

Wastewater Disposal Agreement in Exchange for Use of Facilities

This Wastewater Disposal Agreement in Exchange for Use of Facilities (“**Agreement**”) is between County Sanitation District No. 14 of Los Angeles County, a county sanitation district organized and existing pursuant to California Health and Safety Code Section 4700 et seq. (“**District**”) and the Antelope Valley Fair Association (the “**Association**”). The District and the Association are each a “**Party**” and together are the “**Parties.**”

- A. The District owns and operates a sewerage system for the disposal of wastewater originating within the District.
- B. The Association, a California non-profit organization, manages certain real property commonly known as the Antelope Valley Fair & Events Center, located at 2551 West Avenue H, Lancaster, California 93536, and identified as Los Angeles County Assessor’s Parcel Number 3114-011-907 (the “**Fairgrounds**”), pursuant to that certain Joint Exercise of Powers Agreement Antelope Valley Fairgrounds Authority dated August 9, 2011, as amended by the First Amendment dated November 1, 2011. The Fairgrounds property is owned by the 50th District Agricultural Association.
- C. The Association is adding a multi-purpose disaster recovery facility and event facilities to the Fairgrounds commonly referred to as the Multi-Agency Regional Resilience Center or “**MARRC**” (the MARRC and Fairgrounds shall hereinafter be referred to collectively as the “**Expanded Fairgrounds**”). The MARRC will increase wastewater discharges from the Expanded Fairgrounds property and is not exempt from the District’s Service Charge and Connection Fees (defined hereinafter). The Association will be responsible for operations of the MARRC and will continue its responsibilities as the operator of the Fairgrounds. The MARRC construction is expected to be completed by June 2026.
- D. The District imposes an annual sewer service charge (“**Service Charge**”) on parcels that discharge wastewater to the District. Additionally, the District imposes a one-time connection fee on parcels when they first connect to the District’s sewer system or when there is a significant increase in the wastewater discharge (“**Connection Fee**”). The District imposes requirements on dischargers through provisions of the *Wastewater Ordinance* dated April 1, 1972, as amended July 1, 1998 (“**Wastewater Ordinance**”), the *Master Connection Fee Ordinance of County Sanitation District No. 14 of Los Angeles County* and the *Master Service Charge Ordinance of County Sanitation District No. 14 of Los Angeles County*.
- E. The Association has requested credits against both the Service Charge and the Connection Fee for the Expanded Fairgrounds to cover costs associated with the Expanded Fairgrounds. In exchange for the proposed fee credits, the Association is willing to allow the District use of space in the Expanded Fairgrounds and make best efforts to support the use of recycled water at the Expanded Fairgrounds.
- F. The District is the provider of recycled water from the Lancaster Water Reclamation Plant and has entered into a recycled water sales agreement with the City of Lancaster (“**City**”) to provide recycled water for City use. The City is investigating the feasibility to provide recycled water to the Expanded Fairgrounds up to 100 acre-feet per year. Use of recycled water at the Expanded Fairgrounds would benefit the District by managing surplus recycled water and generate revenue through sales to the City. Actual use of Recycled Water at the Expanded Fairgrounds is subject to City implementation of

necessary facilities to deliver to the site and Association retrofit of the site to facilitate its use. The City is working with developers to construct the necessary distribution facilities.

- G. The District is willing to accept as payment from the Association use of Expanded Fairgrounds facilities and properties, at no cost to the District, for District events including, without limitation, an annual Earth Day event, for the duration of the Term (as defined in Section 4.1 below) of this Agreement.

The Parties therefore agree as follows:

1. GENERAL PROVISIONS

1.1 Effective Date. The Effective Date of this Agreement is _____, 2024, which shall be the date of approval of the Agreement by the Board of Directors of the District or the date of approval of the Agreement by the Board of Directors of the Association, whichever occurs last.

1.2 Acceptance of Wastewater. The District shall accept wastewater from the Expanded Fairgrounds subject to the terms of this Agreement.

1.3 Compliance with the Wastewater Ordinance.

The Association shall comply with all present and future District Requirements in the Wastewater Ordinance applicable to wastewater discharge. The Association shall be legally bound and subject to all provisions of the *Wastewater Ordinance* including all amendments that the District may adopt from time to time except for provisions described in this Agreement.

