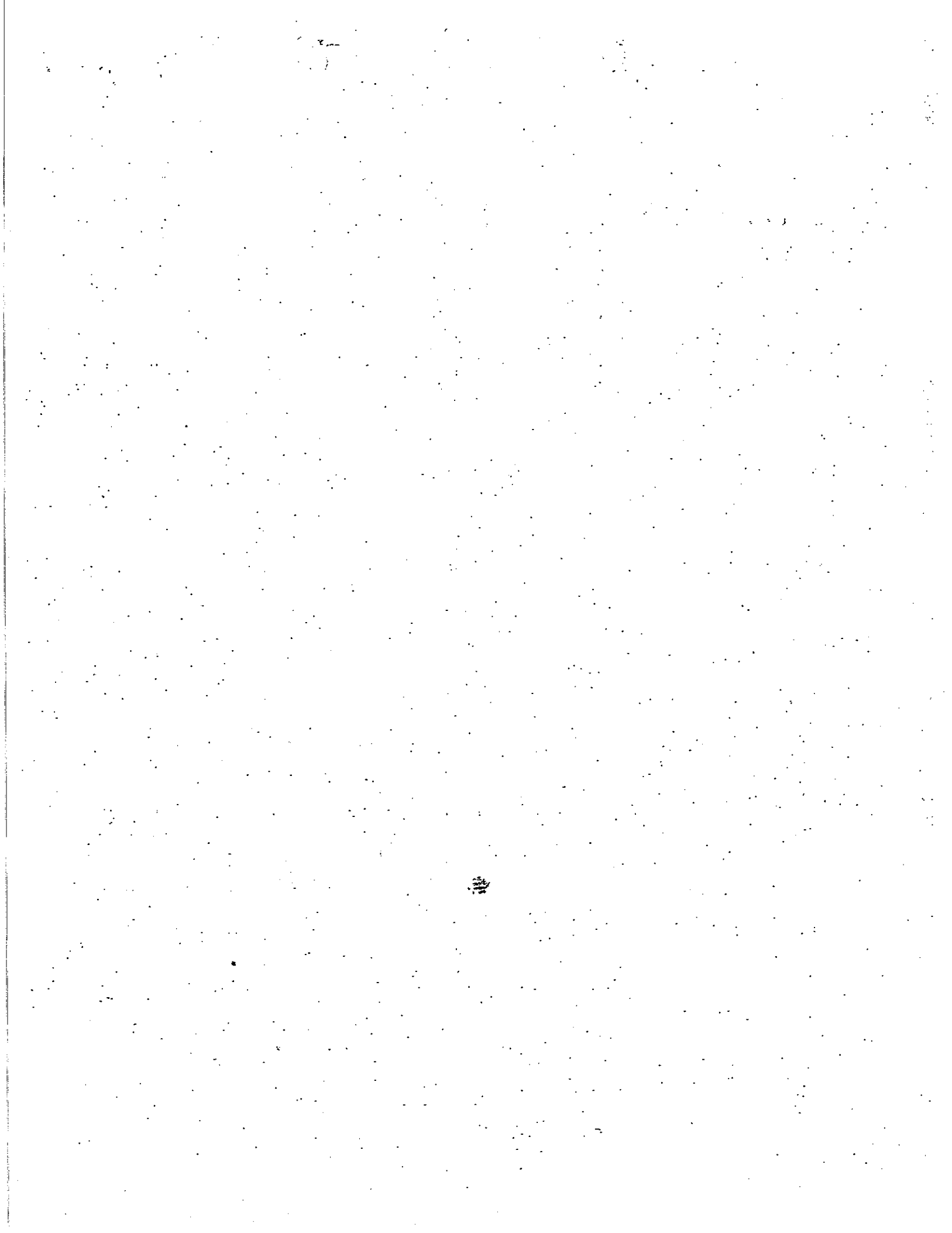
- 1) Westerly, 94.05 feet through a central angle of 00°32'16"; thence
- 2) South 78°23'02" West, 964.20 feet to the beginning of a curve concave to the north having a radius of 14,980.00 feet; thence
- 3) Westerly, 168.86 feet along said curve through a central angle of 00°38'45"; thence
- 4) South 79°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°52'35"; thence
- 6) South 77°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°22'40"; thence
- 8) North 54°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°58'52"; thence
- 10) North 47°29'15" West, 187.31; thence
- 11) North 10°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°30'53" East; thence
- 12) Easterly, 700.18 feet along said curve through a central angle of 15°55'42"; thence
- 13) South 63°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°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.

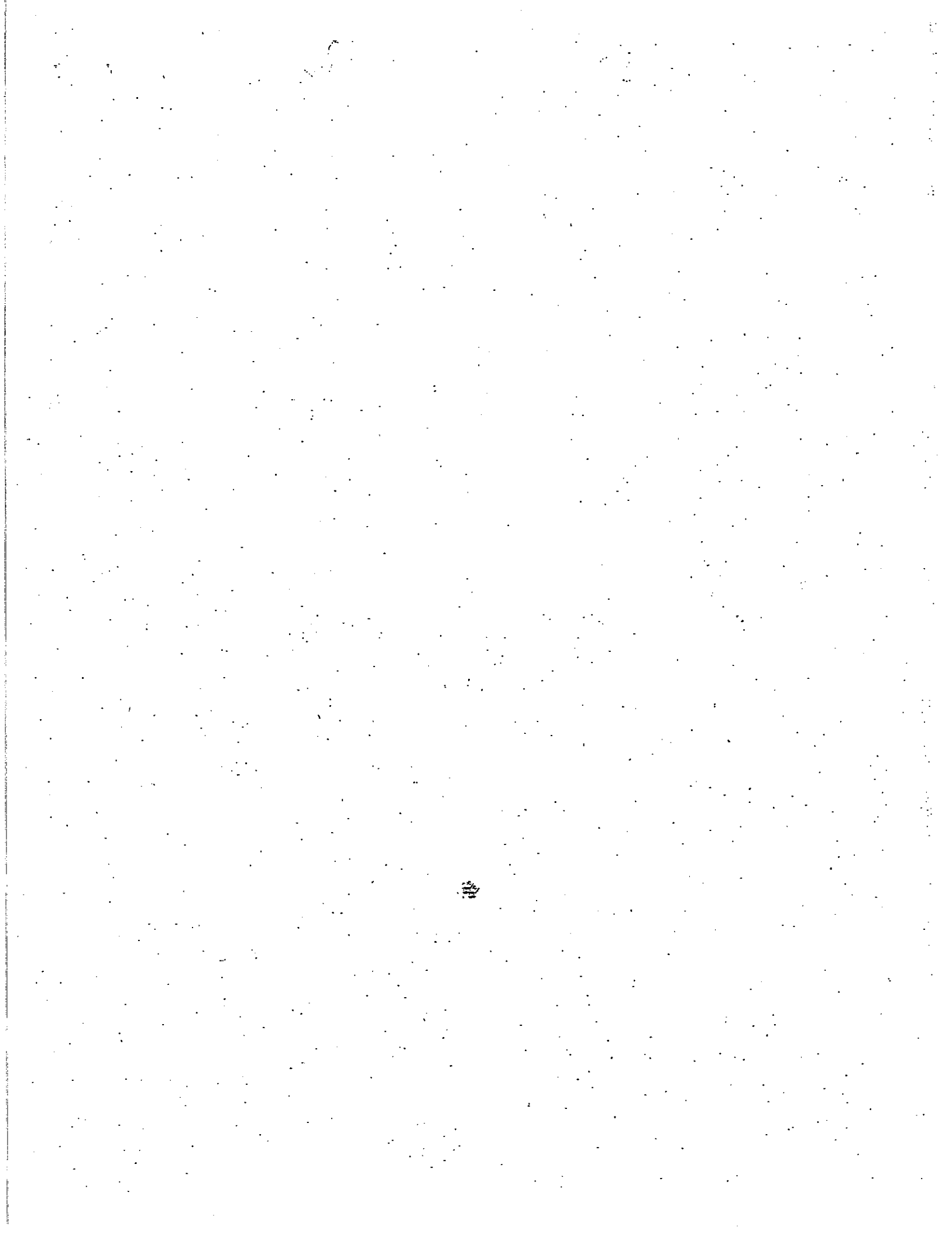
CONTAINING 3.88 ACRES MORE OR LESS.

