

EXHIBIT MS-3

ENTERED

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4 Special Counsel for Plaintiff  
 MONTEREY PENINSULA WATER MANAGEMENT DISTRICT  
 5 DEPUTY DEPUTY

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 9 COUNTY OF MONTEREY

11	MONTEREY PENINSULA WATER	)	CASE NO. M21594
12	MANAGEMENT DISTRICT,	)	
		)	JUDGMENT OF VALIDATION
13	Plaintiff,	)	PURSUANT TO CODE OF
		)	CIVIL PROCEDURE SECTIONS
14	v.	)	<u>860-870, AND OF DEFAULT</u>
		)	
15	ALL PERSONS INTERESTED IN THE	)	
16	MATTER OF THE WASTEWATER	)	
17	RECLAMATION PROJECT FISCAL	)	
18	SPONSORSHIP AGREEMENT DATED AS	)	
19	OF OCTOBER 3, 1989, BETWEEN THE	)	
20	MONTEREY PENINSULA WATER	)	
	MANAGEMENT DISTRICT AND PEBBLE	)	
	BEACH COMPANY, A CALIFORNIA	)	
	GENERAL PARTNERSHIP,	)	
		)	
	Defendants.	)	

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21 All Persons Interested in the Matter of Proceedings Leading  
 22 Up To and Including the Execution of the Wastewater Reclamation  
 23 Project Fiscal Sponsorship Agreement dated as of October 3,  
 24 1989, between the Monterey Peninsula Water Management District  
 25 and Pebble Beach Company, a California general partnership (the  
 26 "Sponsorship Agreement"), and the adoption of a resolution  
 27 pertaining thereto, having been served by publication according  
 28 to Code of Civil Procedure section 861 and Government Code

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1 section 6063 in the above-entitled action and given notice of  
2 the pendency of the proceeding by mail and posting, and not  
3 having filed an answer or any other response within the time  
4 allowed; and

5 The Clerk of the above-entitled Court having duly entered  
6 the default of the defendants; and

7 The plaintiff, Monterey Peninsula Water Management  
8 District, having applied to this Court for the relief demanded  
9 in the complaint on file herein; and

10 The Court having considered the application of plaintiff  
11 Monterey Peninsula Water Management District for judgment of  
12 validation pursuant to Code of Civil Procedure Sections 860-870  
13 and the Memorandum of Points and Authorities in Support of  
14 Judgment of Validation and of Default, and good cause appearing,

15 IT IS ORDERED, ADJUDGED AND DECREED that:

16 1. All of the following described actions taken by and on  
17 behalf of plaintiff Monterey Peninsula Water Management  
18 District were validly and lawfully taken:

19 (a) The adoption of the Resolution by which the  
20 Fiscal Sponsor and the Sponsorship Agreement were approved;  
21 and

22 (b) The authorization of the Monterey Peninsula Water  
23 Management District to execute and deliver the Sponsorship  
24 Agreement and to perform its obligations thereunder.

25 2. The Resolution and the Sponsorship Agreement, in  
26 accordance with their terms, are valid, binding and enforceable  
27 in all respects.

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1 3. The manner, form and timing of published summons and  
 2 notice of the pendency of the proceeding by mail and posting in  
 3 this action complied with all relevant requirements of law,  
 4 including federal due process and the validation provisions of  
 5 Code of Civil Procedure Sections 860 et seq., and provided  
 6 notice to all defendants sufficient to bind them by said  
 7 judgment and the findings related thereto;

8 4. The manner, form and timing by which this action was  
 9 brought and thereafter prosecuted conformed with all relevant  
 10 procedural and substantive requirements of state and federal  
 11 law, including all provisions of the Code of Civil Procedure  
 12 respecting parties, jurisdiction and venue, and was sufficient  
 13 in all respects to empower the Court to enter said judgment.

14 DATED: July 12, 1990.

WM. M. WUNDERLICH  
 Judge of the Superior Court

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