

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Marion Cravens, General Manager
Rancho Murieta Community Services District
P. O. Box 1050
Rancho Murieta, CA 95683

[Signature]
COUNTY CLERK-RECORDER

NO
FEE
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**AGREEMENT BETWEEN RANCHO MURIETA COMMUNITY SERVICES
DISTRICT AND THE ANDERSONS RESPECTING GROUNDWATER
DEVELOPMENT**

THIS AGREEMENT is made this 24th day of January, 1994, between
RANCHO MURIETA COMMUNITY SERVICES DISTRICT (the "District") and
FREDERICK E. ANDERSON and PATRICIA D. ANDERSON (the "Andersons").

Recitals

A. The Andersons own a certain 203 acre parcel of real property in
Sacramento County, California, identified as Sacramento County Assessor's Parcel
Number 073-0180-015, sometimes known as "Anderson East Ranch", and more
particularly described in **Exhibit A** attached hereto and incorporated herein (the
"Property").

B. The Andersons also own 446 acres of real property in Sacramento
County, California, identified as Sacramento County Assessor's Parcel Numbers 128-
0070-010, 038, 054 and 055, sometimes known as "Anderson West Ranch," and more
particularly described in **Exhibit B** attached hereto and incorporated herein. An
existing well is in service on the Anderson West Ranch at the approximate location
marked by the circled number 1 in **Exhibit B** ("Anderson Well No. 1"), and the
Andersons intend to drill an additional well in the approximate location marked by
the circled number 3 in **Exhibit B** ("Anderson Well No. 3"). The Andersons also
own approximately 100.73 acres of real property in Sacramento County, California,
identified as Sacramento County Assessor's Parcel No. 073-0180-003, sometimes
known as the "Equestrian Center," and more particularly described in **Exhibit C**
attached hereto and incorporated herein. An existing well is in service on the
Equestrian Center at the approximate location marked by the circled number 2 in

Exhibit C ("Anderson Well No. 2"). (The Anderson West Ranch and the Equestrian Center are together referred to herein as the "Adjacent Property," and Anderson Well No. 1, Anderson Well No. 2 and Anderson Well No. 3 are together referred to herein as the "Anderson Wells.")

C. The District desires to drill a test well for water on the Property and, if that well meets District requirements, to subsequently drill, operate and maintain one or more production water wells on certain portions of the Property.

D. The Andersons are willing to permit the District to drill the test well on the Property, and, if requested to do so by the District, to convey to the District necessary easements in, on and over the Property for one or more production wells.

E. The parties hereto desire to enter into an agreement reflecting the above matters on the terms and conditions hereinafter set forth.

NOW, THEREFORE, it is mutually agreed as follows:

Agreement

1. Location of Well(s) and Pipes. The District shall confine any test or production well(s) to the strip of land along the boundary of the Property (and which shall specifically exclude the area of the proposed runway extension on the southwest portion of the Property) as generally depicted in Exhibit A (Page 2 of 2) attached hereto and incorporated herein. The District agrees that the final location of well(s) and pipes on the Property shall be in mutually agreeable locations within said strip of land, which locations shall be reasonably approved by the Andersons so long as said locations are generally along the perimeter of the agricultural fields on the Property so as not to significantly interfere with the Andersons' agricultural operations, airport operations and the proposed runway extension. The Andersons shall have the right to approve the final location of well(s) and pipes on the Property, which approval shall not be unreasonably withheld.

*500' wide strip of land
located just outside said boundary of the
Andersons*

2. Development of Groundwater on Anderson Property; Grant of Property Easement Rights.

A. The Andersons hereby grant to the District, its agents, employees, contractors and consultants, the right to enter the Property for a

five (5)-year period commencing on the date hereof for the purpose of drilling, operating and maintaining one or more test water wells in the area of the Property depicted on Exhibit A (Page 2 of 2).

B. If the District determines to produce water from the test well(s) after drilling it and analyzing its ability to meet the District's needs for additional water, the District shall so inform the Andersons in writing. The notice (and any subsequent notice, if the District wishes to develop additional wells) shall specify the area(s) of the Property included within the space designated for wells on Exhibit A (Page 2 of 2) that the District intends to place a production well. Anderson shall have thirty (30) days to object to the location of the well in writing (which fact shall be stated in the notice). If Anderson reasonably objects, the District shall submit an alternative location for the Andersons' approval. If the Andersons fail to raise an objection within said thirty (30)-day period, the District's proposed location for the production well shall be deemed approved. The District shall be permitted to place as many production wells within the area for wells on the Property as may be necessary to produce at least 1,400 acre feet during any one Use Period (as defined in Paragraph 7A below), as reasonably determined from engineering data obtained by the District. Within thirty (30) days of such approval or deemed approval, the District shall prepare and the Andersons shall deliver to the District executed and acknowledged documents in recordable form acceptable to the parties granting to the District:

(1) An easement on, over and under a parcel of fifty feet (50') by fifty feet (50') for each production well site identified by the District permitting the District the right to construct, install, maintain, operate, replace and improve all facilities necessary for the utilization of such well; and

(2) A nonexclusive easement having a width of at least fifteen feet (15') for ingress and egress on, over and under the Property to the well site(s) referred to in Paragraph 2B(1) above, for the construction, installation, repair, maintenance, operation, replacement and improvement of water pipelines, power lines, and

other public utility lines to facilitate the operation, maintenance, replacement and improvement of the well(s). So as not to interfere with the Andersons' agricultural operations, the location of such easement(s) shall be routed along the perimeter of the agricultural fields on the Property in a location to be approved by the Andersons, which approval shall not be unreasonably withheld.

C. As used in this Agreement, the term "groundwater" means water produced by wells of either party that are referred to in this Agreement.

D. The District agrees to furnish to Andersons copies of all well data collected by the District on its well(s) and on the Anderson Well No. 1.

