

**AGREEMENT NO. WR-19-1012
BETWEEN THE LOS ANGELES DEPARTMENT OF
WATER AND POWER AND
ULTRAMAR (A SUBSIDIARY OF VALERO ENERGY CORPORATION)
REGARDING ADVANCED TREATED RECYCLED WATER SERVICE AT
THE VALERO WILMINGTON REFINERY**

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Agreement No. WR-19-1012 (hereinafter "Agreement") is made and entered into by and between the Los Angeles Department of Water and Power, (hereinafter "LADWP"), and Ultramar Inc., a Nevada corporation, d/b/a Valero Wilmington Refinery (hereafter, "Ultramar"), collectively referred to as the "Parties," regarding advanced treated recycled water service at the Valero Wilmington Refinery (hereinafter the "Property").

RECITALS

WHEREAS, LADWP will make available to Ultramar advanced treated recycled water (ATRW) from the Terminal Island Water Reclamation Plant (TIWRP), such treated recycled water shall exceed the requirements as established by the State of California Department of Health Services as found in Title 22 of the California Code of Regulations industrial uses (as updated from time to time) and shall be modified for use with the cooling towers; in addition, LADWP will provide backup supplies of potable water as necessary to ensure a reliable water supply to Ultramar; and

WHEREAS, Ultramar desires to use ATRW for cooling tower makeup water needs at the Valero Wilmington Refinery at no increase in cost to Ultramar compared to continued use of potable water; and

WHEREAS, LADWP's supply of the ATRW will not be restricted in times of drought; and

WHEREAS, Ultramar and LADWP have conducted a Feasibility Study and Preliminary Design and have determined that if LADWP offers a sufficient financial incentive for Ultramar to complete the design and construction of the on-site capital retrofit, Ultramar can utilize ATRW with no increase in operating costs compared to its continued use of potable water; and

WHEREAS, Ultramar and LADWP seek to establish contractual terms for ATRW service at the Property for a period of not less than 10 years as consideration in exchange for reimbursement by LADWP to Ultramar for the cost of the on-site capital retrofit, which shall be amortized over 10 years and repaid pro rata by Ultramar in the event it earlier terminates recycled water service,

NOW, THEREFORE, in consideration of the foregoing and the benefits which will accrue to the Parties hereto, the following is understood and agreed to by and between the Parties:

SECTION 1: TERMS

- 1.1 This Agreement shall be effective (the "Effective Date") beginning the first date upon which all of the following have occurred: (i) this Agreement is signed on behalf of Ultramar by the person or persons authorized to bind Ultramar hereto; and (ii) this Agreement has been approved and signed by the Board of Water and Power Commissioners for the City of Los Angeles.
- 1.2 The term of this Agreement shall be for 10 years from the Service Commencement Date as described in Section 4.1; provided, however, that Ultramar receives corporate approval for Phase 4 Funding (as described below). Said term can be extended in two increments of ten years each unless one year prior to the expiration of this Agreement, or any extension thereof, either Party hereto serves the other Party written notice of termination; such termination shall be effective at the end of the then current term, or any extension term. The Parties agree that this Agreement may be amended at any time by mutual written agreement of the Parties.
 - a. Phase 4 Funding corporate approval shall mean the approval for Ultramar's project to perform the On-site Retrofits described in Section 2 and more specifically, as detailed in Exhibit A. Ultramar has based its project on the description of the On-site Retrofits stated in Exhibit A for the refinery side piping. Ultramar will submit this project to achieve this On-site Retrofits for approval and expects such approval and full funding of this project. If such approval is not received within 90 days of the Effective Date this Agreement, which period may be extended by an additional 90 day period at the written request of Ultramar to LADWP, the Parties shall deem the project rejected and agree to terminate this Agreement without any penalty to either party and each party will cover their own cost and expense through termination. It is understood that no reimbursable engineering or construction work will be performed pursuant to the terms of this Agreement until such Phase 4 corporate approval is completed.
- 1.3 This Agreement is binding on and shall inure to the benefit of successors and assigns of Parties.
- 1.4 Neither this Agreement nor any claim for payment of sums due or to become due shall be assignable in whole or in part by LADWP or by operation of law without the prior written consent of Ultramar, nor shall LADWP delegate any of its obligations hereunder to any other person without the prior written consent of Ultramar. Any attempted assignment or delegation by LADWP in violation of the provisions hereof shall be void. Ultramar's consent to any proposed assignment or delegation may be granted or withheld by Ultramar in Ultramar's sole discretion. Without limiting the foregoing, no assignment by LADWP of any of its rights to payment hereunder shall be valid or effective as against Ultramar unless and until such time as notice thereof has been sent to Ultramar in accordance with the

