

AGENDA
SPECIAL BOARD OF DIRECTORS MEETING
OCWD PUBLIC FACILITIES CORPORATION
18700 Ward Street, Fountain Valley (714) 378-3200
Wednesday, October 21, 2015, 5:20 p.m., Conference Room C-2

ROLL CALL

VISITOR PARTICIPATION

Time has been reserved at this point in the agenda for persons wishing to comment for up to three minutes to the Board of Directors on any item that is not listed on the agenda, but within the subject matter jurisdiction of the District. By law, the Board of Directors is prohibited from taking action on such public comments. As appropriate, matters raised in these public comments will be referred to District staff or placed on the agenda of an upcoming Board meeting.

At this time, members of the public may also offer public comment for up to three minutes on any item on the Consent Calendar. While members of the public may not remove an item from the Consent Calendar for separate discussion, a Director may do so at the request of a member of the public.

MATTERS FOR CONSIDERATION

1. MINUTES OF PUBLIC FACILITIES CORPORATION BOARD MEETING HELD JANUARY 21, 2015

RECOMMENDATION: Approve minutes as presented

2. ELECTION OF PUBLIC FACILITIES CORPORATION VICE PRESIDENT

RECOMMENDATION: Elect Denis Bilodeau as Vice President of the Public Facilities Corporation for 2015

3. COMMERCIAL PAPER LETTER OF CREDIT SUBSTITUTION

RECOMMENDATION: Approve and authorize execution and delivery of:

- 1) Second Amended and Restated Resolution including;
- 2) Amended and Restated Issuing and Paying Agent Agreement with Orange County Water District, Public Facilities Corporation and US Bank;
- 3) Amended and Restated Dealer Agreement with Orange County Water District, Public Facilities Corporation and CitiGroup;
- 4) Fee Agreement with OCWD and Sumitomo Mitsui Banking Corporation; and
- 5) Letter of Credit and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation and Orange County Water District including form of Letter of Credit attached.

ADJOURNMENT

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Orange County Water District, 18700 Ward Street, Fountain Valley, CA not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the District Secretary. Backup material for the Agenda is available at the District offices for public review and can be viewed online at the District's website: www.ocwd.com.

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the District Secretary at (714) 378-3233, by email at jdurant@ocwd.com by fax at (714) 378-3373. Notification 24 hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

As a general rule, agenda reports or other written documentation has been prepared or organized with respect to each item of business listed on the agenda, and can be reviewed at www.ocwd.com. Copies of these materials and other disclosable public records distributed to all or a majority of the members of the Board of Directors in connection with an open session agenda item are also on file with and available for inspection at the Office of the District Secretary, 18700 Ward Street, Fountain Valley, California, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Orange County Water District office

MINUTES OF MEETING
BOARD OF DIRECTORS, OCWD PUBLIC FACILITIES CORPORATION
January 21, 2015, 5:20 p.m.

The OCWD Public Facilities Corporation Annual Board of Directors meeting was called to order at 5:20 pm on January 21, 2015 in Conference Room C-2 at the Orange County Water District.

PFC Directors/Officers

Cathy Green, President
Vincent Sarmiento, Vice President
Philip L. Anthony, Secretary
Randy Fick, Chief Financial Officer
Joel Kuperberg, General Counsel

OCWD Staff

Mike Markus, General Manager
Janice Durant, District Secretary

1. Minutes of Public Facilities Corporation Board Meeting

MOTION NO. PFC-98
APPROVING MINUTES OF BOARD OF DIRECTORS MEETING

Upon motion by Director Green, seconded by Director Anthony and carried [3-0], the Minutes of the OCWD Public Facilities Corporation Board of Directors meeting held January 21, 2014 are hereby approved as presented.

Ayes: Anthony, Green, Sarmiento

2. Elect Officers of the Public Facilities Corporation

The Board took the following action electing officers in accordance with the PFC Bylaws that provide for the PFC Board to consist of the persons serving as the President, First Vice President, Second Vice President of the Board of Directors and appointing the Chief Financial Officer and General Counsel of the Orange County Water District.

MOTION NO. PFC-97
ELECTING PUBLIC FACILITIES CORPORATION OFFICERS

Upon motion by Director Green, seconded by Director Dewane and carried, the following officers are hereby elected to the OCWD Public Facilities Corporation:

- Cathy Green - President
- Vincent Sarmiento - Vice President
- Philip Anthony - Secretary
- Randy Fick - Chief Financial Officer (reappointed)
- Joel Kuperberg – General Counsel (reappointed)

ADJOURNMENT

There being no further business to come before the PFC Board, the meeting was adjourned at 5:25 p.m.

Cathy Green, President

AGENDA ITEM SUBMITTAL

MEETING DATE: October 21, 2015

Budgeted: N/A

TO: OCWD Public Facilities Corporation

Budgeted Amount: N/A

Cost Estimate: N/A

FROM: Mike Markus

Funding Source: N/A

Program/Line Item No.: N/A

General Counsel Approval: N/A

Staff Contact: M. Markus

Engineers/Feasibility Report: N/A

CEQA Compliance: N/A

SUBJECT: ELECTION OF PUBLIC FACILITIES CORPORATION VICE PRESIDENT

SUMMARY

The Public Facilities Corporation (PFC) officers consist of a President, Vice President and Secretary. These officers are the same officers serving on the Orange County Water District Board. Vincent Sarmiento was serving as the PFC Vice President until his departure in February.

Director Bilodeau is currently serving as the OCWD First Vice President and therefore will assume the role of Vice President of the PFC.

RECOMMENDATION

Elect Denis Bilodeau as Vice President of the Public Facilities Corporation for 2015

PRIOR RELEVANT BOARD ACTION(S) Annual

AGENDA ITEM SUBMITTAL

Meeting Date: October 21, 2015

Budgeted: N/A

To: OCWD Public Facilities Corporation

Budgeted Amount: N/A

Cost Estimate: N/A

From: Mike Markus

Funding Source: N/A

Program/Line Item No N/A

Staff Contact: R. Fick

General Counsel Approval: Yes

Engineers/Feasibility Report: N/A

CEQA Compliance: N/A

Subject: COMMERCIAL PAPER LETTER OF CREDIT SUBSTITUTION

SUMMARY

On September 10, 2015, staff presented to the Administrative/Finance Committee that the District has a Letter of Credit and Reimbursement Agreement (LoC) with Bayerische Landesbank (BayernLB) to provide credit liquidity for the District's commercial paper program.

However BayernLB has indicated that it will not renew the agreement and instead will let it expire by its terms on November 30, 2015. Staff presented alternatives and a recommendation to address the expiration of the LoC with BayernLB.

On September 16, 2015, the Board of Directors approved staff's recommendation to enter into a Letter of Credit and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation for the commercial paper program for a term of three years. The attached documents need to be approved to execute this plan.

Attachment(s):

- Executing documents as listed below
- Presentation

RECOMMENDATION

Approve and authorize execution and delivery of:

- 1) Second Amended and Restated Resolution including;
- 2) Amended and Restated Issuing and Paying Agent Agreement with Orange County Water District, Public Facilities Corporation and US Bank;
- 3) Amended and Restated Dealer Agreement with Orange County Water District, Public Facilities Corporation and CitiGroup;
- 4) Fee Agreement with OCWD and Sumitomo Mitsui Banking Corporation; and
- 5) Letter of Credit and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation and Orange County Water District including form of Letter of Credit attached.

BACKGROUND/ANALYSIS

The District is required to obtain a letter of credit to support its commercial paper program because the notes can be tendered at any time by investors. When tendered notes are remarketed, proceeds from new investors are used to pay the tendering investors. With a Liquidity Facility, if the notes are not remarketed, the Trustee draws on the direct pay letter of credit to pay noteholders. With the Letter of Credit, the bank makes direct payments to the Trustee for the tender price and is subsequently reimbursed by the District.

The District entered into a Letter of Credit and Reimbursement Agreement with Bayern LB in January 2000 to provide the District with liquidity for the commercial paper program with an expiration date of November 30, 2015. The District currently pays 0.17% or \$83,290 annually for the Letter of Credit.

Availability and pricing of liquidity and credit facilities changed dramatically following the September 2008 bankruptcy of Lehman Brothers. Also, most European banks are currently not offering liquidity facilities to US Municipal Issuers due to market uncertainty and regulatory oversight.

With the BayernLB LoC set to expire on November 30, 2015, Fieldman Rolapp & Associates as the District's Financial Advisor sent out a Request for Proposal (RFP) for liquidity on behalf of the District. The RFP was sent to seventeen banks as follows:

Bank of America Merrill Lynch
Barclays Capital Inc.
BMO Capital Markets
BNY Mellon
Citibank N.A.
Landesbank Hessen-Thuringen (Helaba)
JP Morgan Chase Bank, N.A.
Mizuho Financial Group Inc.
Morgan Stanley
RBC Capital Markets
Societe Generale
State Street
Sumitomo Mitsui Banking Corp.
Svenska Handelsbanken
Union Bank of California
US Bank
Wells Fargo

A total of six bids were received. The JP Morgan response that was received was a partial response to the RFP and was not competitive so was not included in Table 1 below - \$70 Million Letter of Credit Proposal.

Staff received pricing for upsizing the current \$45 million commercial paper program to \$70 million (including 270 days of interest). The benefits of increasing the size of the commercial paper program include: (1) access to a larger commercial paper program at low cost of funds, (2) with the water reserve fund down from historical levels and increased basin overdraft, the

District would be able to purchase more water to assist in refilling the basin. The cost of the \$70 million commercial paper program is detailed in Table 1 below - \$70 Million Letter of Credit Proposal:

Table 1 \$70 Million Letter of Credit Proposal

Bank	Bank of America Merrill Lynch	Citibank N.A.	Hebala	Sumitomo	Union Bank
Upfront Costs:					
Bank Legal Fees	\$45,000	\$52,500	\$48,500	\$46,000	\$45,000
Total Upfront Costs	\$45,000	\$52,500	\$48,500	\$46,000	\$45,000
Pricing:					
1 Year	29 bps	N/A	N/A	N/A	N/A
2 Years	34 bps	N/A	29 bps	28 bps	52.5 bps
3 Years	39 bps	33 bps	29 bps	29 bps	55 bps
4 Years	N/A	N/A	29 bps	33 bps	N/A
5 Years	N/A	N/A	29 bps	35 bps	N/A
3 Year LOC Fees:					
1 st Year Cost	\$345,300	\$306,600	\$271,800	\$269,300	\$468,500
Follow-on Annual Cost	\$300,300	\$254,100	\$223,300	\$223,300	\$423,500
3 Year Total Cost	\$945,900	\$814,800	\$718,400	\$715,900	\$1,315,500

The Board approved creating a taxable portion of the District's \$70 million commercial paper program. The District has historically maintained a tax-exempt commercial paper program. The District could only purchase capital items with its current tax-exempt commercial paper program. By creating a taxable portion of the commercial paper program, the District would be able to purchase any items – capital or non-capital. Non-capital purchases might include an in lieu program or funding cash shortfalls due to timing of cash collections and expenditures. With interest rates being very low on the commercial paper program, there would be very little difference in rates between the taxable and tax-exempt commercial paper programs.

The Board approved replacing the expiring BayernLB Direct Pay LoC with a 3-year LoC with Sumitomo at 29 basis points and total upfront fees of \$46,000. The advantages to the District with this recommendation are: (1) Sumitomo offers the lowest annualized cost to the District for a 3-year LoC; and (2) commercial paper backed by Sumitomo LoC is purchased by the five major purchasers of commercial paper – Northern Trust, Fidelity, Vanguard, JP Morgan, and Morgan Stanley.

The pricing assumes the District's current credit ratings of "Aa1/AAA/AAA" from Moody's, Standard & Poor's, and Fitch, respectively. Any downgrade in ratings would result in an increase in the facility fee in accordance with the proposed schedule.

Approximately \$135,000 in upfront fees including legal fees (Sumitomo's and District's), printing, financial advisor, and rating agency costs would be incurred by the District as follows:

- \$ 46,000 – Sumitomo Bank Legal Fees
- \$ 36,000 – Fitch and Moody's Rating Fees
- \$ 35,000 – District Legal Fees – Stradling Yocca Carlson & Rauth
- \$ 14,000 – Financial Advisor Fees – Fieldman Rolapp & Associates
- \$ 2,000 – Printing of Offering Memorandum

\$ 2,000 – Contingency

\$ 135,000

District legal fees include drafting resolutions to accomplish the letter of credit substitution, review and comment on the new bank document and to draft the offering document; revising the underlying documents to implement a taxable component to the commercial paper program; and possible updating of the underlying legal documents to current standards.