3. Rights of Access. In addition to the rights of access hereinabove provided, the District shall have a reasonable, nonexclusive right of access to the proposed test/production well and the possible well field in the area, along the existing and future farm roads as depicted on Exhibit A (Page 2 of 2). The District shall be allowed the reasonable, nonexclusive rights of access so that it and its agents, employees, contractors and consultants may perform tests necessary to determine potential production of additional well(s).

4. Metering. The District shall install and maintain a meter for each of its wells to accurately measure the water produced by said well. All determinations relative to the method of measuring of water extracted shall be made by the District.

5. Outlet for the Andersons. The District shall, in connection with its well system installation on the Property, provide the Andersons with one (1) point of service outlet at a location on the District's system designated by the Andersons. The outlet may be relocated and/or a second outlet added at the expense of the Andersons, provided that said location(s) do not unreasonably interfere with the District's use of its facilities. The District shall install and maintain a meter on the service outlet(s) for the purposes of determining the actual volume of water delivered to the Andersons.

6. Cost to Develop & Construct Well System. The District shall bear all costs of developing and constructing the system of wells on the Property in exchange for, and in consideration of, the District's right to obtain priority to the water and the easements described in this Agreement.

7. Use of Water by District; And Option of the Andersons to Use Water From Well(s) When District Has No Exclusive Demand for Such Water. The District shall have the prior right to use all water extracted by the District from its wells on the Property to meet any and all water demands of municipal and industrial users served by the District within its existing boundaries, as such demand is determined by the District taking into account current and projected short-term water needs of the District, provided such use does not to exceed 1,400 acre feet in any one Use Period except in a dry year, as described in Section 7A below, when the District's right to prior use may exceed 1,400 acre feet for such Use Period. Notwithstanding the above, the District agrees that it will operate its well(s) on the Property so as not to have a significant effect on the Andersons' use of or production of water from Anderson Well No. 1, which has an historical use of approximately 80-acre feet per year, or on the Andersons' use or production from Anderson Wells No. 2 and No. 3, to the extent required for domestic uses (as that term is used in Paragraph 9D) for each personal residence located near such well. The Andersons' right to such priority of use is subject to the limitation that the Andersons' future use of water from the Anderson Wells (or any comparable replacement well) will not be materially increased beyond 80 acre feet per year to the detriment of the District's requirements. All references in this Agreement to each of the Andersons Wells shall mean, include and apply to any comparable replacement of that Anderson Well by the Andersons at their expense if its replacement is determined to be necessary by the Andersons.

A. Exercise of District's Exclusive Right to Pump Wells in a Dry Year in Exchange for a Minimum Payment. On or before April 1 of each year, or such other date as may be mutually agreed upon, the District shall notify the Andersons of its determination to exercise the exclusive right to pump and use such water from its wells within the District for the ensuing twelve (12)-month period (the "Use Period"). If the District affirmatively notifies the Andersons that it wishes to exercise the exclusive right, it shall

pay the Andersons as compensation therefor the greater of the two following amounts:

(1). The product of the District's Cost Per Acre Foot to pump from the Cosumnes River, multiplied by 1,400 acre feet (the "Minimum Payment") (e.g.- The current District's Cost Per Acre Foot of \$43.30 multiplied by 1,400 acre feet, for a current Minimum Payment of \$60,620).

(2). The product of the District's Cost Per Acre Foot for such Use Period multiplied by the actual acre feet of water pumped by the District during the Use Period.

The District's Cost Per Acre Foot to pump from the Cosumnes River shall mean an amount approximately equal to the District's cost of diverting surface flows from the Cosumnes River to Calero Reservoir under Application No. 23416 as of the end of the District's fiscal year, said fiscal year ending on June 30 immediately following the beginning of the Use Period. The Andersons and the District agree that the current Cost Per Acre Foot is \$43.30 per acre-foot. District's Cost Per Acre Foot amount shall be adjusted annually for each Use Period, not later than April 1 of each year for the following Use Period, by the percentage change in the Sacramento Municipal Utility District electricity rate per kilowatt-hour for the District's Granlees Raw Water Pump Station from the previous fiscal year. The District's payment to the Andersons for its exclusive rights, if exercised, shall be due as follows:

(1). The Minimum Payment shall be paid on the June 1 immediately following issuance of the District's notice.

(2). If the District pumps more than 1,400 acre feet during the Use Period, then the difference between the Minimum Payment and the amount calculated under Paragraph 7A(2) shall be paid on the June 1 immediately following the Use Period.

B. Other Years: Each of the Parties Shall Have the Non-Exclusive Right to Use Water from the Wells Upon Payment of Certain Charges.

Unless the District affirmatively notifies the Andersons by April 1 under Section 7A that it wishes to exercise the exclusive right for such water, then in such years:

(1). The Andersons shall have the nonexclusive right to use water that can be extracted from the Property by the District's wells during the Use Period, after giving fifteen (15) days' prior notice to the District, provided that the Andersons use such water only on the Property and on the Andersons' Adjacent Property. The Andersons and any of their respective successors and assigns of their ownership interests in the Property and the Adjacent Property may resell such water or assign any of their rights to use such water only for use upon the Property and the Adjacent Property but not for use upon any other property.

The price to be paid by the Andersons for the use of water from the District's wells shall be determined as follows:

(a). Operating Costs. Within thirty (30) days after the completion of each Use Period, the District will determine the cost of operating the well system to pump water for the previous Use Period (the "Operating Cost"). The Operating Cost shall include all of the District's expenses during said Use Period for energy, labor, equipment, supplies, supervision and administration, plus an annual allowance for replacement costs, if applicable, as said allowance is calculated under the 75% Production Rule as defined in Paragraph 7B(4) of this Agreement, of the pumps, motors and electrical controls of the wells resulting from their use during said Use Period.

(b). Standby Costs. The District, within said thirty (30)-day period, will also estimate the approximate cost of maintaining the well system on a standby basis for the previous

Use Period (the "Standby Cost"). The Standby Cost shall be determined by using reasonable estimates of expenses that would have been incurred to maintain the well system on a standby basis during said Use Period on the assumption that no pumping occurred during said Use Period. The Standby Cost shall include an allowance for all of the District's expenses for energy, labor, equipment, supplies, supervision and administration, plus an annual allowance for replacement costs, if applicable, as said allowance is calculated under the 75% Production Rule as defined in Paragraph 7B(4) of this Agreement, of the pumps, motors and electrical controls of the wells resulting from their non-use during said Use Period.

