ANNEX G

Schedule T

[See attached.]

DIRECT AGREEMENT

THIS DIRECT AGREEMENT (this ***Direct Agreement***) is dated as of November 29, 2012 and made between:

1. Rialto Water Services, LLC, a Delaware limited liability company (***Concessionaire***),
2. Rialto Utility Authority, a California joint powers authority (the ***Authority***),
3. City of Rialto, a municipal corporation of the State of California (the ***City***),
4. Union Bank, N.A., as Collateral Agent to the Secured Parties (the ***Collateral Agent***) ,

WHEREAS

(A) Concessionaire is successor to Rialto Water Services, LP, under that certain Concession Agreement (the ***Concession Agreement***) entered into and effective as of March 27, 2012, among Rialto Water Services, LP, the Authority and the City, with respect to the design, construction and operation of the Utility Facilities as set forth more fully therein.

(B) Pursuant to the terms of the Concession Agreement, the Concessionaire has also entered into an agreement with the Authority and the City to provide for the grant to the Concessionaire of the Non-Exclusive Access Licenses (as defined in the Access Agreement) which rights are necessary, required or desirable for the performance of the Services and other obligations of the Concessionaire under certain of the Transaction Documents.

(C) Pursuant to the terms of the Trust Agreement all User Fees are payable to the Lockbox Account (as defined in the Trust Agreement).

(D) Pursuant to the terms of the Note Purchase Agreement dated as of November 29, 2012, by and among the Concessionaire, as Issuer, and the Purchasers (as defined therein) (the ***Note Purchase Agreement***), and together with the other Financing Documents, the certain Secured Parties have made loans to Concessionaire on the terms and subject to the conditions set forth therein and are providing the debt portion of the Concessionaire Financing to Concessionaire as contemplated by the Concession Agreement and the Financing Documents on the Effective Date.

(E) The execution of this Direct Agreement by the Authority and the City in favor of the Collateral Agent is a condition precedent to the execution and delivery of the Financing Documents by the Secured Parties.

NOW, THEREFORE, in consideration of the foregoing, other good and valuable consideration and the mutual terms and covenants contained herein, the parties hereto agree as follows:

1. DEFINITIONS, INTERPRETATION AND APPROPRIATIONS

1.1 Capitalized terms used and not otherwise defined and references used but not construed in this Direct Agreement have the respective meanings and constructions assigned to such terms in the Concession Agreement or the referenced other Concessionaire Document. In addition, the following terms have the meanings specified below:

Additional Obligor has the meaning given to it in Section 8.2.

Additional Obligor Accession Agreement means the agreement to be entered into by an Additional Obligor pursuant to Section 8.3.

Authority Notice has the meaning given to it in Section 4.1.

Concession Agreement has the meaning given to it in the Recitals.

Concessionaire Documents means the Concession Agreement, the Access Agreement, the Trust Agreement, all security documents executed in favor of the Concessionaire by the City and the Authority in connection with the Financing Documents and this Direct Agreement.

Cure Period means the period ending one hundred fifty (150) days after:

(a) where the Authority receives a Lender Notice, the date of receipt of that Lender Notice by the Authority; or

(b) otherwise, the later of:

(i) receipt by the Collateral Agent of an Authority Notice; and

(ii) the expiry of any applicable cure period for a Concessionaire Event of Default set out in Section 24.4 *(Concessionaire Events of Default)* or Section 24.5 (*Authority Remedies for Concessionaire Event of Default*) of the Concession Agreement,

provided that, notwithstanding subclauses (a) and (b) above:

(A) if the Collateral Agent is prohibited by any court order or bankruptcy or insolvency proceedings from curing the unperformed obligations of the Concessionaire which are the subject of the Authority Notice or Lender Notice, as the case may be, or from commencing or prosecuting foreclosure proceedings, the Cure Period shall be extended by the period of such prohibition; and

(B) further notwithstanding proviso (A) above, the Cure Period shall end on the earlier of:

(I) any Step-in Date or Substitution Effective Date; and

(II) the end of the Term under the Concession Agreement.

Default means an Event of Default as defined in the Note Purchase Agreement or any event or circumstance specified in the Note Purchase Agreement which would (with the expiry of a grace period, the giving of notice, the lapse of time, the making of any determination under the Note Purchase Agreement or any combination of any of the foregoing) be an Event of Default.

Discharge Date means the date on which all of the obligations of the Concessionaire under the Financing Documents have been irrevocably discharged in full to the satisfaction of the Collateral Agent.

Event of Default means an 'Event of Default' as defined in the Note Purchase Agreement.

Financing Documents has the meaning given to it in the Concession Agreement.

Lender Notice has the meaning given to it in Section 5.1.

Person has the meaning given to it in the Concession Agreement.

Proceedings has the meaning given to it in Section 24.2.

Property means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

Qualified Substitute Concessionaire means a Person who:

(a) has the legal capacity, power and authority to become a party to, and perform the obligations of the Concessionaire under, each Concessionaire Document;

(b) has the resources available to it (including committed financial resources) or is otherwise reasonably likely to have the ability to raise resources that are sufficient to enable it to perform the obligations of the Concessionaire under each Concessionaire Document; and

(c) employs or subcontracts with Persons having the appropriate qualifications, experience and technical competence available to it that are sufficient to enable it to perform the obligations of the Concessionaire under each Concessionaire Document.

Reasonable Efforts means all those steps in the power of the relevant party that are capable of producing the desired result, being steps which a prudent, determined and reasonable person desiring to achieve that result would take; provided that, subject to its other express obligations under this Agreement, the relevant party shall not be required to expend funds except for those necessary to meet the reasonable costs reasonably incidental or ancillary to the steps to be taken by the relevant party (including its reasonable travel expenses, correspondence costs and general overhead expenses).

Revival Date has the meaning given to it in Section 13.1(b).

Rialto Project means the financing of certain activities and certain obligations contemplated in the Concession Agreement related to the Utility Facilities.

Secured Party has the meaning given to it in the Concession Agreement.

Step-in Date has the meaning given to it in Section 8.3.

Step-in Notice has the meaning given to it in Section 8.1.

Step-in Period in relation to an Additional Obligor means the period from and including the Step-in Date until the earliest of:

(a) the Substitution Effective Date;

(b) the Step-out Date;

(c) the date of termination of the Concession Agreement by the Authority in accordance with this Direct Agreement and the Concession Agreement; and

(d) the Expiry Date under the Concession Agreement.

Step-out Date in relation to an Additional Obligor means the date upon which any Step-out Notice is served by such Additional Obligor pursuant to Section 10.1.

Step-out Notice has the meaning given to it in Section 10.1.

Substitute has the meaning given to it in Section 11.2.

Substitute Accession Agreement means the agreement to be entered into by a Substitute pursuant to Section 12.1.

Substitution Effective Date has the meaning given to it in Section 12.1.

Substitution Notice has the meaning given to it in Section 11.1.

Transaction Documents has the meaning given to it in the Concession Agreement.

Trust Agreement has the meaning given to it in the Concession Agreement.

User Fees has the meaning given to it in the Concession Agreement

1.2 Interpretation

Unless the context otherwise clearly requires:

(a) any terms which appear capitalized in this Direct Agreement shall have the meaning as set out in this Direct Agreement or, if such term is not defined in this Direct Agreement, shall have the meaning as set out in the Concession Agreement or the referenced other Concessionaire Document;

(b) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined;

(c) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms;

(d) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation";

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall";

(f) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein);

(g) any reference herein to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be;

(h) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Direct Agreement in its entirety and not to any particular provision hereof;

(i) all references herein to Sections and Annexes shall be construed to refer to Sections of and Annexes to this Direct Agreement. Any Annexes to this Direct Agreement are an integral part hereof. The provisions of this Direct Agreement shall prevail over the provisions of any Annexes to the extent of any inconsistency;

(j) the headings used in this Direct Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Direct Agreement;

(k) references to this Direct Agreement or to any other agreement or document relating to the Rialto Project includes a reference to this Direct Agreement, or, as the case may be, such other agreement or document as amended from time to time; and

(l) "winding-up", "liquidation", "dissolution", "insolvency", "adjustment" or "reorganization" of a Person and references to the "liquidator", "assignee", "administrator", "receiver", "custodian", "conservator", "sequestrator" or "trustee" of a Person shall be construed so as to include any equivalent or analogous proceedings or, as the case may be, insolvency representatives or officers under the law of the jurisdiction in which such Person is incorporated, organized or constituted or any jurisdiction in which such Person or, as the case may be, insolvency representative or officer carries on business including the seeking of winding up, liquidation, dissolution, reorganization, administration, arrangement, adjustment or relief of debtors.

2. REPRESENTATIONS AND WARRANTIES

2.1 *Representations of Concessionaire.* As of the Effective Date, the representations of Concessionaire as set forth in Section 19.1 of the Concession Agreement are incorporated herein

by reference and shall apply with equal force as if such representations were set forth in this Section 2. Defined terms used in Section 19.1 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.

2.2 *Representations of the Authority.* As of the Effective Date, the representations of the Authority as set forth in Section 19.2 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations were set forth in this Section 2. Defined terms used in Section 19.2 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.

2.3 *Representations of the City.* As of the Effective Date, the representations of the City as set forth in Section 19.3 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such representations were set forth in this Section 2. Defined terms used in Section 19.3 of the Concession Agreement with corresponding meanings in this Agreement shall be deemed modified to conform to this Agreement.

3. CONSENT TO SECURITY

3.1 The Authority and the City each acknowledges notice and receipt of, and, notwithstanding anything in the any Concessionaire Document to the contrary, hereby consents to (i) the assignment by the Concessionaire to the Collateral Agent of all of the Concessionaire's right, title and interest in and under the Concessionaire Documents pursuant to the terms and provisions of the Financing Documents; and (ii) to the granting by Ullico Infrastructure Rialto Holdco, LLC, a limited liability company duly formed and validly existing under the laws of the State of Delaware (***URIH***) and TRC Rialto Associates LLC, a limited liability company duly formed and validly existing under the laws of the State of Delaware (***TRCRA***) to the Collateral Agent of a security interest in 100% of the equity ownership interest in the Concessionaire pursuant to the terms and provisions of the Financing Documents.

3.2 Notwithstanding anything in any Concessionaire Document to the contrary, the Authority and the City each agrees that the assignment of, and the grant of the security interest in and first-ranking lien over, all of the Concessionaire's right, title and interest in, to and under the Concessionaire Documents and the other Transaction Documents to which the Concessionaire is a party pursuant to the Financing Documents, the grant of the security interest by each of URIH and TRCRA in its equity interests in the Concessionaire pursuant to the Financing Documents, the execution by the Concessionaire, the Authority and the City of this Direct Agreement, the performance of their respective obligations hereunder and the enforcement by the Collateral Agent or the Secured Parties of the rights under the Financing Documents, in each case, shall neither constitute a Concessionaire Event of Default nor would, with the giving of notice or lapse of time or both, constitute a Concessionaire Event of Default, nor require the consent of the Authority or the City, other than as provided herein.

4. AUTHORITY NOTICE OF TERMINATION

4.1 The Authority shall give (on its own behalf and on behalf of the City) the Collateral Agent written notice (an ***Authority Notice***) promptly upon becoming aware of the occurrence of any event giving rise to the Authority's right to:

(a) terminate or give notice terminating any Concessionaire Document, or exercise any rights under Section 24.4 *(Concessionaire Events of Default)* or Section 24.5 *(Authority Remedies for Concessionaire Event of Default)* of the Concession Agreement; or

(b) suspend the Concessionaire's performance (including in connection with any insolvency or bankruptcy proceeding in relation to the Concessionaire) under any Concessionaire Document.

4.2 An Authority Notice shall specify:

(a) the unperformed obligations of the Concessionaire under any Concessionaire Document and grounds for termination of, or suspension of performance under, the Concessionaire Documents in detail sufficient to enable the Collateral Agent to assess the scope and amount of any liability of the Concessionaire resulting therefrom;

(b) any other unperformed obligations of the Concessionaire of which the Authority is aware as of the date of such Authority Notice;

(c) all amounts due and payable by the Concessionaire to the Authority (if any) under the Concessionaire Documents on or before the date of such Authority Notice and which remain unpaid at such date and the nature of the Concessionaire's obligation to pay such amounts; and

(d) the amount of any payment obligation of the Concessionaire to the Authority (if any) that the Authority reasonably foresees will arise during the applicable Cure Period.

4.3 The Authority shall update (on its own behalf and on behalf of the City) its Authority Notice:

(a) to reflect unperformed obligations of the Concessionaire under any Concessionaire Document that have been identified or that have arisen or of which the Authority becomes aware and amounts payable by the Concessionaire to the Authority that become due, in each case, after the date of the Authority Notice but prior to any proposed Step-in Date;

(b) to notify the Collateral Agent as to the exercise of any of the Authority's rights as described in Section 4.1; and

(c) to notify the Collateral Agent as to any cure by or on behalf of the Concessionaire or waiver by the Authority of any event giving rise to the Authority's rights as described in Section 4.1, which event shall thereafter be considered remedied or waived, as applicable, and not continuing for purposes of this Direct Agreement.

5. LENDER NOTICE

5.1 The Collateral Agent shall give the Authority written notice (a ***Lender Notice***) promptly upon becoming aware of any Event of Default (whether or not an Authority Notice has been served relating to the same event).

5.2 The Collateral Agent shall specify in any Lender Notice the circumstances and nature of the Event of Default to which Lender Notice relates.

5.3 The Collateral Agent shall notify the Authority of any decision to accelerate amounts outstanding under the Financing Documents or to exercise any enforcement remedies under the Financing Documents. Any such acceleration of outstanding amounts under the Financing Documents would not adversely effect the Authority absent an Authority Event of Default that has occurred and is continuing.

6. PAYMENTS

6.1 The Authority and the City shall cause, and the Concessionaire shall cause, all User Fees to be deposited into the Lockbox Account (as defined in the Trust Agreement).

6.2 The Authority shall make any payment of any termination sum, including all Termination Fees, calculated in accordance with Article XXIV (*Defaults and Remedies*) or Article XXVIII (*Optional Termination*) of the Concession Agreement required to be made under the Concession Agreement to an account designated by the Collateral Agent.

7. NO TERMINATION DURING CURE PERIOD

7.1 The Authority and the City agree not to:

(a) terminate or give notice terminating any Concessionaire Document or exercise any rights under Section 24.4 *(Concessionaire Events of Default)* or Section 24.5 (*Authority Remedies for Concessionaire Event of Default*) of the Concession Agreement;

(b) suspend the Concessionaire's performance (including in connection with any insolvency or bankruptcy proceeding in relation to the Concessionaire) under any Concessionaire Document; or

(c) take or support any action for the liquidation, bankruptcy, administration, receivership, reorganization, dissolution or winding up of the Concessionaire or for the composition or readjustment of the Concessionaire's debts, or any similar insolvency procedure in relation to the Concessionaire, or for the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, administrator or similar official for the Concessionaire or for any part of the Concessionaire's Property,

in each case:

(i) in respect of a Concessionaire Event of Default, during any period available to the Concessionaire to rectify that Concessionaire Event of Default as set out in

Section 24.4 *(Concessionaire Events of Default)* or Section 24.5 *(Authority Remedies for Concessionaire Event of Default)* of the Concession Agreement; or

(ii) prior to the expiry of the Cure Period; **provided** that such agreement of the Authority shall not prevent the Authority taking actions which are permitted under this Direct Agreement on a Revival Date in respect of any other prior Concessionaire Event of Default which has occurred and has not been remedied or waived.

7.2 During any Cure Period, without giving a Step-in Notice, the Collateral Agent shall have the right (but shall have no obligation), at its sole option and discretion, to perform or arrange for the performance of any act, duty, or obligation required of the Concessionaire under any Concessionaire Document, or to cure any default of the Concessionaire thereunder at any time (whether or not a Concessionaire Event of Default has occurred or been declared), which performance or cure by or on behalf of the Collateral Agent shall be accepted by the Authority in lieu of performance by the Concessionaire and in satisfaction of the Concessionaire's obligations under the Concessionaire Documents. To the extent that any default of the Concessionaire under any Concessionaire Document is cured and/or any payment liabilities or performance obligations of the Concessionaire are performed by the Collateral Agent during the Cure Period, such action shall discharge the relevant liabilities or obligations of the Concessionaire to the Authority. No such performance by or on behalf of the Collateral Agent under this Section 7.2 shall be construed as an assumption by the Collateral Agent or any Person acting on the Collateral Agent's behalf of any of the covenants, agreements or obligations of the Concessionaire under any Concessionaire Document.

8. STEP-IN NOTICE

8.1 Provided that all unperformed obligations of the Concessionaire identified in an Authority Notice shall have been remedied in full (subject to any amount to be paid in accordance with Section 9.2(c)) or waived by the Authority on or before the Step-in Date (which date shall not occur after delivery of a Step-in Notice unless and until all such obligations are remedied in full or waived by the Authority), including by the Collateral Agent under Section 7.2, the Collateral Agent may give a written notice (***Step-in Notice***) under this Section 8 to the Authority at any time during any Cure Period.

8.2 The Collateral Agent shall nominate, in the Step-in Notice, any one of:

(a) the Collateral Agent, a Secured Party or any of their respective Affiliates (provided that the foregoing would not be expected to act in the role of "Contractor" under the Concession Agreement); or

(b) any Person approved by the Authority in its discretion, which approval the Authority shall not unreasonably withhold or delay if such Person meets all the criteria to be a Qualified Substitute Concessionaire and the Concessionaire has provided the Authority with the relevant information required under Section 11.4 with respect to such Person,

(each, an ***Additional Obligor***), stating that the Additional Obligor is to become a joint and several obligor with the Concessionaire under the Concessionaire Documents in accordance with the terms thereof.

8.3 The Additional Obligor named in the Step-in Notice shall be deemed to become a party to the Concessionaire Documents and the other Concessionaire Documents on and from the date it executes a duly completed Additional Obligor Accession Agreement substantially in the form attached hereto as Annex 1 (***Form of Additional Obligor Accession Agreement***) and submits it to the Authority (the ***Step-in Date***).

9. RIGHTS AND OBLIGATIONS ON STEP-IN

9.1 On and from the Step-in Date and during the Step-in Period, the Additional Obligor is deemed to be a party to the Concessionaire Documents, and shall be:

(a) jointly and severally entitled to exercise and enjoy the rights and powers expressed to be assumed by or granted to the Concessionaire under the Concessionaire Documents;

(b) entitled to exercise and enjoy the rights and powers expressed to be assumed by or granted to an Additional Obligor under this Direct Agreement; and

(c) jointly and severally liable with the Concessionaire for the payment of all sums due from the Concessionaire (if any) under or arising out of the Concessionaire Documents as at the Step-in Date and for the performance of all of the Concessionaire's obligations under the Concessionaire Documents arising on or after the Step-in Date.

9.2 Upon an Additional Obligor becoming a party to the Concessionaire Documents pursuant to Section 8 and Section 9.1, during the Step-in Period:

(a) without prejudice to Section 13, during the Step-in Period, the Authority and the City undertake:

(i) not to terminate or give notice terminating any Concessionaire Document, or exercise any of its rights under Section 24.4 *(Concessionaire Events of Default)* or Section 24.5 (*Authority Remedies for Concessionaire Event of Default*) of the Concession Agreement, unless the grounds for termination or giving notice of termination arise after the Step-in Period commences from a failure by the Additional Obligor to perform the Concessionaire's obligations under the Concessionaire Documents;

(ii) not to suspend the Concessionaire's performance (including in connection with any insolvency or bankruptcy proceeding in relation to the Concessionaire) under the Concessionaire Documents, unless the grounds for suspension of performance arise after the Step-in Period commences from a failure by the Additional Obligor to perform the Concessionaire's obligations under the Concessionaire Documents;

(iii) not to take or support any action for the liquidation, bankruptcy, administration, receivership, reorganization, dissolution or winding up of the Concessionaire or

for the composition or readjustment of the Concessionaire's debts, or any similar insolvency procedure in relation to the Concessionaire, or for the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, administrator or similar official for the Concessionaire or for any part of the Concessionaire's Property; and

(iv) to continue to make payment of the Compensation, including the Capital Charges and, if applicable, the Balance Due, and other amounts specified in Section 5.8 (*Wastewater Facility User Fees*) and Section 11.6 (*Water Facility User Fees*) of the Concession Agreement or as otherwise required to be made to the Concessionaire under the Concession Agreement.

(b) The Authority and the City shall owe their respective obligations under the Concessionaire Documents to the Concessionaire and such Additional Obligor jointly; **provided** that:

(i) subject to Section 9.2(b)(ii), the receipt of, or performance by the Authority in favor of, either such Additional Obligor or the Concessionaire shall be a good and effective discharge of the Authority's obligations under the Concessionaire Documents; and

(ii) the Collateral Agent shall be entitled at any time by notice in writing to the Authority to direct (such direction being binding on the Collateral Agent, the Authority and the Concessionaire) that, at all times thereafter while such Additional Obligor is deemed to be a party to any Concessionaire Document and subject to any further notice from the Collateral Agent, such Additional Obligor shall be solely entitled to make any decisions, to give any directions, approvals or consents, to receive any payments or otherwise to deal with the Authority under the Concessionaire Documents;

(c) any amount due from the Concessionaire to the Authority under the Concessionaire Documents on the Step-in Date (if any) and notified to such Additional Obligor prior to the Step-in Date shall be paid to the Authority within thirty (30) days after the Step-in Date, failing which the Authority shall be entitled to exercise its rights under the Concessionaire Documents in respect of the amount so due and unpaid.

9.3 The Concessionaire shall not be relieved from any of its obligations under the Concessionaire Documents, whether arising before or after the Step-in Date, by reason of the Additional Obligor becoming party to the Concessionaire Documents pursuant to an Additional Obligor Accession Agreement, except to the extent provided in Section 7.2.

10. STEP OUT

10.1 An Additional Obligor may, at any time, by giving not less than thirty (30) days' prior written notice (***Step-out Notice***) to the Authority, terminate its obligations to the Authority under the Concessionaire Documents, in which event such Additional Obligor shall, upon the expiry of such notice, no longer be deemed to be a party to the Concessionaire Documents and shall be released from all obligations thereunder, except for any obligation or liability of the

Concessionaire arising on or before the expiry of such Step-out Notice that has not been performed by the Concessionaire or the Additional Obligor. The obligations of the Authority to the Additional Obligor in such capacity under the Concessionaire Documents shall also terminate upon the expiry of such notice.

11. SUBSTITUTION PROPOSAL BY THE SECURED PARTIES

11.1 The Collateral Agent may give a notice under this Section 11 (a ***Substitution Notice***) in writing to the Authority at any time during any:

(a) Cure Period; or

(b) Step-in Period;

provided that all unperformed obligations of the Concessionaire and the Additional Obligor outstanding as of the date of such Substitution Notice shall have been remedied in full (subject to any amount to be paid and paid in accordance with Section 12.4) or waived on or prior to the Substitution Effective Date (which date shall not occur after delivery of a Substitution Notice unless and until all such obligations are remedied in full or waived), including by the Collateral Agent under Section 7.2.

11.2 In any Substitution Notice, the Collateral Agent shall notify the Authority that it shall require the Concessionaire to assign its rights and obligations under the Concessionaire Documents or, upon the exercise by the Collateral Agent of any foreclosure sale by judicial or nonjudicial foreclosure and sale of or conveyance by the Concessionaire in lieu of foreclosure, it shall assign the rights and obligations of the Concessionaire under the Concessionaire Documents, in either case, to a Person (a ***Substitute***) designated by the Collateral Agent.

11.3 A Substitution Notice shall not take effect unless approved by the Authority; **provided** that the Authority shall not be entitled to withhold its approval to a Substitution Notice if the Substitute named therein is a Qualified Substitute Concessionaire.

11.4 The Collateral Agent shall, as soon as practicable, provide to the Authority such information in relation to the proposed Substitute and any third party who, it is proposed, will be entering into a material subcontract with the proposed Substitute in relation to the Rialto Project as the Authority shall reasonably require to enable it to reasonably determine whether the proposed Substitute is a Qualified Substitute Concessionaire, including:

(a) the name and address of the proposed Substitute;

(b) the names of the proposed Substitute's shareholders or members and the share capital or partnership or membership interests, as the case may be, held by each of them;

(c) the manner in which it is proposed to finance the proposed Substitute and the extent to which such finance is committed (to the extent relevant);

(d) copies of the proposed Substitute's most recent financial statements (and if available such financial statements shall be for the last three financial years) or in the case of a special purpose company its opening balance sheet;

(e) a copy of the proposed Substitute's organizational documents;

(f) details of the resources available to the proposed Substitute and the proposed Substitute's appropriate qualifications, experience and technical competence available to the proposed Substitute to enable it to perform the obligations of the Concessionaire under the Concessionaire Documents; and

(g) the names of the proposed Substitute's directors and any key personnel who will have responsibility for the day-to-day management of its participation in the Rialto Project.

11.5 If the Authority has failed to respond to the Collateral Agent within sixty (60) days of the date on which the Authority has confirmed it has received the information specified in Section 11.4 in respect of any proposed Substitute, the approval of the Authority shall be deemed to have been given.

12. SUBSTITUTION

12.1 If the Authority approves (or is deemed to have approved) a Substitution Notice pursuant to Section 11, the Substitute named therein shall execute a duly completed Substitute Accession Agreement substantially in the form attached hereto as Annex 2 (*Form of Substitute Accession Agreement*) and submit it to the Authority and the City (with a copy thereof to the other parties to this Direct Agreement) and such assignment shall become effective on and from the date on which the Authority countersigns the Substitute Accession Agreement (the ***Substitution Effective Date***) (such countersignature not to be unreasonably withheld or delayed).