Summary of Documents

- Taxable Tax and Revenue Anticipation Note (TRAN) Resolution – Establishes terms and conditions between the District's Board of Directors and the Corporation to issue taxable TRAN and expands the tax-exempt TRAN issuance; approve forms of Letter of Credit and Reimbursement Agreement, Fee Agreement, Amended and Restated Issuing and Paying Agent Agreement, Amended and Restated Dealer Agreement
- Fee Agreement – Establishes terms and conditions between OCWD and the Bank for payments to the Bank for issuance of the Letter of Credit and terms and conditions for changes to fees and termination rights
- Letter of Credit and Reimbursement Agreement - Establishes terms and conditions between OCWD and the Bank for the issuance and maintenance of the Letter of Credit
- Amended and Restated Issuing and Paying Agent Agreement – Retains US Bank as Paying Agent and revises existing agreement US Bank to allow for issuance of taxable and tax-exempt Commercial Paper Certificates for sale to the investors
- Amended and Restated Dealer Agreement – Updates existing Dealer agreement from 1995, establishes terms and conditions between the District and Citigroup with respect to taxable certificates; Citigroup is the dealer who offers and sells Commercial Paper Certificates to investors
- Letter of Credit – financial instrument that guarantees payments of principal and interest on Commercial Paper Certificates
- Amended and Restated Corporation Resolution – Authorizes the District to incur debt and maintain the Commercial Paper program and enter into an agreement with the Bank to issue a Letter of Credit.

PRIOR RELEVANT BOARD ACTIONS

09/16/2015, R15-9-00: Authorizing Commercial Paper Letter of Credit Substitution

06/15/2005, R05-6-70: Authorize the execution of a Second Amendment to Letter of Credit and Reimbursement Agreement; and authorize a Second Amendment to Irrevocable Letter of Credit entered into January 1, 2000, by and between the District and Bayerische Landesbank

03/20/2002, R02-3-54: Authorize the amending of the Letter of Credit and Reimbursement Agreement

relating to the existing OCWD Commercial Paper Program which may be pursuant to the CP Program to \$50,000,000

11/17/1999, R99-11-143: Authorize substitution of existing irrevocable direct-pay Letter of Credit with Bayerische Hypo-und Veriensbank by Bayerische Landesbank to maintain the marketability of Variable Rate Certificates of Participation (1990B Certificates) and authorize execution

10/20/1999, R99-10-132: Authorize substitution of irrevocable direct pay letter of credit to be issued by Bayerische Hypo-und Veriensbank relating to Variable Rate Certificates of Participation (Project 1990B) (Replace LOC with Union Bank of Switzerland)

08/18/1999, M99-163: Select Bayerische Hypo-und Veriensbank AG Bank as OCWD's Letter of Credit Bank to support District's 1990 Series B Variable Rate Certificates of Participation and Commercial Paper Programs

01/21/1998, R98-1-18: Approve and authorize execution of Amendment No. 1 to January 1, 1995 Letter of Credit and Reimbursement Agreement backing the OCWD Commercial Paper Program (CPP) with Union Bank of Switzerland. Amendment is dated January 1, 1998 and provides an extension 06/20/1990,

01/18/1995, M95-22: Approve terms of proposed Direct Pay Letter of Credit Agreement with Union Bank of Switzerland (agreement to be presented for approval at special Board meeting 1/24/95). As a result of Orange County bankruptcy, Agreement is required for continued viability.

12/07/1994, R94-12-128: Determined the need to take action on late items: 1) Negotiation for direct pay letter of credit with Union Bank of Switzerland; and 2) Deposit of OCWD ad valorem tax revenue into OCWD account with First Interstate Bank

12/07/1994, R94-12-129: Authorize OCWD Treasurer/Finance Director to negotiate for and execute a Direct Pay letter of Credit with Union Bank of Switzerland

06/1990, R90-6-131: Approve Preliminary Official Statements for 1990 issuance of Variable Rate Certificates of Participation in aggregate principal amount NTE \$70,000,000 at initial interest rate NTE 7% appoint National Westminster Bank PLC as Letter of Credit Bank

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ORANGE COUNTY WATER DISTRICT AUTHORIZING THE
EXECUTION AND DELIVERY OF A LETTER OF CREDIT
AND REIMBURSEMENT AGREEMENT, A FEE
AGREEMENT AND A TAXABLE TAX AND REVENUE
ANTICIPATION NOTE TO SUPPORT AND EXPAND THE
EXISTING ORANGE COUNTY WATER DISTRICT
COMMERCIAL PAPER PROGRAM AND AUTHORIZING
CERTAIN OTHER ACTIONS**

WHEREAS, the Board of Directors of the Orange County Water District (the “District”), a political subdivision duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”), has entered into a commercial paper program through the OCWD Public Facilities Corporation (the “Corporation”); and

WHEREAS, to implement the commercial paper program, the Board of Directors of the Corporation has adopted a second amended and restated resolution (the “Corporation Resolution”) providing for the execution and delivery of taxable Orange County Water District Commercial Paper Notes (the “Taxable Commercial Paper Notes”); and

WHEREAS, in order to support the issuance of the Taxable Commercial Paper Notes relating to the fiscal year ending June 30, 2016, it is necessary to issue a taxable tax and revenue anticipation note and to replace an existing letter of credit which will expire on November 30, 2015.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ORANGE COUNTY WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall have the meanings herein specified.

“Authorizing Law” means Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code.

“Bank” means Sumitomo Mitsui Banking Corporation, acting through its New York Branch.

“Code” means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

“Contract” has the meaning set forth in the Indenture.

“Corporation” means the OCWD Public Facilities Corporation.

“District” means the Orange County Water District.

“Fee Agreement” means the Fee Agreement dated a date in November, 2015, between the District and the Bank, as the same may be amended, supplemented, modified or restated from time to

time in accordance with its terms.

“Indenture” means the Indenture, dated as of December 1, 2012 by and between U.S. Bank, National Association and the District, as amended and supplemented from time to time.

“Letter of Credit and Reimbursement Agreement” means the Letter of Credit and Reimbursement Agreement dated as of November 1, 2015, between the District and the Bank, as the same may be amended, supplemented, modified or restated from time to time in accordance with its terms.

“Net Revenues” means Net Revenues as defined in the Indenture.

“Parity Obligations” means Bonds and Contracts, as defined in the Indenture (including, without limitation, the Letter of Credit and Reimbursement Agreement).

“Regulations” means the income tax regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time, including temporary regulations, to the extent applicable.

“Tax-Exempt Note” means the Tax and Revenue Anticipation Note issued under a Resolution adopted by the Board of Directors of the District on July 15, 2015.

“Taxable Commercial Paper Notes” means the Orange County Water District Commercial Paper Notes, Series B (Taxable) issued by the Corporation from time-to-time pursuant to an amended and restated resolution of the Corporation, adopted on October 21, 2015.

“Taxable Note” means the Taxable Tax and Revenue Anticipation Notes to be issued hereunder.

“Trustee” means U.S. Bank National Association, and any successor thereto.

Section 2. Issuance of the Taxable Notes; Amount; Terms; Interest Rate; Place of Payment.

Pursuant to the Authorizing Law, the Taxable Note shall be issued in an aggregate principal amount not to exceed \$25,000,000 which, when added to the interest payable thereon and the principal of and interest on the Tax-Exempt Note, will not exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the District which will be available for the payment thereof. A certificate of the Chief Financial Officer certifying to such effect, in the form attached hereto as “Exhibit B,” shall be completed by the Chief Financial Officer on or prior and as a condition to, the delivery of the Taxable Note. The Taxable Note shall be designated “Orange County Water District 2015-16 Tax and Revenue Anticipation Note, Series B (Taxable)” and shall be dated the date of issuance thereof. The Taxable Note shall be payable at the office of the District at such times and in such amounts as set forth in the Taxable Note. The Taxable Note shall mature and be payable no later than 15 months after its date of issuance. The Taxable Note shall bear a rate of interest which shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of such Taxable Note outstanding on such day will be equal to interest accruing with respect to the Taxable Commercial Paper Notes outstanding on such day and shall be payable in accordance with the form of the Taxable Note.

The Taxable Note shall be prepayable in whole or in part on any day on which the Corporation notifies the District that principal of Taxable Commercial Paper Notes is due and payable and that the District declines to cause additional Taxable Commercial Paper Notes to be sold to repay such maturing Taxable Commercial Paper Notes.

Section 3. Execution of the Taxable Notes. The President, First Vice President or Second Vice President is hereby authorized and directed to sign the Taxable Note, by such officer's manual, printed, lithographed or facsimile signatures.

Section 4. Form of the Taxable Notes. The Taxable Note shall be issued in substantially the form set forth in "Exhibit A," attached hereto and incorporated herein and may be issued in typewritten form.

Section 5. Taxable Note Non-Callable. The Taxable Note is not subject to call and redemption prior to the maturity date thereof, except as set forth in Section 2 hereof.

Section 6. Security for the Taxable Note; Pledge of Net Revenues. As security for the payment of the principal of and interest on the Taxable Note, the District hereby pledges the Net Revenues of the District on a parity with payment of Parity Obligations of the District. The District hereby acknowledges that the Taxable Note shall constitute a "Bond" for purposes of the Indenture.

Section 7. Letter of Credit and Reimbursement Agreement and Fee Agreement. The Letter of Credit and Reimbursement Agreement and the Fee Agreement, to be entered into with the Bank, in substantially the form attached hereto as Exhibit A and Exhibit B, respectively, and, upon execution as authorized below, made a part hereof as though set forth in full herein, are hereby approved. The President, First Vice President or Second Vice President or General Manager or the designee thereof is hereby authorized and directed to execute and deliver the Letter of Credit and Reimbursement Agreement and the Fee Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel ("Bond Counsel"), and approved by the officers executing the same, said execution being conclusive evidence of such approval. The Letter of Credit and Reimbursement Agreement is hereby designated a Contract.

Section 8. Amended and Restated Issuing and Paying Agent Agreement. The Amended and Restated Issuing and Paying Agent Agreement, in substantially the form attached hereto as Exhibit C, and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President, First Vice President or Second Vice President or General Manager or the designee thereof is hereby authorized and directed to execute and deliver the Amended and Restated Issuing and Paying Agent Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 9. Amended and Restated Dealer Agreement. The Amended and Restated Dealer Agreement, in substantially the form attached hereto as Exhibit D and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President, First Vice President or Second Vice President or General Manager or the designee thereof is hereby authorized and directed to execute and deliver the Amended and Restated Dealer Agreement with such changes, insertions and omissions as may be recommended by General

Counsel or Bond Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 10. General Authorization. The President, First Vice President or Second Vice President or the General Manager, the Chief Financial Officer or the designee thereof and any other proper officer of the District, acting singly, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper to effectuate the continuation of the commercial paper program and this resolution, and such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 11. Certified Copies. The District Secretary shall provide a certified copy of this document to the Chief Financial Officer who shall take such action as shall be necessary to assure compliance by the District with the terms and conditions hereof. The District Secretary shall further provide a certified copy of this document to the Trustee.

Section 12. Effective Date. This resolution shall take effect immediately.

I, Janice Durant, Secretary of the Orange County Water District, do hereby certify that the foregoing is a full, true and correct copy of Resolution passed and adopted by the Board of Directors of said District at a regular meeting thereof held on October 21, 2015.

\$ _____
ORANGE COUNTY WATER DISTRICT
2015-16 TAXABLE TAX AND REVENUE ANTICIPATION NOTE

FOR VALUE RECEIVED, the Orange County Water District acknowledges itself indebted to and promises to pay to OCWD Public Facilities Corporation (the "Corporation") _____ Million Dollars (\$_____) in lawful money of the United States of America, on October 1, 2016, together with interest thereon at the offices of the District in like lawful money from the date hereof until payment in full of said principal sum. Interest on the Taxable Note shall be determined on a daily basis and shall be a rate which when multiplied by the principal amount of the Taxable Note outstanding on such day will be equal to interest accruing with respect to the Taxable Commercial Paper Notes (as defined in Resolution No. _____ adopted by the Board of Directors of the Corporation on October 21, 2015 (the "Resolution")) outstanding on such day. Interest on the Taxable Note shall be payable on any date on which interest is payable with respect to the Taxable Commercial Paper Notes. The Taxable Note shall be prepayable in whole or in part on any day on which the Corporation notifies the District that principal with respect to the Taxable Commercial Paper Notes is due and payable and that the District declines to cause additional Taxable Commercial Paper Notes to be sold to repay such maturing Taxable Commercial Paper Notes.

The proceeds of the Taxable Note will be used for the acquisition of water for recharge purposes and for other District purposes, including, but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

It is hereby certified, recited and declared that this Taxable Note is issued by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Taxable Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Taxable Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or laws of the State of California.

The Taxable Note shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District for the fiscal year which commenced on July 1, 2015 and which ends on June 30, 2016 and which are lawfully available for the payment of current expenses and other obligations of the District. The obligation of the District to make payments of principal and interest on the Taxable Note is a general obligation of the District and is payable from Net Revenues on a parity with Parity Obligations (as such term is defined in the Resolution) and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

IN WITNESS WHEREOF, the Orange County Water District has caused this Taxable Note to be executed by the manual or facsimile signature of its President, First Vice President or Second Vice President and the General Counsel or the General Counsel's designee, all as of the 21st day of October, 2015.

