

**WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
2008 REVENUE CERTIFICATES OF PARTICIPATION**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of October 1, 2008, is executed and delivered by the Water Replenishment District of Southern California (“District”) and U.S. Bank National Association (the “Trustee”), as Trustee and Dissemination Agent in connection with the execution and delivery of \$_____ Water Replenishment District of Southern California 2008 Revenue Certificates of Participation (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of October 1, 2008 (the “Trust Agreement”) among the District, the Southern California Water Replenishment Financing Corporation (the “Corporation”) and the Trustee. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Trustee for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with the Rule (defined below).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Dissemination Agent*” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*National Repository*” shall mean any Nationally Recognized Municipal Securities Information Repository recognized by the Securities and Exchange Commission. The National Repositories currently recognized by the Securities and Exchange Commission are set forth in the SEC website located at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“*Official Statement*” shall mean the Official Statement relating to the Certificates.

“*Participating Underwriter*” shall mean the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*Repository*” shall mean each National Repository, each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

Section 3. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, annually not later than eight (8) months after the end of the District’s Fiscal Year (the “Annual Report Date”), commencing with the report for the 2007/08 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the District shall, by telecommunications or other reasonable means, provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for the providing of the Annual Report to Repositories, the District shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the National Repository or the Municipal Securities Rulemaking Board and the State Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) to the extent it can confirm such filing of the Annual Report, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

(d) Any filing under this Disclosure Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (“MAC”) as provided at www.disclosureusa.org, unless the United States Securities and Exchange Commission (“SEC”)

has withdrawn the interpretative advice in its letter to the MAC dated September 7, 2004, or such other central post office approved by the SEC.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the most recent audited financial statements of the District prepared in accordance with generally accepted accounting principles promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. In addition, the Annual Report shall contain an annual updating of the following tables and information contained in the Official Statement:

- (i) The principal evidenced by the Certificates outstanding as of the January 1 next preceding the Annual Report Date and the principal amount of the other Senior Obligations outstanding as of the January 1 next preceding the Annual Report Date;
- (ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the January 1 next preceding the Annual Report Date;
- (iii) The balance in the Acquisition Fund as of the January 1 next preceding the Annual Report Date, and a statement as to whether or not such amount will be sufficient to pay the estimated costs of the Project intended to be paid therefrom; and
- (iv) An update, for the fiscal year ended the June 30 next preceding the Annual Report Date, of the information contained in the Official Statement in Table Nos. 3, 4, 5, 6, 7, 8 and 9 (not to include projections).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.

- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

(b) Whenever the District obtains knowledge of the occurrences of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable Federal Securities law.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (a)(9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates pursuant to the Trust Agreement.

(d) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository with a copy to the District. Notwithstanding the foregoing notice of Listed Events described in subsections (a)(8) and (a)(9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the holders of affected Certificates pursuant to the Trust Agreement.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates.

Section 7. Dissemination Agent. The District may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the District. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the District to the extent that such amendment does not adversely affect the Trustee), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) the amendment or waiver, if it relates to annual or event information to be provided, is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District or Dissemination Agent to comply with any provision of this Disclosure Agreement any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent to comply with its obligations hereunder. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement or the Installment Purchase Contract, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Article VII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent, the Trustee and their officers, directors, employees, attorneys, agents and receivers, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's respective negligence or willful

misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

The Dissemination Agent may conclusively rely upon the Annual Report provided to it by the District as constituting the Annual Report required of the District in accordance with this Disclosure Agreement and shall have no duty or obligation to review such Annual Report. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing with the Repositories. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the Holders or Beneficial Owners of the Certificates, the District, the Participating Underwriters or any other party or person. No provision of this Disclosure Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under the Certificates and this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent (if such Dissemination Agent is not the District), the Participating Underwriters and holders and beneficial owners, from time to time, of the Certificates, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**WATER REPLENISHMENT DISTRICT OF
SOUTHERN CALIFORNIA**

By: _____
President

By: _____
Secretary

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Dissemination Agent**

By: _____
Authorized Officer

EXHIBIT A

**NOTICE OF MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Water Replenishment District of Southern California

Name of Issue: 2008 Revenue Certificates of Participation

Date of Issuance: _____, 2008

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent

By: _____
Authorized Officer

cc: District and Corporation