



**SECOND AMENDED AND RESTATED JOINT EXERCISE OF POWERS
AGREEMENT FOR THE DEVELOPMENT, OPERATION AND
MAINTENANCE OF THE GROUNDWATER REPLENISHMENT
SYSTEM AND THE GREEN ACRES PROJECT**

This Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation and Maintenance of the Groundwater Replenishment System and the Green Acres Project (“Agreement”) is made and entered into between the Orange County Water District (the “Water District”) and the Orange County Sanitation District (the “Sanitation District”). The Water District and the Sanitation District are sometimes collectively referred to in this Agreement as the “Parties,” and individually referred to as each “Party.”¹ The Agreement shall be effective as of the 16th day of Nov, 2016.

RECITALS

This Agreement is based on the following facts, mutual understandings and intentions of the Parties:

A. The Parties entered into an agreement dated November 12, 2002 entitled “Joint Exercise of Powers Agreement for the Development, Operation and Maintenance of the Groundwater Replenishment System and the Green Acres Project” (“Original 2002 Agreement”). The Original 2002 Agreement sets forth (1) certain rights and obligations relating to the planning, design, construction, operation, and maintenance of the Groundwater Replenishment System (“System”), and (2) certain rights and obligations relating to the operation of the Green Acres Project and the Water District’s sale of Reclaimed Water to the Sanitation District. The Parties amended the 2002 Agreement on October 15, 2003 and April 26, 2006. (The Original 2002 Agreement, as amended on October 15, 2003 and April 26, 2006, is hereinafter referred to as the “2002 Agreement”).

B. The Parties entered into an agreement dated March 5, 2010 entitled “Amended Joint Exercise of Powers Agreement for the Development, Operation and Maintenance of the Groundwater Replenishment System and the Green Acres Project” (“2010 Agreement”). The 2010 Agreement provided for the Initial Expansion of the System from 70 million gallons per day (“mgd”) to 100 mgd.

C. Pursuant to the 2002 Agreement and the 2010 Agreement, the Parties have planned, designed, and constructed the System. The System commenced operation on January 10, 2008, and has operated continuously since that date. The Parties have received numerous awards from regional, national, and international bodies for their pioneering work in the planning, design, construction, and operation of the System.

D. The Water District is planning to further expand the System, at its own expense, by expanding the production capacity of the Advanced Water Treatment Facilities (AWTF) and related post-treatment facilities (the “AWTF Final Expansion”). As currently planned, the AWTF Final Expansion will increase the System’s production capacity from 100 mgd to 130

¹ Unless otherwise required by the context in which any defined term appears, capitalized terms shall have the meanings specified in Exhibit A hereto.

mgd. The AWTF Final Expansion is estimated to cost approximately one hundred and thirty million dollars (\$130,000,000).

E. In order to produce 130 mgd of Product Water after the AWTF Final Expansion is complete, the Water District will require up to 175 mgd of Specification Influent from the Sanitation District. Currently, the Sanitation District provides up to 135 mgd of Specification Influent to the Water District, all of it from the Sanitation District's wastewater treatment facility designated as "Plant 1." Based on current flows and flow projections, specification water from the Sanitation District's wastewater treatment facility designated as "Plant 2" will need to be made available to the AWTF. Five major construction projects on Sanitation District property will be necessary to make this possible: (i) the Plant 2 Headworks Modifications project, at an estimated cost of thirty eight - million dollars (\$38,000,000); (ii) the Plant 2 Effluent Pump Station project, at an estimated cost of eighteen million dollars (\$18,000,000); (iii) the Plant 2 Flow Equalization Tank project, at an estimated cost of twenty-three million dollars (\$23,000,000); (iv) the 66" Interplant Pipe Rehabilitation project, at an estimated cost of thirty-seven million dollars (\$37,000,000); and (v) the Plant Water Pump Station Replacement, which is part of the Ocean Outfall System Rehabilitation Project J-117, at an estimated cost of twelve million dollars (\$12,000,000). These projects are described in more detail in Exhibit "B" attached hereto. The Water District is willing to fund the design and construction of these five projects, in addition to the AWTF Final Expansion, under the terms and conditions set forth in this Agreement.

F. The Sanitation District shall, at its own expense, (i) construct those portions of the Ocean Outfall System Rehabilitation Project J-117 that will replace portions of the Ocean Outfall Booster Station pumping system with a low flow pump station, and (ii) reconfigure the piping at the Plant 2 primary and secondary facilities to allow segregation of non-reclaimable and less desirable wastewater streams from those streams that will ultimately be treated by the System. These projects are currently in the Sanitation District's Capital Improvement Program and will continue to be funded from that source.

G. The Water District uses the System's product water to replenish the Orange County Groundwater Basin, which provides potable water to over 2.4 million people in central and northern Orange County. Portions of the Basin, known as the "North Basin" and "South Basin", are contaminated with volatile organic compounds. The Water District operates extraction wells in the North Basin and South Basin to remove contaminated groundwater. Pursuant to the terms set forth in this Agreement, the Parties desire to increase the amount of wastewater available to the System by transferring contaminated groundwater extracted from the North Basin and South Basin to the Sanitation District for treatment and reuse.

H. This Agreement is intended to replace and supersede the 2002 Agreement and the 2010 Agreement, and provide a complete expression of the Parties' respective rights and responsibilities related to the System. At the same time, the Parties acknowledge that (i) the Water District's covenants under this Agreement are supported by, among other consideration, all of the Sanitation District's covenants in the 2002 Agreement, the 2010 Agreement, and herein, (ii) the Sanitation District's covenants under this Agreement are supported by, among other consideration, all of the Water District's covenants in the 2002 Agreement, the 2010 Agreement, and herein.

I. The Sanitation District's substantial investment in the System provides the Sanitation District with a reliable outlet to dispose of more than one hundred (100) mgd of

secondary treated wastewater for certain periods. This allows the Sanitation District to delay and possibly eliminate a planned second ocean outfall, needed primarily to dispose of peak flows.

J. This Agreement, as did the 2002 Agreement and the 2010 Agreement, provides for the planning, design, construction and operation of the System by the joint venture of the Parties. This Agreement is a Joint Powers Agreement within the meaning of Government Code Sections 6500, et seq. Pursuant to this Agreement, the Parties intend to jointly exercise powers common to them. The Parties possess, inter alia, the following common powers and authority:

(1) The power and authority to construct, operate and maintain facilities, pipelines, other conduits, machinery, and other works to conserve, reclaim, purify, treat, transport or otherwise manage and put to beneficial use water that was recovered from operation of a sewerage system;

(2) The power and authority to discharge water so as to replenish the underground basin and other natural water resources; and

(3) The power and authority to acquire real and personal property, within or without the Parties' boundaries, as necessary or convenient for the full exercise of their respective powers.

The method by which the Parties intend to jointly exercise these powers is set forth in this Agreement. This Agreement is also intended to set forth the terms and conditions governing (1) the Sanitation District's provision of secondary treated wastewater to the Water District for the Green Acres Project, and (2) the Water District's provision of tertiary treated water to the Sanitation District.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing facts recited and the mutual goals and objectives contained herein, the Parties agree as follows:

I. Existing Agreements.

1. This Agreement shall replace and supersede the 2002 Agreement and the 2010 Agreement.

II. Planning, Design, and Construction.

2. AWTF Final Expansion. The Water District shall, at its own expense, plan, design, and construct the AWTF Final Expansion as described in Exhibit A.

3. Plant 2 Headworks Modifications Project. The Sanitation District shall plan, design and construct the Plant 2 Headworks Modifications project as described in Exhibit B. The Sanitation District shall meet and confer with the Water District regarding the design of the Plant 2 Headworks Modifications prior to its finalization and approval by the Sanitation District. The Sanitation District will provide any necessary support and assistance to the Water District in its efforts to obtain loans and grants to fund this project. The Water District shall reimburse the Sanitation District for the costs of planning, designing, and constructing the Project. Without limiting the foregoing, the Water District shall reimburse the Sanitation District for the costs of

the design contract(s), the construction contract(s), and Sanitation District staff time spent on the project (total salary and benefits, pro-rated based on hours worked). The Sanitation District shall send an invoice to the Water District quarterly, which the Water District shall pay within 60 days of receipt.

4. Plant 2 Plant Water Pump Station Relocation Project. The Sanitation District shall plan, design and construct the relocation of the Plant 2 Plant Water Pump Station project as described in Exhibit B. This project shall be constructed as a part of existing project Ocean Outfall System Rehabilitation, Project J-117 for efficiency and coordination purposes. The Sanitation District shall meet and confer with the Water District regarding the design of the Plant 2 Plant Water Pump Station Relocation prior to its finalization and approval by the Sanitation District. The Sanitation District will provide any necessary support and assistance to the Water District in its efforts to obtain loans and grants to fund this project. The Water District shall reimburse the Sanitation District for the costs of planning, designing, and constructing the Project. Without limiting the foregoing, the Water District shall reimburse the Sanitation District for the costs of the design contract(s), the construction contract(s), and Sanitation District staff time spent on the project (total salary and benefits, pro-rated based on hours worked). The Sanitation District shall send an invoice to the Water District quarterly, which the Water District shall pay within 60 days of receipt.

5. Other Projects. The Water District shall plan, design, and construct, at its own expense, the Plant 2 Effluent Pump Station project, the Plant 2 Flow Equalization Tank project, and the 66" Interplant Pipe Rehabilitation project, all as described in Exhibit B. The Water District shall meet and confer with the Sanitation District regarding the design of these facilities prior to the finalization and approval of the design of these facilities.

