

Stephen L. Vagnini
Monterey County Recorder
Recorded at the request of
Chicago Title

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9/09/2003
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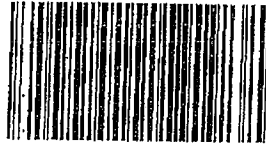
Recording Requested By
and When Recorded, Mail To:

Monterey County Public Works Department
312 E. Alisal Street
Salinas, CA 93901-4371
(831) 755-4800

Attn: Bryce Hori

DOCUMENT: **2003109718**

Titles: 1/ Pages: 28



Fees....	89.00
Taxes...	
Other...	
AMT PAID	\$89.00

For Recorder's Use Only

**SUBDIVISION IMPROVEMENT AGREEMENT
TEHAMA PHASE I**

This Subdivision Improvement Agreement ("Agreement") is made and entered into by and between the COUNTY OF MONTEREY, a political subdivision of the state of California, hereinafter called "County," and CANADA WOODS, LLC, a Delaware limited liability company, hereinafter called "Subdivider."

WITNESSETH

WHEREAS, Subdivider has filed for approval by County's Board of Supervisors a final map entitled "Tehama Phase I," which includes Lots 19, 21-34, 42, 43, and 46-51 and Parcels T and P filed for record on 9-9-03, 2003 in Volume 22, Cities and Towns, at Page 35 in the office of the Recorder for the County of Monterey, State of California, and seeks the approval and acceptance of same for recordation; and

WHEREAS, Subdivider has by said map offered to dedicate to County for public use certain lands, public utility easements and natural drainage easements shown and designated thereon; and

WHEREAS, the execution of this Agreement by the Subdivider and the provision of all security required hereunder is a condition precedent to the approval of said map.

Now, therefore, in consideration of the premises, it is mutually agreed as follows:

I. DESCRIPTION OF WORK

Subdivider shall grade and install base and surface for all streets and private drives; install concrete curb and gutter, A.C. dike, storm drainage system, water and wastewater systems, utilities, landscaping and/or erosion control in accordance with this Agreement and following documents (hereinafter the "Improvements" or "Subdivision Improvements") and to the satisfaction of the County Surveyor:

1

Subdivision Improvement Agreement- Tehama Phase I

**FILE COPY
DO NOT REMOVE**

AGREEMENT NEGOTIATED BY THE PARTIES
AND PREPARED BY LOMBARDO & GILLES, PLC

- a) The improvement plans and any subsequent modifications thereof submitted by the Subdivider's Engineer and approved by the County Surveyor, including, but not limited to, the water supply and treatment system described in paragraph IV B, below.
- b) County of Monterey "Standard Property Development Specifications"; "Road Design Standards"; and "Standard Detail"; all dated October 1977, and "Residential Subdivision Water Supply standards" dated January 1977.
- c) Title 19, Monterey County Code (County's Subdivision Ordinance).
- d) The current edition of "Standard Specifications," State of California, Business and Transportation Agency, Department of Transportation (CALTRANS), as applicable.
- e) The water and waste water systems and treatment facilities in compliance with Title 22 of the California Code of Regulations, the Surface Water Drinking Water Rule, the Disinfection By-Products Rule, all other applicable local, state and federal regulations and requirements set forth in the letter from the Monterey County Health Department dated August 7, 2003, attached hereto as Exhibit B, and incorporated herein by reference.

II. TIME OR COMMENCEMENT AND COMPLETION

Work hereunder shall be completed prior to one year from the date of recordation. If Subdivider fails to complete the work by said date, or any authorized extension thereof, County may complete the same and recover the cost and expense thereof from the Subdivider.

III. EXTENSION OF TIME

The County Surveyor may grant extensions of time to the Subdivider within which to complete the work if he finds that good cause exists therefore and Subdivider complies with the requirements for extension set forth in Title 19 of the Monterey County Code. The denial by the County Surveyor of any such request for extension of time may be appealed by Subdivider to the Board of Supervisors of County.

IV. SECURITY FOR SUBDIVISION IMPROVEMENTS

Performance by Subdivider of this Agreement shall be secured by Deed of Trust to the County of Monterey in the form of a Deed of Trust attached hereto as Exhibit "A" and incorporated herein by reference. ("Deed of Trust"), to be recorded concurrently with the recordation of the final map for Tehama Phase I. The Deed of Trust shall constitute security for the subdivision improvements for Tehama Phase I pursuant to Government Code Section

66499(a)(5). The Deed of Trust shall guarantee faithful performance of all work required under this Agreement in compliance with all of the applicable provisions of Title 19 of the County Code and shall secure payment to the contractor, his subcontractors, and the persons renting equipment or furnishing labor, materials, or equipment to them for the Improvements required under this Agreement. From the time of recordation of the Deed of Trust, a lien shall attach to the real property described in Exhibit 1 to said Deed of Trust and such lien shall have priority of a judgment lien in the amount necessary to complete the Improvements not to exceed the amount of One Million Nine Hundred Eighty Thousand, One Hundred Forty-Three Dollars (\$1,980,143.00) representing the following:

A. Earthwork, Roads and Utilities: Seven Hundred Ninety-Three Thousand, One Hundred Forty-Six Dollars (\$793,146.00) to secure performance, and Three Hundred Ninety-Six Thousand, Five Hundred Seven-Three Dollars (\$396,573.00) to secure labor and materials, for a total security of One Million, One Hundred Eighty-Nine Thousand, Seven Hundred Nineteen Dollars (\$1,189,719.00).

B. Water Supply and Treatment System: Sixty-Three Thousand, Five Hundred Dollars (\$63,500.00) to secure performance, and Thirty One Thousand, Seven Hundred Fifty Dollars (\$31,750.00) to secure labor and materials, for a total security of Ninety Five Thousand, Two Hundred Fifty Dollars (\$95,250.00).

C. Reclaimed Waste Water 120 Storage Pond: One Hundred Seventy-Two Thousand Dollars (\$172,000.00) to secure performance, and Eighty Six Thousand Dollars (\$86,000.00) to secure labor and materials, for a total security of Two Hundred Fifty-Eight Thousand Dollars (\$258,000.00)

D. Ten Percent Contingency: One Hundred Fifty-Four Thousand, Two Hundred Ninety-Seven Dollars (\$154,297.00) to secure performance, and Seventy-Seven Thousand, One Hundred Forty-Eight Dollars (\$77,148.00) to secure labor and materials, for a total security of Two Hundred Thirty-One Thousand, Four Hundred Forty-Five Dollars (\$231,445.00).

E. Guarantee and Warranty of Work: (\$347,392.00) (20% of total) Three Hundred Forty-Seven Thousand Three Hundred Ninety-Two Dollars for the guarantee and warranty of the work, for a period of one year following completion and acceptance thereof, against any defective work or labor done or defective materials furnished.