notice provisions hereof, which notice must (i) be executed by both LADWP and its assignee, (ii) contain clear and unequivocal instructions as to where future payments must be sent, (iii) not contain any provisions which will increase the risk, cost or administrative burden to Ultramar in making payments hereunder, and (iv) contain a full waiver and release by LADWP of all liability to Ultramar to LADWP resulting from Ultramar's making of payment directly to the assignee listed in such notice.

Subject to LADWP's prior written consent, which shall not be unreasonably withheld, Ultramar shall have the right to assign this Agreement in whole or in part to any person to whom Ultramar transfers any facility (or any portion thereof) to which this Agreement pertains and who assumes Ultramar's obligations hereunder arising from and after the effective time of such assignment. In the event of any assignment of this Agreement by Ultramar in accordance with this Section, Ultramar shall have no liability for any breach hereof or default hereunder by its assignee, but Ultramar shall remain liable for all of its obligations hereunder arising and accruing prior to the effective time of such assignment

SECTION 2: ON-SITE RETROFITS

- 2.1 Exhibit A, attached hereto and made part of this Agreement, describes the scope for On-site Retrofits to be constructed as delineated in Exhibit A. The On-site Retrofits shall be constructed specifically for the purposes of serving ATRW to the Property's cooling towers. Such On-site Retrofits shall be constructed independent of the existing facilities used to serve potable water to the cooling towers.
- 2.2 Ultramar shall be responsible for the design-build construction of all On-site Retrofits for serving ATRW to its cooling towers on the Property downstream of the meter vaults, in accordance with the following schedule:

The On-Site Retrofits are targeted to be ready to receive ATRW in line with the following estimated (non-binding) milestones:

Baseline	Valero receives Phase 4 project approval
+2 months	Valero commences Phase 4 engineering
+6 months	Valero completes Phase 4 engineering
+7 months*	Valero completes construction – ready for service

* Construction schedule could be extended if there are interferences with refinery turnarounds or unplanned major maintenance items

- 2.3 LADWP shall reimburse Ultramar for costs of design-build construction of all On-site Retrofits not to exceed the amounts shown in Exhibit B, subject to LADWP approval per the reimbursement procedures outlined in Exhibit C. Exhibits B and C are attached hereto and made part of this Agreement.

- 2.4 Ultramar shall comply with the reimbursement procedures for submission and approval of invoices for such reimbursement set forth on Exhibit C.
- 2.5 LADWP will lend technical assistance to Ultramar to obtain regulatory approval for the On-site Retrofits and assist in development of operating protocols to facilitate safe use of recycled water; LADWP acknowledges that any change to the design/build construction of the On-site Retrofits may impact the project. As part of the Design/Construction responsibilities and to the extent required by law, Ultramar agrees to:
- a. Obtain design approval from the Los Angeles County Department of Public Health (LACDPH).
 - b. Obtain other necessary permits and approvals required for the construction of On-site Retrofits and other necessary permits and approvals required for the use of ATRW beyond the meter and on the Property. These include, but are not limited to, approvals by the City of Los Angeles Department of Building and Safety and the State of California Water Resources, Division of Drinking Water.
 - c. Comply with requirements set by the regulatory agencies to protect the public and the potable water supply, as applicable to the supply of ATRW to the Property.
 - d. Comply with an initial and final inspection and approval of the On-site Retrofits by LACDPH and LADWP representatives; provided however that LADWP cannot reject any retrofit elements previously approved by LADWP. The inspection may include, but not necessarily be limited to, a final cross-connection test, the verification of proper installation and application of backflow assemblies, appropriate signage, and marking of potable, industrial and recycled water facilities.
 - e. Designate a Site Supervisor to receive training of the application and maintenance of the ATRW system. Site Supervisor's contact information shall be submitted to LADWP.
 - f. Comply with applicable provisions of the Labor Code and federal, state, and local laws and regulations which affect the hours of work, wages, and other compensation of employees, nondiscrimination, and other workplace activities associated with the design/construction work performed pursuant to this Agreement.
 - g. Ensure that any and all contract(s) Ultramar enters into with an independent contractor(s), sub-contractor(s), and/or consultant(s) to perform the On-site Retrofits described in Exhibit A, (hereinafter "Retrofit Contractors"), include the requirement that the Retrofit Contractors shall comply with the following provisions of the Los Angeles Administrative Code (LAAC) in performing said