6. CEQA Review. The Parties acknowledge that the Water District has assumed the role of the lead agency under the California Environmental Quality Act ("CEQA") for this Agreement and the construction and operation of the AWTF Final Expansion, the Plant 2 Headworks Modifications project, the Plant 2 Plant Water Pump Station Relocation project, the Plant 2 Effluent Pump Station project, the Plant 2 Flow Equalization Tank project, and the 66" Interplant Pipe Rehabilitation project, and at its expense has taken all actions required by CEQA for the construction and operation of these facilities, and the System.

III. Ownership of Interests

7. Water District's Property Ownerships. Except as otherwise set forth herein or by separate instrument executed by the Parties, the Water District shall hold title to and own all System facilities, including the AWTF, the Initial Expansion facilities and the Final Expansion Facilities, that are located within the boundaries of the Water District's property. In addition, the Water District shall hold title to and own the Plant 2 Effluent Pump Station Project, the Plant 2 Flow Equalization Tank Project, and the 66" Interplant Pipe Rehabilitation Project within the boundaries of the Sanitation District's property. In addition, the parties acknowledge that Water District holds title to and owns the previously-constructed GWR Pipeline and ancillary and related facilities, including water percolation facilities, seawater intrusion barrier injection wells, and transmission pipeline facilities to deliver the GWRS water to the Water District's seawater intrusion barrier injection wells. The Water District also holds title to and owns all easements and rights-of-way obtained or to be obtained for the installation, operation and maintenance of all System facilities.

8. Sanitation District Property Ownerships. Except as otherwise set forth herein or by separate instrument executed by the Parties, the Sanitation District shall hold title to and own all Sanitation District facilities located within the Sanitation District's property that treat and transmit wastewater to the Water District as Specification Influent.

9. Ownership of Wastewater. The Sanitation District shall hold title to and own all wastewater treated at the Sanitation District's property, including the rights to wastewater generated outside of the boundaries of the Water District, up to the point of delivery of such wastewater as Specification Influent to the Water District.

10. Ownership of GWRS Water. The Water District shall hold title to and own all Specification Influent received from the Sanitation District, and all rights to the GWRS Water produced by the System. Transfer of title to the secondary effluent shall pass from the Sanitation District to the Water District within the Secondary Effluent Junction Box No. 6 (SEJB6), shown on Exhibit C attached hereto at Plant 1 or at the discharge of the Plant 2 Effluent Pump Station. Any revenues derived from the use or sale of GWRS Water that is not set forth in this Agreement shall be the sole property of the Water District.

11. Lease of Sanitation District Property by the Water District.

11.1. Reverse Osmosis Building Property. The Sanitation District shall continue to lease to the Water District the property described on Exhibit "D" attached hereto. During the term of the lease, the Water District shall use the leased property for System-related purposes. As the landlord and property owner, the Sanitation District shall assist the Water District in obtaining any permits or approvals that the Water District may seek from governmental agencies in connection with the construction and operation of the AWT Facilities, the influent screening facilities, the landscaping and associated piping on the leased property. Upon the Water District's request, the Sanitation District shall file or cause to be filed any application, documentation or information necessary to obtain such permits or governmental approvals.

11.2. Specified Plant 2 Property. The Sanitation District shall lease to the Water District two parcels totaling approximately 1.5 acres of property as described on Exhibit "E" attached hereto. During the term of the lease, the Water District shall use the leased property for construction, operation and maintenance of the Plant 2 Effluent Pump Station project and the Plant 2 Flow Equalization Tank project. The Sanitation District may terminate the lease at any time upon five (5) years' notice to the Water District, if the Sanitation District determines that it requires the use of the Plant 2 Property. Upon termination of the lease, the Water District shall be responsible for removing the improvements and restoring the property to the original condition. As the landlord and property owner, the Sanitation District shall assist the Water District in obtaining any permits or approvals that the Water District may seek from governmental agencies in connection with the construction and operation of the Plant 2 Effluent Pump Station project, the Plant 2 Flow Equalization project, and the 66" Interplant Pipe Rehabilitation project. Upon the Water District's request, the Sanitation District shall file or cause to be filed any application, documentation or information necessary to obtain such permits or governmental approvals.

11.3. Lease of Property – Plant 1 Storage Tanks. The Sanitation District shall continue to lease to the Water District the property on which the two 7.5-million-gallon storage tanks are located as shown in Exhibit "D" attached hereto. The Sanitation District may terminate the lease at any time upon five (5) years' notice to the Water District, if the Sanitation District

determines that it requires the storage tank property for Sanitation District plant upgrades. The Water District shall be responsible for removal of the tanks and restoring the site to the original condition.

11.4. Rent. The total rent for all property leased to the Water District pursuant to this Section 11 shall be Ten Dollars (\$10.00) for the term of this Agreement. The Parties acknowledge that the Water District has paid such rent to the Sanitation District concurrently with the execution and delivery of this Agreement. The rent is set at the nominal sum of ten dollars (\$10.00) because the Sanitation District has, and will continue to, otherwise receive adequate and substantial consideration from the Water District under this Agreement, the 2002 Agreement, and the 2010 Agreement.

12. Entrance on the Sanitation District's Property. The Sanitation District hereby grants to the Water District, its employees, consultants, contractors, sub-contractors and designated agents and representatives, a license to enter upon, occupy, and use one of the Sanitation District's entrances, to be selected by the Sanitation District in its reasonable judgment, for employee access and deliveries associated with the construction, operation and maintenance of the System, including delivery of chemicals and other materials. In no event, however, shall access for construction workers be permitted at the Sanitation District's main entrance located on Ellis Avenue. The term of the license shall begin upon execution of this Agreement and continue until this Agreement expires or is terminated.

13. Interplant Effluent Line. The Sanitation District hereby grants to the Water District an easement and right of way for the Sanitation District-owned 66" Interplant Pipe from the Effluent Junction Box (EJB) at Plant 1 to the Ocean Outfall Booster Station (OOBS) wetwell at Plant 2 for use as a Specification Influent transfer pipeline only from Plant 2 to the AWTF. The easement and right-of-way is described on Exhibit F attached hereto. The easement and right of way shall terminate upon termination of this Agreement. Notwithstanding the foregoing, however, if the Sanitation District determines that it requires the use of the property, it may notify the Water District of that fact. In the event of such notice, the Water District may either (1) relinquish its easement and right-of-way and discontinue using the easement and right-of-way for the 66" Interplant Pipe, or (2) pay fifty percent (50%) of the cost of a new pipeline and right of way to meet the Sanitation District's alternate need for the pipeline or right of way. The Water District shall be responsible for removal of the improvements and restoring the site to the original condition when vacated.

IV. Operation and Maintenance.

A. The Water District's Operations and Maintenance Obligations.

14. Water District Operation and Maintenance. The Water District shall, at its sole cost and expense, provide, or cause to be provided, all tools, equipment, vehicles, materials, supplies and qualified personnel necessary to operate and maintain the screening facilities located on Sanitation District property, feed pipelines to the AWT Facilities located on Sanitation District property, the AWT Facilities, the GWR Pipeline, the GAP Influent Pump Station, the seawater barrier injection wells, the Plant 2 Effluent Pump Station, the Plant 2 Flow Equalization Tank, the 66" Interplant Pipe Rehabilitation, and all other System facilities constructed within Plant 2 pursuant to this Agreement except the Plant 2 Headworks and Plant Water Pump Station facilities. Notwithstanding the foregoing, the Water District shall not be obligated to operate and maintain the Sanitation District's trickling filters, Steve Anderson Lift

Station, or related diversion facilities within Sanitation District property. The Sanitation District hereby transfers ownership, operation and maintenance responsibilities for the Plant 1 trickling filter meter, valves, vault, and appurtenances on the Sanitation District property to the Water District, excluding the underlying property rights, as part of this Agreement. These transferred facilities become subject to the same rights and responsibilities of the other Water District facilities on Sanitation District property.

15. Operation of System Facilities. At its sole cost, the Water District shall own, operate and maintain the AWT Facilities, the Green Acres Project, the Plant 2 Effluent Pump Station, the Plant 2 Flow Equalization Tank, and the 66" Interplant Pipe Rehabilitation project. The Water District shall use its best efforts to operate the AWT Facilities without total plant shutdowns except for scheduled maintenance, suspension or shutdown mandated by a regulatory agency, or conditions outside of the reasonable control of the Water District; and Water District will use its best efforts to provide 48 hours written notice to the Sanitation District and obtain receipt of the Sanitation District's concurrence prior to any shutdown. In the event of a dispute, the Parties shall exercise the procedures described in Section 50. In the event the groundwater basin is unable to receive the Product Water from the treatment of Specification Influent, the Water District shall maintain the permitting necessary to discharge up to 100 mgd into the Santa Ana River as an outlet for Sanitation District flow consistent with Recital I.

16. Acceptance of Non-Specification Influent. The Water District shall use its best efforts to accept secondary treated wastewater from the Sanitation District that does not meet the standards for Specification Influent, in the event the Specification Influent becomes unavailable due to unforeseen circumstances not reasonably anticipated by the Sanitation District. Notwithstanding the foregoing, the Water District may reject and refuse to accept any wastewater not meeting the standards for Specification Influent if the Water District reasonably determines either that such wastewater not meeting the standards for Specification Influent may cause substantial damage to the AWT Facilities or other System facilities, or that the Water District is unable to treat and dispose of such wastewater in compliance with applicable law and the permits and approvals governing the use of System Water.

17. Acceptance of Peak Flows. The Water District shall routinely operate all System components, and otherwise maintain all System components in a state of readiness, so the System will be able to accept Peak Flows of Specification Influent. The Water District shall accept Peak Flows of Specification Influent from the Sanitation District. Notwithstanding the foregoing, if the Sanitation District's General Manager or designee agrees in advance in writing, the Water District may temporarily reduce the System's capability to accept Peak Flows of Specification Influent. The Sanitation District's General Manager or designee must approve in writing both the amount and duration of any such reduction in capability.