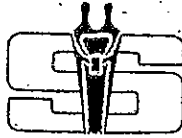
PARCEL II

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
Order No.: 01114905

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

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 = 5734939.34); THENCE

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 ~~THE~~ 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
Order No.: 01114905

- (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 HEREINAFOVE 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

- (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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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.

Continued on next page

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
Continued on next page

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
Continued on next page

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 BSL 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

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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 MESA, 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 3 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)

CLTA PRELIMINARY R RT FORM

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.
2. 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.
3. 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.
4. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. 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.
6. (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 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. 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.

"GOLD" COMPREHENSIVE PROTECTION
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, 35, 26, 28, 29, 30, 32, 33, 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.

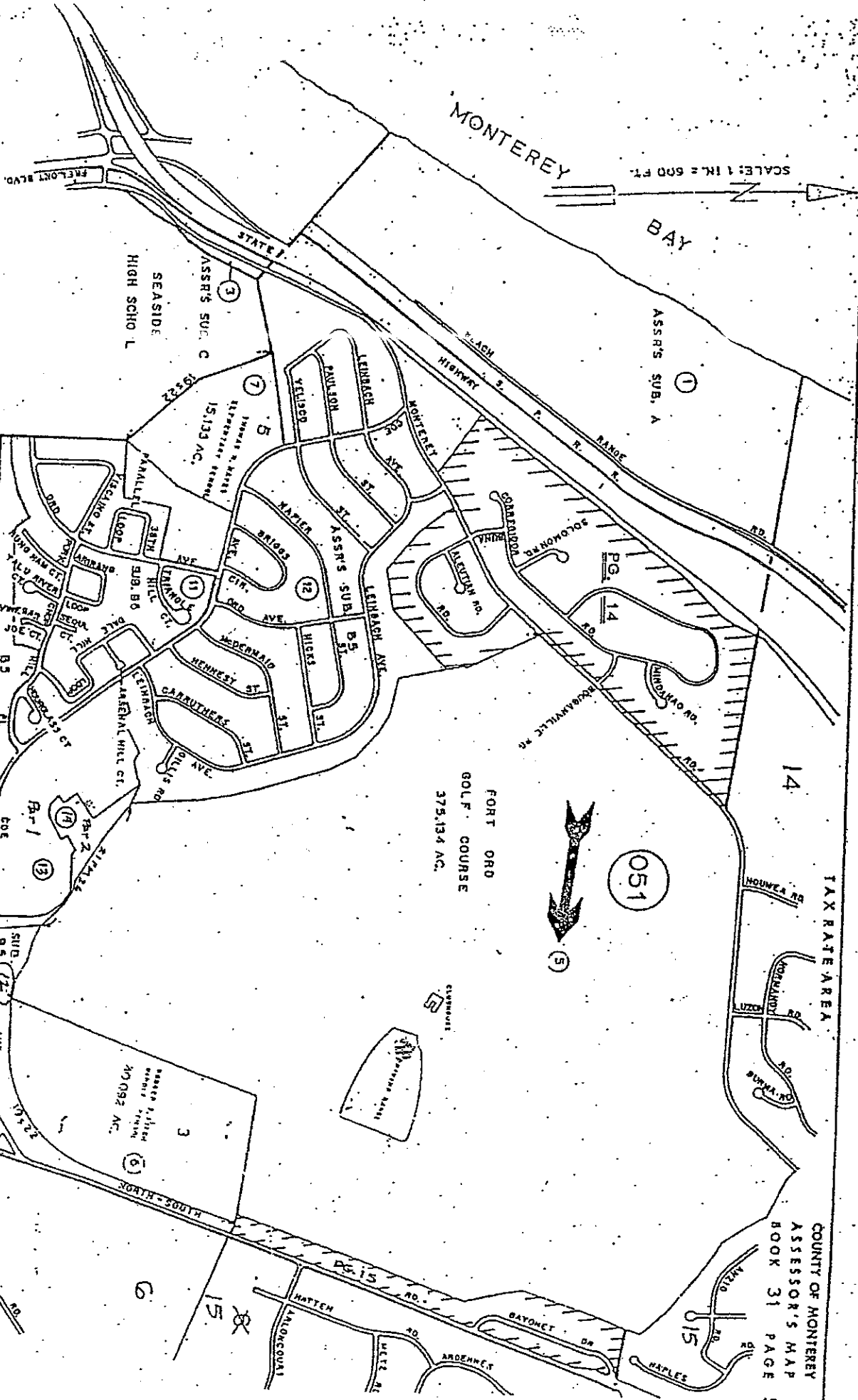
We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- * 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 Seaside Title Guaranty Company.



COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 31 PAGE 1

SCALE: 1 IN. = 600 FT.

MONTEREY BAY

SEASIDE

FORT ORD

051

FORT ORD
GOLF COURSE
375,134 AC.

Seaside Title Guaranty
307,082 AC.

SEASIDE
HIGH SCHOOL

ASSR'S SUB. C

ASSR'S SUB. A

14

TAX RATE AREA

PG. 14

PG. 15

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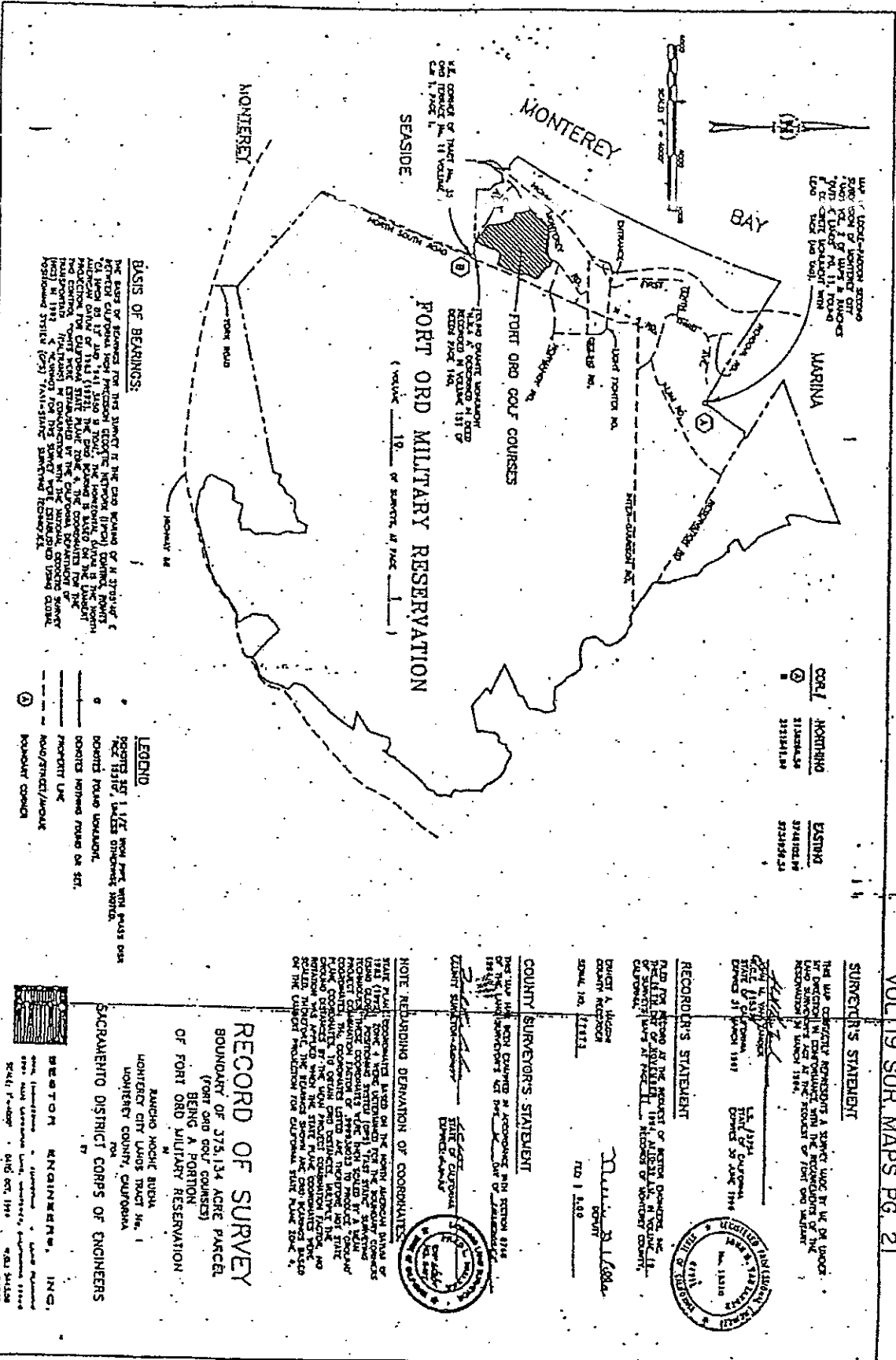
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This map is furnished as a matter of accommodation only, and no liability is assumed by its attachment to the policy of title insurance of Stewart Title Guaranty Company.