1.4 Connection Fee Ordinance. The Association is subject to the provisions of the “AN ORDINANCE PRESCRIBING FEES FOR THE PRIVILEGE OF CONNECTING ANY PARCEL OR INDUSTRIAL OPERATION WITHIN THE BOUNDARIES OF COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY DIRECTLY OR INDIRECTLY TO THE SEWERAGE SYSTEM, OR FOR INCREASING THE STRENGTH AND/OR QUANTITY OF WASTEWATER ATTRIBUTABLE TO A CONNECTED PARCEL OR INDUSTRIAL OPERATION WITHIN THE DISTRICT, AND PROVIDING FOR THE COLLECTION OF THOSE CHARGES” dated May 14, 2020, (“**Connection Fee Ordinance**”), including all amendments, or revisions that the District may adopt from time to time except as provided in this agreement.

1.5 Baseline Capacity:

1.5.1 Current Baseline Capacity. The current service capacity attributed to the Expanded Fairgrounds as of the Effective Date of this Agreement is 1432 capacity units (= 1370 units for General Convention Center use and 62 units for RV Park space use).

1.5.2 Proposed Baseline Capacity. For purposes of this Agreement the Parties agree the use of the Expanded Fairgrounds as a disaster recovery facility will expand service from its current annual attendance of 500,000 persons to include an additional ten (10) new events annually, as well as the continued use of 62 RV Park spaces, resulting in a proposed service capacity of 1,488 capacity units (the “**Baseline Capacity**”). Additional capacity, beyond the proposed Baseline Capacity, is addressed in Section 3.1 below.

1.6 No Property Interest. Neither the 50th District Association nor the Association will acquire any property interest by virtue of the Agreement. The Association acknowledges that this Agreement grants rights no greater than those accruing to wastewater dischargers within the District. In the event the Association’s right to discharge is suspended or terminated by the District for violation

of a provision of the Agreement or its Permit, the Association will have no right to claim a refund of any fee or charge paid to the District.

2. SERVICE CHARGE AND CONNECTION FEE PAYMENTS

2.1 Estimated Service Charge Fees and Connection Fees to be Paid by the Association:

2.1.1 Service Charge: The Association is responsible for paying to the District the applicable annual sewer service fees for conveyance, treatment, and disposal of the wastewater generated from the Expanded Fairgrounds in accordance with the *Wastewater Ordinance*, as amended from time to time except as provided in this Agreement. The Parties agree that the annual Service Charge for Fiscal Year 2024-2025 is \$17,037 and for Fiscal Year 2025-2026 it is estimated to be \$17,037. The annual Service Charge for the Expanded Fairgrounds based on the proposed use of 1,488 capacity units and the expected construction completion date is calculated as \$35,095.10 for Fiscal Year 2026-2027 based on current rates. The Service Charge after Fiscal Year 2024-2025 is subject to future rate increases as may be adopted by the District's Board of Directors. Annually, the District will calculate the service charge rate for the upcoming year based on approved rates and the above number of capacity units.

2.1.2 Connection Fee: The Parties agree the Connection Fee for the expanded facility use of the Expanded Fairgrounds as a disaster recovery facility has been calculated at \$117,493. The Association has requested the ability to finance the Connection Fee, pursuant to this terms and conditions of this Agreement, over twenty (20) years at a 7.36% interest rate, which reflects the current long-term treasury rate plus 3%. Accordingly, the annual Connection Fee to be paid by the Association is \$11,232.00 per year fixed for twenty years beginning in Fiscal Year 2026-2027.

2.1.3 Annual Service and Connection Fee Payments: The aggregate total to be paid by the Association in Fiscal Years 2024-2025 and 2025-26 shall be only the Service Charge as calculated in Section 2.1.1 since there is no Connection Fee due in these two fiscal years. The aggregate total Service Charge and Connection Fee to be paid by the Association is \$46,327.10 for Fiscal Year 2026-2027. Future fiscal years total annual Service Charge and Connection Fee amounts will be calculated as the sum of the annual Service Charge rate as determined in Section 2.1.1 plus the annual Connection Fee amount in Section 2.1.2. By October 1 of each year, the District will notify the Association of the total annual Service Charge and Connection Fee for the upcoming calendar year "**Annual Sewer Fee**". The amount of the Annual Sewer Fee will be offset through benefits of equivalent value provided by the Association to the District as further described in Section 2.2 below.

2.2 Benefits to be Provided to the District:

2.2.1 Use Benefits. The Association shall make available to the District on an annual basis all the following:

a. At the District's discretion, the use of the 70,000 square foot event facility at the Expanded Fairgrounds or use of other smaller events spaces within the Expanded Fairgrounds. Rental fees as well as internal Association provided service costs such as cleaning and security associated with all District use of the facilities will be waived for the District's use of these facilities up to an amount equal to the Annual Sewer Fee. Any amounts exceeding the credit provided under the Annual Sewer Fee amount will be the responsibility of the District. The District will also be responsible for paying costs for

services provided by outside vendors such as event production, lighting, sound, and catering.

b. The Association will make all reasonable efforts to work with the District to schedule use of the facilities at the Expanded Fairgrounds.