12.2 On and from the Substitution Effective Date:

(a) such Substitute shall become a party to the Concessionaire Documents in place of the Concessionaire who shall be immediately released from its obligations arising under, and cease to be a party to, the Concessionaire Documents from that Substitution Effective Date;

(b) all of the Concessionaire's obligations and liabilities under the Concessionaire Documents arising on and from the Substitution Effective Date shall be immediately and automatically transferred to the Substitute; and

(c) such Substitute shall exercise and enjoy the rights and perform the obligations of the Concessionaire under the Concessionaire Documents,

and the Authority and the City shall owe their respective obligations (including any undischarged liability in respect of any loss or damage suffered or incurred by the Concessionaire prior to the Substitution Effective Date) under the Concessionaire Documents in place of the Concessionaire and any Additional Obligor.

12.3 The Authority and the City shall use their Reasonable Efforts to facilitate the transfer to the Substitute of the Concessionaire's rights and obligations under the Concessionaire Documents.

12.4 The Substitute shall pay to the Authority within thirty (30) days after the Substitution Effective Date any amount due from the Concessionaire to the Authority under the Concessionaire Documents on the Substitution Effective Date (if any) and notified to such Substitute prior to the Substitution Effective Date, failing which the Authority shall be entitled to exercise its rights under the Concessionaire Documents in respect of the amount so due and unpaid.

12.5 On and from the Substitution Effective Date:

(a) subject to Section 12.4, any right of termination suspended by virtue of Section 7.1 shall be of no further effect and the Authority shall not be entitled to terminate or suspend performance of the Concessionaire Documents by virtue of any act, omission or circumstance prior to such Substitution Effective Date;

(b) if any Additional Obligor is a party to or has any obligations under the Concessionaire Documents on the Substitution Effective Date, such Additional Obligor shall cease to be a party thereto and shall be discharged from all obligations thereunder; and

(c) the Authority and the City shall enter into an equivalent direct agreement on substantially the same terms as this Direct Agreement, save that the Concessionaire shall be replaced as a party by the Substitute.

13. REVIVAL OF REMEDIES

13.1 If an Authority Notice has been given, the grounds for that notice are continuing and have not been remedied or waived and:

(a) the Cure Period relating thereto ends and no Additional Obligor or Substitute becomes a party to the Concessionaire Documents; or

(b) an Additional Obligor becomes a party to the Concessionaire Documents but the Step-in Period relating to such Additional Obligor ends without a Substitute becoming a party thereto,

then, on and from the date such Cure Period or such Step-in Period, as the case may be, expires (the ***Revival Date***), the Authority shall be entitled to:

(i) act upon any and all grounds for termination or suspension available to it in relation to the Concessionaire Documents in respect of defaults under the Concessionaire Documents not remedied or waived;

(ii) pursue any and all claims and exercise any and all remedies against the Concessionaire; and

(iii) if and to the extent that it is then entitled to do so under the Concessionaire Documents, take or support any action of the type referred to in Section 7.1(c).

14. GENERAL

14.1 If the any Concessionaire Document is rejected by a trustee or debtor-in-possession in, or terminated as a result of, any bankruptcy or insolvency proceeding involving the Concessionaire and, within one hundred eighty (180) days after such rejection or termination, the Collateral Agent shall so request and shall certify in writing to the Authority that the Collateral Agent or the Collateral Agent's permitted designee or assignee, including a Qualified Substitute Concessionaire, intends to perform the obligations of the Concessionaire as and to the extent required under the Concessionaire Documents, the Authority and the City will execute and deliver to the Collateral Agent a new concession agreement, access agreement, and any other agreement that is equivalent to any other Concessionaire Document pursuant to which the Authority and the City shall agree to perform the obligations to have been performed by the Authority and the City thereunder and which shall be for the balance of the remaining term of the Concession Agreement and the Access Agreement before giving effect to such rejection or termination. The Collateral Agent recognizes that any new concession agreement entered into pursuant to this Section 14.1 may need to be approved by the City and the Authority in accordance with their procedural and statutory obligations. The City and Authority shall use good faith efforts to approve any such new concession agreement as promptly as practicable and, during the period of time when such approval process is underway, the Collateral Agent, or its permitted designee or assignee, including a Qualified Substitute Concessionaire will continue to retain and the Authority and the City hereby grant to the Collateral Agent (or its designee) the right to provide the Services as provided for in the Concession Agreement, the full Non-Exclusive Access Licenses as provided for in the Access Agreement, and all other rights under any other Concession Document. Such new concession agreement, access agreement and other agreements shall contain conditions, agreements, terms, provisions and limitations which are the same as those of the Concession Agreement and Access Agreement and the other Concessionaire Documents, except for any obligations that have been fulfilled by the Concessionaire prior to such rejection or termination. References in this Direct Agreement to the "Concession Agreement", "Access Agreement" or other "Concessionaire Documents" shall be deemed also to refer to any such new concession, access and other agreements.

14.2 For so long as any amount under the Financing Documents is outstanding, the Authority shall not, without the prior written consent of the Collateral Agent, consent to any assignment, transfer, pledge or hypothecation of the Transaction Documents or any interest therein by the Concessionaire, other than as specified in this Direct Agreement and the Financing Documents.

14.3 For so long as any amount under the Financing Documents is outstanding, the Authority shall deliver to the Collateral Agent at the address set forth in Section 23, concurrently with the delivery thereof to the Concessionaire, a copy of each notice from the Authority to the Concessionaire of default, termination, arbitration, force majeure, or notification of any indemnity payment to be made by the Concessionaire which is in an amount greater than five million dollars ($5,000,000).

14.4 If for any reason, by termination of the Lease Agreements, the Access Agreements or otherwise, the City shall regain possession, operation and control of the Utility Facilities, the Utility Facilities Site and the Utility Facilities Improvements, the City shall assume all of the obligations of the Authority hereunder, under the Concession Agreement with respect to the payment of the Compensation, including the Capital Charges and, if applicable, the Balance Due

and other amounts specified in Section 5.8 (*Wastewater Facility User Fees*) and Section 11.6 (*Water Facility User Fees*) of the Concession Agreement or as otherwise required to be made to the Concessionaire under the Concession Agreement, and under the Financing Documents, and will pay from the User Fees, all financial obligations of the Authority under this Direct Agreement, the Trust Agreement and the Financing Documents. This agreement by the City is made for the benefit of the Financing Parties.

15. TERMINATION

This Direct Agreement shall remain in effect until the earliest to occur of:

(a) the Discharge Date;

(b) the time at which all of the Authority's obligations and liabilities under the Concessionaire Documents have expired or have been satisfied in accordance with the terms of the Concessionaire Documents; and

(c) any assignment to a Substitute has occurred under Section 12 (and the Authority shall enter into an equivalent direct agreement on substantially the same terms as this Direct Agreement, save that the Concessionaire shall be replaced as a party by the Substitute).

16. EFFECT OF BREACH

16.1 Without prejudice to any rights a party may otherwise have, a breach of this Direct Agreement shall not of itself give rise to a right to terminate any Concessionaire Document.

17. NO PARTNERSHIP

17.1 Nothing contained in this Direct Agreement shall be deemed to constitute a partnership between the parties hereto. None of the parties hereto shall hold itself out contrary to the terms of this Section 17.

18. REMEDIES CUMULATIVE; NO WAIVER

18.1 No failure or delay by the Secured Parties or the Collateral Agent (or their assignee or designee) in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The remedies provided herein are cumulative and not exclusive of any remedies provided by law and may be exercised by the Secured Parties, the Collateral Agent or any designee, transferee or assignee thereof from time to time. No waiver of any provision of this Direct Agreement or consent to any departure by any party therefrom shall in any event be effective unless such waiver is permitted by Section 19, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

19. AMENDMENT

19.1 No amendment, modification or waiver of any provision of this Direct Agreement, or consent to any departure herefrom by any party hereto, shall in any event be effective against any

party hereto unless the same shall be in writing and signed by the party against whom enforcement is sought, and then such amendment or waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

20. SUCCESSORS AND ASSIGNS

20.1 No party to this Direct Agreement may assign or transfer any part of its rights or obligations hereunder without the consent of the other parties, save that the Collateral Agent may assign or transfer its rights and obligations hereunder to a successor Collateral Agent in accordance with the Financing Documents. In connection with any such assignment or transfer, the Authority agrees to enter into a new Direct Agreement with the successor Collateral Agent on terms that are substantially the same as those of this Direct Agreement.

20.2 This Direct Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

21. COUNTERPARTS

21.1 This Direct Agreement may be executed in any number of counterparts, each of which shall be identical and all of which, taken together, shall constitute one and the same instrument, and the parties may execute this Direct Agreement by signing any such counterpart. Transmission by facsimile of an executed counterpart of this Direct Agreement shall be deemed to constitute due and sufficient delivery of such counterpart, to be followed thereafter by an original of such counterpart.

22. SEVERABILITY

22.1 If, at any time, any provision of this Direct Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired. The illegal, invalid or unenforceable provision shall be deemed replaced by such provisions as shall be legal, valid and enforceable in the relevant jurisdiction.

23. NOTICES

23.1 Any notice, approval, election, demand, direction, consent, designation, request, agreement, instrument, certificate, report or other communication required or permitted to be given or made under this Direct Agreement (each, a *notice*) to a party must be given in writing (including by fax or electronic mail). Notices to the Secured Parties shall be delivered to the Collateral Agent acting on behalf of the Secured Parties. All notices will be validly given if on a Business Day to each party at the following address:

(i) if to Concessionaire:

Rialto Water Services, LLC
150 California Street, Suite 600-A
San Francisco, CA 94111
Fax: (415) 402-0223

(ii) if to the Authority:

Executive Director
Rialto Utility Authority
c/o City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iii) if to the City:

City Manager
City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iv) if to the Collateral Agent:

Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Attention: James Myers
Fax: 415-273-2492

23.2 A notice shall be deemed to have been given:

(a) upon receipt, if delivered in person;

(b) upon receipt (confirmed by automatic answer back or equivalent evidence of receipt), if validly transmitted electronically before 3:00 p.m. (local time at the place of receipt) on a Business Day;

(c) one (1) Business Day after delivery to the courier properly addressed, if delivered by overnight courier; or

(d) four (4) Business Days after deposit with postage prepaid and properly addressed, if delivered by United States certified or registered mail.

23.3 Each of the parties will notify each other in writing of any change of address, such notification to become effective fifteen (15) days after notification.

24. GOVERNING LAW AND JURISDICTION

24.1 This Direct Agreement shall be construed in accordance with, and this Direct Agreement and all matters arising out of or relating in any way whatsoever to this Direct Agreement (whether in contract, tort or otherwise) shall be governed by, the law of the State of California.

24.2 With respect to any suit, action or proceedings relating to this Direct Agreement (***Proceedings***), each of the Concessionaire, the Authority and the Collateral Agent irrevocably:

(a) submits to the non-exclusive jurisdiction of the Superior Court of California for the City and County of Los Angeles; and

(b) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Direct Agreement precludes any party from bringing Proceedings in any other jurisdiction, nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

24.3 Each Party irrevocably consents to service of process by personal delivery, certified mail, postage prepaid or overnight courier. Nothing in this Direct Agreement will affect the right of any Party to serve process in any other manner permitted by law.

24.4 **EACH OF THE CONCESSIONAIRE, THE AUTHORITY AND THE AGENT HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THE CONCESSIONAIRE DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.** Each of the Authority, the Concessionaire and the Collateral Agent hereby (a) certifies that no representative, agent or attorney of another party has represented, expressly or otherwise, that the other would not, in the event of a proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it has been induced to sign, or change its position in reliance upon the benefits of, this Direct Agreement by, among other things, the mutual waivers and certifications in this Section 24.

25. NO INTERFERENCE

25.1 The Concessionaire joins in this Direct Agreement to acknowledge and consent to the arrangements set out and agrees not to knowingly do or omit to do anything that may prevent any party from enforcing its rights under this Direct Agreement.

26. CONFLICT WITH CONCESSIONAIRE DOCUMENTS

26.1 In the event of any conflict or inconsistency between the provisions of this Direct Agreement and the other Concessionaire Documents, the provisions of this Direct Agreement shall prevail.

27. SCOPE OF COLLATERAL AGENT'S AUTHORITY

27.1 Concessionaire, the Authority and the City each acknowledges that the Collateral Agent can only act at the direction of the Secured Parties or the Required Secured Parties (as applicable) with respect to any action to be taken or consent to be given under this Direct Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Direct Agreement to be duly executed by its duly authorized officer as of the date first written above.

CONCESSIONAIRE

Rialto Water Services, LP

By _____
Name:
Title:

AUTHORITY

Rialto Utility Authority

By _____
Name:
Title:

CITY

City of Rialto

By _____
Name:
Title:

COLLATERAL AGENT

By _____
Name:
Title:

ANNEX 1

Form of Additional Obligor Accession Agreement

[*Date*]

(i) To Concessionaire:

Rialto Water Services, LLC
150 California Street, Suite 600-A
San Francisco, CA 94111
Fax: (415) 402-0223

(ii) To the Authority:

Executive Director
Rialto Utility Authority
c/o City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iii) To the City:

City Manager
City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iv) To the Collateral Agent:

Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Attention: James Myers
Fax: 415-273-2492

RIALTO PROJECT:
ADDITIONAL OBLIGOR ACCESSION AGREEMENT

Ladies and Gentlemen:

Reference is made to the Concession Agreement, dated as of [_____] (as amended, amended and restated, supplemented or otherwise modified from time to time, the ***Concession Agreement***) between City of Rialto, a municipal corporation of the State of California *(**City**)*, Rialto Utility Authority, a California joint powers authority (the ***Authority***) and Rialto Water Services, LP, a Delaware limited partnership (the ***Concessionaire***) and the Direct Agreement, dated as of [_____] (as amended, amended and restated, supplemented or otherwise modified from time to time, the ***Direct Agreement***) among the City, the Authority, the Concessionaire and [_____] as Collateral Agent. Terms defined in the Direct Agreement and not otherwise defined herein are used herein as defined in the Direct Agreement.

1. We hereby confirm that we are an Additional Obligor pursuant to Section 8 (*Step-In Notice*) of the Direct Agreement.

2. We acknowledge and agree that, upon and by reason of our execution of this Additional Obligor Accession Agreement, we hereby become a party to the Concessionaire Documents jointly and severally with the Concessionaire as an Additional Obligor and, accordingly, shall have the rights, powers and obligations of the Concessionaire under the Concessionaire Documents in accordance with the terms of the Direct Agreement.

3. We hereby confirm that, pursuant to Section 8.1 of the Direct Agreement, all unperformed obligations of the Concessionaire identified in the Authority Notice received by the Collateral Agent on [*date of receipt of the Authority Notice*] have been remedied in full or have been waived by the Authority, or, with respect to the payment obligations referred to in Section 9.2(c) of the Direct Agreement, will be remedied in full.

4. Our address, fax and telephone number and address for electronic mail for the purpose of receiving notices are as follows:

[*contact details of Additional Obligor*]

5. This Additional Obligor Accession Agreement shall be governed by, and construed in accordance with, the law of the State of California.

The terms set forth herein are hereby agreed to:

[*Additional Obligor*]

By _____
Name:
Title:

Agreed for and on behalf of:
Rialto Utility Authority

By _____

Name:

Title:

ANNEX 2

Form of Substitute Accession Agreement

[*Date*]

(i) To Concessionaire:

Rialto Water Services, LLC
150 California Street, Suite 600-A
San Francisco, CA 94111
Fax: (415) 402-0223

(ii) To the Authority:

Executive Director
Rialto Utility Authority
c/o City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iii) To the City:

City Manager
City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iv) To the Collateral Agent:

Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Attention: James Myers
Fax: 415-273-2492

RIALTO PROJECT:
SUBSTITUTE ACCESSION AGREEMENT

Ladies and Gentlemen:

Reference is made to the Concession Agreement, dated as of [_____] (as amended, amended and restated, supplemented or otherwise modified from time to time, the ***Concession Agreement***)

between City of Rialto, a municipal corporation of the State of California ***(City)***, Rialto Utility Authority, a California joint powers authority (the ***Authority***) and Rialto Water Services, LP, a Delaware limited partnership (the ***Concessionaire***) and the Direct Agreement, dated as of [_____] (as amended, amended and restated, supplemented or otherwise modified from time to time, the ***Direct Agreement***) among the City, the Authority, the Concessionaire and [_____] as Collateral Agent. Terms defined in the Direct Agreement and not otherwise defined herein are used herein as defined in the Direct Agreement.

1. We hereby confirm that we are a Substitute pursuant to Section 11 (*Substitution Proposal by the Secured Parties*) of the Direct Agreement.

2. We acknowledge and agree that, upon and by reason of our execution of this Substitute Accession Agreement, we hereby become a party to the Concessionaire Documents as a Substitute and, accordingly, shall have the rights, powers and obligations of the Concessionaire under the Concessionaire Documents in accordance with the terms of the Direct Agreement.

3. We hereby repeat and confirm as of the date hereof the representations and warranties made set out in Section 19.1 (*Concessionaire Representations and Warranties*) of the Concession Agreement, save that, for these purposes, each reference to "the Concessionaire" shall be deemed to be a reference to us in our capacity as Substitute.

4. We hereby confirm that all unperformed obligations of the Concessionaire and the Additional Obligor outstanding as of the date of the Substitution Notice given by the Collateral Agent pursuant to Section 11 (*Substitution Proposal by the Secured Parties*) of the Concession Agreement have been remedied in full or have been waived by the Authority, or, with respect to the payment obligations referred to in Section 12.4 of the Direct Agreement, will be remedied in full.

5. Our address, fax and telephone number and address for electronic mail for the purpose of receiving notices are as follows:

[*contact details of Substitute*]

6. This Substitute Accession Agreement shall be governed by, and construed in accordance with, the law of the State of California.

The terms set forth herein are hereby agreed to:

[*Substitute*]

By _____

Name:
Title:

Agreed for and on behalf of:
Rialto Utility Authority

By _____
Name:
Title:

Schedule U

[See attached.]

TRUST AGREEMENT

Dated as of November 29, 2012

by and among

RIALTO WATER SERVICES, LLC,
as Concessionaire,

RIALTO UTILITY AUTHORITY,
as the Authority,

CITY OF RIALTO,
as the City,

UNION BANK, N.A.,
as Collateral Agent to the Secured Parties,

and

UNION BANK, N.A.,
as Trustee and Securities Intermediary

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TRUST AGREEMENT

THIS TRUST AGREEMENT (this "Agreement"), dated as of November 29, 2012 is by and among UNION BANK, N.A., as trustee (the "Trustee") and securities intermediary (the "Securities Intermediary"), UNION BANK, N.A., as Collateral Agent to the Secured Parties (the "Collateral Agent"), Rialto Water Services, LLC, a Delaware limited liability company ("Concessionaire"), Rialto Utility Authority, a California joint powers authority (the "Authority") and the City of Rialto, a municipal corporation of the State of California (the "City").

RECITALS

A. Concessionaire is successor to Rialto Water Services, LP, under that certain Concession Agreement entered into and effective as of March 27, 2012, as clarified by Contract Administration No. 1, dated as of September 14, 2012, Contract Administration No. 2 and Contract Administration Memorandum No. 3, each dated as of the date hereof (as so clarified, the "Concession Agreement"), each by and among the Concessionaire (as successor to Rialto Water Services, LP), the Authority and the City, with respect to the design, construction and operation of the Utility Facilities as set forth more fully therein.

B. Concessionaire has been formed for the sole purpose of performing the Services subject to the terms of the Concession Agreement (the "Project").

C. Pursuant to certain of the Financing Documents, the Secured Parties (as defined below) have made loans to Concessionaire on the terms and subject to the conditions set forth therein.

D. As collateral security for the performance of the City's and the Authority's obligations under the Concession Agreement, the City and Authority wish to grant to Concessionaire and the Secured Parties a first pledge of, security interest in, and lien on the Collateral (as defined below) to the full extent of their respective interests in such Collateral.

E. Concessionaire's security interest in and lien on all the Collateral shall be pledged in its entirety by Concessionaire to the Secured Parties.

F. The Parties have elected to establish an irrevocable trust for the purpose of perfecting Concessionaire's and the Secured Parties' first pledge of, security interest in, and lien on the Collateral.

G. Concessionaire has appointed the Trustee to be trustee under this Trust Agreement, and the Trustee is willing to act as trustee hereunder. The Parties and the Trustee wish to set forth the terms on which the Trustee shall accept such appointment and shall undertake to perform certain duties on behalf of the Parties with respect thereto.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.01 Certain Defined Terms. Unless otherwise specified, all capitalized terms used herein shall have the respective meanings specified in this Section 1.01, and the rules of interpretation set forth below in Section 1.02 apply to this Agreement. Any capitalized terms not otherwise defined herein shall have the meanings set forth in the Concession Agreement.

"Additional Concessionaire Financing" has the meaning specified in the Concession Agreement.

"Affiliate" has the meaning set forth in the Concession Agreement.

"Applicable Law" has the meaning set forth in the Concession Agreement.

"Authority Semi-Annual Payment Cap" means one million dollars ($1,000,000), which is the maximum aggregate amount payable to the Authority on each Semi-Annual Date as described in priority "Sixth" in each of Sections 5.04 and 5.05 when taking into account the sum of the Wastewater Regular Semi-Annual Payment and the Water Regular Semi-Annual Payment.

"Authorized Officer" means (a) the chief executive officer of the applicable Person; or (b) any other officer (or officers) or authorized representative so designated in writing by the applicable Person to act as its representative.

"Business Day" has the meaning set forth in the Concession Agreement.

"Capital Charges" has the meaning set forth in the Concession Agreement.

"Collateral" has the meaning assigned to such term in Section 9.01 of this Agreement.

"Collateral Agent" means the Collateral Agent acting on behalf of the Secured Parties.

"Concession Agreement" has the meaning specified in Recital A to this Agreement.

"Concessionaire Financing" has the meaning set forth in the Concession Agreement.

"Contractor" has the meaning set forth in the Concession Agreement.

"Control Agreement" means (i) with respect to the Project Accounts and the Excluded Account, a control agreement in the form of Exhibit C-1 hereto and (ii) with respect to the Preexisting Account, a control agreement in the form of Exhibit C-2.

"Co-Trustee" has the meaning assigned to such term in Section 2.12(b) of this Agreement.

"Default" means any event or occurrence which, with the passage of time or the giving of notice or both, would become a Concessionaire Event of Default, Authority Event of Default or City Event of Default.

"Depositary Agreement" has the meaning set forth in the Concession Agreement.

"Development Impact Fees" has the meaning set forth in the Concession Agreement.

"Direction Notice" has the meaning specified in Section 6.03 of this Agreement.

"Effective Date" has the meaning set forth in the Concession Agreement.

"Enforcement Action" shall mean any action or proceeding by Trustee, on behalf of one or more of the Parties, or with respect to all or any part of the Collateral taken for the purpose of (i) enforcing the rights of any Party or in respect of the Collateral, including the initiation of action in any court or before any administrative agency or governmental tribunal to enforce such rights or the prosecution of non-judicial remedies available under Applicable Law, and (ii) adjudicating or seeking a judgment on a claim.

"Environmental Claim" means any notice, claim or demand (collectively, a "claim") by any Person alleging or asserting liability for investigatory costs, cleanup or other remedial costs, legal costs, environmental consulting costs, governmental response costs, damages to natural resources or other property, personal injuries, fines or penalties related to (a) the presence, or release into the environment, of any Regulated Substance at any location, whether or not owned by the Person against whom such claim is made, (b) any violation of, or alleged violation of, or liability arising under any Environmental Law, or (c) otherwise associated with an Environmental Condition. The term "Environmental Claim" shall include, without limitation, any claim by any Person for investigation, enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any Environmental Law, and any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief under any Environmental Law.

"Environmental Compliance Account" means the "Environmental Compliance Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Environmental Condition" has the meaning set forth in the Concession Agreement.

"Environmental Law" has the meaning set forth in the Concession Agreement.

"Escrow" has the meaning set forth in the Concession Agreement.

"Excluded Account" has the meaning set forth in Section 5.09 of this Agreement.

"Financing Documents" has the meaning set forth in the Concession Agreement.

"Fiscal Year" has the meaning set forth in the Concession Agreement.

"Fund Withdrawal/Transfer Certificate" means the Fund Withdrawal/Transfer Certificate, a form of which is attached as Exhibit D to this Agreement.

"GAAP" has the meaning set forth in the Concession Agreement.

"Governmental Agency" has the meaning set forth in the Concession Agreement.

"Initial Payment Period" means the period of time comprised of the sum of the following: (a) if the Effective Date is not on the first Business Day of a calendar month, the number of days in the partial calendar month following the Effective Date and (b) the number of days in the first full calendar month following the Effective Date.

"Lien" has the meaning set forth in the Concession Agreement.

"Lockbox Account" means account no. 2740034459 established with Treasury Management at Union Bank, N.A. and designated herein as the "Lockbox Account" established in the name of the Authority and comprising one of the Project Accounts described inSection 5.01 of this Agreement.

"Loss Proceeds" means (a) any and all insurance proceeds used for purposes of restoring, repairing or replacing any damaged or destroyed portion of the Utility Facilities, which are paid to the Trustee, City, Authority or Concessionaire under any insurance policy whether such policy is required under Article XXI of the Concession Agreement or otherwise and regardless of the holder or purchaser of or loss payee designated under each such policy, and (b) insurance deductibles or any uninsured Losses paid by the Authority or, in the case of certain uninsured Losses, financed by the Authority under the Concession Agreement. For the avoidance of doubt, Loss Proceeds expressly excludes insurance proceeds related to business interruption insurance and any insurance proceeds payable to third parties (i.e., liability, workers compensation or automobile insurance).

"Losses" has the meaning set forth in the Concession Agreement.

"Master Revenue Account" means the "Master Revenue Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Monthly Transfer Date" means the first day of each calendar month or, if such day is not a Business Day, the next succeeding Business Day.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto which is a nationally recognized rating agency.

"Noteholders" has the meaning set forth in the Depositary Agreement. "Noteholders" as defined hereunder constitute "Bondholders" of the "Initial Bonds" for purposes of the Concession Agreement.