(c). Pumping Cost Per Acre Foot. Subject to Paragraph 7B(1)(f) below, the District will then determine the pumping cost per acre foot (the "Pumping Cost Per Acre Foot") of water actually pumped during the previous Use Period by dividing the difference in cost between the Operating Cost and the Standby Cost (the "Variable Cost") by the actual volume of water pumped during said Use Period.

(d). The District will then determine the volume of water used by the Andersons and by the District during the previous Use Period and each parties respective pro-rata share of the total volume of water actually pumped during said Use Period.

(e). The price to be paid by the Andersons shall then be determined by multiplying the Andersons' pro-rata share of the total volume of water actually pumped during the previous Use Period times the Pumping Cost Per Acre Foot.

(f). In no event shall the Pumping Cost Per Acre Foot in any Use Period exceed the District's Cost Per Acre Foot to

pump from the Cosumnes River as defined in Paragraph 7A of this Agreement.

(2). The District shall also have the nonexclusive right during such other years to use, within the District, water from its wells, upon payment to the Andersons, for each acre foot of water so used, the District's Cost Per Acre Foot to pump from the Cosumnes River, as defined in Section 7A of this Agreement above; provided that upon request from the Andersons, the District shall notify the Andersons of the approximate amount of water that the District intends to take during the remainder of that Use Period.

(3). The rights of each party to use the wells shall be correlative, and in the event of inadequate yield during that Use Period, each party's use shall be proportionate to the needs of each party during the remainder of that Use Period.

(4). 75% Production Rule. The District and Andersons agree that if either party utilizes more than 75% of the production of the District's well(s) in any one Use Period, then that party shall be responsible for one hundred percent (100%) of the annual allowance for replacement costs of the pumps, motors and electrical controls of the wells for that Use Period based on a forty (40)-year life. The District and Andersons further agree that should neither party utilize more than 75% of the production of the District's well(s) in any one Use Period, then both parties will share the allowance for replacement costs (again assuming that such equipment has a forty (40)-year life) for that Use Period pro-rata to their respective shares of the total volume of water actually pumped during said Use Period.

C. Example. Attached hereto as Exhibit D is a Memorandum dated January 20, 1994, that gives examples of the costs to be paid by the District and the Andersons using the principles set forth in this Paragraph 7 based on certain assumptions and current estimated costs.

8. Monitoring Anderson Well No. 1. The District agrees to monitor the Anderson Well No. 1. Anderson Well No. 2 and Anderson Well No. 3 shall not be monitored by the District. The equipment installed shall monitor the drawdown effect, if any, from the District's well(s) on the Anderson Well No. 1. The District shall monitor the Anderson Well No. 1 at the following times: (1) prior to the initiation of any pumping of the District's initial well and each additional well drilled thereafter; (2) each of the first ten (10) working days that any new well is in operation; and, (3) thereafter weekly for as long as any well is in actual operation. The District shall have the right of ingress to and egress from the Anderson Well No. 1 for said monitoring purposes using existing farm roadways.

9. Andersons' Right to Extract Water From the Adjacent Property.

A. The Andersons shall also have the right to maintain the Anderson Wells (or any replacement thereof at their expense), and to also drill a new well or wells and extract water from such well(s) from the Adjacent Property for their beneficial use; provided, that such increased use or production from the Anderson Wells or any new Anderson well(s) does not have a significant adverse effect on the District's ability to produce water from its well(s) or, when combined with the District's production from its wells, exceed the annual safe yield of the groundwater supply, as determined by the District's hydrogeologist. If the annual safe yield of the groundwater supply is threatened, the Andersons shall reduce their increased use or production accordingly, but only to the extent of such increased use or production.

B. Except in a dry year after the District has exercised its prior right to use under Paragraph 7A, nothing herein shall preclude or prevent the Andersons from drilling wells and extracting water from the Adjacent Property for non-domestic uses, or from extracting and marketing water to third parties, or from licensing to others the right to drill, pump and extract groundwater from the Adjacent Property; provided that the water so extracted from the Adjacent Property does not, when combined with the expected amount of groundwater to be taken by the District under this Agreement during that Use Period (as quantified in the District's notice to the Andersons under Paragraph 7B(2) hereof, which notice shall be requested

by the Andersons if the Andersons intend to do the things contemplated by this subparagraph), exceed the annual safe yield of the groundwater supply in that Use Period, as determined by the District's hydrogeologist. If the annual safe yield of the groundwater supply is threatened, the Andersons shall reduce their non-domestic uses or exports of water accordingly, but only to the extent of such non-domestic uses or exports.

C. The Andersons, and each of them, and their heirs, successors, administrators, executors, agents, lessees and assigns, agree not to grant any other person or entity the right to explore or extract water from the Property by any means or for any purpose.

D. The parties acknowledge that existing domestic uses by the Andersons on the Adjacent Property shall have priority over all other uses for any water extracted from the Property under this Agreement, including the District's prior right to use such water under Paragraph 7A. Any use by the Andersons, and each of them, and their heirs, successors, administrators, agents, lessees, and executors, of water extracted from the Adjacent Property, other than domestic uses, shall be subordinate to the District's rights to extract water from the well(s) described in Paragraph 2. As used in this Paragraph 9, the term "domestic use" or "domestic uses" means the use of groundwater by the Andersons to satisfy the water needs of humans, farm animals, household pets, and livestock, and such reasonable quantities required for lawn and garden maintenance adjoining residential property currently existing on the Adjacent Property. Domestic use specifically excludes water used in agricultural, farming, commercial and industrial operations.

