

EXHIBIT 3-B

**AMENDMENT No. 1
to 1992 and 2004 AGREEMENTS FOR SALE OF
RECYCLED WATER**

This Amendment No. 1 (“Amendment”) to the Agreements for Sale of Recycled Water (“Agreement”), dated December 15, 2004, and December 15, 1992, is entered into as of September _____, 2007, by and between the **MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**, a California public agency (“MPWMD”), and **ROBERT LOUIS STEVENSON SCHOOL**, a California nonprofit corporation (“Buyer”).

NOW, THEREFORE, in consideration of the foregoing, and the covenants and representations and warranties set forth in this Amendment, MPWMD and Buyer (collectively the “Parties”) agree as follows:

1. Golf courses within the Del Monte Forest that use reclaimed water for irrigation purposes shall be required to pay 33% of California American Water’s (“CAW”) Special Request Surcharges 1 and 2 as part of the price of reclaimed water until (a), CAW’s Coastal Water Project is completed and operational, and Surcharges 1 and 2 are no longer in effect, or (b) until December 31, 2017, whichever occurs first;

2. Once the Coastal Water Project (“CWP”) is completed and operation, and Surcharges 1 and 2 are folded into the base rate for potable water, Buyer shall pay such base rate as part of its reclaimed water without contesting or objecting; and

3. Buyer reserves its right to contest any other surcharges that arise for design, development, construction, or operation of the CWP or any other project proposed and approved.

4. MPWMD shall report the terms of the Amendment to the California Public Utilities Exchange (“CPUC”).

5. This Amendment shall take effect on the first day of the first month following the date the Amendment is executed by both Parties.

IN WITNESS OF THE FOREGOING, this Amendment has been executed by the officers of each of the Parties effective the date first shown above.

Monterey Peninsula Water
Management District, a
California public agency

Robert Louis Stevenson School,
a California nonprofit corporation

By: _____

By: _____

Its: _____

Its: _____