18. Electrical Power Supply. Throughout the life of the System, the Water District shall ensure a reliable source of electrical power to preclude disruption of System operations by securing and maintaining two independent 66-kV lines from Southern California Edison, or by securing and maintaining an alternative, equally reliable type, system or provider of electrical service. The Sanitation District shall supply electrical power for the operation of the Plant 2 Effluent Pump Station and the Plant 2 Flow Equalization Tank. The Water District shall reimburse the cost of power to the Sanitation District at the Sanitation District's current cost from Southern California Edison.

19. Sodium Hypochlorite Supply. The Sanitation District shall add sodium hypochlorite to its Plant 1 secondary effluent and/or Plant 2 secondary effluent on an as-needed basis as determined by the Water District. The Water District shall reimburse the cost of the chemical used to the Sanitation District at the Sanitation District's current cost from its supplier.

20. Fiber Optic Cables. The Sanitation District shall install up to 12 fibers within an existing fiber optic conduit extending from Sanitation District Plant 1 to Plant 2 for the Water District's facilities to be constructed at the Sanitation District's Plant 2. The Water District shall reimburse the construction cost for this work to the Sanitation District. The Water District shall install fiber optic conduit and fibers at Plant 1 to connect from the existing conduit line to the Microfiltration Screening Building.

21. Reclaimed Water Service to the Sanitation District. The Water District shall continue to deliver to the Sanitation District, at no cost to the Sanitation District, up to 1,120 acre feet per year of reclaimed water from the Green Acres Project. The Water District shall provide the Reclaimed Water at an average flow of 1 MGD and a pressure of no less than 105 pounds per square inch gauge (PSIG). The Water District may suspend deliveries of reclaimed water from the Green Acres Project on 30 minutes advance notice if the secondary treated wastewater received from the Sanitation District does not meet the standards for Specification Influent. The Sanitation District may purchase additional Reclaimed Water from the Water District, in excess of 1,120 acre feet per year. The rate of any additional purchase of water shall be one hundred and seventy-four dollars and twenty cents (\$174.20) per acre-foot for Reclaimed Water. For all Reclaimed Water delivered, this rate shall be adjusted annually on June 30 by the lower of (i) the change in the U.S. Consumer Price Index for Los Angeles – Riverside – Orange County for the preceding year or (ii) 2.5%. In fulfilling its obligations under this Section 19, the Parties anticipate that the Water District will generally use Reclaimed Water from the Green Acres Project. In the event that Reclaimed Water from the Green Acres Project is not available, the Water District shall provide substitute water from another source.

22. Metering, Measurement of Flows and Invoices. The Sanitation District agrees that at the Sanitation District's locations where Reclaimed Water is used exclusively, the Water District, at its own expense, shall provide a control valve (or valves) and a meter for the purpose of measuring the quantity of Reclaimed Water delivered under the terms of this Agreement. The Sanitation District acknowledges and agrees that the Water District may access and read the Reclaimed Water service meter(s) and record Reclaimed Water usage for the Sanitation District on a monthly basis. The Sanitation District shall provide all necessary assistance to the Water District in gaining access to the service meter(s) to take readings. The Water District shall pay the City of Fountain Valley and/or Huntington Beach any meter reading charges mandated by either City.

23. Water Quality Monitoring. The Water District and the Sanitation District shall establish, implement and maintain a written water quality monitoring program for the following: (a) the wastewater delivered from the Sanitation District to the Water District pursuant to Section 35 of this Agreement; (b) the waste streams discharged from the AWT Facilities and the Green Acres Project and delivered to the Sanitation District pursuant to Section 38 of this Agreement; and (c) the Reclaimed Water that the Water District will deliver to the Sanitation District pursuant to Section 19 of this Agreement. The monitoring program shall include daily turbidity samples for all brine wastes.

24. System Staff and Contractors. The Water District shall recruit, select, employ, and supervise all staff employees and/or contractors retained to provide services for the operation and maintenance of the System, including but not limited to any regular fulltime, temporary, part-time or limited term employees.

25. System Modifications. During operation of the System, the Water District shall not modify, either temporarily or permanently, any aspect of the System that would impair the System's ability to accept Specification Influent in the amounts required by this Agreement.

26. Groundwater Cleanup Projects. The Water District shall construct, operate, and maintain, at its sole expense, gravity-feed pipelines from the Water District's North Basin and South Basin extraction wells to the Sanitation District's trunk sewer collection system. The Sanitation District, in its sole discretion, shall determine the point or points of connection. The Water District may use these pipelines to transfer up to 5 mgd of extracted water from the extraction wells to the Sanitation District for treatment by the Sanitation District. The Sanitation District, in its sole discretion, shall direct the Water District to limit or cease discharge during wet weather events. The discharge shall comply with all applicable regulatory requirements of the Sanitation District's source control program, including but not limited to the Local Limits on contaminant concentrations. Before commencing discharge, the Water District shall apply for and comply with the Sanitation District's Special Purpose Discharge Permit for the discharge. The cost for said discharge shall be accrued per the Sanitation District's fee schedule until such time as the Water District recovers costs from one or more financially responsible parties. The Water District shall notify the Sanitation District when funds are recovered from financially responsible parties. The Sanitation District shall invoice the Water District for all accrued charges when the Water District recovers funds from one or more financially responsible parties.

27. NPDES Permit. The Water District shall maintain a valid National Pollutant Discharge Elimination System ("NPDES") permit authorizing the discharge of treated water from the System to the receiving waters of the State of California. The Water District shall, at its sole cost and expense, (a) defend any regulatory or citizen enforcement actions that may arise out of alleged violations of the NPDES permit caused by operation of the System, except to the extent such actions result from the receipt of non-Specification Influent from the Sanitation District and (b) pay any fines or civil penalties levied as a result of any such enforcement actions and/or any amounts tendered in settlement of such enforcement actions. To the extent such actions result from the receipt of non-Specification Influent from the Sanitation District, the Sanitation District shall, at its sole cost and expense, (a) defend such actions, and (b) pay any fines or penalties levied as a result of such actions and/or any amounts tendered in settlement of such actions.

28. Water Reclamation Permit. The Water District shall maintain a valid Water Reclamation Permit from the California Regional Water Quality Control Board—Santa Ana Region, authorizing the treatment and reuse of the System's water.

29. Security – Water District Responsibilities. The Water District shall (i) increase the height of the interior perimeter wall surrounding the GWRS facilities to a consistent height of at least eight (8) feet; (ii) post a BSIS licensed security guard at the Water District's Ward Avenue Security Booth during normal operating hours; (iii) The security guard shall control access to GWRS facility by checking visitors and employee identifications and checking in vehicles entering the facilities. This include daily access control operations for employees and visitors during normal business hours; (iv) The security guard will maintain overall security and

protection for personnel, the Water District property and the GWRS facility; and (v) Visitors shall present a valid, government issued photographic identification (e.g., driver's license, military ID card or an agency produced access badge) when checking in with the security officer at the Ward Avenue Security Booth.

30. Stormwater Management. Sanitation District's Plant 2 property leased to the Water District as well as the Plant 1 leased area for the Storage Tanks shall be regulated under Sanitation District's NPDES Ocean Discharge Permit obligations for Stormwater, which require that all water must be collected and treated and not allowed to discharge offsite or into a non-Sanitation District water conveyance system. The Water District shall construct and maintain their facilities in these areas to comply with the requirements of the Sanitation District's then current On-Site Stormwater Management Plan. All other Plant 1 property leased to the Water District that drains to a Municipal Separate Storm Sewer System shall be regulated under the Water District's Industrial Permit obligations and is not regulated by Sanitation District's On-Site Stormwater Management Plan.

31. Regulatory Reporting. The Water District shall have sole responsibility for preparing and filing all reports in connection with the System that may be required by applicable laws and/or regulatory agencies. The Sanitation District shall provide such information as necessary for the preparation of such reports as may be reasonably requested by the Water District.

32. Monthly and Annual Reports. The Water District shall submit to the Sanitation District all monthly and annual reports prepared by the Water District summarizing the System's operation and maintenance activities. The Water District shall also provide all other written reports prepared by the Water District regarding System management, operation, maintenance, asset management, and repair and long-term rehabilitation or replacement as the Sanitation District may reasonably request from time to time.

33. Annual Budgets. The Water District shall prepare and present its annual budgets for the System's operation and maintenance and capital expenditures at the annual GWRS Steering Committee meeting in April.

34. Compliance with Laws. In operating, managing, maintaining and repairing the System's facilities, the Water District shall comply with the requirements of all permits and licenses and all applicable federal, state and local statutes, ordinances, rules and regulations governing the operation and maintenance of the System.

B. The Sanitation District's Operations and Maintenance Obligations.

35. Delivery and Quality of Wastewater. The Sanitation District shall offer to the Water District, and the Water District shall have a right of first refusal for, 175 mgd of Specification Influent from Plant 1 and Plant 2 at no cost to the Water District, for treatment in the System and the Green Acres Project, as long as sufficient wastewater flow is available. The Sanitation District shall use its best efforts to maximize the amount of Specification Influent available for the System. The Sanitation District shall also use its best efforts to bypass lower quality wastewater where possible to the Sanitation's District Plant 2 where a separate treatment train is available to treat wastewater undesirable for the System. The "quality" of wastewater for purposes of this Section 35 is based on those factors that adversely affect the performance of the System or Green Acres Project, such as total dissolved solids, total organic carbon, N-

nitrosodimethylamine, turbidity, suspended solids and 1,4-Dioxane. The Parties acknowledge that, during peak weather events (as determined by the Sanitation District in its sole discretion), the Sanitation District may not be able to provide any Specification Influent from Plant 2 to the Water District, as the treatment capacity at Plant 2 will be fully utilized for storm flows. The Sanitation District shall confer with the Water District if the Sanitation District intends to make a major change in the source of wastewater, future planning, operations or chemical use at least thirty (30) days before such a change.

