

**MEMORANDUM OF UNDERSTANDING
REGARDING THE REGIONAL WATER SALES AGREEMENT**

This Memorandum of Understanding (“MOU”) is between the City of Portland (“Portland”) and its nineteen current wholesale customers (“Wholesale Customers”) who purchase water at a wholesale water rate from Portland to sell to their own retail water customers through the 2006 Wholesale Water Purchase Agreement (“current agreement”) set to sunset for most Wholesale Customers in 2026. The Wholesale Customers and the expiration dates of their individual current agreements are listed in Exhibit A to this MOU.

This MOU is intended to memorialize the working relationship that exists between Portland and the Wholesale Customers (collectively, “Parties”) and to outline steps the Parties propose to develop and ultimately agree to a new Regional Water Sales Agreement (“New Agreement”) to be effective on or before July 1, 2026. The relationship between the Parties is built on mutual trust and open, honest, and transparent communication. This affiliation is critical to ensure that the New Agreement can be created that mutually works well for the Parties.

The Parties recognize the importance of developing and strengthening a regional water system that provides water to approximately one million people. This robust system can move water between basins through a planned regional transmission network to address seismic resiliency, wildfire suppression incidents, and other events. The Parties recognize that a reliable water supply system is critical to protect the health and safety of all customers and maintain the economic stability and growth of the greater metropolitan area.

The Parties agree on the importance of creating a fair and equitable New Agreement that shares the reasonable costs associated with building, operating, and maintaining a regional water supply system.

The Parties agree that following items are in their common interest:

1. The current agreement no longer meets many of the needs of the Parties. The current agreement was created to address a set of conditions, many of which do not exist today. Since 2006, Portland and the Wholesale Customers have worked hard to develop regional collaboration based on mutual trust and an understanding of shared goals.
2. With a few exceptions, the current agreement renews (or expires) in 2026 (see Exhibit A). On or before June 30, 2021, most of the Wholesale Customers are required to notify Portland, or vice versa, if they intend to exit the current agreement in 2026.

3. For the past year, the Parties have been developing a framework for a new wholesale water sales agreement that will replace the current agreement and provide terms that are mutually acceptable and agreed upon by the Parties.
4. To that end, the Wholesale Customers hired FCS Group ("FCS"), a financial consulting firm, to work with the Parties to identify elements that they would like to include in the New Agreement. The FCS report (attached as Exhibit B) identified common goals and principles the Parties want to include in the New Agreement.
5. To assure that New Agreement will be in place on or before July 1, 2026, Portland will provide notice to Wholesale Customers on or before June 30, 2021, that Portland will not renew the current agreement.
6. The Parties intend to work together collaboratively to develop the New Agreement with a final draft completed by June 30, 2022.
7. With this MOU, Portland is stating its desire to continue selling water to all current Wholesale Customers who intend to purchase water from Portland. The Parties intend to jointly develop the New Agreement that will govern the terms of sale of that water to the Wholesale Customers beyond the 2026 expiration date of the current agreement.
8. The New Agreement will be based on the principles and goals jointly developed by the Parties and documented in the FCS report.
9. Nothing in this MOU modifies the current agreement between Portland and the Wholesale Customers, which for most Wholesale Customers remains in full force and effect until July 1, 2026.

IN WITNESS WHEREOF, the Parties have executed this MOU to be effective as of the date last executed. The parties attest that the signatories to this MOU have the authority to enter into this agreement on behalf of their respective agencies.

City of Portland

Signature: Gabriel Solmer

Print Name: Gabriel Solmer

Title: Administrator, Portland Water Bureau

Date: 2/10/2021

Agency: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A

| Wholesale Customer | Earliest Contract Termination |
|--------------------------------|--------------------------------------|
| Burlington Water District | 6/30/2026 |
| Gresham, City of | 6/30/2026 |
| Lake Grove Water District | 6/30/2026 |
| Lusted Water District | 6/30/2026 |
| Palatine Hill Water District | 6/30/2027 |
| Pleasant Home Water District | 6/30/2026 |
| Raleigh Water District | 6/30/2026 |
| Rockwood Water PUD | 6/30/2026 |
| Sandy, City of | 6/30/2028 |
| Six Private Water Corporations | 6/30/2026 |
| Tualatin Valley Water District | 6/30/2026 |
| Tualatin, City of | 6/30/2026 |
| Valley View Water District | 6/30/2026 |
| West Slope Water District | 6/30/2026 |