VOL 19 SUR. MAPS PG. 21

SURVEYOR'S STATEMENT

I, the undersigned, being duly sworn, depose and say that the above described property is the property of the State of California, and that the same is situated in Monterey County, California.

RECORDER'S STATEMENT

FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF MONTEREY COUNTY, CALIFORNIA, THIS 15th DAY OF SEPTEMBER, 1941, AT 10:30 A.M.

COUNTY SURVEYOR'S STATEMENT

I, the undersigned, being duly sworn, depose and say that the above described property is the property of the State of California, and that the same is situated in Monterey County, California.

NOTE REGARDING DERIVATION OF COORDINATES

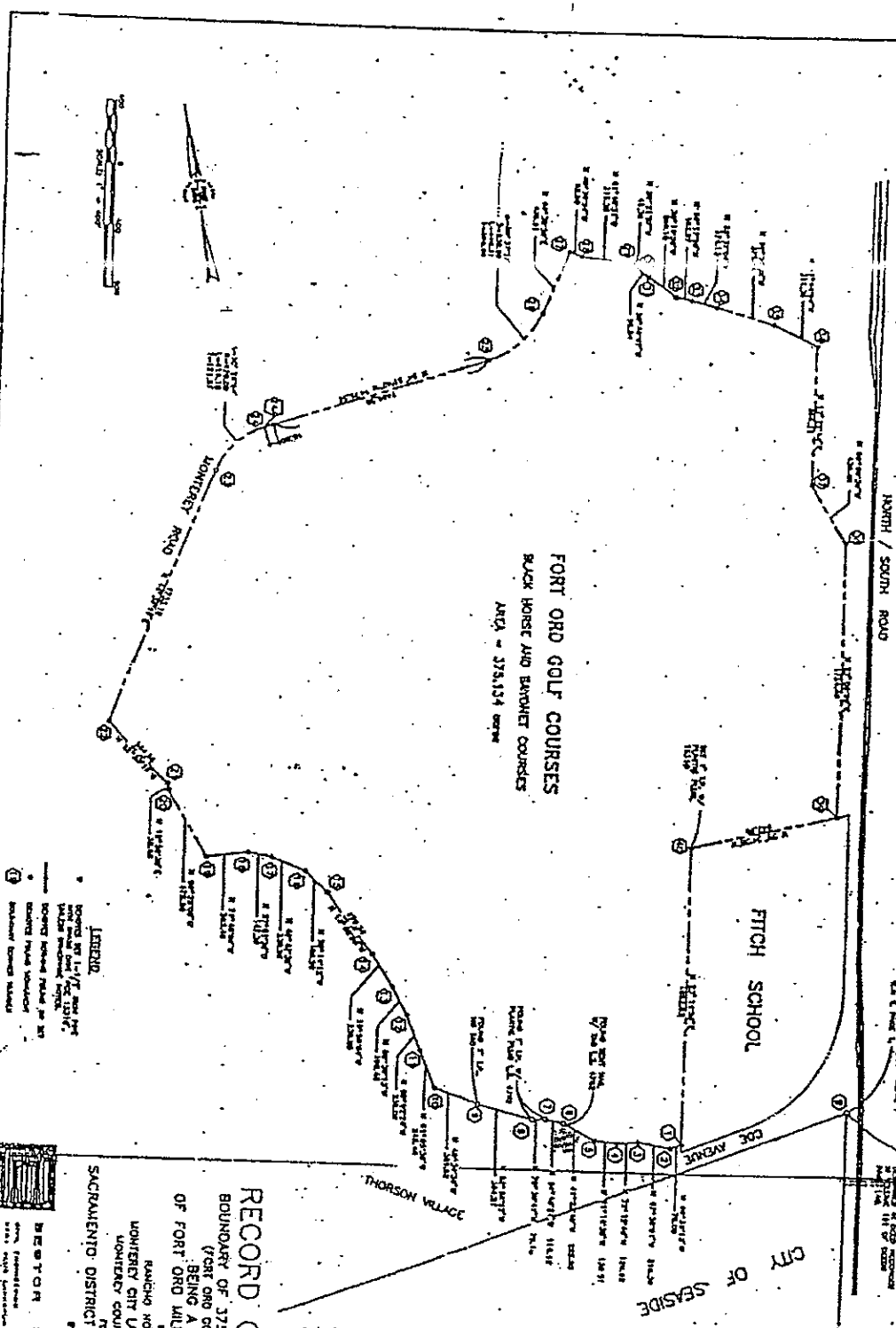
STATE PLANS (COMPASSED LOTS) ON THE MONTEREY PENINSULA OF CALIFORNIA, TOGETHER WITH A MAP DEDICATED TO THE MONTEREY COAST GUARD STATION, WERE OBTAINED FROM THE U.S. COAST AND GEODETIC SURVEY. THESE COORDINATES WERE BASED UPON THE PRODUCT OF MEASUREMENT TAKEN BY THE U.S. COAST AND GEODETIC SURVEY IN 1911. THE COORDINATES LISTED ARE INTERPOLATED FROM THE COAST AND GEODETIC SURVEY PLANS AND WERE CHECKED BY THE U.S. COAST AND GEODETIC SURVEY IN 1938. THE U.S. COAST AND GEODETIC SURVEY HAS ADVISED THAT THE COORDINATES LISTED ARE CORRECT TO THE CLOSEST FOOT AND INCH FOR THE MONTEREY PENINSULA OF CALIFORNIA.

RECORD OF SURVEY

BOUNDARY OF 375.134 ACRE PARCEL
BENIG A PORTON
OF PORT ORD MILITARY RESERVATION

SACRAMENTO DISTRICT CORPS OF ENGINEERS
BOSTON ENGINEERS, INC.
1941

FORT ORD MILITARY RESERVATION
(Volume 19, of sheets at page 1.)



