IMPLEMENTATION AGREEMENT
(Section 3.3.3 of the 2025 Flow Exchange Agreement)

This Implementation Agreement ("**Agreement**"), is dated June 24, 2026 and is between the Irvine Ranch Water District, a California Water District, formed and existing under Division 13 of the California Water Code ("**IRWD**"), and the Orange County Sanitation District, a County Sanitation District, formed and existing under Chapter 3 of Part 3 of Division 5 of the California Health and Safety Code ("**OC San**"). OC San and IRWD are sometimes referred to individually as a "**Party**" and collectively as the "**Parties**."

IRWD and OC San have cooperated historically to provide customers local collection, regional transmission, and treatment of wastewater. The Parties entered into a *Flow Exchange Agreement* dated December 1, 2025. Section 3.3.3 of the *Flow Exchange Agreement* provided that IRWD and OC San would on July 1, 2026 (the "**Effective Date**") reallocate these responsibilities with their customers in the IRWD-to-OC San Transfer Areas[1] as follows: (1) IRWD would maintain Local Collection responsibility for the Transferred Areas and (2) OC San would assume Regional Transmission and Wastewater Treatment responsibilities. Customers in the Transfer Areas would become customers of both Parties on the Effective Date.

OC San is in the process of updating its Wastewater Treatment fees district-wide, and until those fees are updated and imposed on the IRWD-to-OC San Transfer Areas as contemplated in Section 3.3.3 , the Parties intend by this Agreement to provide for IRWD to continue collecting Wastewater Treatment Fees ("**Fees**"), and remitting them to OC San in order to cover the costs of Regional Transmission and Wastewater Treatment service, pursuant to Government Code section 53755 and Health and Safety Code Section 5470 et seq.

The Parties therefore agree as follows:

1. **Term**. This Agreement will be effective for Regional Transmission and Wastewater Treatment services provided from July 1, 2026 through June 30, 2027 (the "**Deferral Period**"), and will expire upon the date that IRWD remits all Fees and provides the corresponding accounting summary (as described below).

2. **Implementation of Section 3.3.3 of the Flow Exchange Agreement**. The provision of Section 3.3.3 of the Flow Exchange Agreement providing for OC San's adoption of a "new and separate fee" to customers in the IRWD-to-OC San Transfer Areas is hereby deferred during the Deferral Period. Except as expressly amended by this Agreement, prior agreements between the Parties, including the *Flow Exchange Agreement*, will otherwise remain unchanged and in full force and effect. Nothing herein shall change the characterization of any customer for any other purpose or agreement, including the *Flow Exchange Agreement* and any other agreement between IRWD and OC San.

3. **Fee Collection Responsibilities**. IRWD shall continue to impose and collect the Fees from customers within the IRWD-to-OC San Transfer Areas at the IRWD rates for Fiscal Year 2026-2027, and then remit those Fees to OC San, less the administrative cost described below. IRWD shall be solely responsible for all administrative and billing responsibilities associated with collecting and remitting the Fees, including pursuing delinquencies in the same manner as IRWD customarily pursues delinquencies.

[1] All capitalized terms in this Agreement will have the same meaning as in the Flow Exchange Agreement, unless separately defined here.

4. **Remittance of Collected Fees, Accounting and Reporting**. IRWD shall provide to OC San quarterly accounting summaries, which will identify Fees billed, Fees collected, administrative retention amounts, delinquent amounts, and net amounts remitted to OC San. IRWD shall remit the summaries and Fees to OC San on a quarterly basis, within 15 days of the end of each quarter. To avoid doubt, the remittance dates shall be:

Service Period	**Remittance Date**
July 2026 – September 2026	October 15, 2026
October 2026 – December 2026	January 15, 2027
January 2027 – March 2027	April 15, 2027
April 2027 – June 2027	July 15, 2027

5. **Administrative Cost Retention**. In consideration for performing the revenue collection, accounting, and remittance obligations under this Agreement, IRWD shall retain five percent (5%) of the Fees collected within the IRWD-to-OC San Transfer Areas.

6. **Indemnification**. OC San shall defend, indemnify, and hold IRWD and its officials, officers, employees and agents free and harmless from any claim, loss, damage, or injury arising out of or in connection with the execution or performance of this Agreement, including without limitation the payment of attorneys' fees.

ORANGE COUNTY SANITATION DISTRICT

By: _____
Robert Thompson, General Manager

ATTEST:

By:_____
Kelly Lore, MMC, Clerk of the Board
Orange County Sanitation District

APPROVED AS TO LEGAL FORM:

By: _____
Scott C. Smith, General Counsel
Orange County Sanitation District

IRVINE RANCH WATER DISTRICT

By: _____
Paul A. Cook, General Manager

ATTEST:

By:_____
Kristine Swan, District Secretary
Irvine Ranch Water District

APPROVED AS TO LEGAL FORM:

By: _____
Claire H. Collins, General Counsel
Irvine Ranch Water District