36. Costs of Specification Influent. The Sanitation District shall pay all capital, operations and maintenance costs of providing Specification Influent to the Water District at Plant 1 or Plant 2 pursuant to Section 35.

37. Industrial Pretreatment and Pollution Source Control Program. The Sanitation District shall maintain a comprehensive industrial wastewater pretreatment and pollutant source control program for controlling the discharge of wastes from point sources that could adversely affect the System's water quality or production. The Sanitation District shall comply with all applicable legal requirements with respect to its source water control program.

38. Acceptance of Waste Streams to be Discharged to the Sanitation District. The Sanitation District shall, at no charge to the Water District, accept all waste streams discharged from the AWT Facilities and the Green Acres Project. The discharge shall meet all standards specified in the Sanitation District's Wastewater Discharge Ordinance.

39. Compliance with Laws. In operating, managing, maintaining and repairing the facilities to provide Specification Influent to the Water District, the Sanitation District shall comply with the requirements of all permits and licenses and all applicable federal, state and local statutes, ordinances, rules and regulations governing the operation and maintenance of such facilities.

C. Joint Operations and Maintenance Obligations.

40. Ownership of Green Acres Project Reclaimed Water Facilities. The Sanitation District shall own, operate and maintain at its own expense all wastewater treatment facilities that lie within the boundaries of the Sanitation District's two plants, specifically excluding the Water District's pump station at Plant 1 and metering facilities at the Sanitation District's Plant 2. The Water District shall own, operate and maintain at its own expense all other reclaimed water facilities that are part of the Green Acres Project, or in the future are operated by the Water District to produce Reclaimed Water under the Green Acres Project.

41. Costs of Addressing Newly Discovered Contaminants. The Parties acknowledge that the AWT Facilities are designed to remove *N*-nitrosodimethylamine and 1,4-dioxane from Specification Influent based upon maximum allowable influent concentrations. In the event that, in the future, any Newly Discovered Contaminants are identified in the Specification Influent that require removal to meet System standards, the Water District and the Sanitation District will meet and confer in good faith regarding (a) the appropriate type of source control and/or water treatment needed to address the Newly Discovered Contaminants; (b) the appropriate sharing of costs for the construction and operation of any necessary treatment facilities; and/or (c) the development and implementation of additional source control strategies.

42. Further Conditioning or Treatment of Waste Streams to be Discharged to the Sanitation District. If the Sanitation District's outfall NPDES permit requires conditioning or further treatment of waste streams accepted from the Water District by the Sanitation District pursuant to Section 38 before it can be discharged to the Sanitation District's facilities, the Parties shall meet and confer regarding (a) the appropriate type of conditioning or further treatment, and (b) the appropriate arrangement for sharing the capital and operating costs of conditioning or further treatment.

43. Specification Influent from the two plants. The Sanitation District and the Water District agree to meet and confer regarding the ratio of Specification Influent from the two plants to the AWTF for the GWRS Final Expansion. The Sanitation District's Plant 2 effluent is the most cost efficient treatment system for the Sanitation District. However, the water quality from the Sanitation District's Plant 2 effluent is predicted to increase operational and maintenance costs for the Water District's AWTF system due to the higher concentrations of total dissolved solids, turbidity, ammonia, and suspended solids. The Parties shall therefore meet to ensure a mutually beneficial ratio of Specification Influent from the two plants, when possible, for optimal efficiencies through both facilities.

44. Other Costs. In the event that new quality or quantity discharge requirements are imposed by law or regulation that increase the cost to either Party to perform its obligations under this Agreement, the Parties shall meet to determine the most effective method of addressing such requirements. If the Parties cannot agree, any dispute will be resolved pursuant to Section 50. The cost of addressing such requirements shall be shared equally by the Parties.

45. Security – Joint Obligations. The Sanitation District shall comply with any and all security provisions adopted or instituted by the Water District with respect to access into and across Water District property. Likewise, the Water District shall comply with any and all security provisions adopted or instituted by the Sanitation District, with respect to access into and across Sanitation District property. The Water District agrees to place a security guard at the Water District's gate during normal operating hours; and pay for 20% of the Sanitation District's patrol car surveillance contract that shall include patrol car surveillance of the Water District's facilities. Also, the Sanitation District and the Water District agree to conduct a joint security vulnerability assessment of the joint campus every five (5) years, or sooner, based on changing circumstances and knowledge of a threat. The main purpose of the assessment is to analyze any security vulnerabilities and recommend cost effective security measures. This includes ensuring that persons at the site (employees, vendors, public, etc.) are made aware of acceptable paths of travels, emergency contact information, and general access provisions and restrictions.

46. Insurance. Each Party shall furnish and maintain the following insurance coverage, provided that such coverage is available on commercially reasonable terms:

(a) Workers'
Compensation

In accordance with the
Workers' Compensation Act of the State
of California – Minimum of \$1,000,000

(b) Public Liability, in
the form of either Comprehensive

\$2,000,000 Combined Single
Limit per occurrence, with \$5,000,000

General Liability or Commercial Liability written on a per-occurrence basis aggregate for bodily injury, death and property damage

(c) Automobile Liability, including non-owned and hired vehicles \$1,000,000 combined single limit per occurrence

(d) Casualty, to protect against fire, flood, earthquake and other hazards Replacement value

Each Party shall name the other Party as an additional named insured on all of the above listed policies (other than Worker’s Compensation and Casualty insurance). Each Party shall furnish certificates of insurance showing coverage to the other Party. Where a Party, by its Board of Directors approval, has elected to partially or fully self-insure any of the above required coverages, it shall provide to the other Party all the relevant written policies and actions to establish said programs.

47. Independent Contractor Status. The Parties agree that, in operating and maintaining the System, the Water District is, and shall be, acting at all times as an independent contractor, and all employees of the Water District are solely employees of the Water District and not the agents or employees of the Sanitation District. The Parties further agree that, in operating and maintaining the facilities to provide Specification Influent to the System, the Sanitation District is, and shall be, acting at all times as an independent contractor, and all employees of the Sanitation District are solely employees of the Sanitation District and not the agents or employees of the Water District.

48. GWRs Steering Committee Review of Operations. The Parties hereby continue the Groundwater Replenishment System Steering Committee established in prior agreements. The Steering Committee shall continue to consist of a total of six (6) directors, including three (3) directors appointed by the Water District and three (3) directors appointed by the Sanitation District. In addition, the Water District and the Sanitation District shall appoint three alternates for each agency. For each Party, an alternate shall serve on the Committee in the event that a director is absent. At its first meeting of each calendar year the members of the Steering Committee shall elect a chair and vice-chair, one from each Party. The chair and vice-chair shall alternate between the Parties every year. The Steering Committee shall establish the time and date for its regular meetings, and shall hold special or adjourned meetings as it deems appropriate. A quorum for the purpose of transacting business shall consist of two members from each of the two boards of directors of the Parties. All actions of the Steering Committee shall require a majority vote of the members present at a meeting. The Steering Committee shall serve as an advisory body for the governing boards of the Water District and the Sanitation District, and shall make any recommendations regarding System operations that it deems appropriate. The Steering Committee shall also attempt to mediate any dispute between the Water District staff and the Sanitation District staff as described in Section 50 of this Agreement.

V. Events of Default; Dispute Resolution.

49. Event of Default. The failure of a Party to comply with any provision of this Agreement that has a material and adverse effect on the other Party, except to the extent caused by a breach of this Agreement by the other Party, shall constitute an Event of Default under this Agreement; provided, however, that the defaulting Party shall first have a period of thirty (30) days following receipt of notice from the other Party of such failure to comply to cure such failure, or if such cure cannot be effected within such thirty (30) day period, such period shall extend for a total of one hundred eighty (180) days, so long as the defaulting Party is diligently trying to cure such failure throughout such period.

50. Dispute Resolution. Staffs of both Parties shall meet and use their best efforts to settle any dispute, claim, question or disagreement ("Dispute") arising from or relating to this Agreement. To that end, staffs of both Parties shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both Parties. If the Parties do not reach such a solution within a period of thirty (30) days after the first meeting of the staff regarding a Dispute, then the Parties shall convene a meeting of the Steering Committee within sixty (60) days after the first meeting of the staff regarding a Dispute and attempt to settle the Dispute before the Steering Committee at the meeting. If the Parties do not settle the Dispute within five (5) calendar days after the Steering Committee meeting, either Party may pursue any and all legal and equitable remedies that may be available.

