EXHIBIT 4-I-2



MARINA COAST WATER DISTRICT

11 RESERVATION ROAD • MARINA, CA 93933-2099 Home Page: www.mcwd.org TEL: (831) 384-6131 • FAX: (831) 384-2479 **DIRECTORS**

THOMAS P. MOORE

President

DAVID W. BROWN Vice-President

CHARLES H. SCHOLL KENNETH K. NISHI HOWARD GUSTAFSON

July 19, 2005

RECEIVED

Mr. David A. Berger General Manager Monterey Peninsula Water Management District 5 Harris Court, Bldg. G Post Office Box 85 Monterey, CA 93942-0085 JUL 21 2005

MPWMD

Subject:

Marina Coast Water District (MCWD) Water Augmentation Project

MPWMD Letter dated June 30, 2005

Dear Day

Re:

Thank you for informing our District about the planned MPWMD Town Hall meeting scheduled for August 25, 2005 and inviting the MCWD to participate in this event.

At the direction of the Fort Ord Reuse Authority Board of Directors and the MCWD Board of Directors, we recently began scoping a project we call the Regional Urban Water Augmentation Project (RUWAP). This project combines a recycled water component and a desalination component. The recycled water project is proposed to be a joint project with the Monterey Regional Water Pollution Control Agency (MRWPCA) and could provide recycled water on the Peninsula. The desalination project is proposed to expand the MCWD's current plant. The primary purpose of the RUWAP is to provide additional water supplies to MCWD customers on the former Fort Ord.

Based our telephone conversation on July 14, 2005, we understand that the question posed in your letter asking if the MCWD would be interested in expanding our desalination project to help meet the water supply needs of the entire Peninsula should be interpreted as asking if the MCWD was interested in including capacity in our desalination project to provide *all* the water that may be required to fulfill SWRCB Order 95-10, as well as additional water for planned growth.

While we believe we may be able to assist in making some amount of recycled water available to the Peninsula with the RUWAP, we do not now plan to expand the size of our proposed desalination project to address all the water supply needs of the entire Peninsula. However, there may be some interest on the Board in supplying some as yet to be determined fraction of the Peninsula's needs via desalination.

Mr. David A. Berger July 19, 2005 Page 2

We look forward to continuing to work the other districts and land use jurisdictions in our region, including the MPWMD, collaboratively seeking solutions to our water supply challenges. And, we look forward to working with the MRWPCA and your district to plan our participation in the August 25, 2005 Town Hall meeting where we will present information about the recycled water component of the RUWAP.

Thanks, Dave, for seeking our response to the Peninsula water supply question. We look forward to continuing to build a mutually beneficial relationship with your agency.

Sincerely,

Michael D. Armstrong General Manager

cc: MCWD Board of Directors