

ANTHONY LOMBARDO & ASSOCIATES

A PROFESSIONAL CORPORATION

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February 25, 2015

Bill Kocher
General Manager
Marina Coast Water District
11 Reservation Road
Marina, CA 93933-2099

Re: Bay View Community Appeal

Dear Mr. Kocher:

Thank you for taking the time to speak with me about this issue.

The settlement proposal that I had discussed with your predecessor involved a revision to the existing arrangement between Marina Coast and my client. Currently, Marina Coast bills the 223 individual units at Bay View, based on meter readings provided by my client, then also bills Bay View for any difference between the meter readings for the total of the individual meters and the reading on the 8" meter at the property line. The rate billed for the 8" meter is, of course, at Marina Coast's highest tier rate because of the size of the meter.

Included in the cost of water delivered to all users on the former Fort Ord is a 14% system loss which is also paid by the residents of Bay View Community included in their individual monthly water bills. Therefore, the system loss attributed to the difference between the 8" meter and the total of the 223 individual meters has already been paid by the residents in their water cost.

The concept that had previously been discussed as an alternative to Marina Coast taking over the system was the following:

1. Bay View would continue to own and maintain the water system after the 8" meter.
2. Marina Coast would install its own "Marina Coast" meter at each of the individual connections at Bay View. Upon completion of the installation of all new meters, the disputed funds held in my trust account of \$127,559.99 will be released to MCWD with the execution of an agreement memorializing this arrangement.
3. Going forward, Marina Coast would read and bill each of the meters as individual connections, at the appropriate tier rate, including individual meter fees which is currently \$31.48 per month for each residence, for an increase of revenue in the amount of \$7,020.04 per month to MCWD.
4. The 8" meter will remain in place as a control meter. As long as system loss between the 8" meter and the total of the individual meters does not exceed the 14% system loss which is assumed for the remainder of the Fort Ord system by Marina Coast, Bay View will not be charged any additional money. If loss rates exceed 14%, Bay View

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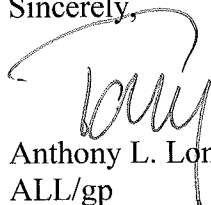
will be responsible for payment for water in excess of the 14% loss at the same tier level as the individual meters.

5. Bay View would dismiss its appeal to FORA as soon as the agreement is executed.

As I mentioned on the telephone, I am happy to meet with you or appear at a Board meeting to make this proposal if you feel it would be helpful.

Let me know if you would like to discuss any of these points.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony L. Lombardo". The signature is written in a cursive style with a large, sweeping initial "A".

Anthony L. Lombardo
ALL/gp

cc: clients