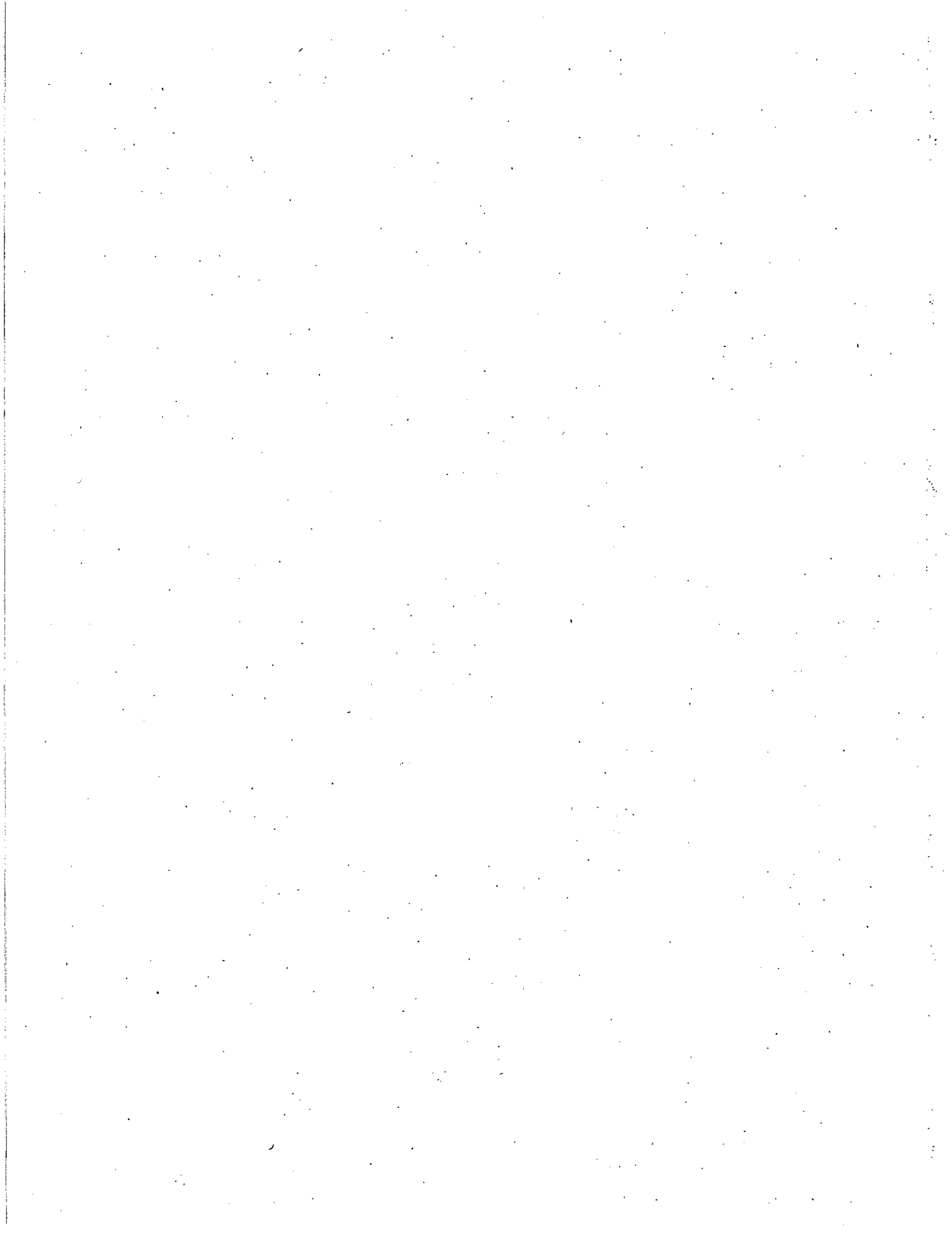
LEGEND

- BOUNDARY OF 1/4 AC. AND UP TO 1/4 AC. PARCELS
- BOUNDARY OF 1/4 AC. AND UP TO 1/4 AC. PARCELS
- BOUNDARY OF 1/4 AC. AND UP TO 1/4 AC. PARCELS
- BOUNDARY OF 1/4 AC. AND UP TO 1/4 AC. PARCELS
- BOUNDARY OF 1/4 AC. AND UP TO 1/4 AC. PARCELS

BESTOR ENGINEERS, INC.
2000 FORT ST. SACRAMENTO, CALIF. 95811
TELEPHONE 485-1111
FAX 485-1112
VIA FAX 485-1113
VIA MAIL 485-1114
VIA AIR 485-1115
VIA TELETYPE 485-1116
VIA TELEVISION 485-1117
VIA RADIO 485-1118
VIA CABLE 485-1119
VIA INTERNET 485-1120

RECORD OF SURVEY
BOUNDARY OF 375,134 ACRES PARCEL
(FORT ORD GOLF COURSES)
BEING A PORTION
OF FORT ORD MILITARY RESERVATION

SECTION	ACRES	SECTION	ACRES
1	1.0000	11	1.0000
2	1.0000	12	1.0000
3	1.0000	13	1.0000
4	1.0000	14	1.0000
5	1.0000	15	1.0000
6	1.0000	16	1.0000
7	1.0000	17	1.0000
8	1.0000	18	1.0000
9	1.0000	19	1.0000
10	1.0000	20	1.0000
11	1.0000	21	1.0000
12	1.0000	22	1.0000
13	1.0000	23	1.0000
14	1.0000	24	1.0000
15	1.0000	25	1.0000
16	1.0000	26	1.0000
17	1.0000	27	1.0000
18	1.0000	28	1.0000
19	1.0000	29	1.0000
20	1.0000	30	1.0000
21	1.0000	31	1.0000
22	1.0000	32	1.0000
23	1.0000	33	1.0000
24	1.0000	34	1.0000
25	1.0000	35	1.0000
26	1.0000	36	1.0000
27	1.0000	37	1.0000
28	1.0000	38	1.0000
29	1.0000	39	1.0000
30	1.0000	40	1.0000
31	1.0000	41	1.0000
32	1.0000	42	1.0000
33	1.0000	43	1.0000
34	1.0000	44	1.0000
35	1.0000	45	1.0000
36	1.0000	46	1.0000
37	1.0000	47	1.0000
38	1.0000	48	1.0000
39	1.0000	49	1.0000
40	1.0000	50	1.0000



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°50'18" 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.

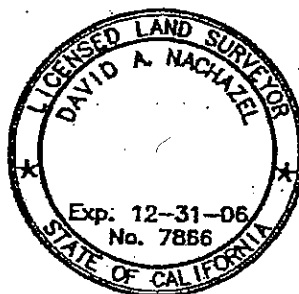
Containing 188.61 acres, more or less, as shown on the plat attached hereto and made a part of.

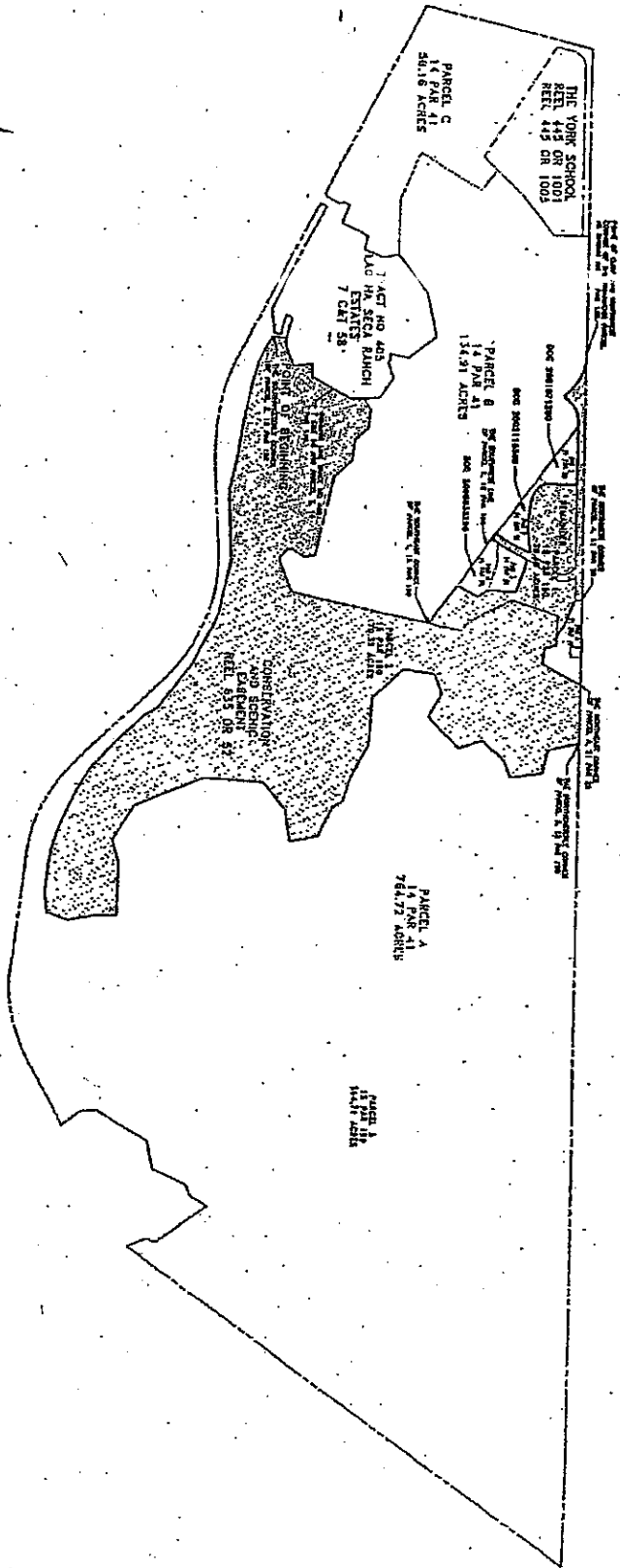
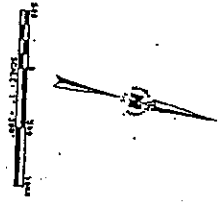
Bearings cited herein are referenced to Volume 15, Page 190 of Parcel Maps, filed in the office of the County Recorder of Monterey.

