

EXHIBIT 4-B

HACIENDA CARMEL COMMUNITY ASSOCIATION

1000 Hacienda Carmel

Carmel, California • 93923-7949

Telephone (831) 624 - 8261 • Fax (831) 625 - 7805

www.haciendacarmel.us

RECEIVED

January 17, 2005

JAN 20 2005

MPWMD

Mr. David A. Berger
General Manager
Monterey Peninsula Water Management Dist.
P.O. Box 85
Monterey, CA 93942-0085

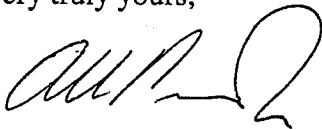
Dear Mr. Berger,

Thank you for your visit of Friday, January 14th, regarding the review of the damage to the river bank adjacent to Hacienda Carmel. We are indeed fortunate that you will be directing your staff to draw up the necessary plans, in order to alleviate this concern in the near term.

Hacienda Carmel is prepared to provide a reasonable amount of funding, and we will work in kind as available, to assist the District in its future construction efforts.

As outlined in my recent conversation with you, Hacienda Carmel's berm is the protective dike that provides our membership with necessary flood protection. It is of the utmost urgency that this dike continue to provide a safety measure to protect the lives of the nearly four hundred people that reside at Hacienda Carmel. Thank you for your understanding and concern.

Very truly yours,



G. W. Piercy, Jr.
General Manager

GWP:jpm



**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

5 HARRIS COURT, BLDG. G
POST OFFICE BOX 85
MONTEREY, CA 93942-0085 • (831) 658-5600
FAX (831) 644-9560 • <http://www.mpwmd.dst.ca.us>

April 21, 2006

John Kenny
26475 Via Petra
Carmel, CA 93923

SUBJECT: 2006 Carmel River Emergency Erosion Protection Work
and
Long-Term Restoration Project
APN 015-271-007 (MPWMD #039)

Dear Mr. Kenny:

This letter is to confirm the Monterey Peninsula Water Management District's (District or MPWMD) willingness to share in the costs of the emergency streambank protection work performed on your property between April 8 and April 12, 2006. On April 5, 2006, at your request, I verbally authorized the expenditure of up to \$5,000 in matching funds for installation of emergency erosion protection on your property. Subsequently, you requested that the District increase this amount and match the funds you expected to spend to complete work. I agreed to do so, subject to your providing adequate actual cost documentation, and to confirming your commitment to consider financial participation in a long-term project that will restore bank stability and enhance riparian values in this reach of the river.

Based on the invoice you sent to MPWMD from Carmel Valley Construction (Invoice No. 2563, dated 4/14/06), I understand that the total cost for rip-rap placement was \$15,523.96 and that your share of the cost for driveway repairs would be about \$1,500, for a project total of about \$17,024. I have authorized the expenditure of District funds for up to 50% of the total cost (or approximately \$8,500) for work on your property, subject to the following two conditions:

1. Please submit to MPWMD a written request for sharing in the costs of the emergency work, including copies of any invoice(s) and payment(s) for the work performed. Also, please include with this request your acknowledgement that you will consider participating in the costs of a long-term restoration project for the reach of the river that includes your property, by signing this letter on page 2, and returning it to us.

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MPWMD

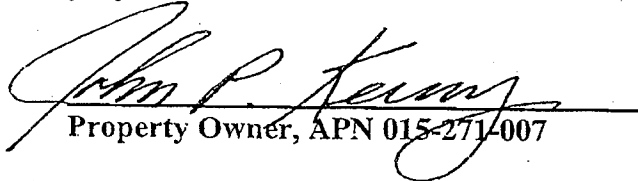
John Kenny
April 21, 2006
Page 2

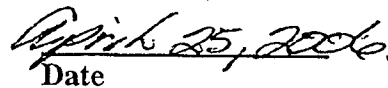
2. Submit to MPWMD an Application for River Work Permit (application form enclosed), along with the \$50 application fee for an Emergency Work Permit. If you wish assistance in completing the form, please contact Larry Hampson of my staff at 659-2543.

As District staff have informed you, the emergency work installed on your property and on the Dow property upstream may not withstand significant river flows in the future. Because the work was performed in flowing water while there was imminent threat of additional property loss, the contractor was unable to carry out work along the streambank and in the river bottom to meet current MPWMD standards for such river work. In addition, it is MPWMD staff's opinion that because work was limited to the minimum necessary to prevent further imminent losses, streambank protection may not have been carried far enough upstream and downstream to prevent the river from eroding banks at the upstream and downstream ends of the work. For these reasons, it is critically important to complete additional work on your property to ensure the long term stability of the protection already put in place.

MPWMD staff would like to work with you and neighboring property owners to complete a long term restoration project that would address both the river flow problem and improve habitat for protected steelhead. We propose to include a request to the MPWMD Board of Directors for a portion of the funds required to complete a project in the next fiscal year (July 1, 2006 to June 30, 2007). Your financial and in-kind participation in this project may be a significant factor in determining whether the District will be able to fund additional work.

