

INSTALLMENT PURCHASE AGREEMENT

by and between

ORANGE COUNTY SANITATION DISTRICT

and

ORANGE COUNTY SANITATION DISTRICT  
FINANCING CORPORATION

Dated as of November 1, 2023

Relating to

\$ \_\_\_\_\_

Orange County Sanitation District  
Wastewater Refunding Revenue Obligations  
Series 2023A

---

## TABLE OF CONTENTS

	<b>Page</b>
ARTICLE I DEFINITIONS .....	2
Section 1.01.    Definitions.....	2
Section 1.02.    Definitions in Master Agreement and Trust Agreement.....	3
ARTICLE II PURCHASE OF PROJECT BY, AND SALE THEREOF TO, THE CORPORATION; PAYMENT OF PURCHASE PRICE .....	4
Section 2.01.    Acquisition of the Project .....	4
Section 2.02.    Payment of Purchase Price.....	4
ARTICLE III PURCHASE OF PROJECT BY, AND SALE THEREOF TO, THE DISTRICT; INSTALLMENT PAYMENTS.....	4
Section 3.01.    Purchase and Sale of Project.....	4
Section 3.02.    Installment Payments .....	5
Section 3.03.    Reserved.....	5
Section 3.04.    Obligation Absolute .....	5
Section 3.05.    Nature of Agreement.....	6
ARTICLE IV PREPAYMENT OF INSTALLMENT PAYMENTS .....	6
Section 4.01.    Prepayment of Installment Payments.....	6
Section 4.02.    Notice.....	6
Section 4.03.    Discharge of Obligations .....	6
ARTICLE V COVENANTS.....	6
Section 5.01.    Compliance with Master Agreement .....	6
Section 5.02.    Compliance with Installment Purchase Agreement.....	7
Section 5.03.    Protection of Security and Rights .....	7
Section 5.04.    Indemnification of Corporation .....	7
Section 5.05.    Further Assurances.....	7
ARTICLE VI EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION.....	7
Section 6.01.    Events of Default .....	7
Section 6.02.    Remedies on Default.....	8
Section 6.03.    Non-Waiver.....	8
Section 6.04.    Remedies Not Exclusive .....	9
ARTICLE VII AMENDMENTS.....	9
Section 7.01.    Amendments .....	9
ARTICLE VIII MISCELLANEOUS .....	10
Section 8.01.    Liability of District Limited.....	10
Section 8.02.    Limitation of Rights.....	10
Section 8.03.    Assignment .....	11
Section 8.04.    Notices .....	11
Section 8.05.    Successor Is Deemed Included in all References to Predecessor .....	11
Section 8.06.    Waiver of Personal Liability .....	11
Section 8.07.    Article and Section Headings, Gender and References .....	12
Section 8.08.    Partial Invalidity.....	12

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Section 8.09. Governing Law .....	12
Section 8.10. Execution in Counterparts.....	12
EXHIBIT A DESCRIPTION OF PROJECT.....	A-1

## **INSTALLMENT PURCHASE AGREEMENT**

**THIS INSTALLMENT PURCHASE AGREEMENT** (this “Installment Purchase Agreement”), dated as of November 1, 2023, is by and between the ORANGE COUNTY SANITATION DISTRICT, a county sanitation district organized and existing under the laws of the State of California (the “District”), and the ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”).

### **W I T N E S S E T H:**

**WHEREAS**, to refinance the acquisition, construction and installation of certain improvements to its wastewater system (the “Prior Project”), the District has heretofore purchased the Prior Project from the Corporation, and the Corporation has heretofore sold the Prior Project to the District, for the installment payments (the “Prior Installment Payments”) made by the District pursuant to the Installment Purchase Agreement, dated as of August 1, 2014, by and between the District and the Corporation;

**WHEREAS**, to provide the funds necessary to refinance the Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2014A, maturing on February 1, 2024 through 2027, inclusive (the “Prior Obligations”), evidencing direct, undivided fractional interests in the Prior Installment Payments;

**WHEREAS**, the District has determined to further refinance the Prior Project by prepaying the principal components of the Prior Installment Payments (the “Refunded Installment Payments”), and the interest components thereof to the date of prepayment, thereby causing to be prepaid the outstanding Prior Obligations in the aggregate principal amount of \$39,180,000 (the “Refunded Obligations”);

