

Exhibit E
MPWMD Letters
Dated
January 18, 2008
And
September 10, 2010

REF100047
Carmel Cottages

Planning Commission
February 9, 2011



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

5 HARRIS COURT, BLDG. G
POST OFFICE BOX 85
MONTEREY, CA 93942-0085 • (831) 658-5601
FAX (831) 644-9558 • <http://www.mpwmd.dst.ca.us>

January 18, 2008

Mr. Don Houpt
Compass Point Capital LLC.
9699 Blue Larkspur Lane, Suite 202
Monterey California 93940

Subject: Water Use for Cottages of Carmel, Val Verde Drive, Carmel Valley
APN: 015-021-036

Dear Don:

This letter responds to the November 21, 2007 Expected Water Use Analysis for Cottages of Carmel, Carmel Valley, prepared by Axiom Engineers (hereafter referred to as "Axiom Study"). This letter also addresses a number of water efficient technologies proposed for use on this site to reduce water demand, which will be required as permanent conditions of approval of a Water Permit for this project issued by the Monterey Peninsula Water Management District (District), which specifically will allow for construction of a 78-bed senior assisted living facility at Val Verde Drive in the County of Monterey. Based on the analysis outlined in this letter, the District General Manager has authorized staff to process a Water Permit under Rule 24-E, Special Circumstances. As the data and information contained in the Axiom Study eliminates the "substantial uncertainty" associated with the previous senior living facility project approved by the District's Board of Directors on January 27, 2005, this Water Permit will not require discretionary approval by the Board.

After reviewing the Axiom Study, the District has determined that the *Recommendations* portion of the Axiom Study, *Top-Down Analysis*, is the appropriate approach to determine Water Use Capacity for the proposed senior assisted living project. This approach uses the District's Non-Residential Water Factor for Assisted Living (0.085 AF/bed). This factor is found in District Rule 24 on Table 2, Non-Residential Water Factors. Reductions of the projected Water Use Capacity which are associated with permanent installation and maintenance of water efficient technologies are then calculated and deducted from the factored use. All water savings estimates were independently verified by District staff.

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The following water demand reductions, devices, and appliances must be permanently installed and maintained as conditions of the Water Permit in order to keep the project's long-term Water Use Capacity within the County of Monterey's water allocation of 4.800 AFA:

Landscaping

District staff reviewed the landscape plans and the water use calculations provided in the Axiom Study. The proposed landscaping area for the facility is 79,631 square-feet and the Maximum Applied Water Allowance (MAWA) for landscape irrigation was calculated to be 1.120 AFA. *The landscape area must be reduced to in order to stay within the water allocation.*

To ensure that actual water consumption remains at or below the MAWA calculation, the following Water Permit conditions will be required:

1. Proper design, installation and maintenance of a water efficient irrigation system.
2. Proper hydro-zoning of plants; grouping plant varieties together with other plants having similar water needs, and placing similar plant groups on the same watering stations.
3. Installation and permanent use and maintenance of a real-time, weather-based irrigation controller serving all irrigated areas. *Note: The requirement for "real-time" weather data controller is a key component in this approval. District staff is available to verify that the proposed controller meets this requirement.*
4. Well water use will be metered and reported to the District at least annually or upon reasonable request.
5. Mulch, to a depth of 3 to 4 inches, shall be maintained on all the landscaped areas throughout the site.
6. Additions of landscaped area require a Water Permit from the District.
7. Plants shall have low to very-low water needs only.
8. The property owner shall implement a water education program for landscapers, gardeners and other employees who maintain or care for landscaping, including education about the District's water waste restrictions and clear direction that all irrigation to landscaping is to be done using the installed irrigation system and not by hand watering. The property owner shall implement a permanent training program on the proper use of the real-time weather-based irrigation controller for all employees who maintain the landscaping.

Toilets

All toilets on this site are permanently required to flush no more than 1.0 gallons per flush (GPF) maximum, as determined by the manufacturer's specifications. The estimated water savings associated with the permanent installation and maintenance of 1.0 GPF toilets on this site, instead of 1.6 GPF toilets, results in a 0.620 AFA reduction in projected demand.

