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1 **BEFORE THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

2

3 In re the Matter of)

4 Review of Water Distribution System Permit) **DECLARATION OF HENRY RUNHKE**

5 For Ryan Ranch)

6)

7 I, Henry Runhke, declare under penalty of perjury as follows:

8 1. I am the designated agent for Wilson Street Partners, LLC and Ryan Ranch Investors with

9 respect to Water Permits #25915, 25916, 25921, 25922, and 25919. I am also intimately familiar

10 with each of the projects associated with each water permit. If called upon to testify I could and

11 would testify to the following.

12 2. Each project associated with each of the above-referenced water permits is proceeding

13 through the construction process in reliance upon the issuance of those water permits. The

14 owners have spent millions of dollars on completion of these building projects. Each project

15 has progressed to various stages of completion.

16 3. I have also received a copy of the letter from the Water Management District dated

17 February 12, 2009 to Sheri L. Damon with respect to the above issued permits. I attach a true

18 and correct copy of that letter to this declaration as Exhibit A. Based upon the letter, it is my

19 understanding that the above-referenced permits will not be affected by any revision to the Water

20 Distribution System permit held by Cal Am for the Ryan Ranch area so long as the above-

21 referenced water permits remain valid and in compliance with Water Management District

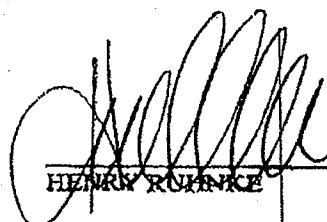
22 regulations. It is further my understanding that any future tenant connection and future tenant

23 use in the buildings which hold the above-referenced permits will not be affected by any

24 reduction to the Ryan Ranch water distribution system permit so long as there is no

25 intensification of water use.

26 DATED:

27 

28 _____

HENRY RUNHKE

2/17/09



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FEB 13 2009

**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

5 HARRIS COURT, BLDG. G
POST OFFICE BOX 85
MONTEREY, CA 93942-0085 • (831) 658-5601
FAX (831) 644-9558 • <http://www.mpwmd.district.ca.us>

February 12, 2009

Sheri L. Damon, Esquire
Lombardo & Gilles
318 Cayuga Street
Salinas, California 93908

Subject: Water Permits for APN 259-031-058

Dear Sheri:

This letter explains the District Rules associated with the ability of your clients to construct and maintain the uses proposed in the Water Permits issued in 2008 for the subject parcel, i.e., Assessor Parcel Number (APN) 259-031-058. Specifically, District Rule 25-A, *Cancellation, Expirations, Suspension, Abandonment and Revocation of Water Permits*, states: "All Permits issued pursuant to these regulations which are not completed shall expire two (2) years after the date of issuance or upon expiration of the building permit." Essentially, this means that as long as construction of the District-approved projects commences in the two years that the Water Permits are valid, and as long as the building permits do not lapse, the District would not take action to revoke the permits.

Water Permits #25915, 25916, 25921, 25922, and 25919, issued for New Structures on APN 259-031-058 allow the use of water for the purposes specified on the Water Permits (including any Conditions of Approval, as referenced). As long as the Water Permits remain valid, construction of these projects would not be impacted by a moratorium. Any modifications to the project approved by the District are subject to review. Once constructed, these buildings are subject to all District conservation and rationing standards.

The Water Permits referenced in this letter authorize water use for two buildings: a unique auto use and an office building. It may be necessary to add additional water meters for individual tenant water use within the office building, and it is required that individual condominiums in the auto use utilize in-line water meters for individual condominium units that have water service (Rule 23-A-1-i). The installation of additional water meters to service tenant improvements in an existing building when there is no change in the intensity of use (i.e., change from one Non-Residential Water Use Factor to another), would not be prohibited by any District action to restrict new Water Permits in the Ryan Ranch system. Similarly, tenant changes would not be restricted as long as there is no Intensification of Use.

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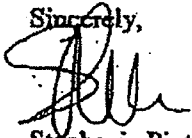
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Ms. Sheri Damon
February 12, 2009
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Finally, the District will verify that the buildings as built match the buildings as planned. If either of the approved projects varies from the project permitted, an amended Water Permit, subject to current rules, will be required (Rule 23-A-1-o).

Please call me or Gabriela Ayala if you need further clarification about the Water Permit process. We can be reached at 658-5601.

Sincerely,



Stephanie Pintar
Water Demand Manager

cc: Darby Fuerst
David Laredo
Fran Farina