<u>**EXHIBIT 7-A**</u>

AMENDMENT 2
to
MRWPCA-MPWMD
GROUNDWATER REPLENISHMENT PROJECT

COST SHARING AGREEMENT

This Amendment is entered into as of September __, 2017 (**Effective Date**), by and between the Monterey Regional Water Pollution Control Agency, a joint powers authority ("MRWPCA") and the Monterey Peninsula Water Management District, a California special act district ("MPWMD"), collectively the "Parties", based upon the following facts, intentions and understandings of the Parties.

Section II. A. 1. Is amended to read as follows:

1. **Planning and Development Costs Defined**
   This Agreement is by its terms limited to sharing of costs of planning and development of the GWR Project, incurred beginning April 1, 2012 and incurred through the period ending February 28, 2017. Such costs are also referred to as "Pre-Construction Costs." Examples of those costs include:

   a. CEQA
   b. Feasibility Review
   c. Facilities Planning
   d. Monitoring Well Construction and Testing
   e. Pilot Treatment and Pilot Injection
   f. Public Outreach
   g. Line of Credit Issuance Costs, Interests, and Related Fees
   h. Design and Engineering
   i. Legal Expenses Related to Activities Above

New Sections II. A. W, X, Y, and Z are added between existing paragraphs 2 and 3:

W. **Reimbursement of Planning and Development Costs**
   a. Initial Reimbursement: The parties agree that the Agency will request an initial reimbursement from the State Revolving Fund (SRF) Loan in the amount of $8,219,742. It is expected that the reimbursement will occur in more than one payment by the State. The amounts received from the first payment towards the reimbursement will be divided equally between the MRWPCA and MPWMD.

   b. Initial Reimbursement True-Up: Additional amounts received under the initial $8,219,742 reimbursement request shall be divided between MRWPCA and MPWMD in a manner that results in each Party's total reimbursement becoming proportional to the actual percentage of Planning and Development Costs incurred by each Party.

c. Subsequent Reimbursement: Subsequent reimbursement of Planning and Development Costs shall be divided between MRWPCA and MPWMD proportional to the actual percentage of Planning and Development Costs incurred by each Party.

d. If the actual amount received from the State is reduced by costs that are disallowed by the SRF Loan, the parties agree to equally share in any reimbursement reductions or request additional disbursements up to the amount listed within this section.

X.. **Unreimbursed Construction Period Costs Defined**
From March 1, 2017 through June 30, 2019, there may occur project related costs that are not allowed to be capitalized to the project and paid by State Revolving Fund Loans. Examples of those costs include:

a. Public Outreach
b. Geochemical Water Quality Modeling
c. Groundwater Basin Modeling
d. Facility Expansion Design and Engineering
e. Regulatory Proceedings

~~Y.~~ **Financing of GWR Unreimbursed Construction Period Costs**
MPWMD shall pay seventy-five percent (75%) of such costs, and MRWPCA shall pay twenty-five percent (25%) of such costs.

Z. **Debt Service Reserve Fund**
MRWPCA and MPWMD agree to equally fund the debt service reserve fund required for the SRF loan. MRWPCA agrees to invest the debt reserve fund in an interest-bearing account agreeable to both parties. MRWPCA agrees to remit to MPWMD one half of the interest earned on an annual basis through the final maturity of the SRF loan. Upon maturity of the SRF loan, MRWPCA agrees to remit to MPWMD one half of the debt reserve fund.

Section II. F. is amended to read as follows:

14. **Term**

This Agreement shall remain in force and effect until the maturity of the SRF loan.

WHEREFORE, this Amendment 2 to the Cost Sharing Agreement was executed by the parties on the date first above written.

MRWPCA   MONTEREY REGIONAL WATER POLLUTION
                                CONTROL AGENCY,

                        By: _____
                                Rudy Fischer, Board Chair

MRWPCA Board of Directors

MPWMD   MONTEREY PENINSULA WATER MANAGEMENT
                        DISTRICT,

                        By: _____
                            Robert S. Brower, Chair
                            MPWMD Board of Directors