

**EXHIBIT B**  
**BACKGROUND OF ACTIVITIES - EAST GARRISON DEVELOPMENT**

On October 4, 2005, the County's Redevelopment Agency entered into a Disposition and Development Agreement ("DDA") and the County entered into a Development Agreement ("DA") with East Garrison Partners I, LLC ("EGP") for a development (the "East Garrison Project") of up to 1470 dwelling units, some 34,000 square feet of commercial, retail and community uses, and the rehabilitation of the Historic District. The entire area has been graded, a final subdivision map for Phase I was recorded, and Phase I infrastructure for "wet" utilities (e.g., water, sewer and storm drain) has been installed. The entire East Garrison Project has been reviewed under California Environmental Quality Act an Environmental Impact Report was certified and approved in September 2004. These actions implement the approved project.

On October 10, 2005, the Local Agency Formation Commission (LAFCO) approved Resolution No. 05-20 creating the East Garrison Community Services District (EGCSD). The boundaries of the District are co-terminus with the boundaries of the East Garrison development. On February 28, 2006, the Board of Supervisors approved a series of resolutions relating to the governance of the EGCSD, including appointing the Board of Supervisors to serve as the Board of Directors of the EGCSD.

On July 18, 2006, the Board of Supervisors approved the Urban Services Agreement by and between the County of Monterey and the East Garrison Community Services District Relating to East Garrison that defined the obligations of each entity with relation to ownership and maintenance of infrastructure relating to the build-out of the East Garrison development.

On June 12, 2007, the Board of Supervisors approved the Monterey County Subdivision Improvement Agreement between County and East Garrison Partners I, LLC Re. East Garrison Phase 1 Onsite Improvements Plan and East Garrison Phase II Improvement Plans, recorded June 28, 2007 at Document No. 2007051443. In accordance with this Agreement, the Subdivider prepared Improvement Plans which included street, storm drain, sewer, and water system improvements necessary for the development. These Improvement Plans were approved by the Public Works Department and the Building Department. The Subdivider applied for and received an Encroachment Permit for those portions to be constructed within the public road right-of-way; applied for and received a Grading Permit for the on-site improvements; and provided the financial securities and bonds required therefor.

On June 28, 2007, the Board of Supervisors approved an Agreement Concerning Maintenance, Repair, and Operation of Drainage and Flood Control Systems and Required Provisions of CC&Rs by and among the County of Monterey, the Monterey County Water Resources Agency, and East Garrison Partners, LLC, the then-developer. The Agreement was recorded in the Office of the Monterey County Recorder at Document No. 2007051444. The Agreement specified each entity's responsibility for implementation of certain portions of completed infrastructure in the East Garrison development described in the Urban Services Agreement dated July 18, 2006 between the County of Monterey and the East Garrison Community Services District (EGCSD).

During the Great Recession, the East Garrison Project was acquired by UCP East Garrison LLC ("UCP"). On June 28, 2011 the Board of Supervisors approved a First Implementation Agreement to the Disposition and Development Agreement which transferred the rights and entitlements for the East Garrison development project to UCP East Garrison, LLC as the new Master Developer. UCP has been working to fulfill the terms of the DDA and DA since that time and has reached a point where it is ready to transfer certain Parcels for sale to affiliated entities for the actual construction and sale of homes.