Upon request of Subdivider, the County Board of Supervisors shall execute any and all documents necessary to subordinate the Deed of Trust securing Subdivider's performance hereunder, which document shall be recorded concurrently with the Deed of Trust executed by Subdivider or Subdivider's successors in interest, in order to, and only in order to secure a construction loan or loans constituting security pursuant to Government Code Section 66499 for the construction of the subdivision improvements set forth in Section I of this Agreement for the Tehama Phase I, or any portion thereof ("Loan").

For purposes of such subordination, the total Loan amount shall not exceed One Million Nine Hundred Eighty Thousand, One Hundred Forty-Three Dollars (\$1,980,143.00) in principal. All payments on the principal and interest of the Loan should be made in at least quarterly installments. Proceeds from the Loan shall be used solely for the construction of subdivision improvements for Tehama Phase I. Costs incurred in obtaining the Loan and Loan fees shall be paid by the Subdivider and shall not be considered a portion of the principal amount of the Loan.

The Loan and Deed of Trust securing the Loan shall expressly require that the County receive notice of any default by Subdivider. Any extension or renewal under the Loan shall not affect the priority of the Deed of Trust securing the Loan.

V. UNDERGROUND UTILITIES

The following utilities provided for in this subdivision shall be placed underground: electric power lines, gas lines, water lines, telephone lines, and television cables, if applicable. Underground utility services, including laterals to the lots, shall be installed by the Subdivider prior to placement of road base, concrete curb and gutter and/or gutter and/or A.C. Dike and pavement.

VI. PRIVATE ROAD SIGNS AND TRAFFIC CONTROL DEVICES

Private road signs shall be furnished and installed by Subdivider. The type of signs and locations in which they are to be installed shall be subject to the approval of the County Surveyor. Any County street name signs or traffic control devices required by County shall be furnished and installed prior to final acceptance of the Subdivision Improvements under this Agreement and all costs shall be paid by the Subdivider in accordance with the County Board of Supervisors' "Street Name Sign Policy for County Roads," dated April 23, 1968.

VII. PLANTING AND MAINTENANCE OF CUT AND FILL AREA

Subdivider shall seed and/or plant all cut and fill areas of the subdivision as approved by the County Surveyor including private drives as shown on said final map. All erosion control work shall be done prior to the acceptance of the subdivision improvement work. The seeding and planting work shall be done between November and April or sufficient water provided to ensure germination and growth until established. Subdivider shall maintain the planted areas for two years from the time of completion of the work above described.

Six months prior to termination of the two-year maintenance period, the plantings shall exhibit a normal healthy growth sufficient in the opinion of the County Surveyor to control erosion. If in the opinion of the County Surveyor, this condition does not exist, replanting shall be done at the Subdivider's expense. If necessary, topsoil and commercial fertilizer shall be used by the Subdivider to promote the desired effect. The planted areas and streets shall be kept by Subdivider in a clean, neat and workmanlike condition, free of trash and other unsightly

materials that might accumulate because of planting and landscaping activities. Any failure of the cut or fill slopes within the two-year maintenance period shall be rectified by Subdivider.

Should the Subdivider request the release of the security described in Section IV of this Agreement, prior to the end of the maintenance period, Subdivider shall deliver to County a landscape and maintenance bond (or cash in lieu thereof) in the amount of Twenty Thousand Dollars (\$20,000.00), if required. The bond shall be for two years and in a form approved by the County Surveyor and County Counsel and shall be conditioned upon the performance of Section VII of this Agreement.

The parties agree that upon expiration of the two-year maintenance period, the Subdivider or Subdivider's successor shall assume maintenance of the planted areas within the subdivision with exception of private driveways, which shall be maintained by individual property owners.

VIII. FIRE HYDRANTS AND STORM DRAINAGE SYSTEMS

The Subdivider shall pay for all maintenance and operation of private roads and private drives, fire hydrants, private water and wastewater systems and storm drainage systems from the time of installation until acceptance of the Improvements for the subdivision by the Board of Supervisors as completed in accordance with the Agreement and until a Homeowners' Association or other entity with legal authorization to collect fees sufficient to support the services is formed to assume responsibility for the services. Fire hydrants are to be in operation prior to occupancy of any dwelling within the subdivision.

IX. TRENCHING PERMITS

Any employer or contractor who plans to construct a trench or excavation five feet or deeper shall first comply with Labor Code Section 6224 relating to State Permits.

X. INSPECTION

All inspection of subdivision improvements shall be performed by Subdivider's engineer. An encroachment permit shall be required from the Public Works Department for any work within the public right of way. A Registered Civil Engineer shall file "as built" plans (originals) in the Public Works Department with a letter certifying Improvements have been made in conformance to improvement plans and local ordinance.

XI. INDEMNIFICATION AND INSURANCE

A. INDEMNIFICATION

Subdivider shall indemnify, defend, and hold harmless the County, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever (including, but not limited to, damages to property and injuries to or death of persons, court costs, and

attorney's fees) occurring or resulting to any and all persons, firms, or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of work under this Agreement by Subdivider to perform improvement work in the subdivision, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the Subdivider's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the County. "Subdivider's performance" includes Subdivider's action or inaction and the action or inaction of Subdivider's officers, employees, agents, assigns, assignees, contractors, and subcontractors, as applicable.

B. INSURANCE

1. Insurance Coverage Requirements. Without limiting Subdivider's duty to indemnify, Subdivider shall maintain in effect throughout the term of this Agreement or guarantee that any Contractor completing the Improvements herein shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

(a) Commercial general liability, including but not limited to premises, personal injuries, products, and completed operations, with a combined single limit of not less than \$1,000,000.00 per occurrence; and

(b) Comprehensive automobile liability covering all motor vehicles, including owned, leased, non-owned and hired vehicles, used in providing services under this Agreement, with a combined single limit of not less than \$1,000,000.00 per occurrence; and

(c) Subdivider or Subdivider's contractor shall maintain workers' compensation insurance in accordance with California Labor Code section 3700 and with a minimum of \$100,000.00 per occurrence for employer's liability; and

2. General Insurance Requirements. All insurance required by this Agreement shall be with a company acceptable to the County and authorized by law to transact insurance business in the State of California. All such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of two years following the date Subdivider completes its performance of services under this Agreement.

Each liability policy shall provide the County shall be given notice in writing at least thirty days in advance of any change, cancellation, or non-renewal thereof. Each policy shall provide identical coverage for each subcontractor, if any, performing work under the Agreement, or be accompanied by a certificate of insurance showing each subcontractor has identical insurance coverage.

Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional

Insureds and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the Subdivider's insurance.