work: § 10.8.2 (Nondiscrimination); § 10.8.2.1 (Equal Benefits); § 10.8.3 (Equal Employment Practices); §10.8.4 (Affirmative Action); §10.10 (Child Support Assignment Orders); and § 10.48 (Criminal History Questions on Employment Applications). The obligations set forth in this subsection do not apply to the operation and/or maintenance of the On-site Retrofits once completed.

SECTION 3: 10-YEAR AMORTIZATION PERIOD

- 3.1 Ultramar shall maintain recycled water service in accordance with its needs and the provisions of this Agreement for a period of 10 years following the Service Commencement Date described in Section 4.1, and in so doing has no obligation to repay LADWP any of the reimbursed cost of the On-site Retrofits as stated in section 2.3. In the event, i)Ultramar terminates operations at the Property, or ii) Ultramar elects to discontinue the use of ATRW after the Service Commencement Date but prior to the expiration of such 10 year period, Ultramar shall pay LADWP the reimbursed amounts paid by LADWP from section 2.3, such repayment shall be in accordance with the table below (Year starts on the Service Commencement Date):

Year	Repayment Obligation (Percent)
0-1	100%
1-2	92%
2-3	83%
3-4	74%
4-5	64%
5-6	53%
6-7	42%
7-8	31%
8-9	19%
9-10	6%
After 10	0%

SECTION 4: ADVANCED TREATED RECYCLED WATER SERVICE

- 4.1 The Service Commencement Date shall mean the date for beginning the term of the ATRW service, where such date shall be the later of: Completion of On-site Retrofits or the Availability of Service Date (defined in Section 4.2).
- 4.2 The Availability of Service Date shall be the earlier of: Notice of completion of off-site facilities being constructed by LADWP or December 31, 2020.

- 4.3 Following the Service Commencement Date, Ultramar shall use water from LADWP's ATRW system for its cooling tower makeup requirements in preference for water from the LADWP potable water system; provided, however, that such ATRW meets or exceeds the agreed upon water quality provided in Section 4.7 of this Agreement. To the extent that LADWP is unable to supply sufficient recycled water to meet Ultramar's needs or during outages of the ATRW distribution system, Ultramar can supplement such water needs from LADWP's potable water system. Ultramar is allowed to preferentially use LADWP potable water makeup to the cooling towers on a routine basis to confirm that the existing cooling tower potable water makeup system is reliable and fully functional. This exercise is expected to be a preventative maintenance operations test (on a frequency between weekly and quarterly) in order to ensure that the potable water system is capable of both supplemental and total cooling water makeup supply whenever that might be needed.
- 4.4 LADWP shall supply ATRW up to a maximum flow rate of 800 gallons per minute (gpm).
- 4.5 LADWP is currently receiving ATRW from TIWRP's Advanced Water Purification Facility (AWPF). The AWPF will constitute a substantial portion of ATRW supplies for Ultramar. Additional sources of ATRW may be added in the future. Each of these existing sources and potential future sources of ATRW will employ reverse osmosis treatment as a means of removing dissolved impurities including organic and inorganic materials. Moreover, the treatment systems will include use of chemical addition to add minerals to the product water to stabilize the corrosion potential of the water. These processes demonstrate an ability to produce water that is of suitable quality for a wide range of potential uses, including cooling tower uses.
- 4.6 LADWP will provide both potable water and ATRW in LADWP's ATRW distribution system under this Agreement. Potable water will be supplied in the ATRW distribution system when sufficient quantity of ATRW of appropriate quality is unavailable and/or as a supplement to the ATRW distribution system. The water quality of both the ATRW and potable water is regulated by the State of California under separate, respective permits. The current permit for the ATRW is the California Regional Water Quality Control Board Los Angeles Region Order No. R4-2016-0334 (File No. 97-208) Waste Discharge Requirements and Water Recycling Requirements Issued to City of Los Angeles Department of Public Works, City of Los Angeles Department of Water and Power, Los Angeles County Department of Public Works, Terminal Island Water Reclamation Plant, Harbor Water Recycling Project – Dominguez Gap Barrier Project (ATRW Permit).
- 4.7 The Parties have identified water quality parameters that enhance the economics of ATRW use and are protective of refinery equipment. Table 4.7 describes the quality parameters of greatest interest to Ultramar. The table shows the frequency and methods by which the TIWRP plant currently monitors specific water-quality

