



EXHIBIT 4-B

**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

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December 30, 2004

Fred Meurer
City Manager
City of Monterey
City Hall
Monterey, CA 93940

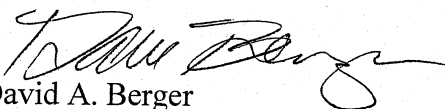
Dear Fred,

Thanks for your December 16, 2004 letter suggesting that the District consider amending its existing Water Use Credit Transfer Rules.

District Rule 28 B currently allows “property-to-property” and “property-to-jurisdiction” water credit transfers for commercial and industrial land uses. As I understand your letter, you’re proposing that the District’s Technical Advisory Committee discuss a potential amendment of this rule to enable a City (including governmental entities located in that City) to apply to the District to transfer water use credits to other governmental entities and to owners of private property within that City. One of the District’s Technical Advisory Committee members made a similar suggestion at the August 26 special joint meeting of the District Board, TAC and Policy Advisory Committee. In response to that publicly expressed interest and your letter request, I’ve added this item to the January 11, 2005 TAC meeting agenda for initial discussion.

Feel free to contact me at 658-5650 should you have any comments or need further information.

Sincerely,


David A. Berger
General Manager

Cc: Board of Directors
Technical Advisory Committee Members
Stephanie Pintar, Water Demand Manager