E. In periods when the District has exercised the exclusive right to pump under Paragraph 7A, the Andersons shall be permitted to only use as much water from their wells on the Property and the Adjacent Property that they can beneficially use for existing domestic uses; provided that the Andersons may also use such water for non-domestic purposes or sell or export such water for use outside the Property or the Adjacent Property so long as the total quantity of such water (i) used for other than domestic

purposes, plus (ii) the quantity of water actually used by the Andersons for domestic purposes on the Adjacent Property, plus (ii) the quantity of water to be used by the District under its exclusive right to pump, does not exceed the annual safe yield of the groundwater supply in that Use Period, as determined by the District's hydrogeologist. If the annual safe yield of the groundwater supply is threatened, the Andersons shall reduce their non-domestic uses of water accordingly but only to the extent of such non-domestic uses.

10. Safe Yield of Groundwater Supply. Notwithstanding any other provision of this agreement, the District's obligations under this agreement shall be limited by the quantity of water that the District can beneficially pump without exceeding the safe yield of the groundwater supply, as determined by the District's hydrogeologist.

11. Andersons' Right to Pump Prior to District Commencing Production. Nothing contained in this Agreement shall restrict or prohibit Andersons from drilling wells or pumping, using or marketing such groundwater from either the Property or the Adjacent Property so long as such use does not exceed the safe yield of the groundwater aquifer, other than that area of the Property depicted on Exhibit A (Page 2 of 2) reserved for the District well(s), prior to the time that the District installs one or more production well(s). Once the District installs one or more production well(s), the Andersons' right to drill wells and use such groundwater from the Property and the Adjacent Property under this paragraph shall decrease pro-rata to the District's increased capacity to extract groundwater to meet the demand for water service commitments within the District's existing boundaries.

12. Discontinued Use of Well(s). If at any time the District permanently discontinues the use of its well or wells and fails to remove such well or wells within 180 days after notice from the Andersons, or if the District does not give notice to Andersons of its need for the well easements within two years after the drilling of a test well, then the entire well installation and all appurtenances thereto

on the Andersons' property shall become the property of Andersons, and upon request, District shall relinquish all of its interests therein by quitclaim deed to Andersons.

13. Andersons' Continued Right to Riparian Rights. Nothing contained in this Agreement shall be construed to impair or limit any riparian or appropriative rights of the Andersons in the flows of the Cosumnes River, including their rights as a member of the Cosumnes Irrigation Association.

14. Delivery of Treated Water to Other Lands of the Andersons. The Andersons also own a 30acre parcel of real property in Sacramento County, California, identified as Sacramento County Assessor's Parcel Number 073-080-046, and a 80acre parcel of real property in Sacramento County, California, identified as Sacramento County Assessor's Parcel Number 073-090-005, which parcels are more particularly described in Exhibit E attached hereto and incorporated herein (together the "Additional Property"). The Andersons acknowledge that the Additional Property is located outside of the current boundaries of the District.

As additional consideration for the Andersons granting the District the right to extract a presently undetermined additional quantity of groundwater from the Property, the District shall endeavor in good faith to enter into a separate agreement with the Andersons to deliver up to 10 acre feet per annum of treated groundwater to the Additional Property from the District's well(s). As part of said agreement, the Andersons will agree that the District's ability to deliver treated groundwater to the Additional Property shall:

A. Not impair the District's ability to extract sufficient water from the District's well(s) to meet any and all water demands of municipal and industrial users served by the District within its existing boundaries, after taking into account current and projected short term water needs of the District.

B. Be limited to the extent that the District's well(s) and the groundwater under the Property have capacity to safely yield groundwater in excess of the District's need during each Use Period.

C. Be limited to the extent that the laws or regulations prohibit the delivery of treated groundwater to the Additional Property.

Additionally, such agreement shall provide that the Andersons (or the successor(s) in interest of the Additional Property) will pay the cost of all capital improvements, and the maintenance costs thereof, required in order to deliver such treated groundwater to the Additional Property.

The Andersons acknowledge that the arrangement contemplated by this Paragraph 14 is subject to the approval of the Sacramento County Local Agency Formation Commission ("LAFCo") and other legal and regulatory requirements. The District agrees to use reasonable efforts to secure the necessary approvals for delivery of treated groundwater to the Additional Property from LAFCo and any other interested jurisdictional and/or regulatory agencies after the terms of a definitive agreement have been reached.

15. Notices.

A. Notice to Andersons shall be considered given when sent by first-class mail to:

Fred Anderson
9855 Folsom Boulevard
Sacramento, CA 95827

cc:

James B. Thompson
700 University Avenue, Suite 140
Sacramento, CA 95825

B. Notice to the District shall be considered given when sent by first-class mail to:

Marion Cravens, General Manager
Rancho Murieta Community Services District
P. O. Box 1050
Rancho Murieta, CA 95683

cc: McDonough, Holland & Allen
Attn.: District General Counsel
555 Capitol Mall, Suite 950
Sacramento, CA 95814

C. One party shall notify the other party in writing of any changes in the designated representative within fifteen (15) days of the date of such change.

16. Indemnification; Insurance. The District shall indemnify and save and hold harmless Andersons, their heirs, successors, grantees and assigns, from all claims, liabilities, demands, actions, causes of action, damages, injuries, sums, fees, costs and attorneys' fees, relating to, or arising out of, any acts or omissions of the District, its agents, servants, employees or contractors on the Property or the Adjacent Property, or by reason of the District's breach in the performance of this Agreement. Without limiting the District's indemnity obligation under the foregoing, the Andersons shall be named as an additional insured under the District's comprehensive liability insurance policy.

17. Waiver of Rights. Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

18. Successors and Assigns. This Agreement is intended to run with the Property and the Adjacent Property, and with respect to the obligations under Paragraph 14, the Additional Property, and shall be binding on the heirs, executors, administrators, successors, agents, lessees and assigns of the respective parties.

19. Arbitration of Disputes. In the event there is any dispute between the parties in the interpretation or application of the provisions of this Agreement that is not settled after thirty (30) days good faith negotiations, the disputed matter shall be submitted to binding arbitration in accordance with the rules and procedures of the American Arbitration Association for commercial disputes. The costs of the arbitrator(s) shall be shared equally by the parties and no compensation for attorneys' fees shall be awarded to either party by the arbitrator(s).

