

AMENDMENT NO. 1 TO JOINT EXERCISE OF POWERS AGREEMENT

This Amendment No. 1 to Joint Exercise of Powers Agreement (this "Amendment") is made and entered into effective as of _____, 2019, between LAS VIRGENES MUNICIPAL WATER DISTRICT ("Las Virgenes"), and the TRIUNFO WATER & SANITATION DISTRICT ("Triunfo"). Las Virgenes and Triunfo are collectively referred to herein as "Parties" and individually as "Party."

RECITALS

WHEREAS, Las Virgenes and Triunfo entered into that certain Joint Exercise of Powers Agreement dated as of January 26, 2009 (the "Agreement"); and

WHEREAS, Las Virgenes and Triunfo desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the promises and the mutual benefits from the covenants hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Las Virgenes and Triunfo hereby agree as follows:

1. Amendment.

Section 11(a)(iii) of the Agreement is hereby deleted and replaced in its entirety with the following:

- "(iii) The Administering Agent shall process budgeted works of improvement as follows:
- (a) Work estimated to cost Thirty-Five Thousand Dollars (\$35,000) or less may be undertaken by the Administering Agent without further Authority approval.
 - (b) Work estimated to cost more than Thirty-Five Thousand Dollars (\$35,000) shall be presented to the Board for approval. No further Authority action will be required after a preliminary-design report is accepted by the Authority and the Authority approves proceeding with the work described in the preliminary design report."

2. No Further Amendments; Ratification; Conflicts.

Except as specifically modified herein, the Agreement shall remain in full force and effect and no provision hereof shall be deemed a waiver of any other provision of the Agreement. The Agreement, as amended hereby, is hereby ratified and confirmed by the Parties hereto. In case of any inconsistencies between the terms and conditions contained in the Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall control.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date set forth above.

Las Virgenes:
Las Virgenes Municipal Water District

By: _____
Name: Jay Lewitt
Title: Chair

Triunfo:
Triunfo Water & Sanitation District

By: _____
Name: Janna Orkney
Title: Chair

JOINT EXERCISE OF POWERS AGREEMENT

This Agreement is entered into this 26th day of January 2009 by and between LAS VIRGENES MUNICIPAL WATER DISTRICT, a California municipal water district formed pursuant to Water Code Section 71000, hereinafter referred to as "Las Virgenes," and TRIUNFO SANITATION DISTRICT, a California sanitation district formed pursuant to Health and Safety Code Section 4700, hereinafter referred to as "Triunfo."

RECITALS

- A. The parties entered into a Joint Exercise of Powers Agreement dated July 1, 1982. The Agreement was amended on June 1, 1987 and March 26, 2003. The Agreement provides for the construction, operation and maintenance of a sewage collection, treatment and disposal system, recycled water system, and related ancillary facilities.
- B. The parties to this Agreement wish to revise the Joint Exercise of Powers Agreement, as amended, and provide further clarification for the exercise of powers between the parties.
- C. The purpose of this Agreement is to provide for the collection, treatment and disposal of sewage generated within the respective territorial limits of the parties. This Agreement replaces the prior Joint Exercise of Powers Agreement between the parties, and amendments thereto.

NOW, THEREFORE, it is agreed as follows:

ARTICLE ONE: GENERAL

1. Purpose. The purpose of this Article is to provide introductory terms applicable to the entire Agreement.
2. Definitions. The following terms are defined for the purposes of this Agreement:
 - a. "Administering Agent" means Las Virgenes Municipal Water District.
 - b. "Authority" means the separate entity created by this Agreement.
 - c. "Board" means the governing body of the Authority.

d. "Joint System" means jointly owned facilities in Los Angeles and Ventura Counties presently as described in Exhibits A, B and C. Subsequently acquired joint facilities shall be identified in exhibits attached hereto.

3. Responsibilities.

Each party must adopt and enforce regulations to comply with regulations adopted by State and Federal agencies, including, but not limited to, pretreatment regulations. Currently, a pretreatment program, a suitable revenue program, and a system of equitable user charges are required because the Authority has received Federal assistance for the so-called Clean Water Act grant projects.

4. Authority Meetings. Meetings of the Authority shall be held at times and places as determined by the Board. The Chairs of the two (2) parties' governing boards will alternate annually as Chair and Vice-Chair, respectively, of the meetings.

5. Exercise of Power. The Board of the Authority consists of the board of directors of each party. The decisions of the Authority shall be made at meetings of the Board. The quorum for such meeting shall consist of at least three (3) members of the board of directors of each party. Action by the Authority requires the affirmative vote of not less than three (3) members of each party's board of directors, acting as the governing Board of the Authority.

6. Duty of Administering Agent. The Administering Agent shall provide, arrange and contract for the operation and maintenance of the Joint System. The Administering Agent shall administer the Authority and execute agreements as the agent for the Authority. At meetings of the Board, the Administering Agent shall report on the status of agreements or actions taken on behalf of the Authority. The Administering Agent shall use its best efforts to keep the parties and their staff informed of actions taken on behalf of the Authority.

7. Term. The term of this Agreement shall be ten (10) years commencing on the date first above written and shall automatically renew for additional ten-year (10-year) terms unless terminated earlier as provided herein. The Agreement shall be reviewed by a

committee of the General Manager, General Counsel, and two (2) directors from the board of each party.