ORANGE COUNTY WATER DISTRICT

By: _____
President

APPROVED AS TO FORM

By: _____
General Counsel

EXHIBIT B

**ORANGE COUNTY WATER DISTRICT
CERTIFICATE AS TO UNCOLLECTED TAXES,
INCOME, REVENUE, CASH RECEIPTS AND OTHER MONEY**

The undersigned hereby certifies that the principal amount of the \$_____ 2015-16 Taxable Tax and Revenue Anticipation Note (the "Taxable TRAN") and interest payable thereon issued pursuant to a Resolution of the Board of Directors of the Orange County Water District (the "District"), adopted on October 21, 2015, together with the principal of and interest on the Orange County Water District 2015-16 Tax and Revenue Anticipation Notes ("Tax-Exempt TRAN"), does not exceed 85 percent of the estimated amount of the uncollected taxes, income, revenue, cash receipts, and other moneys of the District which will be available for the payment of the Tax-Exempt TRAN and the Taxable TRAN and the interest thereon as determined by the following calculation.

FY 2015-16 Uncollected Taxes, Income, Revenue, Cash Receipts and Other Moneys	\$
Principal of Tax-Exempt TRAN	\$
Principal of Taxable TRAN	\$
Interest of the Tax-Exempt TRAN (270 days at 12% computed on the basis of a 365/366 day year)	
Interest of the Taxable TRAN (270 days at 12% computed on the basis of a 360 day year and actual days elapsed)	\$
Total (B)	\$ _____

Percentage (B) / (A)

Dated: November __, 2015

ORANGE COUNTY WATER DISTRICT

By: _____
Chief Financial Officer

AMENDED AND RESTATED ISSUING AND PAYING AGENT AGREEMENT

dated as of

November 1, 2015

among

ORANGE COUNTY WATER DISTRICT

and

OCWD PUBLIC FACILITIES CORPORATION,

and

**U.S. BANK, NATIONAL ASSOCIATION,
as Paying Agent**

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**AMENDED AND RESTATED
ISSUING AND PAYING AGENT AGREEMENT**

THIS AGREEMENT (the “Agreement”) is dated as of November 1, 2015 among the ORANGE COUNTY WATER DISTRICT, a political subdivision of the State of California (the “District”), and OCWD PUBLIC FACILITIES CORPORATION, a California non-profit public benefit corporation (the “Corporation”), and U.S. BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America (the “Paying Agent”).

WHEREAS, the District, the Corporation and the Paying Agent have previously entered into an Issuing and Paying Agent Agreement, dated on January 1, 1995 (the “Original Agreement”) in connection with a commercial paper program for the benefit of the District; and

WHEREAS, the District has determined to replace the letter of credit relating to the existing commercial paper program with an irrevocable, transferable direct-pay letter of credit (the “Letter of Credit”) to be issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (together with the issuer of any Alternate Credit Facility, the “Credit Bank”);

NOW, THEREFORE, in consideration of the premises and in order to induce the Paying Agent to enter into this Agreement and to act as issuing and paying agent, the District, the Corporation and the Paying Agent hereby agree as follows:

Section 1. Appointment of Agent. The District and Corporation hereby appoint the Paying Agent and the Paying Agent hereby agrees to act, on the terms and conditions specified herein, as issuing and paying agent for the Orange County Water District Commercial Paper Certificates, Series A (Tax-Exempt) (the “Series A Certificates”) and Orange County Water District Commercial Paper Certificates, Series B (Taxable) (the “Series B Certificates” and together with the Series A Certificates, the “Certificates”). The Certificates will be substantially in the form attached hereto as Exhibit A and Exhibit B; respectively. The Certificates will be sold through such commercial paper dealer as an Approving Officer shall have notified the Paying Agent from time to time (the “Dealer”). The Dealer currently is Citigroup Global Markets Inc. The District has entered into a Letter of Credit and Reimbursement Agreement dated as of November 1, 2015 (together with this reimbursement or similar agreement with respect to any Alternate Credit Facility, the “Reimbursement Agreement”) with the Credit Bank pursuant to which the Credit Bank will issue its irrevocable, transferable direct-pay letter of credit no. _____ dated November __, 2015 (the “Letter of Credit”) in the stated amount of \$_____, as such amount may be reduced or reinstated from time to time in accordance with its terms (the “Stated Amount”). Drawings on the Letter of Credit shall be made by U.S. Bank, National Association, as paying agent, under Resolution No. _____ of the Corporation, adopted on October 21, 2015 (the “Corporation Resolution”), to pay the principal of and interest with respect to maturing Certificates. Pursuant to the Letter of Credit, drawings may be made by the Paying Agent on the Letter of Credit thereunder until 4:00 P.M., New York City time, on November __, 2018 (the “Termination Date”), but the Termination Date may be shortened or extended in accordance with the Letter of Credit and the Reimbursement Agreement. The aggregate principal amount of Certificates which shall be executed and delivered pursuant to this Agreement is initially \$70,000,000, in accordance with the Corporation Resolution and, in any event, in a principal amount plus accrued interest thereon not in excess of the Stated Amount.

Section 2. Supply of Certificates. An Approving Officer will from time to time furnish and maintain with the Paying Agent an adequate supply of Certificates. Book-Entry Certificates shall be represented by one or more master notes which shall be executed by manual signature of the Trustee in accordance with a letter of representation previously entered into by the [Corporation] and the Depository Trust Company (“DTC”). Pending receipt of instructions pursuant to this Agreement, the Paying Agent will hold the Certificates in safekeeping for the account of DTC in accordance with the Paying Agent’s customary practice.

Section 3. Approving Officers. Concurrent with the execution of this Agreement and annually, on or prior to March 1, or more frequently if necessary to reflect changes thereto, an Approving Officer will furnish the Paying Agent with a certificate, substantially in the form attached hereto as Exhibit B, certifying the incumbency and specimen signatures of officers or agents of the District, or their written designees, authorized to take actions hereunder on behalf of the Corporation (each an “Approving Officer”) or certifying as to no change in the preceding certification. Until the Paying Agent receives a subsequent incumbency certificate, the Paying Agent is entitled to rely on the last such certificate delivered to the Paying Agent for purposes of determining the Approving Officers. The Paying Agent shall not have any responsibility to the Corporation or the District to determine by whom or what means a facsimile signature may have been affixed on the Certificates, or to determine whether any facsimile or manual signature resembles the specimen signature(s) filed with the Paying Agent by an Approving Officer. Any Certificates bearing the manual signature of the Trustee shall be binding on the Corporation and the District after the authentication thereof by the Paying Agent notwithstanding that the individual or individuals who executed such Certificates on behalf of the Trustee shall have died or shall have otherwise ceased to hold his office on the date such Certificate is countersigned or delivered to the Paying Agent.

Section 4. Completion, Authentication, and Delivery of Certificates.

(a) Instructions for the delivery of Certificates will be given via a delivery system (the “System”), if available, or by telephone, promptly confirmed in writing (which may be by facsimile) either by an Approving Officer, or by an officer or employee of a Dealer who has been designated by an Approving Officer in writing to the Paying Agent as a person authorized to give such instructions hereunder (each an “Authorized Dealer Representative”), provided that instructions may be given in writing if the System is unavailable or is inoperative. Upon receipt of instructions as described in the preceding sentence on a day on which the Paying Agent is open for business (a “Business Day”), the Paying Agent will withdraw the necessary Certificate(s) from safekeeping and, in accordance with such instructions, shall cause the delivery of such Book-Entry Certificates in the manner set forth in, and take such other actions as are required by, a letter of representation.

(b) Instructions given via the System must be entered by 12:30 p.m. for book-entry delivery, New York City time on a Business Day, and instructions delivered by telephone or in writing must be received by the Paying Agent by 12:30 p.m., New York City time on a Business Day, if the Certificate(s) are to be delivered the same day. Telephone instructions shall be confirmed in writing the same day.

(c) The District shall not instruct the Paying Agent to, and the Paying Agent shall not, deliver Certificates which (i) as a consequence thereof and giving effect thereto would cause the aggregate principal amount of Certificates together with interest payable at maturity with respect thereto to exceed the Stated Amount of the Letter of Credit, or (ii) have maturity dates which extend beyond (a) 270 days after the respective date of execution and delivery, (b) one (1) Business Day

prior to the Termination Date (c) such earlier date as is specified in the Letter of Credit or (d) which matures later than the maturity date of the applicable Tax and Revenue Anticipation Note (as defined in the Corporation Resolution). The Paying Agent shall not consent to a reduction or termination of the Stated Amount of the Letter of Credit without receiving from the rating agencies then rating the Certificates written advice that such a reduction or termination will not, in and of itself, result in a reduction, withdrawal or suspension of the ratings on the Certificates then in effect. In addition, the Paying Agent agrees that upon receipt of a written notice from the Credit Bank (i) of the occurrence of an event of default under the Reimbursement Agreement or (ii) any representation or warranty set forth in specified sections of the Reimbursement Agreement is not true and correct in any material respect, the Paying Agent will not thereafter deliver any additional Certificates without the prior written consent of the Credit Bank stating that an event of default exists under the Reimbursement Agreement and is continuing.

The Paying Agent shall not authenticate Certificates if the Paying Agent has received (1) a Stop-Issuance Instruction from the Credit Bank, stating that either (y) an Event of Default exists under the Reimbursement Agreement and is continuing, or (z) any representations and warranties of the District or the Corporation set forth in the Reimbursement Agreement, in the reasonable opinion of the Credit Bank, are no longer true and correct in any material respect, and instructing that no additional Certificates, as applicable, be issued until further written notice from the Credit Bank, or (2) a Final Drawing Notice from the Credit Bank.

Upon receipt of a Stop-Issuance Instruction or Final Drawing Notice from the Credit Bank, the District will or will cause such Stop-Issuance Instruction or Final Drawing Notice, as the case may be, to be provided to the applicable Dealer.

Section 5. Proceeds of Sale of the Certificates. Pursuant to the Original Agreement, the Paying Agent established an account designated as the OCWD Certificate Account in the District's name (the "Certificate Account"). On each day on which the Dealer or its agent receives Certificates (whether through the facilities of DTC in the manner set forth in a letter of representation or by delivery in accordance with Section 4(a)(3) hereof), the Dealer shall pay the principal and interest with respect to such Certificates in immediately available funds to the Paying Agent and the Paying Agent shall credit such amounts to the Certificate Account. Unless the Credit Bank dishonors all or a portion of a drawing on the Letter of Credit, the Paying Agent shall immediately transfer all amounts on deposit in the Certificate Account to the Trustee for deposit by the Trustee in the Certificate Payment Fund to be used to reimburse the Credit Bank for drawings on the Letter of Credit, or, upon direction of the Trustee, the Paying Agent shall transfer the reimbursement directly to the Credit Bank in accordance with the wiring instructions contained in the Reimbursement Agreement. If the Credit Bank dishonors all or a portion of a drawing on the Letter of Credit, the Paying Agent shall transfer from the Letter of Credit Account to the Redemption Account an amount equal to the lesser of the amount of the drawing honored by the Bank and the amount on deposit in the Certificate Account. Thereafter the Paying Agent shall transfer any amounts remaining in the Certificate Account to the Trustee for deposit in the Certificate Payment Fund.

Upon receipt by the Paying Agent of a funds transfer notice in the form of Exhibit D from an Approving Officer (the "Funds Transfer Notice") and so long as the Paying Agent has not received written notice from the Credit Bank that any amounts remain unreimbursed to the Credit Bank and, if the Paying Agent has received written notice from the Credit Bank that amounts remain due and owing the Credit Bank under the Reimbursement Agreement, to the Credit Bank in such amount, then the Paying Agent agrees to transfer immediately available funds from the Certificate Account to

any bank or trust company to the credit of the District in accordance with the terms of the Funds Transfer Notice.

Section 6. Payment of Matured Certificates. Contemporaneously with the execution and delivery of this Agreement, and for the purpose of paying the principal and interest with respect to Certificates when due, the Paying Agent will establish an account designated as the “Letter of Credit Account.” The Paying Agent shall, by 12:30 P.M. New York City time, on the maturity date of each Certificate, draw on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 2:30 P.M. on said date, an amount, in immediately available funds, equal to the amount of principal and interest with respect to the Certificate. The Paying Agent shall deposit the proceeds of such drawings in the Letter of Credit Account and apply the proceeds of each drawing solely to pay the principal of and interest with respect to Certificates upon maturity. Pending such use, moneys in the Letter of Credit Account shall be held uninvested.

If the Credit Bank dishonors all or a portion of a drawing on the Letter of Credit, the Paying Agent shall immediately notify the Trustee of the amount of the drawing dishonored and the amount, if any, on deposit in the Certificate Account which the Paying Agent will apply to the payment of maturing Certificates. The Paying Agent shall request the Trustee to transfer to the Paying Agent from amounts on deposit in the Certificate Payment Fund an amount equal to principal and interest payable on maturing Certificates less the amounts on deposit in the Letter of Credit Account and the Certificate Account. Upon receipt of such transfer from the Trustee, the Paying Agent shall deposit such amount in the Matured Certificate Redemption Account created by the Paying Agent in accordance with the Original Agreement (the “Redemption Account”). To the extent so deposited, the Paying Agent shall pay the principal of and interest with respect to such Certificate from amounts on deposit in the Redemption Account at or prior to 4:00 P.M. (New York City time). Pending such use of amounts on deposit in the Redemption Account, the Paying Agent shall hold such funds uninvested or invested in a money market fund rated AAAM or AAAM-G by Standard & Poor’s and Aaa by Moody’s. When any matured Certificate is presented to the Paying Agent for payment by the holder thereof (which may, in the case of Book-Entry Certificates held by the Paying Agent in custody pursuant to the Certificate Agreement, be DTC or a nominee of DTC), payment as to principal and the interest with respect thereto shall be made from and charged to the Redemption Account to the extent funds sufficient to effect such payment are available in Said account.

