



**Is LEAMS an approved offset program?**

The Regional Board approved the use of LEAMS to demonstrate compliance with the TMDL-WLA as part of the Comprehensive Nutrient Reduction Plan (CNRP):

*"Through agreements established with other stakeholders and as part of CNRP implementation, the MS4 Permittees will participate in the operation of the in-lake aeration system. At this time, based on lake modeling and compliance analyses, the MS4 Permittees believe the aeration system will provide the necessary nutrient load reductions to comply with urban WLAs."*

CNRP §2.2.2 @ pg. 2-10

*"The Lake Elsinore aeration system, incorporated into the CNRP, is already being implemented. During CNRP implementation the MS4 permittees will support the continued operation of this system as needed to comply with urban WLAs."*

CNRP §E.2.2 @ pg. E-2

*"RCFCD, the County of Riverside, and the Cities of Riverside, Lake Elsinore, Canyon Lake, Hemet, San Jacinto, Perris, Moreno Valley, Murrieta, Menifee, Wildomar and Beaumont are in compliance with Section VI.D.2.d of the Riverside County MS4 permit provided that the CNRP is implemented in a timely manner."*

Santa Ana Regional Board Res. No. R8-2013-0044 (approving the CNRP)

Note: Section VI.D.2.d of the MS4 permit refers to the Final Water Quality Based Effluent Limits for the Lake Elsinore/Canyon Lake (San Jacinto Watershed) Nutrient TMDLs.

## LESJWA Administration Budget - LEAMS Credit Licensing Program

	FY 2016-17		FY 2017-18	
	Hours	Budget	Hours	Budget
<b>Task 1 - Establish the Number and Cost of the Available Credits</b>				
Implement a regular annual process to coordinate with LEAMS Operators to acquire LEAMS operating costs and employed/excess offset credit data.	8	\$ 1,560	4	\$ 840.00
Estimate pro-rated discounted costs for excess offset credits to stakeholders generated in calendar years prior to 2016 based upon a 10 year rolling average, subject to the written approval by the LEAMS Operators.	8	\$ 1,560	4	\$ 840.00
Complie LEAMS project operating costs and offset credits into a "LEAMS Operating Costs and Offset Credits spreadsheet". Design and maintain spreadsheet to track by year 1) annual LEAMS operator costs 2) number of annual LEAMS offset credits employed by individual operator 3) number and cost of current year excess annual LEAMS offset credits 4) number and cost of previous years excess LEAMS offset credits and 5) purchased excess LEAMS offset credits by stakeholders.	20	\$ 3,880	4	\$ 840.00
Obtain Operators approval of completed annual "LEAMS Operating Costs and Offset Credits spreadsheet" prior to sharing with stakeholders.	8	\$ 1,560	2	\$ 450.00
<b>Task 2 – Stakeholder Coordination</b>				
LESJWA, operating as the exclusive agent to administer licenses for excess offset credits, will provide notice to stakeholders of the availability and cost of offset credits.	4	\$ 850	4	\$ 890.00
Perform sharing and follow-up coordination activities with stakeholders including the preparation of materials to share with stakeholders Board of Directors.	16	\$ 2,720	16	\$ 2,860.00
<b>Task 3 – Stakeholder Credit and Contribution Tracking</b>				
Manage updates to the "LEAMS Costs and Credits spreadsheet" for annual year purchases of LEAMS offset credits by stakeholders.	12	\$ 2,360	4	\$ 890.00
Perform all accounting functions of LEAMS including invoice letter preparation and management of all financial transactions using accepted accounting practices and a dedicated interest bearing account.	8	\$ 1,070	8	\$ 1,120.00
Prepare annual reports for submittal to Regional Board detailing and summarizing participation in the LEAMS offset program. Additionally, LESJWA will provide copies of all such reports to the LEAMS Operators, as well as participating stakeholders at the same time such reports are submitted to the Regional Board.	20	\$ 3,880	8	\$ 1,690.00
<b>Total:</b>	<b>104</b>	<b>\$ 19,440</b>	<b>54</b>	<b>\$ 10,420</b>