**WHEREAS**, to provide the funds necessary to prepay a portion of the remaining Prior Installment Payments, the District and the Corporation desire that the Corporation purchase the Project from the District and the District sell the Project to the Corporation, and that the District then purchase the Project from the Corporation and the Corporation 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 August 1, 2000, by and 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, 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 Trust Company, National Association, as trustee (the “Trustee”);

**WHEREAS**, in consideration of such assignment and the execution and delivery of the Trust Agreement, dated as of the date hereof, by and among the Trustee, the Corporation and the District, the Trustee has agreed to execute and deliver the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2023A (the “Revenue Obligations”), evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon, payable hereunder;

**WHEREAS**, a portion of the proceeds of the Revenue Obligations will be used to pay or prepay the Refunded Installment Payments; 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 good and 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:

**“Business Day”** means a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Principal Office is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

**“Closing Date”** means November \_\_, 2023.

**“Corporation”** means the Orange County Sanitation District Financing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State, and any successor thereto.

**“District”** means the Orange County Sanitation District, a county sanitation 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 6.01 hereof.

**“Installment Payments”** means the Installment Payments required to be made by the District pursuant to Section 3.02 hereof.

**“Installment Payment Dates”** means each February 1, commencing February 1, 2024.

**“Installment Purchase Agreement”** means this Installment Purchase Agreement, dated as of November 1, 2023, 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 and August 1 of each year, commencing February 1, 2024.

**“Master Agreement”** means the Master Agreement for District Obligations, dated as of August 1, 2000, 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 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.

**“Principal Office”** means the Trustee’s principal corporate trust office in Los Angeles, California.

**“Project”** means the improvements to the Wastewater System, as described in Exhibit A hereto.

**“Revenue Obligations”** means the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2023A, executed and delivered by the Trustee, which are certificates of participation, evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon, executed and delivered under and pursuant to the Trust Agreement.

**“Trust Agreement”** means the Trust Agreement, dated as of November 1, 2023, 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 Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, or any other bank or trust company which may at any time be substituted in its place as Trustee 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 PROJECT BY, AND SALE THEREOF TO, THE CORPORATION; PAYMENT OF PURCHASE PRICE**

**Section 2.01. Acquisition of the Project.** The District represents and warrants that it is the sole and exclusive owner of the Project. The Corporation hereby purchases from the District, and the District hereby sells to the Corporation, a portion of the Project equal to \$ \_\_\_\_\_ as described in Exhibit A hereto in accordance with the provisions of this Installment Purchase Agreement. All right, title and interest in and to such portion of the 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 of Purchase Price.** On the Closing Date, the Corporation shall pay to the District, as the purchase price of the applicable portion of the Project specified in Section 2.01, the amount of \$ \_\_\_\_\_, which amount shall be paid from the proceeds of the Revenue Obligations.

## ARTICLE III

### **PURCHASE OF PROJECT BY, AND SALE THEREOF TO, THE DISTRICT; INSTALLMENT PAYMENTS**

**Section 3.01. 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. All right, title and interest in and to the Project shall immediately vest in the District on the Closing Date without further action on the part of the District or the Corporation.

**Section 3.02. Installment Payments.** The District shall, subject to any rights of prepayment provided in Article IV hereof, pay to the Corporation, solely from Net Revenues and from no other sources, the purchase price of the Project in Installment Payments, with interest thereon, as provided herein. The Installment Payments and the interest thereon shall be payable on the Business Day immediately preceding each of the Installment Payment Dates in the amounts and at the interest rates per annum set forth in the following schedule:

Payment Date	Installment Payment	Interest on Installment Payment	Total	Interest Rate
2/1/2024	\$	\$	\$	%
8/1/2024				
2/1/2025				
8/1/2025				
2/1/2026				
8/1/2026				
2/1/2027				
<hr/>				
Total				

The Installment Payments shall accrue interest from the Closing Date, at the rates set forth above, payable on the Interest Payment Dates in each year. Such interest shall accrue on the basis of a 360-day year consisting of twelve 30-day months. 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. 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 Revenue Obligations, such amounts shall be credited against the Installment Payment, or payment of interest thereon, as applicable, due on such date.

**Section 3.03. Reserved.**

**Section 3.04. 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 3.05. 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.

