



APPENDIX C
RMC Letter dated June 20, 2011

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June 20, 2011

Mr. Curtis Weeks, General Manager
Monterey County Water Resources Agency
893 Blanco Circle
Salinas, CA 93902

Curtis:

Effective January 11, 2011, RMC initiated work under the Project Management Agreement as jointly authorized by the Monterey County Water Resources Agency (MCWRA), Marina Coast Water District (MCWD), and California American Water Company (CAW). Paragraph 23.4 of the Project Management Agreement (PMA) reads as follows:

23.4 Project Manager Suspension of Services. If a specific WPA Party shall fail to make payment when due to the Project Manager hereunder, Project Manager may, upon thirty (30) calendar days advance written notice to all WPA Parties, suspend further performance of services hereunder solely with respect to such WPA Party's portion of the Project until payment in full is received. In such event, Project Manager shall have no liability for any delays or additional costs of Project construction due to, or arising out of, such suspension.

To date, RMC has not received any payment for services provided to MCWRA in connection with the PMA. Pursuant to your verbal direction received in March 2011, RMC suspended all activities associated with design development of facilities identified to be owned and operated by MCWRA, including the test wells, brackish source water wells, and the brackish source water pipeline. At that time, as verbally directed by MCWRA, RMC's work associated with MCWRA related activities was limited to financial planning and the associated permitting and environmental compliance tasks, which were both stated to be directly related to project financing, and the associated project management activities.

The unpaid invoices for RMC's work under the PMA for tasks attributable to MCWRA are shown in the table below, none of which have been paid to date.

Invoice	Date Submitted	Invoice Number	Amount
January 2011	April 27, 2011	12378	\$78,138
February 2011	May 3, 2011	12396	\$129,439
March 2011	May 16, 2011	12455	\$155,406
April 2011	May 20, 2011	12520	\$95,307
Total			\$458,291

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Please provide payment of these invoices at your earliest convenience. Unless payment is received, and effective July 20, 2011, RMC may be forced to suspend all services associated with any tasks that involve MCWRA related work.

We look forward to your timely reply.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lyndel Melton".

Lyndel Melton
Project Manager

cc: Mr. James Heitzman, General Manager, MCWD
Mr. Richard Svindland, Director of Engineering, CAW