**Summary of Phosphorus and Nitrogen Offset Credits  
for the Lake Eisnore Aeration and Mixing System (LEAMS)**

**1. How many PHOSPHORUS offset credits are generated by LEAMS?**

<b>Phosphorus</b>	<b>Without LEAMS</b>	<b>With LEAMS</b>
A) Total Maximum Daily Load (TMDL)	28,584 kg/yr	28,584 kg/yr
B) Sediment Releases*	33,160 kg/yr	21,554 kg/yr
C) Offset Credits Available (Line A – Line B)	-4,576 kg/yr	<b>7,030 kg/yr</b>

*\* The approved TMDL stipulates that LEAMS will reduce phosphorus loads released from lake bottom sediments by 35%.*

$$35\% \text{ of } 33,160\text{kg/yr} = 11,606 \text{ kg/yr}$$

$$33,160 \text{ kg/yr} - 11,606 \text{ kg/yr} = 21,554 \text{ kg/yr}$$

$$28,584 \text{ kg/yr} - 21,554 \text{ kg/yr} = 7,030 \text{ kg/yr}$$

$$7,030 \text{ kg-per-yr} / 2,000 \text{ hours-per-year} = 3.515 \text{ kg/hr}$$

**2. How many NITROGEN credits are generated by LEAMS?**

52,616 kg/yr TN offset w/ 2,340 operating hours = 22.49 kg/hr (Dr. Alex Horne; Dec., 2012)

65,310 kg/yr TN offset w/ 4,824 operating hours = 13.54 kg/hr (Dr. Alex Horne; Mar., 2015)

Dr. Horne states that the number of offset credits generated by LEAMS is not linearly related to the number of operational hours. It is a diminishing-returns function. Therefore, for purposes of developing the offset credit licensing agreement, we will assume that the first 2,000 hours of LEAMS operation will offset 44,000 kg of nitrogen (22 kg per hour).

**Terms & Conditions Recommended, but Not Included, in the Revised Agreement**  
*(additional discussion required)*

x. **Remittance.** At the end of each quarter, LESJWA shall remit to the OPERATORS, all license fees for LEAMS credits collected under this Agreement ("Fees"). The Fees shall be distributed to each OPERATOR in one-third (1/3rd) shares. LESJWA shall also submit to each OPERATOR a quarterly itemized statement which indicates, the licenses sold and the Fees collected by LESJWA.

y. **Indemnity**

LESJWA agrees to indemnify, defend (with counsel approved by OPERATORS) and hold harmless OPERATORS and its officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of its obligations under this Agreement.

OPERATORS agrees to indemnify, defend (with counsel approved by LESJWA) and hold harmless LESJWA and its officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of its obligations under this Agreement.

z. **Insurance.** LESJWA shall take out and maintain, during the performance of all work under this Agreement: (a) Commercial General Liability Insurance, of at least \$1,000,000 per occurrence/\$3,000,000 aggregate for bodily injury, personal injury and property damage, at least as broad as Insurance Work Office Commercial General Liability coverage (Occurrence Form CG 001); (b) Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles of at least \$1,000,000 per occurrence for bodily injury and property damage, at least as broad as Insurance Work Office Form Number CA 0001 (ed. 6/92) covering automobile liability, Code 1 (any auto); and (c) Workers' Compensation in compliance with applicable statutory requirements and Employer's Liability Coverage of at least \$1,000,000 per occurrence. The OPERATORS, its elected officials, officers, employees, agents and authorized volunteers shall be named as additional insureds on LESJWA's policies of Commercial General Liability and Automobile Liability insurance. Insurance carriers shall be authorized by the Department of Insurance, State of California, to do business in California and maintain an agent for process within the state. Such insurance carrier shall have not less than an "A"; "Class VIII" rating according to the latest Best Key Rating unless otherwise approved by the OPERATORS. Insurance, if required by OPERATORS, must name OPERATORS as "Additional Insured" and a waiver of subrogation in favor of the OPERATORS shall apply.



