

EXHIBIT 21-B

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File No. 00368.016

May 7, 2004

VIA FACSIMILE

Ms. Fran Farina
General Manager, Monterey
Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942-0085

Re: **Cañada Woods Water Company Non-potable and Reclaimed Water
Distribution System; MPWMD Application No. 20030930 CWW**

Dear Fran:

Since September, 2003, we have attempted to comply with the requirements of Condition No. 19 of the revised CWWC distribution system. We have filed a complete application as required by that condition but in the seven months since we filed the application, it has not been processed by the District. Instead, we have been subject to threats of punitive action should staff demands for information not required by the application go unmet.

Most recently, the District has demanded a written narrative description of each component of the non-potable and reclaimed wastewater systems. This information is neither required by the application, nor is it necessary because that information is contained in the plans submitted months ago. The District has also been provided with an explanation for the use of this water; golf course irrigation, native grassland restoration and construction water for infrastructure (e.g. road construction).

It has become apparent that the District is using this condition as an attempt to interfere with the development of the Cañada Woods and Monterra projects by fabricating an alleged failure to comply with the condition. We must, therefore, respectfully appeal the General Manager's determination that this application is incomplete and request that the CWWC distribution permit be amended to delete the requirement for such an application. Such an application has never been required of any other project, golf course, or applicant in the history of the Monterey Peninsula Water Management District and its purpose has been revealed to be one which is improper.

Please accept this letter both as an appeal of the General Manager's determination regarding completeness of this application and as a request to delete Condition No. 19 from the CWWC permit.

Ms. Fran Farina
General Manager, Monterey
Peninsula Water Management District
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Please process these requests as soon as possible.

Sincerely,

Lombardo & Gilles, PLC



Anthony L. Lombardo

ALL:DCS

cc: Mr. Alan Williams
Mr. Michael Waxer
Mr. Dave Fuller