
INSTALLMENT PURCHASE AGREEMENT

between the

WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

and the

**SOUTHERN CALIFORNIA WATER REPLENISHMENT FINANCING
CORPORATION**

Dated as of October 1, 2008

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INSTALLMENT PURCHASE AGREEMENT

THIS INSTALLMENT PURCHASE AGREEMENT (this “Installment Purchase Agreement”), dated as of October 1, 2008, is by and between the WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA, a water replenishment district organized and existing under the laws of the State of California (the “District”), and the SOUTHERN CALIFORNIA WATER REPLENISHMENT FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”).

WITNESSETH:

WHEREAS, the District desires to finance the acquisition, construction and installation of certain capital facilities in furtherance of the District’s purposes (the “Project”);

WHEREAS, in order to finance the Project, the District desires to purchase the Project from the Corporation, and the Corporation desires to sell the Project to the District, for the installment payments (the “Installment Payments”) to be made by the District pursuant to this Installment Purchase Agreement;

WHEREAS, pursuant to the Master Agreement for District Obligations, dated as of November 1, 2004, between the District and the Corporation, the District has established and declared the conditions and terms upon which obligations such as this Installment Purchase Agreement, and the Installment Payments and the interest thereon payable hereunder, are to be incurred and secured;

WHEREAS, the Corporation proposes to assign without recourse certain of its rights under and pursuant to this Installment Purchase Agreement to U.S. Bank National Association (the “Trustee”);

WHEREAS, in consideration of such assignment and the execution and entering into of the Trust Agreement, dated as of the date hereof, among the Trustee, the Corporation and the District, the Trustee has agreed to execute and deliver Water Replenishment District of Southern California 2008 Revenue Certificates of Participation (the “Certificates”), evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon, payable hereunder;

WHEREAS, a portion of the proceeds of the Certificates will be used to finance the Project; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.01. Definitions.

Except as provided in Section 1.02 hereof or unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Acquisition Project” means the capital facilities described under the caption “Acquisition Project” on Exhibit A hereto.

“Certificates” means the Water Replenishment District of Southern California 2008 Revenue Certificates of Participation executed and delivered under and pursuant to the Trust Agreement.

“Closing Date” means _____, 2008.

“Corporation” means the Southern California Water Replenishment Financing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State, and any successor thereto.

“District” means the Water Replenishment District of Southern California, a water replenishment district organized and existing under and by virtue of the laws of the State, and any successor thereto.

“Event of Default” means an event described in Section 7.01 hereof.

“Installment Payments” means the Installment Payments required to be made by the District pursuant to Section 4.02 hereof.

“Installment Payment Date” means each August 1, commencing August 1, 200__.

“Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of October 1, 2008, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms hereof.

“Interest Payment Date” means February 1, 2009 and each August 1 and February 1 thereafter, except as set forth in the Trust Agreement.

“Master Agreement” means the Master Agreement for District Obligations, dated as of November 1, 2004, between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Project” means, collectively, the Acquisition Project and the Saleback Project.

“Saleback Project” means the capital facilities described under the caption “Saleback Project” on Exhibit A hereto.

“State” means the State of California.

“Trust Agreement” means the Trust Agreement, dated as of the date hereof, by and among the Trustee, the Corporation and the District, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any other bank or trust company which may at any time be substituted in its place as provided in the Trust Agreement.

Section 1.02. Definitions in Master Agreement and Trust Agreement.

Except as otherwise herein defined and unless the context otherwise requires, the terms defined in the Master Agreement or the Trust Agreement shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein have the meanings defined therein, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined therein. With respect to any defined term which is given a different meaning under this Installment Purchase Agreement than under the Master Agreement or the Trust Agreement, as used herein it shall have the meaning given herein.

ARTICLE II PURCHASE OF SALEBACK PROJECT BY, AND SALE THEREOF TO, THE CORPORATION; PAYMENT

Section 2.01. Purchase and Sale of Saleback Project.

The District represents and warrants that it is the sole and exclusive owner of the Saleback Project. The Corporation hereby purchases from the District, and the District hereby sells to the Corporation, the Saleback Project in accordance with the provisions of this Installment Purchase Agreement. All right, title and interest in the Saleback Project shall immediately vest in the Corporation on the Closing Date without further action on the part of the Corporation or the District.

Section 2.02. Payment.

On the Closing Date, the Corporation shall pay to the District, as and for the purchase price of the Saleback Project, the amount of \$_____, which amount shall be paid from the proceeds of the Certificates.