- 44
- 45 g. The Santa Ana Regional Water Quality Control Board ("Regional Board") adopted
- 46 a Total Maximum Daily Load ("TMDL") to improve water quality in Lake Elsinore
- 47 by controlling the amount of nutrients in the lake. The CITY, DISTRICT, COUNTY,
- 48 and numerous other stakeholders identified in the TMDL are obligated to limit
- 49 their nutrient contributions (called "loads") to Lake Elsinore.
- 50
- 51 h. When the TMDL was adopted, the Regional Board acknowledged that operation
- 52 of LEAMS was expected to reduce internal phosphorus loads originating from
- 53 lake bottom sediments by 35% or approximately 11,606 kg/yr. Subsequent
- 54 studies, conducted at the direction of the Regional Board, also demonstrated
- 55 that the operation of LEAMS was reducing the total mass of nitrogen in Lake
- 56 Elsinore by an average of approximately 53,616 kg/yr.
- 57
- 58 i. The Regional Board requires the DISTRICT to conduct additional studies, once
- 59 every three years, to reevaluate and confirm the overall effectiveness of LEAMS
- 60 at reducing nutrient concentrations in Lake Elsinore. The results are submitted
- 61 in a formal written report to the Regional Board. After the Regional Board
- 62 accepts that report, the nutrient reductions generated by LEAMS are considered
- 63 approved "offset credits" provided LEAMS is operated in accordance with the
- 64 requirements of the DISTRICT's NPDES permit.
- 65
- 66 j. LEAMS is generally required to operate no less than 2,000 hours per year.
- 67 Therefore, on average, each hour of LEAMS operation generates approximately
- 68 3.5 kg of phosphorus reduction credits and 22 kg of nitrogen reduction credits.
- 69
- 70 k. All credits generated by the operation of LEAMS are the exclusive property of the
- 71 OPERATORS, and are owned in joint tenancy by the OPERATORS, and may not be
- 72 sold or transferred without the unanimous written consent of the OPERATORS.
- 73
- 74 l. The Regional Board allows LEAMS credits to be used to demonstrate compliance
- 75 with the Waste Load Allocations ("WLA") or Load Allocations ("LA") specified in
- 76 the TMDL. The Regional Board recognizes LEAMS as an approved offset program
- 77 provided that LEAMS is operated in accordance with the DISTRICT's NPDES
- 78 permit.
- 79
- 80 m. Based on experience to date, the operation of LEAMS typically generates more
- 81 offset credits than the OPERATORS need in order to assure their own compliance
- 82 with the TMDL's nutrient load restrictions. Therefore, the OPERATORS desire to
- 83 license some of the excess offset credits to other stakeholders named in the
- 84 TMDL so that these other stakeholders may rely on said credits to meet their
- 85 own TMDL compliance obligations subject to the review and approval of the
- 86 Regional Board.
- 87

- 88 n. Given the relatively large number of stakeholders that may be interested in  
89 licensing excess offset credits to meet their own TMDL compliance obligations,  
90 the OPERATORS determined it would be more efficient to administer all  
91 licensing-related activity through the AUTHORITY.  
92
- 93 p. This document describes the Terms and Conditions under which the OPERATORS  
94 agree to license excess offset credits to other stakeholders named in the TMDL  
95 using the AUTHORITY as their exclusive agent.  
96