Prior to the execution of this Agreement by the County, Subdivider shall file certificates of insurance with the County Risk Management and County's contract administrator, showing that the Subdivider or Subdivider's contractor has in effect the insurance required by this Agreement. The Subdivider shall file a new or amended certificate of insurance promptly after any change is made in any insurance policy which would alter the information of the certificate then on file. Acceptance or approval of the insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

XII. DEFAULT

Should the Subdivider fail to construct the Subdivision Improvements for Tehāma Phase I in accordance with the provisions of this Agreement and fail to cure such noncompliance within the time period allowed under provisions of Section XIII, County may, at its option, declare default. Upon declaring default, County may complete the Improvements and recover the cost and expense thereof from the Subdivider. County also has the option of instituting a foreclosure of the Deed of Trust by filing a complaint to foreclose on the Deed of Trust or by recording a Notice of Default pursuant to the procedures set forth in the California Civil Code in order to cover the amount secured by the Deed of Trust for the sole purposes of: (1) installing and completing the Subdivision Improvements as set forth in Section I of this Agreement; (2) securing payment to any contractors, subcontractors, and persons furnishing labor, material, or equipment to them in the performance of the work under this Agreement; and (3) paying costs and reasonable expenses and fees, including attorney's fees, incurred by County in said foreclosure proceedings. The Tehāma Phase I subdivision shall be sold pursuant to the foreclosure unless the Subdivider redeems the property in accordance with Section XV. In the event of an inconsistency with the terms of this Agreement and the California Civil Code regarding foreclosure proceedings, this Agreement shall prevail.

XIII. NONCOMPLIANCE

Upon determining that the Subdivider is not in compliance with the Agreement, County shall notify the Subdivider of such noncompliance in writing. Upon receiving notice from County, Subdivider shall have 180 days to cure the noncompliance. If the Subdivider fails to cure such noncompliance, County may declare default as provided in Section XII above.

XIV. EFFECTIVE DATE

This Agreement is effective as the last date set forth below.

XV. REDEMPTION

Up until the time of any foreclosure, the Subdivider may redeem the property by completing the Improvements required herein within a reasonable time-frame acceptable to the County Surveyor and providing County with a written certification from a Registered Civil Engineer who shall file "as built" plans (originals) in the Public Works Department with a letter certifying the Improvements have been made in conformance to the Improvement plans, local ordinances, including payment of labor and materials, in which case, the Trustee shall postpone the foreclosure sale for fifteen days to allow County to verify the engineer's certification. Further postponements may be allowed at the Trustee's discretion. If the County verifies that the Improvements have been completed, the foreclosure proceedings shall be of no further force or effect.

XVI. RELEASE AND RECONVEYANCE

Portions of the Tehama Phase I subdivision shall be released from the lien of the Deed of Trust and reconveyed to Subdivider by the County Board of Supervisors when the value of Improvements completed or partially completed exceeds the lien amount prior to the completion of all Subdivision Improvements listed in Section I provided the following preconditions are met:

- a) Subdivider is not in default under any of the terms of this Agreement or the Deed of Trust;
- b) All real property constituting security for the performance of this Agreement, other than portions of the property previously reconveyed or being reconveyed pursuant to the terms of this Agreement, shall remain subject to the lien of the Deed of Trust;
- c) Subdivider shall pay the cost of recording the partial reconveyances by the County;
- d) Subdivider shall dedicate rights of access, ingress and egress on the Final Map in favor of the property secured by the Deed of Trust as County may require, in a form and content as shall be satisfactory to the County; and
- e) Only such portions of the property that are legal lots or record under the California Subdivision Map Act may be reconveyed.

Upon Subdivider's performance of all obligations required under this Agreement, or upon a substitution of security under the provisions of Section IV, the County Board of Supervisors shall reconvey all portions of the property not previously reconveyed to the Subdivider.

XVII. SUBSTITUTE SECURITY

No sooner than twelve months after the recordation of the Final map and if deemed necessary by the County's County Surveyor to secure performance hereunder, Subdivider shall obtain substitute security substituting the Deed of Trust with an instrument or instruments of

credit satisfactory to said Surveyor and said substitute shall be approved by the County Board of Supervisors. If the County Surveyor determines that substitute security is required, he shall give Subdivider at least sixty days prior written notice. Substitute securities shall be from one or more financial institutions subject to regulation by the state or federal government agreeing that the funds necessary to meet the remainder of performance hereunder are on deposit as a guarantee for payment and agreeing that the funds designated by the instrument shall become trust funds for the purpose set forth in this Agreement. Payments from this fund shall be payable to the County of Monterey on demand from the County Surveyor on his statement that payment is necessary, pursuant to this Agreement to start or complete the improvements contemplated herein. Other forms of security authorized by Government Code Section 66499(a)(1-5) and (b) satisfactory to the County Surveyor may also be used as substitute security provided said substitute is approved by the County Board of Supervisors. Notwithstanding the foregoing, Subdivider may at any time substitute the Deed of Trust securing its performance hereunder with substitute security meeting the requirements of this section, provided that the County of Monterey acting through its Board Supervisors approves the substitute security.

XVIII. CONTRACT PROVISIONS

It is agreed and understood by the parties hereto that this Agreement has been arrived at through negotiation and that neither party is to be deemed the party which prepared this Agreement within the meaning of Civil Code Section 1654.

XIX. BINDING EFFECT

This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties hereto.

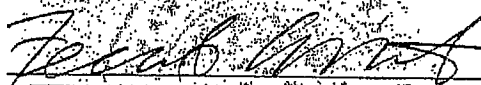
XX. RECORDATION


Upon execution of the Agreement, Subdivider shall cause recordation thereof with the County Recorder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set out opposite their respective signatures.

COUNTY OF MONTEREY:

Date: 9-2-07


FERNANDO ARMENTA
Chair, Board of Supervisors



ATTEST:

CLERK OF THE BOARD OF SUPERVISORS

Date: 9-2-03

By: _____


SALLY R. REED
Chief Administrative Officer

CANADA WOODS, LLC,
A DELAWARE LIMITED LIABILITY COMPANY

Date: 8/29/03

By: _____



ROY D. KAUFMAN, Manager

APPROVED AS TO FORM:

CHARLES J. MCKEE, County Counsel
COUNTY OF MONTEREY

Date: Sept. 2, 2003

By: _____


Sr. Deputy County Counsel

STATE OF CALIFORNIA)
)ss.
COUNTY OF MONTEREY)

On _____, before me, _____, Notary Public, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

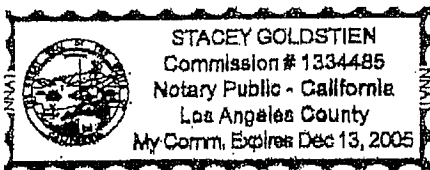
WITNESS my hand and official seal.