Dated: October 31, 2005

Bestor Engineers, Inc.

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





Scale: 1" = 400'
Date: 11/17/2024
Sheet: 1 of 1
No. 181815

EXHIBIT
LAGUNA SECA #3
COUNTY OF MONTICELTY, CALIFORNIA



BESTOR ENGINEERS, INC.
10000 Wilshire Blvd., Suite 1000
Beverly Hills, CA 90210
Tel: 310.274.1111
Fax: 310.274.1112
www.bestor-engineers.com

PRELIMINARY
NOT FOR CONSTRUCTION

DATE	11/17/2024
BY	[Signature]
CHECKED BY	[Signature]
APPROVED BY	[Signature]
TITLE	PRELIMINARY

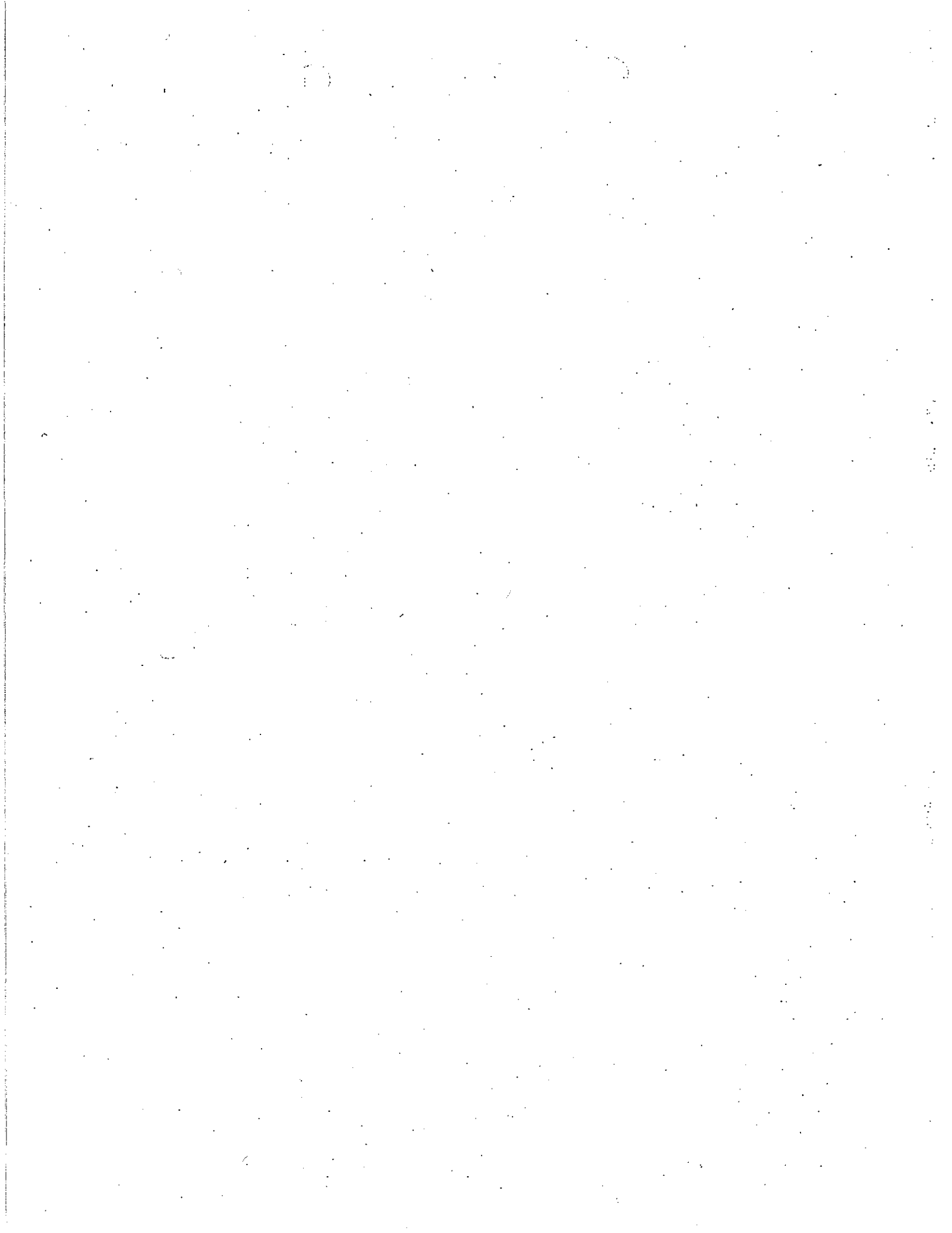


EXHIBIT "A"
DESCRIPTION OF REAL PROPERTY

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

PARCELA

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° 58' 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, L S 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 83.3 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 284.3 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.

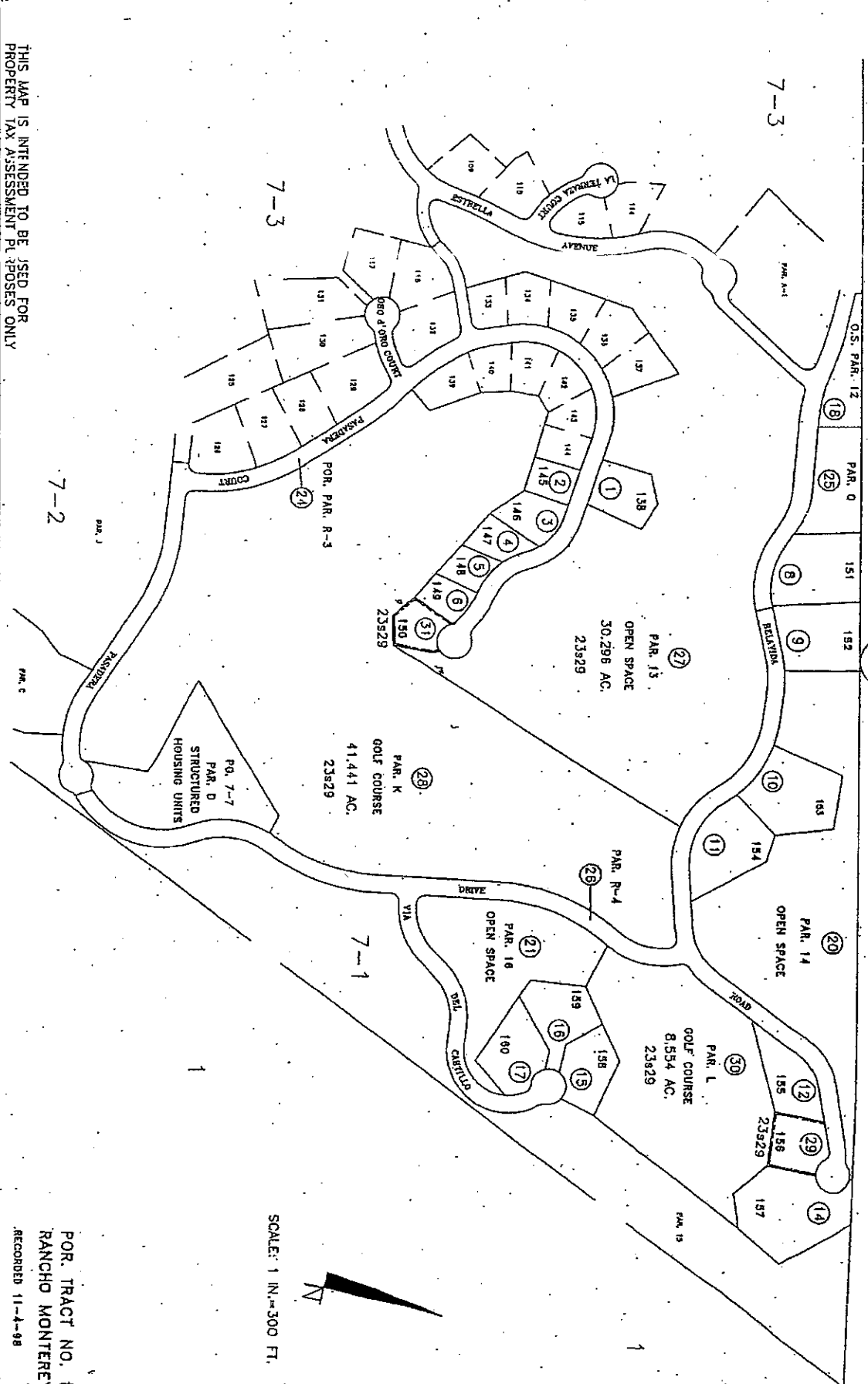
Also excepting therefrom all that portion of said land conveyed to Eula May Leidig, by deed recorded April 23, 1946 in Volume 919 Official Records, Page 426