"I understand that emergency work performed on my property in April 2006 may be subject to additional erosion at high flows and that I will consider cooperating with the Monterey Peninsula Water Management District to complete a long-term project to stabilize the river bank and enhance riparian values in this reach of the river. My participation may include an agreement for access to complete work on my property, financial participation in the cost of the project, and long-term maintenance of the project."

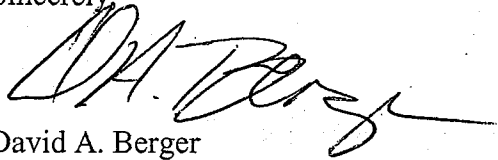

Property Owner, APN 015-271-007


Date

MPWMD appreciates your favorable comments regarding the service and support the District provided to you for emergency work on your property. Feel free to contact me at 658-5650 if I can be of further help.

John Kenny
April 21, 2006
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Sincerely,



David A. Berger
General Manager

Enclosure: Application for River Work Permit

cc: MPWMD Board of Directors
Tom Moss, Senior Hydrologist Supervisor, Monterey County Water Resources Agency
Andrew M. Bell, District Engineer
Larry Hampson, Water Resources Engineer

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**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

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April 24, 2006

Amelia A. Dow
480 Larson Court
Marina, CA 93933

SUBJECT: 2006 Carmel River Emergency Erosion Protection Work
and
Long-Term Restoration Project
APN 015-251-023 (MPWMD No. 040) and
APN 015-251-024 (MPWMD No. 041)

Dear Mrs. Dow:

This letter is to confirm the Monterey Peninsula Water Management District's (District or MPWMD) willingness to share in the costs of the emergency streambank protection work performed on your property between April 10 and April 12, 2006. On April 9, 2006, Larry Hampson, Water Resources Engineer, met with you and your daughter Laurie and informed you that I had verbally authorized the expenditure of up to \$5,000 in matching funds for installation of emergency erosion protection on your property. Subsequently, you and Laurie requested that Carmel Valley Construction carry out approximately \$20,000 in emergency repairs with the understanding that MPWMD would provide technical assistance during the repair work and would share in the cost of the repairs.

I have authorized the expenditure of District funds for up to \$5,000 of the total cost for the emergency work on your property, subject to the following two conditions:

1. Please submit to MPWMD a written request for sharing in the costs of the emergency work, including copies of any invoices(s) and payment(s) for the work performed. Also, please include with this request your acknowledgement that you will consider participating in the costs of a long-term restoration project for the reach of the river that includes your property, by signing this letter on page 2, and returning it to us.

Amelia A. Dow
April 24, 2006
Page 2

2. Submit to MPWMD an Application for River Work Permit (application form enclosed), along with the \$50 application fee for an Emergency Work Permit. If you wish assistance in completing the form, please contact Larry Hampson of my staff at 659-2543.

As District staff have informed you, the emergency work installed on your property and on the Kenny property downstream may not withstand significant river flows in the future. Because the work was performed in flowing water while there was an imminent threat of additional property loss, the contractor was unable to carry out work along the streambank and in the river bottom to meet current MPWMD standards for such river work. In addition, it is MPWMD staff's opinion that because work was limited to the minimum necessary to prevent further imminent losses, streambank protection may not have been carried far enough upstream and downstream to prevent the river from eroding banks at the upstream and downstream ends of the work. For these reasons, it is critically important to complete additional work on your property to ensure the long term stability of the protection already put in place.

MPWMD staff would like to work with you and neighboring property owners to complete a long term restoration project that would address both the river flow problem and improve habitat for protected steelhead. We propose to include a request to the MPWMD Board of Directors for a portion of the funds required to complete a project in the next fiscal year (July 1, 2006 to June 30, 2007). Your financial and in-kind participation in this project may be a significant factor in determining whether the District will be able to fund additional work.

"I understand that emergency work performed on my property in April 2006 may be subject to additional erosion at high flows and that I will consider cooperating with the Monterey Peninsula Water Management District to complete a long-term project to stabilize the river bank and enhance riparian values in this reach of the river. My participation may include an agreement for access to complete work on my property, financial participation in the cost of the project, and long-term maintenance of the project."

Amelia A. Dow
Property Owner, APN 015-251-023 and 015-251-024

06 12 06
Date

Amelia A. Dow
April 24, 2006
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Please feel free to contact me at 658-5650 if I can be of further help.

Sincerely,

A handwritten signature in black ink, appearing to read "D.A. Berger". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David A. Berger
General Manager

Enclosure: Application for River Work Permit

cc: Laurie Dow, 291 Park Circle, Marina, CA, 93933
MPWMD Board of Directors
Tom Moss, Senior Hydrologist Supervisor, Monterey County Water Resources Agency
Andrew M. Bell, District Engineer
Larry Hampson, Water Resources Engineer