The Paying Agent shall not sell, assign or otherwise transfer the Letter of Credit, except to a successor Paying Agent hereunder and in accordance with the terms of the Letter of Credit and this Agreement.

To the extent permitted by law, the District hereby agrees to indemnify the Paying Agent and its officers, employees and agents against any loss, liability, action, suit, judgment, demand or cost (each a “Liability”) and to pay or reimburse the Paying Agent for any reasonable expense (including counsel fees and disbursements and reasonable, allocated costs of in-house counsel) which may be incurred by the Paying Agent or any officer, employee or agent thereof by reason of, or in connection with, the sale of the Certificates or the Paying Agent’s appointment and its duties as Paying Agent, except such Liability as shall result from Paying Agent’s negligence or willful misconduct in the performance of its other obligations and duties hereunder. The obligation of the District under this paragraph shall survive payment of the Certificates or the resignation or removal of the Paying Agent.

Section 7. Reliance on Instructions. Except as otherwise set forth herein, the Paying Agent shall incur no liability to the District or the Corporation in acting hereunder upon telephonic or other instructions contemplated hereby which the recipient thereof reasonably believed in good faith to have been given by an Approving Officer or an Authorized Dealer Representative, as the case may be. Neither the Paying Agent nor its officers, employees or agents shall be required to ascertain whether any execution, delivery or sale of Certificates (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement, ordinance, resolution or other undertaking or document to which the District or the Corporation is a party or by which it or its property may be bound (whether or not U.S. Bank, National Association is a party to such other agreement). In the event a discrepancy exists with respect to such instructions, the telephonic instructions will be deemed the controlling and proper instructions, unless such instructions are required by this Agreement to be in writing.

Section 8. Cancellation of Certificates. The Paying Agent will in due course cancel and destroy Certificate(s) presented for payment and furnish the District on a timely basis an affidavit of cancellation and destruction. After payment of any matured Certificate, the Paying Agent shall annotate its records to reflect the face amount of Certificates outstanding in accordance with a letter of representation, if any. Promptly upon the written request of an Approving Officer, the Paying Agent agrees to cancel and return to such Approving Officer all undelivered Certificates in its possession at the time of such request.

Section 9. Notices; Addresses.

(a) All communications by or on behalf of the District, the Corporation or the Dealer, by telephone or otherwise relating to the completion, delivery or payment of the Certificates are to be directed to the Paying Agent's Commercial Paper Issuance Unit of the Corporate Trust Division (or such other department or division which the Paying Agent shall specify in writing to the District, the Corporation and the Dealer). The District will send all Certificates to be completed and delivered by the Paying Agent to the Paying Agent's Commercial Paper Issuance Unit of the Corporate Trust Division (or such other department or division as the Paying Agent shall specify in writing to the District). The Paying Agent will advise the District, the Corporation, the Credit Bank and the Dealer from time to time in writing of the individuals generally responsible for the administration of this Agreement and will from time to time certify incumbency and specimen signatures of officers or employees authorized to provide instructions hereunder. The Paying Agent will provide to Fitch and Moody's a copy of notice of the termination of the Letter of Credit in the form of Annex D to the Letter of Credit. The Paying Agent shall give 10 days advance written notice to the Dealer and all Certificate owners, any time the Paying Agent receives notice from the District of delivery of an Alternate Letter of Credit pursuant to Section 9(b) of the Corporation Resolution.

(b) Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing (which may be by facsimile) and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified to the party sending such notice:

if to the District, at:

Orange County Water District
10500 Ellis Avenue
Fountain Valley, CA 92728-8300
Attention: Chief Financial Officer
Telephone No.: (714) 378-3271
Telecopy No.: (714) 378-3372

if to the Corporation, at:

OCWD Public Facilities Corporation
10500 Ellis Avenue
Fountain Valley, CA 92728-8300
Attention: Chief Financial Officer
Telephone No.: (714) 378-3271
Telecopy No.: (714) 378-3372

if to the Paying Agent, at:

(a) concerning the daily issuance of Certificates:

U.S. Bank, National Association
100 Wall Street, 16th Floor
New York, NY 10005
Attention: Corporate Trust Operations
Telecopy No.: (212) 509-4529
Telephone No.: (212) 951-8508

(b) concerning all other matters:

U.S. Bank, National Association
100 Wall Street, 16th Floor
New York, NY 10005
Attention: Corporate Trust
Telecopy No.: (212) 361-6153
Telephone No.: (212) 951-8512

if to the Credit Bank at:

Sumitomo Mitsui Banking Corporation
New York Branch
277 Park Avenue
New York, New York 10172
Attention: Public and Infrastructure Finance
Telephone: (212) 224-4000
Telecopier: (212) 224-5227

Notices shall be deemed deliverable when received at the address specified above. For purposes of this paragraph, "when received" shall mean actual receipt (i) of an electronic communication by a telex machine, telecopier or issuance system specified in or pursuant to this Agreement; (ii) or an oral communication by any person answering the telephone at the Paying Agent's office specified in subparagraph 9(a) hereof and otherwise at the office of the individual or department specified in or pursuant to this Agreement; or (iii) a written communication hand-delivered at the office specified in or pursuant to this Agreement.

Section 10. Additional Information. Upon request of an Approving Officer given at any time and from time to time, the Paying Agent shall promptly provide such Approving Officer with information with respect to the Certificate(s) delivered and paid hereunder. Such request shall be in written form and, to the extent known by such Approving Officer, shall include the serial number, principal amount, date of delivery, maturity date and amount of interest, if any, with respect to each Certificate which has been delivered or paid by the Paying Agent and for which the request is being made.

Section 11. Liability. Neither the Paying Agent nor its officers, employees or agents shall be liable for any act or omission hereunder, except in the case of its own negligence or willful misconduct. The Paying Agent's duties and obligations and those of its officers and employees shall be determined by the express provisions of this Agreement, a letter of representation (including the documents referred to therein), if any, and the Paying Agent and its officers, employees and agents shall not be liable except for the performance of such duties and obligations as are specifically set forth herein and therein, and no implied covenants shall be read into any such document against them. Neither the Paying Agent nor its officers, employees or agents shall be required to ascertain whether any execution, delivery or sale of Certificate(s) (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement to which the District or the Corporation is a party (whether or not the Paying Agent is a party to such other agreement). The Paying Agent makes no representation as to, and shall have no responsibility for, the correctness of any statement of a party other than the Paying Agent contained in, or the validity or sufficiency of this Agreement or any documents or instruments referred to in this Agreement or as to or for the validity or collectability of any obligation contemplated by this Agreement except as such validity, sufficiency or collectability shall relate to the Paying Agent. The Paying Agent shall not be accountable for the use or application by any person of disbursements properly made by the Paying Agent in conformity with the provisions of this Agreement. The Paying Agent shall not incur any such liability for (i) any act or failure to act made or omitted in good faith, or (ii) any action taken or omitted in reliance upon any instrument, including any written statement of affidavit provided for in this Agreement that the Paying Agent shall in good faith believe to be genuine, nor will the Paying Agent be liable or responsible for forgeries, fraud, impersonations, or determining the scope of any representative authority. In addition, the Paying Agent may consult with legal counsel in connection with the Paying Agent's duties under this Agreement and shall be fully protected in any act taken, suffered, or permitted by it in good faith in accordance with the advice of counsel. Except as set forth in Section 3 hereof, the Paying Agent is not responsible for determining and verifying the authority of any person acting or purporting to act on behalf of any party to this Agreement.

Section 12. Indemnification. The District and its successors and assigns agree to indemnify and hold the Paying Agent and its officers, employees and agents harmless against any and all losses, claims, damages, liabilities, actions, suits, judgments, demands, costs and expenses including reasonable costs of investigation, counsel fees, including reasonable, allocated costs of in-

house counsel and disbursements that may be imposed on the Paying Agent or incurred by the Paying Agent or its officers, employees or agents in connection with the execution and delivery of the Certificates or the performance by the Paying Agent of its duties under this Agreement (collectively, the “Liabilities”), provided that neither the District nor the Corporation shall be required to indemnify the Paying Agent (i) as a condition to the Paying Agent making a drawing on the Letter of Credit in accordance with Section 6 hereof, (ii) as a condition to paying maturing Certificates from the sources described herein, or (iii) for any Liabilities to the extent, but only to the extent, caused by the willful misconduct or negligence of the Paying Agent, including but not limited to any litigation arising from this Agreement or involving its subject matter. This provision shall survive Paying Agent’s resignation or removal hereunder or any expiration or termination of this Agreement.

Section 13. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, and no other person shall acquire or have any right under or by virtue hereof.

Section 14. Terms and Termination of Agreement. This Agreement may be terminated at any time by either the Paying Agent or an Approving Officer by 15 days’ prior written notice to the other and to the Credit Bank, provided that the Paying Agent agrees to continue acting as issuing and paying agent hereunder until such time as its successor has been selected, with the consent of the Credit Bank which consent shall not be unreasonably withheld, has entered into an agreement with the District and the Corporation to that effect and the Letter of Credit has been amended to provide that the successor issuing and paying agent shall be the beneficiary thereof. If no successor has been appointed within 15 days, Paying Agent shall have the right to petition a court of competent jurisdiction for the appointment of a successor issuing and paying agent and shall be reimbursed for any and all expenses in connection with any such petition and appointment. Such termination shall not affect the respective liabilities of the parties hereunder arising prior to such termination. Unless otherwise terminated, this Agreement will have a term of five years; provided, however, that the General Manager of the District can extend the term of this Agreement on the same terms and conditions by letter agreement for successive periods of up to three years thereafter so long as the Certificates are outstanding.

Section 15. Governing Law. This Agreement is to be delivered and performed in, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York.

Section 16. Fees. The Paying Agent shall receive fees from the District for acting as issuing and paying agent hereunder in accordance with the Corporation Resolution. In the event that the conditions of this Agreement are not promptly fulfilled, or if the Paying Agent renders any service not provided for in this Agreement, or if the Paying Agent requests a substantial modification of its terms, or if any controversy arises, or if the Paying Agent is made a party to, or intervenes in, any litigation pertaining to this Agreement or its subject matter, Paying Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs, attorneys’ fees, including allocated costs of in-house counsel, and expenses occasioned by such default, delay, controversy or litigation.

Section 17. No Waiver; Remedies. No failure on the part of the Paying Agent, the Corporation or the District to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other

further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 18. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 19. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof duly executed by the other party hereto.

Section 20. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 21. Effect on Original Agreement. On and after the execution of this Agreement, the Original Agreement shall have no further force or effect.

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

ORANGE COUNTY WATER DISTRICT

By _____
President

By _____
General Manager

APPROVED AS TO FORM

District General Counsel

OCWD PUBLIC FACILITIES CORPORATION

By _____
President

APPROVED AS TO FORM

Corporation General Counsel

U.S. BANK, NATIONAL ASSOCIATION

By _____
Authorized Signature

EXHIBIT A

FORM OF SERIES A (TAX-EXEMPT) CERTIFICATE

[TO BE INSERTED FROM RESOLUTION]

EXHIBIT B

FORM OF SERIES B (TAXABLE) CERTIFICATE

[TO BE INSERTED FROM RESOLUTION]

EXHIBIT C

SIGNATURE CERTIFICATE

We, the undersigned officers of the Orange County Water District (the "District"), State of California, hereby certify as follows:

1. That the undersigned are now, and have continuously been since _____, 20__, the duly qualified officers of the holding the offices set opposite their respective names below.

2. The following named person is now and at all times since _____, 20__, has been a duly qualified officer of the District holding the office set opposite his name, and set his name is the facsimile signature of such person:

<i>Name</i>	<i>Office</i>	<i>Signature</i>
_____	General Manager	_____
_____	Assistant General Manager	_____
_____	Chief Financial Officer	_____

Each of the undersigned by their signature confirms that the other signature set forth below is genuine.

Dated: _____, 20__

<i>Name</i>	<i>Office</i>	<i>Signature</i>
_____	Chief Financial Officer	_____
_____	Secretary to the Board of Directors	_____

EXHIBIT D
INVESTMENTS

ORANGE COUNTY WATER DISTRICT
PERMITTED INVESTMENTS

[TO BE INSERTED]

EXHIBIT E

FUNDS TRANSFER NOTICE

_____, 20__

U.S. Bank, National Association
100 Wall Street, 16th Floor
New York, New York 10005

Re: \$_____ Orange County Water District
Commercial Paper Certificates, Series

Ladies and Gentlemen:

The undersigned, a duly authorized officer of the Orange County Water District (the "District"), hereby (a) refers to the Second Amended and Restated Issuing and Paying Agent Agreement, dated as of November 1, 2015 (as amended or otherwise modified from time to time, the "Issuing and Paying Agent Agreement," the terms defined therein being used herein as therein defined), among the District, OCWD Public Facilities Corporation and U.S. Bank, National Association (the "Bank"), (b) gives the Bank this Funds Transfer Notice pursuant to Section 5 of the Issuing and Paying Agent Agreement that the District requests that transfer of immediately available funds from the Certificate Account be made on _____, 20__ in the aggregate principal amount of \$_____ to [name of bank] _____, ABA number _____, Account number _____, Attention: _____ (the "Requested Transfer").