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 134-04
31/13

COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 173 PAGE 7-



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

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

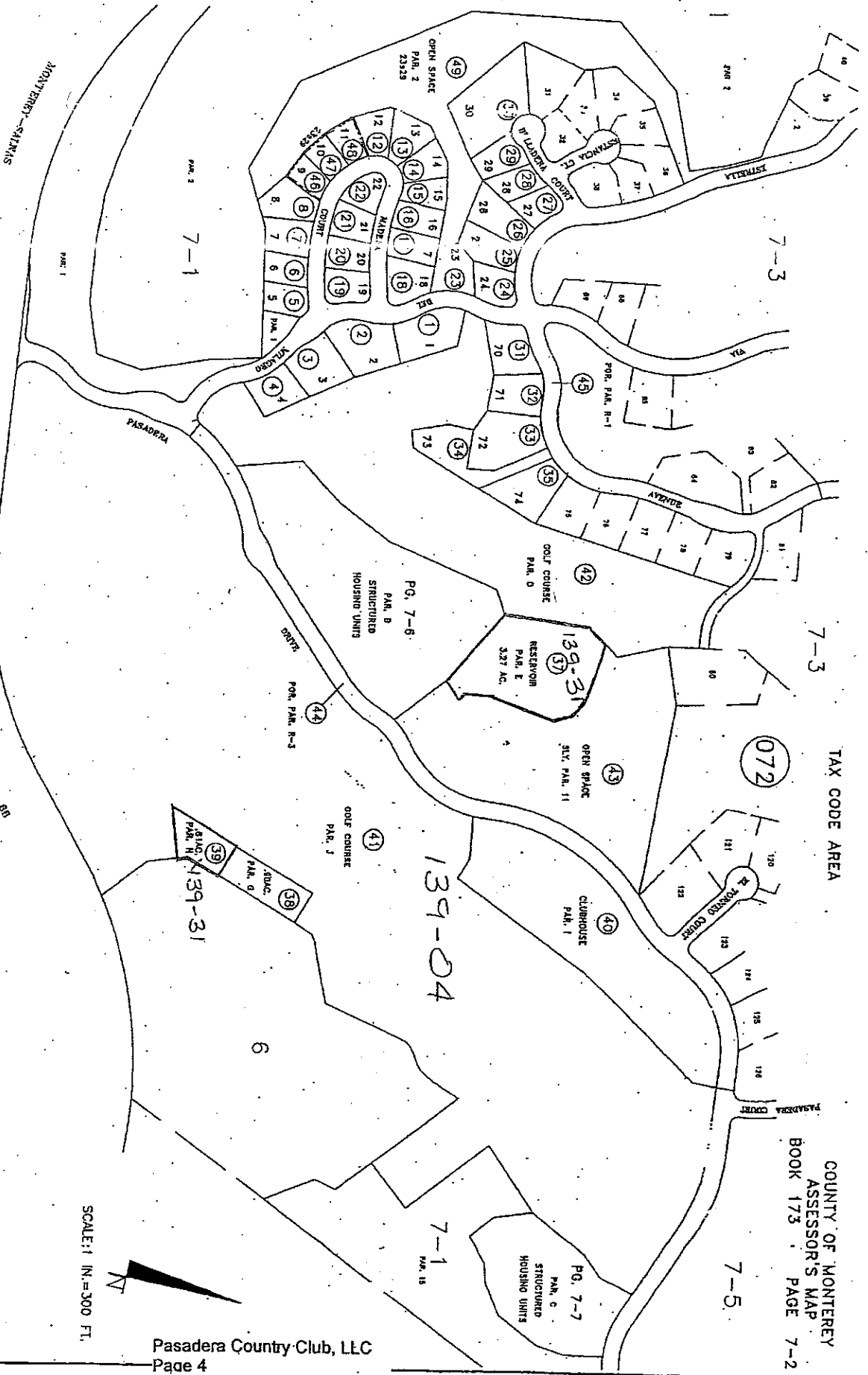
SCALE: 1 IN.=300 FT.



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

HIGHWAY

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

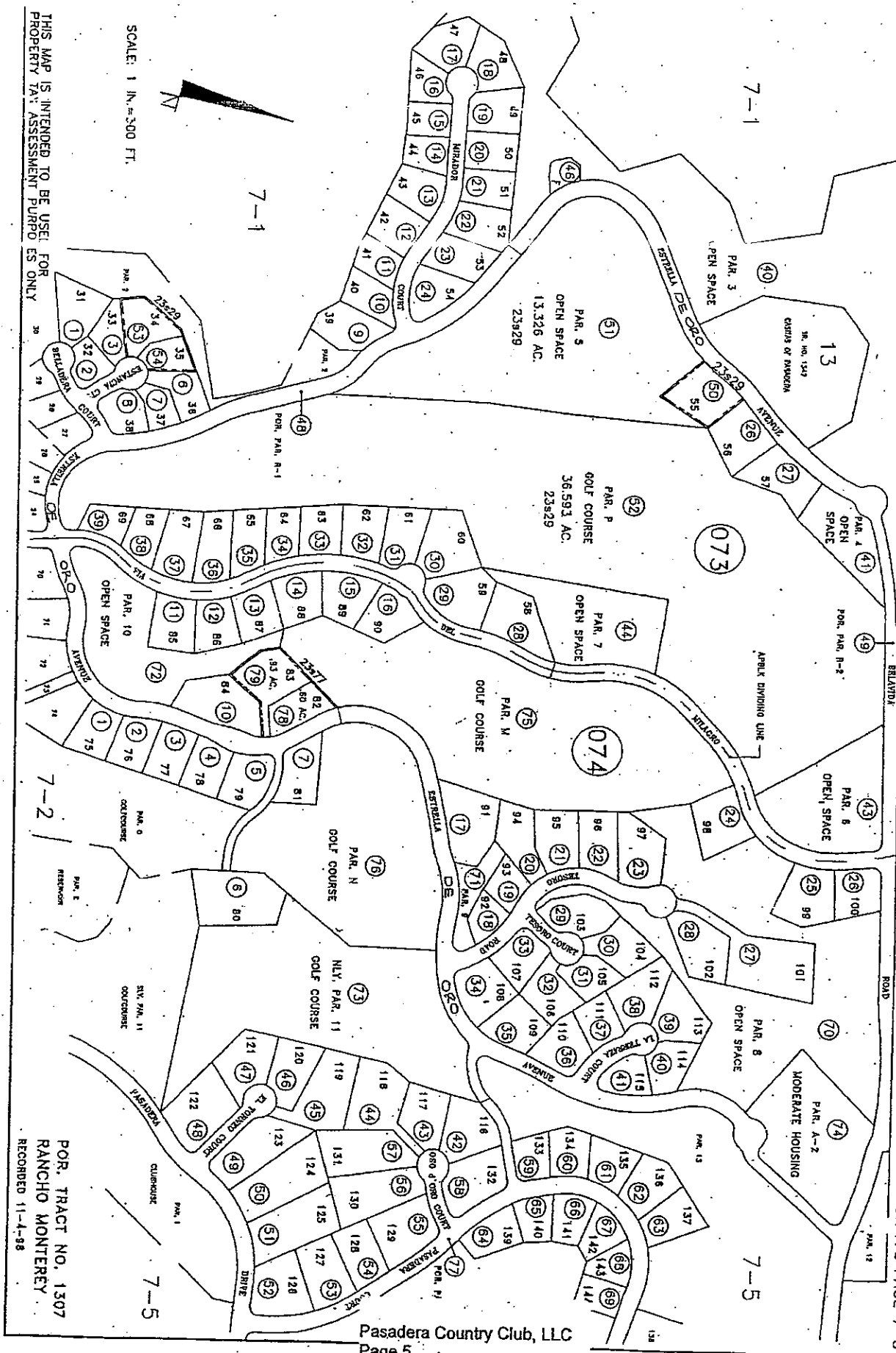


SCALE: 1 IN. = 300 FT.