parameter, a Target Range, and a Limit for each specific parameter. LADWP shall endeavor to supply ATRW under this Agreement maintaining water quality parameters within the Target Range shown on this table. When water quality varies outside the specified Limits, Valero shall have the option to use water from the LADWP potable water system instead of water from the ATRW distribution system.

Table 4.7

Parameter	Monitoring Method	Frequency	Unit	Target Range	Limit
Ammonia	Sample ^A	Weekly	mg/l	<0.5	1
Calcium	Sample	Daily *	mg/l	<50	60
Chloride	Sample	Quarterly	mg/l	<150	150
Specific Conductance ^{^^}	On Line Analyzer	Continuous	uS/cm	< 600	600
Free Chlorine ^{^^}	On Line Analyzer (with backup)	Continuous	mg/l	>2, <4	4
Iron	Sample	Quarterly	mg/l	<0.3	0.3
Magnesium	None		mg/l	<10	<10
Silica	None		mg/l	<2	10
Total Dissolved Solids	Sample	Weekly	mg/l	<500	500
Langelier Saturation Index	Calculated daily	Daily *	LSI	-0.5 to 0.5	-0.5 to 0.5
Modified Fouling Index	Calculated	Weekly	MFI	<2	<2.5
Turbidity ^{^^}	On Line Analyzer	Continuous	NTU	<0.2	<0.5
pH ^{^^}	On Line Analyzer	Continuous		6.5 - 8.5	6.5 - 8.5
Selenium	Sample	Quarterly	mg/l	<0.005 / ND	<0.005 / ND
Sulfate	Sample	Quarterly	mg/l	<10	10
Total Hardness	Sample	Quarterly	mg/l	<125	125
Copper	Sample	Quarterly	mg/l	<0.01	0.01
Nitrate	Sample	Weekly	mg/l	<2	2
Phosphate	None		mg/l	<1	1
Total Organic Carbon ^{^^}	On Line Analyzer	Continuous	mg/l	<0.5	1
Total Alkalinity	Sample	Daily *	mg/l	<100	100
* = Week turnaround from lab ^^ Monitored by LASAN continuously A = Plan is for a continuous analyzer online by December 31, 2020					

- 4.8 LADWP shall communicate to Ultramar if ATRW water quality fails to meet any regulated standard and/or prior to stopping supply of ATRW to Ultramar. Such communication will be via email and phone call to both the Valero Refinery Shift Superintendent and Utilities Complex Manager as soon as possible, but no later than 8 hours of limit exceedance / supply cessation (See Exhibit D for contact

information). In such case, Ultramar may cease use of water from the ATRW system and / or may utilize water from the LADWP potable system.

- 4.9 LADWP / TIWRP will retain ATRW on line analyzer and laboratory sample results for at least the parameters listed in Table 4.9 and submit results to Ultramar via quarterly reports sent to the Utilities Complex Manager and Process Engineering Manager via email (See Exhibit D for contact information). Values outside of Limits or Permits will be communicated as noted in Section 4.8.

