

**DRAFT LICENSE AGREEMENT
THE REGENTS AS LICENSOR**

THIS AGREEMENT ("Agreement") is dated as of the latest date of execution set forth below ("Effective Date"), by and between THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California corporation ("Licensor") and MARINA COAST WATER DISTRICT ("Licensee").

WHEREAS, Licensor owns property located at 3239 Imjin Road in the City of Marina, County of Monterey, State of California, commonly known as the UC MBEST Center (the "Land"), as more particularly described in the attached Exhibit "A", which is incorporated by reference, and

WHEREAS, Licensee has an existing easement over a portion of the Land within the Premises (the "Easement Area"), as that term is defined below, upon which it has constructed and owns a well yard and water system facilities, and

WHEREAS, Licensee seeks to acquire the right to enter upon a portion of the Land (the "Premises"), as more particularly described in the attached Exhibit "B", which is incorporated by reference, for the purpose specified in Section 1 below.

NOW, THEREFORE, intending to be legally bound, the parties agree as follows:

1. Use. Licensor hereby grants to Licensee, its agents and contractors, a non-exclusive license to enter upon and use the Premises and the right of ingress and egress to and from the Premises, subject to the terms and conditions herein, for the purposes of staging equipment, laying down material, and disposing of treated well development water in connection with Licensee's planned destruction of the well commonly known as Well 32 ("Well 32") and appurtenant structures and its planned construction of a new well commonly known as Well 34 ("Well 34") and appurtenant structures elsewhere on the Land ("License"). The location and configuration of Wells 32 and 34 and appurtenant structures are depicted and described in the attached Exhibit "C", which is incorporated by reference.

Licensee's use of the Premises shall be further conditioned as described in the attached Exhibit "D" and Exhibit "F", which are incorporated by reference.

2. Improvements. No less than fourteen (14) days prior to any use by Licensee of the Premises outside of the Easement Area, Licensee shall install a temporary chain-link fence around the Premises, as depicted in the attached Exhibit "B" (the "Improvements"). Licensee shall make such Improvements on the Premises in accordance with plans and specifications approved in advance by Licensor, which approval shall not be unreasonably withheld. Licensee shall make the Improvements at its sole cost and expense. Prior to the expiration or earlier

termination of this Agreement, Licensee shall remove the Improvements and restore the Premises as provided by Section 10 of this Agreement.

3. Term. This Agreement shall commence upon the Effective Date and shall continue twelve (12) months thereafter ("Term"). At the expiration or earlier termination of this Agreement, Licensee shall immediately cease use of the Premises.

4. Consideration. As consideration for this License, Licensee shall reimburse Licensor for any and all costs incurred by Licensor to review the environmental implications of Licensee's activities under this License. Within sixty (60) days of the Effective Date, Licensor shall issue a statement of such costs to Licensee ("Cost Statement"). The Cost Statement will include a basis for the assessed review costs, including, but not limited to, the name of the UC employee, title, hourly rate, description of work and value provided to develop this Agreement, date and hours on each date a task was performed, and daily cost amount. Licensee shall remit payment of the costs described in the Cost Statement within thirty (30) days of Licensor's issuance of Cost Statement.

The Parties hereby recognize that Licensor is, as of the Effective Date of this Agreement, contemplating using portions of the Land in the vicinity of Well 34 for agricultural purposes. As further consideration for this license, Licensee hereby agrees to consider in good faith any future requests by Licensor to purchase raw water produced at Well 34 from Licensee at the Well 34 well head, at a price reasonably consistent with Licensee's cost to produce such raw water, provided that Licensor obtains the required water allocations from the appropriate authorities to purchase such water.

5. Conditions Applicable to License. This License is subject to all existing covenants, conditions, reservations, contracts, leases, licenses, easements, encumbrances, restrictions and rights of way with respect to the Premises, whether or not of record.

6. No Transfer or Assignment. This License is personal to Licensee. Any attempt to transfer or assign this License shall terminate it.