## 97 TERMS AND CONDITIONS

### 98

### 99 1) THE AUTHORITY AS EXCLUSIVE AGENT

- 100
- 101 a. The OPERATORS hereby designate the AUTHORITY as their exclusive agent to  
102 market and administer limited-used licenses for any excess offset credits  
103 generated by LEAMS to other stakeholders with TMDL compliance obligations.  
104 The AUTHORITY shall have full and complete responsibility for marketing the  
105 licenses for LEAMS credits and for collecting and remitting required license fees  
106 to the OPERATORS.  
107
- 108 b. All expenses incurred by the AUTHORITY to market and administer the LEAMS  
109 offset credit licensing program shall be reimbursed solely from the sale of offset  
110 credit licenses. The AUTHORITY is entitled to retain a sum, not to exceed  
111 \$20,000 in the first year of this License Agreement and not to exceed \$12,000 in  
112 any subsequent year of this License Agreement, from the proceeds received  
113 from gross sales before remitting the remainder to the OPERATORS.  
114
- 115 c. In the event that the proceeds received from gross sales are insufficient to  
116 reimburse the AUTHORITY's expenses, as described above, the OPERATORS have  
117 no obligation to compensate the AUTHORITY for any difference or deficiency.  
118
- 119 d. The AUTHORITY shall have primary responsibility for filing annual reports to the  
120 Regional Board detailing and summarizing the disposition of all LEAMS offset  
121 credits. The AUTHORITY shall provide a copy of all such reports to the  
122 OPERATORS at the same time these reports are submitted to the Regional Board.  
123 The DISTRICT shall continue to have primary responsibility for developing the  
124 documentation required to confirm the validity of the offset credits generated  
125 by LEAMS and for reporting this information to the Regional Board in accordance  
126 with the DISTRICT's NPDES permit.  
127
- 128 e. **Any person, municipality, corporation, government agency or other legal entity**  
129 acquiring a valid license from the AUTHORITY shall hereinafter be referred to as  
130 a LICENSEE.

131 **2) EXCLUSIVE LICENSES FOR EXCESS OFFSET CREDITS**

132

133 a. No later than April 15<sup>th</sup> of each year, the OPERATORS shall notify the AUTHORITY  
134 of the total number of excess offset credits, generated in the prior calendar year,  
135 that are being made available for license to other TMDL stakeholders. The  
136 AUTHORITY shall not offer any licenses for sale to others until officially notified  
137 by the OPERATORS that excess offset credits are available, the amount of  
138 nitrogen and phosphorus offset credit offered with each hour of LEAMS  
139 operation and the annual fee required for each license hour. All notices shall be  
140 in writing and directed as described in Section 5 of this License Agreement.

141

142 b. Available excess offset credits shall be licensed in one hour blocks of LEAMS  
143 operating time. Each available credit hour will be individually identified based on  
144 the year the credit was generated and a unique sequential number (e.g. 2016-  
145 0129, 2019-0257, etc.). Each one hour block of LEAMS operating time  
146 represents a volume of phosphorus and nitrogen reduction credits for the year  
147 indicated by the block ID number as defined by the notification described in  
148 §2(a) above. For 2015 and 2016 each hour of LEAMS operation conveys 3.5 kg of  
149 phosphorus reduction credit and 22 kg of nitrogen reduction credit. However,  
150 the OPERATORS reserve the right to revise the credit/hour ratio in future years.

151

152 c. The AUTHORITY is authorized to offer other TMDL stakeholders an exclusive  
153 license to purchase and use available LEAMS offset credits for any lawful  
154 purpose subject to all of provisions of this License Agreement. Each individually-  
155 numbered one hour block of LEAMS offset credits may be licensed for a one-  
156 time license fee of \$300.00. OPERATORS may also authorize the AUTHORITY to  
157 market licenses for unused excess credits generated in calendar years prior to  
158 2016, and to offer pro-rated discounts for credits generated in calendar years  
159 2009 through 2015, subject to the written approval by the OPERATORS.

160

161 d. The AUTHORITY shall provide an annual accounting report detailing all fees  
162 collected for licenses sold in a given calendar year, and all marketing and  
163 administration expenses for that same calendar year, to the OPERATORS by  
164 January 31<sup>st</sup> of the following calendar year. Following receipt of this accounting  
165 report, the OPERATORS shall provide the AUTHORITY with detailed instructions  
166 on how to disperse the net proceeds from the sale of LEAMS offset credit  
167 licenses in the prior calendar year.