"Notes" has the meaning set forth in the Depositary Agreement. "Notes" as defined hereunder constitute "Initial Bonds" for purposes of the Concession Agreement.

"Obligatory Wastewater Facility Improvement" means a proposed Wastewater Facility Improvement that is required to respond to or arises out of (i) a Change of Law; (ii) Uncontrollable Circumstance; (iii) actual or anticipated changes in Influent volumes and demands on the Wastewater Facility; or (iv) repeated occurrences of Influent in volumes or

concentrations that exceeds the Influent Specifications or that contains Abnormal Substances or Regulated Substances.

"Obligatory Water Facility Improvement" means a proposed Water Facility Improvement that is required to respond to or arises out of (i) a Change of Law; (ii) Uncontrollable Circumstance; or (iii) actual or anticipated changes in demands on the Water Facility.

"Parties" means Concessionaire, the Collateral Agent, the Authority and the City. Each referred to as a "Party".

"Perchlorate" or "perchlorate" has the meaning set forth in the Concession Agreement.

"Permitted Investments" means, to the extent permitted by Applicable Law, (a) U.S. Treasuries; (b) interest-bearing demand or time deposits (including certificates of deposit) which are either (i) insured by the Federal Deposit Insurance Corporation, or (ii) held in banks and savings and loan associations, having general obligations rated at least "A" or equivalent by S&P and at least "A2" by Moody's; (c) obligations of any State or any agency or instrumentality of any of the foregoing which are rated at least "AA" by S&P and at least "Aa2" by Moody's; (d) commercial paper rated (on the date of acquisition thereof) at least A-1 or P-1 or equivalent by S&P and Moody's, respectively (or an equivalent rating by another nationally recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating commercial paper), maturing not more than thirty (30) days from the date of creation thereof; (e) any money market fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by money market funds rated at least "AA" by S&P or "Aa2" or better by Moody's as long as the portfolio of such money market fund is limited to obligations under sub-paragraph (a); or (f) to the extent permitted by Applicable Law, the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code.

"Person" means any natural person, corporation, limited liability company, partnership, firm, association, Governmental Agency or any other entity whether acting in an individual, fiduciary or other capacity.

"Post-Termination Revenue Account" means the "Post-Termination Revenue Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Preexisting Account" has the meaning set forth in Section 5.09 of this Agreement.

"Project" has the meaning specified in Recital B.

"Project Accounts" means the accounts listed in Section 5.01(a) of this Agreement.

"Regulated Substance" has the meaning set forth in the Concession Agreement.

"Repayment Date" means each Semi-Annual Date commencing on the first Semi-Annual Date after the Effective Date upon which the principal amount under the Financing Documents then due is paid to the Secured Parties.

"Required Secured Parties" has the meaning set forth in the Depositary Agreement.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. or any successor thereto.

"Secured Concession Obligations" has the meaning specified in Section 9.01 of this Agreement.

"Secured Obligations" has the meaning specified in Section 9.01 of this Agreement.

"Secured Parties" has the meaning set forth in the Depositary Agreement. "Secured Parties" as so defined constitute "Secured Parties" for purposes of the Concession Agreement.

"Security Termination Date" has the meaning specified in Section 9.07 of this Agreement.

"Semi-Annual Date" means each June 30th and December 31st after the Effective Date.

"Senior Secured Financing Documents" has the meaning set forth in the Depositary Agreement. "Senior Secured Financing Documents" as defined hereunder shall constitute "Bond Documents" for purposes of the Concession Agreement.

"Senior Secured Obligations" has the meaning specified in Section 9.01 of this Agreement.

"Surcharges" has the meaning set forth in the Concession Agreement.

"Taking" has the meaning set forth in the Concession Agreement.

"Takings Award" means any and all sums, including damages, severance damages and interest, awarded in connection with any Taking related to the Utility Facilities.

"Termination Date" has the meaning set forth in the Concession Agreement.

"Termination Fee Account" has the meaning set forth in the Depositary Agreement.

"Termination Notice" has the meaning specified in Section 5.12(b) of this Agreement.

"Trigger Event Date" has the meaning specified in Section 6.02(a) of this Agreement.

"Uniform Commercial Code" means the California Uniform Commercial Code as in effect from time to time.

"U.S. Treasuries" has the meaning set forth in the Concession Agreement.

"User Fees" has the meaning set forth in the Concession Agreement.

"Utility Facilities" has the meaning set forth in the Concession Agreement.

"Utility Taxes" means the utility taxes paid to the City as expressly identified in a separate line item on User Fee invoices.

"Wastewater Authority Construction Account (Restricted)" means the "Wastewater Authority Construction Account (Restricted)" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Authority Construction Account (Unrestricted)" means the "Wastewater Authority Construction Account (Unrestricted)" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Authority Construction Accounts" means the Wastewater Authority Construction Account (Restricted) and the Wastewater Authority Construction Account (Unrestricted).

"Wastewater Capital Charges Account" means the "Wastewater Capital Charges Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Facility Authority Expense Account" means the "Wastewater Facility Authority Expense Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Interim Retention Account" means the "Wastewater Interim Retention Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Loss Proceeds Account" means the "Wastewater Loss Proceeds Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Master Account" means the "Wastewater Master Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Operating Account" means the "Wastewater Operating Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Operating R&R Account" means the "Wastewater Operating R&R Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Rate Stabilization Account" means the "Wastewater Rate Stabilization Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Regular Semi-Annual Payment" has the meaning specified in Section 5.04 of this Agreement.

"Wastewater Required Operating R&R Account Balance" means the amount of one million dollars ($1,000,000).

"Wastewater Reserve Account" means the "Wastewater Reserve Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Reserve Requirement" means, on each Monthly Transfer Date, an amount equal to the product of (a) twenty-five percent (25%) and (b) all amounts released or required to be released into the Project Accounts under Section 5.04 priorities "First" through "Third" as described in detail below for the ensuing twelve (12)-month period commencing on the first day of each Fiscal Year as set forth the in applicable Wastewater Annual Budget.

"Wastewater Surplus Account" means the "Wastewater Surplus Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Wastewater Takings Account" means the "Wastewater Takings Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Authority Construction Account (Restricted)" means the "Water Authority Construction Account (Restricted)" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Authority Construction Account (Unrestricted)" means the "Water Authority Construction Account (Unrestricted)" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Authority Construction Accounts" means the Water Authority Construction Account (Restricted) and the Water Authority Construction Account (Unrestricted).

"Water Capital Charges Account" means the "Water Capital Charges Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Facility Authority Expense Account" means the "Water Facility Authority Expense Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Interim Retention Account" means the "Water Interim Retention Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Loss Proceeds Account" means the "Water Loss Proceeds Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Master Account" means the "Water Master Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Operating Account" means the "Water Operating Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Operating R&R Account" means the "Water Operating R&R Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Rate Stabilization Account" means the "Water Rate Stabilization Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Regular Semi-Annual Payment" has the meaning set forth in Section 5.05 of this Agreement.

"Water Required Operating R&R Account Balance" means the amount of one million dollars ($1,000,000).

"Water Reserve Account" means the "Water Reserve Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Reserve Requirement" means, on each Monthly Transfer Date, an amount equal to the product of (a) twenty-five percent (25%) and (b) all amounts released or required to be released into the Project Accounts under Section 5.05 priorities "First" through "Third" as described in detail below for the ensuing twelve (12)-month period commencing on the first day of each Fiscal Year as set forth in the Water Annual Budget.

"Water Surplus Account" means the "Water Surplus Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

"Water Takings Account" means the "Water Takings Account" established and created in the name of the Authority pursuant to Section 5.01 of this Agreement.

1.02 Rules of Interpretation. (a) Definitions of terms shall apply equally to the singular and plural forms of the terms defined.

(b) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation" unless the context indicates otherwise.

(c) The word "will" shall be construed to have the same meaning and effect as the word "shall."

(d) A reference to Applicable Law includes any amendment or modification to such Applicable Law, and all regulations, rulings and other Applicable Laws promulgated under such Applicable Law.

(e) A reference to a Person shall be construed to include its successors and assigns.

(f) Except as otherwise expressly specified, all accounting terms have the meanings assigned to them by GAAP, as in effect from time to time.

(g) A reference in a document to an Article, Section, Exhibit, Schedule, Annex or Appendix is to the Article, Section, Exhibit, Schedule, Annex or Appendix of such document unless otherwise indicated. Exhibits, Schedules, Annexes or Appendices to any document shall be deemed incorporated by reference in such document.

(h) Except as provided in Article I or in Section 1.02(k) below, any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified.

(i) The words "hereof," "herein" and "hereunder" and words of similar import when used in any document shall refer to such document as a whole and not to any particular provision of such document.

(j) References to "days" means calendar days, unless the term "Business Days" shall be used. References to a time of day means such time in Rialto, California, unless otherwise specified.

(k) Any reference to the Concession Agreement (including any use of defined terms by reference to their definitions in the Concession Agreement) shall be construed as referring to the Concession Agreement as in effect on the Effective Date, except that if the Concession Agreement is at any future date amended, then such references shall be to the Concession Agreement as so amended.

ARTICLE II
THE TRUSTEE

2.01 Appointment. (a) Trustee, is hereby appointed by Concessionaire, as trustee for the benefit of (i) the Authority, the City, Concessionaire and the Collateral Agent on behalf of the Secured Parties with respect to the Liens on the Collateral and the rights and remedies granted pursuant to this Agreement and the other Financing Documents, (ii) the Authority with respect to the Project Accounts, the Preexisting Account and the Excluded Account and (iii) the City with respect to the Utility Taxes only. To the extent described in clauses (i) – (iii), the Collateral shall be held irrevocably in trust by the Trustee for the benefit of the City, the Authority, Concessionaire (but only for purposes of establishing and pledging Concessionaire's security interest in the Collateral to the Secured Parties) and the Collateral Agent on behalf of the Secured Parties (but only for purposes of establishing a direct security interest in the Collateral) pursuant to the terms of this Agreement and shall be administered by the Trustee in the manner contemplated under this Agreement.

(b) The Trustee accepts such appointment and agrees to act as trustee in accordance herewith.

(c) The Parties hereby authorize and direct the Trustee to act in strict accordance with the terms of this Agreement notwithstanding any contrary provision in the other Financing Documents, the application of any Collateral or proceeds thereof, and matters set forth in Section 2.04 below.

(d) The Trustee hereby accepts and agrees to the foregoing authorization and direction of the Parties.

2.02 Duties and Responsibilities. (a) Subject to the terms hereof, the Trustee agrees to administer and enforce this Agreement, and to foreclose upon, collect and dispose of the Collateral and to apply the proceeds therefrom as provided herein, for the benefit of Concessionaire and the Secured Parties, and otherwise to perform its duties and obligations as the Trustee hereunder in accordance with the terms hereof; provided that the Trustee shall have no duties or responsibilities except those expressly set forth herein.

(b) Notwithstanding anything contained herein to the contrary (including any reference herein to the Trustee taking any action or exercising any discretion or any reference such as "the Trustee shall" or "the Trustee will" or "the Trustee may" or "the Trustee deems" or similar), the Trustee shall not be required to exercise any discretion or take any action not expressly provided for in this Agreement (including the allocation of certain funds between Project Accounts) but shall only be required to act or refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of Concessionaire or the Collateral Agent as contemplated in this Agreement, in each case as specified therein, and such instructions shall be binding upon the Trustee.

(c) In no event shall the Trustee be required to foreclose on, or take possession of, the Collateral, if, in the judgment of the Trustee, such action would be in violation of any Applicable Law, or if the Trustee reasonably believes that such action would result in the incurrence of liability by the Trustee for which it is not fully indemnified by the Secured Parties.

(d) The Trustee shall not be responsible to any Person for (i) any recitals, statements, representations or warranties by the Parties contained in this Agreement, the other Financing Documents or any certificate or other document delivered hereunder or thereunder, (ii) the value, validity, effectiveness, genuineness, enforceability (other than as to the Trustee with respect to such documents to which the Trustee is a party) or sufficiency of this Agreement or any other document referred to or provided for herein or therein or (iii) the performance or observance by the Parties of any of their respective agreements contained herein or therein, nor shall the Trustee be liable because of the invalidity or unenforceability of any provisions of this Agreement (other than as to itself), or (iv) the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder (except to the extent such action or omission constitutes negligence or willful misconduct on the part of the Trustee), the validity of the title to the Collateral, insuring the Collateral or the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

(e) The Trustee may at any time request instructions from the Collateral Agent or Concessionaire (as contemplated in this Agreement) as to a course of action to be taken by it hereunder and under any of the other Financing Documents or in connection herewith and therewith or any other matters relating hereto and thereto.

(f) Neither the Trustee nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own negligence or willful misconduct.

2.03 Authorization. (a) Each of the Parties, hereby authorizes the Trustee to (i) execute, deliver and perform in its trustee capacity under this Agreement, (ii) exercise and enforce any and all rights, powers and remedies provided to the Trustee by this Agreement, and (iii) take any other action authorized under this Agreement.

(b) Notwithstanding any of the foregoing under this Section 2.03, the Trustee shall not commence an Enforcement Action except in accordance with a Direction Notice given by the Collateral Agent or Concessionaire; provided that the Trustee may seek the requisite authority from the Collateral Agent or Concessionaire to commence such Enforcement Action but shall not be obligated to commence such Enforcement Action until such authority is obtained; provided that in no event shall the Trustee be required to foreclose on, or take possession of, the Collateral, or take any other Enforcement Action with respect thereto, if, in the judgment of the Trustee, such action would be in violation of any Applicable Law, or if the Trustee reasonably believes that such action would result in the incurrence of liability by the Trustee for which it is not fully indemnified by the Secured Parties. All decisions with respect to the type of Enforcement Action which is to be commenced shall be made by, and all actions with respect to prosecution and settlement of such Enforcement Action shall require the written consent of, the Collateral Agent or Concessionaire, and the Trustee shall not be required to take any Enforcement Action in the absence of any such written consent. The Trustee shall use its commercially reasonable efforts to pursue diligently the prosecution of any Enforcement Action, which the Trustee is so authorized or directed to initiate pursuant to this Agreement.

2.04 Administrative Actions. (a) The Trustee shall not release, share or subordinate any of the Collateral held for the benefit of the Secured Parties and Concessionaire, or any Liens on the Collateral held for the benefit of the Secured Parties and Concessionaire, except: (a) upon the written direction of the Collateral Agent and Concessionaire; (b) upon defeasance or payment in full of the Secured Obligations, as certified to the Trustee by the Collateral Agent and Concessionaire; or (c) for Collateral consisting of a debt instrument if the indebtedness evidenced thereby has been defeased or paid in full, as certified to the Trustee by the Collateral Agent and Concessionaire. Upon the written request by the Trustee or Concessionaire at any time, the Collateral Agent shall confirm in writing the Trustee's authority to release particular types or items of Collateral pursuant to this Section 2.04.

2.05 Determination of Amounts and Obligations. (a) Upon the written request by the Trustee or Concessionaire, the Collateral Agent shall promptly deliver to the Trustee and Concessionaire a certificate, dated the date of delivery thereof and signed by the Collateral Agent, as to (a) the identity and address of each Secured Party of record, (b) the principal amount of the Secured Obligations then outstanding held by the Secured Parties, (c) in the case of any such certificate being delivered in contemplation of the application of amounts received by the Trustee in respect of the Collateral pursuant to Article VI hereof, the amount of interest on the Secured Obligations owing and any other amounts in respect of the Secured Obligations owing to such Secured Party (in the case of any such other amounts, accompanied by appropriate

evidence thereof), or (d) in the event any of the Financing Documents shall have become or been declared to be due and payable, the principal amount under Financing Documents then due and payable to such Secured Party. For the purposes of determining the amount of the Secured Obligations then outstanding held by any Secured Party, absent notice from such Secured Party or other actual knowledge of an Authorized Officer to the contrary, the Trustee shall be entitled to rely on certifications received by it from the Collateral Agent for such purpose in accordance with the preceding sentence (in each case, which certificates shall be given substantially contemporaneously with the action being taken); provided that in the absence of the Trustee's receipt of any certification requested by it pursuant to this sentence, the Trustee shall be entitled (but not obligated) to take such action if the Trustee shall have sufficient knowledge to make any determination required to be made in connection with such action.

2.06 Employment of Agents. The Trustee may employ or retain such counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its rights and duties hereunder, in the absence of the Trustee's negligence or willful misconduct in employing or retaining any such counsel, accountants, appraisers, experts or advisers, may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser or other expert or adviser, in relation to any matter arising in the administration hereof, and shall not be responsible for any act or omission on the part of any of them.

2.07 Reliance of Trustee. In connection with the performance of its duties hereunder, the Trustee shall be entitled to rely conclusively upon, and shall be fully protected in acting or refraining from acting in accordance with, any certification, notice, instrument, opinion, request, consent, order, approval, direction or other communication (including any thereof by fax or email) of Concessionaire or the Collateral Agent, which the Trustee in good faith reasonably believes to be genuine and to have been signed or sent by or on behalf of the proper Person or Persons, and it shall be entitled to rely conclusively upon the due execution, validity and effectiveness, and the truth, correctness and acceptability of, any provisions contained therein. The Trustee shall not have any responsibility to make any investigation into the facts or matters stated in any notice, certificate, instrument, demand, request, direction, instruction, or other communication furnished to it. Whenever this Agreement specifies that any instruction or consent by Concessionaire or the Collateral Agent, the Trustee shall be entitled to rely upon any such instruction or consent, without investigation. The Trustee may rely on an executed Funds Withdrawal/Transfer Certificate as complete authorization for any withdrawals, transfers or payments hereunder without any investigation of the accuracy of any statements therein or any attachments thereto.

2.08 Knowledge. The Trustee shall not be charged with any knowledge held by or imputed to any of the Parties. The Trustee shall not be deemed to have knowledge of any default under any Financing Document unless an Authorized Officer of the Trustee has actual knowledge thereof or received notice from the Collateral Agent, the appropriate Secured Party or Concessionaire, as applicable, specifying such default. In the event that the Trustee, in its capacity as such, receives such a notice, the Trustee shall give prompt notice thereof to the Parties and the Collateral Agent.

2.09 Non Reliance on Trustee and Other Secured Party. Each Secured Party expressly acknowledges that neither the Trustee nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Trustee hereafter taken shall be deemed to constitute any representation or warranty by the Trustee to any Party. Each Party represents to the Trustee that it has, independently and without reliance upon the Trustee, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of Concessionaire, and made its own decision to enter into the Transaction Documents or extend credit under the Financing Documents and enter into this Agreement. Each Party also represents that it shall, independently and without reliance upon the Trustee, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under the Transaction Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of Concessionaire and any other Person. Except for any notices, reports and other documents expressly required to be furnished to the Parties or Secured Parties by the Trustee hereunder, the Trustee shall not have any duty or responsibility to provide any Party or Secured Party with any credit or other information concerning the business, operations, property, condition (financial or other), prospects or creditworthiness of Concessionaire or any other Person which may come into the possession of the Trustee or any of its officers, directors, employees, agents, attorneys in fact or Affiliates. This Section 2.09 shall survive the payment of the Secured Obligations payable to the Secured Parties.

2.10 Trustee in Individual Capacity. The Trustee and its Affiliates may make loans to, issue letters of credit in favor of, accept deposits from and generally engage in any kind of business with any Party and their respective Affiliates as though the Trustee were not the Trustee hereunder.

2.11 Trustee Under No Obligation. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Financing Documents (if any) unless the Trustee shall have been offered security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction (including interest thereon from the time incurred until reimbursed).

2.12 Resignation and Removal; Successor Trustee; Individual Trustee. (a) Subject to the appointment and acceptance of a successor Trustee as provided below, the Trustee may resign at any time by giving at least thirty (30) days' prior written notice thereof to the Parties, and the Trustee may be removed at any time with or without cause by Concessionaire upon thirty (30) days' written notice thereof to the Trustee and the other Parties. Upon any such resignation or removal, Concessionaire and Collateral Agent shall have the right to jointly appoint a successor Trustee. If no successor Trustee shall have been so appointed within thirty (30) days after the retiring Trustee's giving of notice of resignation or the removal of the retiring Trustee, then the retiring Trustee may, on behalf of the Parties, apply to a court of competent jurisdiction for the appointment of a successor or appoint a successor Trustee, which shall be a bank organized under the laws of the United States of America or any state thereof that has an office in the State of California and which agrees to administer the Collateral in accordance with the

terms of this Agreement and shall have a total capital stock and unimpaired surplus of not less than $500,000,000 and shall be approved by Concessionaire and the Collateral Agent (such approval not to be unreasonably withheld). Upon the acceptance of any appointment as Trustee hereunder by a successor Trustee, such successor Trustee shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Trustee, and the retiring Trustee shall be discharged from its duties and responsibilities hereunder. After any retiring Trustee's resignation or removal hereunder as Trustee, the provisions of this Agreement (including Sections 2.14, 7.01 and 7.02) shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Trustee.

(b) If at any time the Trustee shall reasonably determine that it shall be necessary or appropriate under Applicable Law or in order to permit action to be taken hereunder, the Trustee and the Parties shall execute and deliver all instruments necessary to appoint any Person as a co-Trustee hereunder (a "Co-Trustee") or, if such Person meets the requirements set forth in Section 2.12(a), as substitute Trustee, in each case in terms and in form reasonably acceptable to Concessionaire and the Collateral Agent such approval not to be unreasonably withheld, with respect to all or any portion of the Collateral, in any case with such powers, rights, duties, obligations and immunities conferred upon the Trustee hereunder as may be specified therein.

(c) Every Co-Trustee shall, to the extent permitted by Applicable Law, be appointed and act subject to the following provisions and conditions:

(i) all rights and powers, conferred or imposed upon the Trustee shall be conferred or imposed upon and may be exercised or performed by such Co-Trustee;

(ii) neither Co-Trustee nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own negligence or willful misconduct; and

(iii) no Trustee shall be personally liable by reason of any act or omission of any other Trustee or Co-Trustee hereunder.

(d) A Co-Trustee shall not be required to meet the conditions of eligibility under Section 2.12(a).

2.13 Books and Records: Reports. (a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipt and disposition of User Fees, the Secured Obligations, all Project Accounts, the Preexisting Account and the Excluded Account. Such books of record and accounts shall be available for inspection by the Parties, or their agents or representatives duly authorized in writing, at reasonable hours and under reasonable circumstances and upon reasonable prior written request.

(b) Within ten (10) days after the end of each month, the Trustee shall furnish to the Parties a report in a form reasonably acceptable to Concessionaire and the Collateral Agent that shall set forth in reasonable detail the account balances, receipts, disbursements, transfers, investment transactions, and accruals for each of the Project Accounts, the Preexisting Account and the Excluded Account during such month.

(c) Within forty-five (45) days after the end of each Fiscal Year and, if requested by Concessionaire, each Contract Year, the Trustee shall furnish to the Parties a report in a form reasonably acceptable to Concessionaire and the Collateral Agent setting forth in reasonable detail the account balances, receipts, disbursements, transfers, investment transactions, and accruals for each of the Project Accounts, the Preexisting Account and the Excluded Account during such year. For any Fiscal Year, Concessionaire or the Collateral Agent may request audited financial statements of the City and the Authority.

(d) The Trustee shall maintain records of all receipts, disbursements, and investments of funds with respect to the Project Accounts, the Preexisting Account and the Excluded Account until the fifth (5th) anniversary of the date on which all of the Secured Obligations shall have been paid in full.

2.14 No Consequential Damages. In no event shall the Trustee be liable under or in connection with this Agreement or the other Financing Documents for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including lost profits, whether or not foreseeable, even if the Trustee has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.

2.15 Additional Protections. The rights, privileges, protections and benefits given to the Trustee, including its rights to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

2.16 Merger of the Trustee. Any corporation or company into which the Trustee shall be merged, or with which it shall be consolidated, or any corporation or company resulting from any merger or consolidation to which the Trustee shall be a party, shall be the Trustee under this Agreement, without the execution or filing of any paper or any further act on the part of the parties hereto; provided that such corporation or company shall meet the requirements of Section 2.12.

2.17 No Liens; Subordination of Lien. Neither the Trustee nor the Parties shall create or suffer to be created any Lien in any Collateral, other than the Lien for the benefit of Concessionaire and the Secured Parties (other than Additional Concessionaire Financing, Wastewater Authority Parity Debt or Water Authority Parity Debt as permitted under the Concession Agreement). If any third party Lien against the Collateral is caused by the Trustee, then without limiting the remedies hereunder, the Trustee shall pay or discharge such Lien placed on or threatened against the Collateral at its sole cost and expense. If any third party Lien against the Collateral is caused by any Party, then without limiting the remedies hereunder, the applicable Party shall be responsible for the cost or expense to pay or discharge such Lien placed

on or threatened against the Collateral and shall provide the Trustee with funds necessary to pay or discharge such Lien placed on or threatened against the Collateral, and the Trustee, upon receipt of such funds, shall pay or discharge such Lien placed on or threatened against the Collateral. In the event that the Trustee has or subsequently obtains by operation of law or otherwise a Lien in any Project Account, the Trustee agrees that such Lien shall be subordinate in all respects to the Lien for the benefit of Concessionaire and the Secured Parties.

2.18 Delivery of Information. For so long as any portion of the Secured Obligations remains outstanding, the City and the Authority shall provide the Trustee and the other Parties with all information required with respect to the City and the Authority for purposes of this Agreement.

2.19 No Other Agreements. Neither the Trustee nor any Party has entered or shall enter into any agreement with respect to the Collateral other than as contemplated in the Transaction Documents. The Trustee shall not grant any Lien on any Collateral other than as provided in this Agreement and the other Financing Documents.

2.20 Notice of Adverse Claims. The Trustee hereby represents (as to itself only) that, except for the claims and interests of the Parties and Secured Parties in their respective portions of the Collateral, the Trustee (a) as of the Effective Date, has no actual knowledge of, and has received no written notice of, and (b) as of each date on which any Project Account, the Preexisting Account or the Excluded Account is established pursuant to this Agreement, has received no notice of, any claim to, or interest in, any Collateral. If any Person asserts any Lien (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against any Collateral, the Trustee, upon obtaining written notice thereof, shall notify the Parties within two (2) Business Days of such notice thereof.