Pasadera Country Club, LLC
Page 4

TAX CODE AREA
072

COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 173 PAGE 7-2



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

SCALE: 1 IN. = 500 FT.

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

Pasadera Country Club, LLC
Page 5

**Mission Memorial Park
Legal Description and Map**

DESCRIPTION

1

PARCEL I:

Certain real property 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. Monclvich 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

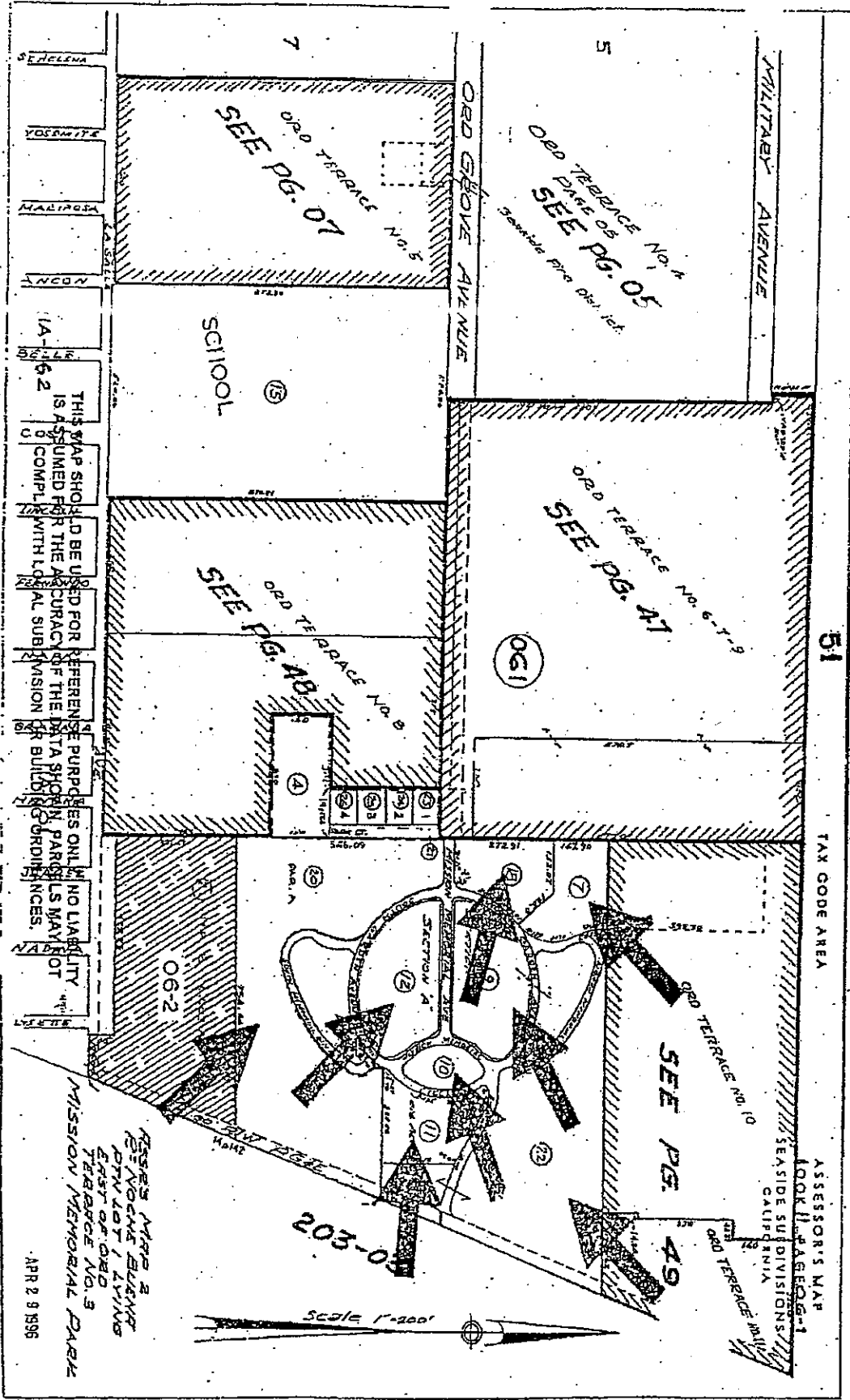
DESCRIPTION

- (1) S. 1° 01' E., 831.90 feet (in said dead 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 1/2' E., 374 feet along the said northerly line of Park Drive; thence

N. 33° 16 1/2' 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 Aggregates, 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-56-1, 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.