7. Permits and Regulations. Licensee shall be responsible for securing any required approvals, permits and authorizations from any federal, state or local agencies and shall comply with all applicable laws and regulations.

8. Hazardous Materials. Licensee's use of any substance regulated or defined by federal, state, or local statutes, regulations, rules, ordinances, or other applicable governmental requirements ("Applicable Law") as hazardous or dangerous, or a petroleum product (collectively, "Hazardous Materials"), must be approved by Licensor in writing prior to Licensee's use. If Hazardous Materials are used, stored, generated, or disposed of on or in the Premises or the Land by Licensee, its agents or contractors, or if the Premises or the Land become contaminated in any manner for which Licensee is legally liable, Licensee shall indemnify,

defend and hold harmless the Licensor from any and all liabilities and costs (including without limitation, a decrease in value of the Premises or the Land and any and all sums paid for settlement of claims, litigation expenses, attorneys' fees, consultant, and expert fees) of whatever kind or nature, known or unknown, contingent or otherwise, arising during or after the Term. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. Without limitation of the foregoing, if Licensee causes or permits the presence of any Hazardous Substance on the Premises or the Land that results in contamination, Licensee shall promptly, at its sole expense, take any and all necessary actions to return the Premises and the Land as applicable to the condition existing prior to the presence of any such Hazardous Substance in the Premises or the Land. Licensee shall first obtain Licensor's written approval for any such remedial action. The provisions of this Section 8 shall be in addition to any other obligations and liabilities Licensee may have to Licensor at law or equity and shall survive the transactions contemplated herein and shall survive the termination of this Agreement.

9. No Interference. Licensee shall not interfere with the normal operation and activities of Licensor, and Licensee shall conduct its activities on the Premises to minimize damage to the Premises and inconvenience to Licensor, its agents, employees and invitees.

10. Repair and Restoration. If Licensee, its agents or contractors cause any damage to the Premises, or to Licensor's roads, infrastructure or other property and improvements on the Premises or the Land with the exception of the Easement Area (collectively "Property") in connection with the exercise of this License, Licensee shall repair and restore the Premises and Property to their original condition prior to Licensee's use of the Premises pursuant to this License. Licensee shall perform the repair and restoration required hereunder prior to the expiration of this Agreement, or within ten (10) days of the earlier termination of Licensee's rights hereunder. In the event that repair and restoration is performed following the termination of this Agreement, the Licensee's Indemnity and Insurance obligations in Sections 13 and 14 shall continue until repair and restoration is completed as provided herein.

11. Breach and Cure. In the event that either party breaches any of its obligations under this Agreement, the party claiming a breach shall send the other party written notice specifying the nature of such breach. The party in receipt of the notice shall have ten (10) days from the receipt of such notice within which to cure such breach. If more time is reasonably required for performance, then the party in receipt of the notice shall notify the party claiming the breach in writing of its proposed schedule for performance and promptly commence performance thereafter, and diligently proceed to completion. If the party in receipt of the notice fails to cure or to timely commence the cure then the claiming party shall have the right to terminate this Agreement immediately by serving party in receipt of the notice with written notice of termination. The party claiming the breach shall have all rights and remedies available under California law including, but not limited to, actions for damages and specific performance, for any breach of the party's rights and obligations hereunder.

12. Alteration in Writing. This Agreement supersedes any and all prior understandings and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement. No alteration or variation of this Agreement shall be valid unless made in writing and signed by Licensor and Licensee.