2.2.2 Recycled Water Provision. The Association will work with the City to facilitate the use of recycled water at the Expanded Fairgrounds, using the following terms:

a. The Association will work with the City on the requisite infrastructure and related improvements to allow the District the ability to provide recycled water to the Expanded Fairgrounds and other properties within the vicinity of the Expanded Fairgrounds (the “**Fairgrounds Recycled Water Loop**”). The Parties acknowledge the Fairgrounds Recycled Water Loop is dependent on the City.

b. Upon completion of the Fairgrounds Recycled Water Loop, the Association will use its best efforts to utilize recycled water for any authorized purpose including, without limitation, landscape irrigation at the Expanded Fairgrounds.

3. CONDITIONS OF DISCHARGE

3.1 Additional Capacity. This Agreement addresses the Baseline Capacity, as defined in Section 1.5 above. Any capacity beyond the Baseline Capacity will be subject to all fees and charges as required under applicable District ordinances. The District’s Chief Engineer and General Manager (“**Chief Engineer**”), in his or her sole and absolute discretion, may attribute additional capacity to the Expanded Fairgrounds upon the payment of additional connection fee charges and the permitting of any new or increased discharges. If the Association exceeds or proposes to exceed the proposed Baseline Capacity attribution, the Chief Engineer may, in his or her sole discretion, refuse to attribute additional capacity.

4. TERM

4.1 The Term of this Agreement commences on the Effective Date and expires at the end of Fiscal Year 2046-47, which will be the 20th and final fiscal year of the Connection Fee payment described in Section 2.1.2.

4.2 Either Party may terminate this Agreement for any reason by giving the other Party one-year advanced written notice of termination. If this Agreement is terminated, the Association will owe the District all amounts not yet paid.

5. MISCELLANEOUS

5.1 Notice. Any notice related to this Agreement must be in writing and delivered personally or by U.S. Mail or nationally recognized overnight service to the addresses below, which addresses may be changed at any time upon written notice:

District

Los Angeles County Sanitation District No. 14
1955 Workman Mill Road
Whittier, CA 90601
Attn: Department Head, Facilities Planning
(562) 908-4888, extension 2700

Association

Antelope Valley Fair Association
2551 West Avenue H, Suite 102
Lancaster, California 93536
Attn: Dan Jacobs, Chief Executive Officer

- 5.2 Modification. This Agreement may be modified only by written agreement between the District and the Association.
- 5.3 Indemnification. The Association will fully indemnify, to the extent allowed by law, defend, and hold harmless the District and all other County Sanitation Districts of Los Angeles County, their directors, agents, and employees, from any claims, actions, demands, losses, liabilities, attorney's fees, and costs arising out of or caused by its noncompliance with the District's rules, regulations, requirements, ordinances, and permit provisions, and will be subject to all penalties and civil liabilities proved in the *Wastewater Ordinance* or by state or federal law.
- 5.4 Assignment. The Association shall not assign the Agreement, or any right, duty, or obligation of performance under this Agreement, in whole or in part, without the prior written consent of the District.
- 5.5 Authority. Each person executing this Agreement hereby represents and warrants their authority to do so, and that such authority has been duly and validly conferred.
- 5.6 Choice of Law. This Agreement is entered into and shall be construed and interpreted in accordance with the laws of the State of California. The prevailing party in such a dispute shall be entitled to recover its reasonable attorneys' fees and costs.
- 5.7 Delegation of Authority. The District delegates to its Chief Engineer and General Manager, or his or her designee, the authority to take any and all actions on behalf of the District including, without limitation, all consents, approvals and authorizations that, in his or her judgement, serve to carry out the purposes of this Agreement and the authority to enter into amendments to this Agreement.
- 5.8 Opportunity to Review. Each Party represents that it has had an adequate opportunity to review this Agreement, including the opportunity to submit the same to legal counsel for review and comment.

The Parties have executed this Agreement as of the Effective Date.

ANTELOPE VALLEY FAIR ASSOCIATION,
a California non-profit corporation

By _____

Name:

Title:

COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY

By _____

Name:

Title:

ATTEST:

Secretary to the Board

APPROVED AS TO FORM:

Lewis Brisbois & Bisgaard & Smith, LLP

By _____

District Counsel