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Lavatory Faucets

All faucets on this site are required to be permanently equipped with aerators designed with a maximum flow of no more than 0.5 gallons per minute (GPM). Additionally, all aerators shall be permanently affixed to faucets by means of a "vandal-resistant" design, which only allows removal/replacement with a unique tool, as demonstrated and documented in the Axiom Study. The estimated water savings associated with the permanent installation and maintenance of 0.5 GPM faucet aerators on this site, instead of standard 2.2 GPM aerators, results in a 0.430 AFA reduction in projected demand.

Showers

All showerheads are permanently required to be designed with a flow-rate of no more than 1.5 GPM. Additionally, permanent installation of tamper-proof flow restrictors (inline flow controls) that limit flow rates to 1.5 GPM maximum are also required, in order to assure a permanent water use reduction associated with shower-related water usage, as illustrated in the Axiom Study. The estimated water savings associated with the permanent installation and maintenance of 1.5 GPM showerheads on this site (to include 1.5 GPM inline flow controls), instead of standard 2.5 GPM showerheads, results in a 0.22 AFA reduction in projected demand.

Central Laundry

The Central Laundry facility on this site is permanently required to be equipped with a commercial washing machine manufactured to use no more than 78 gallons per cycle and 60 pound maximum load, (lesser water usage recommended; see www.ceel.org for more information on high efficiency commercial clothes washers). Additionally, an ozone injection laundry system (with a significant portion of the rinse water recycled back into the system for reuse) will be permanently installed and utilized in conjunction with the central washer. This system will result in a 20% minimum water savings. The estimated water savings associated with the permanent installation and maintenance of a high efficiency commercial washing machine, in conjunction with the permanent use of an ozone injection system with recycle will result in 0.080 AFA in projected demand reduction.

Residential Laundry

The proposed residential washing machines on this site are permanently required to use no more than 15 gallons per load maximum, as proposed in the Axiom Study. The estimated water savings associated with the permanent installation and maintenance of residential high efficiency washing machines, instead of standard residential washing machines, will result in a 0.270 AFA reduction in projected demand.

Pre-Rinse Spray Valves

All Pre-Rinse Spray Valves on this site are permanently required to have a flow-rate of 1.6 GPM maximum. The estimated water savings associated with the permanent installation and maintenance of high efficiency 1.6 GPM Pre-Rinse Spray Valves, instead of standard 5.0 GPM Pre-Rinse Pray Valves, will result in a 0.030 AFA minimum reduction in projected demand.

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Food Steamers

All food steamers on this site are permanently required to be boilerless/connectionless by design, using a maximum of 2.0 gallons per hour (GPH) of continuous operation. The estimated water savings associated with the permanent installation and maintenance of 2.0 GPH boilerless/connectionless food steamers, instead of standard food steamers (40.5 GPH on average), will result in a 0.560 AFA reduction in projected demand.

Commercial Ice Machines

All ice machines on this site are permanently required to be air-cooled by design, using a maximum of 17.5 gallons per 100 pounds of ice. The estimated water savings associated with the permanent installation and maintenance of air-cooled ice machines, instead of water-cooled ice machines, will result in a 0.120 AFA reduction in projected demand.

Dishwashers

The dishwasher that will be approved in the Water Permit issued for this project site is permanently required to use a maximum of 0.74 gallons of water per rack. The Axiom Study illustrates that water consumption for a dishwasher in this category will slightly increase due to wash tank filling, bringing the estimated net consumption up to 1.6 gallons per rack (although actual consumption will be lower). Therefore, estimated water savings associated with the permanent installation and maintenance of a dishwasher rated at 0.74 gallons per rack maximum, instead of a standard 2.7 gallon per rack dishwasher, will result in a 0.030 AFA reduction in projected demand associated with all dishwashers identified in the proposed project.

Additional Conditions of Approval

The Jurisdiction has acknowledged in writing to the District that annual average water use above the preliminary Estimated Annual Water Use Capacity shall either result in a debit to its Allocation or shall require additional action to reduce or offset water use as authorized by the District Board.

The property owner or his agent shall annually complete and submit a Special Circumstances Review Form and applicable attachments to the District by February 1. The Special Circumstances Review Form shall require the property owner to provide information about the project's annual water use and practices, copies of the past year's water bills, information about the performance of any special appliances, and other information useful in reviewing project-related water demand. The Special Circumstances Review Form shall be submitted each year during construction and for ten years following full occupancy after completion of the project.