Table 4.9

Parameter	Monitoring Method	Unit	Limit
Ammonia	On Line Analyzer	mg/l	1
Specific Conductance	On Line Analyzer	uS/cm	600
Free Chlorine	On Line Analyzer (with backup)	mg/l	4
Turbidity	On Line Analyzer	NTU	<0.5
pH	On Line Analyzer		6.5 - 8.5
Total Organic Carbon	On Line Analyzer	mg/l	1

- 4.10 LADWP shall ensure that the TIWRP operating personnel maintain continuous monitoring of water quality parameters shown in Table 4.9 and shall communicate to the Valero Shift Superintendent and Utilities Area Complex Manager via email and phone call as soon as possible, but no later than 8 hours if any water quality parameter is outside specified Limits from Table 4.9 (See Exhibit D for contact information). Upon communication, Ultramar may, at their discretion, reduce or discontinue use of recycled water and utilize water from the LADWP potable system until communicated to by LADWP that water is again available from the ATRW system within Limits.
- 4.11 The potable water supplied in LADWP's ATRW distribution system under this Agreement when ATRW of appropriate quality is unavailable and/or as a supplement to the ATRW distribution system shall not be subject to the ATRW Water Quality Operating Parameters described in Sections 4.7 – 4.10.
- 4.12 The ATRW system will employ potable water backup as a means of stabilizing the delivery system during temporary periods where system-wide ATRW demands exceed the available ATRW supply or the quality of water falls below the parameters set forth in permit noted in Section 4.6. Thus, water delivered at any time from the ATRW system may be recycled or potable water of differing water quality. LADWP will communicate to the Valero Shift Superintendent and Utilities Area Complex Manager via email and phone call as soon as possible, but no later than 8 hours for any of the following unplanned scenarios (See Exhibit D for contact information):

- Partial or complete shutdown of the TIWRP and amount of potable water that is then being used to supplement / replace the reduction in ATRW supply
- Any other occurrence that the TIWRP deems would impact the ATRW or total ATRW system supply to the Ultramar refinery.

If any of the above scenarios would result from planned work by TIWRP or LADWP then such communications should be done once such a plan is formed and again at 1 week and 1 day prior to execution.

- 4.13 Each Party agrees to be responsible, both financially and otherwise, for meeting any system design and operation requirements set by regulatory agencies to protect the potable water supply and public health; more specifically, Ultramar shall be responsible for the On-site Retrofits on its Property, as described in Exhibit A, and LADWP for its system upstream.
- 4.14 LADWP will supply ATRW to Ultramar, and Ultramar agrees to utilize ATRW for approved uses in accordance with all State and Local rules and regulations. LADWP and Ultramar recognize that the applicable rules and regulations governing recycled water, potable water, or effluent discharge water may change; due to such proposed change and thereafter, the parties agree to work in good-faith to implement the change in the spirit of this Agreement. LADWP shall inform Ultramar of any changes to the applicable rules and regulations governing recycled water within 60 days of LADWP becoming aware of the changes.
- 4.15 Ultramar's use of ATRW will not be restricted in times of drought unless requirements to create such restrictions are imposed upon LADWP by an outside regulatory agency with authority over LADWP. Under such circumstances all parties will work in good faith to prevent or minimize such limitations.
- 4.16 As of the Service Commencement Date, Ultramar will be responsible for use of ATRW on the Property in accordance with all applicable State and local health regulations, including, but not limited to, any on-site backup system, backflow prevention assemblies, etc.

SECTION 5: CHARGES FOR ADVANCED TREATED RECYCLED WATER

- 5.1 All water served to Ultramar from the LADWP ATRW system, (including water from such system originating as potable backup), shall be sold at the ATRW rate.
- 5.2 During the first 10 years of service following the Service Commencement Date; the price for ATRW shall be ninety five percent (95%) of the "all-in" commodity rate for potable water service otherwise available to Ultramar. Presently this "all-in" potable commodity rate is calculated as the rate per hundred cubic feet set for Commodity

Charges in Section 2.C.3.a., including the Base Rate and adjustments pursuant to General Provisions F, G, H, K, L, R, and S of Rate Ordinance No. 184130, as amended, which is hereby incorporated by reference as if set forth at length.

- 5.3 It is understood that the all-in potable rate set in Section 5.2 of this Agreement can be modified at any time or redefined during the term of Agreement if Rate Ordinance No. 184130 is amended by the City Council. LADWP shall notify Ultramar in writing of any rate change within 30 days of the effective date of any such amendment.
- 5.4 Following the 10-year service period following the Service Commencement Date, ATRW shall be priced in accordance with the then-current Rate Ordinance of the Los Angeles City Council. Should there be no rate established by this Ordinance, the price for ATRW shall continue to be the ATRW price as described in Sections 5.2 and 5.3 above.