8. Ownership of Property.

- a. Real property necessary for the Joint System located in Ventura County shall be acquired by the joint partner and title shall be held in the name of Triunfo for the benefit of the Authority. Real property necessary for the Joint System and located in Los Angeles County shall be acquired by Las Virgenes and title shall be held in the name of Las Virgenes for the benefit of the Authority.
- b. Personal property necessary for the Joint System and the operation of the Authority shall be acquired and held in the name of the Administering Agent.

ARTICLE TWO: BUDGET AND FINANCE

9. Purpose. This Article sets forth the procedures for adoption of an annual budget and how the finances of the Authority shall be handled.

10. Budget Process.

- a. By February 10th of each year, each party may submit proposals to the Administering Agent for inclusion in the annual budget. The Administering Agent shall include proposals, from both Districts in the proposed budget, covering the fiscal year commencing the next following July 1st. At a meeting in May of each year, the Administering Agent shall present such proposed budget directly to the Board at a meeting called and noticed for that purpose. The Chair and Vice Chair shall determine if more meetings are necessary prior to July 1st of each year.
- b. The proposed budget will include expected revenue and expense for administration, operations and maintenance, and works of improvement in sufficient detail to enable the Board to determine whether each budget item or proposal is reasonably necessary to fulfill the mission of the Authority. Proposals to expand or upgrade a facility shall be included in the budget process.
- c. If the budget has not been approved by the Board by July 1st of each year, the Administering Agent may expend monies for administration, operation, and

maintenance purposes. The expenditures for specific administration, operation and maintenance categories cannot be more than one hundred ten percent (110%) of the prior year's expenditures for the same category. The expenditures for capital projects approved during the prior year's budgets are also permitted.

11. Expenditures.

a. Budgeted.

- (i) The Administering Agent shall expend money in accordance with the budget and with requirements of all applicable laws.
- (ii) The Administering Agent shall present to the Authority a quarterly written report of budget expenditures with corresponding explanations as appropriate.
- (iii) The Administering Agent shall process budgeted works of improvement as follows:
 - (a) Work estimated to cost less than Twenty-Five Thousand Dollars (\$25,000) may be undertaken by the Administering Agent without further Authority approval.
 - (b) Work estimated to cost more than Twenty-Five Thousand Dollars (\$25,000) shall be presented to the Board for approval. No further Authority action will be required after a preliminary design report is accepted by the Authority and the Authority approves proceeding with the work described in the preliminary design report.

b. Unbudgeted.

The Administering Agent may not construct works of improvement to expand or enlarge the Joint System unless authorized in the approved budget or by subsequent action of the Authority. However, the Administering Agent may spend money during an emergency. The Administering Agent shall report such emergency or action and proposed response in writing immediately to the Board as soon as the situation has stabilized. An emergency means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring

immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, and further includes orders of a regulatory agency requiring immediate action or response and events requiring immediate response to avoid or to minimize the consequences of being in violation of a regulation.

12. Funds.

- a. Operations Fund. An operations fund is established to provide for operation and replacement of the Joint System. Deposits to this fund shall be made by each party to provide for a three-month (3-month) working capital reserve. The Administering Agent shall provide monthly statements to the parties describing the amounts required for deposit in the fund to cover ongoing operating costs. Such amounts shall be submitted by the parties to the Administering Agent within thirty (30) days of the date of the statement.
- b. Construction Fund. A construction fund is established to provide for the expansion of the Joint System to meet new customer demands. Each party shall submit money for their respective share of estimated project costs. If the bids for the work indicate the deposits are insufficient, the Administering Agent shall notify the parties. The parties shall submit additional money so that the Administering Agent will have sufficient project funding to complete the work.

13. Allocation of Costs.

- a. Variable operation and maintenance costs shall be prorated between the parties based upon the average monthly sewage flow contributed to the Joint System by each party. As used herein, "variable operation and maintenance costs" means costs for sewage collection and treatment, solids and effluent disposal, which are a function of the amount of sewage entering the Joint System.
- b. Fixed operation and maintenance costs shall be prorated between the parties, based on the parties' respective capacity rights in the facility. As used herein, "fixed operation and maintenance costs" means costs for sewage collection and treatment, solids and effluent disposal costs, which are not a function of the amount of sewage entering the Joint System.

- c. Capital costs shall be prorated between the parties based upon the parties' respective capacity rights in the facility. As used herein, "capital costs" means costs of facilities or equipment to replace or augment existing capital improvements.
- d. Annual audit costs shall be shared equally.
- e. General and administrative costs shall be based upon the actual cost of labor. As used herein, "general and administrative costs" means accounting, personnel and general management expenses of the Administering Agent, and similar costs of each party approved in the annual budget.
- f. Land acquisition costs shall be shared based upon the capacity rights in the project for which the land is acquired. As used herein, "land acquisition costs" or "land costs" means costs associated with acquisition of land, including interests in land and any professional services necessary for land acquisition.

