



March 19, 2014

Dear Diablo Grande Resident and Golfer,

As a result of the on-going drought throughout California, Western Hills Water District received notice from the CA Department of Water Resources that all State Water Project contractors (including Kern County Water Agency, which provides water to Diablo Grande) will receive a zero percent (0%) allocation of water this year.

Fortunately, through pro-active measures taken by Western Hills Water District approximately four years ago, water will be provided to the Diablo Grande community (include the golf course) this year.

More specifically, the Board of Directors for Western Hills Water District has made the decision to exercise its water banking agreement for 2014. As a result, 400 acre feet of water will be purchased by Western Hills Water District for use by the Diablo Grande community. About 200 acre feet will be allocated for residential and community common area use while 200 acre feet will be allocated for golf course use. This means that The Ranch course will remain fully operational while The Legends course will be closed.

We understand that this news is unsettling and maybe even a little confusing. That's why we've created the three attached handouts for your review. The handouts provide important background information and tries to respond to some of the more frequently asked questions we expect from residents and golfers alike.

The first handout is a fact sheet which focuses on how water is delivered to Diablo Grande. The second handout is a fact sheet which focuses on the allocation and purchase of water for Diablo Grande. And, the third handout provides answers to some of the Frequently Asked Questions (FAQs) we've already heard or expect to be asked from homeowners, renters, golfers, Realtors, homebuilders, and others. We consider the FAQs a working document, to be updated regularly as new questions are asked and new information is available. We have arranged for all three documents to be placed on the Diablo Grande Golf & Country Club website (www.diablogrande.com). In addition, we hope to work with the Board of Directors for the ROA to place the same information on the Diablo Grande resident website page so that everyone has access to the same information, at the same time.

Thank you in advance for reading through the attachments. Please know that we share your commitment to maintaining the amenities, appearance, and overall quality of life at Diablo Grande. That's why we've worked so hard to help the community recover from the previous owner's bankruptcy by partnering with the ROA to create the playground and basketball court, enhancing common area landscaping and Clubhouse amenities, investing in new water treatment systems, and even absorbing the costs of the financial shortfalls experienced each year by both Western Hills Water District and Diablo Grande Golf and Country Club. The investment you've made in your home is akin to the investment we've made in your community – and we want to do everything possible to protect and preserve that investment over the long-term.

Sincerely,

The Diablo Grande Community Development Team