**ARTICLE III
ACQUISITION, CONSTRUCTION AND INSTALLATION OF THE ACQUISITION
PROJECT**

Section 3.01. Acquisition. Construction and Installation of the Acquisition Project.

The Corporation hereby agrees to cause the Acquisition Project to be acquired, constructed and installed by the District, as agent of the Corporation. The District shall enter into contracts and provide for, as agent of the Corporation, the complete acquisition, construction and installation of the Acquisition Project. The District hereby agrees that it will cause the acquisition, construction and installation of the Acquisition Project to be diligently performed. It is hereby expressly understood and agreed that, except to the extent of proceeds of the Certificates which are deposited in the Acquisition Fund, the Corporation shall be under no liability of any kind or character whatsoever for the payment of any Acquisition Costs. In the event the proceeds of the Certificates deposited in the Acquisition Fund are insufficient to complete the acquisition, construction and installation of the Acquisition Project, the District shall cause to be applied from and to the extent of other available District funds, an amount equal to that necessary to complete the acquisition, construction and installation of the Acquisition Project.

Section 3.02. Changes to the Acquisition Project.

The District may make any changes in the composition and description of the Acquisition Project or any component thereof whenever the District deems such changes to be necessary and appropriate; provided, however, that no such change shall impair the ability of the District to make the Installment Payments or cause to be included in the Acquisition Project any property not constituting property useful in the performance of the District's powers, projects and purposes. Any such change shall be implemented by the District's filing with the Corporation and the Trustee a description of such change and, upon such filing, the description of the Acquisition Project contained in Exhibit A shall be deemed to have been modified in accordance therewith. No such change shall constitute an amendment, change, modification or alteration of this Installment Purchase Agreement.

**ARTICLE IV
PURCHASE AND SALE OF PROJECT; PAYMENTS**

Section 4.01. Purchase and Sale of Project.

The District hereby purchases from the Corporation, and the Corporation hereby sells to the District, the Project in accordance with the provisions of this Installment Purchase Agreement. Upon the Closing Date, all of the Corporation's remaining interest in the Project, if

any, shall be transferred to and vest in the District, without the necessity of any additional document or transfer. Nothing herein shall require the Corporation to perform any obligations of any purchaser with respect to any contract or purchase order with respect to the Project.

The District acknowledges and agrees that the Corporation makes no representation or warranty, express or implied, as to the Project, except as expressly set forth in this Installment Purchase Agreement. The District acknowledges that all risks relating to the Project or the transactions contemplated hereby or by the Trust Agreement are to be borne by the District, and the benefits of any and all implied warranties and representations of the Corporation are hereby waived by the District.

Section 4.02. Installment Payments.

The total principal amount of the Installment Payments owed and to be paid by the District to the Corporation hereunder for the Project is \$_____, plus interest thereon and (A) the amounts, if any, required to be paid to replenish the Reserve Fund, (B) all amounts, if any, required to be paid by the Corporation or the District under the Trust Agreement and (C) all amounts required to be paid by the District to the Insurer hereunder and pursuant to the Trust Agreement. The Installment Payments and interest thereon shall, subject to any rights of prepayment of the District provided in Article IV, be due in installments in the amounts and on the dates described below and in Exhibit B attached hereto.

The Installment Payments shall bear interest from the Closing Date until the payment of the principal thereof and the prepayment premiums, if any, thereon, shall have been made or provided for in accordance with the provisions of the Trust Agreement, whether at maturity, upon prepayment or otherwise. Interest accrued on the Installment Payments from the Closing Date and from each Interest Payment Date to, but not including, the next succeeding Interest Payment Date shall be paid on each such succeeding Interest Payment Date and shall be computed on the basis of a year of 360 days and twelve 30-day months.

The obligation of the District to make the Installment Payments and to pay the interest thereon is absolute and unconditional, whether or not the Project shall be acquired, and until such time as all Installment Payments and the interest thereon shall have been fully paid and the Certificates are no longer Outstanding (or provision for the payment thereof shall have been made pursuant to the Trust Agreement), the District will not, under any circumstances, discontinue, abate or suspend any Installment Payments or any interest thereon required to be made by it under this Section 4.02 when due, whether or not the facilities of the District or any part thereof is operating or operable or has been completed, or whether or not the facilities of the District are condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained herein for any cause whatsoever.

