

**AGREEMENT FOR THE PURCHASE AND SALE OF RECYCLED WATER
(TRUCK HAULING)**

This Agreement is made and entered into in Napa, California, as of this 5 day of January, 2023, between NAPA SANITATION DISTRICT, a special district of the State of California (Producer), and Bazan Vineyard Management, LLC (User), and provides as follows:

RECITALS:

A. Producer owns and operates a wastewater treatment plant in Napa County, California, which is in the San Francisco Bay Region of the California Regional Water Quality Control Board (the Regional Board), and collects and treats wastewater, discharges treated wastewater to the Napa River and recycles wastewater generated within Producer's service area.

B. Producer employs wastewater reclamation as a means of reducing the discharge of treated wastewater to the Napa River.

C. Producer is authorized to sell recycled water, pursuant to Order 96-011 adopted by the Regional Board on January 17, 1996, together with all attachments thereto.

D. User is interested in purchasing recycled water from Producer to be used only for such purposes, and to be used and applied only in such ways, as are specifically permitted by their permit, and shall comply with all requirements and provisions of the Producer's Water Reuse Program Manual in purchasing and using this water.

E. Producer desires to sell to User, and User desires to purchase from Producer, recycled water on the terms and conditions hereinafter set forth.

AGREEMENT:

1. Term. This Agreement shall become effective on the date first above written and shall remain in effect from through December 31, 2027, so long as the Permit Fee is renewed each year.

2. Permit Fee/Card Fee. User shall pay to Producer an annual Fifty Dollar (\$50) fee for issuing and monitoring the Recycled Water User Permit.

3. Purchase Price; Payment.

A. From the commencement of delivery of recycled water through the end of the contract term, the cost of recycled water shall be established by the Board of the Napa Sanitation District, and as adjusted from time to time by the Board of the Napa Sanitation District. It is understood that the Producer intends to adjust the cost of recycled water annually for inflation and as necessary to recover the costs of recycled water production, distribution, and system maintenance and repair.

B. User shall be billed monthly or bimonthly and payment shall be due and payable within thirty (30) days of the date of the invoice. Interest shall accrue on any amount not paid within thirty (30) days of the date of the invoice at the rate of one (1%) percent per month. If User shall fail to pay any amount due within ninety (90) days of the date of an invoice, Producer may at its option suspend deliveries of recycled water until the account is brought current.

4. Availability of Water; Interruption of Service.

A. Producer shall make a reasonable effort to ensure that recycled water is available from 7:00 A.M. to 4:30 P.M. every day of the week. Recycled water may be available at other times by special arrangement.

B. Producer shall also make a reasonable effort to ensure that service to User is uninterrupted during the above times. However, User acknowledges that service may occasionally be interrupted during these times due to inspections, maintenance, and repairs of Producer's plant and equipment.

C. Producer reserves the right to discontinue Trucked Recycled Water service at any time.

5. Compliance With Water Quality Control Board Order 96-011; Compliance With Requirements of Producer.

A. Producer and User shall comply with all of the provisions and requirements of Order 96-011 adopted by the California Regional Water Quality Control Board, San Francisco Bay Region on January 17, 1996, and all attachments and amendments thereto (the "Order"), as it may subsequently be amended. A copy of the Order is attached hereto as Exhibit "A" and incorporated herein by this reference. User acknowledges to Producer that User is aware that the water sold pursuant to this Agreement is recycled water to be used for only specified and limited uses, that User has received a copy of the Order attached as Exhibit "A" to this Agreement, that User is familiar with and understands all of the provisions and requirements contained in the Order and that those provisions and requirements are reasonable, and that User covenants and warrants that it shall comply with all the provisions and requirements of the Order in the purchase and use of the recycled water.

B. Producer and User shall comply with all of the provisions and requirements of General Order 2016-0068-DWQ adopted by the California State Water

Quality Control Board. Producer and User acknowledge that recycled water use may be covered by Order 2016-0068-DWQ in the future. Producer will notify User when Producer's recycled water program is covered by Order 2016-0068-DWQ and, at that time, references to Order 96-011 in this Agreement shall be superseded by Order 2016-0068-DWQ. A copy of Order 2016-0068-DWQ is attached hereto as Exhibit "B" and incorporated herein by this reference. User acknowledges to Producer that User is aware that the water sold pursuant to this Agreement is recycled water to be used for only specified and limited uses, that User has received a copy of Order 2016-0068-DWQ attached as Exhibit "B" to this Agreement, that User is familiar with and understands all of the provisions and requirements contained in Order 2016-0068-DWQ and that those provisions and requirements are reasonable, and that User covenants and warrants that it shall comply with all the provisions and requirements of Order 2016-0068-DWQ, when applicable, in the purchase and use of the recycled water.

C. User also shall comply with all of the additional provisions and requirements established by Producer, in the purchase and use of the recycled water, which are set forth in the Producer's Water Reuse Program Manual, Chapter VI, Truck Hauling, Exhibit "C", attached hereto and incorporated herein by this reference.

D. User shall use the recycled water delivered hereunder only for those uses authorized in the Recycled Water User permit and consistent with the Order and the requirements of Producer set forth in Exhibit "C".

6. Quality of Recycled Water Sold.

A. User understands that the recycled water that will be delivered to User hereunder has undergone a tertiary treatment process at Producer's Soscol Water Recycling Facility and is commonly referred to as "Unrestricted Use Recycled Water."