14. Income.

- a. The proceeds from the sale by the Authority of a commodity, including, but not limited to, compost/sludge, recycled water, or agricultural products, shall be credited to each party based upon the party's capacity rights in the facility or facilities producing the commodity.
- b. The price for the sale of such commodity shall be approved by the Authority. In determining the price, the Authority shall consider such expense as debt service, replacement service, capital recovery, operation and maintenance costs, cost of the commodity production, the cost of supplemental water, and the value of the product.
- c. Monies on deposit will be invested. Interest will be periodically credited to each party in proportion to each party's average monthly balance.

15. Surplus Property. The Authority may sell surplus real and personal property if the Board declares the property surplus. After other requirements of law concerning the disposal of surplus property are satisfied, the property shall be offered for sale to the highest bidder. Either party may purchase the property for the minimum price prior to the public sale. The Administering Agent shall remit the proceeds of the sale to each

party in proportion to each party's contribution to the initial purchase, or acquisition and replacement costs, if any.

16. Financial Records. The Administering Agent shall render an accounting of all funds and report on all receipts and expenditures for the review and audit of the parties. Annually the Administering Agent shall engage a certified public accountant, with the approval of the Authority, to perform an annual audit of the accounts and records for the operation and maintenance of the Joint System in accordance with generally accepted auditing principles and procedures. A copy of the Authority's annual audit shall be filed with the governing Boards of the parties within six (6) months of the end of the fiscal year under examination.

ARTICLE THREE: CAPACITY RIGHTS

17. Purpose. This Article allocates capacity between the parties for the use of the Joint System.
18. Capacity Rights. Each party may use a portion of the existing System. As of January 1, 2005, the Joint System, except for the sewer collection system, is apportioned between the parties with Las Virgenes having 70.6% and Triunfo having 29.4%. The joint sewer collection system capacity is apportioned between the parties as set forth in Exhibit A. If additional future collection, treatment or disposal facilities are constructed pursuant to this Agreement, the right to utilize capacity in those facilities shall be based upon the respective parties' contributions to the construction costs of the particular facility.
19. Use of Excess Capacity.
 - a. A party may use the other party's unused capacity on a month-to-month basis provided:
 - (i) The party using the other party's capacity shall pay: variable operation and maintenance costs based upon the amount of excess sewage contributed and the fair rental value of the part of the facility used.
 - (ii) Such excess capacity shall be transferred in minimal increments of 0.25 MGD, average dry weather flow.

(iii) The party providing the excess capacity may terminate the other party's use upon the giving of thirty (30) days' prior written notice that capacity is no longer surplus.

(iv) Upon termination of the temporary capacity rights, the party using the temporary capacity must reduce its flow to within its permanent capacity limits, or shall fully indemnify the other party for all costs, liabilities, damages and expenses incurred as a result of the usage of the other party's capacity.

b. Capacity rights shall not be assigned, conveyed or transferred by either party without the express written consent of the other party. Capacity rights may be permanently transferred from one party to the other party upon mutually agreeable terms and conditions.

20. Importation of Sewage. Sewage shall not be accepted from additional areas outside the service boundaries of the parties without the prior written approval of the other party, which approval shall not be unreasonably withheld. The areas served outside the boundaries of the Districts are shown on Exhibit D attached hereto. A party responsible for the importation of such sewage shall be solely liable for any financial or legal liabilities arising by reason of the importation of such sewage.

21. Single-User Facility.

a. The parties will make every effort to expand Authority facilities to meet new demands represented by additional sewage flow generated within the service areas of the parties by more stringent regulatory requirements. The preference of the parties is to construct new Authority facilities to meet the new demands. However, the parties might not agree on precisely how to meet emerging demands. When this occurs, a party may construct a "single-user facility" as set forth in this section.

b. The parties may construct, operate and maintain a single-user facility if: (1) the single-user facility does not interfere with the operation of the Authority facilities; (2) the single-user facility does not increase the cost of the existing Authority facilities; and (3) the proposed single-user facility does not increase a party's

share of the burden of the existing Authority facilities. In determining whether a proposed single-user facility will interfere with the operations and maintenance of the Authority facilities, the parties shall consider the current and future uses of the Authority facilities in relation to the single-user facility. In determining whether the single-user facility will increase the cost of the existing Authority facilities, the parties shall consider capital costs, operation and maintenance costs, and the value of the property. In determining whether a proposed single-user facility increases a party's share of the burden of the existing Authority facilities, the parties shall consider shared responsibilities such as the capacity, environmental impact, liability, and permits.

c. The parties are unable to describe every possible future single-user facility. However, the parties can establish the following procedure for evaluating a proposed single-user facility:

- (i) Parties are expected to recommend the construction of Authority facilities for consideration by the Board of Directors of each party. A party which has suggested a facility rejected by the other party may then cause the project to be evaluated as a single-user facility.
- (ii) The Administering Agent shall prepare a report describing whether the proposed single-user facility will impact the Authority facilities, whether it is possible to apportion the costs of a single-user facility in a way which does not impact the Authority facilities, and the impact on shared burden. The report shall be provided to the joint partner in a reasonable period of time prior to consideration by the Boards of Directors of Las Virgenes and Triunfo, but in no event, no less than thirty (30) days' advance notice.
- (iii) The Boards of Directors of the Districts shall consider the report on the single-user facility at a joint meeting. The Boards shall also consider such other information as a party wishes to submit. The Boards shall decide whether a single-user facility can be constructed, operated and maintained in accordance with this provision and what, if any, arrangements must be made concerning apportionment of costs and capacity.

