

**THIRD AMENDMENT TO AGREEMENT FOR
PURCHASE AND SALE OF RECYCLED WATER**

This Third Amendment to the Agreement for Purchase and Sale of Recycled Water (“**Third Amendment**”) is dated _____ (“**Third Amendment Date**”) and is between County Sanitation District No. 20 of Los Angeles County (the “**Sanitation District**”), and the Palmdale Water District (“**PWD**”). The Sanitation District and PWD are referred to in this Amendment individually as a “**Party**” and collectively as the “**Parties.**”

Effective October 26, 2016, the Parties entered into an Agreement for Purchase and Sale of Recycled Water (“**Agreement**”). Effective September 23, 2019, the Parties entered into the First Amendment to the Agreement (“**First Amendment**”) to extend certain milestone deadlines necessary to maintain PWD’s Recharge and Purple Pipe Allotments. Effective October 14, 2021, the Parties entered into the Second Amendment to the Agreement (“**Second Amendment**”) to further extend certain milestone deadlines by an additional two years and extend the timeframe for the mandatory minimum payments owed to the Sanitation District. All capitalized terms used in this Third Amendment will have the same meaning as in the Agreement, unless specifically defined below.

Since the Second Amendment, PWD has revised the “Recharge Project” and the Authority voted to suspend the Purple Pipe Project. PWD is currently pursuing an indirect potable reuse project, commonly known and referred to as the Pure Water Antelope Valley Project. The general purpose of the Pure Water Antelope Valley Project is to facilitate and achieve water reuse by employing advanced recycled water purification and direct injection processes with the intent to recharge the underlying groundwater. PWD has relinquished the Purple Pipe Project in favor of this Pure Water Antelope Valley Project. For purposes of the Agreement and this Third Amendment the Pure Water Antelope Valley Project will henceforth be referred to as the “**Recharge Project**”.

The purpose of the Third Amendment is to update Agreement timelines in accordance with the proposed Recharge Project details and estimated schedule. The Parties agree that the Third Amendment does not propose a net increase in the quantity of recycled water available for delivery to PWD. The Third Amendment will hereby defer specified Agreement timelines and consolidate the Agreement’s two allotments into one quantity of 5,325 AFY.

In support of the Recharge Project, PWD intends to develop, construct and operate an Advanced Water Treatment Demonstration Facility (“**Demonstration Facility**”) for the purposes of promoting public outreach, optimizing the advanced water purification process for full scale treatment, and facilitating operator training for the Recharge Project. PWD has secured funding from Antelope Valley Integrated Regional Water Management Planning efforts for the pipeline that will deliver recycled water withdrawn from the Plant to the Demonstration Facility.

During the planning, design and construction phases for a future full scale facility, after applicable details of the Recharge Project are known, the Parties intend to discuss the details regarding the Recharge Project and potential subsequent agreements including, without

limitation, recharge permitting requirements, modifications to existing treatment programs, property lease, and other project activities.

The Parties therefore amend the Agreement as follows:

1. Recital E of the Agreement is hereby deleted in its entirety and replaced by the following:

“PWD's Recharge Project. PWD is an irrigation district formed under Division II of the California Water Code. PWD is pursuing a project, the Pure Water Antelope Valley Project (“**Recharge Project**”), which is intended to include the operation of an advanced treatment facility and related facilities and components to treat recycled water withdrawn from the Plant to a level and quality that would allow for direct injection of the resulting product water into the underlying aquifer of the Antelope Valley Groundwater Basin. Construction and operation of the Recharge Project is subject to entitlement, agency approvals and regulatory permitting.”

2. Recital F. of the Agreement is hereby deleted in its entirety and replaced by the following:

“PWD's Intended Recharge Use. PWD intends to implement the Recharge Project in late 2028, pending all applicable project approvals including, without limitation, approval by the State and the California Regional Water Quality Control Board, Lahontan Region (“**Regional Board**”). PWD proposes the advanced treatment of approximately 5,325 AFY of recycled water drawn from the Plant, but actual usage will be contingent upon final entitlement, permitting and regulatory approvals. Separate agreements between the Sanitation District and PWD may be necessary in the future to address requirements for the use of recycled water for groundwater recharge, including, without limitation, source control, monitoring and/or reporting agreements memorializing the requirements applicable after the groundwater recharge permit is issued.”

3. Remove the phrase “and the Purple Pipe Project” from Recitals J and K.

4. Section 5.1 and its subsections of the Agreement are hereby deleted in their entirety and replaced with the following:

“Allotment: The Sanitation District shall make available to PWD certain amounts of recycled water produced at the Plant from which PWD may draw (“Allotment”). PWD shall not draw more than 5,325 AFY.”

5. Section 5.8.A of the Agreement is hereby deleted in its entirety and replaced with the following:

“A. Milestone 1 (Begin Operation of Demonstration Facility): Within 10 years after the Effective Date of this Agreement, PWD must begin operation of the Demonstration Facility that will use recycled water under this Agreement.”

6. Sections 5.11, 5.12, and 5.13 of the Agreement are hereby deleted in their entireties.

7. Section 5.15 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Mandatory Minimum Annual Payment: There is no mandatory minimum volume that PWD must withdraw from the Plant. However, in order to maintain the allotment established under this Agreement, PWD must pay the Sanitation District a minimum payment for each fiscal year, starting with the fiscal year ending June 30, 2030, regardless of whether or not recycled water is drawn by or delivered to PWD. The minimum payment is equivalent to the payment that would be due for 4,000 AFY of recycled water under this Agreement.”

Nothing in this Third Amendment shall be construed as limiting or otherwise changing the rights and discretion of the Sanitation District under Subsections A through D of Section 5.15 of the Agreement.

8. Section 7.3 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Point of Compliance of Water Quality: The point of compliance for determining whether the recycled water provided by the Sanitation District meets the Requirements will be immediately after the final treatment process at the Plant. Recycled water used for direct injection must meet the then current requirements contained in California Code of Regulations Title 22, Division 4, Chapter 3, Article 5.2: Indirect Potable Reuse: Groundwater Replenishment – Subsurface Application as that section may be amended or replaced, and requirements identified in the applicable groundwater recharge permit issued by the Regional Board.”

9. Except as explicitly stated above, no other provisions of the Agreement are being modified by this Third Amendment. All provisions of the Agreement, as amended by the First Amendment and Second Amendment, not otherwise modified or replaced herein shall remain in full force and effect.

10. This Third Amendment can be executed in duplicate counterpart originals, one for each Party, and each duplicate original can be deemed to be an original, but all of which will constitute one and the same agreement.

The Parties are signing this Third Amendment to be effective as of the Third Amendment Date stated above.

PALMDALE WATER DISTRICT

**COUNTY SANITATION DISTRICT NO. 20
OF LOS ANGELES COUNTY**

By: _____
Chair, Board of Directors

By: _____
Chair, Board of Directors

Dated: _____

Dated: _____

ATTEST:

ATTEST:

By: _____
Secretary to the Board

By: _____
Secretary to the Board

**APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP**

**APPROVED AS TO FORM:
LEWIS BRISBOIS BISGAARD & SMITH LLP**

By: _____
Palmdale Water District Counsel

By: _____
County Sanitation District Counsel