20. Cooperation. Each party to this Agreement agrees to do all things that may be necessary, including, without limitation, the execution of all documents which may be required hereunder, in order to implement and effectuate this Agreement.

21. Entire Agreement. This Agreement is freely and voluntarily entered into by the parties after having had the opportunity to consult with their respective attorneys. The parties, in entering into this Agreement, do not rely on any inducements, promises or representations made by each other, their representatives or any other person, other than those inducements, promises and representations contained in this Agreement. This Agreement represents the entire agreement of the parties.

22. Recordation. Within fifteen(15) days of the execution of this Agreement, the District shall record it and be responsible for any recording costs.

23. No Warranty of Use. Any conveyances, easements or rights granted hereunder to the District shall be subject to any and all encumbrances, liens and other matters of record affecting the Property as of the date hereof.

24. Andersons' Attorney Fees. Simultaneously with the execution of this Agreement, District shall pay to the Andersons, after Andersons' submittal to the District of invoices received by them for legal services, the reasonable attorneys fees actually incurred by the Andersons in connection with the negotiation of this Agreement, but not to exceed the sum of \$6,000.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

RANCHO MURIETA COMMUNITY
SERVICES DISTRICT

By: 
President, Board of Directors

-AND-

ATTEST:

By: Marcia G. Keeler
Secretary, Board of Directors of Rancho
Murieta Community Services District

Fredrick E. Anderson
FREDERICK E. ANDERSON

Patricia D. Anderson
PATRICIA D. ANDERSON

No. 5193

NOTARIAL CERTIFICATION

BY SIGNER

I, the Notary to
so may prove
the document.

NAME(S)

RESIDENT

GENERAL

QUALIFICATION

Int. Board
for
D.

TESTING:

TESTY(IES)

4, 1994
Anderson

San Diego Park, CA 91309-7184

STATE OF CALIFORNIA)
) ss
COUNTY OF SACRAMENTO)

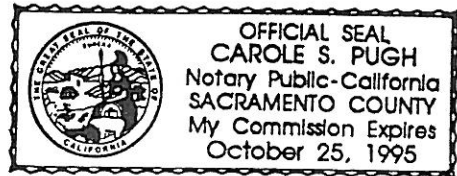
On January 24, 1994, before me the undersigned, a notary public,
personally appeared Frederick E. Anderson and
C.S.P.

- () personally known to me, or
- () proved to me on the basis of satisfactory evidence

to be the persons whose names ^{is} are subscribed to the within instrument and
acknowledged to me that ^{she} they executed the same in their authorized
capacities, and that by their signatures on the instrument the persons, or the
entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature Carole S. Pugh



STATE OF CALIFORNIA)
) ss
COUNTY OF SACRAMENTO)

On January 24, 1994, before me the undersigned, a notary public,
personally appeared ~~FREDERICK E. ANDERSON~~ ^{C.S.P.} and ~~PATRICIA D.~~
~~ANDERSON,~~

- () personally known to me, or
- () proved to me on the basis of satisfactory evidence

to be the persons whose names ^{is} are subscribed to the within instrument and
acknowledged to me that ^{she} they executed the same in their authorized
capacities, and that by their signatures on the instrument the persons, or the
entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature Carole S. Pugh

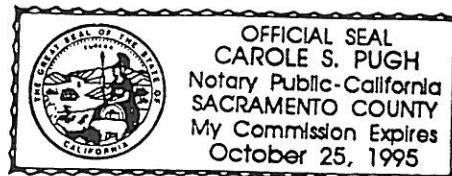
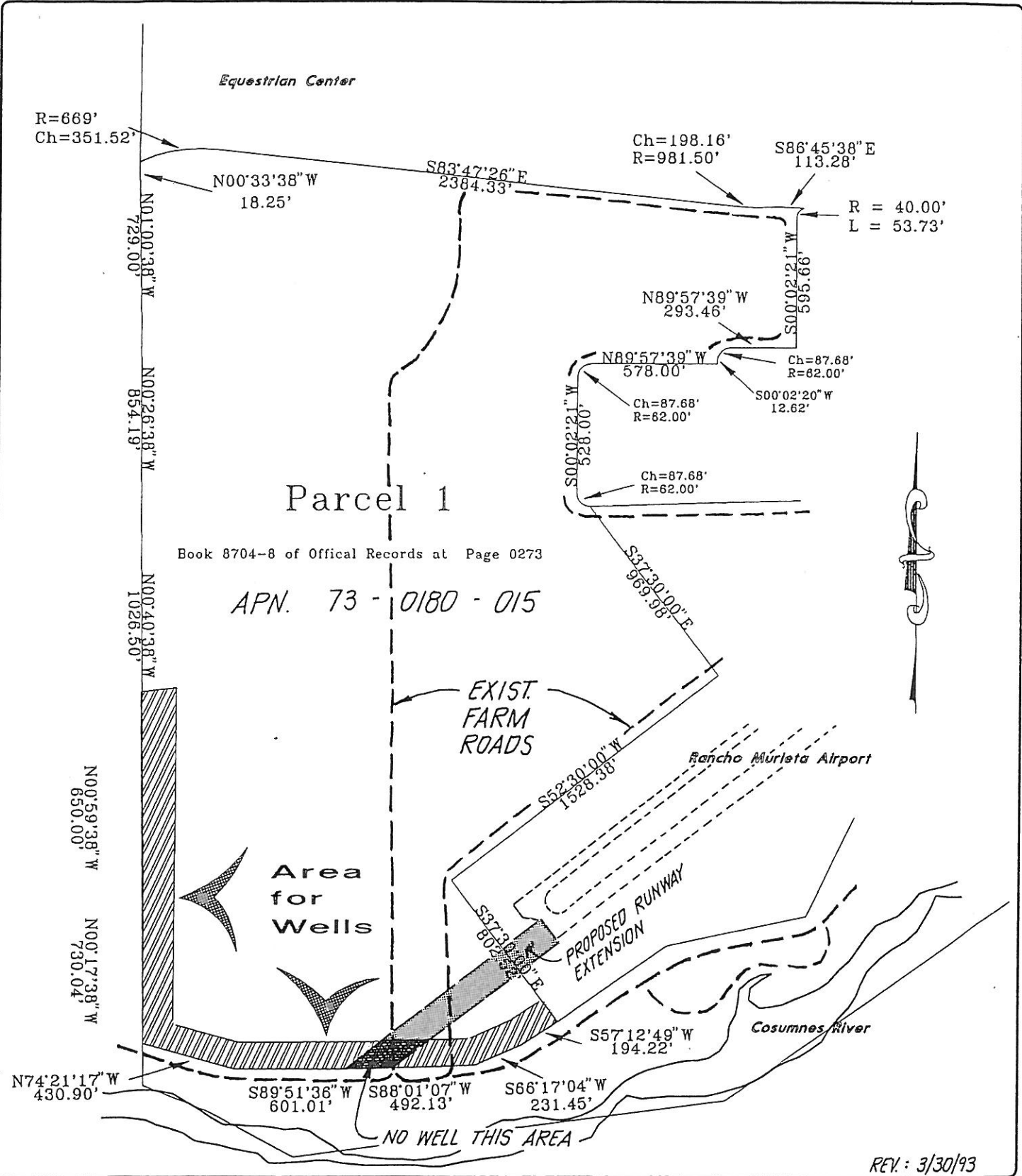


