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RUTHANN G. ZIEGLER

October 20, 1987

Mr. John Sullivan
7082 Murieta Parkway
Rancho Murieta, California 95683

Re: Letter Agreement Re Water Usage

Dear John:

This letter sets forth the agreement between Rancho Murieta Community Services District and you regarding Murieta Equine Complex (hereafter, "the Complex") and any other properties owned by you south of Highway 16 and within the District.

The terms of the agreement are as follows:

1. Between the current date and December 31, 1992, the District will maintain its existing rate structure for water service to the Complex. We agreed that the District may increase the water rates to the Complex as long as the increase falls within the range of percentage increases imposed by the District on any or all other District customers.

2. Beginning January 1, 1988, and continuing through December 31, 1992, the District will levy an additional \$50.00 per month charge on the Complex to cover the District's cost of obtaining and installing a meter at the Complex.

3. To assist in conserving domestic water use within the District, the District agrees to work towards implementing a plan for irrigation of the commercial area south of Highway 16 with raw water, as shown by the conceptual study plan prepared by Giberson & Associates, dated November 3, 1986.

4. The District will endeavor to have completed on or before December 31, 1989, the plan and facilities necessary for

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irrigation of the commercial area south of Highway 16 with raw water, as shown by the November 3, 1986, Giberson & Associates study.

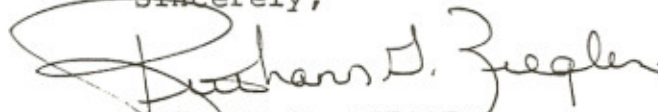
5. On or before December 31, 1992, or three years after the District's completion of facilities specified in paragraph 4 above, whichever occurs second, the Complex and the other commercial property south of Highway 16 shall be connected with the facilities constructed by the District and specified in Section 4 for all possible uses of the raw water, excluding domestic consumption.

6. The District agrees to finance some portion of the cost of implementing and constructing the facilities specified in paragraph 4 from revenue derived from the District's capital connection fees.

7. You agree to pay a prorata share of the difference between the cost of facilities and the District's actual expenditures for the facilities. This prorata share shall be determined based upon the total amount of acreage owned by you, as separate or community property, divided by the total amount of acreage served by these facilities.

The foregoing provisions generally set forth what we discussed at last week's meeting. They still must be approved by the District Board of Directors. If they are consistent with your understanding of what was discussed, please execute this document as indicated below. Assuming the Board also approves the document, we will obtain the necessary Board signature and provide you with an executed copy.

Sincerely,


RUTHANN G. ZIEGLER

I agree to the terms set forth herein.


John Sullivan


Fred Anderson

Dated: October 21, 1987

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Approved at the November 18th, 1987 meeting of the RMCS
Board of Directors.

Richard E. Brunt
President, Board of Directors

ATTEST:

Linda D. Eversole
Secretary, Board of Directors