

THIRD AMENDMENT TO AGREEMENT
FOR EXPANSION OF THE GOLETA SANITARY DISTRICT
SEWAGE DISPOSAL TREATMENT PLANT FACILITIES

THIS THIRD AMENDMENT, dated for reference purposes only as of March 6, 2007, is made and entered into by and between the GOLETA SANITARY DISTRICT, a public agency organized and existing under Part 1 of Division 6 of the California Health and Safety Code ("GSD"), the GOLETA WEST SANITARY DISTRICT, a public agency organized and existing under Part 1 of Division 6 of the California Health and Safety Code ("GWSD"), the REGENTS OF THE UNIVERSITY OF CALIFORNIA, a corporation organized and existing under the California Constitution (the "University"), the CITY OF SANTA BARBARA, a municipal corporation organized and existing under the laws of the State of California (the "City"), and the COUNTY OF SANTA BARBARA, a political subdivision of the State of California (the "County") (collectively, the "Parties" and individually, a "Party"), as follows:

Recitals

A. On November 28, 1960, GSD, GWSD (formerly known as the Isla Vista Sanitary District), the University, the City and the County entered into a contract entitled "Agreement for Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities (the "1960 Agreement").

B. The 1960 Agreement was amended on July 1, 1964 by a document entitled "Amendment to Agreement for Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities" (the "1964 Amendment") and was further amended on September 9, 1970 by a document entitled "Second Amendment to Agreement for Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities" (the "1970 Amendment").

C. The 1960 Agreement provides for the shared use of the GSD wastewater treatment plant located at the site now known as One William Moffett Place, Goleta California (the "Plant"). The 1960 Agreement also provides for the expansion of the Plant, the construction of an ocean outfall line and the sharing of costs relating to those projects.

D. The 1964 Amendment sets forth (i) details for the expansion of the Plant and the construction of the ocean outfall line, (ii) revised cost estimates, (iii) the allocation of costs between the Parties for various components of the project, and (iv) the capacity rights of the Parties in the Plant and in the ocean outfall line.

E. The 1970 Amendment sets forth (i) details for the further expansion of the Plant to provide for additional capacity and the purchase of additional land, (ii) the allocation of costs between the Parties for the Plant expansion and additional land, and (iii) the capacity rights of the Parties in the Plant upon the completion of the expansion.

F. Subsequent to the Plant expansion provided for in the 1970 Amendment, various capital improvements to the Plant have been undertaken, including but not limited to the upgrading of the Plant which was completed in June of 1988 to provide partial secondary treatment. The costs of these capital improvements have been paid for by the Parties in proportion to their capacity rights in the Plant, as set forth in the 1970 Amendment.

G. In November of 2004, GSD entered into a Settlement Agreement with the Central Coast Regional Water Quality Control Board ("RWQCB"), which requires that the Plant be converted to provide full secondary treatment. A copy of the Settlement Agreement is attached hereto as Exhibit "A" and is made a part hereof by this reference. The terms of the Settlement Agreement are incorporated into WDR Order No. R3-2004-0129 adopted by the RWQCB on November 19, 2004. The Settlement Agreement requires GSD to complete the secondary treatment

conversion within ten (10) years and sets forth a detailed schedule of milestones relating to the project.

H. The Parties desire to set forth herein their agreement pertaining to the upgrading of the Plant pursuant to the Settlement Agreement and the allocation of costs for the project.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Conversion of Plant. The Parties hereby agree that GSD shall upgrade the Plant to provide full secondary treatment pursuant to and in accordance with the terms of the Settlement Agreement (the "Project").

2. Allocation of Costs. All costs and expenses related to the Project, including but not limited to planning, design, environmental review, permitting and construction, shall be paid by the Parties in proportion to their existing capacity rights in the Plant, as follows:

GSD:	47.87%
GWSD:	40.78%
UCSB:	7.09%
City:	2.84%
County:	1.42%

3. Billing and Payment. GSD shall send periodic invoices to the other Parties setting forth each Party's share of the Project costs, calculated in accordance with the percentages set forth in Section 2 above. Each such invoice shall be due and payable within forty-five (45) days from the date of the invoice.

4. Capacity Rights. Each Party shall continue to own its existing capacity rights in the Plant as it will exist upon completion of the Project, as set forth in Section 2 above.

5. Further Assurances. The Parties each agree to take such actions and execute such documents as may be reasonably required to carry out the intent of this Third Amendment.

6. Continued Effect. Except as specifically amended herein, all of the terms and provisions of the 1960 Agreement, as amended by the 1964 Amendment and the 1970 Amendment, shall continue in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Third Amendment as of the date(s) set forth below.

GOLETA SANITARY DISTRICT

By: _____
George W. Emerson,
Governing Board President

COUNTERSIGNED:

By: _____
Kamil S. Azoury,
Governing Board Secretary

Dated: _____, 2007

GOLETA WEST SANITARY DISTRICT

By: _____
_____,
Governing Board President

COUNTERSIGNED:

By: _____
Diane Powers,
Governing Board Secretary

Dated: _____, 2007

**THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA**

By: _____
Chair

APPROVED AS TO FORM:

By: _____
Secretary

Dated: _____, 2007

THE CITY OF SANTA BARBARA

(SEAL)

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

Dated: _____, 2007

By: _____
City Attorney

THE COUNTY OF SANTA BARBARA

(SEAL)

By: _____
Chair of Board of Supervisors

ATTEST:

By: _____
County Clerk

APPROVED AS TO FORM:

Dated: _____, 2007

By: _____
County Counsel