168

169 **3) SALE OF LICENSES FOR EXCESS OFFSET CREDITS**

170

171 a. Ownership of all LEAMS facilities and of all offset credits generated by these  
172 facilities shall remain with the OPERATORS. Only an exclusive license to use the  
173 credits, as part of an approved offset program, is being offered by the  
174 OPERATORS pursuant to this License Agreement.

- 175 b. The sale or purchase of LEAMS excess offset credits in any given year does not  
176 create an obligation to sell or buy licenses for LEAMS excess offset credits in any  
177 other year. OPERATORS may elect to increase or decrease the number of  
178 available LEAMS excess offset credits at their sole discretion. However,  
179 OPERATORS shall not retroactively reduce the number of LEAMS excess offset  
180 credit licenses available for sale in any given year below the number of licenses  
181 already sold for that same year.  
182
- 183 c. LEAMS excess offset credit licenses may not be bought, sold, leased, loaned,  
184 borrowed or transferred except through the AUTHORITY acting as the Exclusive  
185 Agent for the OPERATORS. Any attempt to do so automatically and irrevocably  
186 invalidates each specific license involved without recourse to the LICENSEE.  
187
- 188 d. Neither the OPERATORS or the AUTHORITY offer any warranty whatsoever  
189 regarding the use of LEAMS excess offset credits. It is the sole responsibility of  
190 each prospective LICENSEE to determine for itself and to its own satisfaction,  
191 through direct consultation with the Regional Board, how LEAMS excess offset  
192 credits may be lawfully used to demonstrate compliance with the TMDL or any  
193 related provisions of state and federal waste discharge requirements BEFORE  
194 purchasing any excess offset license. Prospective LICENSEES are expressly  
195 warned not to rely on any statements or representations made in this License  
196 Agreement without further confirmation by the Regional Board.  
197
- 198 e. Although each excess offset credit block is governed by a license, only the  
199 Regional Board can determine the length of time any given block of excess offset  
200 credits may be used to compute compliance. The OPERATORS and the  
201 AUTHORITY make no representation or warranty concerning the length of time  
202 any given block of excess offset credits may be used for compliance.  
203
- 204 f. Fees paid to license LEAMS excess offset credits are non-refundable.  
205
- 206 g. OPERATORS prepare and approve annual operating budgets and summaries of  
207 actual annual expenses in accordance with their separate Operations and  
208 Maintenance Agreement for LEAMS (dated XX/XX/XXXX). Copies of these  
209 accounting documents shall be provided to the AUTHORITY no later than 30 days  
210 after they have been approved by the OPERATORS.  
211  
212

- 213 h. Fees paid to license LEAMS excess offset credits shall become the sole property  
214 of the OPERATORS. Said fees may be used to offset past or future LEAMS  
215 operating expenses, effect LEAMS repairs, replace or expand LEAMS, held for a  
216 LEAMS contingency, or any other lawful purpose related to LEAMS at the sole  
217 discretion of the OPERATORS. The OPERATORS shall not be required to account  
218 for the expenditure of any fees received from the sale of licenses for excess  
219 offset credits.  
220
- 221 i. The OPERATORS warrant that LEAMS was operated in accordance with  
222 requirements established by the Regional Board and in a manner that they  
223 reasonably believe generated the nutrient reduction credits now made available  
224 for licensing by others. The operating reports, water quality monitoring data and  
225 special studies used to support the estimated credit calculations are regularly  
226 submitted to the Regional Board under penalty of perjury. A copy of all such  
227 documents shall be provided to the AUTHORITY no later than 30 days after these  
228 documents are submitted to the Regional Board.  
229
- 230 j. Because the licenses offered are for excess offset credits generated by LEAMS in  
231 the prior calendar year, the purchase of such licenses imposes no further  
232 obligation on the LICENSEE to operate, maintain, fund or support LEAMS in any  
233 other way. The OPERATORS, and not the AUTHORITY, bear sole responsibility for  
234 affirming the validity of all offset credits declared and reported to the Regional  
235 Board.  
236
- 237 k. Because licenses are purchased for excess offset credits generated in the prior  
238 calendar year, and the LICENSEES had no role or responsibility whatsoever for  
239 the day-to-day operations of LEAMS, the LICENSEES are not liable for injury or  
240 damages which may occur as a result of the actions or omissions of the  
241 OPERATORS as these credits were being generated. The OPERATORS, and not  
242 the AUTHORITY, shall indemnify and defend the LICENSEES against any and all  
243 claims for injuries or damages related to the operation of LEAMS.  
244
- 245 l. OPERATORS are not responsible for any cost, expense, loss or other  
246 consequential damages that may be incurred by LICENSEES in the event the  
247 excess offset credit program is subsequently ruled invalid or illegal by any state  
248 or federal regulatory agency or by a court of competent jurisdiction.  
249
- 250 m. The AUTHORITY shall provide a full and complete copy of this License Agreement  
251 to any prospective LICENSEE. Furthermore, each prospective LICENSEE must  
252 provide written and dated confirmation that it has received, read and  
253 understood the entirety of this License Agreement as a prerequisite condition for  
254 purchasing a license for excess offset credits.  
255