SECTION 6: PROHIBITION AGAINST RESALE

- 6.1 By the Act of Congress that granted the City rights-of-way to transport the City's water supply from the Owens Valley to Los Angeles, the City is prohibited from ever selling, or letting to any customer, or individual, the right to sell or sublet any of the water sold to it by the City (Act of Congress of June 30, 1906, Pub. Law 395, 34 Stats. 801). The Charter of the City of Los Angeles prohibits LADWP from supplying water to any person or customer for resale. It is the intent of the Parties that the resale of water shall not occur. Ultramar agrees that it will not resell or sublet any of the water supplied by the LADWP to Ultramar pursuant to this Agreement.

SECTION 7: OTHER TERMS

- 7.1 Neither Ultramar's nor LADWP's failure to enforce any provision of this Agreement shall be construed as a general waiver or relinquish on its part of any portion of this Agreement.
- 7.2 Except for the sole negligence, criminal activity, fraud, or willful misconduct of the LADWP Indemnities (defined below), Ultramar hereby undertakes to indemnify, and hold harmless the City of Los Angeles, LADWP, the Board of Water and Power Commissioners, and all of their officers, and employees (collectively, the "LADWP Indemnitees") from and against any and all suits and causes of action, claims, charges, damages, demands, judgments, civil fines and penalties, or losses of any kind or nature whatsoever (collectively, "Claims"), for death, bodily injury, or personal injury to any third party person, or damage or destruction to any property of either party hereto, or to any third person in any manner arising by reason of the use of ATRW, or in the retrofit of Ultramar's facility, as described in Exhibit A, for the use of the ATRW on the Property by Ultramar, Ultramar's officers, agents, employees, or subcontractors of any tier.

7.3 Insurance for On-site Retrofits Contractors

- a. Ultramar shall have an affirmative duty to assure that independent contractors, sub-contractors and consultants, who will perform the On-site Retrofits described in Exhibit A, (hereinafter "Retrofit Contractors") comply with the terms of this Agreement. Ultramar shall be the responsible party with respect to all actions of its Retrofit Contractors during the performance of their scope of work. All activities must be properly licensed or permitted prior to occurrence.
- b. Ultramar shall be solely responsible for monitoring Such Retrofit Contractors in connection with the retrofit obligations under this Agreement. Ultramar shall be solely responsible for administering the obligations or activities of its Retrofit Contractors related to this Agreement. Ultramar shall ensure that the Retrofit Contractors procure and maintain liability insurance covering the acts, omissions, or errors of the contractors and their employees during the performance of their retrofit. Nothing contained herein will obligate LADWP to the contractors or any other hired party or invitee.
- c. With respect to this Agreement, Ultramar shall cause Retrofit Contractor to maintain insurance coverage consistent with usual and customary practices in their respective industries and include Ultramar, LADWP and each of their respective officers, boards and employees as additional insured under the General and Auto Liability policies of the Retrofit Contractor, but only to the extent of such retrofit project.

7.4 In no event shall either Party be liable to the other Party for any special, consequential or indirect damages (including by way of illustration, lost revenues and lost profits) arising out of this Agreement or any obligation arising thereunder, whether in action for or arising out of breach of contract, tort, indemnity or otherwise.

7.5 Any written notice under this Agreement shall be deemed properly given if delivered in person or sent by registered or certified mail, postage prepaid, to the person specified below unless otherwise provided for in this Agreement:

- a. If to LADWP:
Department of Water and Power of the City of Los Angeles
111 North Hope Street
Los Angeles, CA 90012
Attention: Director of Water Resources Division
Room 1460

b. If to Ultramar:
Ultramar Inc.
Valero Wilmington Refinery
2402 East Anaheim
Wilmington, CA 90744
Attention: VP & General Manager

With copy to:
Valero Services, Inc.
One Valero Way
San Antonio, TX 78249-1616
Attention: Legal – General Counsel