ARTICLE III
PARTIES REMAIN LIABLE

Anything herein to the contrary notwithstanding, (a) each Party and Secured Party shall remain liable under its contracts and agreements (including, to the extent applicable, the Transaction Documents) to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Trustee of any of the rights hereunder shall not release any Party or any Secured Party from any of its duties or obligations under its contracts and agreements, and (c) the Trustee shall not have any obligation or liability under the contracts and agreements of any Party or the Secured Parties by reason of this Agreement, nor shall the Trustee be obligated to perform any of the obligations or duties of any Party or the Secured Parties thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

ARTICLE IV
REASONABLE CARE

The Trustee shall not be liable to any Party, any Secured Party or any other Person for any act or omission on its part except for any such act or omission which is the result of its negligence or willful misconduct. The powers conferred on the Trustee hereunder are solely to

protect the interests of the Parties and the Secured Parties in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of the Collateral in its possession and the accounting for monies actually received by it hereunder, the Trustee shall have no other duty as to the Collateral, whether or not the Trustee, any Party or any Secured Party has or is deemed to have knowledge of any matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to the Collateral. The Trustee shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Trustee accords its own property.

ARTICLE V
ACCOUNTS

5.01 Establishment of Project Accounts. (a) The Authority has established the Lockbox Account and the Trustee shall establish the rest of the following project accounts (collectively, together with the Lockbox Account, the "Project Accounts") referred to in this Section 5.01, all in the name of the Authority.

(i) On or before the Effective Date, except for the Lockbox Account previously established by the Authority, the Trustee shall establish the following Project Accounts:

(1) Lockbox Account (previously established)

(2) Master Revenue Account

(3) Environmental Compliance Account

(4) Regulatory Compliance Subaccount

(5) Wastewater Rate Stabilization Account

(6) Water Rate Stabilization Account

(7) Wastewater Master Account

(8) Water Master Account

(9) Wastewater Operating Account

(10) Water Operating Account

(11) Wastewater Facility Authority Expense Account

(12) Water Facility Authority Expense Account

(13) Wastewater Operating R&R Account

(14) Water Operating R&R Account

(15) Wastewater Capital Charges Account

(16) Water Capital Charges Account

(17) Wastewater Reserve Account

(18) Water Reserve Account

(19) Wastewater Interim Retention Account

(20) Water Interim Retention Account

(21) Wastewater Surplus Account

(22) Water Surplus Account

(23) Wastewater Authority Construction Accounts

(I) Wastewater Authority Construction Account (Restricted)

(II) Wastewater Authority Construction Account (Unrestricted)

(24) Water Authority Construction Accounts

(I) Water Authority Construction Account (Restricted)

(II) Water Authority Construction Account (Unrestricted)

(25) Wastewater Takings Account

(26) Water Takings Account

(27) Wastewater Loss Proceeds Account

(28) Water Loss Proceeds Account

(29) Post-Termination Revenue Account

(ii) Each such Project Account shall be identified in the manner set forth in Exhibit A attached hereto.

(b) Any interest, gain or other amount of income earned on investments in the Project Accounts shall be treated for income tax purposes as being for the account of and owned

by the Authority. Obligations purchased as an investment of moneys in any Project Account shall be deemed to be part of such account. All interest or gain derived from the investment of amounts in any of the Project Accounts shall be retained in the respective account from which such investment was made.

(c) All of the Project Accounts, the Preexisting Account and the Excluded Account shall be under the control of the Trustee and, except as expressly provided herein, no Party or other Person shall have any right to withdraw funds from any Project Account or the Excluded Account. The Authority, the City, Concessionaire and the Collateral Agent (on behalf of the Secured Parties) hereby irrevocably authorize the Trustee to credit funds to or deposit funds in, and to withdraw and transfer funds from, each Project Account, the Preexisting Account and the Excluded Account in accordance with the terms of this Agreement.

(d) Other than the Project Accounts, the Excluded Account and the Preexisting Account, the Authority shall not establish any additional bank deposit accounts without the prior written consent of the Concessionaire, such consent to be conditioned upon the execution of documents required by Concessionaire creating a security interest in any such additional accounts to the same extent as the security interest created under Article IX with respect to the Project Accounts, the Excluded Account and the Preexisting Account.

5.02 Lockbox Account; Master Revenue Account. (a) The Lockbox Account has been created to receive deposits of User Fees. The Lockbox Account is a deposit-only account and, pursuant to Section 5.02(b), will be swept daily into the Master Revenue Account. The Lockbox Account has been established without any signature authority or outgoing wire transfer authority. The Concessionaire shall collect and deposit to the Lockbox Account on a daily basis all of the following, whether received as cash, checks and payments received by credit card or "online payment:"

(i) all User Fees related to all Utility Facilities;

(ii) Surcharges;

(iii) Development Impact Fees; and

(iv) the proceeds of business interruption insurance (if any).

Concessionaire shall perform a reconciliation of each day's receipts from all sources.

(b) Each Party (other than the Collateral Agent) shall immediately deposit or cause to be deposited into the Lockbox Account all amounts identified in Section 5.02(a) received by such Party. Each Party (other than the Collateral Agent) shall immediately deposit or cause to be deposited any other amount it receives related to the Project from any source whatsoever, together with written instructions to the Trustee with a copy to the Collateral Agent, as to the source of funds and the Project Account for deposit. Pending such deposit, such Party shall irrevocably hold all such amounts coming into its possession in trust for the benefit of the Parties and the Secured Parties in a manner such that the funds are not comingled with other funds held by such Party for application in accordance with the terms of this Agreement. Once

each Business Day, the Trustee shall transfer all amounts in the Lockbox Account to the Master Revenue Account. Each Monday (or the first Business Day of each calendar week), Concessionaire shall perform a reconciliation of all funds transferred to the Master Revenue Account in the previous week.

(c) Subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the Trustee shall make the following withdrawals, transfers and payments from the Master Revenue Account in the amounts, at the times and for the purposes specified below and in the following order of priority (it being agreed that no amount shall be released on any date pursuant to any clause below until amounts sufficient as of that date for all the purposes specified under the preceding clauses (including any amounts overdue) have been funded or otherwise satisfied):

On each Monthly Transfer Date and to the extent collected, (1) to the Wastewater Master Account, all Wastewater Facility User Fees; (2) to the Water Master Account, all Water Facility User Fees; (3) to another bank deposit account owned by the City that is not subject to this Agreement or the Depositary Agreement pursuant to the wiring instructions attached as Exhibit E, the portion of the Surcharges constituting the Utility Taxes expressly identified in a separate line item on User Fee invoices (if any); (4) to the Environmental Compliance Account, the portion of the Surcharges constituting the Perchlorate Surcharges expressly identified in a separate line item on User Fee invoices (if any); (5) to the Wastewater Authority Construction Account (Restricted) and the Water Authority Construction Account (Restricted), as the case may be, the Development Impact Fees actually collected by the City (if any) and deposited in the Lockbox Account during the month to which such monthly Funds Withdrawal/Transfer Certificate relates; and (6) if other Surcharges are assessed as separate line items on User Fee invoices for purposes of regulatory compliance related to the Utility Facilities or Utility Facilities Site and the City or the Authority retains the expenses associated with such regulatory compliance, to a Regulatory Compliance Subaccount of the Environmental Compliance Account, the amount of such other Surcharges, to the extent collected, upon the Trustee's receipt of written notice of such other Surcharge and written instruction to establish such Regulatory Compliance Subaccount in the same manner as the Perchlorate Surcharges (if any) deposited into the Environmental Compliance Account as described above.

(d) The Concessionaire shall have no obligation to add Surcharges unrelated to the Utility Facilities or Utility Facilities Site to User Fee invoices.

(e) Prior to requesting that Concessionaire add any Surcharge on User Fee invoices that is related to the Utility Facilities or Utility Facilities Site, or any adjustment thereof, the Authority shall notify Concessionaire of the same and demonstrate that it is compliant with Section 5.8 and Section 11.6 of the Concession Agreement. Concessionaire may not object to any Surcharge related to the Utility Facilities or Utility Facilities Sites requested to be added by the Authority to User Fee invoices; provided that (i) Concessionaire shall have a reasonable period of time to make such adjustment to User Fee invoices after receiving notice thereof, (ii) no Authority Event of Default or City Event of Default has occurred and is continuing, and (iii)

the User Fees are sufficient and will remain sufficient so as to fully comply with the requirements of Sections 5.8 and 11.6 of the Concession Agreement. The Concessionaire and the Authority shall provide the Trustee and the Collateral Agent with written notice of any changes to Surcharges consented to by Concessionaire in accordance with this Section 5.02(d).

(f) Nothing in this Agreement limits the Authority's right to eliminate or reduce any Surcharge (including the Perchlorate Surcharge) provided that (i) Concessionaire shall have a reasonable period of time to make such adjustment to User Fee invoices after receiving notice thereof, (ii) no Authority Event of Default or City Event of Default has occurred and is continuing, and (iii) the User Fees are sufficient and will remain sufficient so as to fully comply with the requirements of Sections 5.8 and 11.6 of the Concession Agreement.

(g) The Authority shall use the amounts on deposit in the Environmental Compliance Account and any subaccount in the Environmental Compliance Account specifically established for purposes of collecting a Surcharge for such Surcharge's intended purpose. On each Monthly Transfer Date or any other date when due as directed by the Authority and upon receipt of a written certification from the Authority (with a copy delivered by the Authority to Concessionaire), the amounts on deposit in any such account shall be released by the Trustee for the payment of Authority's financial obligations under the Concession Agreement or otherwise relating to such Surcharge.

(h) Notwithstanding anything in this Agreement to the contrary, if a water or wastewater user pays only a portion of any User Fee invoice, then the User Fees and Surcharges actually collected from such water or wastewater user shall be released on a pro rata basis with respect to the accounts indentified in Section 5.02(c) (except Section 5.02(c)(4) and Section 5.02(c)(6)), as described in the written notice from the Concessionaire to the Trustee at the time such funds are deposited into the Lockbox Account. Such proration shall be determined by the Concessionaire by a fraction equal to the amount actually paid by such water or wastewater user in connection with a User Fee invoice divided by the full amount of such User Fee invoice. Development Impact Fees, which are collected by the City but not collected via User Fee invoices, shall, to the extent collected, be fully released by the Trustee from the Lockbox Account to the Wastewater Authority Construction Account (Restricted) or Water Authority Construction Account (Restricted), as the case may be, and shall be excluded from the numerator and the denominator in the fraction described above. Each Surcharge indentified in Section 5.02(c)(4) or Section 5.02(c)(6) shall be subordinate to all other releases from the Master Revenue Account where a water or wastewater user pays only a portion of a User Fee invoice, except for any tax levied by a Governmental Agency (other than the City or the Authority (or another Governmental Agency under the control of the City or the Authority)) related to the Utility Facilities or Utility Facilities Sites which must be collected by the Authority on User Fee invoices, which tax shall be treated the same as Utility Taxes for purposes of this paragraph.

(i) Each payment on any past due User Fee invoice shall be applied, first, to the payment of accrued and unpaid interest and late fees to the date of such payment on such User Fee invoice or any previous User Fee invoice, and second, to the payment of amounts then due on such User Fee invoice.

(j) Any amounts that do not constitute Collateral and that are erroneously deposited in the Lockbox Account and swept to the Master Revenue Account shall be identified by Concessionaire in a Funds Withdrawal/Transfer Certificate and promptly returned to their sources as specified by Concessionaire in the Funds Withdrawal/Transfer Certificate; provided, however, that the Trustee shall not make any single transfer pursuant to this Section 5.02(k) in excess of $10,000 or transfers pursuant to this Section 5.02(k) that aggregate more than $200,000 in any 12-month period without the prior written consent of the Collateral Agent, acting at the direction of the Required Secured Parties.

5.03 Rate Stabilization Accounts. (a) On the Effective Date, the Authority shall deposit or cause the Collateral Agent to deposit into:

(i) the Wastewater Rate Stabilization Account the amount set forth on Schedule E-2 of the Concession Agreement (which is reproduced as Exhibit G hereto for ease of reference); and

(ii) the Water Rate Stabilization Account the amount set forth on Schedule E-2 of the Concession Agreement.

(b) Subject to the provisions of subsection (c) below, all funds deposited into the Wastewater Rate Stabilization Account and the Water Rate Stabilization Account shall be unrestricted funds such that they can be used by the Concessionaire or the Authority for any purpose related to the Utility Facilities.

(c) The Trustee shall transfer funds from the Wastewater Rate Stabilization Account and the Water Rate Stabilization Account to the Wastewater Master Account and the Water Master Account, respectively, in accordance with the monthly schedule set forth in Schedule E-3 attached to the Concession Agreement (which is reproduced as Exhibit G hereto for ease of reference) for the period of time specified therein.

(d) Additional deposits may be made into the Wastewater Rate Stabilization Account and the Water Rate Stabilization Account by the Trustee upon receipt of written direction from the Authority and Concessionaire, provided that any such deposits shall be made by the Authority in accordance with Section 5.8(b) and Section 11.6(b) of the Concession Agreement, and that the Authority, the Concessionaire and the Collateral Agent (at the written direction of the Required Secured Parties) agree to each such additional deposit in writing (which writing shall include a schedule listing the amount and date of permitted transfers from such Account). The Wastewater Rate Stabilization Account and the Water Rate Stabilization Account shall be maintained by the Trustee for the Term even if the balances in such Project Accounts are zero.

5.04 Wastewater Master Account. (a) Subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the Trustee shall make the following withdrawals, transfers and payments from either (i) the Wastewater Master Account in the case of clauses "First", "Second", "Third", "Fourth" and "Fifth" below, (ii) the Wastewater Interim Retention Account in the case of clauses "Sixth", "Seventh" below, or (iii) the Wastewater Surplus Account in the case of clause "Eighth"

below, in the amounts, at the times and for the purposes specified below and in the following order of priority (it being agreed that no amount shall be released for deposit into another Project Account on any date pursuant to any clause below until amounts sufficient as of that date for all the purposes specified under the preceding clauses (including any amounts overdue and any interest or penalties associated therewith) shall have been funded or otherwise satisfied):

First, on each Monthly Transfer Date, (i) to the Wastewater Operating Account, an amount equal to (1) the Wastewater Service Fee for the monthly period set forth in the applicable Billing Statement pursuant to Section 8.2 of the Concession Agreement, and (2) the Wastewater Reimbursable Payment for the monthly period set forth in the applicable Billing Statement in accordance with Section 8.3 of the Concession Agreement and, if applicable with respect to such Monthly Transfer Date, (3) the amount owed by the Authority to the Concessionaire pursuant to a Wastewater Chemical Settlement Statement or a Wastewater Electricity Settlement Statement (each as defined and provided in the Concession Agreement) and set forth in the applicable Billing Statement in accordance with Section 8.13 or 8.14 of the Concession Agreement, as applicable; and (ii) to the Wastewater Facility Authority Expense Account, an amount equal to the Wastewater Facility Authority Expense for the applicable monthly period as specified in bona fide invoices, bills or other written evidence delivered by the Authority to Concessionaire at least fifteen (15) days prior to the Monthly Transfer Date.

Second, on each Monthly Transfer Date or on any other date when due, to the extent there are funds remaining in the Wastewater Master Account as of such date after application of funds described in clause "First" of this Section 5.04(a) and subject to Section 5.04(e), to the Wastewater Operating R&R Account, an amount equal to one-twelfth ($1/12^{th}$) of the Wastewater Annual Operating R&R Payment pursuant to Section 9.3 of the Concession Agreement.

Third, on each Monthly Transfer Date or any other date when due, to the extent there are funds remaining in the Wastewater Master Account as of such date after application of funds described in clauses "First" and "Second" of this Section 5.04(a), (i) to the Wastewater Capital Charges Account, without duplication, to the payment of, or in satisfaction of all requirements with respect to, all Capital Charges accrued, including past-due Capital Charges, as of such Monthly Transfer Date associated with the Wastewater Facility and (ii) to the Excluded Account, the Authority Debt Service accrued, including past-due Authority Debt Service, as of such Monthly Transfer Date associated with any Wastewater Authority Parity Debt. In the event that funds remaining in the Wastewater Master Account are insufficient to fully cover all requirements of this clause "Third", the amounts available will be payable *pari passu* to clauses (i) and (ii) on a pro rata basis.

Fourth, on each Monthly Transfer Date or on any other date when due, to the extent there are funds remaining in the Wastewater Master Account as of such date after application of funds described in clauses "First", "Second" and "Third" of this Section 5.04(a), to the Wastewater Reserve Account in an amount equal to, when combined with the amount on deposit in the Wastewater Reserve Account at such time, the Wastewater Reserve Requirement applicable as of such date.

Fifth, on each Monthly Transfer Date, to the extent there are funds remaining in the Wastewater Master Account as of such date after application of funds described in clauses "First", "Second", "Third" and "Fourth" of this Section 5.04(a), to the Wastewater Interim Retention Account any remaining funds in the Wastewater Master Account.

Sixth, on each Semi-Annual Date, which dates shall correspond with the Repayment Dates, to the extent there are funds in the Wastewater Interim Retention Account as of such date after the application of funds described in clauses "First", "Second", "Third", "Fourth" and "Fifth" of this Section 5.04(a), to the Wastewater Surplus Account an amount equal to all of the funds in the Wastewater Interim Retention Account (the "Wastewater Regular Semi-Annual Payment") (subject to, in each case, the Authority Semi-Annual Payment Cap); provided that (i) no Authority Event of Default or City Event of Default has occurred and is continuing, and (ii) the Wastewater Facility User Fees are sufficient and will remain sufficient so as to fully comply with the requirements of Section 5.8 of the Concession Agreement.

Seventh, on the date that is ten (10) days following the end of each Fiscal Year, to the extent there are funds in the Wastewater Interim Retention Account as of such date after the application of funds described in clauses "First", "Second", "Third", "Fourth", "Fifth" and "Sixth" of this Section 5.04(a)and all other amounts described in Section 5.8 of the Concession Agreement have been fully collected, to the Wastewater Surplus Account all of the remaining funds in the Wastewater Interim Retention Account (if any); provided that (i) no Authority Event of Default or City Event of Default has occurred and is continuing and (ii) the Wastewater Facility User Fees are sufficient and will remain sufficient so as to fully comply with the requirements of Section 5.8 of the Concession Agreement.

Eighth, on each Monthly Transfer Date, to the Excluded Account, all amounts in the Wastewater Surplus Account (if any).

(b) On the Effective Date, the Authority shall deposit or cause the Collateral Agent to deposit into the Wastewater Facility Authority Expense Account the Authority's initial working capital amount set forth on Schedule E-2 of the Concession Agreement. The Authority acknowledges that, on the Effective Date, the Collateral Agent shall transfer to the Depositary

for deposit in the Working Capital Account (as defined in the Depositary Agreement) the Concessionaire's initial working capital amount set forth in Schedule E-2 of the Concession Agreement.

(c) Within one (1) Business Day of the receipt of any funds in the Wastewater Operating Account or the Wastewater Capital Charges Account, Trustee shall automatically pay all such funds into the Issuer Revenue Account under the Depositary Agreement.

(d) Throughout the Term, the Capital Charges associated with the Water Facility shall include the applicable share of all fees and expenses of the Trustee, Depositary, Collateral Agent, rating agency, and any other agent representing the Secured Parties pursuant to the Senior Secured Obligations.

(e) The amounts on deposit in the Wastewater Facility Authority Expense Account shall be applied by the Trustee for the payment of Wastewater Facility Authority Expenses due and payable in accordance with Section 8.5 of the Concession Agreement. Subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, such amounts shall be payable by the Trustee directly to the payees of the Wastewater Facility Authority Expenses; provided that with respect to the Authority's payroll and certain pre-approved miscellaneous Wastewater Facility Authority Expenses (as set forth in the applicable Wastewater Annual Budget) that are paid directly by Authority, such amounts shall be paid as reimbursement to Authority upon receipt of a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire. Unless a Wastewater Facility Authority Expense exceeds the amount set forth in the Wastewater Annual Budget for the applicable monthly period, then Concessionaire shall have no basis for withholding approval of a Funds Withdrawal/Transfer Certificate for release of funds from the Wastewater Facility Authority Expense Account for such Wastewater Facility Authority Expense.

(f) On the Effective Date the Authority shall deposit or cause the Collateral Agent to deposit into the Wastewater Operating R&R Account an amount equal to the Wastewater Required Operating R&R Account Balance. In accordance with Section 9.4(d) of the Concession Agreement, and in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire if the balance in the Wastewater Operating R&R Account on the last day of a Contract Year is an amount that is more than one hundred fifty percent (150%) of the Wastewater Required Operating R&R Account Balance for the succeeding Contract Year the difference between the balance in the Wastewater Operating R&R Account and one hundred fifty percent (150%) of the Wastewater Required Operating R&R Account Balance shall be transferred to the Wastewater Authority Construction Account (Unrestricted) and utilized for Wastewater Facility Improvements and Wastewater Facility Capital Projects. Surplus balances in the Wastewater Operating R&R Account on the last day of a Contract Year in amounts that are equal to or less than one hundred fifty percent (150%) of the Wastewater Required Operating R&R Account Balance for the succeeding Contract Year shall not be transferred to any other account.

(g) Subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the amounts on deposit in the Wastewater Operating R&R Account shall be transferred by the Trustee on a Monthly Transfer Date to Depositary for deposit in the Wastewater Operating R&R Account held under the Depositary Agreement, for the payment of Wastewater Operating R&R Reimbursement in accordance with the terms of the Depositary Agreement and Section 8.3 of the Concession Agreement.

(h) On the Effective Date the Authority shall deposit or cause the Collateral Agent to deposit into the Wastewater Reserve Account an amount equal to the Wastewater Reserve Requirement. In accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the amounts on deposit in the Wastewater Reserve Account shall be released by the Trustee (i) first, to the Wastewater Master Account at any time that amounts on deposit in the Master Wastewater Account are insufficient to fund all amounts required under priorities "First" (other than clause (ii)), "Second", "Third" and "Fourth" of this Section 5.04; and (ii) second, as provided by Section 9.5 of the Concession Agreement to the Wastewater Operating R&R Account in order to restore the Wastewater Required Operating R&R Account Balance. Trustee shall deliver prompt notice (no more than three (3) Business Days) to the Parties upon the application of any funds in the Wastewater Reserve Account.

(i) On each Monthly Transfer Date, to the extent there are funds remaining in the Wastewater Interim Retention Account because (i) an Authority Event of Default or City Event of Default has occurred and is continuing or (ii) the amounts described in clauses "First" (other than clause (ii)), "Second", "Third" and "Fourth" of this Section 5.04 have not been fully funded, then the funds in the Wastewater Interim Retention Account necessary to cure such Authority Event of Default or City Event of Default or fund the shortfall amounts described in clause (ii) above shall be released by the Trustee to the Wastewater Master Account in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire.

(j) To the extent there are funds in the Wastewater Interim Retention Account and the Water Interim Retention Account which collectively are in excess of the Authority Semi-Annual Payment Cap on any semi-annual payment date, then such funds shall be released from such Project Accounts on a pro rata basis in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire calculated by multiplying (A) the sum of the balances in the Wastewater Interim Retention Account and the Water Interim Retention Account as of the relevant Semi-Annual Date by (B) a fraction with (1) a numerator equal to the Authority Semi-Annual Payment Cap and (2) denominator equal to the sum of the balances in the Wastewater Interim Retention Account and the Water Interim Retention Account as of the relevant Semi-Annual Date. In no event shall the releases from such Project Accounts on the relevant Semi-Annual Date exceed the Authority Semi-Annual Payment Cap. The Authority Semi-Annual Payment Cap shall not be subject to any escalator or adjustment pursuant to any Transaction Document.

(k) Provided that (i) no Authority Event of Default or City Event of Default has occurred and is continuing, and (ii) the User Fees are sufficient and will remain sufficient so

as to fully comply with the requirements of Sections 5.8 and 11.6 of the Concession Agreement, to the extent there are funds remaining in the Wastewater Interim Retention Account because the amounts described in clauses "First", "Second", "Third" and "Fourth" of this Section 5.04 have been fully funded, then upon the Authority's request, subject to Section 5.11 hereof, and in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the Trustee shall release funds in the Wastewater Interim Retention Account to Wastewater Loss Proceeds Account to the extent necessary to pay for the Authority's uninsured Losses or insurance deductibles in accordance with its obligations under the Concession Agreement. Trustee shall deliver prompt notice (no more than three (3) Business Days) to the Parties prior to the application of any funds in the Wastewater Loss Proceeds Account in accordance with this clause (j).

(l) Notwithstanding anything in this Agreement to the contrary, for the period of time between the Effective Date and the commencement of the first full Fiscal Year after the Effective Date, the Wastewater Regular Semi-Annual Payment and the Authority Semi-Annual Payment Cap shall each be pro rated by multiplying such numbers by a fraction with (A) the numerator equal to the number of days between the Effective Date and the commencement of the first full Fiscal Year after the Effective Date and (B) a denominator equal to 365 days.