13. Notice. Any notice required hereunder shall be in writing and shall be addressed as follows:

Licensor:

UC MBEST Center
ATTN: Managing Director Graham Bice
3239 Imjin Road, Suite 101
Marina, CA 93933

Licensee:

Marina Coast Water District
ATTN: Carl Niizawa,
Deputy General Manager/District Engineer
2840 4th Avenue
Marina, CA 93933

or to such other address as either party may indicate in a written notice to the other. All notices and communications given under this Agreement shall be deemed to have been duly given and received: (i) upon personal delivery, or (ii) as of the third business day after mailing by United States mail, addressed as set forth above, or (iii) the immediately succeeding business day after deposit (for next day delivery) with Federal Express or other similar overnight courier system, or (iv) 24 hours after facsimile transmittal with confirmation of receipt and followed by personal delivery, United States mail, or overnight delivery as specified in this Section 13.

14. Indemnification. Licensee shall indemnify, defend, and hold harmless Licensor, its officers, agents and employees, from and against any claims, damages, costs, expenses, or liabilities (collectively "Claims") arising out of or in any way connected with this Agreement including, without limitation, Claims for loss or damage to any property, or for death or injury to any person or persons but only in proportion to and to the extent that such Claims arise from the negligent or intentional acts or omissions of Licensee, its officers, agents, partners, invitees or employees.

15. Insurance.

15.1 Licensee's Insurance. Licensee, at its sole cost and expense, shall insure its activities in connection with this Agreement and obtain, keep in force, and maintain insurance as follows:

1. Commercial Form General Liability Insurance (contractual liability included) with minimum limits as follows:

- | | |
|----------------------|-------------|
| a. Each Occurrence | \$1,000,000 |
| b. General Aggregate | \$2,000,000 |

If the above insurance is written on a claims-made form, it shall continue for three (3) years following termination of this Agreement. The insurance shall have a retroactive date of placement prior to or coinciding with the commencement of the Term of this Agreement.

2. Business Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles with a combined single of not less than one million dollars (\$1,000,000) per occurrence.
3. Property Insurance, Fire and Extended Coverage Form in an amount sufficient to reimburse Licensee for all of its equipment, trade fixtures, inventory, fixtures and other personal property located on or in the Premises including leasehold improvements hereinafter constructed or installed.
4. Workers' Compensation as required by California law.
5. Such other insurance in such amounts which from time to time may be reasonably required by the mutual consent of Licensor and Licensee against other insurable risks relating to performance.

Licensee may elect to provide and maintain insurance coverage in the form of self-insurance through Licensee's participation in the ACWA/JPIA, a joint powers insurance program.

The coverages required herein shall not limit the liability of Licensee.

The coverages referred to under 1. and 2. of this Section 15.1 shall include Licensor as an additional insured. Such a provision shall apply only in proportion to and to the extent of the negligent acts or omissions of Licensee, its officers, agents, and employees. Licensee, upon the execution of this Agreement, shall furnish Licensor with certificates of insurance evidencing compliance with all requirements. Certificates shall provide for thirty (30) days (ten [10] days for non-payment of premium) advance written notice to Licensor of any material modification, change or cancellation of the above insurance coverages.

15.2 Waiver of Subrogation. Licensee hereby waives any right of recovery against Licensor due to loss of or damage to the property of Licensee when such loss of or damage to property arises out of an act of God or any of the property perils included in the classification of fire or extended perils ("all risk" as such term is used in the insurance industry) whether or not such perils have been insured, self-insured, or non-insured.

16. Lien Free Condition. Licensee shall not cause or permit any liens to be placed against the Premises or against Licensor's other property as a result of Licensee's exercise of rights under this Agreement. In the event of the filing of any such liens, Licensee shall promptly cause such liens to be removed. In no event shall such lien removal require more than thirty (30) days.