22. Allocation Upon Partial or Total Termination.

- a. If the parties mutually agree to terminate the use of a portion of the Joint System or equipment, the Administering Agent may be directed to dispose of the property. The proceeds from the sale, if to a third party, shall be distributed to the parties in a proportion which reflects each party's contribution to the cost of the Joint System or the equipment being sold. The Joint System or equipment shall not be sold without making provision for repayment of any outstanding obligations on the Joint System or equipment.
- b. If there is a total termination of the Joint System, or if there is a dispute between the parties as to the value of the property to be disposed, the value of a party's interest in the property shall be determined by appraisal as follows:
 - (i) Within five (5) days after the event requiring appraisal, the parties shall jointly appoint an appraiser for that purpose, or failing this joint action, each shall separately designate an appraiser, and within fifteen (15) days after their appointment, the two (2) designated appraisers shall jointly designate a third appraiser. The failure of either party to appoint an appraiser within the time allowed shall be deemed equivalent to appointing the appraiser appointed by the other party. No persons shall be appointed or designated an appraiser unless he is an M.A.I., S.R.A. appraiser or registered engineer having expertise in costing these types of facilities.
 - (ii) Within thirty (30) days after the appointment of all appraisers, a majority of the appraisers concur on the value of the interest being appraised, the appraisal shall be binding and conclusive. If a majority of the appraisers does not concur within that period, the determination of the appraiser whose appraisal is neither the highest nor the lowest shall be binding and conclusive.
 - (iii) The parties will share the appraisal expenses equally.

ARTICLE FOUR: EFFLUENT DISPOSAL

23. Purpose. This Article describes how the Authority will dispose of treated effluent or raw sewage. Disposal methods include: discharge to a public watercourse, distribution as recycled water, spray irrigation or injection on public and private lands, or transfer to another agency.
24. Ownership of Treated Effluent. The minimum each party is entitled to receive from the Joint System is the amount of treated effluent equivalent to the sewage contribution from its county. If demand for treated effluent exceeds the available supply, costs for supplementing the treated effluent supply with potable water shall be charged to the retail water agency exceeding the party's entitlement. If a party's demand for treated effluent is less than the available supply, either party may use the other party's unused entitlement and pay the appropriate operation and maintenance costs.
25. System Alteration or Expansion.
- a. Nothing contained herein is intended to limit or govern the rights of either party to regulate the extent or method of treated effluent distribution or sale of the party to others in its own territory.
 - b. A party may construct and, thereafter, shall solely own a recycled water distribution system extension without the participation of the other party if the other party is offered the option to participate in the extension on the same basis as the party's then-current capacity to distribute water to land from the treatment plant(s) from which the effluent is generated, in which event, the addition shall become a part of the Joint System. If a party elects not to participate in the extension, that party shall sell recycled water to the party proposing the extension at the recycled water rate described herein, in which event, the extension shall not be part of the Joint System.
 - c. All parties must participate in the expansion of the treated effluent disposal facilities required to maintain pressure and flow for effluent disposal.
 - d. The parties shall meet and confer in good faith if a party wishes to divert a significant portion of its untreated influent. For purposes of this Agreement,

significant portion shall mean ten percent (10%) or more of that party's contributed flow of raw sewage into the collection system.

ARTICLE FIVE: MISCELLANEOUS

26. Dispute Resolution.

a. Disputes can be best avoided by full, fair and complete communication. The parties will do everything reasonably possible to undertake and foster such communication. Directors and staff of both parties are permitted and encouraged to address one another during regular business hours and during meetings. The procedures in this section may be invoked when disputes arise despite the best efforts of the parties, their officers, agents and employees. This provision anticipates disputes will be divided into two categories. A "budget dispute" arises when (1) a party wishes to contest expenditures for administration, operation or maintenance in the absence of a budget, or when (2) a party disputes whether a project may be constructed as a "single user facility." A "general dispute" arises when a party disputes any other decision of the governing body, or Administering Agent, or interpretation of this agreement. This provision provides a different alternate dispute resolution process depending on whether a budget dispute or a general dispute has arisen.

b. A party may invoke dispute resolution for a budget dispute by serving a written statement on the chairs of the two districts. The statement shall identify the issues to be resolved, the position of the petitioner, the apparent position of the respondent, and a summary of anticipated evidence. The districts are required to use dispute resolution strictly in the following order: (1) through mediation with a neutral mediator or fact-finder; and (2) if still needed, by binding arbitration. If arbitration becomes necessary, each district will select a neutral arbitrator (a neutral arbitrator, technically qualified for the specific issue, if possible), and the two arbitrators so selected shall select a third neutral arbitrator (also technically qualified, if possible) to chair the three-person arbitration. The arbitrators shall conduct the arbitration as expeditiously as possible according to the appropriate

laws and rules regarding arbitrations in California. The arbitration panel shall limit its award to a determination of reasonableness and need, and to a determination of whether the petition of the petitioner or the respondent is most appropriate for projects that one district refuses to approve. Each party shall pay its own attorneys fees and costs of dispute resolution, but the prevailing party as determined by the arbitrator shall be entitled to recover attorneys fees and costs.

