

**AGREEMENT FOR THE PURCHASE AND SALE OF RECYCLED WATER
(METERED SERVICE)**

This Agreement is made and entered into in Napa, California, as of this 1st day of August, 2022, between NAPA SANITATION DISTRICT, a special district of the State of California (Producer), and Constellation Brands Inc. (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 Water Board), and collects and treats wastewater, discharges treated wastewater to the Napa River and recycles wastewater generated within Producer's service area.

B. User owns approximately 223.94 acres of land in Napa County, California, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, which land has been improved with vineyards. (Property).

C. Producer employs wastewater reclamation as a means of promoting beneficial reuse of limited water resources.

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

E. User is interested in purchasing recycled water from Producer for use in irrigation, to be used and applied only in such ways as are specifically permitted.

F. 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 through December 31, 2022.

2. 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 as 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 fails 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.

3. 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 and reissuance thereof. A copy of Order 96-011 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 96-011 attached as Exhibit "B" to this Agreement, that User is familiar with and understands all of the provisions and requirements contained in Order 96-011 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 96-011 in the purchase and use of the recycled water.

B. 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, Exhibit "C", attached hereto and incorporated herein by this reference.

C. User shall use the recycled water delivered hereunder only for those uses authorized herein, in Order 96-011, in the Water Reuse Program Manual, and in District Code, with all infrastructure for recycled water constructed according to the District's Standard Specifications for recycled water improvements.

D. User acknowledges that the Producer is subject to changes in federal law, state law, regulations and requirements, and that these changes may conflict with the terms of this agreement. In the event that the agreement is not in compliance with current law, regulations or requirements, the User agrees to accept a modification to this agreement that incorporates necessary changes to maintain compliance with these requirements.

4. 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 this agreement. The quality of the recycled water sold pursuant to this Agreement shall comply in all respects with the quality criteria established by Order 96-011 for tertiary recycled water. Producer shall test the recycled water as required by the Regional Water Board to ensure that it meets the quality criteria set forth in Order 96-011. The results of this testing program shall be available to User for its review upon request at any time during Producer's normal business hours.

C. In addition to the monitoring and testing requirements of the Regional Water Board, Producer will test the recycled water delivered to User for the parameters listed in Table 1.

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TABLE 1

Parameter	Testing Frequency	Units
Chlorine Residual	Continuous	mg/L
Turbidity (NTU)	Continuous	NTU
D.O. (oxygen)	Continuous	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
Lithium	Semi-annual	ug/L
Manganese	Semi-annual	ug/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 to User.

5. Delivery and Availability of Recycled Water; Interruption of Service.

A. Producer will deliver up to 28.14 acre-feet of recycled water from May 1st to October 31st to User through a pipeline extension from Producer's reclamation site, located at the end of Soscol Ferry Road, Napa, California, to the "Delivery Point" on or near User's Property shown on Exhibit "A". The recycled water shall be delivered to the Delivery Point between 0 and 50 pounds per square inch and at a rate of between 10 and 1250 gallons per minute. User shall install at its own expense a meter and pressure regulator at the Delivery Point. User hereby acknowledges that upon installation and after inspection and acceptance by the Producer, ownership of the meter shall transfer to the Producer. User may have its own irrigation pump stations and reservoirs located on the Property, to be paid for by User. User shall be responsible for the operation, maintenance and repair of any pressure regulator and the pipeline transporting the recycled water and for the recycled water from the Delivery Point to User's places of use. Producer shall be responsible for the operation, maintenance and repair of the pipeline transporting recycled water and for the recycled water to the Delivery Point. User may use water under the following conditions: no special conditions.

B. User understands that recycled water is a valuable commodity to the community, and that Producer has made reservations in its water availability policies to accommodate User's desire to use recycled water. Therefore, User understands and agrees that if User does not use recycled water, or uses only limited amounts of recycled water, User may be restricted by Producer to the amount used historically (defined as the average of the prior three calendar years)

and that additional recycled water in excess of this historical use may not be available to User.