B. User understands that the recycled water to be purchased and used by User is wastewater that has been reclaimed as a result of sewerage treatment operations, and is suitable only for these uses, and in those areas specified in the

TABLE 1

Parameter	Minimum Testing Frequency	Units
Chlorine Residual	Continuous	mg/L
Turbidity (NTU)	Continuous	NTU
D.O. (oxygen)	Daily	mg/L
pH (hydrogen)	Continuous	SU
Total Coliform	Daily	MPN/100ml
Adjusted SAR	Monthly	N/A
SAR	Monthly	N/A
Aluminum	Monthly	ug/L
Ammonium-N plus	Monthly	mg/L
Arsenic	Monthly	ug/L
Boron	Monthly	mg/L
Calcium	Monthly	mg/L
Chloride	Monthly	mg/L
Chromium	Monthly	ug/L
Copper	Monthly	ug/L
Iron	Monthly	mg/L
Lead	Monthly	ug/L
Magnesium	Monthly	mg/L
Molybdenum	Monthly	ug/L
Nickel	Monthly	ug/L
Nitrate-N	Monthly	mg/L
Nitrite-N	Monthly	mg/L
Phosphorus	Monthly	mg/L
Potassium	Monthly	mg/L
Sodium	Monthly	mg/L
Sulfate	Monthly	mg/L
TDS	Monthly	mg/L
TOC (Carbon)	Monthly	mg/L
Total Alkalinity	Monthly	mg/L
Zinc	Monthly	ug/L
Flouride	Semi-annual	mg/l

The tests shall be performed according to the "Standards For The Examination of Water And Wastewater" as published jointly by APHA, AWWA, and WEF latest edition.

The results of said tests shall be maintained at Producer's treatment plant and may be reviewed or a copy obtained by User by telephoning Producer. Each February an Annual Report will be prepared by the Producer that includes the test values and shall be made available upon request of User.

7. Measurement of Delivered Recycled Water. All recycled water delivered pursuant to this Agreement shall be measured by the Producer at the Delivery Point.

8. Monitoring Reports. The Users of trucked recycled water must report at a minimum monthly, any violation of the permit.

The User does not have to report quantity of recycled water used as the quantity of recycled water used by each User is automatically recorded by computer each time water is picked up.

9. User's Rights to Recycled Water Nontransferable. User's rights to recycled water deliveries hereunder are not transferable or assignable. User shall not sell, give, transfer or distribute any of the recycled water purchased by it pursuant to this Agreement to any other party for any use, and User shall be the sole party using the recycled water.

10. Hold Harmless and Indemnification. Each party hereto agrees to protect, indemnify, defend and hold harmless the other party and its directors, officers, employees, agents, successors and assigns from and against any and all actual or potential claims, liabilities, damages, losses, fines, penalties, judgments, awards, costs and expenses (including without limitation reasonable attorneys' fees and costs and all foreseeable, unforeseeable and consequential damages) asserted against, resulting to, imposed upon or incurred by said other party by reason of the first party's breach of any provisions of this Agreement or the Order. This indemnification shall survive the termination of this Agreement.

11. Notices. Any notice, action, or demand by either party to the other in connection with this Agreement shall be deemed to have been fully given or made when such notice, action, or demand is written and deposited in a sealed envelope postage prepaid, and addressed as designated at the end of this Agreement. Either party may change its address by giving the other party written notice of its new address as herein provided.

12. Entire Agreement. This Agreement shall constitute the entire agreement between the parties relating to the rights granted and obligations assumed in this Agreement. Any oral representations or modifications concerning this Agreement shall be of no force and effect unless contained in a subsequent written modification signed by both parties.

13. Amendments. This Agreement may not be amended except by a written instrument that is signed by both parties.

14. Interpretation. This Agreement shall be construed, interpreted, and applied according to the laws of the State of California.

15. Successors. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties; provided that User has complied with paragraph 10 hereof.

16. Attorneys' Fees. If either party commences an action at law or in equity, arbitration or other proceeding against the other party to enforce or interpret this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees and costs of such proceeding, in addition to any other amounts which may be awarded.

17. Severability. If any clause or provision of the Agreement is or becomes illegal, invalid, or unenforceable because of present or future laws, or any

rules or regulations of any governmental body or entity, effective during its term, the intention of the parties is that the remaining parts of this Agreement shall remain in full force and effect if the fundamental purpose of the Agreement is not destroyed.

In Witness Whereof, this Agreement is entered into as of the date first above written.

Producer:

Address:

Napa Sanitation District

Napa Sanitation District
1515 Soscol Ferry Road
Napa, CA 94558

By: 

Authorized Signer

User:

Address:

Bazan Vineyard Management, LLC

1784 Monticello Rd
Napa, CA 94558

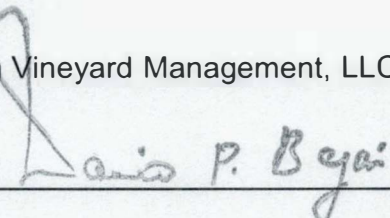
By: 

Exhibit A

**Order 96-011
California Regional Water Quality Control Board
San Francisco Bay Region**

The Order can be downloaded at:

http://www.waterboards.ca.gov/sanfranciscobay/water_issues/programs/planningtmdls/basinplan/web/res/order96-011.pdf

EXHIBIT “B”

General Order 2016-0068-DWQ

Order 2016-0068-DWQ
California Regional Water Quality Control Board
San Francisco Bay Region

The Order can be downloaded at:

https://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2016/wqo2016_0068_ddw.pdf

Exhibit C

Water Reuse Program Manual

The Napa Sanitation District Recycled Water Users Guide can be downloaded from the District's website at:

<http://www.napasan.com/Pages/ContentMenu.aspx?id=109>