VI. Miscellaneous.

51. Notices. All notices to the Sanitation District required or permitted under this Agreement shall be in writing and shall be deemed delivered (i) when delivered in person, (ii) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); (iii) on the day after mailing if sent by a nationally recognized overnight delivery service which maintains records of the time, place, and recipient of delivery; (iv) upon receipt of a confirmed transmission, if sent by telex, telecopy or facsimile transmission; or (v) via electronic mail provided the sender's system is capable of creating a written record of such notice and its receipt in each case to the parties at the following addresses or to other such addresses as may be furnished in writing by one party to the other:

Orange County Sanitation District
10844 Ellis Street
Fountain Valley, CA 92708-7018

Telecopier: 714-962-0356

E-Mail: jherberg@ocsd.com
Attention: General Manager

With a copy to:

District General Counsel, who is presently:
Bradley R. Hogin
Woodruff, Spradlin & Smart
555 Anton Boulevard, Suite 1200
Costa Mesa, CA 92626

Telecopier: 714-415-1006

E-Mail: bhogin@wss-law.com

All notices to the Water District required or permitted under this Agreement shall be in writing and shall be deemed delivered (i) when delivered in person; (ii) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt required); (iii) on the day after mailing if sent by a nationally recognized overnight delivery service which maintains records of the time, place, and recipient of deliver; (iv) upon receipt of a confirmed transmission, if sent by telex, telecopy or facsimile transmission; or (v) via electronic mail provided the sender's system is capable of creating a written record of such notice and its receipt in each case to the parties at the following addresses or to other such addresses as may be furnished in writing by one party to the other:

Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708-8300

Telecopier: 714-378-3373

E-Mail: mmarkus@ocwd.com
Attention: General Manager

With copy to:

District General Counsel, who is presently:
Joel D. Kuperberg, Esq.
Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92626

Telecopier: 714-546-9035

E-Mail: jkuperberg@rutan.com

52. Term. This Agreement shall remain in force and effect for fifty (50) years from and after the date first written above. Within thirty (30) days after the forty-fifth (45th) anniversary of the effective date of this Agreement, the Parties shall meet to decide whether to extend this Agreement. Any extension of this Agreement shall be done on mutually-acceptable terms and conditions. In the event the Parties do not extend the Agreement, the Water District shall, under the direction of the Groundwater Replenishment System Steering Committee, sell off or liquidate those portions of the System, and all facilities and appurtenances thereto, constructed pursuant to the 2002 Agreement. The Water District shall also remove all System facilities constructed on the Sanitation District's property. The proceeds of selling off or liquidating the above-described portions of the System shall be used first to repay the Water District for all reasonable third-party costs incurred in connection with the selling and/or moving the System facilities. The remainder, if any, shall be divided equally between the Parties.

53. Force Majeure. Neither Party shall be deemed to be in default where failure or delay in performance of any of its obligations (other than payment obligations) under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots, or similar hostilities, actions of legislative, judicial, executive or regulatory government bodies or other cause, without fault and beyond the reasonable control of such Party. If any such events shall occur, the time for performance by either Party of any of its obligations hereunder shall be extended by the Parties for the period of time that such events prevented such performance. Upon occurrence of an event of Force Majeure, the affected Party shall: (i) promptly notify the other Party of such Force Majeure event, (ii) provide reasonable details relating to such Force Majeure event, and (iii) implement mitigation measures to the extent commercially reasonable.

54. Indemnities.

54.1. The Sanitation District's Indemnity. The Sanitation District shall fully indemnify the Water District and its respective directors, Groundwater Replenishment System Steering Committee members, employees and agents against, and hold them completely free and harmless from, any cost, expense, claim, demand, judgment, loss, injury and/or liability of any kind or nature, including personal or bodily injury, death or property damage ("Losses") that may arise from (i) any grossly negligent act or omission of the Sanitation District related to construction of the System or the construction and operation of the facilities used to provide Specification Influent to the Water District or (ii) any claim made by a Sanitation District employee specifically retained to provide services with respect to the facilities used to provide Specification Influent.

54.2. The Water District's Indemnity. The Water District shall fully indemnify the Sanitation District and its respective directors, Groundwater Replenishment System Steering Committee members, employees and agents against, and hold them completely free and harmless from, any Losses that may arise from (i) any grossly negligent act or omission of the Water District related to the System's construction, management, operation, maintenance or repair, except for costs, expenses, claims, demands, judgments, losses, injuries and/or liability arising from any grossly negligent act or omission of the Sanitation District related to construction of the System or (ii) any claim made by a Water District employee specifically retained to provide services with respect to the System.

54.3. Joint Indemnity. Except as provided in Sections 54.1 and 54.2, each Party shall indemnify the other Party and its respective directors, Groundwater Replenishment System Steering Committee members, employees and agents against, and hold completely free and harmless from, any Losses arising from the design and construction of facilities pursuant to this Agreement; provided, however, that such indemnity shall be made only to the extent necessary to allocate such Loss between the Parties in a proportion equal to the Parties' cost-sharing obligations under this Agreement with respect to the design and construction of the facilities out of which such Loss arose.

55. Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and permitted assigns.

56. Further Acts and Assurances. The Parties agree to execute, acknowledge and deliver any and all additional papers, documents and other assurances, and perform any and all

acts and things reasonably necessary, in connection with the performance of the obligations hereunder and to carry out the intent of the Parties.

57. Captions. The captions in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope or intent of this Agreement, nor in any way affect this Agreement. Words of any gender in this Agreement shall be held to include any other gender and words in the singular number shall be held to include the plural when the sentence so requires.

58. Severability. Should it be found that any part of this Agreement is illegal or unenforceable, such part or parts of this Agreement shall be of no force or effect and this Agreement shall be treated as if such part or parts have not been inserted.

59. Entire Agreement. All previous negotiations had between the Parties hereto and/or their agents or representatives with respect to this Agreement are merged herein and this Agreement alone fully and completely expresses the Parties' rights and obligations.

60. Modifications in Writing. This Agreement shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors in interest.

61. Interpretation. Each of the Parties hereby waives any provisions of law to the effect that an ambiguity in a contract or agreement shall be interpreted against the Party that drafted the contract, agreement or instrument.

62. Governing Law. This contract shall be governed by and construed according to the laws of the State of California.

63. No Third-Party Beneficiaries. Nothing in this Agreement is intended to create any third-party beneficiaries to the Agreement, and no person or entity other than the Parties, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

64. Assignment. Neither Party may assign its interest in this Agreement without the prior written consent of the other Party.

65. Representations and Warranties. No representations or warranties are made or have been relied upon by either Party other than those expressly set forth herein, if any.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

ORANGE COUNTY SANITATION DISTRICT

By: [Signature]
Chair, Board of Directors

Date: 11/16/16

By: [Signature]
Clerk of the Board

Date: 11/16/16



APPROVED AS TO FORM:

[Signature]
Bradley R. Hogin
General Counsel
Orange County Sanitation District

ORANGE COUNTY WATER DISTRICT

By: [Signature]
President, Board of Directors

Date: 11-16-16

By: [Signature]
General Manager

Date: 11-16-16



APPROVED AS TO FORM:

[Signature]
Joel Kuperberg
General Counsel
Orange County Water District

Exhibit A Definitions

1. “AWT Facilities” means the advanced wastewater treatment facilities constructed by the Parties on the Water District’s and Sanitation District’s property in Fountain Valley as shown in Exhibit C.
2. “Cooperative Agreement” means the Cooperative Agreement for Project Planning for Orange County Reclamation Project, entered into by the Parties in February of 1997.
3. “Effective Date” means the date of this Agreement.
4. “Final Expansion” means an expansion of the System as originally designed to provide an increase in production capacity from 100 mgd to 130 mgd. As of September 2016, the Water District’s plan for the Final Expansion included construction of the following major components: (1) facilities to increase the capacity of the System’s existing microfiltration processing; (2) facilities to increase the capacity of reverse osmosis processing, (3) facilities to increase the ultraviolet light processing (4) additional chemical storage and post-treatment facilities; (5) additional reverse osmosis transfer pumps; (6) additional decarbonator and cartridge filter; and (7) additional product water and backwash supply pumps.”
5. “General Managers” means the general managers of the Water District and the Sanitation District.
6. “Governing Boards” means the Board of Directors of the Water District and the Board of Directors of the Sanitation District.
7. “Green Acres Project” means Reclaimed Water processed at the Water District’s Green Acres wastewater reclamation facility, or successor facilities used by the Water District.
8. “Groundwater Replenishment System” or “System” consists of four major components: (1) AWT Facilities and pumping stations, (2) a pipeline to recharge facilities, (3) a pipeline and the injection wells for the barrier and (4) Secondary Effluent Flow Equalization Tanks. The AWT Facilities consist of Microfiltration (MF), reverse osmosis (RO), Ultraviolet (UV) light disinfection, and Post Treatment using decarbonators and lime addition.
9. “GWR Pipeline” means the pipeline constructed to convey Product Water from Fountain Valley to the Water District’s spreading basins.
10. “GWRS Water” or “Product Water” means water produced by the AWT Facilities.
11. “Initial Expansion” means an expansion of the System as originally designed to provide an increase in production capacity from 70 mgd to 100 mgd, including demolition of the Water District’s old laboratory facility and construction of the following major components: (1) upgrades to the System’s existing screening facilities; (2) facilities to increase the capacity of the System’s existing microfiltration processing; (3) facilities to increase the capacity of reverse osmosis processing, (4) facilities to increase the

- ultraviolet light processing (5) additional chemical storage and post-treatment facilities; (6) additional reverse osmosis transfer pumps; and (7) additional water and barrier pumps as part of the off-site System facilities.”
12. “Ground Water Replenishment System Steering Committee” or “GWRS Steering Committee” or “Steering Committee” means the Ground Water Replenishment Steering Committee previously established under the Cooperative Agreement and continued under this Agreement.
 13. “NTU” means nephelometric turbidity unit, as defined in the latest issue of Standard Methods for the Examination of Water & Wastewater as published by the American Public Health Association, the American Water Works Association and the Water Environment Federation.
 14. “Newly Discovered Contaminants” is defined as contaminants found in wastewater that are or could be introduced into the Orange County Groundwater Basin through the System, that are not identified in any of the Water District’s wells above any federal or state action level as of the effective date of this Agreement, and that either (1) are assigned a new drinking water action level, by federal or state regulators after the effective date of this Agreement, or (2) are newly discovered in the System’s wastewater or product water through new testing methods that only become available after the effective date of this Agreement.
 15. “Operational” is defined as the condition whereby the System has been installed and tested, and startup activities have been completed, such that the System is ready to process Specification Influent. Following attainment of Operational status, the System general contractor may have ancillary and non-critical construction yet to complete (e.g. landscaping, subsequent demolition). The System became Operational as of January 10, 2008.
 16. “Peak Flows” shall mean wet weather flows received by the Sanitation District caused by inflow and infiltration into its system nearing its hydraulic capacity which results in the need for the Water District to accept a minimum of one hundred and four mgd of Specification Influent for reuse or discharge to the Santa Ana River.
 17. “Product Water” means water produced by the AWT Facilities.
 18. “Reclaimed Water” means water meeting the Reclaimed Water Standards.
 19. “Reclaimed Water Standards” means recycled water meeting the latest adopted version of the California Code of Regulations, Title 22, Division 4, Chapter 3 entitled “Water Recycling Criteria” as set forth in Section 60304 with respect to filter effluent.
 20. “Specification Influent” means secondary treated sewage that does not exceed (a) an average of 5 NTU over a 30-day period; (b) an average of 10 NTU for a 24-hour period; or (c) an instantaneous turbidity of 50 NTU at any time.
 21. “System” means the Groundwater Replenishment System.