Each Installment Payment, and each payment of interest thereon, shall be deposited with the Trustee, as assignee of the Corporation, no later than the Business Day next preceding the Installment Payment Date or Interest Payment Date on which such Installment Payment or

payment of interest is due, in lawful money of the United States of America, in immediately available funds. In the event the District fails to make any of the payments required to be made by it under this Section 4.02, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with the stated interest thereon at the rate set forth in Exhibit B hereto. In the event an Installment Payment and the interest thereon is insufficient to make the payments of principal and interest represented by the Certificates on the next succeeding Interest Payment Date, due to investment losses incurred while on deposit or for any other reason, the District shall immediately pay to the Trustee upon notice therefrom additional amounts to cure such insufficiency.

If and to the extent that, on any such date, there are amounts on deposit in the Installment Payment Fund established under the Trust Agreement, or in any of the accounts therein, which amounts are not being held for the payment of specific Certificates, said amounts shall be credited against the Installment Payment, or payment of interest thereon, as applicable, due on such date.

Section 4.03. Reserve Fund Payment.

The District shall maintain or cause to be maintained in the Reserve Fund established under the Trust Agreement an amount equal to the Reserve Requirement; provided, however, that any replenishment thereof shall be payable solely from Net Revenues. On or before the last Business Day of each month, commencing on or before the last Business Day of each month during which an event occurs that causes the amount on deposit in the Reserve Fund to be reduced below, or further below, the Reserve Requirement, the District shall transfer, from Net Revenues, to the Trustee for deposit in the Reserve Fund, one-twelfth (1/12) of the amount of such reduction, except that no such transfer to the Trustee and deposit in the Reserve Fund need be made if the amount available and contained therein is at least equal to the Reserve Requirement.

Section 4.04. Obligation Absolute.

The obligation of the District to make the Installment Payments, and payments of interest thereon, and other payments required to be made by it under this Article, solely from Net Revenues, is absolute and unconditional, and until such time as the Installment Payments, payments of interest thereon, and such other payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IV), the District shall not discontinue or suspend any Installment Payments, or payments of interest thereon, or other payments required to be made by it hereunder when due, whether or not the Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments, payments of interest thereon, and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Section 4.05. Nature of Agreement.

This Installment Purchase Agreement constitutes a Senior Obligation and, as such, shall be subject to the provisions of the Master Agreement and shall be afforded all of the advantages, benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement. Nothing contained herein shall restrict the ability of the District to sell additional Senior Obligations pursuant to the Master Agreement.

**ARTICLE V
PREPAYMENT OF INSTALLMENT PAYMENTS; DISCHARGE**

Section 5.01. Prepayment of Installment Payments.

(a) Installment Payments shall be subject to prepayment prior to their respective Installment Payment Dates, at the option of, and in the amounts directed by, the District, from any source of available funds, in whole or in part (in an amount equal to \$5,000 or an integral multiple thereof) on any date on or after August 1, 20___, at the principal amount thereof and accrued interest thereon to the date fixed for prepayment, without premium.

(b) The District may prepay, from any source of available funds, all or any portion of the Installment Payments by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Article 9.01 of the Trust Agreement sufficient to pay such Installment Payments, and the interest thereon, when due or to pay such Installment Payments, and the interest thereon, through a specified date on which the District has a right to prepay such Installment Payments pursuant to subsection (a) of this Section, and to prepay such Installment Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) of this Section.

(c) If less than all of the Installment Payments are prepaid pursuant to this Section then, as of the date of such prepayment pursuant to subsection (a) of this Section, or the date of a deposit pursuant to subsection (b) of this Section, the schedule of Installment Payments shall be recalculated in order to take such prepayment into account.

(d) Prepayments of Installment Payments made pursuant to this Section shall be applied to the prepayment of Certificates as provided in Section 4.01(a) of the Trust Agreement.

Section 5.02. Notice.

Before making any prepayment pursuant to this Article, the District shall give written notice to the Trustee specifying the date on which the prepayment will be made, which date shall be not less than 45 nor more than 60 days from the date such notice is given to the Trustee.

Section 5.03. Discharge of Obligations.

If all Installment Payments, and the interest thereon, shall be paid as and when due in accordance with the terms hereof, or prepaid in accordance with Section 5.01 hereof, and if all Certificates shall be fully paid, or provision therefor made in accordance with Article IX of the

Trust Agreement, and the Trust Agreement shall be discharged by its terms, then all agreements, covenants and other obligations of the District hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder until the entire principal amount of the unpaid Installment Payments together with the interest accrued thereon, if any, shall have been fully paid and the Certificates are no longer Outstanding (or provision for payment thereof shall have been made pursuant to the Trust Agreement).

ARTICLE VI COVENANTS

Section 6.01. Compliance with Master Agreement.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Master Agreement required to be observed and performed by it and will not suffer or permit any default to occur thereunder.