Notary Public in and for said
County and State

STATE OF CALIFORNIA)
)ss.
COUNTY OF LOS ANGELES)

On August 29, 2003, before me, Stacey Goldstien, Notary Public, personally appeared Roy D. Kaufman personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Stacey Goldstien
Notary Public in and for said
County and State

EXHIBIT "A"

Recording Requested by
and When Recorded Return to:

MONTEREY COUNTY DEPARTMENT
OF PUBLIC WORKS
312 East Alisal Street
Salinas, CA 93901

**SUBORDINATED
DEED OF TRUST**

NOTICE: This Deed of Trust contains a subordination clause, which may result in your security interest in the property becoming subject to and of lower priority than the lien of some other or later security instrument.

This DEED OF TRUST, is made between Canada Woods, LLC, a Delaware limited liability company ("Trustor"), Chicago Title Insurance Company ("Trustee"), and the County of Monterey, a political subdivision of the State of California ("Beneficiary").

Trustor hereby irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, that property situated in the County of Monterey, California; described in Exhibit "1" for the purpose of securing the performance of that certain recorded "Subdivision Improvement Agreement for Tehama Phase I" (herein the "Agreement") executed on _____, 2003, by Trustor and Beneficiary. The Agreement is hereby incorporated by reference.

To Protect the Security of this Deed of Trust, Trustor Agrees:

1. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear.
2. To pay; at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon

Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purpose; appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of Beneficiary or Trustee; pay, purchase, contest, compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

3. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof.

4. That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed and said Agreement for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

The foregoing notwithstanding, this Deed of Trust is subject to partial releases and reconveyances of the security hereunder pursuant to the terms and conditions of the Agreement. Upon request by Trustor pursuant to the Agreement, Beneficiary shall join with Trustor, and instruct Trustee to so join, to execute and record any documents necessary to cause the releases and reconveyances required under the Agreement.

5. That upon written request of Beneficiary or Beneficiary's designee stating that all sums secured hereby have been paid, and upon surrender of this Deed and said Agreement to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said Agreement and this Deed (unless directed in such request to retain them).

6. That upon default by Trustor in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record, Beneficiary also shall deposit with Trustee this Deed, said Agreement and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale at public auction to the highest bidder for cash in lawful money of the United States,

payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the Monterey County, shall be conclusive proof of estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8. That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrator, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the Agreement secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

9. That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

10. This Deed of Trust is subject to subordination in accordance with the terms and conditions of the Agreement. Upon request by Trustor, Beneficiary shall join with Trustor, and instruct Trustee to so join, to execute and record any document necessary to cause the subordination of this Deed of Trust in accordance with the Agreement.

The undersigned Trustor requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to them in c/o Derinda L. Messenger at Lombardo & Gilles, P.O. Box 2119, Salinas, California 93902.

TRUSTOR:

CANADA WOODS, LLC,
A DELAWARE LIMITED LIABILITY COMPANY

Date: 8/29/03

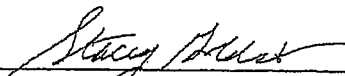
By: 
ROY D. KAUFMAN, Manager

STATE OF CALIFORNIA)
)ss.
COUNTY OF LOS ANGELES)

On August 29, 2003, before me, Stacey Goldstien, Notary Public, personally appeared ROY D. KAUFMAN, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the with instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

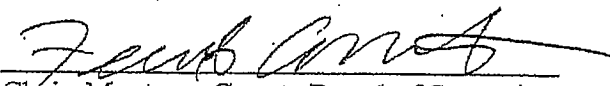



Notary Public in and for said
County and State

Accepted by Trustee


COUNTY OF MONTEREY

Dated: 9/2/03

By: 
Chair, Monterey County Board of Supervisors

ATTEST:

Dated: 7-2-23

By: 
SALLY R. REED
Chief Administrative Officer

END OF DOCUMENT

MONTEREY COUNTY

REC'D AUG 19 2003



DEPARTMENT OF HEALTH LEN FOSTER, Director

ADMINISTRATION EMERGENCY MEDICAL SERVICES HEALTH PROMOTION
ANIMAL SERVICES ENVIRONMENTAL HEALTH PRIMARY CARE
BEHAVIORAL HEALTH FAMILY & COMMUNITY HEALTH PUBLIC GUARDIAN

August 7, 2003

Lombardo & Gilles
Attn: Derinda Messenger
318 Cayuga Street
Salinas, CA 93902

RE: Canada Woods Subdivision

Dear Ms. Messenger,

After reviewing the engineers' reports, improvement plans, and amendments for the Canada Woods Water System, the Monterey County Health Department, Division of Environmental Health (MCHD, DEH) has determined that the proposed water system will be able to meet the requirements of Title 22 of the California Code of Regulations (CCR).

Plans and Construction Details

The proposed water system shall be constructed in accordance with the following plans:

- Improvement Plans – Canada Wood Phase I – Monterey County, CA, WWD Corporation, January 2003
- Improvement Plans – Canada Wood Phase II – Monterey County, CA, WWD Corporation, February 17, 2003
- Clarification letter – Sewer crossing water lines and sewer services – Canada Woods Phase 1 and Phase 2, WWD, August 4, 2003
- Technical, Managerial, and Financial Capacity Form For a New Community Water System, WWD Corporation, April 2002 and Amendment to the TMF Capacity Form for A New Water Company - Canada Woods Water Company, Submitted April, 2002, WWD Corporation and Membrane Systems Corporation (MSC) (dated May 5, 2000, but submitted May 6, 2003)
- Water Treatment System – Carmel Development Company – Canada Woods & Canada Woods North Project – Piping and Instrumentation Diagram, Revision D, MSC, July 10, 2003 (printed July 21, 2003) (12 pages)
- Water Treatment System – Carmel Development Company – Canada Woods & Canada Woods North Project – Equipment Layout, Revision D, MSC, April 19, 2003 (printed July 21, 2003) (sheet 1)
- Water Treatment System – Carmel Development Company – Canada Woods & Canada Woods North Project – UF Backwash Effluent Decant Tank, MSC, July 10, 2003 (printed July 21, 2003) (1 page)

EXHIBIT B

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Water Treatment System – Carmel Development Company – Canada Woods & Canada Woods North Project – Process Flow Diagram, Revision D, MSC, July 17, 2003 (printed July 21, 2003) (3 pages)
Utilities and Miscellaneous Plans - Sections and Details Williams Ranch House - Water Treatment Plant, WWD Corporation, Revised July 7, 2003 (printed July 16, 2003) (4 pages)
Tehama - Cal-Am and Sewer Line Crossings, WWD Corporation, July 10, 2003 (1 page)
Utilities – Commercial Site – Carmel Valley, California, WWD Corporation, April 2003

Additional Submittals

Several issues of concern were noted by MCHD, DEH, during review of the submitted plans and field inspections of the partially constructed water system. These issues were summarized in an email, dated May 14, 2003, to Michael Waxer of the Carmel Development Company and a letter dated, July 11, 2003, to Derinda Messenger of Lombardo and Gilles (copies attached). The following list identifies how each issue was resolved by the applicant.