5.05 Water Master Account. (a) Subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the Trustee shall make the following withdrawals, transfers and payments from either (i) the Water Master Account in the case of clauses "First", "Second", "Third" and "Fourth", and "Fifth" below, (ii) the Water Interim Retention Account in the case of clauses "Sixth", "Seventh" below, or (iii) the Water Surplus Account in the case of clause "Eighth" below, in the amounts, at the times and for the purposes specified below and in the following order of priority (it being agreed that no amount shall be released for deposit into another Project Account on any date pursuant to any clause below until amounts sufficient as of that date for all the purposes specified under the preceding clauses (including any amounts overdue and any interest or penalties associated therewith) shall have been funded or otherwise satisfied):

First, on each Monthly Transfer Date, (i) to the Water Operating Account, an amount equal to (1) the Water Service Fee for the monthly period set forth in the applicable Billing Statement pursuant to Section 14.2 of the Concession Agreement, and (2) the Water Reimbursable Payment for the monthly period set forth in the applicable Billing Statement in accordance with Section 14.3 of the Concession Agreement and, if applicable with respect to such Monthly Transfer Date, (3) the amount owed by the Authority to the Concessionaire pursuant to a Water Chemical Settlement Statement or a Water Electricity Settlement Statement (each as defined and provided in the Concession Agreement) and set forth in the applicable Billing Statement in accordance with Section 14.13 or 14.14 of the Concession Agreement, as applicable; and (ii) to the Water Facility Authority Expense Account, an amount equal to the Water Facility Authority Expense for the applicable monthly period as specified in bona fide invoices, bills or other written evidence delivered by the Authority to

Concessionaire at least fifteen (15) days prior to the Monthly Transfer Date.

Second, on each Monthly Transfer Date or on any other date when due, to the extent there are funds remaining in the Water Master Account as of such date after application of funds described in clause "First" of this Section 5.05(a) and subject to Section 5.05(e), to the Water Operating R&R Account, an amount equal to one-twelfth ($1/12^{th}$) of the Water Annual Operating R&R Payment pursuant to Section 15.3 of the Concession Agreement.

Third, on each Monthly Transfer Date or any other date when due, to the extent there are funds remaining in the Water Master Account as of such date after application of funds described in clauses "First" and "Second" of this Section 5.05(a), (i) to the Water Capital Charges Account, without duplication, to the payment of, or in satisfaction of all requirements with respect to, all Capital Charges accrued as of such Monthly Transfer Date associated with the Water Facility and (ii) to the Excluded Account, the Authority Debt Service accrued as of such Monthly Transfer Date associated with any Water Authority Parity Debt. In the event that funds remaining in the Water Master Account are insufficient to fully cover all requirements of this clause "Third", the amounts available will be payable *pari passu* to clauses (i) and (ii) on a pro rata basis.

Fourth, on each Monthly Transfer Date or on any other date when due, to the extent there are funds remaining in the Water Master Account as of such date after application of funds described in clauses "First", "Second" and "Third" of this Section 5.05(a), to the Water Reserve Account in an amount equal to, when combined with the amount on deposit in the Water Reserve Account at such time, the Water Reserve Requirement applicable as of such date.

Fifth, on each Monthly Transfer Date, to the extent there are funds remaining in the Water Master Account as of such date after application of funds described in clauses "First", "Second", "Third" and "Fourth" of this Section 5.05(a), to the Water Interim Retention Account any remaining funds in the Water Master Account.

Sixth, on each Semi-Annual Date, which dates shall correspond with the Repayment Dates, to the extent there are funds in the Water Interim Retention Account as of such date after the application of funds described in clauses "First", "Second", "Third", "Fourth" and "Fifth" of this Section 5.05(a), to the Water Surplus Account an amount equal to all of the funds in the Water Interim Retention Account (the "Water Regular Semi-Annual Payment") (subject to, in each case, the Authority Semi-Annual Payment Cap).; provided that (i) no Authority Event of Default or City Event of

Default has occurred and is continuing, and (ii) the Water Facility User Fees are sufficient and will remain sufficient so as to fully comply with the requirements of Section 11.6 of the Concession Agreement.

Seventh, on the date that is ten (10) days following the end of each Fiscal Year, to the extent there are funds in the Water Interim Retention Account as of such date after the application of funds described in clauses "First", "Second", "Third", "Fourth", "Fifth" and "Sixth" of this Section 5.05(a) and all other amounts described in Section 11.6 of the Concession Agreement have been fully collected, to the Water Surplus Account all of the remaining funds in the Water Interim Retention Account (if any); provided that (i) no Authority Event of Default or City Event of Default has occurred and is continuing and (ii) the Water Facility User Fees are sufficient and will remain sufficient so as to fully comply with the requirements of Section 11.6 of the Concession Agreement.

Eighth, on each Monthly Transfer Date, to the Excluded Account, all amounts in the Water Surplus Account (if any).

(b) On the Effective Date, the Authority shall deposit or cause the Collateral Agent to deposit into the Water Operating Account and the Water Facility Authority Expense Account the applicable initial working capital amounts set forth on Schedule E-2 of the Concession Agreement. Throughout the Term, the Water Service Fee shall include all fees and expenses of the Trustee, Depositary and any agent or trustee representing Secured Parties pursuant to the Senior Secured Obligations.

(c) Within one (1) Business Day of the receipt of any funds in the Water Operating Account or the Water Capital Charges Account, Trustee shall automatically pay all such funds into the Issuer Revenue Account under the Depositary Agreement.

(d) The amounts on deposit in the Water Facility Authority Expense Account shall be applied by the Trustee for the payment of Water Facility Authority Expenses due and payable in accordance with Section 14.5 of the Concession Agreement. Subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, such amounts shall be payable by the Trustee directly to the payees of the Water Facility Authority Expenses; provided that with respect to the Authority's payroll and certain pre-approved miscellaneous Water Facility Authority Expenses (as set forth in the applicable Water Annual Budget) that are paid directly by Authority, such amounts shall be paid as reimbursement to Authority upon receipt of a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire. Unless a Water Facility Authority Expense exceeds the amount set forth in the Water Annual Budget for the applicable monthly period, then Concessionaire shall have no basis for withholding approval of a Funds Withdrawal/Transfer Certificate for release of funds from the Water Facility Authority Expense Account for such Water Facility Authority Expense.

(e) On the Effective Date, the Authority shall deposit or cause the Collateral Agent to deposit into the Water Operating R&R Account an amount equal to the Water Required Operating R&R Account Balance. In accordance with Section 15.4(d) of the Concession Agreement, if the balance in the Water Operating R&R Account on the last day of a Contract Year is an amount that is more than one hundred fifty percent (150%) of the Water Required Operating R&R Account Balance for the succeeding Contract Year the difference between the balance in the Water Operating R&R Account and one hundred fifty percent (150%) of the Water Required Operating R&R Account Balance for the succeeding Contract Year the difference between the balance in the Water Operating R&R Account and one hundred fifty percent (150%) of the Water Required Operating R&R Account Balance shall be transferred in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire to the Water Authority Construction Account (Unrestricted) and utilized for Water Facility Improvements and Water Facility Capital Projects. Surplus balances in the Water Operating R&R Account on the last day of a Contract Year in amounts that are equal to or less than one hundred fifty percent (150%) of the Water Required Operating R&R Account Balance for the succeeding Contract Year shall not be transferred to any other account.

(f) Subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the amounts on deposit in the Water Operating R&R Account shall be transferred by the Trustee on a Monthly Transfer Date to Depositary for deposit in the Water Operating R&R Account held under the Depositary Agreement for the payment of Water Operating R&R Reimbursement in accordance with the terms of the Depositary Agreement and Section 14.3 of the Concession Agreement.

(g) On the Effective Date, the Authority shall deposit or cause the Collateral Agent to deposit into the Water Reserve Account an amount equal to the Water Reserve Requirement. The amounts on deposit in the Water Reserve Account shall be released by the Trustee in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire (i) first, to the Water Master Account at any time that amounts on deposit in the Master Water Account are insufficient to fund all amounts required under priorities "First" (other than clause (ii), "Second", "Third" and "Fourth" of this Section 5.05; and (ii) second, as provided by Section 15.5 of the Concession Agreement to the Water Operating R&R Account in order to restore the Water Required Operating R&R Account Balance.

(h) On each Monthly Transfer Date, to the extent there are funds remaining in the Water Interim Retention Account because (i) an Authority Event of Default or City Event of Default has occurred and is continuing or (ii) the amounts described in clauses "First" (other than clause (ii)), "Second", "Third" and "Fourth" of this Section 5.05 have not been fully funded, then the funds in the Water Interim Retention Account necessary to cure such Authority Event of Default or City Event of Default or fund the shortfall amounts described in clause (ii) above shall be released by the Trustee in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire to the Water Master Account. To the extent there are funds in the Wastewater Interim Retention Account and the Water Interim Retention Account which collectively are in excess of the Authority Semi-Annual Payment Cap

on any Semi-Annual Date, then such funds shall be released from such Project Accounts in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire on a pro rata basis calculated by multiplying (A) the sum of the balances in each of the Wastewater Interim Retention Account and the Water Interim Retention Account as of the relevant Semi-Annual Date by (B) a fraction with (1) a numerator equal to the Authority Semi-Annual Payment Cap and (2) denominator equal to the sum of the balances in the Wastewater Interim Retention Account and the Water Interim Retention Account as of the relevant Semi-Annual Date. In no event shall the releases from such Project Accounts on the relevant Semi-Annual Date exceed the Authority Semi-Annual Payment Cap. The Authority Semi-Annual Payment Cap shall not be subject to any escalator or adjustment pursuant to any Transaction Document.

(i) Provided that (i) no Authority Event of Default or City Event of Default has occurred and is continuing, and (ii) the User Fees are sufficient and will remain sufficient so as to fully comply with the requirements of Sections 5.8 and 11.6 of the Concession Agreement, to the extent there are funds remaining in the Water Interim Retention Account because the amounts described in clauses "First", "Second", "Third" and "Fourth" of this Section 5.04 have been fully funded, then upon the Authority's request, subject to Section 5.11 hereof, and in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the Trustee shall release funds in the Water Interim Retention Account to Water Loss Proceeds Account to the extent necessary to pay for the Authority's uninsured Losses or insurance deductibles in accordance with its obligations under the Concession Agreement. Trustee shall deliver prompt notice (no more than three (3) Business Days) to the Parties prior to the application of any funds in the Water Loss Proceeds Account in accordance with this clause (i).

(j) Notwithstanding anything in this Agreement to the contrary, for the period of time between the Effective Date and the commencement of the first full Fiscal Year after the Effective Date, the Water Regular Semi-Annual Payment and the Authority Semi-Annual Payment Cap shall each be pro rated by multiplying such numbers by a fraction with (i) the numerator equal to the number of days between the Effective Date and the commencement of the first full Fiscal Year after the Effective Date and (ii) a denominator equal to 365 days.

5.06 Loss Proceeds Accounts; Takings Accounts. (a) All Loss Proceeds and Takings Awards related to the Wastewater Facility are to be paid directly into the Wastewater Loss Proceeds Account and the Wastewater Takings Account, respectively. Amounts on deposit in the Wastewater Loss Proceeds Account and, subject to the terms of the Concession Agreement, the Wastewater Takings Account shall be released or paid in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire and the City and approved by the Collateral Agent (acting at the written direction of the Required Secured Parties):

(i) to or upon the direction of Concessionaire, to pay the costs of restoring, repairing or replacing any damaged, destroyed or condemned portion of the Wastewater Facility in accordance with the Concession Agreement and the Financing Documents; or

(ii) to the Secured Parties in fulfillment of any mandatory prepayment obligations of Concessionaire related to the Wastewater Facility under the Financing Documents; or

(iii) to the extent not required to be released in accordance with the preceding clauses (i) or (ii), to the Master Wastewater Account for application as provided in Section 5.04.

Each of the City and the Authority agree that to the extent that it receives any Loss Proceeds with respect to the Wastewater Facility, such Loss Proceeds shall be held in trust for the benefit of the Secured Parties and the Concessionaire and shall be promptly transferred into the Wastewater Loss Proceeds Account.

(b) All Loss Proceeds and Takings Awards related to the Water Facility are to be paid directly into the Water Loss Proceeds Account and the Water Takings Account, respectively. Amounts on deposit in the Water Loss Proceeds Account and, subject to the Concession Agreement, the Wastewater Takings Account shall be released or paid in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire and the City and approved by the Collateral Agent (acting at the written direction of the Required Secured Parties):

(i) to or at the direction of Concessionaire to pay the costs of restoring, repairing or replacing any damaged, destroyed or condemned portion of the Water Facility in accordance with the Concession Agreement and the Financing Documents; or

(ii) to the Secured Parties in fulfillment of any mandatory prepayment obligations of Concessionaire related to the Water Facility under the Financing Documents; or

(iii) to the extent not required to be released in accordance with the preceding clauses (i) or (ii), to the Master Water Account for application as provided in Section 5.05.

Each of the City and the Authority agree that to the extent that it receives any Loss Proceeds with respect to the Water Facility, such Loss Proceeds shall be held in trust for the benefit of the Secured Parties and the Concessionaire and shall be promptly transferred into the Water Loss Proceeds Account.

(c) If Concessionaire determines that the amount of any Loss Proceeds or Takings Award on deposit in or credited to the Wastewater Loss Proceeds Account, the Water Loss Proceeds Account, the Wastewater Takings Account or the Water Takings Account, as the case may be, has been paid out of moneys paid from another account under this Agreement or the Depositary Agreement, then in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, and countersigned by the Collateral Agent (acting at the written direction of the Required Secured Parties), the Trustee

shall transfer moneys representing such Loss Proceeds or Takings Award to such other account (to the extent such amounts are paid out of such other account).

5.07 Wastewater Authority Construction Accounts and the Water Authority Construction Accounts. (a) The Wastewater Authority Construction Accounts and the Water Authority Construction Accounts shall be funded as described in Section 5.02(c) or as otherwise instructed by Concessionaire. Without limiting the foregoing, if the Authority contributes its own restricted funds for use on Capital Projects or other restricted matters related to the Project, such funds shall be deposited into the Wastewater Authority Construction Account (Restricted) or the Water Authority Construction Account (Restricted), as the case may be. All net proceeds of Senior Secured Obligations are to be used for the Utility Facilities Improvements or Capital Projects and shall be directly deposited in the applicable Water Concessionaire Construction Account or Wastewater Concessionaire Construction Account, or both, specified in a written direction of the Concessionaire delivered upon receipt of such proceeds.

(b) If Concessionaire is not selected as the contractor for any Capital Project pursuant to Section 6.10(g)(i) or Section 12.10(g)(i) of the Concession Agreement, then subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the funds in the Wastewater Authority Construction Accounts and the Water Authority Construction Accounts shall be available for paying the amounts due to the applicable contractor(s) associated with such Capital Project by transferring such funds from the applicable Wastewater Authority Construction Account or the applicable Water Authority Construction Account, as the case may be, and paid to the applicable payee as such amounts for such Capital Project become due.

(c) If Concessionaire is selected as the contractor for any Capital Project pursuant to Section 6.10(g)(i) or Section 12.10(g)(i) of the Concession Agreement, then subject to Section 5.11 hereof, in accordance with a Funds Withdrawal/Transfer Certificate, which has been duly completed and executed by Concessionaire, the funds in the Wastewater Authority Construction Accounts and the Water Authority Construction Accounts shall be available for paying the Compensation due to Concessionaire related to such Capital Project by transferring such funds from the applicable Wastewater Authority Construction Account or the applicable Water Authority Construction Account, as the case may be, to the applicable Wastewater Concessionaire Construction Account or the applicable Water Concessionaire Construction Account, as the case may be, and immediately paid to the Contractor as such amounts for such Capital Project become due.

(d) Funds from the Wastewater Authority Construction Account (Restricted) and the Water Authority Construction Account (Restricted) shall be used for Capital Projects before any funds from Wastewater Authority Construction Account (Unrestricted) or the Water Authority Construction Account (Unrestricted) are used, as the case may be, and only to the extent compliant with the applicable restrictions. Funds from the Wastewater Concessionaire Construction Account (Restricted) and the Water Concessionaire Construction Account (Restricted) shall be used for Capital Projects before any funds from Wastewater Concessionaire Construction Account (Unrestricted) or the Water Concessionaire Construction Account

(Unrestricted) are used, as the case may be, and only to the extent compliant with the applicable restrictions.

(e) Except as provided in Section 5.07(f), unless otherwise agreed to in writing by the Authority, Concessionaire and Collateral Agent (acting at the written direction of the Required Secured Parties), the amounts in the Wastewater Authority Construction Accounts and the Water Authority Construction Accounts shall only be used for Capital Projects contemplated under the Concession Agreement that are not included as part of the Wastewater Facility Improvements or the Water Facility Improvements, as the case may be. Except as provided in Section 5.07(f), funds in the Wastewater Concessionaire Construction Accounts or Water Concessionaire Construction Accounts shall be used for the Wastewater Facility Improvements or the Water Facility Improvements, as the case may be.

(f) If there is a Default or the User Fees are otherwise insufficient to pay all the Capital Charges and the Authority fails to make a contribution to the Lockbox Account in accordance with Concession Agreement, then the Collateral Agent (acting at the written direction of the Required Secured Parties) may direct the Trustee in writing to disburse funds in the (i) Wastewater Authority Construction Accounts or Water Authority Construction Accounts or (ii) Wastewater Concessionaire Construction Accounts or Water Concessionaire Construction Accounts, to satisfy such User Fee shortfall by releasing such funds to the Wastewater Master Account or the Water Master Account, as the case may be, provided that:

(i) the availability of such funds shall be reduced to the extent that funds in the Wastewater Concessionaire Construction Accounts or Water Concessionaire Construction Accounts are required for (A) Obligatory Wastewater Facility Improvements or Obligatory Water Facility Improvements or (B) Wastewater Facility Improvements or Water Facility Improvements for which Final Construction Work Authorizations have been executed;

(ii) the availability of such funds shall be reduced to the extent that funds in the Wastewater Authority Construction Accounts or Water Authority Construction Accounts are required for (A) obligatory Capital Projects under Section 6.10(d) or 12.10(d) of the Concession Agreement or (B) Capital Projects for which Final Construction Work Authorizations have been executed;

(iii) the availability of such funds shall be reduced to the extent that funds are required for any actual and demonstrable costs, fees, expenses or penalties associated with operational demobilization, termination or suspension of subcontracts entered into by Concessionaire prior to receipt of the written direction from the Collateral Agent as described in this Section 5.07(f);

(iv) disbursement of such funds at the written direction of the Collateral Agent in accordance with this Section 5.07(f), including

Development Impact Fees or funds raised via tax-exempt financing, complies with the restrictions under Applicable Law;

(v) in order of their priorities set forth in Sections 5.04 and 5.05 of this Agreement or the Depositary Agreement, all other funds held under the Reserve Accounts, the Interim Retention Accounts, the Surplus Accounts and other debt service reserve accounts shall have been fully depleted or otherwise not available to satisfy such User Fee shortfall; and

(vi) the Collateral Agent (acting at the written direction of the Required Secured Parties) complies with the process described in this Section 5.07(f).

(g) Prior to directing the use of any funds as described in Section 5.07(f), the Collateral Agent (acting at the written direction of the Required Secured Parties) shall deliver to Concessionaire a written notice of its intent to use funds in the Wastewater Authority Construction Accounts or Water Authority Construction Accounts to satisfy a User Fee shortfall. Within forty-five (45) days of Concessionaire's receipt of such notice, Concessionaire shall provide to the Collateral Agent (on behalf of the Secured Parties), with a copy to the Trustee, the Authority and the Independent Engineer, a report indicating a good faith estimate of the extent to which the availability of funds in Wastewater Authority Construction Accounts or Water Authority Construction Accounts shall be reduced as provided in Sections 5.07(f)(i), (ii) and (iii). Concessionaire shall have the right to include as a part of such estimate a contingency of ten percent (10%). The Independent Engineer shall review such report and shall respond within fifteen (15) days with any written comments regarding any aspect of the good faith estimate that is not reasonable or that is inconsistent with Good Engineering and Construction Practices. The Independent Engineer's failure to respond within the specified timeframe shall be deemed its approval of the good faith estimate. As promptly as practicable (but in no event later than sixty (60) days following the delivery of such report), Concessionaire shall re-issue such report, indicating the actual amount of such reduction. To the extent there are remaining available funds in the Wastewater Authority Construction Accounts or Water Authority Construction Accounts after the re-issuance of such report, such funds shall be available for disbursement in accordance with Section 5.07(f).

5.08 Post-Termination Revenue Account. The obligations of the Authority as set forth in Section 24.6(b) of the Concession Agreement and attached as Exhibit F are incorporated herein by reference and shall apply with equal force as if such obligations were set forth in this Section 5.08.

5.09 Excluded Account; Preexisting Account. (a) In addition to the Project Accounts, on or before the Effective Date, the Trustee shall establish two accounts in the name of the Authority:

First, for purposes of depositing funds that the Authority wishes, in its sole discretion, to be held by the Trustee and managed under this Agreement for the benefit of the Authority, the Excluded Account (the "Excluded Account"); and

Second, for purposes of holding funds that belonged to the Authority prior to the date of this Agreement or that are permitted to be deposited thereto in accordance with this Agreement, to be held by the Trustee and managed under this Agreement for the benefit of the Authority, the Preexisting Account (the "Preexisting Account").

Under no circumstances shall the Excluded Account or the Preexisting Account be included within the definition of "Project Account(s)" for purposes of this Agreement or the Concession Agreement. Releases of funds from the Excluded Account or the Preexisting Account into any Project Account shall only be made in accordance with Section 5.8(b) and Section 11.6(b) of the Concession Agreement.

Upon one (1) Business Day's notice from the Authority, deposits into the Excluded Account may be made by the Authority from time to time in its sole discretion. Releases of funds from the Excluded Account, either to an account owned by the City that is not subject to this Agreement or the Depositary Agreement, or for purposes of paying Authority Debt Service, or for any other lawful purpose of the Authority, shall be made upon receipt by the Trustee of a written instruction from the Authority unless prior to receipt of such instruction Trustee is in receipt of notice of a pending claim by one or more Secured Parties with respect to the Collateral; provided that funds so transferred shall be applied by the Authority first to Authority Debt Service then due and payable and second to other purposes. The Authority shall use funds transferred to the Excluded Account pursuant to clause (ii) of clause Third of Section 5.04(a) solely for the purpose of paying Authority Debt Service on Wastewater Authority Parity Debt. The Authority shall use funds transferred to the Excluded Account pursuant to clause (ii) of clause Third of Section 5.05(a) solely for the purpose of paying Authority Debt Service on Water Authority Parity Debt.

Upon one (1) Business Day's notice from the Authority, deposits into the Preexisting Account may be made by the Authority from time to time in its sole discretion; provided that no deposits shall be made into the Preexisting Account from a Project Account. Releases of funds from the Preexisting Account for any lawful purpose of the Authority shall be made from time to time upon receipt by the Trustee of a written instruction from the Authority unless, prior to receipt of such instruction, the Trustee is in receipt of notice of a pending claim by one or more Secured Parties with respect to the Collateral.

(b) The Excluded Account and the Preexisting Account shall be identified in the manner set forth in Exhibit A attached hereto.

(c) Any interest, gain or other amount of income earned on investments in the Excluded Account or the Preexisting Account shall be treated for income tax purposes as being for the account of and owned by the Authority. Obligations purchased as an investment of moneys in the Excluded Account or the Preexisting Account shall be deemed to be part of such

account. All interest or gain derived from the investment of amounts in the Excluded Account or the Preexisting Account shall be retained in such account.

5.10 Investment. (a) Funds in the Project Accounts, the Preexisting Account and the Excluded Account may be invested and reinvested only in Permitted Investments, in all cases at the risk and expense of the Authority, in accordance with written instructions given to the Trustee by the Authority (prior to the occurrence of a Default and, thereafter, as directed by the Collateral Agent acting at the written direction of the Required Secured Parties) and, unless a Default has occurred and is continuing, the Authority is entitled to instruct the Trustee to liquidate Permitted Investments. The Trustee shall not be required to take any action with respect to investing the funds in any Project Account, the Preexisting Account or the Excluded Account in the absence of written instructions by the Authority or, following the occurrence of a Default, the Collateral Agent. The Trustee shall not be liable for any loss resulting from any Permitted Investment or the sale, liquidation or redemption thereof. If and when cash is required for disbursement in accordance with this Article V, the Trustee is authorized, upon written direction from the Authority or, following the occurrence of a Default, the Collateral Agent, to the extent necessary to make payments required pursuant to this Article V to cause Permitted Investments to be sold or otherwise liquidated into cash (without regard to maturity) pursuant to such written direction. All funds in the Project Accounts, the Preexisting Account and the Excluded Account and all Permitted Investments made in respect thereof shall be held by the Trustee and the interests of the Authority therein shall constitute part of the security subject to the pledge and security interest created by this Agreement and the other Financing Documents. The Trustee may execute any investment instruction provided to it in respect of the Permitted Investments through its Affiliates, and neither the Trustee nor its Affiliates shall have a duty to monitor the investment rating of any such Permitted Investments. The obligations in which moneys in the Project Accounts, the Preexisting Account or the Excluded Account are so invested shall mature prior to the date on which such moneys are estimated to be required to be paid out hereunder.

(b) The Trustee shall have no obligation to invest or reinvest any funds on the day of deposit. Deposits shall be treated as if received on the following Business Day.

(c) The Trustee shall furnish the Concessionaire, the Authority and the Collateral Agent with periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the election of the Authority, the Concessionaire or the Collateral Agent, such statements will be delivered to such Party via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority, the Collateral Agent and the Concessionaire waive the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority, the Collateral Agent and the Concessionaire further understand that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

5.11 Withdrawal and Application of Funds; Priority of Transfers from Project Accounts; Default. (a) Except as provided in Section 5.11 (b) or as expressly provided in this

Agreement, each withdrawal, release or transfer of funds from the Project Accounts by the Trustee on behalf of Concessionaire in accordance herewith shall be made pursuant to a Funds Withdrawal/Transfer Certificate, which certificate must be executed by Concessionaire and delivered to the Trustee (with a copy to the Collateral Agent) no later than one (1) Business Day prior to the proposed withdrawal of funds set forth in the applicable funds transfer certificate.

(b) Upon the occurrence and during the continuation of a Concessionaire Event of Default, the Collateral Agent (acting at the direction of the Required Secured Parties) may, without further consent of Concessionaire, instruct the Trustee in writing to pay the amounts deposited in, or credited to, or the proceeds of, the Project Accounts in accordance with this Agreement without a duly executed Funds Withdrawal/Transfer Certificate from Concessionaire. The Trustee agrees to comply with such written instructions from the Collateral Agent.