EXHIBIT A

All that real property in Sacramento County, California specifically described as Parcel 1 in that certain Grant Deed from John Sullivan and Carol R. Sullivan to Frederick E. Anderson and Patricia D. Anderson dated April 8, 1987 and recorded in the Office of the Recorder of said County in Book 870408 of Official Records Page 0273.



Plat to Accompany Description

Exhibit A

Anderson East Ranch

Giberson & ASSOCIATES
Consulting Civil Engineers

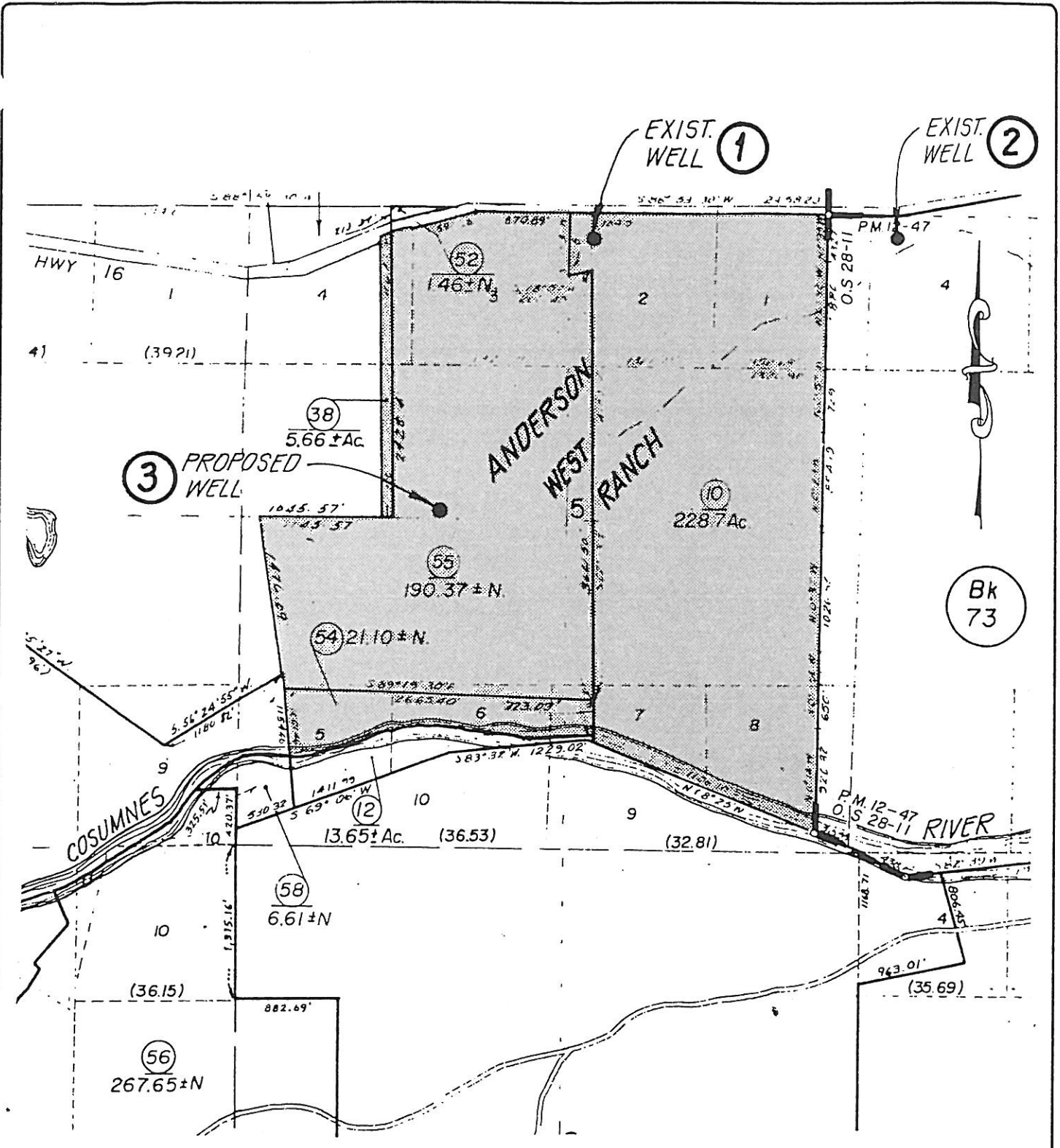
11246 Gold Express Dr. Suite 101
Sacramento, CA 95670
Tel: 916.638.4060

Water Resources • Public Infrastructure • Land Development

Job: 84002.1
File: andrsn3
Date: 9/15/92
Sheet 2 of 2

EXHIBIT B

All that real property in Sacramento County, California specifically described as Parcels 1, 2 & 3 in that certain Grant Deed from Harry Carlson and Marjorie J. Carlson, et. al., to Frederick E. Anderson, Jr. and Patricia D. Anderson dated January 13, 1982 and recorded in the Office of the Recorder of said County in Book 820129 of Official Records Page 0075.