1. The July 16, 2003 submittal by WWD Corporation and July 18, 2003 submittal by MSC demonstrate the water system would be able to meet CT requirements. The water system will be required to measure and record the temperature and pH of the clearwell on a daily basis for a minimum of one year. The water system will also be required to continuously measure and record clearwell levels and outflow in gallons per minute in order to demonstrate the water has met CT requirements. If CT requirements are not met, the low clearwell level, pump output, tank baffling, or chlorine residuals shall be modified accordingly.
2. Approved per July 16, 2003 submittal by WWD Corporation
3. Approved per July 16, 2003 submittal by WWD Corporation
4. Approved per July 16, 2003 submittal by WWD Corporation
5. Approved per June 9, 2003 written submittal and July 7, 2003 Utilities and Miscellaneous Plans (UM) submitted by WWD Corporation
6. Approved per July 16, 2003 submittal by WWD Corporation
7. Approved per July 23, 2003 submittal by WWD Corporation
8. Approved per July 23, 2003 submittal by WWD Corporation. The operations plan must also specify the steps in the cleaning process that must be followed in order to ensure the water system is not subject to contamination from the cleaning process.
9. Approved per July 21, 2003 submittal by WWD Corporation and July 29, 2003 email by MSC
10. Approved per July 21, 2003 submittal by WWD Corporation and July 29, 2003 email by MSC
11. Approved per June 9, 2003 submittal by WWD Corporation
- 12a. Tentatively approved per July 21, 2003 submittal by WWD Corporation. Final clearance cannot be given until after system is completed and a final inspection is conducted. If the potential cross connection has not been adequately eliminated to meet the California Health and Safety code requirements of a safe and reliable source of

- drinking water, the water system shall implement additional approved measures to eliminate the cross connection.
- 12b. Approved per July 21, 2003 submittal by WWD Corporation
 13. Approved per July 21, 2003 submittal by WWD Corporation
 14. Approved per July 7, 2003 UM Plans submitted by WWD Corporation
 15. Approved per July 16, 2003 written submittal and July 7, 2003 UM Plans submitted by WWD Corporation
 16. Approved per June 9, 2003 submittal by WWD Corporation
 17. June 9, 2003 submittal stated that the labeling would be done. This will be verified during the final inspection.
 18. Approved per May 23, 2003 submittal by Lombardo and Gilles
 19. Approved per July 16, 2003 written submittal by WWD Corporation
 20. Confirmation sample result for Toluene from Well # 2 is required
 21. Approved per May 23, 2003 submittal by Lombardo and Gilles
 22. Approved per Dave Fuller's verbal agreement at the July 22, 2003 to reconstruct the portions of the sewer main which cross the Cal-Am water main so it complies with DHS standards. The sewer line shall cross the water main as close to perpendicularly as possible and no joints shall be located within 10 horizontal feet of the water main. The exact location of the water main at all sewer crossings shall be determined to ensure these requirements are met and the vertical separation is at least one foot. The material used to sleeve the sewer line shall comply with DHS standards and revised plans incorporating these requirements shall be submitted to and approved by MCHD, DEH prior to reconstruction. Concrete is not an adequate method of sleeving the sewer pipe.
 23. Approved per August 5, 2003 submittal by Carmel Lahaina, which states the device installed is actually a Wilkins 4" Model 375 which has been approved by DHS. The information submitted on June 9, 2003 by WWD had inaccurately stated the device was a 4" Watts Model 909LF Banner Blue. The device will be verified during the final field inspection. Test results shall also be submitted to MCHD, DEH prior to issuance of the water system permit.
 24. Approved per June 9, 2003 submittal by WWD Corporation
 25. Approved per June 9, 2003 submittal by WWD Corporation
 27. During commissioning of the treatment plant, the water system shall collect samples for disinfection by-product precursors and have them analyzed by EPA Method 510.0
 28. The operations manual shall be completed by the engineer(s) and approved by MCHD, DEH prior to issuance of the water system permit. The operations plan shall comply with Section 64661, Title 22, CCR. The operations plan shall also detail any processes which must be followed in order to ensure safe and potable water is supplied at all times. These processes include, but are not limited to the following:
 - a. Startup instructions
 - b. The cleaning process instructions shall include guidance for 1) preparation of chemicals to include flushing and cleaning of chemical tank which is also used for backwashing and filtering to waste since the chemicals must be prepared with potable water, 2) flushing chemicals out of the line which enters the

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- clearwell 2) neutralization (including calculations) and disposal of chemicals 3)
removal of pipe section after cleaning process
- c. Process for determining daily CT calculations (pH, temperature, low clearwell level, and flow measurements)
 - d. Daily inspections (i.e., drainage system)
 - e. Clearwell leak inspection instructions and frequencies
 - f. Filter to waste instructions

The submittals referenced in the above items 1-25 are as follows:

- May 23, 2003 – Canada Woods Water System; Your email to Michael Waxer of May 14, 2003, Lombardo and Gilles
- June 9, 2003 – Canada Woods Water Company – response to e-mail from MCDEH (Punch List of 25 items resulting from field meeting of May 13, 2003), WWD Corporation
- July 16, 2003 - Canada Woods Subdivision: Phase 1 & 2: Responses to written comments from Monterey County Determent of Environmental Health dated July 11, 2003 pertaining to the Canada Woods Water Company, WWD Corporation
- July 21, 2003 -Canada Woods Subdivision: Phase 1 & 2: Responses to written comments from Monterey County Determent of Environmental Health dated July 11, 2003 pertaining to the Canada Woods Water Company, prepared by MSC and submitted by WWD Corporation. Additional information provided by fax on July 21, 2003 by WWD Corporation.
- July 23, 2003 – Transmittal describing proposed clearwell coating specifications, WWD Corporation
- July 29, 2003 – Email describing the reaction rate of sodium bisulfite and chlorine, Paul Laverty, MSC
- August 5, 2003 – Facsimile describing backflow device in William Ranch House, Pete Garneau, Carmel Lahaina

The above referenced modifications and additions in items 1-25, which address MCHD, DEH concerns and demonstrate the system can meet Title 22, CCR requirements, shall be incorporated into the water system design plans.