(c) The Trustee shall not be obligated to monitor or verify (i) the accuracy of any Funds Withdrawal/Transfer Certificate or other written instructions provided in accordance with Sections 5.11(a) and 5.11(b) above to the Trustee for the transfer or deposit of funds with respect to any Project Account, or (ii) the use of amounts released or paid from the Project Accounts pursuant to written instructions given by Concessionaire.

5.12 Termination of Project Accounts, the Preexisting Account and the Excluded Account. Upon the satisfaction in full of the Secured Obligations as confirmed in writing (referencing this Section 5.12) by the Collateral Agent (acting at the written direction of the Required Secured Parties) and the Concessionaire to the Trustee, this Agreement shall terminate, and the Trustee shall, within thirty (30) days of receipt of a request from the Authority and at the expense of the Authority, close the Project Accounts, the Preexisting Account and the Excluded Account and, if necessary, liquidate any investments credited thereto or transfer the funds deposited therein or credited thereto, as directed by the Authority. Thereafter, the Trustee shall be released from any further obligation to (a) comply with entitlement orders originated by the Collateral Agent to the extent that any of the Project Accounts, the Preexisting Account or the Excluded Account is a "securities account" under the applicable Uniform Commercial Code, or (b) comply with instructions originated by the Collateral Agent to the extent that any of the Project Accounts, the Preexisting Account or the Excluded Account is a "deposit account" under the applicable Uniform Commercial Code or (c) comply with any obligation under any Financing Document except as specifically provided therein. Nothing contained in this paragraph shall be construed to modify or otherwise affect the security interests in and Liens on the Collateral prior to such transfer.

5.13 Deposit Account Bank

(a) Each of the Parties and the Trustee hereby agree that Union Bank, N.A. (or any successor thereto), shall act as the deposit account bank with respect to the Project Accounts, the Excluded Account and the Preexisting Account (in this capacity, the "Deposit Account Bank") under and for the purposes of this Agreement and for so long as Union Bank, N.A. (or any successor thereto), is the Trustee. The Deposit Account Bank shall benefit from the same rights, protections and indemnification provisions as the Trustee to the extent applicable.

(b) The Deposit Account Bank as to the Project Accounts and the Excluded Account may be changed to another bank reasonably approved jointly by the Collateral Agent and Concessionaire (unless a Default has occurred and is continuing), and the Deposit Account Bank as to the Preexisting Account may be changed to another bank reasonably approved jointly by the Authority, the Collateral Agent and Concessionaire (unless a Default has occurred and is continuing); provided that such bank shall be organized under the laws of the United States of America or any state thereof with an office in the State of California having a combined capital with unsecured long-term debt which shall be rated "A-" or better by S&P or "A3" or better by Moody's and that has a total capital stock and unimpaired surplus of not less than $500,000,000. If the Deposit Account Bank at any time gives notice that it no longer wishes to act as a Deposit Account Bank for one or more of the Preexisting Account, the Project Accounts or the Excluded Account or (if applicable) that it will no longer be subject to the terms of a Control Agreement (a "Termination Notice"), Concessionaire or Authority, as applicable, shall promptly (and in any event prior to the effective date of such Termination Notice) appoint a replacement Deposit Account Bank for the applicable Account or Accounts reasonably approved by the Collateral Agent; provided that such bank shall be organized under the laws of the United States of America or any state thereof with an office in the State of California with unsecured long-term debt which shall be rated "A-" or better by S&P or "A3" or better by Moody's and that has a total capital stock and unimpaired surplus of not less than $500,000,000. Concessionaire or Authority, as applicable, shall notify the other Parties and the Trustee of a Termination Notice promptly upon its receipt thereof.

(c) The new Deposit Account Bank for the Project Accounts and the Excluded Account shall be required, prior to becoming such Deposit Account Bank, to (i) enter into one or more Control Agreements, substantially in the form of Exhibit C-1 to this Agreement or in such other form as may be approved by the Collateral Agent and Concessionaire and carry out such further acts as the Collateral Agent may reasonably request in order to perfect the security interest of the Secured Parties in the Collateral, and (ii) agree to provide to Trustee the reports similar to those reports provided pursuant to Sections 2.13(b) and (c). The new Deposit Account Bank for the Preexisting Account shall be required, prior to becoming such Deposit Account Bank, to (i) enter into one or more Control Agreements, substantially in the form of Exhibit C-2 to this Agreement or in such other form as may be approved by the Collateral Agent and Concessionaire and carry out such further acts as the Collateral Agent may reasonably request in order to perfect the security interest of the Secured Parties in the Collateral, and (ii) agree to provide to Trustee the reports similar to those reports provided pursuant to Sections 2.13(b) and (c).

5.14 Inadequately Identified Amounts. In the event that the Trustee receives any amount which is inadequately identified as to the Project Account into which such amount is to be credited, the Trustee shall notify Concessionaire and, if a Default has occurred, the Collateral Agent of such event and shall request instructions from Concessionaire and, if a Default has occurred, the Collateral Agent (acting at the written direction of the Required Secured Parties) as to the Project Account into which such amount should be credited. The Trustee shall credit such amount to the Lockbox Account until such time as the Trustee receives a Funds Withdrawal/Transfer Certificate, which certificate must be executed by Concessionaire, stating that such amount should be credited to another Project Account, in which case the Trustee shall

credit such amount to the Project Account designated in such Funds Withdrawal/Transfer Certificate.

5.15 Tax Reporting. All interest or other earnings, if any, relating to the Project Accounts, the Preexisting Account or the Excluded Account shall be reported by the Depositary for such accounts to the Internal Revenue Service and all state and local taxing authorities under the name and taxpayer identification number of the Authority. The Authority shall prepare or cause to be prepared any tax returns or other forms or information required to be filed in connection with any such earnings.

5.16 Securities Intermediary. (a) The Preexisting Account, the Project Accounts and the Excluded Account shall be established and maintained as securities accounts with the Trustee, acting as securities intermediary (in such capacity, the "Securities Intermediary") under and for the purposes of this Agreement and for so long as it is the Trustee and Depositary for such accounts.

(b) The Securities Intermediary hereby accepts and agrees to act as such under this Agreement and represents and warrants that it is as of the date hereof, and shall be for so long as it is the Securities Intermediary hereunder, a banking corporation or a national bank that in the ordinary course of its business maintains securities accounts for others, meets the requirements and qualifications set forth in the first sentence of Section 5.21(e) and is acting in that capacity hereunder. The Securities Intermediary agrees with the parties hereto that each of the Project Accounts, the Preexisting Account and the Excluded Account shall be an account to which financial assets may be credited and undertake to treat the Trustee as entitled to exercise the rights that comprise such financial assets. The Securities Intermediary agrees with the parties hereto that each item of property credited to each Project Account, the Preexisting Account or the Excluded Account shall be treated as a financial asset. Each of the Trustee and the Securities Intermediary represents and warrants that it has not entered into any agreement or taken any other action that gives any Person other than the Trustee control over any of the Project Accounts, the Preexisting Account or the Excluded Account or that is otherwise inconsistent with this Agreement. Each of the Trustee and the Securities Intermediary agrees that it shall not become a party to any agreement or take any action that gives any Person other than the Trustee control over any of the Project Accounts, the Preexisting Account or the Excluded Account or that is otherwise inconsistent with this Agreement. The Securities Intermediary agrees that any financial assets credited to such Project Accounts, the Preexisting Account or the Excluded Account, or any "securities entitlement" (as defined in Section 8-102(a)(17) of the UCC or, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations) with respect thereto, shall not be subject to any security interest, lien, encumbrance, or right of setoff in favor of the Securities Intermediary or anyone claiming through the Securities Intermediary (other than the Trustee).

(c) It is the intent of the City, the Authority and the Concessionaire that the Trustee (for the benefit of the Secured Parties) be the entitlement holder with respect to the Project Accounts, the Preexisting Account and the Excluded Account. In any event, the Securities Intermediary hereby agrees that it will comply with entitlement orders with respect to the Project Accounts, the Preexisting Account and the Excluded Account originated by the

Trustee without further consent by the City, the Authority. the Concessionaire or any other Person. The Securities Intermediary covenants that it will not agree with any Person other than the Trustee to comply with entitlement orders with respect to any of the Project Accounts, the Preexisting Account or the Excluded Account originated by any Person or entity other than the Trustee.

(d) The Securities Intermediary shall not change the name or account number of any Project Account, the Preexisting Account or the Excluded Account without the prior written consent of the Trustee and the Concessionaire and at least five (5) Business Days' prior notice to the Trustee and the Concessionaire, and shall not change the entitlement holder. The Securities Intermediary shall at all times act as a "securities intermediary" (within the meaning of Section 8-102(a)(14) of the UCC or, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations) in maintaining the Project Accounts, the Preexisting Account and the Excluded Account and shall credit to each Project Account, the Preexisting Account and the Excluded Account each financial asset to be held in or credited to each Project Account, the Preexisting Account and Excluded Account pursuant to this Agreement. To the extent, if any, that the Trustee is deemed to hold directly, as opposed to having a security entitlement in, any financial asset held by the Securities Intermediary for the Trustee, the Securities Intermediary hereby agrees that it is holding such financial asset as the agent of the Trustee and hereby expressly acknowledges and agrees that it has received notification of the Trustee's security interest in such financial asset and that it is holding possession of such financial asset for the benefit of the Trustee.

(e) Each Project Account, the Preexisting Account and the Excluded Account shall remain at all times with a "securities intermediary" (within the meaning of Section 8-102(a)(14) of the UCC or, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations) that is a bank organized under the laws of the United States of America or any state thereof that has offices in the State of California with unsecured long-term debt which shall be rated "A-" or better by S&P or "A3" or better by Moody's and that has a total capital stock and unimpaired surplus of not less than $500,000,000; provided, however, that the Project Accounts, the Preexisting Account and Excluded Account may not be transferred to or held by a "securities intermediary" other than the Securities Intermediary without the consent of the Collateral Agent. The Securities Intermediary shall give written notice to the Trustee and the Concessionaire of the location of the Project Accounts, the Preexisting Account and the Excluded Account and of any change thereof prior to the use or change thereof.

(f) Any income received by the Trustee with respect to the balance from time to time on deposit in each Project Account, the Preexisting Account or the Excluded Account, including any interest or capital gains on investments in overnight securities made with amounts on deposit in each Project Account, the Preexisting Account or the Excluded Account, shall be credited to the applicable Project Account, the Preexisting Account or the Excluded Account, as applicable. All right, title and interest in and to the cash amounts on deposit from time to time in each Project Account, the Preexisting Account or the Excluded Account together with any investments in overnight securities from time to time made pursuant to this Section shall constitute part of the Collateral for the Secured Obligations and shall be held for the benefit of the Secured Parties and the Concessionaire as their interests shall appear hereunder and shall not

constitute payment of the Secured Obligations (or any other obligations to which such funds are provided hereunder to be applied) until applied thereto as provided in this Agreement.

(g) In the event that, notwithstanding the last sentence of Section 5.16(b), the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in any of the Project Accounts, the Preexisting Account or the Excluded Account, or any financial asset credited thereto, or any "securities entitlement" (as defined in Section 8-102(a)(17) of the UCC or, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations) with respect thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Trustee.

(h) The "securities intermediary's jurisdiction" of the Securities Intermediary for purposes of the UCC (or the Uniform Commercial Code of any other jurisdiction to the extent applicable) is the State of California.

(i) Terms used in this Section that are defined in the UCC shall have the meaning set forth in the UCC. Without limiting the foregoing, the term "securities intermediary" shall, with respect to book-entry securities, have the meaning given to it under 31 C.F.R. Part 357 (sale and issue of marketable book-entry Treasury bills, notes and bonds); 12 C.F.R. Part 615 (book-entry securities of the Farm Credit Administration and related conditions); 12 C.F.R. 987 (book-entry securities of the Financial Federal Housing Board), 12 C.F.R. Part 1511 (book-entry securities of the Resolution Funding Corporation); 24 C.F.R. Part 81 (book-entry securities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation); 31 C.F.R. Part 354 (book-entry securities of the Student Loan Marketing Association); 18 C.F.R. Part 1314 (book-entry securities of Tennessee Valley Authority); and 24 C.F.R. Part 350 (book-entry securities of Government National Mortgage Association).

(j) To the extent that the Project Accounts, the Preexisting Account or the Excluded Account are not considered "securities accounts" (within the meaning of Section 8-501(a) of the UCC), the Project Accounts, the Preexisting Account or the Excluded Account, as the case may be, shall be deemed to be "deposit accounts" (as defined in Section 9-102(a)(29) of the UCC), which the Trustee shall maintain with the Securities Intermediary acting not as a securities intermediary but as a "bank" (within the meaning of Section 9-102(a)(8) of the UCC). The Securities Intermediary hereby agrees to comply with any and all instructions originated by the Trustee directing disposition of funds in the Project Accounts, the Preexisting Account and the Excluded Account without any further consent of the Authority, the City or the Concessionaire.

ARTICLE VI
COLLATERAL AND REMEDIES

6.01 Notice of Default. Notwithstanding anything to the contrary contained in this Agreement or any other Financing Document, the Trustee, unless an Authorized Officer thereof shall have actual knowledge thereof, shall not be deemed to have any knowledge of any Default unless and until it shall have received written notice from a Party describing such Default in reasonable detail.

6.02 Default Events.

(a) On and after any date on which each Deposit Account Bank receives written notice from the Collateral Agent that a Default has occurred and is continuing and that the Collateral Agent is exercising exclusive control over the accounts comprising the Collateral (the date of receipt of such notice, the "Trigger Event Date"), notwithstanding anything to the contrary contained herein, the Deposit Account Bank shall thereafter cease complying with instructions originated by the City, the Authority or the Concessionaire concerning the accounts comprising the Collateral or funds on deposit therein, and shall accept and comply with all notices and instructions required to be given to the Deposit Account Bank pursuant to the terms of this Agreement only from the Collateral Agent, and the Deposit Account Bank shall not withdraw, release, transfer, pay or otherwise distribute any monies in any account comprising the Collateral except pursuant to such notices and instructions from the Collateral Agent unless the Collateral Agent notifies the Deposit Account Bank that such Default has been waived or cured, in which event the terms of this Article VI shall be inapplicable to such Default.

(b) On the Trigger Event Date, the Deposit Account Bank shall render an accounting of all monies in the Preexisting Account, the Project Accounts and the Excluded Account, as applicable, as of the Trigger Event Date to the Trustee and the Collateral Agent.

6.03 Enforcement of Remedies. Upon the occurrence and during the continuance of any Default, the Trustee shall, subject to the other provisions of this Agreement, take such Enforcement Action with respect to such Default as shall be directed by the Collateral Agent (a "Direction Notice"), acting in accordance with the applicable provisions of the Financing Documents or the documents governing any other Secured Obligations. Upon receipt by the Trustee of a Direction Notice, the Trustee shall seek to enforce this Agreement and to realize upon the Collateral in accordance with such Direction Notice; provided that the Trustee shall not be obligated to follow any Direction Notice if the Trustee reasonably determines that such Direction Notice is in conflict with any provisions of any Applicable Law, and the Trustee shall not, under any circumstances, be liable to any Party or Secured Party or any other Person for following a Direction Notice. At all times, if the Collateral Agent (acting in accordance with the Financing Documents or the documents governing any other Secured Obligations) advises the Trustee and the other Parties that it wishes to proceed in good faith with respect to any Enforcement Action, the Trustee and each of the other Parties shall cooperate in good faith with respect to such Enforcement Action and shall not unreasonably delay the enforcement of the Financing Documents.

6.04 Remedies of the Secured Parties. Unless otherwise consented to in writing by the Collateral Agent, no Secured Party, individually or together with any other Secured Party, shall have the right to, nor shall it, exercise or enforce any of the rights, powers or remedies which the Trustee is authorized to exercise or enforce under this Agreement.

6.05 Secured Party Information. In the event that the Trustee proceeds to foreclose upon, collect, sell or otherwise dispose of or take any other action with respect to any or all of the Collateral, or takes any other action pursuant to this Agreement or requests directions from the Collateral Agent, as provided herein, upon the request of the Trustee, the Collateral Agent

shall promptly deliver a written notice to the Trustee and each of the Secured Parties setting forth (a) the aggregate amount of Secured Obligations owing to such Secured Parties as of the date specified by the Trustee in such request and (b) such other information as the Trustee may reasonably request.

6.06 Application of Payments. (a) All User Fees and other Collateral, including proceeds thereof, received by the Trustee pursuant to the exercise of any rights or remedies accorded to the Trustee pursuant to, or by the operation of any of the terms of this Agreement, upon a Trigger Event Date, any circumstance resulting in any Secured Party's right to terminate the Agreement or upon the exercise of any Secured Party's rights with respect to the Collateral, shall first be applied to reimburse the Trustee for payment of the reasonable costs and necessary expenses of the Enforcement Action, including reasonable fees and expenses of counsel, all reasonable expenses, liabilities, and advances made or incurred by the Trustee in connection therewith, and all other amounts due to the Trustee in its capacity as such, and thereafter, the remaining proceeds shall be applied promptly following the Trigger Event Date, Termination Date or other relevant date of application by the Trustee at the direction of the Collateral Agent (acting at the written direction of the Required Secured Parties) in accordance with the following priority notwithstanding the Secured Parties' Lien on the Collateral:

> First, (i) to the Wastewater Operating Account and the Water Operating Account (as applicable), an amount equal to the outstanding and unpaid (1) Wastewater Service Fees and Water Service Fees, and (2) Wastewater Reimbursable Payments and the Water Reimbursable Payments; and (ii) except in the case of an Authority Event of Default or City Event of Default, to the Wastewater Facility Authority Expense Account and the Water Facility Authority Expense Account (as applicable), an amount equal to the outstanding and unpaid Wastewater Facility Authority Expenses and Water Facility Authority Expenses.
>
> Second, to the extent there are funds remaining for the Trustee to apply after application of funds described in clause "First" of this Section 6.06, the remainder of such funds to the Termination Fee Account under the Depositary Agreement.

(b) When the Trustee incurs expenses or renders services in connection with a Default, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any Applicable Laws (including bankruptcy laws).

6.07 Reliance on Information. For purposes of applying payments received in accordance with this Article VI, the Trustee shall be entitled to rely upon the information received by, and upon the request of, the Collateral Agent for such purpose, pursuant to Section 2.05 of this Agreement, with respect to the amounts of the outstanding Secured Obligations owed to the Secured Parties and the amount of any proceeds distributed from the Project Accounts. In the event that the Trustee, in its sole discretion, determines that it is unable to determine the amount or order of payments that should be made hereunder, the Parties agree

that the Trustee shall have the right, at its option, to deposit with, or commence an interpleader proceeding in respect of, such funds in a court of competent jurisdiction for a determination by such court as to the correct application of such funds hereunder.

ARTICLE VII
COMPENSATION, INDEMNITY AND EXPENSES

7.01 Compensation; Fees and Expenses. Concessionaire hereby agrees to pay to the Trustee for its own account compensation in such amount as separately agreed upon between Concessionaire and the Trustee from the Issuer Revenue Account under the Depositary Agreement. In addition, Concessionaire shall pay on the Monthly Transfer Date falling at least ten (10) Business Days after written demand from the Trustee the amount of any and all other reasonable out of pocket expenses incurred by the Trustee, including the reasonable documented fees, charges and disbursements of any counsel for the Trustee, in connection with (a) the preparation of amendments and waivers of this Agreement; (b) the enforcement of the rights or remedies of the Trustee under this Agreement, including all reasonable out of pocket expenses incurred during any workout, restructuring or negotiations in respect of the Collateral; (c) the custody, preservation of, or the sale of, collection from or other realization upon, the Collateral; and (d) lien and security interest searches and filings in connection with this Agreement. If any amounts required to be paid by Concessionaire to the Trustee under this Agreement remain unpaid after such amounts are due, Concessionaire shall pay interest on the aggregate, outstanding balance of such amounts from the date due until those amounts are paid in full at a per annum rate equal to the highest interest rate then applicable to any outstanding Secured Obligation, such rate to change from time to time as interest rates on loans under the Financing Documents change.

7.02 Authority Indemnification. The obligations of the Authority as set forth in Section 22 of the Concession Agreement are incorporated herein by reference and shall apply with equal force as if such obligations were set forth in this Section 7.02.

ARTICLE VIII
TERM; TERMINATION

8.01 Term. The term of the Trust Agreement shall commence on the Effective Date, and shall end upon the later of (a) the payment in full of all the Secured Obligations and (b) the expiration or earlier termination of the Concession Agreement.

8.02 Termination. Upon the cash payment in full of all of the Secured Obligations and termination of each of the Financing Documents, all rights to the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof shall revert to the Authority, its successors or assigns, or otherwise as a court of competent jurisdiction may direct. Upon any such termination, the Trustee shall, at the Authority's expense, execute and deliver to the Authority such documents as the Authority shall reasonably request to evidence such termination.

ARTICLE IX
COLLATERAL SECURITY

9.01 Grant. The City and the Authority hereby pledge and grant (to the full extent of their respective interests) for the benefit of (i) Concessionaire a first priority Lien on all of its respective right, title and interest, whether now owned or in the future acquired by it and whether now existing or in the future coming into existence and wherever located, in and to Section 9.01(a) through (f) below (collectively, the "Collateral") in order to secure all of the obligations of the City and the Authority under the Transaction Documents to which it is a party (the "Secured Concession Obligations") and (ii) the Collateral Agent, for the benefit of the Secured Parties a first priority Lien (on equal parity with the Lien granted pursuant to clause (i) above) on all of its respective right, title and interest, whether now owned or in the future acquired by it and whether now existing or in the future coming into existence and wherever located, in and to the Collateral in order to secure all of the obligations of the City and the Authority under the Transaction Documents to which it is a party (the "Senior Secured Obligations", the Secured Concession Obligations and the Senior Secured Obligations being referred to herein as the "Secured Obligations"):

(a) the User Fees and all rights to collect, receive or be paid the User Fees;

(b) all Project Accounts and funds deposited therein, including any insurance proceeds deposited therein, and all monies, funds, instruments, securities and all other property from time to time credited to such Project Accounts (including investment income);

(c) the Excluded Account and funds deposited therein, including any insurance proceeds deposited therein, and all monies, funds, instruments, securities and all other property from time to time credited to the Excluded Account (including investment income);

(d) the Preexisting Account and funds deposited therein, including any insurance proceeds deposited therein, and all monies, funds, instruments, securities and all other property from time to time credited to the Preexisting Account (including investment income);

(e) to the extent permitted hereby and not covered by paragraphs (a), (b) and (c) above, all other rights, title and interest of the City or the Authority in this Agreement;

(f) all, profits, income, benefits, substitutions and replacements of and to any of the property of the City or the Authority described in the preceding clauses of this Section 9.01 (including all causes of action, claims and warranties now or hereafter held by the City or the Authority in respect of any of the items listed above) and, solely to the extent related to any property described in such clauses or such proceeds, all books, correspondence, credit files, records, invoices and other documents, including all tapes, cards, computer runs and other papers and documents in the possession or under the control of the City or the Authority or any computer bureau or service company from time to time acting for the City or the Authority, and all proceeds of the foregoing.

9.02 City and Authority Remain Liable. Notwithstanding anything herein to the contrary the City and the Authority shall remain liable for all of the obligations under the Transaction Documents to which it is a party, if any, and nothing contained herein is intended or shall be a delegation of its duties thereunder to the Concessionaire, the Collateral Agent or the other Secured Parties, and neither the Collateral Agent nor the other Secured Parties shall have

any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related hereto nor shall the Collateral Agent or the other Secured Parties have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral. The exercise by the Collateral Agent of any of its rights hereunder shall not release the City, the Authority from any of its duties or obligations under the contracts and agreements included in the Collateral.

9.03 Concessionaire's Grant to the Collateral Agent. The Parties acknowledge that, in order to secure the obligations of the Concessionaire under the Senior Secured Financing Documents, the Concessionaire shall, pursuant to certain Senior Secured Financing Documents, collaterally assign and grant a first priority Lien to the Collateral Agent, acting for the benefit of the Secured Parties, in and to (among other things) all of the Concessionaire's right, title and interest in, to and under this Agreement, including, the Concessionaire's rights to in the Collateral and the right to direct the Trustee pursuant to Article VI. The City and the Authority hereby consent to such collateral assignment and to the creation of such Lien. Unless and until the Trustee shall have received written notice from the Collateral Agent that the all obligations of the Concessionaire have been paid in full under the Senior Secured Financing Documents, Collateral Agent shall have the right directly to exercise the rights of the Concessionaire under this Agreement.

9.04 Priority of Security Interests; Perfection. (a) This Agreement, and the Liens granted and created herein, secures the payment and the performance of the Secured Obligations.

(b) To fullest extent permitted by law, the Collateral shall immediately upon execution and delivery of this Agreement be subject to the Liens, which shall immediately attach to the Collateral and be effective, binding and enforceable against the City and the Authority, their respective successors, assigns or creditors or other Person asserting rights in therein, irrespective of whether those parties have notice of the Lien granted under this Agreement and without the need for any physical, recordation, filing or further act. For the sake of covering any gap or uncertainty, upon the execution and delivery of this Agreement, the City and the Authority shall (x) give, execute, deliver, file, authorize, obtain and/or record any financing or continuation statements or amendments thereto and the City and the Authority agree that such financing statements may describe the Collateral in the same manner as described in this Agreement or such other description as the City or the Authority determines is necessary or advisable, and, without limiting the obligations of the City and the Authority hereunder, the City and the Authority authorize the Collateral Agent to file one or more financing statements (and, if applicable amendments and continuation statements) in any filing office in any jurisdiction containing any such Collateral description) and other documents in such offices as determined by the City and the Authority to perfect and establish the priority of the Liens granted and created herein in any and all of the Collateral, to preserve the validity, perfection or priority of the Liens granted by this Agreement in any and all of the Collateral, or to enable the Collateral Agent to exercise its remedies, rights, powers and privileges under this Agreement and (y) take all such other actions as the Collateral Agent may reasonably request, to create, perfect and establish the priority of the Liens granted and created herein.

