

GRIFFITH, MASUDA & HOBBS

A PROFESSIONAL LAW CORPORATION

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Founded 1920

W. Coburn Cook, 1892-1953
Lin H. Griffith, 1923-2014

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*Celebrating our
100th Anniversary*

June 12, 2020

VIA ELECTRONIC AND U.S. MAIL

Mr. Robert E. Donlan, Esq.
Ellison Schneider Harris & Donlan
2600 Capitol Avenue, Suite 400
Sacramento, CA 95816
red@eslawfirm.com

Re: Angel's Crossing, LLC/Western Hills Water District – Assignment, Assumption and Release Agreement dated April 30, 2020

Dear Mr. Donlan:

As a follow up to our prior conversation with regards to the acquisition of the Diablo Grande project by your client, Angel's Crossing, LLC, the Western Hills Water District ("WHWD") Board of Directors requested I contact you to start a dialogue with respect to the funding obligations Angel's Crossing has assumed pursuant to the above-referenced agreement.

As per our discussion, the revenues collected by WHWD in the provision of water and sewer service to Diablo Grande are significantly less than the cost to provide those services, which has resulted in acute financial stress to the District.

Although there has been a mutual sharing of information between the parties regarding the operational aspects of WHWD, there has been little to no information as to the financial obligations, and how to resolve them moving forward. As we also discussed, one of the measures WHWD is taking to increase revenues involves a rate increase, for which WHWD's consultant is already underway.

On behalf of WHWD, I congratulate Angel's Crossing on their purchase of Diablo Grande and look forward to a strong and beneficial partnership moving forward. As part of that process, working through the financial issues will be of utmost importance.

Once you've had an opportunity to discuss these matters with your client, please contact me so that we can coordinate moving forward. In the interim, if there are any questions or other concerns please don't hesitate to contact me.

Mr. Robert E. Donlan, Esq.
June 12, 2020
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Regards,

GRIFFITH, MASUDA & HOBBS

A handwritten signature in blue ink, consisting of a stylized 'D' followed by a long horizontal stroke that curves upwards at the end.

David L. Hobbs

Cc: WHWD Board of Directors