

INDUSTRIAL WASTEWATER DISPOSAL AGREEMENT
VALERO REFINING COMPANY - CALIFORNIA

This Industrial Wastewater Disposal Agreement (“**Agreement**”) is dated _____, 2022 (“**Effective Date**”) and is between LOS ANGELES COUNTY SANITATION DISTRICT NO. 8, a county sanitation district organized and existing pursuant to Health and Safety Code Section 4700 et seq. (“**District**”) and VALERO REFINING COMPANY – CALIFORNIA dba the Wilmington Asphalt Plant (“**Valero**”), a Delaware corporation. The District and Valero are each a “**Party**” and together are the “**Parties.**”

- A. The District owns and operates, jointly with other Los Angeles County Sanitation Districts (collectively, the “**Districts**”), a sewerage system for the disposal of wastewater originating within the Districts. Pursuant to Health and Safety Code Section 4742.1, on a determination by the District’s Board of Directors that it is in the best interest of the District, the District has the authority to contract, on terms and conditions as may be agreed upon, to accept industrial wastewater originating outside its territorial boundaries.
- B. Valero owns, maintains, and operates an asphalt plant located at 1651 N. Alameda Street, Wilmington, California 90744. The Valero facility is located outside of the District and within the service area of the City of Los Angeles. The City of Los Angeles does not have adequate sewerage facilities in the immediate vicinity to service this site. The City of Los Angeles, also, has stated that it has no objection to having the wastewater disposal needs of the Valero facility continue to be handled by the District.
- C. The District imposes charges for annual sewer service (“**Surcharge**”) and for capital facilities (“**Connection Fees**”) that discharge to the District. The District imposes requirements on dischargers through provisions of the *Wastewater Ordinance* dated April 1, 1972, as amended July 1, 1998 (“**Wastewater Ordinance**”), a copy of which is attached as Exhibit 1. The District is willing to continue to accept wastewater if Valero complies with the discharge requirements and pays all appropriate fees and charges described in this Agreement. Valero is willing to comply with all District’s requirements and pay all appropriate charges as set forth in this Agreement.
- D. The Parties previously entered into an industrial wastewater disposal agreement dated August 23, 2002, in which the District agreed to accept industrial wastewater from Valero. The current agreement expired on August 22, 2022, and the Parties desire to continue the arrangement set forth in this new Agreement.

The Parties therefore agree as follows:

1. GENERAL PROVISIONS

- 1.1 Acceptance of Wastewater. The District shall accept wastewater from Valero subject to the terms of this Agreement.
- 1.2 Compliance with the Wastewater Ordinance. Valero shall comply with all present and future District Requirements applicable to its wastewater discharge. Valero shall be legally bound and subject to all applicable provisions of the *Wastewater Ordinance* including all amendments that the District may adopt from time to time except for provisions described in this Agreement.
- 1.3 Connection Fee Ordinance. Valero agrees that by connecting to the District’s sewerage system it 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. 8 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 13, 2020 including all amendments, or revisions that the District may adopt from time to time, the most recently adopted version which became effective July 1, 2022, except as provided in this Agreement (“**Connection Fee Ordinance**”). Specifically, Section 1.03 of the Connection Fee Ordinance states, “The District is empowered to fix fees or charges for the privilege of connecting directly or indirectly to the sewerage system and to prescribe, revise, and collect fees, tolls, rates, rentals, or other charges for services and facilities furnished by the District pursuant to California Health & Safety Code section 5471.”

1.4 No Property Interest. Valero will not acquire any property interest in the District’s sewerage system by virtue of the Agreement. Valero acknowledges that this Agreement grants rights no greater than those accruing to wastewater dischargers within the District. In the event that Valero’s right to discharge is suspended or terminated by the District for violation of a provision of the Agreement or Permit, Valero will have no right to claim a refund of any fee or charge paid to the District.

1.5 Current Baseline Capacity: The current Baseline Capacity attributed to Valero as of the Effective Date of this Agreement is 158.07 capacity units. Additional capacity is addressed in Section 3.1 below.

2. SURCHARGE PAYMENTS

2.1 Surcharge Rate Ordinance: Valero pays to the District the applicable annual surcharge fees for conveyance, treatment, and disposal of the wastewater generated from their respective site(s) in accordance with the provisions of the “AN ORDINANCE PRESCRIBING INDUSTRIAL WASTEWATER SURCHARGE RATES FOR COUNTY SANITATION DISTRICT NO. 8 OF LOS ANGELES COUNTY” dated May 11, 2022 and made effective July 1, 2022, including all amendments, or revisions that the District may adopt from time to time except as provided in this Agreement (“**Surcharge Rate Ordinance**”). Surcharge fees will also include an additional ad valorem tax amount based on the projected ad valorem taxes received from dischargers within the Joint Outfall System service area, as defined in the “**Joint Outfall Agreement**” dated September 8, 2021 and made effective July 1, 2022, including all amendments, or revisions that the Districts may adopt from time to time, except as provided in this Agreement.

3. CONDITION OF DISCHARGE

3.1 Additional Capacity. The Chief Engineer may attribute additional capacity to Valero upon the payment of additional connection fee charges and the permitting of any new or increased discharges under this Agreement. If Valero exceeds or proposes to exceed the current 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 is ten (10) years from the Effective Date. Valero may, at its option, renew this Agreement for up to three (3) succeeding terms of five (5) years each by providing written notice to the District of its intent to renew not less than ninety (90) days prior to the expiration of any term.

4.2 Either Party may terminate this Agreement for any reason by giving the other Party one year advance written notice of termination.

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. 8
1955 Workman Mill Road
Whittier, CA 90601
Attn: Industrial Waste Section Head
(562) 908-4888, extension 2900

Valero

Valero Environmental Department
2402 E. Anaheim Street
Wilmington, CA 90744
Attn: Manager Environmental Engineering

And

Valero Services, Inc.
One Valero Way
San Antonio, TX 78249-1616
Attn: Legal Department

5.2 Modification. This Agreement may be modified only by written agreement between the District and Valero.

5.3 Indemnification. Valero will fully indemnify, to the extent allowed by law, defend, and hold harmless the District, its 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. Valero shall have no obligation to indemnify pursuant to this clause if and to the extent that the relevant claim, action, demand, loss, liability, attorney's fees or cost is caused by an indemnified party.

5.4 Assignment. Valero 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.

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

VALERO REFINING COMPANY -
CALIFORNIA

Name:

Title:

LOS ANGELES COUNTY SANITATION
DISTRICT NO. 8

By: _____

Chairperson

ATTEST:

Secretary to the Board

APPROVED AS TO FORM:

Lewis Brisbois Bisgaard & Smith, LLP

By: _____

District Counsel