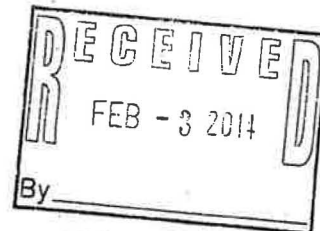


**SEASIDE GROUNDWATER BASIN WATERMASTER**

2600 Garden Road, Suite 228, Monterey, CA 93940

(831) 641-0113



January 27, 2014

Anthony L. Lombardo  
450 Lincoln Avenue, Suite 101  
Salinas, CA 93901

Dear Mr. Lombardo,

The Seaside Groundwater Basin Watermaster (Watermaster) is in receipt of your letter dated January 21, 2014. Your letter informs us that your client, Cypress Pacific Investors, LLC, will be submitting an application with the Monterey Peninsula Water Management District to obtain permission to wheel water through the existing distribution system of California American Water to service properties that are located within the boundaries of the Seaside Groundwater Basin.

As you are aware, the Seaside Groundwater Basin is adjudicated by the Amended Decision (Decision) entered in the case California American Water Company v. City of Seaside et al., Monterey Superior Court Case No. GNM66343. Your client (referred to as "Calabrese" in the Decision) holds a 14 acre-foot Alternative Production Allocation (APA) water right per Table 2 of the Decision. Watermaster confirms that your client has the right to convert all or part of the APA right to a Standard Production Allocation (SPA) right. The option to convert from an APA to SPA can be exercised by your client by filing a declaration with the Court and serving said declaration on all other parties to the Decision. Once converted, your client can then take advantage of the portability allowed by the Decision to use water it produces from the Coastal Subarea under its SPA in any area of the Seaside Groundwater Basin.

No action by the Watermaster board is necessary to proceed with the conversion from APA to SPA water right. Accordingly, there is no need for this matter to be put on the February 5, 2014 Watermaster board meeting agenda.

Thank you for your inquiry into this matter.

Sincerely,

  
Dewey D. Evans  
Chief Executive Officer

DDE:ljd