- 256 n. The PARTIES are required to notify one another as soon as is reasonably possible  
257 if and when either becomes aware of any change in conditions that may  
258 materially and adversely affect the validity of the LEAMS excess offset credits or  
259 the ability of LICENSEES to rely on such credits to meet TMDL compliance  
260 obligations. The AUTHORITY is solely responsible for notifying each individual  
261 LICENSEE as described below.  
262
- 263 o. The AUTHORITY and each LICENSEE are required to notify one another as soon  
264 as is reasonably possible if and when either becomes aware of any change in  
265 conditions that may materially and adversely affect the validity of the LEAMS  
266 offset credits or the ability of LICENSEES to rely on such credits to meet TMDL  
267 compliance obligations. Individual LICENSEES may, but are not required to,  
268 provide similar notice to other individual LICENSEES.  
269
- 270 p. The AUTHORITY and all LICENSEES are entitled to inspect the LEAMS facilities  
271 and may do so, upon request, at a time that is mutually convenient with the  
272 OPERATORS.  
273
- 274 q. The OPERATORS are not entitled to reclaim any previously licensed excess offset  
275 credits without written consent of the LICENSEE.  
276  
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278 **4. GENERAL PROVISIONS**  
279

- 280 a. **Jurisdiction.** This License Agreement shall be deemed to have been made in  
281 Riverside County, California regardless of the order of the signatures of the  
282 PARTIES affixed hereto. Any litigation or other legal proceedings which arise in  
283 connection with this License Agreement shall be conducted in a federal or state  
284 court located within or for Riverside County, California. All PARTIES hereby  
285 waive any defenses or objections based on the Doctrine of Forum Non-  
286 conveniens.  
287
- 288 b. **Property Rights.** No property rights are created or changed by this License  
289 Agreement.  
290
- 291 c. **Third Parties.** There are no third-party beneficiaries created, intended or  
292 recognized by this License Agreement.  
293
- 294 d. **Entire Agreement.** This written License Agreement constitutes the full and  
295 complete agreement between PARTIES. This License Agreement supersedes any  
296 and all previous agreements, either oral or written, between the PARTIES hereto  
297 and contains all of the terms, conditions and agreements between the PARTIES  
298 with respect to the subject matter of this License Agreement.