- c. A party may invoke this subsection to deal with a general dispute by filing a written request with the president of the board of the other party. At the next regular meeting occurring at least four days after the filing of the request, the governing board of each district shall appoint two of its members to serve on a committee. The committee members shall meet forthwith to receive and consider the reports of each district on the subject matter of the dispute. The committee will report its findings at the next scheduled meeting of the joint districts to occur at least thirty (30) days after the appointments of the committees.

If the dispute is not resolved after the committees have met and conferred, either party may press the appointment of a mediator. If the parties are unable to select a mutually agreeable mediator, the mediator shall be selected by using the procedures specified for the appointment of a mediator by a court.

If the dispute is not resolved as a result of mediation, a party may request advisory arbitration. If the parties cannot select an arbitrator by mutual agreement, the process for selecting an arbitrator in a court proceeding shall be followed. After appointment of an arbitrator, either party may obtain copies of records in the possession of the other party at no cost by written request. Witnesses may be deposed, but the record of the deposition shall be a videotape record. The record of the arbitration shall also be videotaped. The decision of the arbitration shall be written and transmitted simultaneously to the president of each board.

- 27. Supplemental Operational Agreements. The parties recognize that certain technical and detailed operational agreements in the form of memorandums of understanding will need to be negotiated by the General Managers. The General Managers shall meet and

confer in good faith in developing those memorandums of understanding which will become addendums to this Agreement.

- 28. Insurance. The Administering Agent shall maintain, during the life of this Agreement, property damage and liability insurance to protect parties from claims for damages or personal injury, death, as well as from claims for accidental property damage, which may arise from its operation under this Agreement, whether such operations shall be by the Administering Agent or by any contractor or subcontractor or by anyone directly or indirectly employed by the Administering Agent. The amount of such insurance shall be as from time to time determined by the parties.
- 29. Inurement. The provisions of this Agreement shall inure to the benefit of, and be binding upon, each of the parties and their successors and assigns.
- 30. Prior Agreements. This Agreement supersedes the prior agreements of the parties and is a substitute therefor; provided, however, that all apportionment of costs, expenses or liability heretofore made or incurred shall not be affected by terms hereof.
- 31. Mutual Consent. This Agreement shall continue in full force and effect until terminated by the mutual consent of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed as of the date first written.

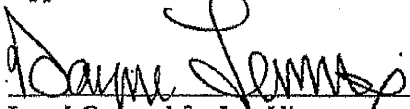
LAS VIRGENES MUNICIPAL WATER DISTRICT

By Charles Caspar Chair

ATTEST:
By John Peters Secretary

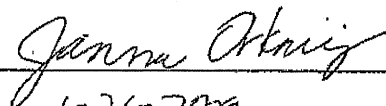
(SEAL)

Approved as to Form:

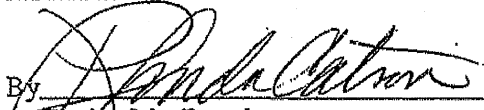


Legal Counsel for Las Virgenes

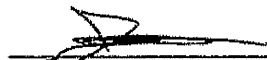
TRIUNFO SANITATION DISTRICT

By 
1-26-2009 _____ Chair

ATTEST:


By _____
Clerk of the Board
(SEAL)

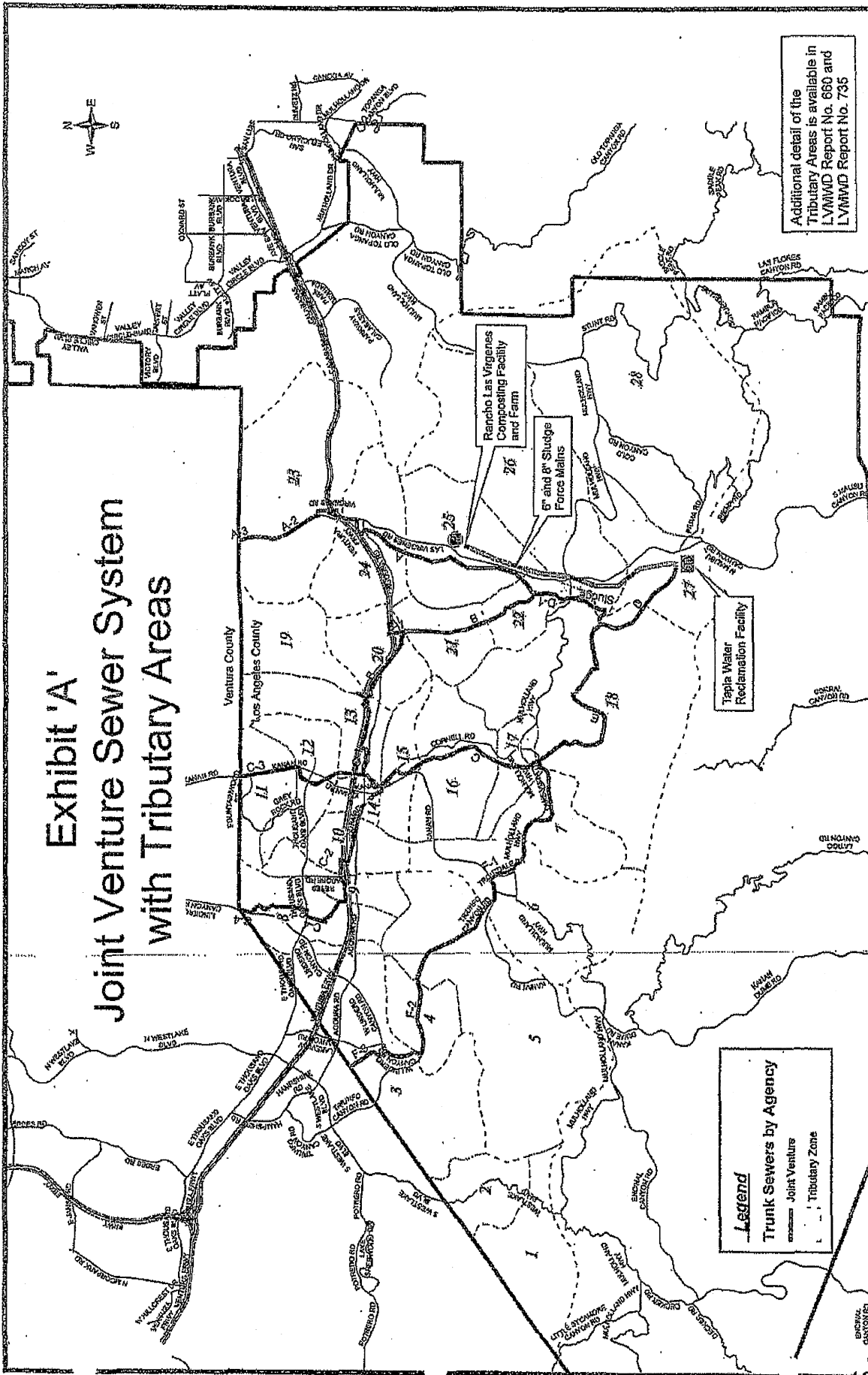
Approved as to Form:



Legal Counsel for Triunfo

Exhibit 'A'

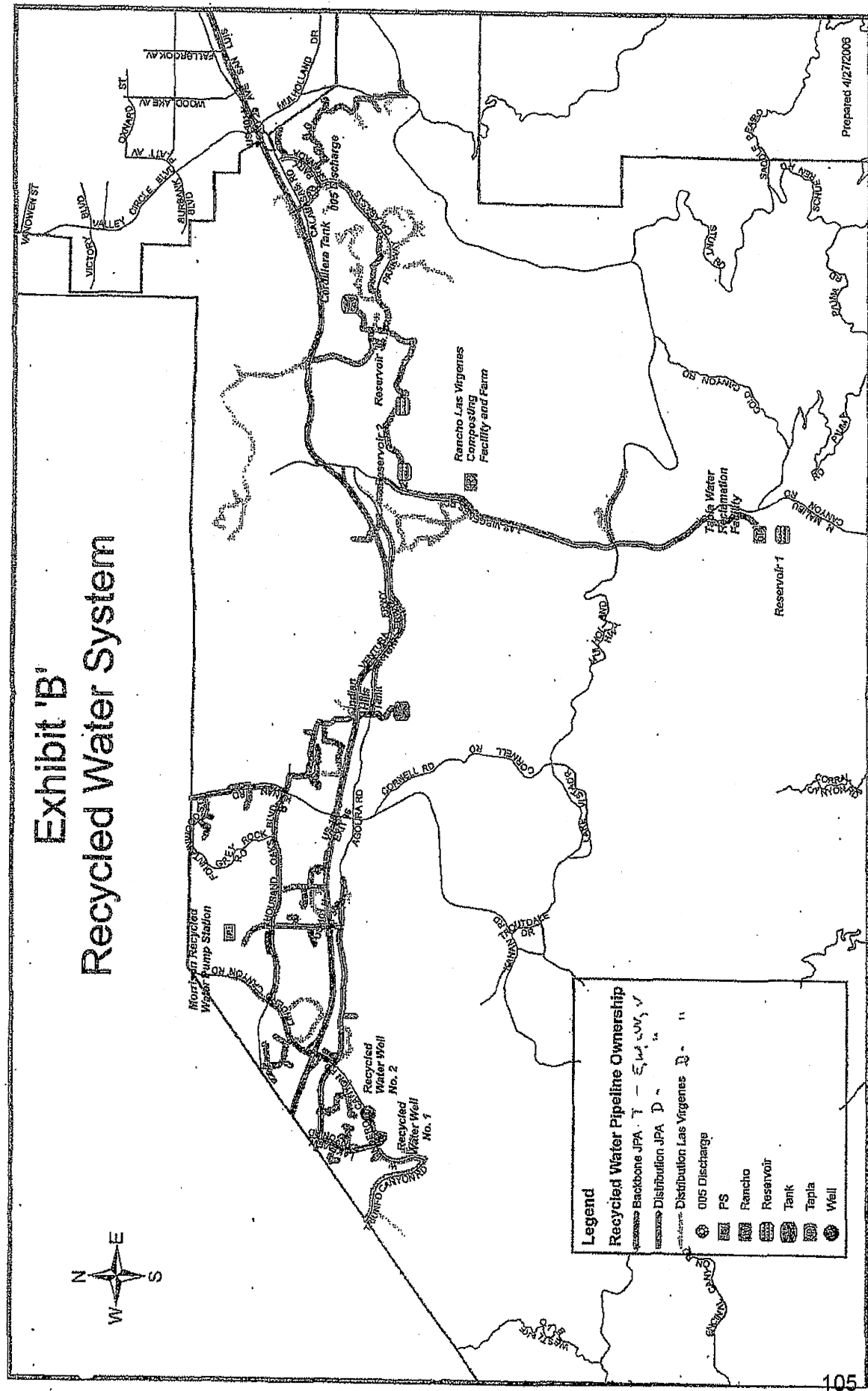
Joint Venture Sewer System with Tributary Areas