Very truly yours,

ORANGE COUNTY WATER DISTRICT

By: _____
Title:

EXHIBIT F

LIST OF PAYING AGENT REPRESENTATIVES

CERTIFICATE OF INCUMBENCY
WITH SPECIMEN SIGNATURES

[TO COME FROM PAYING AGENT]

AMENDED AND RESTATED DEALER AGREEMENT

**ORANGE COUNTY WATER DISTRICT
COMMERCIAL PAPER CERTIFICATES
SERIES A (TAX-EXEMPT) AND SERIES B (TAXABLE)**

Amended and Restated as of November 1, 2015

Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708

OCWD Public Facilities Corporation
c/o Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708

Dear Ladies & Gentlemen:

This Amended and Restated Agreement (the “Dealer Agreement”) among the undersigned, CITIGROUP GLOBAL MARKETS INC. (the “Dealer”), the ORANGE COUNTY WATER DISTRICT (the “District”), a political subdivision in good standing under the laws of the State of California and the OCWD PUBLIC FACILITIES CORPORATION duly organized and existing under the laws of the State of California (the “Corporation”), for the Dealer to act as exclusive dealer in connection with the execution and delivery of Orange County Water District Commercial Paper Certificates, Series A (Tax-Exempt) (the “Tax-Exempt Certificates”) and the Orange County Water District Commercial Paper Certificates, Series B (Taxable) (the “Taxable Certificates” and together with the Tax-Exempt Certificates, the “Certificates”). This Amended and Restated Dealer Agreement amends and restates in full the Dealer Agreement, dated January 24, 1995, by and among Salmon Smith Barney Inc., the District and the Corporation.

The Certificates are to be executed and delivered under and pursuant to a second amended and restated resolution adopted by the Board of the Corporation on October 21, 2015 (the “Resolution”), and will be authenticated by U.S. Bank National Association, as paying agent (in such capacity the “Paying Agent”), pursuant to an Amended and Restated Issuing and Paying Agent Agreement, dated as of November 1, 2015, by and among the District, the Corporation and the Paying Agent. All terms used herein and not defined herein shall have the meanings specified in the Resolution.

The Certificates are to be executed and delivered for the purposes described in the Resolution. The aggregate principal amount of the Certificates that may be outstanding at any one time and the aggregate amount of interest to maturity with respect to such Certificates are limited as provided in the Resolution. The holders from time to time of the Certificates will be entitled to the benefits of a letter of credit issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “Bank”), under and pursuant to a Letter of Credit and Reimbursement Agreement, dated November 1, 2015 (the “Credit Agreement”), by and between the District and the Bank.

1. Appointment of Dealer; Basic Responsibilities of Dealer. (a) Subject to the terms and conditions herein contained, the District and the Corporation hereby appoint the Dealer, and the

Dealer hereby accepts such appointment, as exclusive dealer for the District and the Corporation in connection with the offering, execution, delivery and sale of the Certificates.

(b) In its capacity as dealer, the Dealer shall exercise customary efforts to solicit purchases of the Tax-Exempt Certificates, on such terms and conditions, including maturity dates and interest rates, as may prevail from time to time in the tax-exempt commercial paper market. In its capacity as dealer, the Dealer shall exercise customary efforts to solicit purchases of the Taxable Certificates, on such terms and conditions, including maturity dates and interest rates, as may prevail from time to time in the taxable commercial paper market. On or before 12:30 P.M., New York City time, on each day on which Certificates, the purchase of which has been solicited by the Dealer, are to be executed and delivered, the Dealer will notify an Approving Officer (as defined in the Issuing and Paying Agent Agreement) and the Issuing and Paying Agent of the amounts and terms and conditions of such Certificates with respect to which the Dealer has received indications of interest from potential purchasers. Such amounts and terms and conditions shall be subject to the approval of an Approving Officer. The receipt by the Dealer of such indications of interest from potential purchasers of Certificates shall not constitute legal and binding commitments of such purchasers, and the giving by the Dealer of notice of such indications of interest from potential purchasers of Certificates pursuant to this paragraph shall not constitute, or be construed as constituting, notice of the receipt by the Dealer of legal and binding commitments of such purchasers.

(c) It is understood and agreed that the Dealer's responsibilities hereunder will include (i) the soliciting of purchases of Certificates from investors that customarily purchase tax-exempt and taxable commercial paper in large denominations, (ii) effecting and processing such purchases, (iii) causing the furnishing, by mail or otherwise (at the District's expense), of such materials as are described in Section 3 hereof, (iv) billing and receiving payment for Certificate purchases, and (v) performing such other related functions as may be requested by the District and agreed to by the Dealer.

(d) So long as Suitomo Mitsui Banking Corporation is the Bank, the Paying Agent agrees that it will not execute and deliver any Certificate with a maturity earlier than two (2) days from its date of execution and delivery, unless either the District or the Dealer has provided three (3) Business Days prior written notice to the Bank with a copy to the Paying Agent; *provided, however*, that no written notice will be required to be provided to the Bank by the District or the Dealer in the event that (x) the Certificate is executed and delivered with a maturity of one (1) day and the Dealer for such Certificate is the registered holder of all such Certificates or (y) the Dealer is unable to market Certificate at the Maximum Rate, the proceeds of which shall be used to repay the principal of and/or interest with respect to maturing Certificates or unreimbursed drawings under and as defined in the Credit Agreement, with a maturity of more than one (1) day (in the event that the Dealer markets Certificate with a maturity of one (1) day without three (3) Business Days prior written notice to the Bank as described in this clause (y), the Dealer shall be deemed to have certified to the Bank that it is unable to market Certificates at the Maximum Rate, the proceeds of which shall be used to repay the principal of and/or interest with respect to maturing Certificate or unreimbursed drawings under and as defined in the Credit Agreement, with a maturity of more than one (1) day).

2. The Certificates. As more fully described in the Resolution, the Certificates will be executed and delivered in minimum denominations of \$100,000 and increments of \$1,000 thereabove and will have maturities of not more than 270 days from their respective dates of execution and delivery, and are subject to further limitation as to maturity as set forth in Section 3 of the Resolution. The Certificates shall be executed and delivered in registered form, without coupons.

The Certificates will be executed and delivered as interest-bearing obligations, maturing at such times as an approving officer may designate upon authorizing the execution and delivery thereof. Principal of and interest, if any, on the Certificates will be payable at maturity in immediately available funds through the facilities of The Depository Trust Company.

3. Furnishing of Memorandum. (a) The District agrees to pay the cost of as many copies as the Dealer may reasonably request of an offering memorandum pertaining to the Certificates and Supplements (as such terms are hereinafter defined) thereto for use in connection with the offering of the Certificates. The initial offering memorandum, including the cover page and all summary statements, appendices and other materials included or incorporated therein by reference or attached thereto or accompanying therewith as it may be amended or supplemented from time to time by a Supplement or Supplements is hereinafter referred to as the “Initial Offering Memorandum.” The Dealer will furnish the Initial Offering Memorandum to each offeree of the Certificates at or prior to the date on which such offeree is first offered the Certificates.

(b) As promptly as practicable, but in no event more than 90 days following a written request by the Dealer (which written request must be received by the District not more than 90 days following receipt by the District of the annual audited financial statements of the District for a fiscal year), the District shall supplement the Initial Offering Memorandum. Such updated memorandum, including the cover page and all summary statements, appendices and other materials included or incorporated therein by reference or attached thereto or accompanying therewith as it may be amended or supplemented from time to time by a Supplement or Supplements (as such term is hereinafter defined), is hereinafter referred to as an “Annual Memorandum.” The Dealer will furnish each Annual Memorandum to each offeree of Certificates offered subsequent to the receipt by the Dealer of such Annual Memorandum.

(c) Each Annual Memorandum shall be revised in the same manner and within the same period as is provided in paragraph (b) of this Section with respect to the Initial Offering Memorandum. The most current Annual Memorandum (or the Initial Offering Memorandum if no subsequent Annual Memorandum has been delivered to the Dealer) is hereinafter referred to as the “Memorandum.”

(d) If, during and prior to such time as any Memorandum is used in connection with the offering and sale of the Certificates, any event or condition actually known to the District relating to or affecting the District or the Corporation, or the Bank or the Letter of Credit shall occur which might materially adversely affect the properties, business, condition (financial or other) or results of operations of the District or the ability of the District to perform its obligations under and in respect of this Dealer Agreement, the Certificates, the TRANs, the Resolution, the resolutions of the District pursuant to which TRANs are issued from time-to-time, including resolutions adopted on July 15, 2015 and October 21, 2015 relating to the current TRANs (collectively, the “District Resolution”), the Issuing and Paying Agent Agreement, or the Credit Agreement, or which might affect the correctness of any statement of a material fact contained in such Memorandum, the District will promptly notify the Dealer of the circumstances and details of such event or condition. If, as a result of such event or condition or any other event or condition, it is necessary or advisable, in the opinion of the Dealer, to amend or supplement such Memorandum in light of such event or condition, the District will forthwith cooperate with the Dealer in the prompt preparation of a supplement to such Memorandum (a “Supplement”), in form and substance satisfactory to the Dealer, which will so amend or supplement such Memorandum.

(e) Simultaneously with the furnishing thereof to the Bank, the District shall furnish to the Dealer all financial statements, reports and information required to be furnished to the Bank pursuant to Section 6.01(e) of the Credit Agreement.

(f) The information relating to the District contained in each Memorandum and any Official Statement of the District which accompanies such Memorandum will be true and correct in all material respects on and as of the respective dates of such Memorandum and such Official Statement of the District.

4. Conditions To Dealer's Obligations. The obligations of the Dealer under this Dealer Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the District and Corporation of their obligations and agreements to be performed hereunder and to the accuracy of and compliance with the respective representations, warranties, covenants and agreements of the District and the Corporation contained herein, in each case on and as of the date of delivery of this Dealer Agreement and on and as of each date on which the Certificates are to be executed and delivered. The obligations of the Dealer hereunder with respect to each date on which the Certificates are to be executed and delivered are also subject, at the discretion of the Dealer, to the following further conditions precedent:

(a) The Resolution, the District Resolution, the TRANs, the Credit Agreement, the Letter of Credit, and the Issuing and Paying Agent Agreement shall be in full force and effect and the Certificates to be executed and delivered on such date shall have the full benefits of all of the foregoing, all of which shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Dealer, and there shall be in full force and effect such additional resolutions, agreements, instruments and certificates (including such certificates as may be required by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel ("Bond Counsel"), regarding the exclusion from gross income of interest, if any, with respect to the Tax-Exempt Certificates from federal income tax) and such opinions of counsel, which resolutions, agreements, certificates and opinions of counsel shall be satisfactory in form and substance to Bond Counsel, and there shall have been taken in connection therewith and in connection with the execution and delivery of the Certificates all such action as shall, in the opinion of Bond Counsel, be necessary in connection with the transactions contemplated hereby.

(b) There shall have been no material adverse change in the properties, business, condition (financial or other) or results of operations of the District or the Bank since the date of the Memorandum; and no Event of Default (as such term is defined in the Resolution or the Credit Agreement) shall have occurred and be continuing and no event shall have occurred and be continuing which with the passage of time or giving of notice or both, would constitute such an Event of Default.

(c) At or prior to the first date on which Certificates are to be sold pursuant to the terms of the Resolution and this Dealer Agreement, the Dealer shall have received:

(i) executed copies of the Credit Agreement and the Issuing and Paying Agent Agreement; and a transcript of all proceedings relating to the authorization of the Certificates certified by a duly authorized official of the District;

(ii) opinions dated as of such date of: (a) Bond Counsel; (b) General Counsel to the District and (c) Chapman & Cutler, LLP, counsel to the Bank (each such opinion to be in form and substance as previously agreed to by each such counsel and the Dealer);

(iii) a certificate of the District, executed by any duly authorized official of the District, dated as of such date, as to the accuracy of and compliance with the representations, warranties, covenants and agreements of the District contained in the Resolution on and as of such date, which certificate may state that the certifications therein set forth are to the best knowledge and belief of such official;

(iv) a certificate of the Corporation, executed by any duly authorized official of the Corporation, dated as of such date, as to the accuracy of and compliance with the representations, warranties, covenants and agreements of the Corporation contained in the Credit Agreement on and as of such date, which certificate may state that the certifications therein set forth are to the best knowledge and belief of such official;

(v) a certificate of the Bank, executed by a duly authorized representative of the Bank, dated as of such date, as to the correctness of information concerning the Bank which is contained in the Initial Offering Memorandum;

(vi) a specimen of the Letter of Credit;

(vii) copies of all documents required by, and delivered pursuant to Section 4.01 of the Credit Agreement; and

(viii) copies of such other documents, certificates and opinions as the Dealer shall have reasonably requested.