- 7.6 Either Party may, by written notice to the other Party, change the name or address of the person to receive notices pursuant to this Agreement.
- 7.7 Agreement may be executed in counterparts, each of which may be deemed an original, and all of which collectively shall constitute a single instrument. Photocopies, facsimile copies, and PDF copies shall have the same force and effect as a wet ink original signature.
- 7.8 Each person signing Agreement on behalf of a party hereto warrants and represents that he or she has authority to sign on behalf of said party, and that this Agreement has been validly authorized and constitutes a legally binding and enforceable obligation of said party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS

By: _____
MARTIN L. ADAMS
General Manager

Date: _____

And: _____
SUSAN A. RODRIGUEZ
Board Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

JAN 29 2020
BY _____
JOHN A. CARVALHO
DEPUTY CITY ATTORNEY

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

ULTRAMAR, INC.

By: 
LANE RIGGS
Executive Vice President and Chief Operating Officer

APPROVED
LEGAL


Date: 04/01/2020

EXHIBIT A

Scope and Cost Estimate for the On-Site Retrofits Required to Serve Advanced Treated Recycled Water to Valero Wilmington Refinery Cooling Towers.

Project scope for On-site Retrofits is to provide ATRW as make-up water to cooling towers in Valero refinery by using FRP pipe, mostly in the 4-10 inch range, with SS valves and instruments, including a back flow preventer. Project scope also includes upgrading the chemical feed system for the four cooling towers. The existing potable water make-up to the cooling towers will be retained with activation on low level in a cooling tower, should flow through the new ATRW system not be adequate.

This project is estimated (+/- 10%) at \$5 million.

Semi detailed scope of work:

- **Area 23.** Interface with the LADWP Recycled Water Meter at the Air Products side of Dominguez Channel route the 10" FRP line approximately 200' underground parallel to the existing property fence towards Vault 3 (Air Products side).
- Interface from underground to aboveground west side of Vault 3. Enter Vault 3 and route line under the railroad tracks in the existing culvert that connects Vault 3 to Vault 4.
- Exit Vault 4 (west side of Dominguez Channel) onto Pipe Bridge Dominguez Channel.
- Exit Pipe Bridge Dominguez Channel (east side of Dominguez Channel) onto Pedestrian Bridge that spans over the railroad and into the Valero property.
- **Area 08.** Locate the 10" Recycled Line shut off valve at the base of the Pedestrian Bridge just before running the line underground. (**Note:** there are 7 existing shut-off valves located here as the lines exit the bridge and prior to the lines be routed underground into the Plant).
- **East/West Underground. Area 06.** Route the 10" FRP Line 600' underground eastwards towards the North/South Pipe Rack
- Interface from underground to aboveground prior to entering the North/South Pipe Rack near PS-12
- **North/South and East/West Pipe Racks. Areas 06, 13 and 15.** DEMO the existing 4" Sales Gas line from the downstream side of the FV-9105 manifold located on the west side of the N/S Pipe Rack near PS#16 the entire length to the set of flanges located on the sleeper way S/E of Cooling Tower 76-CT-01. **IMPORTANT Note** is that the demo must take place prior to routing the 10"FRP Line since a majority of this pipe berth will be utilized for routing the Recycle Water Line.
- **North/South Pipe Rack. Area 06.** Route the 10" FRP Line on the top deck from PS# 12 to PS# 31 approximately 570' at PS#31 utilize the available pipe berth of

the vacated 4" Sales Gas line in the lower level. Maintain this location in the lower level from PS#31 to PS# 62.

- **East/West Pipe Rack. Area 13.** Provide an 8" branch (near PS-62) from the 10" header that is located in the North/South Pipe Rack. Route the 8" FRP line east towards cooling tower 76-CT-01. This is the most challenging part of the pipe route since the existing pipe rack is full. New cantilevered supports, hanger rods and pipe pick-ups will be required since some of the spans are over 20'. The line will require changes of direction and elevation before it reaches Area 15 where 76-CT-01 is located.
- **76-CT-01. Area 15.** The 8" Line will transition from Area 13 to Area 15 at PS-15-01 just south of 76-CT-01. There will be a FRP to SS interface upstream of the meter run and Control Valve manifold.
- **90-CT-9002 and 90-CT-9004. Area 06.** Provide an 8" branch (near PS-33) from the 10" header in the North/South Pipe Rack. Route the 8" FRP Line east towards cooling towers 90-CT-9002 and 90-CT-9004. The main length of east pipe run will be below the lower deck of the pipe rack at elevation 112'-0" the line will reduce to 6" as it branches towards 90-CT-9002 and 90-CT-9004. There will be a FRP to SS interface upstream of the respective meter run and Control Valve manifolds.
- **90-CT-9000. Area 05S.** Provide a 4" Branch (near PS- 54) from the 10" header in the North/South Pipe Rack. Route the 4" FRP Line on the existing pipe bridge at elevation 123'-6" and down to 90-CT-9000. There will be a FRP to SS interface upstream of the meter run and Control Valve manifold.