Water use shall be reviewed annually after occupancy. If actual water use exceeds the preliminary Water Use Capacity estimate during any annual review, the District will debit the Jurisdiction's Allocation for the difference or shall require conservation measures sufficient to reduce actual water use to comply with the quantity permitted. At the end of the ten-year monitoring period, if the average annual water use exceeds the preliminary Water Use Capacity estimate, the District will

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determine whether the Jurisdiction shall transfer some of its Allocation to the project, or whether the Applicant shall pay the cost of District-approved water conservation projects within the District or on the project Site to establish Water Use Credits to offset the increased increment of water needed by the project.

The Applicant and any successor in interest to the Water Permit shall enter into an indemnification agreement with the District, whereby the Applicant agrees to indemnify, defend and hold harmless the District from any and all legal and financial responsibility that may arise in connection with approval of the application, including but not limited to attorney's fees and costs that the District may incur.

Summary of Approval

Please notify me in writing if you accept the proposed conditions described above that are associated with the estimated water demand for a 78-bed senior assisted living facility at Val Verde Drive in the County of Monterey. Upon acceptance of the conditions, your Water Permit Application will be processed for this project. The application must include complete and approved sets of construction plans and landscape plans, a complete Non-Residential Water Release Form & Water Permit Application signed by the authorized representative of the County of Monterey, and any supplemental documentation (such as ownership information) that may be requested by the District. Prior to approval and release of the Water Permit, the District will record the following three deed restrictions on the property:

1. Notice and Covenant Regarding Limitation on Use of Water on a Property. This document will list the specific conditions related to the required water demand reductions described in this letter.
2. Notice and Covenant to Provide Public Access to Water Use Data. This document provides authorization to retrieve, collect, compile and report actual water use data for a specific property. Obtaining this authorization releases the District from the restrictions of the Non-Disclosure Agreement between the District and California American Water.
3. Notice and Covenant of a Modified Non-Residential Water Use. This document provides notice that the user has a reduced water capacity that resulted from a reduction of a Water Use Factor, and that the user is hereafter identified as a Non-Residential Group IV on the District's Table 2: Non-Residential Water Use Factors.

District staff will require several documents to prepare the deed restrictions. Please provide copies of Articles of Incorporation (i.e. operating agreement), and Restated Bylaws, and Resolution of the Board of Directors. The deed restrictions must be signed, notarized, and returned to the District for recordation with Monterey County Recorder's Office.

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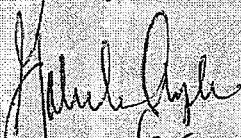
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Legal review fees, recordation fees, and Water Permit processing fees and connection charges are required before the District can issue a Water Permit. Any modification to these plans may void the current analysis. This District analysis is time-sensitive; therefore District staff reserves the right to alter its conclusion based on changed conditions if the proposed project is not permitted and under construction by February 1, 2009.

This decision to issue a water permit for a senior assisted living facility with reduced potential demand based on state-of-the-art deed restricted technology is an appealable decision. Determinations of the General Manager may be appealed to the District Board within twenty-one (21) days pursuant to District Rule 70.

If you have any questions about this analysis or the proposed conditions, please call me or Gabriela Ayala at 658-5601.

Sincerely,



Stephanie Rintar
Water Demand Manager



September 10, 2010

Transmitted Via Facsimile and Regular Mail

Mr. Don Houpt
Alta California Land Company, LLC
9699 Blue Larkspur Lane #202
Monterey, California 93940

Subject: Water Permit No. 25730 for The Cottages of Carmel, APN: 015-021-036

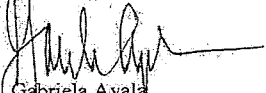
Dear Mr. Houpt:

This letter responds to your request for written confirmation of the Special Conditions of Approval for the Cottages of Carmel project located at 26245 Carmel Rancho Blvd, Carmel (APN: 015-021-036).

The Special Conditions of Approval are identified on a District's January 28, 2008, letter and on Water Permit No. 25730 issued on July 27, 2008. The installation of a Graywater system is **not** a condition of Water Permit 25730, which allows the construction of a 78-bed senior assisted living facility.

If you have any further questions, please contact the Permit and Conservation Office at 658-5601.

Sincerely,



Gabriela Ayala
Conservation Representative

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