9.05 Preservation and Protection of Security Interests.

(a) The City and the Authority shall:

(i) upon acquisition after the date hereof by the City or the Authority of any payment of monies or funds in respect of User Fees not otherwise delivered to the Lockbox Account as set forth in Section 5.02, promptly deposit such payment into the Lockbox Account; and

(ii) give, execute, deliver, file or record any and all financing statements, notices, contracts, agreements, filings or other instruments and take any and all actions that may be necessary to create, perfect, establish the priority of, or to preserve the validity, perfection or priority of, the Liens granted by this Agreement or to enable the Collateral Agent to exercise and enforce its rights, remedies, powers and privileges under this Agreement with respect to such Liens.

(b) The City and the Authority acknowledge that they are not authorized to file any amendment or termination statement with respect to any financing statement relating to any Lien granted hereunder without the prior written consent of the Collateral Agent and agree that it shall not do so without the prior written consent of the Collateral Agent; provided that, the City and the Authority shall be so entitled to file such amendments or termination statements following the termination hereof.

9.06 Rights and Obligations. (a) the City and the Authority agree that the Collateral Agent (or the Trustee acting at the instruction of the Collateral Agent) in its name or in the name of the Secured Parties may enforce all rights and obligations under and pursuant to this Agreement for and on behalf of the Secured Parties. The City and the Authority acknowledge that the rights and responsibilities of the Trustee or Collateral Agent under this Agreement with respect to any action taken by the Trustee or Collateral Agent or the exercise or non-exercise by the Trustee or the Collateral Agent of any option, voting right, request, judgment, or other right or remedy provided for hereunder or resulting or arising out of this Agreement shall, as between the Trustee, the Collateral Agent and the Secured Parties, be governed by this Agreement.

(b) No reference in this Agreement to proceeds or to the sale or other disposition of Collateral shall authorize the City or the Authority to sell or otherwise dispose of any part of the Collateral except to the extent otherwise expressly permitted by the terms of the Financing Documents.

(c) Neither the Collateral Agent nor the Secured Parties shall be required to take steps necessary to preserve any rights against prior parties to any part of the Collateral.

9.07 Continuing Security Interest; Termination. This Agreement shall create a continuing assignment of, and security interest in, the Collateral and shall (a) remain in full force and effect from the date hereof until, all Secured Obligations to be paid or performed by the City

or the Authority under the Transaction Documents have been paid and performed in full (the "Security Termination Date"), (b) be binding upon the City and the Authority, and their respective successors and assigns, and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and the Secured Parties and their respective successors, transferees and assigns. Upon the occurrence of the Security Termination Date, this Agreement and each provision hereof (including any provision providing for the appointment of the Collateral Agent as attorney-in-fact for the City and the Authority) shall terminate, and the Collateral Agent shall, at the expense of the City and the Authority, forthwith cause to be assigned, transferred and delivered to the City and the Authority, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect of the Collateral owned by the City or the Authority to or on the order of the City or the Authority. The Collateral Agent shall also execute and deliver to the City or the Authority, at its expense, on the Security Termination Date such UCC termination statements, certificates for terminating the Liens and such other documentation as shall be reasonably requested by the City or the Authority to effect the termination and release of the Liens granted by this Agreement on the Collateral.

9.08 Representations and Warranties. As of the date hereof, the City and the Authority represents and warrants to the Collateral Agent, the Secured Parties and Concessionaire as follows:

(a) The Secured Parties and the Concessionaire are the sole beneficial owners of the existing Collateral in which the City and the Authority purport to grant a Lien pursuant to this Agreement, and such Collateral is free and clear of all Liens, except for the Liens granted pursuant to the Financing Documents or as otherwise permitted pursuant to the Financing Documents. The Liens granted by this Agreement in favor of the Collateral Agent for the benefit of the Secured Parties and Concessionaire have attached in the existing Collateral and, upon taking the actions contemplated under Section 9.04, shall constitute a valid and perfected security interest in all of such Collateral in favor of the Collateral Agent for the benefit of the Secured Parties and Concessionaire pursuant to the terms hereof prior to all other Liens (except for Liens created under this Agreement or any other Financing Document) in the Collateral.

(b) Neither the City nor the Authority has created any Lien on the Collateral or has executed, and is not aware of, any currently effective financing statement or other instrument similar in effect that is on file in any recording office covering all or any part of its interest in the Collateral, except such as may have been created or filed pursuant to this Agreement and the other Financing Documents.

(c) Each of the City and the Authority has the full power and authority to grant a Lien over all of the Collateral pursuant to this Agreement and to execute and deliver this Agreement and perform its obligations hereunder.

9.09 Covenants. So long as any Secured Obligations of the City or the Authority under the Transaction Documents to which it is a party are outstanding, the City and the Authority hereby covenant and agree as follows:

(a) Without at least thirty (30) days' prior written notice to the Collateral Agent, it shall not change its name from the name shown on the signature pages hereto.

(b) It shall cause all User Fees to be deposited in the Lockbox Account. It shall not change the deposit-only nature of the Lockbox Account nor shall it establish or suffer the establishment of any signature authority or outgoing wire transfer authority for the Lockbox Account.

9.10 Collateral Agent May Perform. If either the City or the Authority fails to perfect or maintain the Liens created hereunder, or fails to maintain the required priority of the Liens created hereunder, the Collateral Agent may perform, or cause the performance of, such action necessary to perfect or maintain the required priority of the Liens, and the expenses of the Collateral Agent incurred in connection therewith shall be payable under Section 7.02.

9.11 Reinstatement. This Agreement, any Lien created hereunder and the obligations of the City and the Authority hereunder shall automatically be reinstated if and to the extent that for any reason any payment by or on behalf of the City or the Authority in respect of the obligations of any of them under the Transaction Documents to which it is a party is rescinded or must otherwise be restored by the payee thereof, whether as a result of any proceedings in bankruptcy or reorganization or otherwise and the City or the Authority agrees that it shall indemnify the Secured Parties, the Trustee and the Collateral Agent on demand for all reasonable costs and expenses (including fees and expenses of counsel) incurred by such party in connection with such rescission or restoration.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.01 Monthly Procedure. (a) Within ten (10) Business Days after each Monthly Transfer Date, Concessionaire shall prepare (i) summary reports of all cash receipts and bank deposits on a daily, weekly and monthly basis, including a reconciliation and confirmation of the actual deposits and balances of each Project Account, the Preexisting Account and the Excluded Account, and (ii) a proposed distribution and transfer schedule for the application of funds by the Trustee for the next full calendar month. The summary reports and proposed distribution schedule shall be provided to the Trustee and the other Parties, and the underlying transaction documentation shall be available for review and audit by the Trustee and the other Parties.

(b) On the Business Day following each Monthly Transfer Date, the balance of the accounts under the Trust Agreement shall be available through the Trustee's online banking website.

10.02 Further Assurances. The Parties agree that from time to time, at their own expense, each shall promptly execute and deliver all further instruments and documents, and take all further action as reasonably required to perfect and maintain perfected the Liens to the Collateral as granted hereunder and to enable the Trustee to exercise and enforce its rights and remedies hereunder.

10.03 Amendments; Waivers. (a) Any term, covenant, agreement or condition of this Agreement may be amended or waived only by an instrument in writing signed by each of the parties hereto; provided that (i) the Collateral Agent shall only agree to an amendment hereto at the direction of the Required Secured Parties and (ii) the Parties may amend any term, covenant, agreement or condition of this Agreement without the consent of the Trustee as long as such amendment does not materially affect the specific obligations of the Trustee under this Agreement.

(b) The waiver (whether express or implied) by any Parties of any breach of the terms or conditions of this Agreement, and the consent (whether express or implied) of any Party shall not prejudice any remedy of any Party in respect of any continuing or other breach of the terms and conditions hereof, and shall not be construed as a bar to any right or remedy which the Party would otherwise have on any future occasion under this Agreement.

(c) No failure to exercise nor any delay in exercising, on the part of any Party of any right, power or privilege under this Agreement shall operate as a waiver thereof; further, no single or partial exercise of any right, power or privilege under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All remedies hereunder are cumulative and are not exclusive of any other remedies that may be available to any Party, whether at law, in equity or otherwise.

10.04 Successors and Assigns. (a) Subject to Section 9.03, this Agreement shall not be assigned by any Party without the other Parties' consent, which consent shall not be unreasonably withheld, except that Parties shall have the right to assign this Agreement, without the other Parties' consent, to: (i) an Affiliate; or (ii) in conjunction with a merger, consolidation or sale of substantially all of the assets of such Party.

(b) This Agreement shall be binding upon and inure to the benefit of, the Parties hereto and their respective permitted successors and assigns. Permitted successors and assigns for Trustee and Deposit Account Bank are as set forth in Sections 2.12 and 5.12, respectively.

(c) Nothing contained in this Agreement is intended to limit the right of any Secured Party to assign, transfer or grant participations in its rights in its respective Secured Obligations and Financing Documents.

10.05 Notices. Unless otherwise expressly provided herein, all notices, instructions, consents, requests, directions and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to Concessionaire:

Rialto Water Services, LLC
150 California Street, Suite 600-A
San Francisco, CA 94111
Fax: (415) 402-0223

(ii) if to the Authority:

Executive Director
Rialto Utility Authority
c/o City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iii) if to the City:

City Manager
City of Rialto
150 S. Palm Ave.
Rialto, CA 92376
Fax: [_____]

(iv) if to the Trustee:

Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Attention: James Myers
Fax: 415-273-2492

(v) if to the Collateral Agent:

Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Attention: James Myers
Fax: 415-273-2492

All instructions required under this Agreement shall be delivered in writing, in either original or facsimile form, or by PDF attached to an email, executed by an Authorized Officer. The identity of such Authorized Officers, as well as their specimen signatures, shall be delivered to the Trustee in the form of an Incumbency Certificate in the form of Exhibit B to this Agreement and shall remain in effect until such party notifies the Trustee of any change. In its capacity as Trustee, the Trustee shall accept all instructions and documents complying with the above under the indemnities provided in this Agreement, and reserves the right to refuse to accept any instructions or documents which fail, or appear to fail, to comply; provided that in the event of any such refusal by the Trustee, the Trustee shall promptly notify the relevant Authorized Officer executing the instructions or delivering the documents of such non-compliance and provide a reasonable time period for the correction thereof. The Trustee may accept a facsimile or PDF signature on documents as if it were an original.

Any party hereto may change its address or fax number for notices and other communications hereunder by notice to the other Parties. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and, if given in accordance with this Section 10.05, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or, when sent by fax, when electronic confirmation of receipt is received, or by a PDF copy attached to an email, when sent by mail, two (2) Business Days after being sent.

10.06 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the Parties hereto may execute this Agreement by signing any such counterpart.

10.07 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed therein without reference to conflict of laws provisions thereof. Each of the Parties hereto hereby irrevocably (a) consents and submits to the non exclusive jurisdiction of any California state court sitting in Los Angeles, California or any federal court of the United States sitting in the Central District of California, as any party may elect, in any suit, action or proceeding arising out of or relating to this Agreement, and (b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, WAIVES THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH ANY OF THE PARTIES HERETO ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

10.08 Captions. The headings of the several articles and sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

10.09 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under Applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

UNION BANK, N.A.,
a national banking association,
as Collateral Agent

By:_____
Name:_____
Title:_____

UNION BANK, N.A.,
a national banking association,
as Trustee and Securities Intermediary

By:_____
Name:_____
Title:_____

UNION BANK, N.A.,
a national banking association,
as Deposit Account Bank

By:_____
Name:_____
Title:_____

RIALTO WATER SERVICES, LLC

By:_____
Name: Peter Luchetti
Title: President

By:_____
Name: Jeff Murphy
Title: Vice President

RIALTO UTILITY AUTHORITY

By:_____
Name:_____
Title:_____

APPROVED AS TO FORM:

_____,
Authority Legal Counsel

CITY OF RIALTO

By:_____
Name:_____
Title:_____

APPROVED AS TO FORM:

_____,
City Attorney

EXHIBIT A

PROJECT ACCOUNTS; EXCLUDED ACCOUNT; PREEXISTING ACCOUNT

(1) Lockbox Account
(2) Master Revenue Account
(3) Environmental Compliance Account
(4) Regulatory Compliance Subaccount
(5) Wastewater Rate Stabilization Account
(6) Water Rate Stabilization Account
(7) Wastewater Master Account
(8) Water Master Account
(9) Wastewater Operating Account
(10) Water Operating Account
(11) Wastewater Facility Authority Expense Account
(12) Water Facility Authority Expense Account
(13) Wastewater Operating R&R Account
(14) Water Operating R&R Account
(15) Wastewater Capital Charges Account
(16) Water Capital Charges Account
(17) Wastewater Reserve Account
(18) Water Reserve Account
(19) Wastewater Interim Retention Account
(20) Water Interim Retention Account
(21) Wastewater Surplus Account
(22) Water Surplus Account
(23) Wastewater Authority Construction Accounts
(24) Water Authority Construction Accounts
(25) Wastewater Takings Account
(26) Water Takings Account
(27) Wastewater Loss Proceeds Account
(28) Water Loss Proceeds Account
(29) Post-Termination Revenue Account

WIRE TRANSFER INSTRUCTIONS

If to the Master Revenue Account:

Union Bank, N.A.
1980 Saturn Street
Monterey Park, CA 91755
ABA #122000496
Acct. #37130196431 Acct. Name: TRUSDG
FFC: #6712005001 Rialto Water Services Master Revenue Account
Ref: Hank Helley 415-273-2514

If to the Preexisting Account:

ABA 122000496
Union Bank
Monterey Park, CA 91755
37130196431 TRUSDG.
FFC: 6712005032 –Rialto Pre-Existing Account
Attn: James Myers

If to the Excluded Account:

ABA 122000496
Union Bank
Monterey Park, CA 91755
37130196431 TRUSDG.
FFC: 6712005031-Rialto Excluded Account
Attn: James Myers

EXHIBIT B

INCUMBENCY CERTIFICATE

[COMPANY]
INCUMBENCY CERTIFICATE

The undersigned certifies that s/he is the [INSERT TITLE] of [COMPANY], a [DOMICILE], (the "Company"), and as such s/he is authorized to execute this Certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers of the Company in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. S/he further certifies that any of the persons listed below is authorized [CHOOSE ONE: individually or jointly with one other person] to sign agreements and give written instructions with regard to any matters pertaining to the [AGREEMENT]:

Name	Title/Phone	Signature
_____	/	_____
_____	/	_____
_____	/	_____

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Company this _____ day of _____, 20[ ].

[NOTE: SHOULD BE SIGNED BY SOMEONE WHOSE NAME IS NOT INCLUDED IN THE ABOVE LIST]

_____
Name:
Title:

EXHIBIT C

FORM OF CONTROL AGREEMENT

Exhibit C-1

Form of Control Agreement

(for the Project Accounts and the Excluded Account)

This Control Agreement, dated as of [_____], 20[_] (this "Agreement"), among RIALTO WATER SERVICES, LLC, a Delaware limited liability company (the "Concessionaire"), the RIALTO UTILITY AUTHORITY (the "Authority"), the CITY OF RIALTO, a municipal corporation of the State of California (the "City"), the Trustee (as defined in the Trust Agreement referred to below), the Collateral Agent (as defined in the Trust Agreement referred to below) for the benefit of the Secured Parties (as defined in the Trust Agreement referred to below) and [ ], in its capacity as a "bank" as defined in Section 9102 of Division 9 of the UCC (in such capacity, the "Deposit Account Bank"). All references herein to the "UCC" means the Uniform Commercial Code as in effect from time to time in the State of California.

WHEREAS, pursuant to that certain Trust Agreement, dated as of November 29, 2012, between the Concessionaire, the Authority, the City, the Trustee, and the Collateral Agent (the "Trust Agreement"), the Authority has granted to the Collateral Agent for the benefit of the Secured Parties a security interest in the Project Accounts (as defined in the Trust Agreement) and the Excluded Account (as defined in the Trust Agreement).

NOW THEREFORE, the parties hereto hereby agree, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, as follows:

1. Establishment and Maintenance of the Project Accounts and Excluded Account. The Deposit Account Bank hereby confirms and agrees that it has established and shall maintain in the name of the Authority the Project Accounts and the Excluded Account, and the Deposit Account Bank shall not change the name or account number of the Project Accounts or the Excluded Account without the prior written consent of the Concessionaire and the Collateral Agent.

2. Control of the Project Accounts and the Excluded Account. The Deposit Account Bank may comply with instructions directing disposition of the funds in the Project Accounts and the Excluded Account originated by the Concessionaire the City or the Authority, as applicable under the terms of the Trust Agreement, until such time as the Collateral Agent delivers a written notice to the Deposit Account Bank that the Collateral Agent is thereby exercising exclusive control over the Project Accounts and the Excluded Account (a "Notice of Exclusive Control"), or after such time as the Collateral Agent delivers a written notice to the Deposit Account Bank that the Collateral Agent is thereby terminating its exercise of exclusive control over the Project Accounts and the Excluded Account (a "Notice of Termination of Control"). After the Deposit Account Bank receives a Notice of Exclusive Control, and until such time, if ever, that it receives a Notice of Termination of Control, it

will cease complying with instructions originated by the City, the Authority or the Concessionaire concerning the Project Accounts and the Excluded Account or funds on deposit therein, and the Deposit Account Bank shall comply with any instructions originated by the Collateral Agent directing disposition of the funds in the Project Accounts or the Excluded Account, without further consent by the Trustee, the City, the Authority or any other person or entity. Except as set forth in this Section 2, the Deposit Account Bank has not and will not agree with any person or entity other than the Collateral Agent to comply with instructions or other directions concerning the Project Accounts and the Excluded Account or the disposition of funds on deposit therein originated by any person or entity other than the Collateral Agent. The Deposit Account Bank hereby acknowledges that it has received notice of the security interest of the Concessionaire and Collateral Agent in the Project Accounts and the Excluded Account and hereby acknowledges and consents to such security interest.

3. Subordination of Lien; Waiver of Set Off. In the event that the Deposit Account Bank has or subsequently obtains by agreement, by operation of law or otherwise a security interest in the Project Accounts, the Excluded Account or any funds credited thereto, the Deposit Account Bank hereby agrees that such security interest shall be subordinate to the security interest of Concessionaire and the Collateral Agent. Money and other items credited to the Project Accounts and the Excluded Account will not be subject to deduction, set off, banker's lien, or any other right in favor of any person other than Concessionaire and the Collateral Agent (except that the Deposit Account Bank may set off (i) all amounts due to the Deposit Account Bank in respect of customary fees and expenses for the routine maintenance and operation of the Project Accounts and the Excluded Account and (ii) the face amount of any checks or any automatic clearing house ("ACH") entries which have been credited to the Project Accounts and the Excluded Account but are subsequently returned unpaid for any reason, including uncollected or insufficient funds).

4. Choice of Law. This Agreement shall be governed by the laws of the State of California. Regardless of any provision in any other agreement, for purposes of the UCC and Division 9 of the UCC, the State of California shall be deemed to be the Deposit Account Bank's jurisdiction within the meaning of Section 9304 of Division 9 of the UCC.

5. Conflict with Other Agreements.

In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing or hereafter entered into, the terms of this Agreement shall prevail;

No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto; and

The Deposit Account Bank hereby confirms and agrees that it has not entered into, and until the termination of this Agreement, will not enter into, any agreement with any other person relating to the Project Accounts, the Excluded Account and/or any funds credited thereto

pursuant to which it has agreed to comply with instructions originated by such persons as contemplated by Section 9104 of Division 9 of the UCC.

6. Adverse Claims. The Deposit Account Bank does not know of any liens, claims or encumbrances relating to the Project Accounts or the Excluded Account (other than as set forth in the Trust Agreement). If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Project Accounts, the Excluded Account and/or any funds credited thereto, the Deposit Account Bank will promptly notify the Collateral Agent, the Trustee, the Authority and the Concessionaire.

7. Reserved.

8. Statements and Confirmations. The Deposit Account Bank will promptly send copies of all statements, confirmations and other correspondence concerning the Project Accounts and the Excluded Account simultaneously to the Authority, the Concessionaire the Collateral Agent and the Trustee (at the address set forth in Section 12).

9. Tax Reporting. All interest, if any, relating to the Project Accounts and the Excluded Account, shall be reported to the Internal Revenue Service and all state and local taxing authorities under the name and certified taxpayer identification number of the Authority. The Authority shall prepare or cause to be prepared any tax returns or other forms or information required to be filed in connection therewith.

10. Withdrawal of Funds.

    a. If the Deposit Account Bank (i) receives a written instruction from the Authority regarding a withdrawal request from the Excluded Account to an account owned by the Authority or the City that is not subject to this Agreement or the Depositary Agreement and (ii) has not theretofore received a notice of a pending claim by the Secured Parties with respect to the Collateral or otherwise received a notice from the Collateral Agent (pursuant to Section 2 or otherwise) prohibiting withdrawals from the Excluded Account, then the Deposit Account Bank shall not be liable to Concessionaire or the Collateral Agent for funding the Authority's requested withdrawal from the Excluded Account.

    b. If the Deposit Account Bank (i) receives a withdrawal request from the Trustee from any Project Account and (ii) has not theretofore received a notice of a pending claim by the Secured Parties with respect to the Collateral or otherwise received a notice from the Collateral Agent (pursuant to Section 2 or otherwise) prohibiting withdrawals from any Project Account, then the Deposit Account Bank shall not be liable to Concessionaire or the Collateral Agent for funding the Trustee's withdrawal from any Project Account, it being acknowledged and agreed that Concessionaire the Collateral Agent shall look solely to the Trustee in this regard. Funds withdrawn by the Trustee or by the Collateral Agent for deposit with the Trustee shall be delivered by wire transfer as follows:

Wiring Instructions: ABA 122000496
Union Bank
Monterey Park, CA 91755
37130196431 TRUSDG.
FFC: Specify Account Name and number
Attn: James Myers.

11. Successors; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Trustee may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Concessionaire and the Collateral Agent.

12. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy and electronic confirmation of error-free receipt is received or two (2) days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth below.

Authority:

[ADDRESS]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Trustee:

[ADDRESS]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Concessionaire:

[ADDRESS]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Collateral Agent:

[ADDRESS]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Any party may change its address for notices in the manner set forth above.

13. Termination. The obligations of the Deposit Account Bank to Concessionaire and the Collateral Agent pursuant to this Agreement shall continue in effect until the security interest

of Concessionaire and the Collateral Agent in the Project Accounts and the Excluded Account has been terminated pursuant to the terms of the Trust Agreement and Concessionaire and the Collateral Agent have notified the Deposit Account Bank of such termination in writing. Concessionaire and the Collateral Agent agree to provide a Notice of Termination in substantially the form of Exhibit A attached hereto to the Deposit Account Bank upon the request of the Trustee on or after the termination of Concessionaire's and the Collateral Agent's security interest in the Project Accounts and the Excluded Account pursuant to the terms of the Trust Agreement. The termination of this Agreement shall not terminate the Project Accounts or the Excluded Account or alter the obligations of the Deposit Account Bank to the Trustee pursuant to any other agreement with respect to the Project Accounts or the Excluded Account.

14. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Control Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

RIALTO WATER SERVICES, LLC

By: _____
Name:
Title:

[ ], as Collateral Agent

By: _____
Name:
Title:

[ ], as Trustee

By: _____
Name:
Title:

[ ], as Deposit Account Bank

By: _____
Name:
Title:

RIALTO UTILITY AUTHORITY

By: _____
Name:
Title:

CITY OF RIALTO

By: _____
Name:
Title:

EXHIBIT A
TO CONTROL AGREEMENT

[Letterhead of Collateral Agent]

[Date]

[Name and Address of Deposit Account Bank]

Attention:

Re: Termination of Control Agreement

You are hereby notified that the Control Agreement dated as of [_____], 20[_] among RIALTO WATER SERVICES, LLC (the "Concessionaire"), UNION BANK, N.A., the Collateral Agent, UNION BANK, N.A., the Trustee, RIALTO UTILITY AUTHORITY (the "Authority"), you and the undersigned (a copy of which is attached) is terminated and you have no further obligations to the undersigned pursuant to such Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to account numbers [_____] from the Authority. This notice terminates any obligations you may have to the undersigned with respect to such accounts, however nothing contained in this notice shall alter any obligations which you may otherwise owe to the Concessionaire pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to the Concessionaire.

Very truly yours,

UNION BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

RIALTO WATER SERVICES, LLC
as Concessionaire

By: _____
Name:
Title:

Exhibit C-2

Form of Control Agreement

(for the Preexisting Account)

This Control Agreement, dated as of [_____], 20[_] (this "Agreement"), among RIALTO WATER SERVICES, LLC, a Delaware limited liability company (the "Concessionaire"), the RIALTO UTILITY AUTHORITY (the "Authority"), the CITY OF RIALTO, a municipal corporation of the State of California (the "City"), the Trustee (as defined in the Trust Agreement referred to below), the Collateral Agent (as defined in the Trust Agreement referred to below) for the benefit of the Secured Parties (as defined in the Trust Agreement referred to below) and [Deposit Bank for the Preexisitng Account], in its capacity as a "bank" as defined in Section 9102 of Division 9 of the UCC (in such capacity, the "Deposit Account Bank"). All references herein to the "UCC" means the Uniform Commercial Code as in effect from time to time in the State of California.

WHEREAS, pursuant to that certain Trust Agreement, dated as of November 29, 2012, between the Concessionaire, the Authority, the City, the Trustee, and the Collateral Agent (the "Trust Agreement"), the Authority has granted to the Collateral Agent for the benefit of the Secured Parties a security interest in the Preexisting Account (as defined in the Trust Agreement).

