

**AMENDMENT 2
TO
MEMORANDUM OF UNDERSTANDING REGARDING
SOURCE WATERS AND WATER RECYCLING**

THIS AMENDMENT 2 TO THE MEMORANDUM OF UNDERSTANDING (“Amendment”) is made this 31st day of July 2015, by and between Monterey Regional Water Pollution Control Agency, the Monterey County Water Resources Agency, the City of Salinas, the Marina Coast Water District, and Monterey Peninsula Water Management District, collectively the “Parties.”

Sections 4 and “MISCELLANEOUS” Item 7 are amended to read as follows:

4. Accounting Protocols

PCA to enter into agreement with WRA by September 30, 2015 to achieve the following:

- a. PCA’s adoption of activity-based costing for all its CSIP, SRDF and SVRP activities.
- b. Revision of the various financial protocols currently utilized to achieve one standard protocol for each of CSIP, SRDF and SVRP.
- c. Allocation methodologies for costs associated with CSIP, SRDF, and SVRP.
- d. An annual audit of PCA’s financial transactions related to CSIP, SRDF and SVRP at WRA expense.
- e. PCA to credit to the CSIP and SVRP accounts any pro rata revenues it receives from byproducts of tertiary treated wastewater.
- f. A third-party agreed upon by both PCA and WRA to be hired to design and implement these Accounting Protocols.

MISCELLANEOUS

7. This Memorandum of Understanding will expire the earlier of (i) execution of a Definitive Agreement, or (ii) September 30, 2015.

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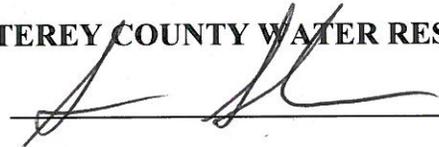
WITNESS, the Monterey Regional Water Pollution Control Agency, the Monterey County Water Resources Agency, the City of Salinas, Marina Coast Water District, and the Monterey Peninsula Water Management District entered into this Memorandum of Understanding as of the date first written above.

MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY

By: 

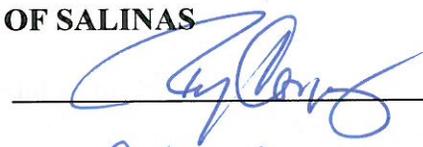
Its: _____

MONTEREY COUNTY WATER RESOURCES AGENCY

By: 

Its: Chair of the Monterey County Water Resources Agency Board of Supervisors

CITY OF SALINAS

By: 

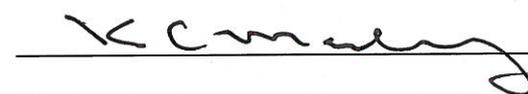
Its: City manager

MARINA COAST WATER DISTRICT

By: _____

Its: _____

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

By: 

Its: Chair of the Monterey Peninsula Water Management District Board of Directors