ASSESSOR'S BOOK 128, PAGE 7

REV: 1/14/94
REV: 3/30/93

Plat to Accompany Description

Exhibit B

Anderson West Ranch



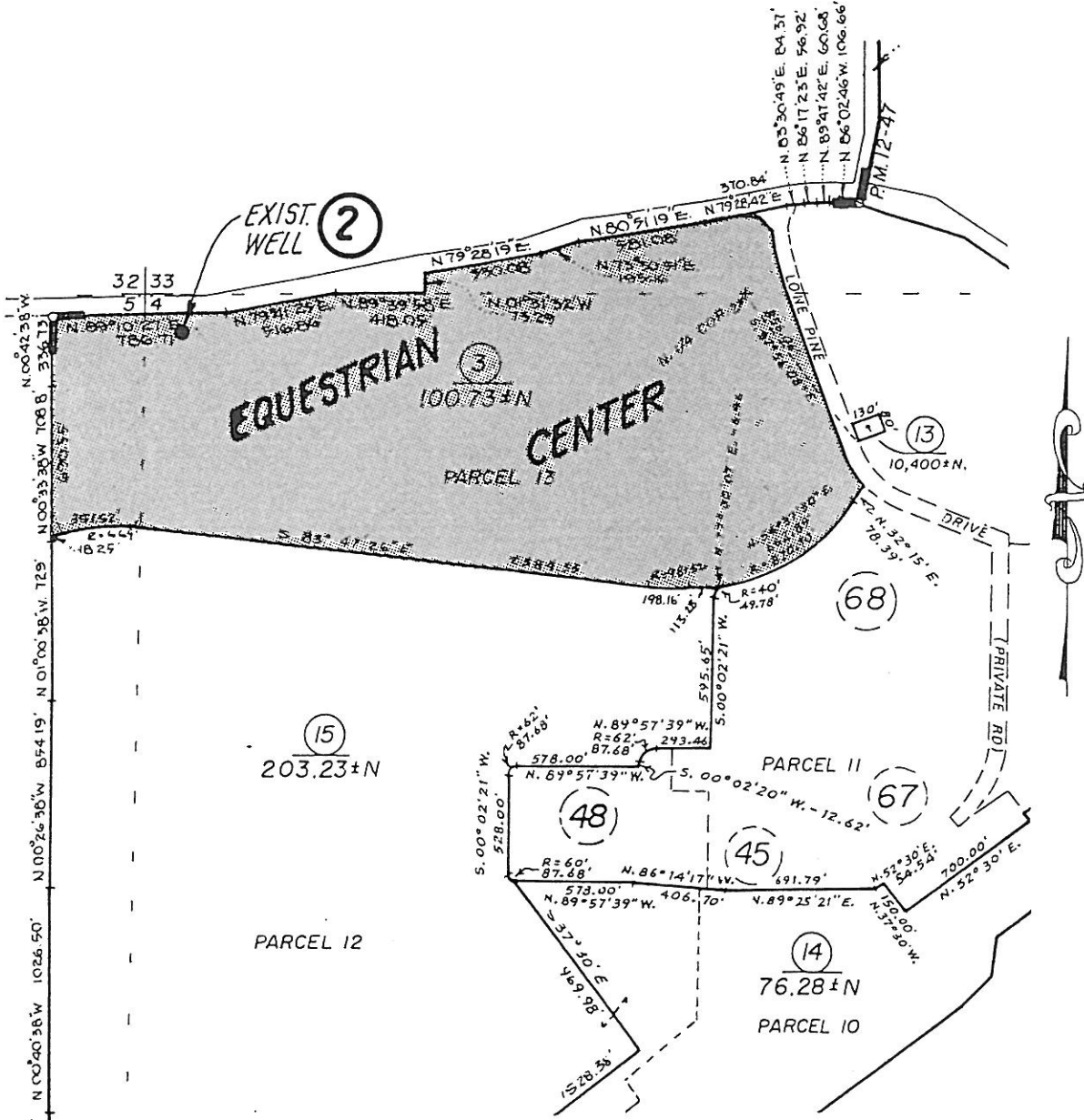
11246 Gold Express Dr. Suite 101
Sacramento, CA 95670
Tel: 916.638.4060

Water Resources • Public Infrastructure • Land Development

Job: 84002.1
File: andrsn4
Date: 9/15/92
Sheet 2 of 2

EXHIBIT C

All that real property in Sacramento County, California specifically described as Parcel 13 in that certain Parcel Map recorded in the Office of the Recorder of said County in Book 12 of Parcel Maps, Page 47.



ASSESSOR'S BOOK 73, PAGE 18

REV: 1/14/94

Plat to Accompany Description

Exhibit C

Equestrian Center



Consulting Civil Engineers

Water Resources • Public Infrastructure • Land Development

11246 Gold Express Dr. Suite 101
 Sacramento, CA 95670
 Tel: 916.638.4060

Job: 84002.1
 File: andrsn3
 Date: 3/30/93
 Sheet 2 of 2

EXHIBIT D

MEMORANDUM

To: Fred Anderson
 From: Marion Cravens
 Copy: Ken Giberson, Lee Lawrence
 Date: January 20, 1994
 Subject: Well Drilling Agreement

In response to your request at last night's Board meeting, I have revised my previous December 21, 1993 memo to include the two additional scenarios:

<u>Fred</u>			<u>Fred</u>				
A/F		Payment to Anderson (1)	A/F		Power, labor, supplies & Admin. (2)	Replace-ment reserve (3)	Total
0		0	0		0	0	\$ 0
500	50%	\$21,650	500	50%	\$19,925	\$ 1,725	\$21,650
1,000	71%	43,300	400	29%	15,940	1,380	17,320
1,200	86%	51,960	200	14%	7,970	0	7,970
1,400*	100%	60,620	0	0%	0	0	0
2,000*	100%	86,600	0	0%	0	0	0
0	0%	0	200	100%	7,970	690	8,660
0	0%	0	400	100%	15,940	1,380	17,320
500	100%	21,650	0	0%	0	0	0
500*	100%	60,620	0	0%	0	0	0

* Exclusive pumping years which trigger minimum payment of \$60,620.