22. “System Effluent Standards” means the treatment standards to permit Product Water to be discharged into Santa Ana River as set forth in the NPDES Permit for the System.

Exhibit B
Final Expansion Projects on Sanitation District Property

In order to produce 130 mgd of purified water for the GWRS Final Expansion project, OCWD will require up to 175 mgd of secondary effluent from OCSD. Currently, OCSD provides up to 135 mgd of secondary effluent to OCWD, all of it from Plant 1. The balance of secondary effluent needed for the AWTF Final Expansion will come from Plant 2. Five major construction projects on OCSD property will be necessary to make this possible:

1. Plant 2 Headworks Modifications Project

Currently, OCSD Plant 2 receives domestic wastewater from the coastal and central Orange County trunk lines. In addition to the domestic wastewater, Plant 2 also receives flows from the Inland Empire Brine Line. The Inland Empire Brine Line, which is also known as the Santa Ana Regional Interceptor (SARI) pipeline, accepts brine wastes from utilities and industries in the Santa Ana Watershed. This water contains brine, concentrated waste streams, and effluent from the Stringfellow site in Riverside County and is currently not allowed to be used as source water for recycling through the AWTF by the Division of Drinking Water permit to operate GWRS.

This project will modify the existing OCSD Plant 2 Headworks to dedicate the south half of the Headworks to reclaimable flows and the north half to SARI and sidestream flows. Each half of the Headworks will be isolated from each other by the installation of automated isolation gates at key locations. A new 66-inch pipeline and flow meter vault will be constructed to bypass the SARI and sidestream flows around the existing metering vault and screen influent channel to a location upstream of the existing bar screens.

2. Plant Water Pump Station Replacement

The Plant Water Pump Station Replacement, which is part of the Ocean Outfall System Rehabilitation Project J-117, will relocate the existing Plant Water Pump Station, which takes its source water from the Activated Sludge treatment process and 144" SE pipe. After the Final Expansion of the GWRS, the Activated Sludge (AS) treatment process will be dedicated to the treatment of SARI and sidestream flows. Also, the 144" SE pipe will mainly contain brine from the GWRS reverse osmosis process. Therefore, the existing Plant Water Pump Station will be relocated to a location more suitable for receiving secondary effluent from the Trickling Filter-Solids Contact (TF-SC) treatment process, which will be used to treat domestic wastewater.

3. Plant 2 Effluent Pump Station Project

This project will construct the Plant 2 Effluent Pump Station to send approximately 50 - 85 MGD of secondary effluent from OCSD Plant 2 TF-SE process to the GWRS facility.

The preliminary pump station layout is estimated to be approximately 47-feet by 100-feet with a three duty and one standby pump configuration. The four (4) pumps will be 500 HP vertical turbine pumps. The Plant 2 Effluent Pump Station will take secondary effluent from the 120-inch TF-SE pipeline and boost this flow into a new conveyance pipeline to GWRS.

4. Plant 2 Flow Equalization Project

A 6 MG above-grade flow equalization tank will be constructed to equalize secondary effluent being pumped from Plant 2 to Plant 1. In addition, two sets of flow regulating stations will be constructed to divert secondary effluent from the Plant 2 to GWRS pipeline. The other station will be used to discharge water from the EQ tank back into the existing buried secondary effluent system.

5. 66" Interplant Pipe Rehabilitation Project

OCSD owns an existing unused 66-inch gravity reinforced concrete pipeline (RCP) that connects Plant 2 to Plant 1. This pipeline was constructed prior to 1965 and is no longer in service. The pipeline alignment is approximately 3.6 miles from Plant 2 to Plant 1. OCSD has surveyed the interior of this pipeline and determined that the pipeline is no longer usable with exposed rebar and deteriorating manholes.

For the conveyance of secondary effluent from Plant 2 to the GWRS facility, OCSD will allow OCWD to use the 66-inch existing pipeline and construction easement. In order to convert this aging gravity RCP into a pressure pipeline to convey the effluent pump station discharge, it will be rehabilitated with a trenchless pipe repair method. The new pipeline will be connected on the south to the Plant 2 Effluent Pump Station and to the north to the existing 90-inch OCSD Secondary Effluent Junction Box No. 6 (SEJB6) influent pipeline located at Plant 1.