17. Other. The parties hereby recognize that, at a presently undetermined future date subsequent to the Effective Date of this Agreement, the Licensee plans to construct a facility on a portion of the Land for which it holds an easement for the purpose of chlorinating water drawn from the proposed Well 34 (the "Chlorination Building"). This License specifically does not provide for Licensee's construction of the Chlorination Building on the Premises or the Land. Licensee hereby agrees that its construction of the Chlorination Building shall be subject to Licensor's written approval, as memorialized in a separate license agreement providing for Licensee's construction of the Chlorination Building. Licensor's approval and execution of a license agreement providing for Licensee's construction of the Chlorination Building shall be conditioned upon, among other things, Licensee's compliance with the requirements set forth in Exhibit D of this license, but shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

LICENSOR:
THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

LICENSEE:
MARINA COAST WATER DISTRICT

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT "A"
THE LAND

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EXHIBIT "B"
THE PREMISES AND THE WORK SITE

(Insert geographic map of the Premises and the Work Site, including depicting of planned chain-link fencing around the Premises)

NOTE: MCWD NEEDS TO REMOVE TEMP. BASIN AND TEMP DIRT ROAD FROM EXISTING GRAPHIC AND INDICATE THE ROUTE OF THE TEMPORARY PIPELINE FOR DISPOSAL OF DEVELOPMENT WATER INTO THE NOW-EXISTING CATCH BASIN. ALTHOUGH THE CATCH BASIN AND EAST GARRISON RETENTION BASIN ARE NOT "PREMISES", THESE NEED TO BE INDICATED AS OFF-PREMISES SITES THAT WILL ALSO BE USED. THE FULL EXTENT OF THE EAST GARRISON RETENTION BASIN NEED NOT BE SHOWN, AS THIS WAS SHOWN IN THE EASTERN DISTRIBUTION SYSTEM PROJECT IS/MND

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EXHIBIT "C"
WELLS 32 AND 34

(Insert map depicting locations of Wells 32 and 34, and descriptions and/or drawings depicting the mechanical/technical installations and improvements at those locations)

NOTE: MCWD MUST INDICATE THE ROUTE BY WHICH DEVELOPMENT WATER WILL BE DUMPED INTO THE CATCHBASIN LEADING TO THE EAST GARRISON RETENTION BASIN

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EXHIBIT "D"
CONDITIONS ON LICENSEE'S USE OF PREMISES

1. Licensee or its agent or contractor (as appropriate) shall obtain all necessary permits from the Monterey County Department of Environmental Health to destroy Well 32 and construct Well 34 on the Land.
2. In its destruction of Well 32 or construction of Well 34, Licensee may temporarily block use of the dirt road immediately adjacent to the Premises (the "Dirt Road"), as further depicted in Exhibit "B", but Licensee shall not block the Dirt Road for more than a total of thirty (30) days during the Term of this Agreement.
3. Licensee shall store all hazardous materials used in the destruction of Well 32 and the construction and operation of Well 34 in a secure area, in appropriate, properly labeled, closed leak-tight containers with proper secondary containment. Licensee shall not store incompatible materials within shared secondary containment. All hazardous materials and secondary containment shall be protected from rain.
4. Licensee shall implement a spill protection and containment plan listing all hazardous materials used in, on or near Wells 32 or 34, and describing how Licensee shall prevent, minimize, clean up, and/or mitigate spills of hazardous materials, including fluids from equipment and vehicles ("Spill Protection Plan"). Licensee shall also provide Licensor with a material safety data sheet ("MSDS") for each hazardous material planned for use in, on, or near Wells 32 or 34, including but not limited to the drilling polymer used by Licensee in the construction of Well 34. The Spill Protection Plan shall be subject to approval by Licensor.
5. Licensee shall store any equipment used in the destruction of Well 32 or the construction of Well 34 within a locked, fenced area when personnel are not on-site..
6. Licensee shall remove debris or other material created in the demolition of Well 32 or construction of Well 34 within four (4) days of the creation of such debris or other material. Licensee shall cover debris and demolished material while it is left on-site to protect storm water runoff quality in the event of rain.
7. Prior to Licensee's commencement of the destruction of Well 32, Licensee shall conduct a test to determine the presence of asbestos-containing materials or lead-based paint at existing pump house building as depicted in the attached Exhibit C (the "Pump House Building"), and shall promptly submit all test results to Licensor. If either of these substances are detected at the Pump House Building, Licensee shall commence to clean up and remove such substances and remediate any soil contamination in compliance with all federal, state, municipal and other applicable laws and regulations.
8. If, during its destruction of Well 32 or construction of Well 34, Licensee observes evidence of potential soil contamination (staining, odors or suspicious discoloration) anywhere on the Premises, the existing Well 32 site, the proposed Well 34 site, or the temporary pipeline route for disposal of well development water in an adjacent storm water catch basin ("Catch Basin"), all as further depicted in Exhibit B (collectively, the "Work Site"), Licensee shall cease such construction or demolition work and shall conduct tests of the soil for suspected contamination. If Licensee verifies that the soil is contaminated, Licensee shall notify Licensor and the U.S.

