



PEBBLE BEACH
COMPANY

January 17, 2003

Ms. Stephanie Pintar
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942

Re: Pebble Beach Community Services District Expansion Plans
APN 008-031-009 and a portion of 008-031-017

Dear Ms. Pintar:

As you know, the Pebble Beach Community Services District (PBCSD) initiated condemnation proceedings to acquire an approximately two acre portion of Land Use Area I-1 (APN 008-031-017) owned by Pebble Beach Company (the "Company"). As a result of these condemnation proceedings, PBCSD and the Company have entered into an agreement pursuant to which PBCSD will purchase the two acres in question along with a small amount of our entitlement water. PBCSD intends to use the land and the entitlement water to build certain publicly owned and operated improvements to its existing fire safety and sanitary operations. These public improvements will be built on both the property being acquired from the Company and on PBCSD's existing and immediately adjacent property (APN 008-031-009).

For these reasons, and as we discussed on January 10, 2003, the Company supports PBCSD's request to approve a technical amendment to the Fiscal Sponsorship Agreement between the Company and the Water Management District dated August 1, 1990. The proposed technical amendment would allow up to one acre foot of the Company's entitlement water that is currently dedicated to Land Use Planning Area I-1 to be transferred to the immediately adjacent property that is owned and operated by PBCSD on behalf of the residents of the Del Monte Forest.

If you have any questions, please call me at 625-8449 or, in my absence, Cheryl Burrell at 625-8497.

Sincerely,

Mark Stilwell
Executive Vice President

C Cheryl Burrell
Richard Andrews, General Manager, PBCSD
Jim Nero, President, DMFPO

LEGAL AFFAIRS

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