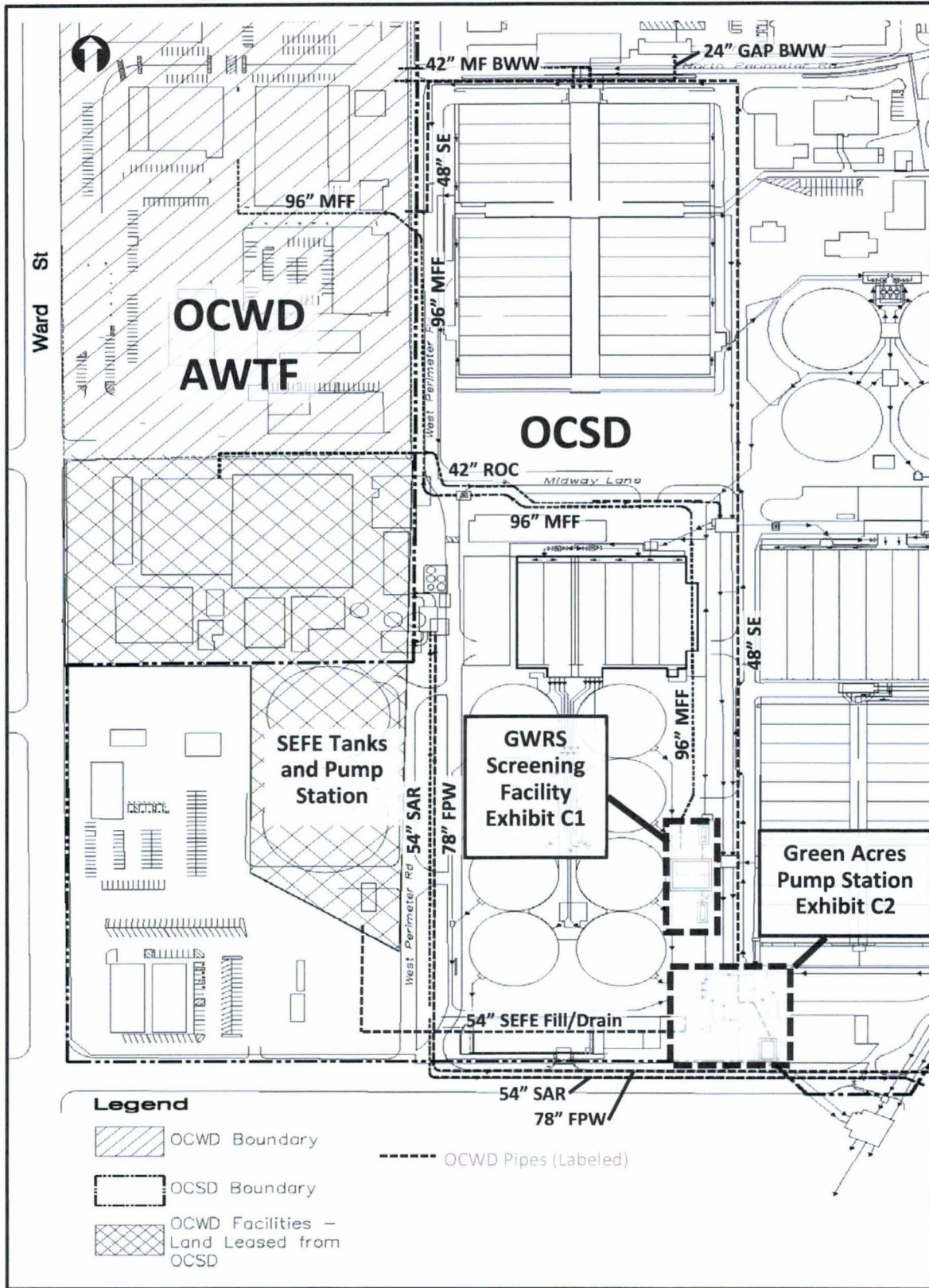


Exhibit C – Lease of Property – Plant 1

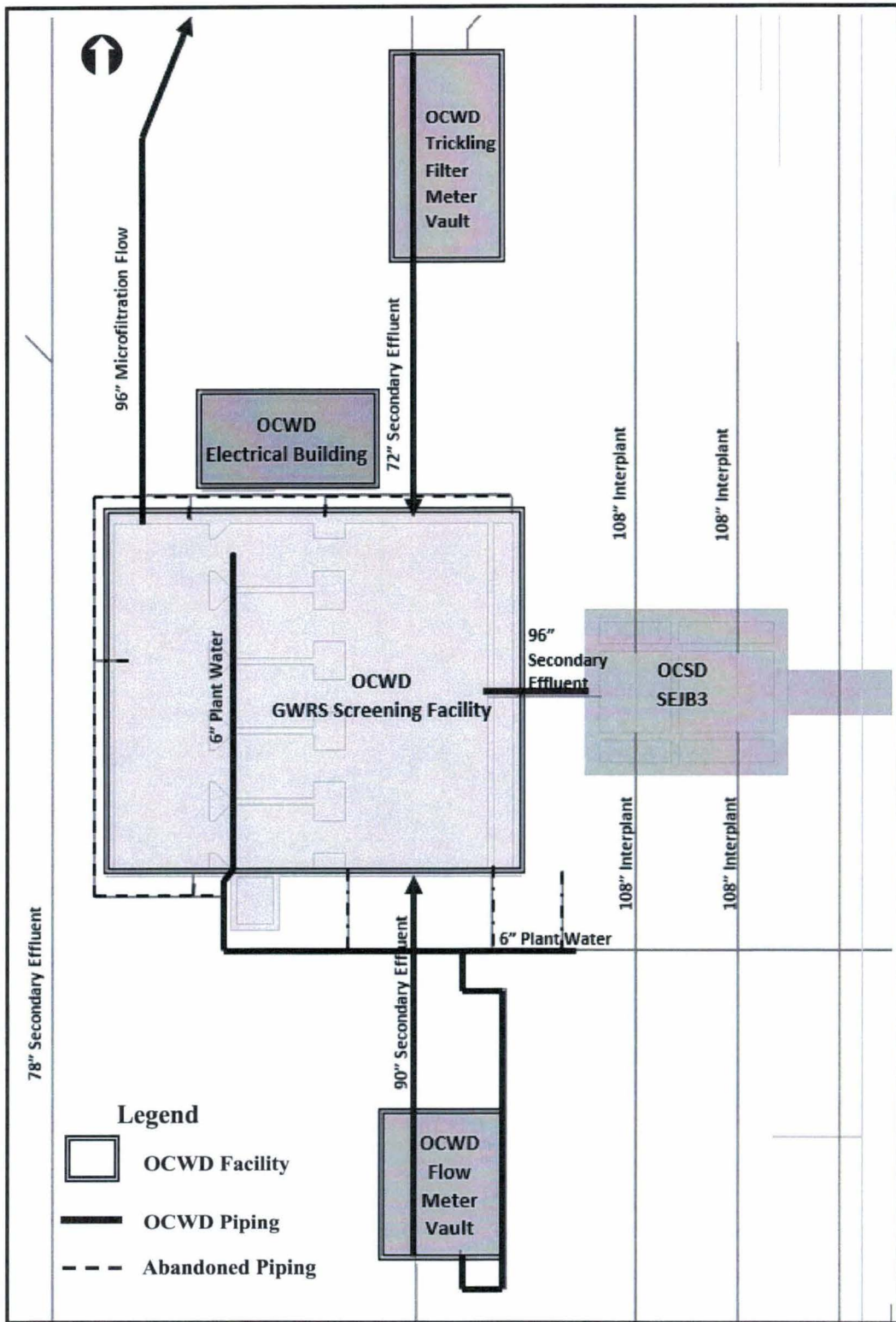


Exhibit C1
Water District Facilities on Sanitation District Property
GWRs Screening Facility

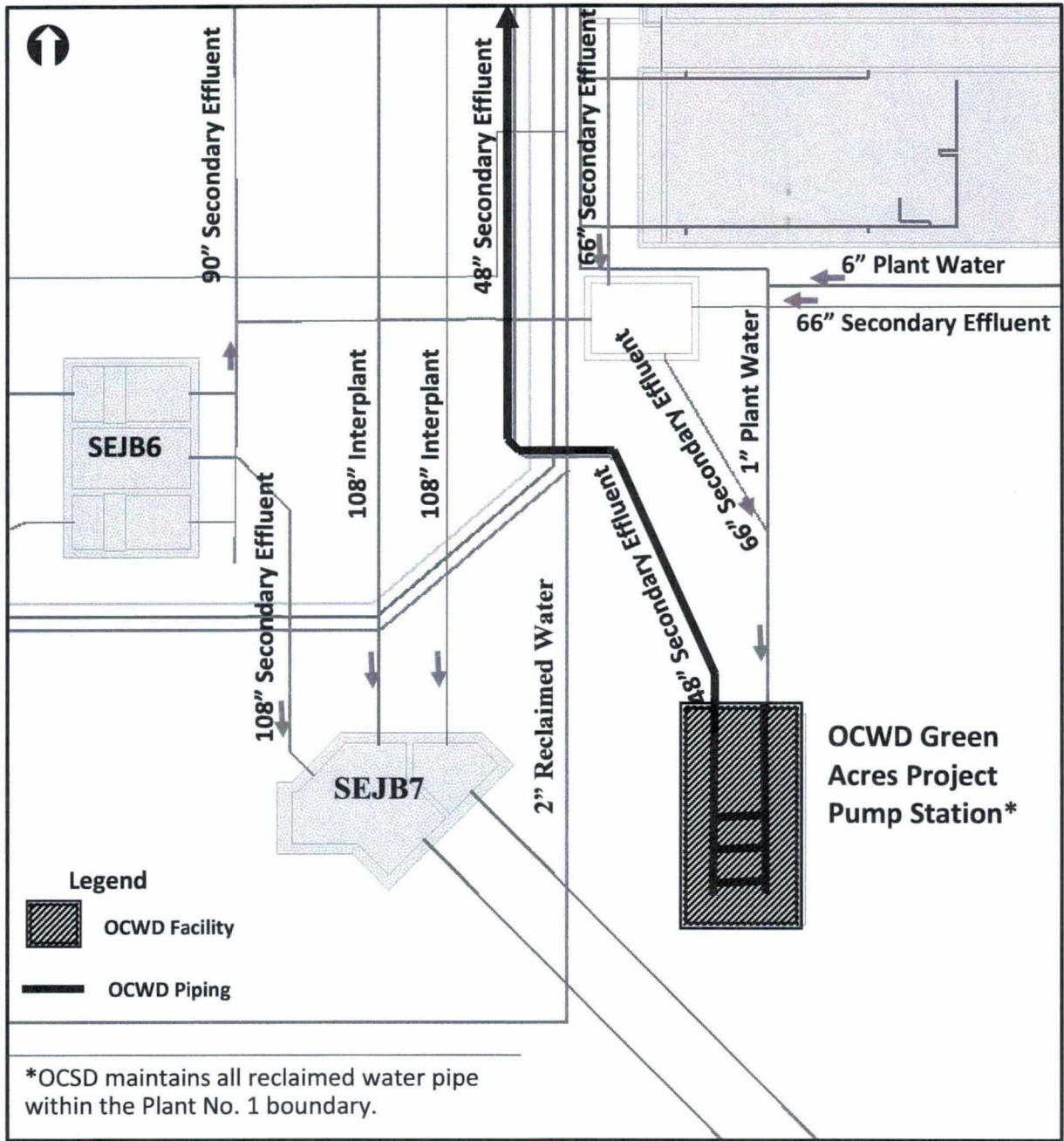


Exhibit C2
Water District Facilities on Sanitation District Property
Green Acres Project Pump Station

Exhibit D
Leased Property Description

ORANGE COUNTY SANITATION DISTRICT

THAT PORTION OF PARCEL 2 IN THE CITY OF FOUNTAIN VALLEY, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS DESCRIBED IN THE FINAL ORDER OF CONDEMNATION TO ORANGE COUNTY SANITATION DISTRICT NO. 1 RECORDED FEBRUARY 23, 1967 IN BOOK 8183, PAGE 28, OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND THAT PORTION OF PARCEL 4 AS DESCRIBED IN THE FINAL JUDGMENT IN CONDEMNATION TO COUNTY SANITATION DISTRICT NO. 1 RECORDED FEBRUARY 7, 1961 IN BOOK 5622, PAGE 146, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 2 ALSO BEING THE NORTHWEST CORNER OF SAID PARCEL 4; THENCE SOUTH 89°34'21" EAST 50.00 FEET ALONG THE NORTH LINE OF SAID PARCEL 4; THENCE SOUTH 0°06'14" WEST 432.04 FEET; THENCE WEST 670.51 FEET TO A POINT, SAID POINT BEING ON THE EAST LINE OF THE EASEMENT TO THE CITY OF FOUNTAIN VALLEY, 15.00 FEET IN WIDTH, RECORDED IN JULY 30, 1984 AS INSTRUMENT NO. 84-313034, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, SAID EAST LINE BEING PARALLEL WITH AND 40.00 FEET EAST OF THE CENTERLINE OF WARD STREET; THENCE NORTH 0°06'27" EAST 437.04 FEET ALONG THE EAST LINE OF SAID EASEMENT TO A POINT, SAID POINT BEING ON THE NORTH LINE OF SAID PARCEL 2; THENCE SOUTH 89°34'21" EAST 620.49 FEET ALONG THE NORTH LINE OF SAID PARCEL 2 TO THE POINT OF BEGINNING.

THE AREA OF THE ABOVE DESCRIBED PARCEL IS 6.69 ACRES, MORE OR LESS.

ALL AS SHOWN ON EXHIBIT 'B' ATTACHED HERETO AND MADE A PART HEREOF.