C. Producer will make good faith efforts to provide recycled water during the winter months (November through April) when desired by User, but User acknowledges and understands that the requirements of the Producer to meet its NPDES permit and other requirements imposed by the Regional Water Board, and District operational and maintenance needs, have supremacy in priority and may interfere with recycled water production, and that the risks associated with such failure to provide recycled water are completely understood and assumed by User.

D. User agrees to cooperate with Producer, at Producer's request, in the establishment of reasonable and mutually agreeable delivery schedules for the recycled water to meet specific requirements or goals related to maintenance or operating schedules, energy consumption, or reduced operating costs. User recognizes that the requests of various users may exceed the capacity of Producer's wastewater treatment plant and delivery system and that Producer therefore may need to reduce the rates of delivery at which recycled water is delivered to the various users from time to time. In the event that the Producer reduces User's requested rate of delivery, Producer shall use its best efforts to restore the requested rate of delivery as soon as possible and provide User with that amount of water it would have received had its rate of delivery not been reduced.

E. Producer has the right to restrict water delivery to specific days or hours of the day to maintain water pressure, system capacity, or other operational considerations, including to reduce operating costs.

F. Producer shall use its best efforts to ensure that service to User is provided consistent with the established delivery schedules, and User shall use its best efforts to accept recycled water as provided herein. However, both parties acknowledge that Producer's supply and delivery of recycled water and User's

ability to take delivery of said water may occasionally be interrupted or curtailed due to Acts of God, power failures, accident, fire, strikes, riots, war, facility failures, facility improvements, inspection, maintenance and repairs of plant, distribution system and/or equipment, actions or decisions by a governmental agency, or any condition outside of a party's control. Each party shall not be liable to the other for damages arising out of interruption or curtailment of service for these reasons. Insofar as feasible, the party whose performance hereunder is affected by such condition shall give the other party at least 72 hours advance notice of a temporary discontinuance or reduction in its delivery (in the case of Producer) or in its acceptance (in the case of User) of recycled water, except in the case of emergency, in which case notice need not be given.

G. Conditions of Recycled Water Shortage. User agrees and understands that weather patterns and other factors have a direct impact on the availability of the recycled water. Producer will make every effort to provide water at the quantities desired by the User, but Producer makes no guarantees of water availability.

(1) Whenever the Producer believes that weather conditions will produce a condition where the Producer's influent quantity and/or water storage is inadequate to meet projected demand for recycled water, the Producer shall declare that such conditions exist through a Declaration of Recycled Water Shortage.

(2) When a Declaration of Recycled Water Shortage is made by the Producer, User agrees to limit its use of recycled water to the limits established by the Producer in this agreement. User understands that this limit may be lower than the User's historical recycled water usage.

(3) When a Declaration of Recycled Water Shortage is made by the Producer, User shall be subject to the rates for recycled water established by the Producer in the Declaration and acknowledges that

rates may be higher than those normally in place as established by ordinance or District Code.

(4) **OPTIONAL PROVISION: USER REQUESTS AND PRODUCER AGREES TO RESERVE WATER FOR USER IN EXCESS OF THE PRIOR THREE YEAR AVERAGE FOR USE DURING PERIODS WHEN A DECLARATION OF RECYCLED WATER SHORTAGE IS MADE BY PRODUCER. THE USER REQUESTS THAT 0 GALLONS IN EXCESS OF ITS PRIOR THREE YEAR AVERAGE AMOUNT BE MADE AVAILABLE AT THE THEN CURRENT RECYCLED WATER RATE. IN YEARS WHERE THERE ARE NO DECLARATIONS OF RECYCLED WATER SHORTAGE, USER SHALL BE INVOICED DURING THE MONTH OF NOVEMBER FOR THE EXCESS GALLONS RESERVED AND IDENTIFIED HEREIN, AT THE THEN CURRENT RATE. THE INTENT OF THIS OPTIONAL PROVISION IS TO ALLOW USER TO USE MORE THAN THE AVERAGE OF THE THREE PRIOR YEARS OF RECYCLED WATER DURING CONDITIONS OF RECYCLED WATER SHORTAGE, BUT MUST COMPENSATE THE PRODUCER FOR MAKING THIS RESERVATION AND NOT BEING ABLE TO SELL THIS WATER TO OTHER CUSTOMERS.**