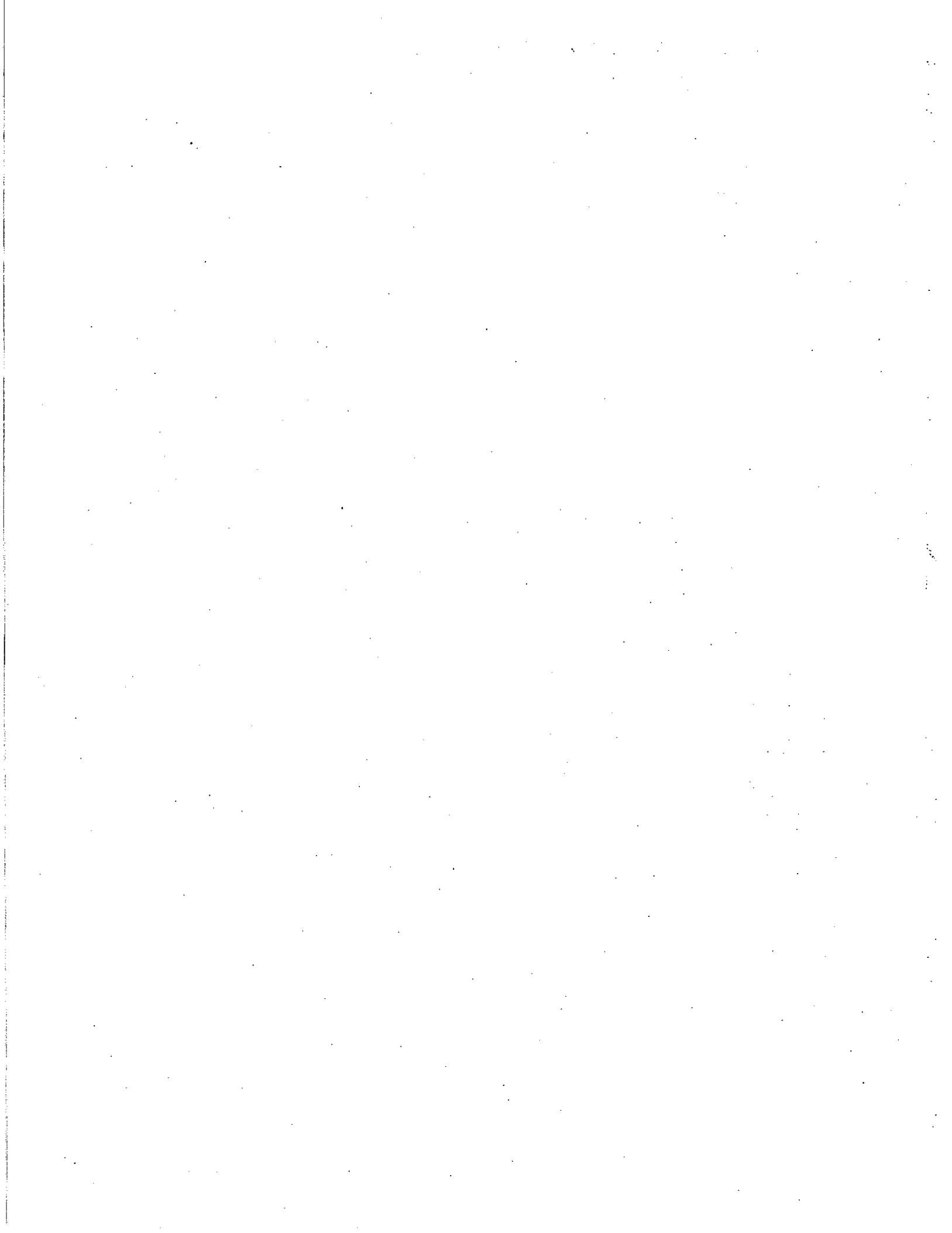


EXHIBIT 19-A
MONTHLY ALLOCATION REPORT
 Reported in Acre-Feet
 September 30, 2005

Alhambra 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	5.782
Camelby-the-Sea	19.410	0.000	1.630	1.081	0.000	1.081	0.560	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.560	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
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	17.999
Monterey County	87.710	0.000	17.406	13.080	0.000	0.000	0.065	7.827	0.000	2.501	0.000	0.000	0.000	0.000	0.000	19.972
Pacific Grove	25.770	0.000	1.620	1.410	0.000	0.000	1.091	11.473	0.000	2.329	0.000	0.000	0.000	0.000	0.000	5.040
San Jose	51.860	0.000	1.490	0.838	0.000	0.000	0.838	24.717	0.000	24.717	0.000	0.000	0.000	0.000	0.000	27.045
Seaside	65.450	0.000	25.863	34.438	0.000	0.000	34.438	4.534	0.000	3.541	0.000	0.000	0.000	0.000	0.000	63.842
TOTALS	372.710	0.000	59.866	101.946	0.000	0.000	47.215	87.644	0.020 Cr	41.530	0.000	0.000	0.000	0.000	0.000	142.951

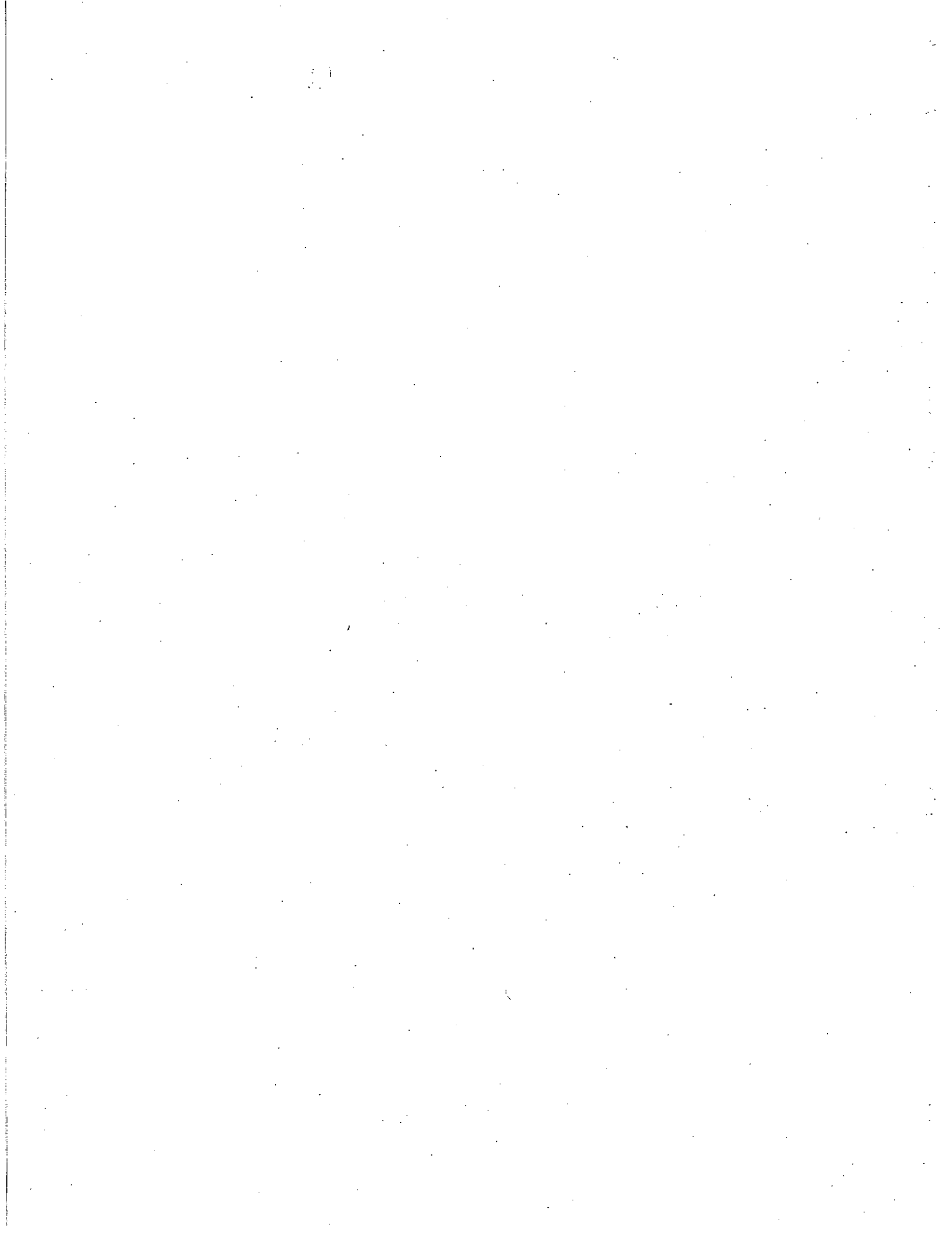


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CERTIFICATE OF MAILING
C.C.P. SEC. 1013a

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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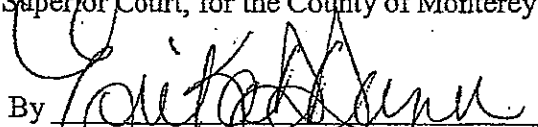
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Dated: 1-12-06

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

By 
Erika D. Dunn, Deputy

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PROOF OF SERVICE

I am employed in the County of Sacramento; my business address is Hall of Justice Building, 813 Sixth Street, Third Floor, Sacramento, California; I am over the age of 18 years and not a party to the foregoing action.

On February 15, 2006, I served a true and correct copy of

DECISION

X (by mail) on all parties in said action listed below, in accordance with Code of Civil Procedure §1013a(3), by placing a true copy thereof enclosed in a sealed envelope in a designated area for outgoing mail, addressed as set forth below. At Somach, Simmons & Dunn, mail placed in that designated area is given the correct amount of postage and is deposited that same day, in the ordinary course of business, in a United States mailbox in the City of Sacramento, California.

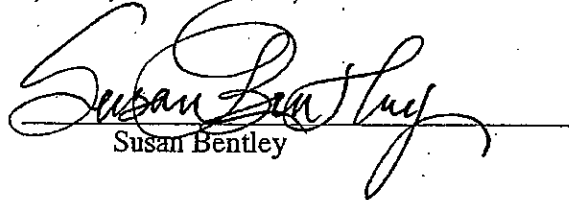
— (by personal delivery) by personally delivering a true copy thereof to the person and at the address set forth below:

— (by facsimile transmission) to the person at the address and phone number set forth below:

— (by electronic mail transmission) to the parties at the e-mail addresses set forth below:

SEE ATTACHED SERVICE LIST

I declare under penalty of perjury that the foregoing is true and correct under the laws of the State of California. Executed on February 15, 2006, at Sacramento, California.


Susan Bentley

SERVICE LIST

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