David A. Bush
9-11-02

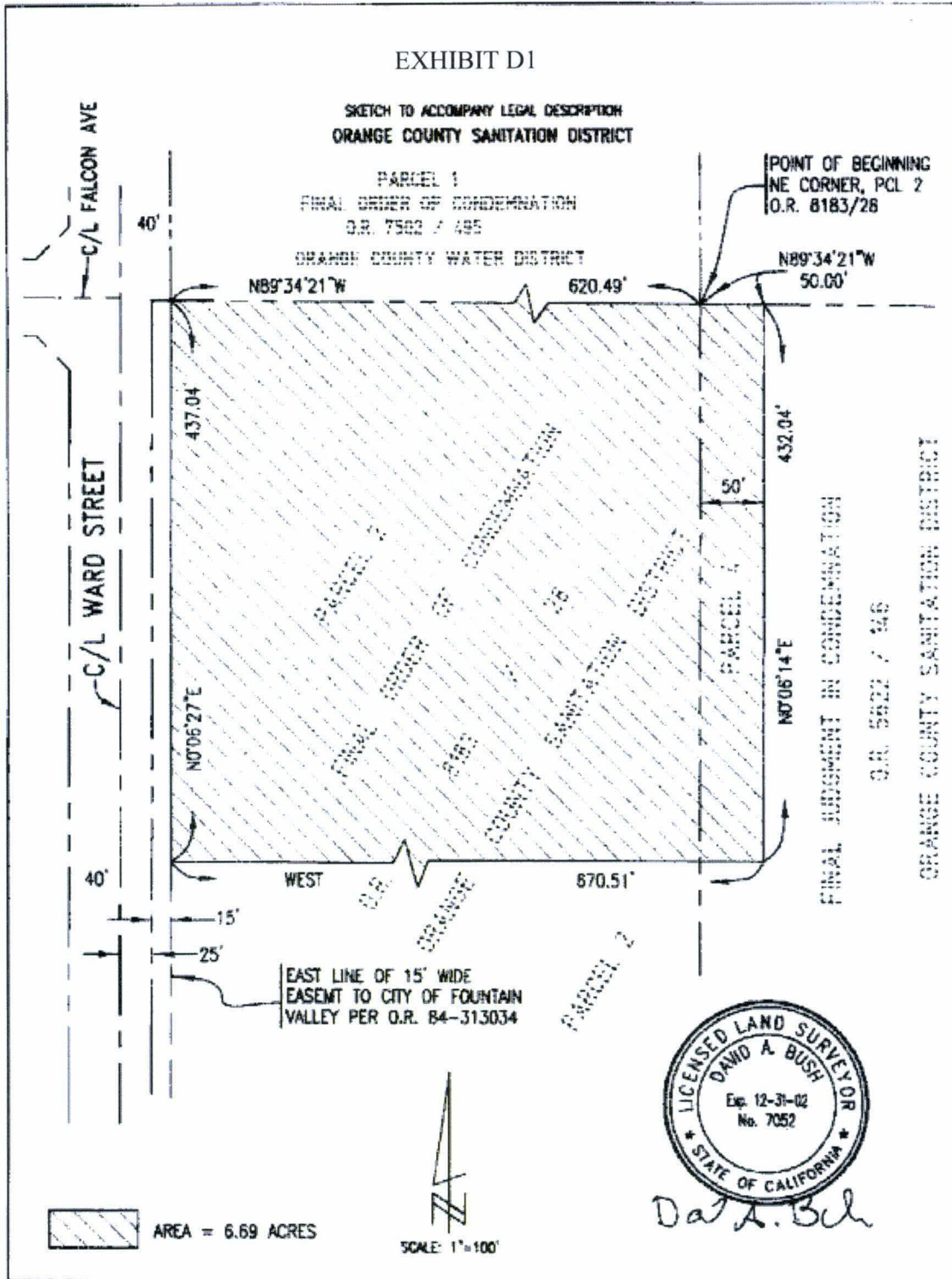
EXHIBIT D1

SKETCH TO ACCOMPANY LEGAL DESCRIPTION
ORANGE COUNTY SANITATION DISTRICT

PARCEL 1
FINAL ORDER OF CONDEMNATION
O.R. 7502 / 495

ORANGE COUNTY WATER DISTRICT

POINT OF BEGINNING
NE CORNER, PCL 2
O.R. 8183/28



9-11-02

CSDAWTF.DWG

SHEET 1 OF 1

EXHIBIT D2

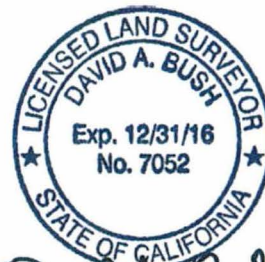
ORANGE COUNTY SANITATION DISTRICT

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 IN THE CITY OF FOUNTAIN VALLEY, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS DESCRIBED IN THE FINAL ORDER OF CONDEMNATION TO ORANGE COUNTY SANITATION DISTRICT NO. 1 RECORDED FEBRUARY 23, 1967 IN BOOK 8183, PAGE 28, OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY TOGETHER WITH THOSE PORTIONS OF PARCEL 4 AND PARCEL 5 AS DESCRIBED IN THE FINAL JUDGEMENT IN CONDEMNATION TO COUNTY SANITATION DISTRICT NO. 1 RECORDED FEBRUARY 7, 1961 IN BOOK 5622, PAGE 146, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 2 ALSO BEING THE NORTHWEST CORNER OF SAID PARCEL 4; THENCE SOUTH 89°34'28" EAST 50.00 FEET ALONG THE NORTH LINE OF SAID PARCEL 4; THENCE SOUTH 0°06'07" WEST 432.04 FEET; THENCE SOUTH 89°59'53" WEST 5.10 FEET TO A POINT, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTH 0°29'00" WEST 541.62 FEET TO A POINT AT THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 50.00 FEET; THENCE SOUTHWESTERLY 78.23 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 89°39'00"; THENCE NORTH 89°52'00" WEST 73.50 FEET; THENCE NORTH 0°14'00" WEST 85.50 FEET; THENCE SOUTH 89°43'00" WEST 179.20 FEET; THENCE NORTH 61°45'00" WEST 31.50 FEET; THENCE NORTH 491.47 FEET; THENCE NORTH 89°59'53" EAST 335.48 FEET TO THE TRUE POINT OF BEGINNING.

THE AREA OF THE ABOVE DESCRIBED PARCEL IS 4.10 ACRES, MORE OR LESS.

ALL AS SHOWN ON EXHIBIT D2 ATTACHED HERETO AND MADE A PART HEREOF.



D.A. Bush
\\ - - \h

EXHIBIT D2

SKETCH TO ACCOMPANY LEGAL DESCRIPTION
ORANGE COUNTY SANITATION DISTRICT

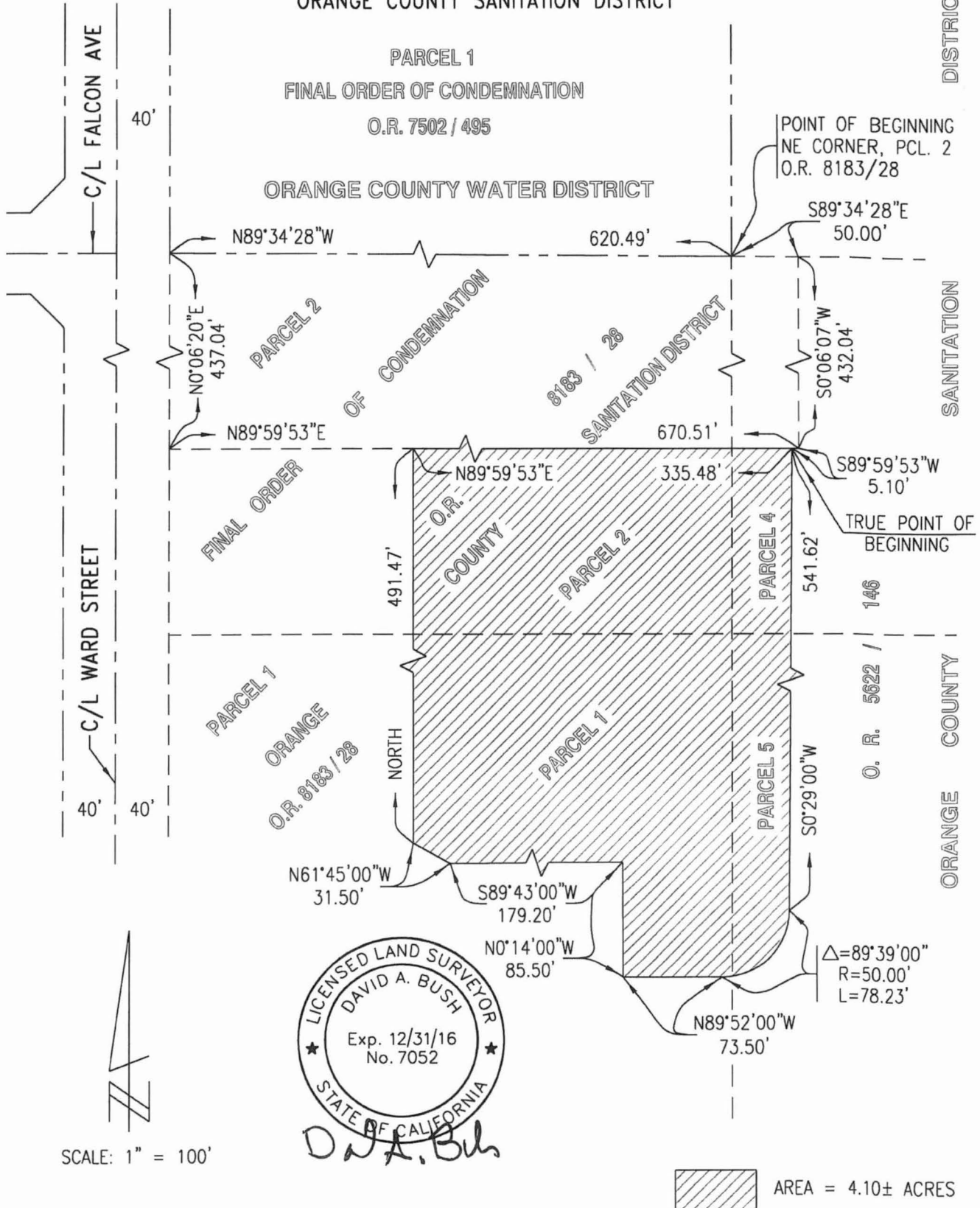


Exhibit E – Lease of Property – Plant 2



**Exhibit F
Easement and Right-of-Way
66" Interplant Pipe**