Army at the addresses listed in Exhibit E, "Contact Information", which is attached and hereby incorporated. Licensee shall then develop a contamination investigation and remediation plan for remediation and closure of the contaminated area in accordance with state and local regulatory requirements. Remediation and closure of the contaminated area shall occur under local regulatory oversight. If the soil at the Work Site is determined to be contaminated, and Licensee elects to proceed with construction of Well 34, such construction must be overseen and approved by appropriate regulatory agencies. Licensee shall be responsible for the destruction and closure of Well 32 and the remediation of any soil or other contamination at the Work Site in any event, its decision whether to proceed with construction of Well 34 notwithstanding.

9. Within five (5) days of the Effective Date of this Agreement, Licensee shall provide Licensor with an inventory of all items it expects to store/use at the Premises.
10. Licensee may temporarily leave well cuttings at the Work Site to dry. Licensee must cover well cuttings left at the Work Site if rain is predicted.
11. Licensee shall conduct all in-situ well boring chlorination necessary for the construction of Well 34 in accordance with State law. Licensee shall use ascorbic acid for de-chlorination. Licensee's plans and specifications for the construction of Well 34 shall require Licensee, or its agent or contractor as appropriate, to verify that de-chlorination is successfully performed. Licensee shall temporarily store initial turbid, chlorinated, and de-chlorinated water generated in its development and construction of Well 34 in Baker-style tanks, and dispose of such water off-site regularly until the Well 34 development water is reduced to 50% of initial turbidity.
12. Licensee shall provide Licensor with confirmation from the California Regional Water Quality Control Board ("RWQCB") that any discharges related to Licensee's construction of Well 34 conform to RWQCB General Waiver (Resolution NO. R3-2008-0010).
13. Licensee shall discharge non-chlorinated and non-turbid water generated during the step test and continuous pumping test portions of its development and construction of Well 34 into the Catch Basin, but such discharge shall be conditioned as follows:
 - a. Licensee shall station an observer at the Work Site at all times during Licensee's discharge of water into the Catch Basin, and shall immediately halt any test or other discharge into the Catch Basin should the Catch Basin overflow.
14. Within thirty (30) days of Licensee's completion of construction, development, and testing of Well 34 and appurtenant structures and improvements, Licensee shall remove all equipment, construction and demolition material/debris from the Work Site and restore the Work Site to its condition prior to Licensee's use. Licensee shall furthermore seed any disturbed areas on the Work Site with an erosion control mix, which must be approved by Licensor prior to use by Licensee.
15. Prior to Licensee's commencement of the destruction of Well 32 and the construction of Well 34, Licensee shall perform pre-construction biological resources monitoring and shall provide the results of such monitoring to Licensor.
16. Within sixty (60) days of Licensee's completion of destruction of Well 32 and construction, development, and testing of Well 34, Licensee shall provide to Licensor documentation that Licensee has implemented the mitigations described in the project mitigation monitoring plan adopted by the Marina Coast Water District on

February 10, 2009 as part of Resolution No. 2009-11 (the “MMP”) for all of Licensee’s construction, demolition or other work on the Land. As to Condition 1 of the MMP, Licensee will not use fuel-based, engine-driven equipment for pump operation of Well 34; therefore, Mitigation Measure 1 shall not apply after Licensee completes construction, development and testing of Well 34.