Once the improvements are completed, the appropriate engineer (David Fuller for the water system and Ian Watson for the treatment plant) shall submit as-builts certifying the system has been built according to the approved plans. Any deviations from the approved plans shall comply with Title 22, CCR requirements and shall be noted on the as-built plans.

In order to clarify the requirements for the water system improvements, the Canada Woods Subdivision Improvement Agreement for Phases I and II shall include a provision to comply with improvement requirements detailed in this letter.

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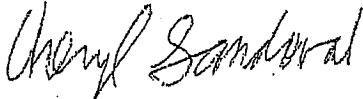
Water System Permit Requirements

During the July 22, 2003 meeting, Michael Waxer requested a list of the remaining items that need to be completed prior to issuance of the water system permit. These remaining items are as follows:

- Complete construction of the treatment plant and distribution system.
- Successful commissioning of the treatment plant
- Submit as-builts prepared by an engineer certifying the system has been built according to the approved plans
- Final Inspection and approval by MCHD, DEH
- Complete TMF capacity assessment.
- Operations plan that has been approved by MCHD, DEH
- Confirmation sample result for Toluene from Well # 2
- Submit acceptable test results for backflow device in William Ranch House Treatment Room.

If you have any questions, please call me at 755-4552.

Sincerely,



Cheryl Sandoval, R.E.H.S.
Supervising Environmental Health Specialist

Encl: May 14, 2003 email from MCHD, DEH
July 11, 2003 letter from MCHD, DEH

cc: Michael L. Waxer, Carmel Development Company
Dave Fuller, WWD Corporation
Betsy Lichti, DHS
Lew Bauman, Public Works, Monterey County
Alana Knaster, Planning Department, Monterey County

Sandoval, Cheryl L. x4552

From: Sandoval, Cheryl L. x4552
Sent: Wednesday, May 14, 2003 3:55 PM
To: 'mlwaxer@carmeldevelopment.com'
Cc: Dennis, Mary Anne x4549; Lawrence, Laura M. 755-4557; Betsy Lichti (DHS-DDWEM) (E-mail); Eugene Reade (DHS-DDWEM) (E-mail)
Subject: Canada Woods

Dear Mr. Waxer,

As per your request, here is a list of the items that need to be completed prior to clearance of the final maps for Phases I and II. These are all items that we discussed during our May 13 field visit (except for item 20). I am still going through all of the material that was submitted in the last few weeks, but I have tried to make this list as complete as possible.

- 1-Adequate CT to meet 1/2 log removal for Giardia needs to be demonstrated. We need details on tanks for this (inlet/outlet location, length of tank, low tank levels, etc). If adequate CT cannot be demonstrated in the current tank configuration, details for the necessary improvements (i.e., baffling, additional tank) shall be submitted with a bond.
- 2-Details on drip pan/alarm system for pipes in apartment sewer lines over tank.
- 3-Details on the new proposed filter backwash tank and its connection to the sewer pump station. If this tank is no longer proposed then details on how the filter backwash tank's cross connection into the sewer pump station will be resolved.
- 4-Details on how floor drain in treatment room and connection to sewer will be resolved. Include a side view schematic of the sewer pump station and 3 day emergency storage.
- 5-The hatches on clearwell are only approximately 6 inches from floor. Submit details on how the tanks will be protected from flooding of the treatment room if a line breaks or water from the parking lot reaches the treatment room.
- 6-Details on how the clearwell will be vented and how the lids will be protected from any potential standing water on the lids (i.e., spills) from entering the tanks (i.e., shoebox lid).
- 7-Details on any proposed tank lining. Linings shall be ANSI/NSF 61 approved.
- 8-Details on how each bank of filters (3 per bank) shall be capable of filtering to waste will the other bank is filtering to the clear well. Filtering to waste is required by Section 64658(b)(8) of Title 22.
- 9-It was proposed to inject sodium bisulfite before the storage tank which will lower the chlorine levels. Submit details on this proposal.
- 10-Details on how chlorine residuals will be measured pre and post clearwell and be adjusted when necessary.
- 11-It is proposed to use sulfuric acid in the filter cleaning process. The acid must be ANSI/NSF 60 approved since it will be in water served to customers. Also submit details on how pH will be monitored to maintain an acceptable pH in the system. CTs will also be effected by pH and so details on how a minimum CT will be maintained/monitored with the varying pH's.
- 12-Details on how the potential cross connection with the raw water (non ultrafiltered water) and finished water (in cleaning line) will be resolved (i.e., removal of a section of pipe when not in cleaning mode). A drain valve next to valve V-407 was also discussed to ensure no water enters the clearwell during chemical cleaning mode.
- 13-Details of pressure differential and pressure gauges that will be installed on both sides of valve that is potential cross connection between return water from domestic system to backwash filters and raw water
- 14-Trench details for when well water and domestic water share a trench and when well water and reclaimed water share a trench.
- 15-Details on how sump pumps in drainage system will be monitored to ensure they are functioning (i.e., alarms and daily visual inspection)
- 16-Description of annual (minimum frequency) inspection of clear well for leaks in bottom, sides, and top.
- 17-Mark reclaimed tank/pipes at tank site
- 18-Show proof of water rights for River Well # 2 and map of area that can use water.
- 19-Copy of response to letter from SWRCB with a detail response to each issue (i.e., balancing water with Monterra Ranch every 7 days) will be resolved.
- 20-Confirmation sample for Toluene from Well # 2.
- 21-Martin Feeney's March 27, 2003 report does not mention the nearby Cal Am wells which were required to be in operation during the pump test. Please submit information on how the Cal Am wells effected operation of the River Wells.
- 22-Any available details on the sewer main crossing of the Cal-Am line and location of joints. Joints should be located 10 feet horizontally from the water main.
- 23-Details on new backflow device installed in treatment room.
- 24-The grate/drain near the septic tank drains into the sump pump vault. The sump pump vault must be protected

from any overflow from the septic tanks/sewer station entering into it (i.e., diverting overflow if mass system breakdown away from drain)

25-pressures at each lot

-All final plans submitted shall be signed and stamped by the engineer. Items regarding above number 1-17, 19, 24 and 25 shall be submitted by an engineer and any improvements that are not installed shall be bonded.

The following items shall be completed before the permit to operate can be issued.