## ARTICLE IV

### PREPAYMENT OF INSTALLMENT PAYMENTS

**Section 4.01. Prepayment of Installment Payments.** (a) The Installment Payments shall be subject to prepayment prior to their respective Installment Payment Dates as provided in Article IV of the Trust Agreement.

(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 X 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 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 to take such prepayment into account.

**Section 4.02. Notice.** The District shall give written notice to the Trustee specifying the date on which the prepayment will be made prior to making any prepayment pursuant to this Article, which date shall be not less than 25 nor more than 60 days from the date such notice is given to the Trustee, unless such time period shall be waived by the Trustee.

**Section 4.03. 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 4.01 hereof, and if all Revenue Obligations shall be fully paid, or provision therefor made in accordance with Article X 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.

## ARTICLE V

### COVENANTS

**Section 5.01. 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 cause, suffer or permit any default to occur thereunder.

**Section 5.02. 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 cause, 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 5.03. 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 5.04. 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 Revenue Obligations, 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 Revenue Obligations.

**Section 5.05. 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.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

**Section 6.01. Events of Default.** The following shall be Events of Default under this Installment Purchase Agreement, and “Event of Default” shall mean any one 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 6.02. 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 and to compel the District to perform and carry out its duties under applicable law and the agreements and covenants required to be performed 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 to require the District to account as the trustee of an express trust; and to have a receiver or receivers appointed for the Wastewater System 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 6.03. 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 6.04. 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 VII

### AMENDMENTS

**Section 7.01. Amendments.** (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, the Corporation and the Trustee, as assignee of the Corporation, with the written consent of the Owners of a majority of the aggregate principal evidenced by Revenue Obligations 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 Revenue Obligation, or (ii) reduce the percentage of Owners of the Revenue Obligations whose consent is required to effect any such amendment or modification, without the prior written consent of the Owners of all Revenue Obligations 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 Revenue Obligations, but only to the extent permitted by law and only for any one 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 Payment; 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 Revenue Obligations.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01. Liability of District Limited.** Notwithstanding anything contained herein to the contrary, 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 8.02. 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 8.03. 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 in and to 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 8.04. 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: Orange County Sanitation District  
10844 Ellis Avenue  
Fountain Valley, California 92708  
Attention: Director of Finance

If to the Corporation: Orange County Sanitation District Financing Corporation  
c/o Orange County Sanitation District  
10844 Ellis Avenue  
Fountain Valley, California 92708  
Attention: Treasurer

If to the Trustee: U.S. Bank Trust Company, National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global 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 facsimile 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.

**Section 8.05. Successor Is Deemed Included in all References to Predecessor.** Whenever 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 8.06. 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 8.07. 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 8.08. Partial Invalidity.** If any one 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 and portions thereof and shall in no way affect the validity hereof.

**Section 8.09. Governing Law.** This Installment Purchase Agreement shall be construed and governed and construed in accordance with the laws of the State.

**Section 8.10. 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.

[Remainder of page intentionally left blank.]

**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.

**ORANGE COUNTY SANITATION DISTRICT**

By: \_\_\_\_\_  
Board Chairperson

(S E A L)

Attest:

By: \_\_\_\_\_  
Clerk of the Board of Directors

**ORANGE COUNTY SANITATION  
DISTRICT FINANCING CORPORATION**

By: \_\_\_\_\_  
Treasurer



## EXHIBIT A

### DESCRIPTION OF PROJECT

The Project is consists of the acquisition, construction and installation of certain improvements to the Wastewater System, including the acquisition, construction and installation of improvements to the District's collection system, two wastewater treatment plants, and Ocean Outfall systems, including the following Project components:

Magnolia Trunk Sewer	Trickling Filters at Plant 2
Ellis Avenue Pump Station	Sludge Digester at Plant 1
Rocky Point Pump Station	Sludge Dewatering at Plant 1 and 2
Bitter Point Pump Station	Rehabilitation of Solids Storage
Bitter Point Force Main Rehabilitation	Silos C & D at Plant 2
Euclid Relief Improvements - Headworks at Plant 2	Digester Rehabilitation at Plant 2
Primary Treatment System Rehabilitation at Plant 2	Cable Tray Improvements at Plant 1 and 2
New Secondary Treatment System at Plant 1	Rehabilitation of Odor Control Facilities

A portion of the Project in the amount of \$\_\_\_\_\_ shall be sold and purchased as described in Article II of this Installment Purchase Agreement.