EXHIBIT B

Not to Exceed Amount LADWP Shall Reimburse Ultramar for
Approved Actual Costs of Design-Build Construction of the
On-Site Retrofits Required to Serve Advanced Treated Recycled Water to
Valero Wilmington Refinery Cooling Towers

The not to exceed reimbursable cost for this project is \$6 million.

EXHIBIT C

Procedures for Submission and Approval of Invoices from Ultramar to LADWP for Reimbursement of Actual Costs of Design-Build Construction of the On-Site Retrofits Required to Serve Advanced Treated Recycled Water to Valero Wilmington Refinery Cooling Towers

Ultramar shall submit invoices to LADWP by way of email to the following designated LADWP person:

David R. Pettijohn
Director of Water Resources
david.pettijohn@ladwp.com

1. Invoices for design-build construction work included in Exhibit B shall be submitted on a lump sum basis according to the schedule of milestones provided below. Invoice documentation shall reference the corresponding milestone.

- i. Milestone 1

Milestone 1 shall be considered reached when Ultramar enters into a contract with a third-party for the design and construction of On-site Retrofits to the Valero Wilmington Refinery, upon which Ultramar shall invoice LADWP for 45% of the third-party's proposed total price to complete the design and construction of the On-site Retrofits along with an additional construction management fee for Ultramar's staff equal to 10% of the third-party's proposed total price. Invoice shall include a copy of the contract with the third-party noting the proposed total price and scope of work.

- ii. Milestone 2

Milestone 2 shall be considered reached when the third-party reaches 50% completion of the construction of the On-site Retrofits, upon which Ultramar shall invoice LADWP for 45% of the third-party's proposed total price.

- iii. Milestone 3

Milestone 3 shall be considered reached when the Los Angeles County Department of Public Health approves the Valero Wilmington Refinery for ATRW service, upon which Ultramar shall invoice LADWP for the final 10% of the third-party's proposed total price. In the event Ultramar desires to be reimbursed for any additional retrofit costs incurred which exceed the third-party's proposed total price and Ultramar's construction management fee, Ultramar must be granted prior approval by LADWP.

Any LADWP-approved additional costs shall also be invoiced under Milestone 3.

2. Ultramar shall provide LADWP with a schedule consisting of projected dates for Milestones 1, 2, and 3 including the projected amount to be paid for each milestone within 14 calendar days after receiving the proposal from a third party for the work noted in Exhibit A and before executing the contract with the third party.

LADWP shall pay Ultramar for the charges contained in the invoices submitted by Ultramar. Such payment for charges approved in invoices by LADWP shall occur within sixty (60) calendar days after such invoice is received by LADWP. If LADWP determines that any such charges are not agreed upon, LADWP shall provide to Ultramar a reasonably detailed explanation within ten (10) calendar days of having received the related invoice as to such determination. However, LADWP shall pay the portion of the invoice not in question within the agreed time.

EXHIBIT D

Communication of Change in ATRW Supply See Section 4 of Agreement

Other than Refinery Shift Superintendent Phone number the following contact details are subject to change with personnel changes. Ultramar and LADWP / TIWRP will work together in good faith to keep the communication steps updated.

Refinery Shift Superintendent

- Phone
 - (562) 491-6646
- Email
 - Tony.Montgomery@valero.com
 - Leslie.Tati@valero.com
 - Steven.Scott@valero.com
 - Jorge.Mendoza@valero.com

Utilities Complex Manager Michelle Doran

- Phone
 - (562) 491-6738
- Email
 - Michelle.Doran@valero.com