(1) \$43.30/AF (at current estimates)

(2) Currently estimated at \$39.85/AF assuming worst case scenario for Anderson.
 Power \$29.40/AF *65%*
 Labor, supplies & admin \$10.45/AF *24%*
 \$39.85/AF

(3) Currently estimated at \$3.45/AF

The District pays the standby charges, and they are unknown at this time, hence regardless of which party pumps, the District will pay whatever the standby charges are.

Please note that if either party takes more than 75%, then they pay the total amount of replacement reserves (currently at the rate of \$3.45/acre foot).

EXHIBIT E

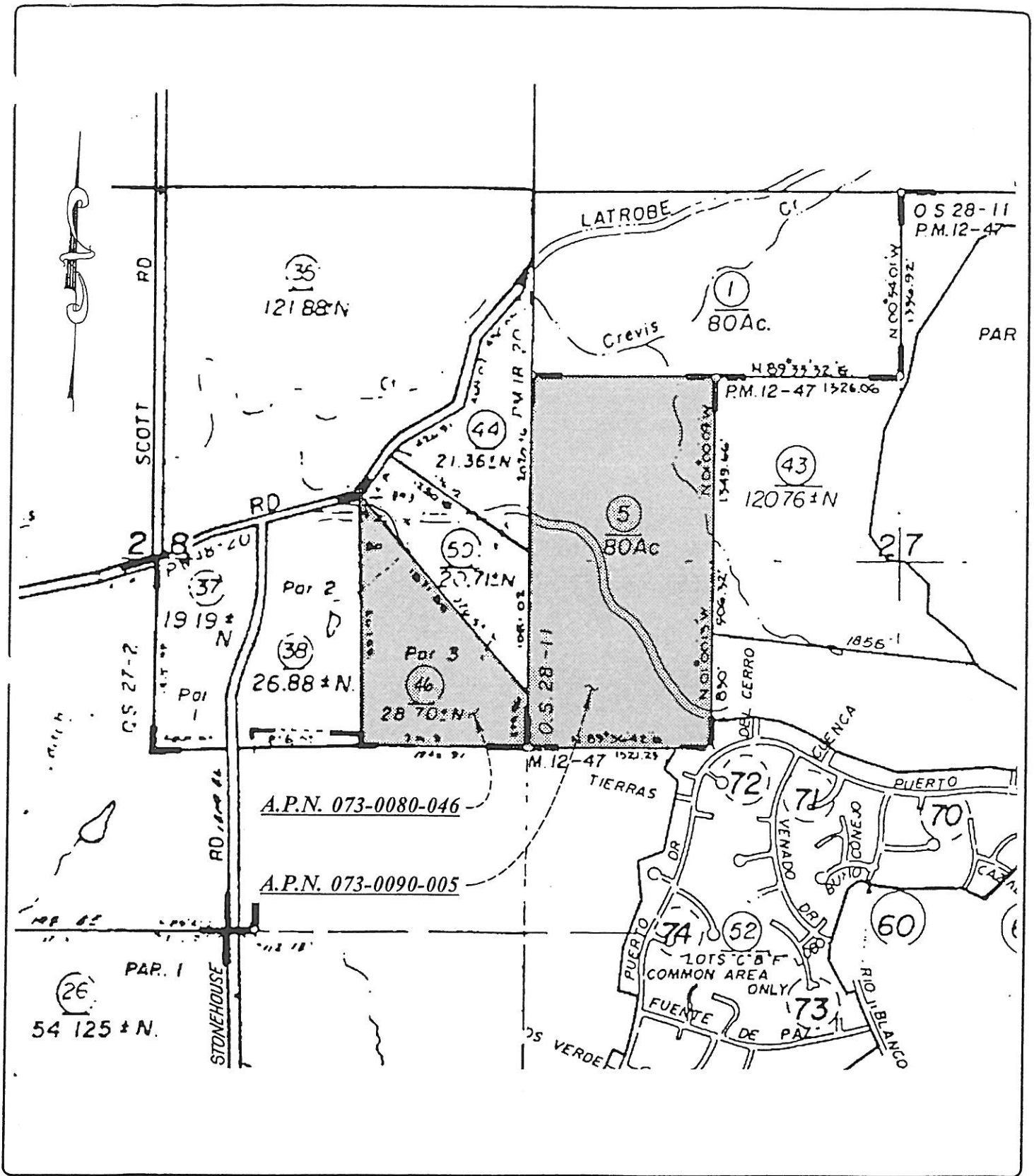
A.P.N. 073-0080-046:

All that real property in Sacramento County, California, specifically described in that certain Grant Deed recorded in the Office of the Recorder of said County in Book 850611 of Official Records, Page 0096.

Together therewith all that certain real property in Sacramento County, California, specifically described in that certain Grant Deed recorded in the Office of the Recorder of said County in Book 860709 of Official Records, Page 1898.

A.P.N. 0073-0090-005:

All that real property in Sacramento County, California specifically described as Parcel 1 in that certain Grant Deed recorded in the Office of the Recorder of said County in Book 860623 of Official Records, Page 1548.



Plat to Accompany Description

Exhibit E

Other Lands of the Andersons



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Water Resources • Public Infrastructure • Land Development

Job: 84002.1
 File: exhibite
 Date: 1/14/94
 Sheet 2 of 2