- 299 e. **Amendments.** This License Agreement may only be amended by written  
300 consent of all PARTIES. However, the terms and conditions of any previously  
301 issued license may not be revised retroactively without the additional written  
302 consent of the LICENSEE.  
303
- 304 f. **Regional Board Review.** A full and complete copy of this License Agreement has  
305 been provided to the Regional Board staff for review to ensure consistency with  
306 the assumptions and requirements of the TMDL and the Comprehensive  
307 Nutrient Reduction Plan (CNRP). Any changes proposed by the Regional Board  
308 must be approved, in writing, as formal amendments to this License Agreement.  
309 All amendments to this License Agreement shall also be submitted to the  
310 Regional Board for review.  
311
- 312 g. **Cooperation.** The PARTIES agree to cooperate with one another to fulfill all  
313 regulatory and contractual obligations related to this License Agreement. The  
314 PARTIES further agree not to engage in any activities that undermine or  
315 jeopardize the validity of the LEAMS offset credits or the related licenses offered  
316 for sale to others.  
317
- 318 h. **Waivers.** Failure to exercise any right or remedy related to this License  
319 Agreement shall not be construed as a waiver of that right or remedy.  
320
- 321 i. **Severability.** Any provision of this License Agreement that is subsequently found  
322 to be unconstitutional, illegal, or otherwise unenforceable shall be deemed void  
323 without subsequent effect on any of the remaining provisions in the License  
324 Agreement which shall continue to be implemented as originally intended.  
325
- 326 j. **Term.** This License Agreement shall expire on June 30, 2022 unless the PARTIES  
327 agree, in writing, to extend that date. However, all licenses purchased prior to  
328 the expiration date of this License Agreement shall remain valid.  
329
- 330 k. **Default.** Failure by a Party to comply with and observe any of the conditions,  
331 terms, or covenants set forth in this License Agreement, if such failure remains  
332 uncured within thirty (30) days after written notice of such failure from the other  
333 Party in the manner provided herein or, with respect to a default that cannot be  
334 cured within thirty (30) days, if the Party in default fails to commence such cure  
335 within such thirty (30) day period or thereafter fails to diligently and  
336 continuously proceed with such cure to completion. However, if a different cure  
337 period is specified under any other section of this License Agreement, then the  
338 specific cure period shall control.  
339

- 340           **i. Independent Contractor.** In performing under this License Agreement, it is  
341 mutually understood that the AUTHORITY is acting as an independent  
342 contractor, and not as an agent of the OPERATORS. The OPERATORS shall have  
343 no responsibility for payment to any contractor, subcontractor or supplier of the  
344 AUTHORITY. Nothing herein contained shall be deemed to create an agency,  
345 joint venture, partnership or franchise relationship between the PARTIES hereto,  
346 or between the PARTIES and any contractor retained by the OPERATORS in  
347 connection with the services provided under this License Agreement, or between  
348 the PARTIES and any person or organization that purchases a license for excess  
349 offset credit pursuant to this License Agreement.  
350
- 351           **m. Authority and Requisite Action.** The individuals executing this License  
352 Agreement (the "Signatories") covenant that they have the legal power, right  
353 and authority to enter into this License Agreement and to bind their respective  
354 principals/entities to the terms and conditions set forth herein. Furthermore,  
355 the Signatories covenant that all requisite action has been taken by their  
356 respective principals/entities in connection with the entering into this License  
357 Agreement and the instruments referenced herein, and the consummation of  
358 the transactions contemplated hereby.  
359
- 360           **n. Maintenance and Inspection.** The AUTHORITY shall maintain complete and  
361 accurate records with respect to all licenses and fees under this License  
362 Agreement. All such records shall be clearly identifiable. The AUTHORITY shall  
363 allow a representative of OPERATORS to examine, audit, and make transcripts or  
364 copies of such records and any other documents created pursuant to this License  
365 Agreement during normal business hours. The AUTHORITY shall allow inspection  
366 of all work, data, documents, proceedings, and activities related to the License  
367 Agreement for a period of three (3) years from the date of final payment under  
368 this License Agreement.  
369
- 370           **o. Prohibited Interests.** The AUTHORITY maintains and warrants that it has not  
371 employed nor retained any company or person, other than a bona fide employee  
372 working solely for the AUTHORITY, to solicit or secure this License Agreement.  
373 Further, the AUTHORITY warrants that it has not paid nor has it agreed to pay  
374 any company or person, other than a bona fide employee working solely for the  
375 AUTHORITY, any fee, commission, percentage, brokerage fee, gift or other  
376 consideration contingent upon or resulting from the award or making of this  
377 License Agreement. For breach or violation of this warranty, OPERATORS shall  
378 have the right to rescind this License Agreement without liability. For the term  
379 of this License Agreement, no official, officer or employee of the OPERATORS,  
380 during the term of his or her service with the OPERATORS, shall have any direct  
381 interest in this License Agreement, or obtain any present or anticipated material  
382 benefit arising therefrom.  
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- p. Dispute Resolution.** Any dispute which may arise by and between the parties to this License Agreement shall be submitted to non-binding mediation. Such mediation shall be conducted by any neutral, impartial mediation service that the Parties mutually agree upon, in writing, and in accordance with its rules in effect at the time of the commencement of the mediation proceeding.
- q. Attorney's Fees.** The prevailing party in any action to enforce any provision of this License Agreement shall be entitled to its reasonable attorney's fees and costs.
- r. Counterpart Execution.** This License Agreement may be signed in separate counterparts, each of which is an original and all of which, taken together, form one single binding document.

