

## EXHIBIT 2-B



### AMENDMENT NO. 1 TO AMENDED AND RESTATED LOAN AGREEMENT

This Amendment No. 1 to Amended and Restated Loan Agreement (the "Amendment") dated as of July 18, 2012, is between Bank of America, N.A. (the "Bank") and Monterey Peninsula Water Management District (the "Borrower").

#### RECITALS

A. The Bank and the Borrower entered into a certain Amended and Restated Loan Agreement dated as of June 8, 2010 (together with any previous amendments, the "Agreement"). The current commitment amount of the Facility No. 1 Commitment is \$1,500,000.00.

B. The Bank and the Borrower desire to amend the Agreement.

#### AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

2. Amendments. The Agreement is hereby amended as follows:

2.1 In Paragraph 1.1(a), the amount of "One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00)" is changed to "Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00)".

2.2 In Paragraph 1.2, the date "May 10, 2011" is changed to "April 30, 2013".

2.3 The following Paragraph 6.2(c) is hereby added:

"(c) Within 270 days of the fiscal year end, the annual budget of Borrower, certified and dated by an authorized financial officer, commencing on February 28, 2013. The budget shall be prepared on a consolidated basis."

2.4 The following Paragraph 6.2(d) is hereby added:

"(d) Within 60 days of the period's end (excluding the last period in each fiscal year), the quarterly financial statements of Borrower, certified and dated by an authorized financial officer. These statements shall be prepared on a consolidated basis and may be company-prepared."

2.5 The following Paragraph 6.18 is hereby added:

**"6.18 Out of Debt Period.** To reduce the amount of advances outstanding under the Facility No. 1 Commitment to not more than One Million and No/100 Dollars (\$1,000,000.00) for a period of at least thirty (30) consecutive days in each Line-Year. 'Line-Year' means the period between the date of this Agreement and March 1, 2013, and each subsequent one-year period (if any). For the purposes of this paragraph, 'Advances' includes overdrafts in the Borrower's accounts."

3. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a default under the Agreement except those events, if any, that have been disclosed in writing to the Bank or waived in writing by the Bank; (b) the representations and warranties in the

Agreement are true as of the date of this Amendment as if made on the date of this Amendment; (c) this Amendment does not conflict with any law, agreement, or obligation by which the Borrower is bound; and (d) if the Borrower is a business entity or a trust, this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers.

4. Conditions. This Amendment will be effective when the Bank receives the following items, in form and content acceptable to the Bank:

4.1 If the Borrower or any guarantor is anything other than a natural person, evidence that the execution, delivery and performance by the Borrower and/or such guarantor of this Amendment and any instrument or agreement required under this Amendment have been duly authorized.

4.2 Payment by the Borrower of a renewal fee in the amount of Five Thousand and No/100 Dollars (\$5,000.00).

4.3 Payment by the Borrower of all costs, expenses and attorneys' fees (including allocated costs for in-house legal services) incurred by the Bank in connection with this Amendment.

4.4 Evidence, in form and content acceptable to Bank, that Proposition 218 was passed by the Borrower's Board of Directors on June 12, 2012.

4.5 Delivery to the Bank by the Borrower of the final reimbursement contract by and between the Borrower and California American Water for the Aquifer Storage & Recovery Project Phase 2 and approval of such contract by the Bank in its sole and absolute discretion.

5. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement, including, but not limited to, the Dispute Resolution Provision, shall remain in full force and effect.

6. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

**7. FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF; (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY; (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES; AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.**

This Amendment is executed as of the date stated at the beginning of this Amendment.

Bank of America, N.A.

By \_\_\_\_\_  
Authorized Signer

Monterey Peninsula Water Management District

By \_\_\_\_\_  
Suresh Prasad, Chief Financial Officer