17. Licensee shall ensure that the Well 34 well head enclosure is substantially similar in design to the well head enclosure for the existing water well operated by Licensee located in the City of Marina, State of California, commonly known as Well 10.
18. Any use by Licensee of portable or in-place backup generators at the Work Site shall be in compliance with Exhibit “F” of this license.

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EXHIBIT E

CONTACT INFORMATION

In the event that Licensee discovers contamination on the Work Site, a report must be made by telephone and e-mail to the following contacts within 24 hours of the discovery:

University of California:
Dan Blunk
Environmental Programs Manager
Environmental Health and Safety
University of California, Santa Cruz
Phone: 831-459-3541
E-mail: blunk@ucsc.edu

U.S. Army:
Gail Youngblood
BRAC Environmental coordinator
Base Realignment and Closure Office
Phone: (831) 242-7918
E-mail: gail.youngblood@us.army.mil

EXHIBIT F

Licensee Emergency Generator Requirements

The following provisions apply in the event that Licensee elects to use an emergency generator on the Land.

All licensee emergency generators:

- Preferred engine fuel is propane or natural gas.
- A copy the MBUAPCD air permit for the generator must be provided
- Gasoline fueled generators are not permitted

Diesel fueled emergency generators:

Fuel Storage and Piping

- Fuel shall not be stored or conveyed below grade.
- The above ground fuel storage tank and the equipment onboard fuel tank must be double-walled and fitted with a continuous leak detection monitoring system.
- All connecting piping shall be above ground, double walled and fitted with a continuous leak detection monitoring system.
- Connecting piping and monitoring systems shall be installed by licensed technicians.
- Monitoring systems shall activate visual and audible alarms.
- Leak detection monitoring systems shall be inspected every twelve months by a licensed technician. Monterey County Environmental Health Services shall be provided 48 hrs notice prior to the annual inspection.
- Service to the leak detection monitoring systems and connecting piping shall be performed by a licensed technician.
- Licensee shall conduct monthly documented self-inspections of fuel storage tanks, connecting piping and monitoring system functionality. Inspection records shall be maintained on site.

Fuel Delivery

No less than one month prior to operating an emergency generator on site or bringing generator fuel on site, Licensee shall provide a site-specific generator fueling pollution prevention plan (the "Prevention Plan"), and shall provide updated copies of the Prevention Plan from time to time as the plan is amended. The Prevention Plan shall provide evidence, to Licensor's satisfaction, that Licensee has met the following requirements:

- Fueling procedures and containment equipment and supplies must be implemented to ensure protection of the environment.
 - Containment at the generator fuel delivery area must be adequate to prevent spilled fuel from contacting the ground. Containment must be sized to hold at least 110% of the maximum reasonably anticipated spill volume.
 - Containment at the generator must be protected from rain to prevent water from entering secondary containment.
- Licensee shall establish a fuel delivery procedure to adequately minimize the possibility of a fuel spill during delivery and to minimize the impacts of a spill, should one occur, particularly during a storm event.

- Licensee shall train one or more individuals in the fuel delivery procedure, provide evidence of such training, and assign formal responsibility to such individual(s) for ensuring the fuel delivery procedure is properly executed for each fuel delivery
- Licensee shall ensure that spill response supplies are available at the generator fueling location.
- Licensee shall train one or more individuals in use of spill response supplies, provide evidence of such training, and assign formal responsibility to such individual(s) for ensuring fuel spill response capability is available during each fuel delivery.
- Licensee shall ensure that the aforementioned responsible individuals trained in fuel delivery procedures and in spill response and the use of spill response supplies are present during the fueling of the generator. Both these responsibilities may be satisfied by one individual.

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EXHIBIT G

County of Monterey Agreement to Dispose of Well Development Water in Stormwater
Percolation Basin
(To be supplied by MCWD)

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