5. Term and Termination of Dealer Agreement. (a) This Dealer Agreement shall become effective upon execution by the Dealer, the District and the Corporation and may be canceled by the Dealer or the District or the Corporation (each with the consent of the Bank) at any time on written notice. To be effective, such written notice must be given no less than 60 days prior to such cancellation date with a copy to the Issuing and Paying Agent and the Bank; provided, however, that upon the mutual agreement of the Dealer, the District and the Corporation, such written notice may be given fewer than 60 days prior to such cancellation date; provided that any such cancellation shall not become effective until the appointment of a successor Dealer reasonably acceptable to the District and the Bank. The District will use its best efforts to notify Moody's Investors Services, Inc., and Fitch Ratings, Inc. (in the manner prescribed by Section 7(e) hereof) of the termination of this Dealer Agreement and any change in the dealer for the Certificates.

(b) In addition, the Dealer may terminate its obligations under this Dealer Agreement at any time by notifying the District, the Corporation and the Bank in writing or by telegram, telex or other electronic communication of its election to do so:

(i) if any event shall have occurred, or information become known, which, in the Dealer's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Memorandum or has the effect that the Memorandum contains an untrue, incorrect or misleading statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light

of the circumstances under which they were made, not misleading, and the District shall fail to supplement the Memorandum in a manner satisfactory to the Dealer within a reasonable period of time after requested to do so by the Dealer.

(ii) Legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States or be introduced by committee by amendment or otherwise in, or be enacted by, the House of Representatives or the Senate or be recommended by the President of the United States to the Congress of the United States for passage by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, shall be rendered or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service or any other governmental entity having jurisdiction over the subject matter shall be made or proposed having the purpose or effect of imposing federal income taxation or any other event shall have occurred which result in the imposition of federal income taxation, upon interest, if any, on the Certificates.

(iii) Legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States, or shall be introduced by committee by amendment or otherwise, or be introduced by the House of Representatives or the Senate or shall be recommended by the President of the United States to the Congress of the United States for passage by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter should be made or proposed, to the effect that the offering or sale of obligations of the character of the Certificates, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933 as amended (the "Securities Act") and as then in effect, or the Securities Act of 1934 as amended and as then in effect, or that the Indenture shall be required to be qualified under the Trust Indenture Act of 1939 as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the offering for sale of obligations of the character of the Certificates, or the Certificates as contemplated hereby, without registration under the Securities Act or qualification of the Indenture under the Trust Indenture Act of 1939, as amended.

(iv) Any information shall have become known which in the reasonable opinion of the Dealer, makes untrue any statement of a material fact contained in the Annual Memorandum prepared as provided in Section 3 hereof, or causes the Annual Memorandum prepared as provided in Section 3 hereof, as so supplemented or amended, to contain any untrue statement of a material fact.

(v) Any legislation, resolution, ordinance, rule or regulation shall be introduced in, or be enacted by, any federal governmental body, department or agency of the United States or the State of California, or a decision by any court of competent jurisdiction within the United States or the State of California shall be rendered which, in the Dealer's reasonable opinion, materially adversely affects the marketability of the Certificates.

(vi) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities similar to the Certificates by any governmental authority or by any national securities exchange which in the Dealer's reasonable opinion, materially adversely affects the marketability of the Certificates.

(vii) Any governmental authority shall impose, as to the Certificates, or obligations of the character of the Certificates, any material restrictions not now in force, or increase materially those now in force which, in the Dealer's reasonable opinion, materially adversely affects the marketability of the Certificates.

(viii) A banking moratorium shall have been established by United States of America, State of New York or Japanese authorities.

(ix) The rating of the Certificates shall have been downgraded to a rating below "F-1+" by Fitch Ratings, Inc. or "___" by Moody's Investors Services, Inc. or such rating agencies shall withdraw any ratings they may have in effect with respect to the Certificates.

(x) A war involving the United States shall have been declared, or any existing conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government of the financial community shall have occurred, which, in the Dealer's reasonable opinion, materially adversely affects the marketability of the Certificates.

(xi) Any event, including without limitation, the bankruptcy or default of any issuer of, or obligor on tax-exempt securities shall have occurred which, in the Dealer's reasonable opinion, makes the marketing of the securities of the character of the Certificates impossible over an extended period of time.

(xii) The Resolution, the Issuing and Paying Agent Agreement, the Letter of Credit and any Alternate Letter of Credit shall cease to be in full force and effect or shall have been amended, modified or supplemented except as agreed to by the Dealer.

(xiii) An Event of Default under the Resolution or the Credit Agreement has occurred and is continuing.

(xiv) A Stop Issuance Instruction has been delivered by the Bank under the Credit Agreement or a similar notice has been delivered by the issuer of an Alternate Letter of Credit.

6. Payment of Fees and Expenses. (a) In consideration of the services to be performed by the Dealer under this Dealer Agreement, the District agrees to pay to the Dealer a fee in the amount of the product of: (i) .075 of 1% divided by 365 or 366, as appropriate; and (ii) the sum of the principal amounts of such Certificates outstanding on each day during the billing period (to which reference is made in the next succeeding sentence). It is understood and agreed that: (1) payment of such fee shall be made by the District quarterly in arrears upon receipt of an invoice therefor from the Dealer; and (2) the obligation of the District to pay such fee shall survive the termination or cancellation of this Dealer Agreement to the extent that such obligation related to Certificates outstanding prior to such termination or cancellation.

(b) All reasonable expenses and costs of the Dealer in effecting the authorization, preparation, execution, delivery, offering, delivery and sale of the Certificates (including, without limitation, the expenses and costs of the preparation, printing, photocopying, execution and delivery of the Certificates, the Initial Offering Memorandum, each Annual Memorandum, each Supplement, the Credit Agreement, the Issuing and Paying Agent Agreement, this Dealer Agreement and all other agreements and documents contemplated hereby and thereby, including amendments, modifications

and supplements to any such agreements and documents at any time during the term of this Dealer Agreement) shall be paid or reimbursed by the District, unless and to the extent that such expenses and costs are paid out of or reimbursed from the proceeds of the Certificates.

7. **Miscellaneous.** (a) All notices, demands and formal actions under this Dealer Agreement shall be in writing and mailed, telecopied, telegraphed or delivered to:

The Dealer:

Citigroup Global Markets Inc.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Manager, Short-Term Finance Group
Phone: (212) 723-5594
Fax Number: (212) 723-8939

The District:

Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708
Attn: Chief Financial Officer
Fax Number: (714)

The Corporation:

OCWD Public Facilities Corporation
c/o Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708
Attn: Chief Financial Officer
Fax Number: (714)

provided, however, that all notices pursuant to, or contemplated by, the provisions of Section 1 of this Dealer Agreement shall be given by telephonic communication between or among authorized representatives of the parties to this Dealer Agreement and shall be confirmed in writing and mailed, telecopied or delivered to such parties on the later of the Business Day following the settlement, if any, of the respective transactions to which such notices relate or the Business Day following the telephonic communication. The Dealer, the District and the Corporation may, by notice given under this Dealer Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed;

(b) Any certificate authorized by the District, signed by any authorized official or officials of the District or the Corporation and delivered to the Dealer shall be deemed a representation by the District or the Corporation to the Dealer as to the statements made therein;

(c) This Dealer Agreement will inure to the benefit of and be binding upon the District, the Corporation and the Dealer and their respective successors and assigns, and will not confer any rights upon any other person, partnership, association or corporation; provided that the Bank shall be an express and direct third party beneficiary of this Dealer Agreement entitled to enforce the provisions hereof. The term "successors" and "assigns" shall not include any purchaser of any of the Certificates merely because of such purchase;

(d) All of the representations, warranties and covenants of the District, the Corporation and the Dealer in this Dealer Agreement shall remain operative and in full force and effect, regardless of: (i) any investigation made by or on behalf of the Dealer; or (ii) delivery of and any payment for any Certificates hereunder;

(e) The Dealer shall use its best efforts to notify Moody's Investor Services, Inc. and Fitch Ratings, Inc. of any modification of or amendment to the Dealer Agreement. Notice shall be sent by first class mail, postage prepaid;

(f) Section headings have been inserted in this Dealer Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Dealer Agreement and will not be used in the interpretation of any provisions of this Dealer Agreement;

(g) If any provision of this Dealer Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Dealer Agreement invalid, inoperative or unenforceable to any extent whatever;

(h) This Dealer Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which constitute one and the same document;

(i) The District and the Corporation acknowledge and agree that: (i) the offering of the Certificates pursuant to this Dealer Agreement is an arm's-length commercial transaction among the District, the Corporation and the Dealer; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Dealer is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of the District or the Corporation; (iii) the Dealer has not assumed an advisory or fiduciary responsibility in favor of the District or the Corporation with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Dealer has provided other services or is currently providing other services to the District or the Corporation on other matters) and the Dealer has no obligation to the District or the Corporation with respect to the offering contemplated hereby except the obligations expressly set forth in this Dealer Agreement; and (iv) the District and the Corporation have consulted their own legal, financial and other advisors to the extent that they have deemed appropriate.

(j) THIS DEALER AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

8. Conflict Between Documents. In the event of a conflict between the provisions of this Dealer Agreement and the Resolution, the provisions of this Dealer Agreement shall be controlling.

[Signatures to Dealer Agreement follow on the next page]

[Signatures to Amended and Restated Dealer Agreement]

CITIGROUP GLOBAL MARKETS INC.

By: _____
Title: Managing Director

[Signatures to Amended and Restated Dealer Agreement]

ORANGE COUNTY WATER DISTRICT

By: _____
President

OCWD PUBLIC FACILITIES CORPORATION

By: _____
President

**FEE AGREEMENT
DATED NOVEMBER 19, 2015**

Reference is hereby made to (i) the Reimbursement Agreement dated as of November 1, 2015 (as amended, supplemented or otherwise modified from time to time, the “*Agreement*”), between the Orange County Water District (the “*District*”) and Sumitomo Mitsui Bank Corporation, acting through its New York Branch (the “*Bank*”), relating to the District’s Commercial Paper Certificates, Series A (Tax-Exempt) and Commercial Paper Certificates, Series B (Taxable) (the “*Commercial Paper Notes*”), and (ii) the Irrevocable Transferable Direct-Pay Letter of Credit dated November 19, 2015, issued pursuant to the Agreement (the “*Letter of Credit*”), supporting the Commercial Paper Notes.

The purpose of this Fee Agreement is to confirm the agreement between the Bank and the District with respect to the Letter of Credit Fees (as defined below) and certain other fees payable by the District to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between the District and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I. DEFINITIONS.

As used in this Fee Agreement:

- (a) “*Letter of Credit Fee*” has the meaning set forth in Section 2.1(a) hereof.
- (b) “*Letter of Credit Fee Rate*” has the meaning set forth in Section 2.1(a) hereof.
- (c) “*Quarterly Payment Date*” has the meaning set forth in Section 2.1(a) hereof.

Any capitalized terms used herein that are not specifically defined herein shall have the same meanings herein as in the Agreement or the Letter of Credit, as the case may be.

ARTICLE II. FEES.

Section 2.1. (a) Letter of Credit Fees. The District hereby agrees to pay or cause to be paid to the Bank on January 4, 2016, for the period commencing on the Closing Date and ending on December 31, 2015, and in arrears on the first Business Day of each April, July, October and January (each a “*Quarterly Payment Date*”) occurring thereafter to the Termination Date, and on the Termination Date, a non-refundable fee (the “*Letter of Credit Fee*”) in an amount equal to the product of the Available Amount for each day in the related fee period and the applicable rate per annum (the “*Letter of Credit Fee Rate*”) for each day in the related fee period specified

below. Such Letter of Credit Fee shall be payable in immediately available funds and computed on a basis of a year of 360 days and the actual number of days elapsed.

LEVEL	MOODY'S RATING	FITCH RATING	S&P RATING	COMMITMENT FEE RATE
Level 1	Aa1 or above	AA+ or above	AA+ or above	0.29%
Level 2	Aa2	AA	AA	0.39%
Level 3	Aa3	AA-	AA-	0.49%
Level 4	A1	A+	A+	0.64%
Level 5	A2	A	A	0.84%
Level 6	A3	A-	A-	1.25%
Level 7	Baa1	BBB+	BBB+	1.75%
Level 8	Baa2	BBB	BBB	2.50%

The term “*Rating*” as used above shall mean the long-term unenhanced debt rating assigned by S&P, Fitch or Moody’s, as applicable, to any Debt of the District secured by a first lien on Revenues (the “*Parity Debt*”). In the event of a split Rating (i.e., one of the foregoing Rating Agency’s Rating is at a difference level than the Rating of either of the other Rating Agencies), the Letter of Credit Fee Rate shall be based upon the level in which the lowest Rating appears. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as determined by the Rating Agencies at the date hereof, and, in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced rating assigned to any Parity Debt of the District in connection with the adoption of a “global” rating scale, each of the Ratings referred to above from the agency in question shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The District represents that, as of the Closing Date, the Letter of Credit Fee Rate is that specified above for Level 1. In the event that any Rating is reduced below “BBB” (or its equivalent) by S&P, “BBB” (or its equivalent) by Fitch or “Baa2” (or its equivalent) by Moody’s or is suspended, withdrawn or otherwise unavailable from any Rating Agency or upon the occurrence and during the occurrence of an Event of Default, the Letter of Credit Fee Rate shall increase to 3.00% per annum. To the extent any Letter of Credit Fee is not paid when due, such Letter of Credit Fee shall accrue interest from the date payment is due until payment in full at a per annum rate of interest equal to the Default Rate, payable on demand.