NOW THEREFORE, the parties hereto hereby agree, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, as follows:

1. Establishment and Maintenance of the Preexisting Account. The Deposit Account Bank hereby confirms and agrees that it has established and shall maintain in the name of the Authority the Preexisting Account, and the Deposit Account Bank shall not change the name or account number of the Preexisting Account without the prior written consent of the Concessionaire and the Collateral Agent.

2. Control of the Preexisting Account. The Deposit Account Bank may comply with instructions directing disposition of the funds in the Preexisting Account originated by the Concessionaire the City or the Authority, as applicable under the terms of the Trust Agreement, until such time as the Collateral Agent delivers a written notice to the Deposit Account Bank that the Collateral Agent is thereby exercising exclusive control over the Preexisting Account (a "Notice of Exclusive Control"), or after such time as the Collateral Agent delivers a written notice to the Deposit Account Bank that the Collateral Agent is thereby terminating its exercise of exclusive control over the Preexisting Account (a "Notice of Termination of Control"). After the Deposit Account Bank receives a Notice of Exclusive Control, and until such time, if ever, that it receives a Notice of Termination of Control, it will cease complying with instructions originated by the City, the Authority or the Concessionaire concerning the Preexisting Account or funds on deposit therein, and the Deposit Account Bank shall comply with any instructions originated by the Collateral Agent directing disposition of the funds in the Preexisting Account, without further consent by the Trustee, the City, the Authority or any other person or entity. Except as set forth in this

Section 2, the Deposit Account Bank has not and will not agree with any person or entity other than the Collateral Agent to comply with instructions or other directions concerning the Preexisting Account or the disposition of funds on deposit therein originated by any person or entity other than the Collateral Agent. The Deposit Account Bank hereby acknowledges that it has received notice of the security interest of the Concessionaire and Collateral Agent in the Preexisting Account and hereby acknowledges and consents to such security interest.

Funds withdrawn by the Collateral Agent shall be delivered by wire transfer as follows:

Wiring Instructions: ABA 122000496
Union Bank
Monterey Park, CA 91755
37130196431 TRUSDG.
FFC: Specify Account Name and number
Attn: James Myers

3. Subordination of Lien; Waiver of Set Off. In the event that the Deposit Account Bank has or subsequently obtains by agreement, by operation of law or otherwise a security interest in the Preexisting Account or any funds credited thereto, the Deposit Account Bank hereby agrees that such security interest shall be subordinate to the security interest of Concessionaire and the Collateral Agent. Money and other items credited to the Preexisting Account will not be subject to deduction, set off, banker's lien, or any other right in favor of any person other than Concessionaire and the Collateral Agent (except that the Deposit Account Bank may set off (i) all amounts due to the Deposit Account Bank in respect of customary fees and expenses for the routine maintenance and operation of the Preexisting Account and (ii) the face amount of any checks or any automatic clearing house ("ACH") entries which have been credited to the Preexisting Account but are subsequently returned unpaid for any reason, including uncollected or insufficient funds).

4. Choice of Law. This Agreement shall be governed by the laws of the State of California. Regardless of any provision in any other agreement, for purposes of the UCC and Division 9 of the UCC, the State of California shall be deemed to be the Deposit Account Bank's jurisdiction within the meaning of Section 9304 of Division 9 of the UCC.

5. Conflict with Other Agreements.

In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing or hereafter entered into, the terms of this Agreement shall prevail;

No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto; and

The Deposit Account Bank hereby confirms and agrees that it has not entered into, and until the termination of this Agreement, will not enter into, any agreement with any other person relating to Preexisting Account and/or any funds credited thereto pursuant to which it has agreed

to comply with instructions originated by such persons as contemplated by Section 9104 of Division 9 of the UCC.

6. Adverse Claims. The Deposit Account Bank does not know of any liens, claims or encumbrances relating to the Preexisting Account (other than as set forth in the Trust Agreement). If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Preexisting Account and/or any funds credited thereto, the Deposit Account Bank will promptly notify the Collateral Agent, the Trustee, the Authority and the Concessionaire.

7. Reserved.

8. Statements and Confirmations. The Deposit Account Bank will promptly send copies of all statements, confirmations and other correspondence concerning the Preexisting Account simultaneously to the Authority, the Concessionaire the Collateral Agent and the Trustee (at the address set forth in Section 12).

9. Tax Reporting. All interest, if any, relating to the Preexisting Account, shall be reported to the Internal Revenue Service and all state and local taxing authorities under the name and certified taxpayer identification number of the Authority. The Authority shall prepare or cause to be prepared any tax returns or other forms or information required to be filed in connection therewith.

10. Withdrawal of Funds. If the Deposit Account Bank (a) receives a written instruction from the Authority regarding a withdrawal request from the Preexisitng Account to an account owned by the Authority or the City that is not subject to the Trust Agreement or the Depositary Agreement and (b) has not theretofore received a notice of a pending claim by the Secured Parties with respect to the Collateral or otherwise received a notice from the Collateral Agent (pursuant to Section 2 or otherwise) prohibiting withdrawals from the Preexisting Account, then the Deposit Account Bank shall not be liable to Concessionaire or the Collateral Agent for funding the Authority's requested withdrawal from the Preexisitng Account.

11. Successors; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Trustee may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Concessionaire and the Collateral Agent.

12. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy and electronic confirmation of error-free receipt is received or two (2) days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth below.

Authority:

[ADDRESS]

Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Trustee:

[ADDRESS]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Concessionaire:

[ADDRESS]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Collateral Agent:

[ADDRESS]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

Any party may change its address for notices in the manner set forth above.

13. Termination. The obligations of the Deposit Account Bank to Concessionaire and the Collateral Agent pursuant to this Agreement shall continue in effect until the security interest of Concessionaire and the Collateral Agent in the Preexisting Account has been terminated pursuant to the terms of the Trust Agreement and Concessionaire and the Collateral Agent have notified the Deposit Account Bank of such termination in writing. Concessionaire and the Collateral Agent agree to provide a Notice of Termination in substantially the form of Exhibit A attached hereto to the Deposit Account Bank upon the request of the Trustee on or after the termination of Concessionaire's and the Collateral Agent's security interest in the Preexisting Account pursuant to the terms of the Trust Agreement. The termination of this Agreement shall not terminate the Preexisting Account or alter the obligations of the Deposit Account Bank to the Trustee pursuant to any other agreement with respect to the Preexisting Account.

14. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Control Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

RIALTO WATER SERVICES, LLC

By: _____
Name:
Title:

UNION BANK, N.A., as Collateral Agent

By: _____
Name:
Title:

UNION BANK, N.A., as Trustee

By: _____
Name:
Title:

[ ], as Deposit Account Bank

By: _____
Name:
Title:

RIALTO UTILITY AUTHORITY

By: _____
Name:
Title:

CITY OF RIALTO

By: _____
Name:
Title:

EXHIBIT A
TO CONTROL AGREEMENT

[Letterhead of Collateral Agent]

[Date]

[Name and Address of Deposit Account Bank]

Attention:

Re: Termination of Control Agreement

You are hereby notified that the Control Agreement dated as of [_____], 20[_] among RIALTO WATER SERVICES, LLC (the "Concessionaire"), UNION BANK, N.A., the Collateral Agent, UNION BANK, N.A., the Trustee, RIALTO UTILITY AUTHORITY (the "Authority"), you and the undersigned (a copy of which is attached) is terminated and you have no further obligations to the undersigned pursuant to such Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to account numbers [_____] from the Authority. This notice terminates any obligations you may have to the undersigned with respect to such accounts, however nothing contained in this notice shall alter any obligations which you may otherwise owe to the Concessionaire pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to the Concessionaire.

Very truly yours,

UNION BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

RIALTO WATER SERVICES, LLC
as Concessionaire

By: _____
Name:
Title:

EXHIBIT D

FORM OF FUNDS WITHDRAWAL/TRANSFER CERTIFICATE

[ ]
[ ]
[ ]
Attn: [ ]
Telephone:
Facsimile:

This Funds Withdrawal/Transfer Certificate is delivered pursuant to the Trust Agreement dated as of November 29, 2012 (the "Trust Agreement") among the Concessionaire, Union Bank, N.A., as the Trustee, the City of Rialto, the Authority and Union Bank, N.A., as Collateral Agent to the Secured Parties (in such capacity, the "Collateral Agent") and in its capacity as securities intermediary. All capitalized terms used but not defined herein shall have the meanings specified in the Trust Agreement.

The Concessionaire hereby certifies to the Trustee that the withdrawals and transfers below comply with the requirements of the Trust Agreement.

The Concessionaire hereby requests that the Trustee make the following transfers on the [Effective Date] [Monthly Transfer Date] [monthly date required by Schedule __] [semi annual payment date] occurring on [_____], 20[__] [____] for the following purposes and in the following order of priority:

(A) Transfers from the Master Revenue Account (Account # [_____]):

(i) $_____ to the Wastewater Master Account (account # [____]) for the purposes contemplated by Section 5.02(c) of the Trust Agreement.

(ii) $_____ to the Water Master Account (account # [____]) for the purposes contemplated by Section 5.02(c) of the Trust Agreement.

(iii) $_____ to another account owned by the City that is not subject to this Agreement or the Depositary Agreement(account # [____]) for the purposes contemplated by Section 5.02(c) of the Trust Agreement. [insert instructions, including exact wire instructions]

(iv) $_____ to the Environmental Compliance Account (account # [____]) for the purposes contemplated by Section 5.02(c) of the Trust Agreement.

(v) $_____ to the Wastewater Authority Construction Account (Restricted) (account # [____]) for the purposes contemplated by Section 5.02(c) of the Trust Agreement.

(vi) $_____ to the Water Authority Construction Account (Restricted) (account # [____]) for the purposes contemplated by Section 5.02(c) of the Trust Agreement.

(vii) $_____ to the Regulatory Compliance Subaccount of the Environmental Compliance Account (account #_____) for the purposes contemplated by Section 5.02(c) of the Trust Agreement.

(viii) $_____ to [the applicable account designated for the deposit applicable Surcharges] (account # [____]) for the purposes contemplated by Section 5.02(c) of the Trust Agreement. [insert instructions, including exact wire instructions]

[In the event that amounts on deposit in the Master Revenue Account are insufficient to pay in full the amounts specified under items [(i) through (viii)] above, the Trustee shall obtain instructions from the Concessionaire as to the transfer of funds from another Project Account to pay such remaining amounts in accordance with Article V of the Trust Agreement.]

(B) Transfers from the Wastewater Master Account (Account # [_____]):

(i) $_____ to the Wastewater Operating Account (account # [____]) for the purposes contemplated by clause "First" of Section 5.04(a) of the Trust Agreement.

(ii) $_____to the Wastewater Facility Authority Expense Account, for the purposes contemplated by clause "First" of Section 5.04(a) of the Trust Agreement.

(iii) $_____to the Wastewater Operating R&R Account, for the purposes contemplated by clause "Second" of Section 5.04(a) of the Trust Agreement.

(iv) $_____to the Wastewater Capital Charges Account, for the purposes contemplated by clause "Third" of Section 5.04(a) of the Trust Agreement.

(v) $_____ to the Excluded Account, for the purposes contemplated by clause "Third" of Section 5.04(a) of the Trust Agreement. [insert instructions, including exact wire instructions]

(vi) $_____to the Wastewater Reserve Account, for the purposes contemplated by clause "Fourth" of Section 5.04(a) of the Trust Agreement.

(vii) $_____to the Wastewater Interim Retention Account, for the purposes contemplated by clause "Fifth" of Section 5.04(a) of the Trust Agreement.

[In the event that amounts on deposit in the Wastewater Master Account are insufficient to pay in full the amounts specified under items [(i) through (vii)] above, the Trustee shall automatically release funds from the Wastewater Rate Stabilization Account to the Wastewater Master Account in accordance with 5.03(c) of the Trust Agreement.]

(C) Transfers from the Wastewater Interim Retention Account (Account # [_____]):

(i) $_____to the Wastewater Surplus Account, for the purposes contemplated by clause "Sixth" of Section 5.04(a) of the Trust Agreement.

(ii) $_____to the Wastewater Surplus Account, for the purposes contemplated by clause "Seventh" of Section 5.04(a) of the Trust Agreement.

(D) Transfers from the Wastewater Surplus Account (Account # [_____]):

(i) $_____ to the Excluded Account, for the purposes contemplated by clause "Eighth" of Section 5.04(a) of the Trust Agreement. [insert instructions, including exact wire instructions]

(E) Transfers from the Water Master Account (Account # [_____]):

(i) $_____ to the Water Operating Account (account # [____]) for the purposes contemplated by clause "First" of Section 5.05(a) of the Trust Agreement.

(ii) $_____to the Water Facility Authority Expense Account, for the purposes contemplated by clause "First" of Section 5.05(a) of the Trust Agreement.

(iii) $_____to the Water Operating R&R Account, for the purposes contemplated by clause "Second" of Section 5.05(a) of the Trust Agreement.

(iv) $_____to the Water Capital Charges Account, for the purposes contemplated by clause "Third" of Section 5.05(a) of the Trust Agreement.

(v) $_____ to the Excluded Account, for the purposes contemplated by clause "Third" of Section 5.05(a) of the Trust Agreement. [insert instructions, including exact wire instructions]

(vi) $_____to the Water Reserve Account, for the purposes contemplated by clause "Fourth" of Section 5.05(a) of the Trust Agreement.

(vii) $_____to the Water Interim Retention Account, for the purposes contemplated by clause "Fifth" of Section 5.04(a) of the Trust Agreement.

[In the event that amounts on deposit in the Water Master Account are insufficient to pay in full the amounts specified under items [(i) through (vii)] above, the Trustee shall automatically release funds from the Water Rate Stabilization Account to the Water Master Account in accordance with 5.03(c) of the Trust Agreement.]

(F) Transfers from the Water Interim Retention Account (Account # [_____]):

(i) $_____to the Water Surplus Account, for the purposes contemplated by clause "Sixth" of Section 5.05(a) of the Trust Agreement.

(ii) $_____to the Water Surplus Account, for the purposes contemplated by clause "Seventh" of Section 5.05(a) of the Trust Agreement.

(G) Transfers from the Water Surplus Account (Account # [_____]):

(i) $_____ to the Excluded Account, for the purposes contemplated by clause "Eighth" of Section 5.05(a) of the Trust Agreement. [insert instructions, including exact wire instructions]

(H) [Transfer from Wastewater Operating Account (Account # [_____]): [insert instructions]]

(I) [Transfer from Wastewater Facility Authority Expense Account (Account # [_____]): [insert instructions]]

(J) [Transfer from Wastewater Operating R&R Account (Account # [_____]): [insert instructions]]

(K) [Transfer from Wastewater Capital Charges Account (Account # [_____]): [insert instructions]]

(L) [Transfer from Wastewater Authority Debt Service Account (Account # [_____]): [insert instructions]]

(M) [Transfer from Wastewater Reserve Account (Account # [_____]): [insert instructions]]

(N) [Transfer from Wastewater Interim Retention Account (Account # [_____]): [insert instructions]]

(O) [Transfer from Wastewater Surplus Account (Account # [_____]): [insert instructions]]

(P) [Transfer from Wastewater Authority Construction Account (Restricted) (Account # [_____]): [insert instructions]]

(Q) [Transfer from Wastewater Authority Construction Account (Unrestricted) (Account # [_____]): [insert instructions]]

(R) [Transfer from Wastewater Rate Stabilization Account (Account # [_____]): [insert instructions]]

(S) [Transfer from Wastewater Takings Account (Account # [_____]): [insert instructions]]

(T) [Transfer from Wastewater Loss Proceeds Account (Account # [_____]): [insert instructions]]

(U) [Transfer from Water Operating Account (Account # [_____]): [insert instructions]]

(V) [Transfer from Water Facility Authority Expense Account (Account # [_____]): [insert instructions]]

(W) [Transfer from Water Operating R&R Account (Account # [_____]): [insert instructions]]

(X) [Transfer from Water Capital Charges Account (Account # [_____]): [insert instructions]]

(Y) [Transfer from Water Authority Debt Service Account (Account # [_____]): [insert instructions]]

(Z) [Transfer from Water Reserve Account (Account # [_____]): [insert instructions]]

(AA) [Transfer from Water Interim Retention Account (Account # [_____]): [insert instructions]]

(BB) [Transfer from Water Surplus Account (Account # [_____]): [insert instructions]]

(CC) [Transfer from Water Authority Construction Account (Restricted) (Account # [_____]): [insert instructions]]

(DD) [Transfer from Water Authority Construction Account (Unrestricted) (Account # [_____]): [insert instructions]]

(EE) [Transfer from Water Rate Stabilization Account (Account # [_____]): [insert instructions]]

(FF) [Transfer from Water Takings Account (Account # [_____]): [insert instructions]]

(GG) [Transfer from Water Loss Proceeds Account (Account # [_____]): [insert instructions]]

(HH) [Transfer from Environmental Compliance Account (Account # [_____]): [insert instructions]]

(II) [Transfer from Post-Termination Revenue Account (Account # [_____]): [insert instructions]]

(JJ) [Transfer from Regulatory Compliance Subaccount of the Environmental Compliance Account (Account # [_____]): [insert instructions]]

[NOTE: For transfers to accounts or Persons other than the Project Accounts, please include information as to the party or account receiving each transfer, and indicate who is directing the transfer, and who is conducting the transfer.]

The Concessionaire represents and warrants to the Trustee, the Collateral Agent and each Secured Party that the applicable conditions under Article V of the Trust Agreement for the foregoing payments and transfers have been met. The Concessionaire further represents and warrants to the Trustee, the Collateral Agent and each Secured Party that, as of the date of this Funds Withdrawal/Transfer Certificate:

(a) the amounts being transferred above for the purposes described in Article V of the Trust Agreement are due and payable under the terms of the Transaction Documents,

(b) no Default or Event of Default has occurred and is continuing[, except [DESCRIBE ANY SUCH EVENT AND THE STEPS, IF ANY, BEING TAKEN TO CURE]].

(c) the Concessionaire is entitled, pursuant to the terms of the Trust Agreement, to request each withdrawal or transfer in the manner, in the amount and at the times set out in this Withdrawal/Transfer Certificate;

(d) each withdrawal and transfer requested herein is for an amount required (or anticipated by the Concessionaire, acting in good faith, to be required, as applicable) for, and shall solely be used for, the purpose set forth herein and in the Annexes attached hereto in accordance with the Trust Agreement and the other Financing Documents;

(e) the Concessionaire is in compliance with the procedures, conditions and requirements set out in the Trust Agreement and all other applicable Financing Documents in connection with each withdrawal or transfer requested herein; and

(f) attached hereto are all other documents and instruments which are required to be annexed hereto pursuant to the Trust Agreement and any other Financing Document, if any, in connection with the withdrawals and transfers requested herein.

All transfers of funds to the Trustee are to be paid as follows:

[Name]
ABA#:
Account Name:
A/C #:
Ref: RIALTO WATER SERVICES, LLC

Dated: _____, 20__

Authorized Signatures:
RIALTO WATER SERVICES, LLC, as Concessionaire

By: _____
Name:
Title:

EXHIBIT E

WIRING INSTRUCTIONS FOR CITY DEPOSIT ACCOUNT

EXHIBIT F

Effect of Termination

(a) The termination of this Agreement as a result of an Authority Event of Default, City Event of Default, or a Concessionaire Event of Default shall not abrogate, impair, release or extinguish any obligations or liability of the defaulting party that may have accrued under the Concession Agreement, including any debt, obligation or liability which resulted in the Concessionaire Event of Default, City Event of Default or Authority Event of Default that was the cause of termination. Notwithstanding the termination of the Concession Agreement, to the extent Concessionaire is providing Services hereunder, the Trust Agreement shall continue to be in effect. Notwithstanding anything herein to the contrary, the payment of all or any portion of the Balance Due, as the case may be, together all other amounts payable by the Authority in respect of a termination of the Concession Agreement with respect to the Concessionaire Financing, shall be made without set-off or counterclaim and irrespective of the ability of the Authority to collect under any surety bond or insurance or otherwise.

(b) In the event there exists as of a Termination Date pursuant to Section 23.3, Section 24.3 or Section 24.5, any outstanding unpaid amount owing from the Authority with respect to the payment of any unpaid Termination Fee or other amount, the terms and conditions of this subsection (b) shall apply.

(i) The Authority shall continue to operate and maintain the Water Facility and Wastewater Facility, or cause them to be maintained, to the same or substantially equivalent standards as required of Concessionaire under the Concession Agreement.

(ii) The Authority shall set, adjust, impose and collect User Fees and charges in accordance with the Concession Agreement.

(iii) At the direction of the Collateral Agent, the Authority shall cause all User Fees to be transferred into the Post-Termination Revenue Account under the Trust Agreement (rather than the Lockbox Account); in the absence of such instruction, User Fees and other amounts payable to the Lockbox Account pursuant to the Trust Agreement shall be payable to the Lockbox Account.

(iv) If for any reason the Authority receives any payment, all User Fees that are part of such payment shall be deemed received by the Authority merely as trustee, bailee or agent and shall not constitute funds of the Authority or the City; and the Authority shall forthwith remit such payments to the Trustee under the Trust Agreement for deposit into the Lockbox Account, or if specified by the Collateral Agent, into the Post-Termination Revenue Account.

(v) Subject to the consent of the Collateral Agent (not to be unreasonably withheld, conditioned, or delayed), to the extent all User Fees are deposited into the Post-Termination Revenue Account, the Authority shall have

the right to (A) draw from the revenues deposited in the Post-Termination Revenue Account to pay as and when incurred the Authority's reasonable and documented operating and maintenance costs and expenses with respect to the Water Facility and Wastewater Facility as described in the Concession Agreement; (B) fund rehabilitation, renewal and replacement for the Water Facility and Wastewater Facility as described in the Concession Agreement; and (C) draw from the revenues deposited into Post-Termination Revenue Account the Authority's reasonable documented costs of reconstruction, rehabilitation, renewal and replacement.

(vi) Subject to the consent of the Collateral Agent (not to be unreasonably withheld, conditioned, or delayed), to the extent all User Fees are deposited into the Post-Termination Revenue Account, for undisputed amounts due to the Concessionaire, Concessionaire shall be entitled to monthly distributions of all revenues held in the Post-Termination Revenue Account net of the Authority's permitted draws for such costs and expenses and net of such permitted reasonable reserves, until the undisputed amounts are paid in full.

(vii) To the extent all User Fees are deposited into the Post-Termination Revenue Account, for disputed amounts due to the Concessionaire, such net revenues shall continue to be held in trust in the Post-Termination Revenue Account until such dispute is resolved in accordance with Article XXV. The Authority may apply through Article XXV for limitations on the amounts so held in trust to the extent the applicable arbitrator decides that any disputed portion of the claim has no reasonable likelihood of award. The amounts of any award under A. shall be funded in the same manner as undisputed amounts under Section 24.6(b)(vi), until paid in full.

(c) At such time as all amounts due to the Concessionaire are paid in full, or at any earlier date that the funds held in trust, net of such costs, expenses and reserves, are sufficient to pay disputed and undisputed amounts that are outstanding, (A) Authority's obligations to operate the Water Facility and Wastewater Facility shall cease, (B) Authority's right to make withdrawals from the Post-Termination Revenue Account shall be restricted to preserve the disputed or undisputed amounts that are outstanding, (C) User Fees or additional charges to water and wastewater users thereafter collected by the Authority shall not be subject to the provisions of Section 24.6 nor subject to any pledge, lien, security, interest, or encumbrance in favor of the Concessionaire and (D) the City, Authority, the Collateral Agent and Concessionaire shall execute such certificates, releases and other documents, promptly upon the request of such other party, to confirm the forgoing.

(d) At such time as all amounts payable to the Concessionaire are paid in full to such party, the balance held if any, shall be immediately distributed to the Authority and the Trust Agreement and any other security interests including in the Post-Termination Revenue Account, together with any obligations with respect to such accounts or agreements, shall cease and terminate.

EXHIBIT G

Draws on Rate Stabilization Accounts

The following amounts shall be drawn from the Wastewater Rate Stabilization Account and the Water Rate Stabilization Account in accordance with Section 5.03 of the Trust Agreement.

	Wastewater	Water
November 29, 2012	$ 1,346,387	$ 727,840
January 1, 2013	$ 909,763	$ 411,250
February 1, 2013	$ 909,763	$ 411,250
March 1, 2013	$ 909,763	$ 411,250
April 1, 2013	$ 909,763	$ 411,250
May 1, 2013	$ 909,763	$ 411,250
June 1, 2013	$ 909,763	$ 411,250
July 1, 2013	$ 909,763	$ 411,250
August 1, 2013	$ 909,763	$ 411,250
September 1, 2013	$ 909,763	$ 411,250
October 1, 2013	$ 909,763	$ 411,250
November 1, 2013	$ 909,763	$ 411,250
December 1, 2013	$ 909,763	$ 411,250
January 1, 2014	$ 602,898	$ 237,272
February 1, 2014	$ 602,898	$ 237,272
March 1, 2014	$ 602,898	$ 237,272
April 1, 2014	$ 602,898	$ 237,272
May 1, 2014	$ 602,898	$ 237,272
June 1, 2014	$ 602,898	$ 237,272
July 1, 2014	$ 602,898	$ 237,272
August 1, 2014	$ 602,898	$ 237,272
September 1, 2014	$ 602,898	$ 237,272
October 1, 2014	$ 602,898	$ 237,272
November 1, 2014	$ 602,898	$ 237,272
December 1, 2014	$ 602,898	$ 237,272
January 1, 2015	$ 288,657	$ 36,845
February 1, 2015	$ 288,657	$ 36,845
March 1, 2015	$ 288,657	$ 36,845

April 1, 2015	$	288,657	$	36,845
May 1, 2015	$	288,657	$	36,845
June 1, 2015	$	288,657	$	36,845
July 1, 2015	$	288,657	$	36,845
August 1, 2015	$	288,657	$	36,845
September 1, 2015	$	288,657	$	36,845
October 1, 2015	$	288,657	$	36,845
November 1, 2015	$	288,657	$	36,845
December 1, 2015	$	288,657	$	36,845