**5. NOTIFICATIONS**

- a. All notifications made pursuant to this License Agreement shall be in writing.**
- b. Notifications to the City of Lake Elsinore shall be directed to:**

Name: Grant Yates

Title: City Manager

Address: 130 S. Main Street

Addl. Address: \_\_\_\_\_

City, State, Zip: Lake Elsinore, CA 92530

Main Office Phone: (951) 674-3124

Email Address: \_\_\_\_\_

Alternate Name: \_\_\_\_\_

Alternate Phone: \_\_\_\_\_

Alternate Email: \_\_\_\_\_

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**c. Notifications to Elsinore Valley Municipal Water District shall be directed to:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Addl. Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Main Office Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Alternate Name: \_\_\_\_\_

Alternate Phone: \_\_\_\_\_

Alternate Email: \_\_\_\_\_

**d. Notifications to the County of Riverside shall be directed to:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Addl. Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Main Office Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Alternate Name: \_\_\_\_\_

Alternate Phone: \_\_\_\_\_

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**e. All notifications to Lake Elsinore San Jacinto Watersheds Authority (LESJWA) shall be directed to:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Addl. Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Main Office Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Alternate Name: \_\_\_\_\_

Alternate Phone: \_\_\_\_\_

**f. The AUTHORITY shall maintain a directory of all past and present LICENSEES with current contact information similar to that shown above and distribute an updated copy of that directory at least once a year to the OPERATORS and the Regional Board.**

468 **IN WITNESS WHEREOF, the OPERATORS and the AUTHORITY have affixed their signatures and**  
469 **caused this License Agreement to be effective as of the date shown on the first page of this**  
470 **document:**

471  
472 **For the CITY OF LAKE ELSINORE:**

473  
474 \_\_\_\_\_  
475 Date \_\_\_\_\_ Mayor

476 *Approved As To Form:*

477 \_\_\_\_\_  
478 Date \_\_\_\_\_ City Attorney

479  
480 **For the ELSINORE VALLEY MUNICIPAL WATER DISTRICT (EVMWD)**

481  
482 \_\_\_\_\_  
483 Date \_\_\_\_\_ President, Board of Directors

484 *Approved As To Form:*

485 \_\_\_\_\_  
486 Date \_\_\_\_\_ Counsel for EVMWD

487  
488 **For the COUNTY OF RIVERSIDE**

489  
490 \_\_\_\_\_  
491 Date \_\_\_\_\_ Chairman, Board of Supervisors

492 *Approved As To Form:*

493 \_\_\_\_\_  
494 Date \_\_\_\_\_ Counsel for the County of Riverside

495  
496 **Attested:**

497 \_\_\_\_\_  
498 Date \_\_\_\_\_ Clerk for the Board of Supervisors

499  
500 **For the LAKE ELSINORE SAN JACINTO WATERSHEDS AUTHORITY**

501  
502 \_\_\_\_\_  
503 Date \_\_\_\_\_ Chairman, Board of Directors

504 *Approved As To Form*

505 \_\_\_\_\_  
506 Date \_\_\_\_\_ Counsel for LESJWA