Section 2.2. Drawing Fee. The District hereby agrees to pay to the Bank a drawing fee of \$300 for each Drawing under the Letter of Credit, payable on the date such Drawing is made.

Section 2.3. Transfer Fee. The District hereby agrees to pay to the Bank a transfer fee of \$5,000, payable upon each transfer of the Letter of Credit to any successor issuing and paying agent under the Issuing and Paying Agent Agreement plus, in each case, the reasonable fees of any legal counsel retained by the Bank in connection therewith.

Section 2.4. Amendment Fee. The District hereby agrees to pay to the Bank on the date of any amendment, waiver or consent with respect to the Agreement, this Fee Agreement, the Letter of Credit or any other Related Document an amendment, waiver or consent fee, as applicable, in an amount of \$5,000 (or such other amount as agreed to by the District and the Bank) plus, in each case, the reasonable fees of any legal counsel retained by the Bank in connection therewith.

Section 2.5. Termination Fee. (a) Notwithstanding anything set forth herein or in the Agreement to the contrary, the District agrees not to terminate, or cause the termination of, the Letter of Credit prior to the one year anniversary of the Closing Date, except upon (i) the payment by the District to the Bank of a termination fee (the "*Termination Fee*") in an amount equal to the product of (1) the Letter of Credit Fee Rate on the date of such termination, (2) the Gross Available Amount as of the date of termination and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the first anniversary of the Closing Date and the denominator of which is 360 and (ii) compliance with the provisions of Section 2.07 of the Agreement; *provided, however*, that no Termination Fee shall become payable if the Letter of Credit is terminated or replaced as a result of (A) a reduction of two of the Bank's senior unsecured short-term debt rating below "A-1" by S&P, F1 by Fitch or "P-1" by Moody's, or (B) the Bank imposing increased costs on the District pursuant to Section 2.14 of the Agreement.

(b) Notwithstanding anything set forth herein or in the Agreement to the contrary, the District agrees not to permanently reduce the Available Amount of the Letter of Credit prior to the one year anniversary of the Closing Date, without the payment by the District to the Bank of a reduction fee (the "*Reduction Fee*") in connection with each and every permanent reduction of the Available Amount in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of such reduction, (B) the difference between the Gross Available Amount prior to such reduction and the Gross Available Amount after such reduction and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction to and including the first anniversary of the Closing Date and the denominator of which is 360.

Section 2.6. Payment Account. For purposes of the Agreement, "*Payment Account*" means ABA No. 021-000-089, Name of Account: Sumitomo Mitsui Banking Corp., New York Branch, Account No. 360-23-837, Attention: Trade Credit Services Department, Reference: Orange County Water District - LG/MIS/NY-_____ or at such other wiring instructions, address or location specified to the District in writing by the Bank.

ARTICLE III. MISCELLANEOUS.

Section 3.1. Out-of-Pocket Expenses; Administration. In connection with the execution and delivery of the Agreement, the Letter of Credit and this Fee Agreement, the District shall pay to the Bank promptly upon receipt of an invoice any and all reasonable fees and expenses of the Bank (including the out-of-pocket expenses of the Bank and the reasonable fees of U.S. counsel to the Bank in an amount estimated at \$37,500 and in an amount not to exceed to \$42,500 plus disbursements and the reasonable fees of Japanese counsel to the Bank in an amount not to exceed to \$3,500) all payable in accordance with this Fee Agreement. The reasonable legal fees and expenses of U.S. counsel to the Bank shall be paid directly to Chapman and Cutler LLP in accordance with the instructions provided by Chapman and Cutler LLP.

Section 3.2. Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of the District and the Bank.

Section 3.3. Governing Law. THIS FEE AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT THE OBLIGATIONS OF THE DISTRICT UNDER THIS FEE AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF CALIFORNIA.

Section 3.4. Counterparts. This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Fee Agreement by signing any such counterpart. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 3.5. Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 3.6. No Disclosure. Unless required by law, the District shall not deliver or permit, authorize or consent to the delivery of this Fee Agreement to the Dealer or any other Person for delivery to the Municipal Securities Rulemaking Board to post on its Electronic Municipal Market Access website unless the Bank provides its prior written consent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective representatives thereunto duly authorized as of the date first set forth above.

ORANGE COUNTY WATER DISTRICT

By: _____
Name: _____
Title: _____

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Title: _____

**SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH**

IRREVOCABLE TRANSFERABLE DIRECT-PAY LETTER OF CREDIT

November __, 2015

No. [LG/MIS/NY-_____]

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Corporate Trust Operations

Ladies and Gentlemen:

1. At the request and for the account of our customer, the Orange County Water District (the “*District*”), which has caused or will cause, through the OCWD Public Facilities Corporation (the “*Corporation*”), the issuance of the Orange County Water District Commercial Paper Certificates, Series A (Tax-Exempt) (the “*Series A Certificates*”) and Orange County Water District Commercial Paper Certificates, Series B (Taxable) (the “*Series B Certificates*”) and together with the Series A Certificates, the “*Certificates*”), Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “*Bank*”), hereby establishes, in favor of U.S. Bank National Association, as Paying Agent (the “*Paying Agent*”) acting for the benefit of the holders of the Certificates pursuant to Resolution No. _____ Second Amended and Restated Resolution of the Board of Directions of the OCWD Public Facilities Corporation Providing for the Execution and Delivery of Orange County Water District Commercial Paper Certificates and the Entering into of Various Agreements in Connection Therewith adopted by the Board of Directions of the Corporation (as hereinafter defined) on October 22, 2015 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof, the “*Corporation Resolution*”) and the Amended and Restated Issuing and Paying Agent Agreement dated as of November 1, 2005 (as amended, supplemented, modified or restated from time to time, referred to herein as the “*Issuing and Paying Agent Agreement*”), among the Corporation, the District and the Paying Agent, pursuant to which the Certificates have been or will be issued from time to time, and pursuant to the Letter of Credit and Reimbursement Agreement dated as of November 1, 2015 (as amended, supplemented, modified or restated from time to time, referred to herein as the “*Reimbursement Agreement*”), between the District and the Bank, this Irrevocable Transferable Direct-Pay Letter of Credit Number [LG/MIS/NY-_____] (this “*Letter of Credit*”) in the maximum available amount of Seventy-Six Million Three Hundred Thousand Dollars (\$76,300,000) (calculated as the sum of the maximum principal amount of the Certificates, in an amount equal to \$70,000,000 (as hereinafter reduced or reinstated from time to time in accordance with the provisions hereof, the

“*Principal Component*”), plus interest thereon in an amount equal to \$6,300,000 (calculated at the maximum rate of twelve percent (12%) per annum for a period of two hundred and seventy (270) days and based upon a year of three hundred sixty (360) days) (as reduced or reinstated from time to time in accordance with the provisions hereof, the “*Interest Component*”), hereinafter, as reduced or reinstated from time to time in accordance with the provisions hereof, the “*Stated Amount*”), which may be drawn upon by the Paying Agent to pay the unpaid principal amount of Certificates constituting Eligible Notes on their respective stated maturity dates, together with accrued and unpaid interest thereon. The Stated Amount may be permanently reduced from time to time in accordance with paragraph 6 hereof. The Stated Amount of this Letter of Credit will be permanently reduced to the amount set forth on an Annex (Permanent Reduction of the Stated Amount of Letter of Credit) in the form of Annex B hereto from time to time delivered by you to the Bank; *provided, however*, that in no event shall the Stated Amount of this Letter of Credit be reduced to an amount less than the then outstanding principal amount of all Certificates outstanding plus all interest due (up to the assumed rate described above) on the stated maturity date thereof. Request for Drawings (as herein defined) shall be made on or prior to the date any sum is due on the Certificates; *provided* that the Bank is not obligated to honor such Drawings until the respective stated maturity dates of such Certificates. “*Eligible Notes*” means Certificates which are not registered in the name of the District or the Corporation or, to the best knowledge of the Paying Agent, any nominee for or any Person who owns such Certificates for the benefit of the District or the Corporation.

2. This Letter of Credit shall expire at 5:00 p.m. New York City time on the date (the “*Termination Date*”) which is the earliest to occur of: (a) November __, 2018 (the “*Letter of Credit Expiration Date*”), as such date may be extended in a Notice of Extension from the Bank to the Paying Agent and the District in the form attached hereto as Annex F; (b) the date of payment of a Drawing, not subject to reinstatement, which when added to all other Drawings honored hereunder which were not subject to reinstatement as provided herein, in the aggregate equals the Stated Amount on the date of issuance hereof as adjusted pursuant to the terms and conditions of this Letter of Credit; (c) the date on which the Bank receives a termination certificate signed by your duly authorized officer in the form of Annex C attached hereto appropriately completed (after the Bank honors any properly presented and conforming Drawing, if any, on such date); (d) the date on which the Bank receives a termination certificate signed by your duly authorized officer in the form of Annex D attached hereto appropriately completed; or (e) the earlier of (i) the 10th calendar day (or if such date is not a Business Day, the immediately succeeding Business Day) after the date on which you receive notice from us in the form of Annex H-1 hereto (the “*Final Drawing Notice*”), and (ii) the date on which the Drawing (in the form of Annex H-2 hereto) resulting from the delivery of the Final Drawing Notice is honored hereunder. All Drawings hereunder shall be paid from immediately available funds of the Bank.

3. Funds under this Letter of Credit are available to you against your presentation of a drawing certificate in the form of Annex A or Annex H-2 hereto (a “*Drawing*”) which shall be made at the Bank’s office at 277 Park Avenue, New York, New York 10172 by facsimile (at facsimile number (212) 224-4566), Attention: Trade Credit Services Department, or at any other number or numbers which may be designated by the Bank by written notice delivered to you. Each Drawing so presented shall have all blanks appropriately filled in and shall be signed by a person who purports to be an authorized officer of the Paying Agent and each of the aforesaid

certificates shall be either in the form of a letter on the letterhead of the Paying Agent or a communication by telecopy delivered or transmitted to the Bank. Any telecopy pursuant to which a Drawing is made hereunder shall be promptly confirmed by you to us by telephone (but such notice shall not be a condition to drawing hereunder and you shall have no liability for not doing so).

4. The Bank hereby agrees with you that, to the extent of its liability as provided herein, all demands for payment made under and in strict compliance with the terms of this Letter of Credit will be duly honored upon delivery or transmission of the certificate as specified in paragraph 3 hereof and if presented at the aforesaid office on or before the Termination Date. If a Drawing is made by you hereunder at or prior to 11:30 a.m., New York City time, on a Business Day and such Drawing conforms to the terms and conditions hereof, payment shall be made in the amount specified in such Drawing in immediately available funds, no later than 2:30 p.m., New York City time, on the same Business Day. If a Drawing is made by you hereunder after 11:30 a.m., New York City time, on a Business Day and such Drawing conforms to the terms and conditions hereof, payment shall be made of the amount specified in such Drawing, in immediately available funds, not later than 2:30 p.m., New York City time, on the next succeeding Business Day. Payments made hereunder will be made by wire transfer of immediately available funds to U.S. Bank National Association, ABA No. _____, Account No. _____, Account Name: _____, Ref: _____ Attention: _____. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Paying Agent and executed by the Paying Agent and authenticated to our satisfaction. As used in this Letter of Credit, "*Business Day*" means any day other than (a) a Saturday, Sunday, or other day on which commercial banks located in the States of New York or California are authorized or required by law or executive order to close, (b) a day on which the presentation office for Drawings hereunder is authorized or required by law or executive order to close and (c) a day on which the New York Stock Exchange is closed.

5. Demands for payment honored hereunder shall not at the time of any Drawing exceed the Stated Amount, as the Stated Amount may have been reduced or reinstated by the Bank as hereinafter provided. Subject to the preceding sentence, each Drawing honored by the Bank hereunder shall *pro tanto* reduce, by the amount of such Drawing, the Stated Amount and the amount available to be drawn hereunder by you pursuant to any subsequent Drawing, except to the extent the Stated Amount has been reinstated in accordance with the provisions of paragraph 7 of this Letter of Credit.

6. Upon receipt by the Bank of a certificate in the form of Annex B (a "*Stated Amount Reduction Certificate*") attached hereto appropriately completed and signed by your duly authorized officer, the Stated Amount shall be permanently reduced to the amount set forth therein.