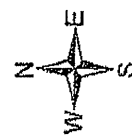
Additional detail of the Tributary Areas is available in LVMWD Report No. 660 and LVMWD Report No. 795

Legend
 Trunk Sewers by Agency
 — Joint Venture
 - - - Tributary Zone

Exhibit 'B' Recycled Water System



Prepared 4/27/2006



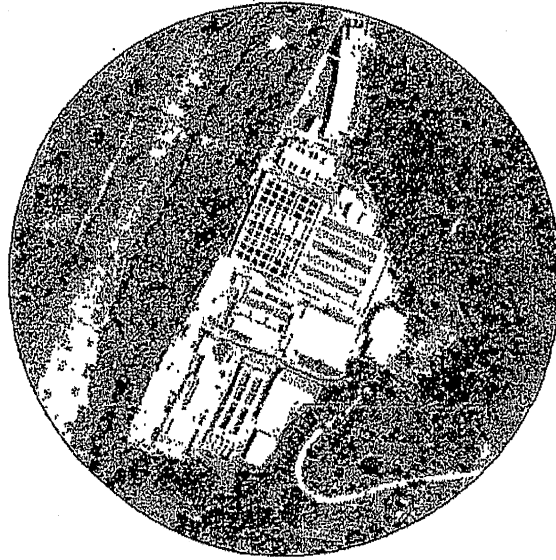
Legend

Recycled Water Pipeline Ownership
 Backbone JPA
 Distribution JPA
 Distribution Las Virgenes

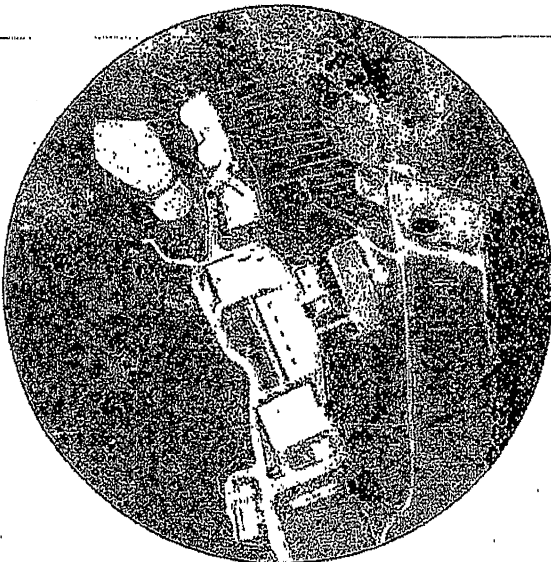
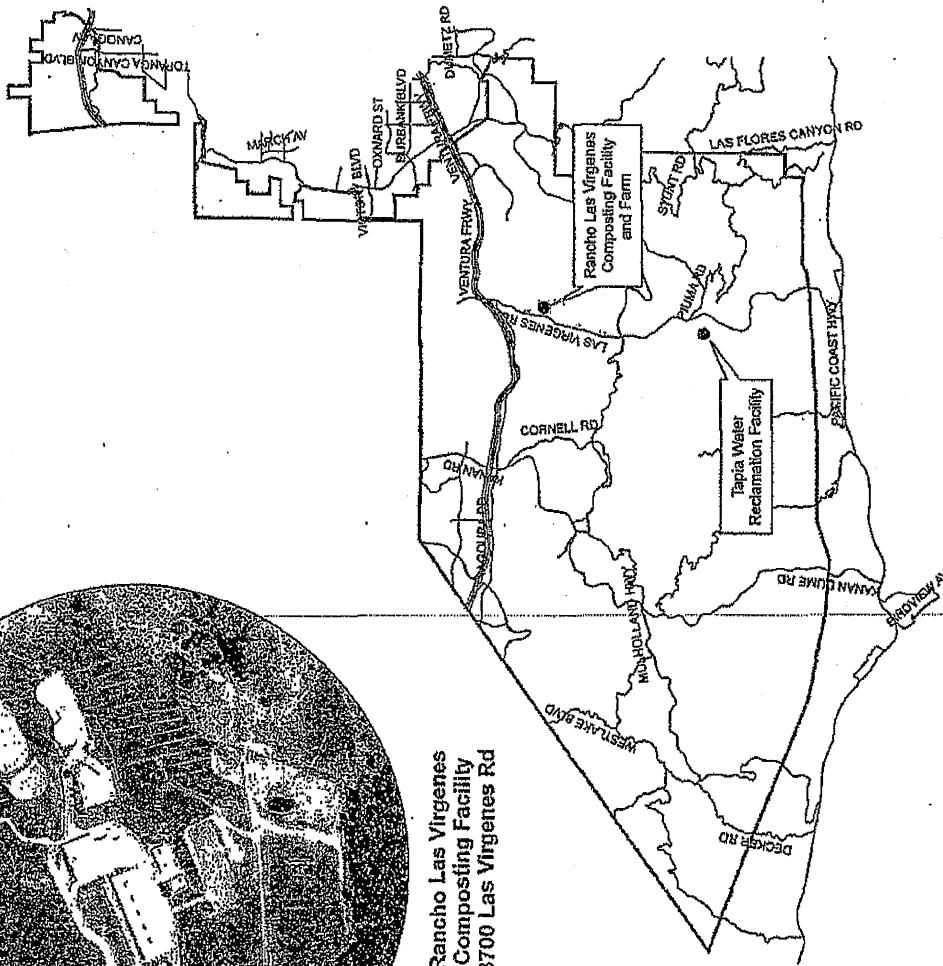
ODS Discharge
 PS
 Rancho
 Reservoir
 Tank
 Tepla
 Well



