

GRIFFITH, MASUDA & HOBBS

A PROFESSIONAL LAW CORPORATION

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Turlock, California 95380
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www.calwaterlaw.com
Founded 1920

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

David L. Hobbs
dhobbs@calwaterlaw.com

*Celebrating our
100th Anniversary*

July 14, 2020

VIA ELECTRONIC AND U.S. MAIL

Angel's Crossing, LLC
c/o William J. Miller, C.E.
Po Box 4943
El Dorado Hills, CA 95762
jimmiller1709@comcast.net

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

Dear Mr. Miller:

As a follow up to our prior conversation and the attached June 12, 2020 correspondence on behalf of the Western Hills Water District ("WHWD"), below are the current amounts now due and owing for which Angel's Crossing LLC ("AC") has assumed the obligation to fund:

1. WHWD/Kern County Water Agency ("KCWA") Contract to Transfer Water: A payment to KCWA in the amount of \$1,170,513 has been due and owing since January 1, 2020 and a 2nd installment of \$688,187.00 was due on July 1, 2020, for a total amount of **\$1,858,700.00**. KCWA has recently contacted WHWD in order to remind it that unless this issue is resolved, KCWA has the right to terminate water deliveries to WHWD (and the Diablo Grande residents) on August 9, 2020.
2. City of Patterson: There is a total amount due for sewer services in the amount of **\$357,132.88**. It is my understanding you were intending to meet with city representatives to discuss this bill. You may recall in our prior conversation that WHWD representatives met with Patterson staff to discuss the agreement but were unable to obtain any significant relief.
3. AC Water Payments. In addition to the past due amount of **\$47,832.90**, the June 2020 water bill to AC is **\$86,516.16** and is due on July 31, 2020.

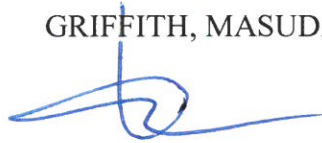
Given the dire consequences to the Diablo Grande project should WHWD be unable to provide either water or sewer services to the residents, it is imperative that payment of these outstanding amounts be resolved in order that the provision of these services may continue unabated.

Mr. William J. Miller, C.E.
July 14, 2020
Page 2

Should you wish to discuss these matters further please do not hesitate to contact me directly so we may address these pressing issues.

Regards,

GRIFFITH, MASUDA & HOBBS

A handwritten signature in blue ink, appearing to read 'D. Hobbs', with a long horizontal flourish extending to the right.

David L. Hobbs

Cc: WHWD Board of Directors

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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.

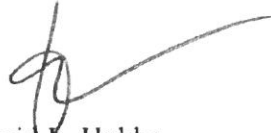
On behalf of WHWD, I congratulate Angel's Crossing on their purchase of Diablo Grande and look forward to a strong and beneficial partnership moving forward. As part of that process, working through the financial issues will be of utmost importance.

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
Page 2

Regards,

GRIFFITH, MASUDA & HOBBS

A handwritten signature in black ink, appearing to be 'D. Hobbs', with a long, sweeping horizontal line extending to the right.

David L. Hobbs

Cc: WHWD Board of Directors