USER'S INITIALS HD

PRODUCER'S INITIALS _____

6. Measurement of Delivered Recycled Water.

All recycled water delivered pursuant to this Agreement shall be measured by the Producer at the meter located at the Delivery Point. Producer shall own, inspect, operate, maintain, repair and replace the measuring equipment. All determinations relative to the measuring of recycled water shall be made by the Producer. Upon request by User, the accuracy of a measurement shall be investigated by the Producer and any error appearing therein shall be adjusted. User may inspect such measuring equipment for the purpose of determining the accuracy thereof.

7. Monitoring Reports.

User shall fill out monitoring reports on the form prescribed by the Producer on a weekly basis or as otherwise required by the Producer and submit them to Producer by the fifth (5th) day of each month with respect to the immediately preceding month. Excessive loss of recycled water off-site by spray or runoff shall be fully reported by User and such reports shall state what corrective action(s) have been taken to prevent the violation from occurring again.

8. User's Rights to Recycled Water Nontransferable.

User's rights to recycled water deliveries hereunder are not transferable or assignable, without the express written consent of the District. 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.

9. 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.

10. 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.

11. 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.

12. Amendments.

This Agreement may not be amended except by a written instrument that is signed by both parties, except as provided in Section 3 (D) of this agreement.

13. Interpretation.

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

14. Successors.

This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties; but only to the extent that User has complied with paragraph 8 hereof.

15. 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.

16. 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.

17. Covenants Running with the Land.

User declares that its covenants and obligations specified in this Agreement constitute covenants running with the land within the meaning of California Civil Code Section 1468, shall benefit the treatment works and lands of Producer, and shall burden the real property described in Exhibit "A" attached hereto and incorporated herein by reference.

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

Producer:

Napa Sanitation District

By : _____
General Manager

Address:

Napa Sanitation District
1515 Soscol Ferry Road
Napa, CA 94558

ATTEST:

Secretary - Board of Directors

APPROVED AS TO FORM:

John Bakker, Esq.

User:

Constellation Brands Inc.

Harinder Dhaljwal
General Manager

8/1/2022

Mailing Address:

7801 St. Helena Highway
Oakville, CA 94562

Service Address:

2155 Ramal Road

By: _____
Title: General Manager

EXHIBIT "A"
Property Description

COUNTY ASSESSOR'S PARCEL MAP

HUICHICA RANCHO

Tax Area Code
72001

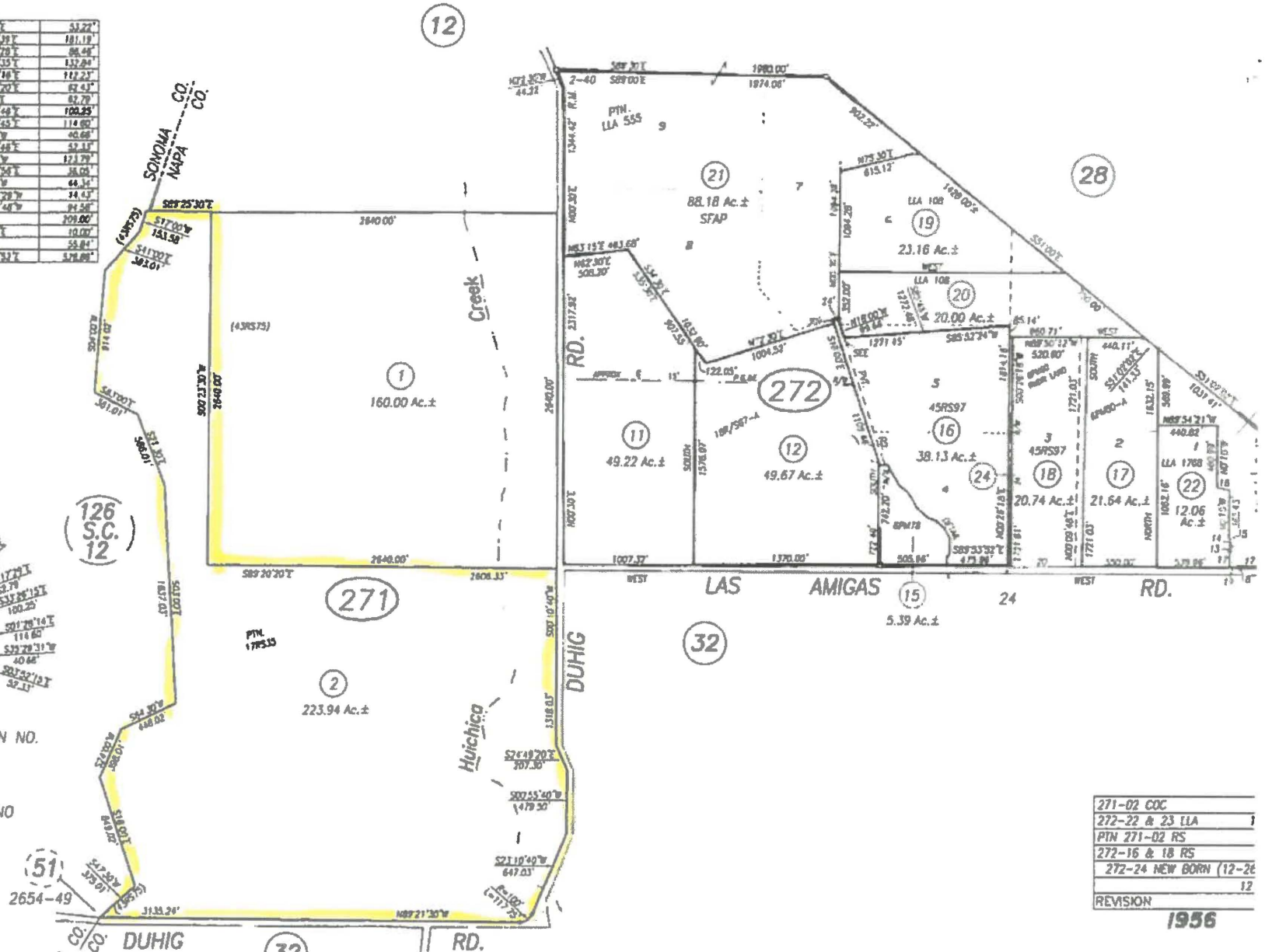
1.	N07°01'E	51.22'
2.	S29°00'20"E	181.11'
3.	S31°11'20"E	86.48'
4.	S31°20'35"E	132.24'
5.	S47°04'10"E	112.21'
6.	S07°41'20"E	82.43'
7.	S20°24'E	82.79'
8.	S33°37'48"E	100.85'
9.	S01°34'55"E	114.60'
10.	S35°22'W	40.68'
11.	S01°36'48"E	52.11'
12.	N02°10'W	173.79'
13.	N17°01'56"E	36.05'
14.	N00°10'W	44.31'
15.	N50°28'28"W	34.43'
16.	N17°27'46"W	81.56'
17.	WEST	209.00'
18.	S00°00'E	10.00'
19.	WEST	55.84'
20.	S07°01'32"E	578.89'



(51) = IRON STAKE & STATION NO.

(126 S.C. 12) = SONOMA CO. MAP NO

NOTE: This Map Was Prepared For Assessment Purposes Only , No Liability Is Assumed For The Accuracy Of The Data Delineated Hereon.



271-02 COC
272-22 & 23 LLA
PTN 271-02 RS
272-16 & 18 RS
272-24 NEW BORN (12-26)
REVISION 12

1956

Huichica Rancho, R.M. Bk. 1, Pg. 57
Sub. C.H. Anderson Ranch, R.M. Bk. 2, Pg. 40

EXHIBIT "B"

Order 96-011

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

EXHIBIT “C”

Recycled Water Users Guide

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>