Exhibit 'C' Plant Facilities



Tapia
Water Reclamation Facility
731 Malibu Canyon Rd



Rancho Las Virgenes
Composting Facility
3700 Las Virgenes Rd

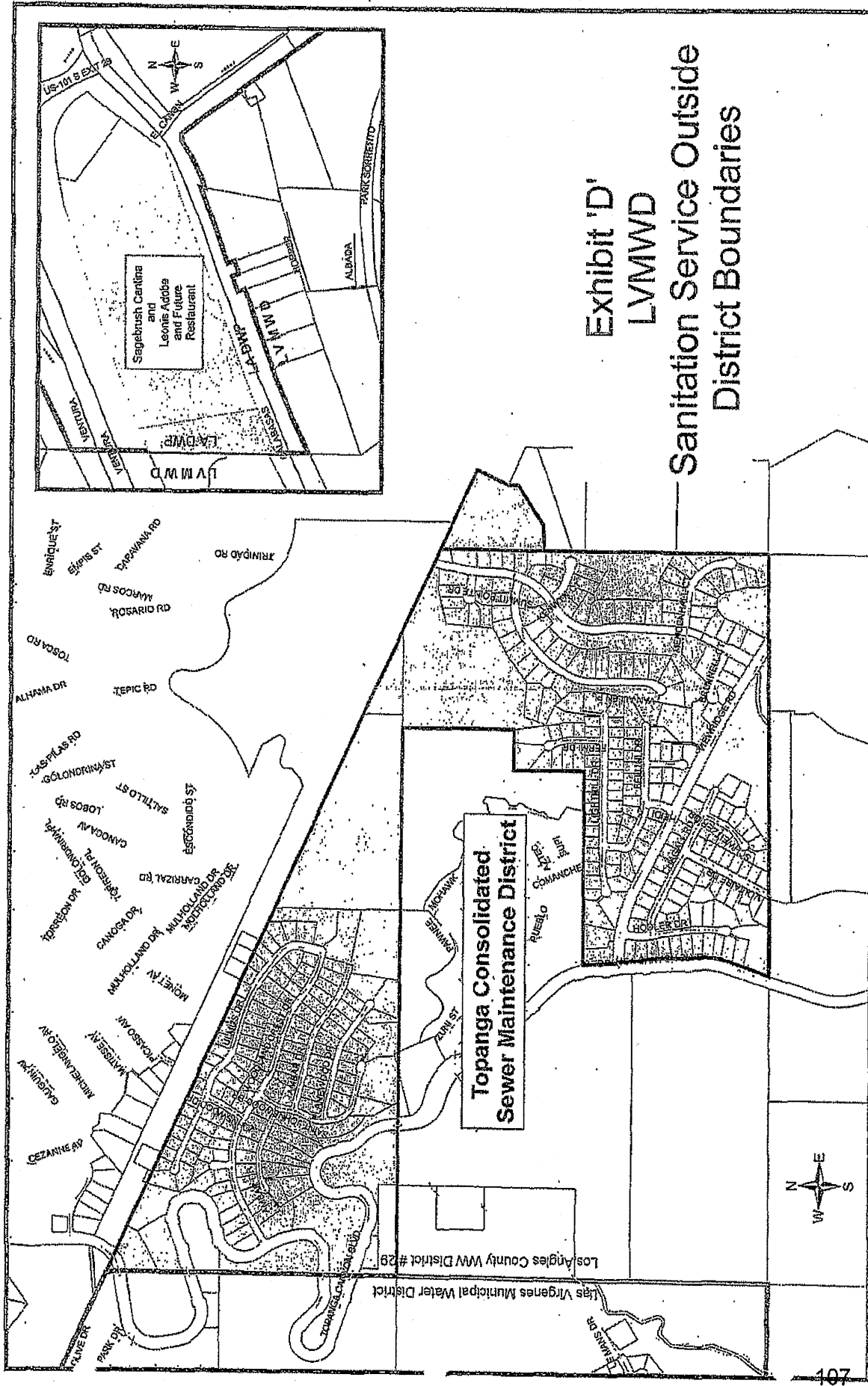


Exhibit 'D'
LVMWD
Sanitation Service Outside
District Boundaries

**Topanga Consolidated
 Sewer Maintenance District**

**Sagebrush Cantina
 and Lewis Adobs
 and Future
 Restaurant**