Section 6.02. Compliance with Installment Purchase Agreement.

The District will punctually pay the Installment Payments, and interest thereon, and other payments required to be made by it hereunder in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, will not suffer or permit any default to occur hereunder and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any *force majeure*, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Section 6.03. Protection of Security and Rights.

The District will preserve and protect the security hereof and the rights of the Trustee, as assignee of the Corporation, to the Installment Payments, and interest thereon, and other payments required to be made by the District hereunder and will warrant and defend such rights against all claims and demands of all Persons.

Section 6.04. Indemnification of Corporation.

To the extent permitted by law, the District hereby agrees to indemnify and hold the Corporation and its members and officers harmless against any and all liabilities which might

arise out of or are related to the Project, this Installment Purchase Agreement or the Certificates, and the District further agrees to defend the Corporation and its members and officers in any action arising out of or related to the Project, this Installment Purchase Agreement or the Certificates.

Section 6.05. Further Assurances.

The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation, or unto the Trustee, as assignee of the Corporation, the rights and benefits provided herein to the Corporation, or to the Trustee, as assignee of the Corporation.

Section 6.06. Tax Covenants.

The District and the Corporation hereby covenant that they shall not make or permit any use of the proceeds of the Certificates that may cause the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

The District covenants that so long as any Certificates remain Outstanding, the amount of capacity of the Project to be used, allocated or assigned to any person, other than a governmental unit, will not exceed 10% of the total capacity of the Project during such period. For these purposes, the total capacity of the Project shall be determined by multiplying the annual capacity of the Project by the number of years in the term of the Certificates. The annual capacity of the Project shall be determined by reference to its maximum yearly capacity. The term “governmental unit” means the State of California or any political subdivision thereof.

Section 6.07. Continuing Disclosure.

The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement of the District, dated as of the date hereof. Notwithstanding any other provision of this Installment Purchase Agreement, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Corporation may (and, at the request of any participating underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Certificates, shall, after receiving indemnification to its satisfaction) or any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section.

**ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION**

Section 7.01. Events of Default.

The following shall be Events of Default under this Installment Purchase Agreement, and Event of Default shall mean anyone or more of the following events:

(a) if default shall be made by the District in the due and punctual payment of or on account of any Senior Obligation as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any of the agreements or covenants required herein, in the Trust Agreement or in the Master Agreement to be performed by it (other than as specified in (a) above), and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Corporation or the Trustee; provided, however, that the party or parties giving such notice may agree in writing to a reasonable extension of such period prior to the expiration of such 30 day period and, provided, further, that if the District shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within such a period of 30 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the District to diligently complete such curative action and such default shall not become an Event of Default for so long as shall be necessary to diligently complete such curative action; or

(c) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any 'substantial part of its property.

Section 7.02. Remedies on Default.

Upon the occurrence of an Event of Default, the Trustee, as assignee of the Corporation, shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any board member, officer or employee thereof, and to compel the District or any such board member, officer or employee to perform and carry out his or her duties under applicable law and the agreements and covenants required to be performed by him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee, as assignee of the Corporation;

(c) by suit in equity require the District and its board members, officers and employees to account as the trustee of an express trust; and

(d) to have a receiver or receivers appointed for the District's facilities and other property and of the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 7.03. Non-Waiver.

Nothing in this Article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments, and the interest thereon, to the Trustee, as assignee of the Corporation, at the respective due dates from the Net Revenues and the other funds herein committed for such payment, or shall affect or impair the right of the Trustee, as assignee of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Trustee, as assignee of the Corporation, shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee, as assignee of the Corporation, to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee, as assignee of the Corporation, by applicable law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee, as assignee of the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Trustee, as assignee of the Corporation, the District and the Trustee, as assignee of the Corporation, shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.04. Remedies Not Exclusive.

No remedy herein conferred' upon or reserved to the Trustee, as assignee of the Corporation, is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

**ARTICLE VIII
AMENDMENTS**

Section 8.01. Amendment.

(a) This Installment Purchase Agreement and the rights and obligations of the District, the Corporation and the Trustee, as assignee of the Corporation, may be amended or modified

from time to time and at any time by a written amendment hereto executed by the District and the Corporation, with the written consent of the Trustee and the Owners of a majority of the aggregate principal evidenced by Certificates then Outstanding. No such amendment shall (i) extend the payment date of any Installment Payment or reduce the amount of any Installment Payment, or the interest rate applicable thereto, without the prior written consent of the Owner of each affected Certificate, or (ii) reduce the percentage of Owners of the Certificates whose consent is required to effect any such amendment or modification, without the prior written consent of the Owners of all Certificates then Outstanding.