-Complete treatment plant

-Operational Manual for treatment plant

Sincerely,

Cheryl (Hall) Sandoval, REHS
Water Section Supervisor
Environmental Health Division
Monterey County Health Department
1270 Natividad Rd, Salinas, CA 93906
voice - (831)755-4552
fax - (831)755-8929

MONTEREY COUNTY



DEPARTMENT OF HEALTH LEN FOSTER, Director

ADMINISTRATION EMERGENCY MEDICAL SERVICES HEALTH PROMOTION
ANIMAL SERVICES ENVIRONMENTAL HEALTH PRIMARY CARE
BEHAVIORAL HEALTH FAMILY & COMMUNITY HEALTH PUBLIC GUARDIAN

July 11, 2003

Lombardo & Gilles
Attn: Derinda Messenger
318 Cayuga Street
Salinas, CA 93902

JUL 11 2003

RE: Canada Woods Subdivision;

Dear Ms. Messenger,

The Monterey County Health Department, Division of Environmental Health (MCHD, DEH) has reviewed the information submitted on May 17, 2003, June 9, 2003, and June 16, 2003 regarding the Canada Woods Water Company. The State Department of Health Services has assisted with this review. Prior to approval of the improvement plans for Phases I and II, which requires approval of the treatment plant, additional information and modifications will be required as follows: For clarification, the numbers correlate to the May 14, 2003 email from MCHD, DEH.

1. The calculations used to determine the CT must be provided along with a comparison to the required CT using worst-case conditions. Please also provide documentation that shows how the minimum temperature, maximum pH, and low tank levels were determined. The plans must show the level of water in the clearwell that will turn the well on and off and include a sight level gauge. Use of a baffling factor of 0.2 may be considered if corrections are made to the valving and piping as described below.

The proposed piping and valve arrangements in the clearwell allows for possible short-circuiting and must be modified. The inlet for the lead tank is on the same side of the tank as the outlet to the discharge valve vault. Although the plans show the valve on this outlet to be normally closed, it is possible for valves to leak or be opened by accident. Therefore the outlet must either be blind-flanged or eliminated. There is also a potential short-circuit on the inlet from the filtration unit to the second tank which also must be either blind-flanged or eliminated. The engineer must also demonstrate that the holes in the top of the wall that separates the two tanks will not cause short-circuiting. As per discussions during field inspections, it is MCHD, DEH's understanding that the clearwell was originally designed to allow one side to be taken offline. However, operation of the treatment plant with only one tank on-line cannot be approved since the proposed inlet is next to the outlet and the water system would be unable to meet CT requirements.

2. No additional information needed.
3. Plan A cannot be approved unless approval is first received from the Regional Water Quality Control Board (RWQCB). However, the RWQCB has indicated to DHS that

although the proposal has not been formally submitted to the RWQCB, if submitted, the RWQCB will take DHS recommendations to not approve the current proposal.

The proposal indicates that the water entering the reclaimed water system must only meet disinfected secondary-23 standards, but the current permit for the reclaimed water system requires water to meet tertiary standards. The introduction of an uncharacterized water with concentrated pathogens would be in conflict with the RWQCB permit requirement for the quality of water approved for golf course irrigation.

Furthermore, the proposal indicates that the potable water treatment system will be taken offline if the turbidity criteria of the supernatant of the decanted backwash water is not met. Due to the requirement of an adequate and reliable source of potable water for domestic water systems, MCHD, DEH cannot approve of a disposal method that will shut down the treatment plant if the backwash water is not adequately settled prior to disposal.

As per the proposal, if Plan A is not workable, Plan B will be implemented. In order for MCHD, DEH to evaluate Plan B, the engineer shall submit plans and specifications detailing the supernatant settling/decant conical bottom tank and its relationship to the domestic water system and disposal system for the settled particulate matter.

4. The proposal states that the floor drain just outside the treatment room will be plumbed into the storm drain system. However, as per the Hazardous Materials Section of MCHD, DEH, the drain cannot be connected directly to the storm drain system due to the use of chemicals in the treatment process. As recommended during the most recent inspection, John Ramirez, Hazardous Materials Specialist, may be contacted at 755-4542 if you have any questions regarding the disposal of substances into storm drains.

The proposal must be resubmitted with an acceptable method for the disposal of substances entering the floor drain.

5. No additional information needed.
6. The proposed vent is only 2" in diameter. Provide information which demonstrates this size vent is appropriate for the clear well with a discharge rate of 300 gpm.
7. The proposal dated June 9, 2003 states that if a lining is required, it will comply with ANSI/NSF 61 standards. Information submitted on April 15, 2003 indicates that the clearwell has already been coated with Viking 980 sealant, but the plans do not indicate this coating is ANSI/NSF 61 approved and does not specify that it is safe for domestic water tanks. Submit information that shows the coating is ANSI/NSF 61 approved for use in drinking water tanks. Additionally, an acceptable five-day soak test and appropriate VOC analyses will be required prior to use of the tank for domestic purposes.
8. In order to evaluate the filter-to-waste proposal and potential cross connections, detailed plans (diagrams) and specifications will be required. The plans shall indicate why the pressure gradient will be much greater for the five production modules compared to the module offline. The plans shall also indicate why water that has been filtered-to-waste

into the chemical cleaning tank will not be a cross connection when that same water is used in the chemical cleaning process. Water used make chemical for the chemical cleaning process must meet drinking water standards and water that is required to be filtered to waste may not meet drinking water standards. The operations plan must specify that the acidic chemical cleaning solution will be neutralized before it is sent to the septic/sewer system. The utilization of the tank for filter/rinse-to-waste water will not allow the chemical solution to be reused

During the commissioning of the filtration plant, the water system will need to filter all water to waste for a minimum of one month prior to use of the water for domestic purposes. Therefore, the plans must show the chemical cleaning tank is capable of accepting 100.gpm for extended periods of time.

- 9-10. Since it is proposed to add sodium bisulfite prior to chlorine residual readings of the clearwell influent, provide information about the reaction rate of sodium bisulfate to chlorine. If the reaction is not instantaneous and the water is not adequately mixed, the chlorine residual would not be accurate. The proposal also indicates that the chlorine residual measurements for the clearwell effluent will be after the potential addition of sodium bisulfite (dechlorinator). Since the water system must measure chlorine residuals in the clearwell effluent to prove the water meets CT requirements, the addition of a dechlorinator may interfere with showing CT requirements have been met. If the engineer proposes to move the chlorine residual monitoring point prior to the addition of sodium bisulfite, please note that the water may potentially be dechlorinated and water entering the distribution system must be shown to contain a minimum chlorine residual of 0.2 ppm.

Please also clarify if item # 10 is accurate in that chlorine residuals will be measured both after the clearwell effluent (after sodium bisulfite addition) and again at the pump discharge. Item # 10 also does not refer to measurement of chlorine residuals for the clearwell influent as originally requested by MCHD, DEH in the May 14, 2003 email.

The proposal states that the details well be delineated in the Process and Instrumentation Diagram, Revision C, but MCHD, DEH has not received this diagram. The diagram must be submitted in order to fully evaluate the proposal.

