

EXHIBIT 4-D

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July 14, 2005

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Mr. Dave Berger
General Manager
MPWMD
P.O. Box 85
Monterey, California 93942

MPWMD


Dear Dave:

In response to your district's inquiry as to whether Sand City would expand its proposed desalination project to help meet the water supply needs of the Monterey Peninsula, we offer this response. Sand City will continue to cooperate in finding a regional solution to the long-term water supply requirements of the Monterey Peninsula. In this effort, we have an approved, small desalination facility through the coastal commission which will supply Sand City's water needs for the near and mid-term and help alleviate overdrafting of the local ground water basins. This plant was developed based on a "benign by design" premise whereby a brackish water aquifer would be used to produce a potable water source through reverse osmosis and the byproduct water would be at a similar salinity as that of ocean water; in other words, there would be no "brine" per se. Our hydrogeologist advises us that to expand the plant to produce the quantity of water needed for the entire Peninsula (36 times the amount of our proposed water production, just to eliminate Order 95-10) would destroy that design parameter and produce a brine discharge into the Monterey Bay. Therefore, we cannot expand the plant to any significant degree.

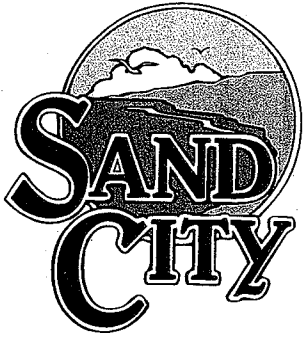
Based on the above design concept, our proposal has the written endorsement of Assembly member John Laird, Assembly member Simon Salinas, State Senator Abel Maldonado and CSUMB's Desalination Institute. The plant design also received the unanimous approval of the California Coastal Commission, by acclamation, in May, 2005 - a somewhat rare occurrence.

Should the Water District process a proposed water desalination project through all land use entitlement phases, at a suitable location within Sand City, the city would not object provided Sand City would continue to have its 300 acre-foot per year capacity maintained from the then, existing water desalination plant.

Sincerely,



Kelky Morgan, City Administrator
City of Sand City



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Sand City, CA
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