(b) This Installment Purchase Agreement and the rights and obligations of the District, the Corporation and the Trustee, as assignee of the Corporation, may be amended or modified from time to time and at any time by a written amendment hereto executed by the District, the Corporation and the Trustee, as assignee of the Corporation, without the written consents of any Owners of the Certificates, but only to the extent permitted by law and only for anyone or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the District, the Corporation or the Trustee, as assignee of the Corporation, to be observed or performed herein other agreements, conditions, covenants and terms thereafter to be observed or performed by the District, the Corporation or the Trustee, as assignee of the Corporation, or to surrender any right or power reserved herein to or conferred herein on the District, the Corporation or the Trustee, as assignee of the Corporation;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District, the Corporation or the Trustee, as assignee of the Corporation, may deem desirable or necessary and not inconsistent herewith;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest on the Installment Payments; and

(iv) to make such other changes herein or modifications hereto as the District, the Corporation or the Trustee, as assignee of the Corporation, may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners of the Certificates.

ARTICLE IX MISCELLANEOUS

Section 9.01. Liability of District Limited.

Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than Net Revenues and the other funds provided herein for the payment of the Installment Payments, and the interest thereon, and other payments required to be made by it hereunder, or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, but in no event shall be obligated to, advance moneys for any such purpose so long as such moneys are

derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to pay the Installment Payments, and the interest thereon, and other payments required to be made by it hereunder is a special obligation of the District payable, in the manner provided herein, solely from Net Revenues and other funds provided for herein, and does not constitute a debt of the District or of the State, or of any political subdivision thereof, in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the District or the State, or any political subdivision thereof, is pledged to the payment of the Installment Payments, or the interest thereon, or other payments required to be made hereunder.

Section 9.02. Limitation of Rights.

Nothing in this Installment Purchase Agreement expressed or implied is intended or shall be construed to give to any Person other than the District, the Corporation and the Trustee, as assignee of the Corporation any legal or equitable right, remedy or claim under or in respect of this Installment Purchase Agreement or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Corporation and the Trustee, as assignee of the Corporation.

Section 9.03. Assignment.

The District and the Corporation hereby acknowledge the transfer, conveyance and assignment by the Corporation to the Trustee of all of the Corporation's rights, title and interest under this Installment Purchase Agreement (excepting its rights to indemnification hereunder), including the right to receive Installment Payments, and the interest thereon, from the District, pursuant to the Trust Agreement.

Section 9.04. Notices.

Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its" address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District: Water Replenishment District of Southern California
 12621 East 166th Street
 Cerritos, California 90703
 Attention: General Manager

If to the Corporation: Southern California Water Replenishment Financing Corporation
 c/o Water Replenishment District of Southern California
 12621 East 166th Street
 Cerritos, California 90703
 Attention: General Manager

If to the Trustee: U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Any notice to be given to or by the Corporation hereunder shall, upon the assignment of the Corporation's rights hereunder to the Trustee, also be given to or by the Trustee.

Section 9.05. Successor Is Deemed Included in all References to Predecessor.

Whenever either the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 9.06. Waiver of Personal Liability.

No official, officer or employee of the District shall be individually or personally liable for the payment of the Installment Payments, or the interest thereon, or other payments required to be made by the District hereunder, but nothing contained herein shall relieve any official, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 9.07. Article and Section Headings. Gender and References.

The headings or titles of the several Articles and Sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subsections or clauses are to the corresponding articles, sections, subsections or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular Article, Section, subdivision or clause hereof.

Section 9.08. Partial Invalidity.

If anyone or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall “in no way affect the validity hereof.

Section 9.09. Law Governing.

This Installment Purchase Agreement shall be construed and governed in accordance with the laws of the State.

Section 8.08. Net Contract.

This Installment Purchase Agreement shall be deemed and construed to be a net-net-net contract, and the District shall pay absolutely net during the term hereof the Installment Payments, the interest thereon and all other payments required hereunder free of any deductions and without abatement, diminution or set-off whatsoever.

Section 9.10. Execution in Counterparts.

This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

By: _____
President of the Board of Directors

By: _____
Secretary of the Board of Directors

SOUTHERN CALIFORNIA WATER REPLENISHMENT FINANCING CORPORATION

By: _____
General Manager

EXHIBIT A
DESCRIPTION OF PROJECT

Acquisition Project

[TO COME]

Saleback Project

[TO COME]

**EXHIBIT B
INSTALLMENT PAYMENT SCHEDULE**

<u>Due Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total</u>
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Total