11. No additional information needed.
- 12a. MCHD, DEH cannot adequately evaluate MSC's conclusion that the referenced potential cross connection does not exist without detailed and labeled drawings (showing vents/relative elevations) and discussion and the relevant section of the operations plan. Once the plans are received and reviewed by MCHD, DEH, a site visit will be required to determine if the potential cross connection does not actually exist.
- 12b. Provide plans which detail the proposal. The solenoid-activated drain valve discussed during the most recent inspection is preferred since it does not require an operator to remember to remove a spool.

13. The proposal indicates that pressure indicators will be provided immediately upstream and downstream of control valve V-705. Please clarify if these gauges will be monitored by the PLC since higher pressure on the wrong side of the valve represents a potential direct cross connection. The updated diagram referenced shall also be provided to MCHD, DEH for review and approval.
14. No additional information needed.
15. The plans do not include the inlet from the drainage system around the clearwell. The plans also indicate the inlet for the drain from the clearwell discharge valve box is only 0.21 feet above the level that activates the first pump. The proposal also does not include daily visual inspections as discussed during the most recent inspection.
15. No additional information needed.
17. A site visit will be required to confirm tanks are adequately labeled.
18. No additional information needed.
19. The proposal indicates that if more water has taken from the Monterra Ranch side than from the Canada Woods side, the water use would be balanced by operating the pump on lot 54 until the meters are balanced. MCHD, DEH is concerned that the tanks on lot 69 are full at the time of balancing the water would overflow to waste. (need to elaborate)
20. Submit results when they are available.
21. No additional information needed.
22. ^{*}The issue of the location of the sewer line and joints in relationship to the Cal Am domestic water service line is still unresolved. Prior to clearance of the final maps, proof must be submitted to MCHD, DEH for review and approval that the separation of the water and sewer line meets Title 22 standards or any approved variances.
23. Details have not been submitted. Tests results are also required.
24. No additional information needed.
25. No additional information needed.

Additional Comments:

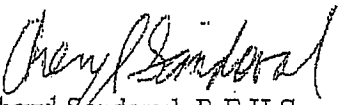
26. The information submitted on June 9 was authored by David Fuller, Paul Laverty, and Ian Watson as per the cover letter. The cover letter was only signed by Mr. Fuller of WWD Corporation even though it states that WWD Corporation only provided the information not related to the treatment plant. Therefore, the improvement plans for the treatment facility must also be signed and stamped by an engineer. When improvement plans are prepared by multiple engineers, they must clearly show which engineer

prepared or approved each section and must be signed and stamped by each engineer taking responsibility for submitting the plans.

27. The proposal indicates that chlorine will be injected (possibly as high as 5-6 ppm) into the well water prior to filtration. MCHD, DEH is concerned the high level of chlorine in unfiltered water will create disinfection by-products and the treatment plant will not be able to comply with the new Disinfection By-Products Rule (DBP). In order to determine if the pending water system will be able to meet the DBP rule, the water system shall collect samples for DBP precursors and have the samples analyzed by EPA Method 510.1.
28. Due to the complexity of the treatment process, it has become apparent that the operations plan must be submitted with the improvement plans so the plans can be reviewed concurrently. For example, the operations plan will be needed to fully evaluate resolution of the cross connection issues. Although MCHD, DEH understands the engineer does not want to finalize the plan until the treatment plant is finished, the engineer needs to prepare a preliminary plan at this time. Please also be advised that Section 64661, Title 22, California Code of Regulations requires that suppliers shall submit an operations plan with a permit application for a new treatment plant.

If you have any questions, call me at 755-4552.

Sincerely,



Cheryl Sandoval, R.E.H.S.
Supervising Environmental Health Specialist

cc: Michael L. Waxer, Carmel Development Company
Dave Fuller, WWD Corporation
Betsy Lichti, DHS

FILE COPY
DO NOT REMOVE

Stephen L. Vagnini
Monterey County Recorder
Recorded at the request of
Chicago Title

CRRBERTA
9/09/2003
13:49:23

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DOCUMENT: **2003109728**

Titles: 1/ Pages: 6



Fees 23.00
Taxes
Other
AMT PAID . . . \$23.00

Recording Requested by
and When Recorded Return to:

MONTEREY COUNTY DEPARTMENT
OF PUBLIC WORKS
312 East Alisal Street
Salinas, CA 93901

**SUBORDINATED
DEED OF TRUST**

NOTICE: This Deed of Trust contains a subordination clause, which may result in your security interest in the property becoming subject to and of lower priority than the lien of some other or later security instrument.

This DEED OF TRUST, is made between Canada Woods, LLC, a Delaware limited liability company ("Trustor"), Chicago Title Insurance Company ("Trustee"), and the County of Monterey, a political subdivision of the State of California ("Beneficiary").

Trustor hereby irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, that property situated in the County of Monterey, California, described in Exhibit "1" for the purpose of securing the performance of that certain recorded "Subdivision Improvement Agreement for (Tehama Phase I)" (herein the "Agreement") executed on 8-29-03, 2003, by Trustor and Beneficiary. The Agreement is hereby incorporated by reference.

To Protect the Security of this Deed of Trust, Trustor Agrees:

1. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear.
2. To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon

Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purpose; appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of Beneficiary or Trustee; pay, purchase, contest, compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

3. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof.

4. That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed and said Agreement for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

The foregoing notwithstanding, this Deed of Trust is subject to partial releases and reconveyances of the security hereunder pursuant to the terms and conditions of the Agreement. Upon request by Trustor pursuant to the Agreement, Beneficiary shall join with Trustor, and instruct Trustee to so join, to execute and record any documents necessary to cause the releases and reconveyances required under the Agreement.

5. That upon written request of Beneficiary or Beneficiary's designee stating that all sums secured hereby have been paid, and upon surrender of this Deed and said Agreement to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said Agreement and this Deed (unless directed in such request to retain them).

6. That upon default by Trustor in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record, Beneficiary also shall deposit with Trustee this Deed, said Agreement and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale at public auction to the highest bidder for cash in lawful money of the United States,

payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the Monterey County, shall be conclusive proof of estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8. That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrator, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the Agreement secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

9. That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

10. This Deed of Trust is subject to subordination in accordance with the terms and conditions of the Agreement. Upon request by Trustor, Beneficiary shall join with Trustor, and instruct Trustee to so join, to execute and record any document necessary to cause the subordination of this Deed of Trust in accordance with the Agreement.

ATTEST:

Dated: 7-2-03


By: 
SALLY R. REED
Chief Administrative Officer

EXHIBIT "1"

All that real property described as Lots 19, 21-31, 42, 43,* inclusive as shown on the map filed for record on 9-9, 2003 in Volume 22, Cities and Towns, at Page 35, in the Office of the Recorder for the County of Monterey, State of California.

* and 46-51

END OF DOCUMENT