7. After any Drawing unless you shall have received notice from the Bank in substantially the form of Annex G or Annex H-1 attached hereto that an Event of Default under the Reimbursement Agreement has occurred and is continuing, the Stated Amount will be reinstated (except in the case of a Drawing resulting from the delivery of a Final Drawing

Notice), but only when and to the extent amounts are received by the Bank for reimbursement of the amount of such Drawing, and will be subject to any reduction in said Stated Amount as above provided in paragraph 6, and will also be subject to any reduction in said Stated Amount as described in the immediately succeeding sentence. If at any time you shall have received notice from the Bank in substantially the form of Annex G or Annex H-1 attached hereto: (i) you are required to acknowledge and accept such Annex(es) in accordance with such Annex(es) and return the same to the Bank, (ii) the Stated Amount shall be permanently reduced to the principal amount of Certificates outstanding at the time of your receipt of such Annex(es) plus interest to accrue thereon to maturity (as you shall certify to us upon your receipt of such Annexes), and (iii) the Stated Amount shall be further permanently reduced upon the Bank honoring the related Drawing(s) upon the maturity of such Certificates (or with respect to the Final Drawing Notice, upon the Bank honoring the final Drawing), and the Stated Amount shall no longer be reinstated following any Drawings.

8. Only you or your successor as Paying Agent may make Drawings under this Letter of Credit. Upon the payment to you or to your account of the amount demanded hereunder, the Bank shall be fully discharged of its obligation under this Letter of Credit with respect to such demand for payment and shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such demand for payment to you or any other person who may have made to you or makes to you a demand for payment of principal of or interest on any Certificate. By paying to you an amount demanded in accordance herewith, the Bank makes no representations as to the correctness of the amount demanded.

9. (a) Upon our receipt of a termination certificate in the form of Annex D hereto indicating that all Certificates are wholly defeased or otherwise no longer outstanding and that the District does not intend to issue any additional Certificates, this Letter of Credit shall expire as provided in paragraph 2(d) hereof. In connection with the termination of this Letter of Credit, this Letter of Credit shall be returned to us marked "cancelled".

(b) Upon our receipt of a termination certificate in the form of Annex C hereto, this Letter of Credit shall terminate as provided in paragraph 2(c) hereof. In connection with the termination of this Letter of Credit, this Letter of Credit shall be returned to us and marked "cancelled".

10. This Letter of Credit is intended to apply only to the payment of the principal amount of the Certificates and interest thereon upon the maturity thereof.

11. Except as expressly stated herein, this Letter of Credit is governed by, and construed in accordance with, the terms of the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (the "ISP98"). As to matters not governed by ISP98, this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York, including, without limitation, the Uniform Commercial Code as in effect in the State of New York, without regard to conflict of laws. Unless otherwise specified herein, communications with respect to this Letter of Credit shall be in writing and shall be addressed to the Bank at SUMITOMO MITSUI BANKING CORPORATION, 277 Park Avenue, New York, New York 10172, by facsimile (at facsimile number (212) 224-4566), Attention:

Trade Credit Services Department (or at any other office that we may designate by prior written notice to you), specifically referring to the number of this Letter of Credit. Any communication to the Bank (other than Drawings) shall be in writing delivered to the Bank at the address set forth in this paragraph 11 hereof.

12. This Letter of Credit is transferable in whole only to your successor as Paying Agent. Any such transfer (including any successive transfer) shall be subject to the Bank's receipt of a signed transfer request signed by the transferor and by the transferee in the form of Annex E hereto together with the original Letter of Credit. Transfers to designated foreign nationals and/or specifically designated nationals are not permitted as being contrary to the U.S. Treasury Department or Foreign Assets Control Regulations. Upon our endorsement of such transfer, the transferee instead of the transferor shall, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; *provided* that, in such case, any certificates of the Paying Agent to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

13. This Letter of Credit sets forth in full the Bank's undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Certificates), except only the certificates, notices and annexes referred to herein; and no such reference shall be deemed to incorporate herein by reference any document, instrument or agreement.

[SIGNATURE PAGE FOLLOWS]

Very truly yours,

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch, as Bank

By: _____

Name: Toshitake Funaki

Title: Managing Director

**ANNEX A TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

Sumitomo Mitsui Banking Corporation, New York Branch
277 Park Avenue, 6th Floor
New York, New York 10172
Attention: Trade Credit Services Department
Facsimile: (212) 224-4566

Re: _____ Drawing Certificate

Ladies and Gentlemen:

U.S. Bank National Association, (the "*Paying Agent*") hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____], dated November __, 2015 (the "*Letter of Credit*"; any other capitalized terms used herein and not defined herein having their respective meanings set forth in the Letter of Credit or the therein defined Reimbursement Agreement, as the case may be), issued by the Bank in favor of the Paying Agent pursuant to the Reimbursement Agreement that:

1. The Paying Agent is the Paying Agent under the Issuing and Paying Agent Agreement, and is acting as agent for the owners of Certificates.
2. The Paying Agent is making a drawing under the Letter of Credit with respect to payment of the principal amount of, and interest on, the Certificates due on _____.
3. The amount demanded hereby is \$_____ (of which \$_____ represents the Principal Component and \$_____ represents the Interest Component), to be used for payment of principal of, and interest on, the Certificates. Said amount does not exceed the amounts permitted to be drawn under the Letter of Credit in accordance with the Letter of Credit.
4. The amount demanded hereunder was computed in accordance with the terms and conditions of the Certificates and the Issuing and Paying Agent Agreement.

5. The amount demanded hereby does not include any amount in respect of the Certificates registered in the name of the District or, to the best knowledge of the Paying Agent, any nominee for or any Person who owns such Certificates for the benefit of the District.

6. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will apply the same directly to the payment when due of the principal of and interest on Certificates upon the stated maturity thereof, (b) no portion of said amount shall be applied by the undersigned for any other purpose, (c) such amount will be deposited to the Letter of Credit Account (established pursuant to the Issuing and Paying Agent Agreement), and (d) except for the other amounts on deposit in such Letter of Credit Account, no portion of said amount shall be commingled with other funds held by the undersigned.

7. The undersigned is the duly authorized officer of the Paying Agent.

8. Payment by the Bank pursuant to this drawing shall be made to the Paying Agent in accordance with the terms of the Letter of Credit.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Annex A as of the _____ day of _____, _____.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By _____
Name _____
Title _____

cc: Orange County Water District

**ANNEX B TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

Sumitomo Mitsui Banking Corporation, New York Branch
277 Park Avenue, 6th Floor
New York, New York 10172
Attention: Trade Credit Services Department
Facsimile: (212) 224-4566

Re: Permanent Reduction of the Stated Amount of Letter of Credit

Ladies and Gentlemen:

U.S. Bank National Association (the "*Paying Agent*") hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____], dated November __, 2015 (the "*Letter of Credit*"; any other capitalized terms used herein and not defined herein having their respective meanings set forth in the Letter of Credit or the therein defined Reimbursement Agreement, as the case may be), issued by the Bank in favor of the Paying Agent that:

1. The Paying Agent is the Paying Agent under the Issuing and Paying Agent Agreement, and is acting as the agent for the owners of the Certificates.
2. The Paying Agent hereby notifies you that on or prior to the date hereof the District has determined that the Stated Amount of the Letter of Credit shall be permanently reduced to \$_____ (of which \$_____ represents the Principal Component and \$_____ represents the Interest Component).
3. The Paying Agent hereby confirms that the aggregate principal amount of Certificates outstanding is less than the Principal Component and the aggregate interest payable on such principal amount of such Certificates outstanding is less than the Interest Component and the principal amount of the Certificates and the accrued interest payable thereon, as of the date hereof, does not exceed the Stated Amount of the Letter of Credit as so reduced.

4. If any Certificates are outstanding as of the date of this Annex B, the District has informed us that it will not issue additional Certificates unless after the issuance of such additional Certificates the aggregate principal amount of Certificates outstanding, together with the aggregate interest payable thereon, shall be no greater than the Stated Amount of the Letter of Credit, as so permanently reduced pursuant to this Annex B.

5. The Stated Amount of the Letter of Credit is reduced to \$_____ upon receipt by the Bank of this Annex B (and the Principal Component is reduced to \$_____ and the Interest Component is reduced to \$_____).

6. The undersigned represents that he/she is a duly authorized officer of the Paying Agent.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Annex B as of the _____ day of _____, _____.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By _____
Name _____
Title _____

cc: Orange County Water District

**ANNEX C TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

Sumitomo Mitsui Banking Corporation, New York Branch
277 Park Avenue, 6th Floor
New York, New York 10172
Attention: Trade Credit Services Department

cc: Via Facsimile to (212) 224-4566

Re: Termination of Letter of Credit (Substitute Credit Facility)

Ladies and Gentlemen:

U.S. Bank National Association (the "*Paying Agent*") hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____], dated November __, 2015 (the "*Letter of Credit*"; any other capitalized terms used herein and not defined herein having their respective meanings set forth in the Letter of Credit or the therein defined Reimbursement Agreement, as the case may be), issued by the Bank in favor of the Paying Agent that:

1. The Paying Agent is the Paying Agent under the Issuing and Paying Agent Agreement.
2. As Paying Agent under the Issuing and Paying Agent Agreement, the Paying Agent has accepted an Alternate Letter of Credit (as defined in the Corporation Resolution), in compliance with the Issuing and Paying Agent Agreement and the Reimbursement Agreement.
3. Upon receipt of this Annex C, the Letter of Credit shall terminate as provided in paragraph 2(c) of the Letter of Credit.
4. Accompanying this Annex C is the original Letter of Credit, marked "cancelled".
5. The undersigned is the duly authorized officer of the Paying Agent.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Annex C as of the _____ day of _____, _____.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By _____
Name _____
Title _____

cc: Orange County Water District

**ANNEX D TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

Sumitomo Mitsui Banking Corporation, New York Branch
277 Park Avenue, 6th Floor
New York, New York 10172
Attention: Trade Credit Services Department

cc: Via Facsimile to (212) 224-4566

Re: Termination of Letter of Credit
(No Certificates Outstanding)

Ladies and Gentlemen:

U.S. Bank National Association (the "*Paying Agent*") hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____], dated November __, 2015 (the "*Letter of Credit*"; any other capitalized terms used herein and not defined herein having their respective meanings set forth in the Letter of Credit or the therein defined Reimbursement Agreement, as the case may be), issued by the Bank in favor of the Paying Agent that:

1. The Paying Agent is the Paying Agent under the Issuing and Paying Agent Agreement.
2. All the Certificates are wholly defeased or no Certificates remain outstanding under the Issuing and Paying Agent Agreement.
3. The District has notified us that it does not intend to issue any additional Certificates and desires to terminate this Letter of Credit in accordance with terms of the Reimbursement Agreement.
4. Upon receipt by the Bank of this Annex D, the Letter of Credit shall terminate as provided in paragraph 2(d) of the Letter of Credit.

5. Accompanying this Annex D is the original Letter of Credit, marked “cancelled”.
6. The undersigned is the duly authorized officer of the Paying Agent.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Annex D as of the _____ day of _____, _____.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By _____
Name _____
Title _____

cc: Orange County Water District

**ANNEX E TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

Sumitomo Mitsui Banking Corporation, New York Branch
277 Park Avenue, 6th Floor
New York, New York 10172
Attention: Letter of Credit Department

cc: Via Facsimile to (212) 224-4566

Re: Transfer of Irrevocable Transferable Direct-Pay
 Letter of Credit No. [LG/MIS/NY-_____]
 dated November __, 2015

Ladies and Gentlemen:

For value received, we, the undersigned "Beneficiary", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit (the "*Letter of Credit*") in its entirety to:

NAME OF TRANSFEREE _____
(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE _____

CITY, STATE/COUNTRY ZIP _____

as successor Paying Agent under the Issuing and Paying Agent Agreement, as defined in the Letter of Credit, all rights of the undersigned beneficiary to draw under the Letter of Credit in its entirety.

In accordance with ISP98, Rule 6, regarding transfer of drawing rights, all rights of the undersigned Beneficiary in the Letter of Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All

amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Beneficiary.

The original Letter of Credit, including amendments to this date, is attached and the undersigned Beneficiary requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Beneficiary requests that you notify the Transferee of the Letter of Credit in such form and manner as you deem appropriate, and the terms and conditions of the Letter of Credit as transferred. The undersigned Beneficiary acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit and these instructions.

Beneficiary represents and warrants that (a) the Transferee is the Beneficiary's successor issuing and paying agent under the Issuing and Paying Agent Agreement, (b) the enclosed Letter of Credit is original and complete, and (c) there is no outstanding demand or request for payment or transfer under the Letter of Credit affecting the rights to be transferred.

The Effective Date shall be the date hereafter on which Beneficiary effects the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

This Transfer is made subject to ISP98 and is subject to and shall be governed by the laws of the State of New York, without regard to principles of conflict of laws.

(Signature Page Follows)

Sincerely yours,

(Print Name of Beneficiary)

(Beneficiary's Authorized Signature)

(Print Authorized Signers Name and Title)

(Telephone Number/Fax Number)

cc: Transferee
Orange County Water District

**ANNEX F TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

U.S. Bank National Association, as Paying Agent
25 South Charles Street
Baltimore, Maryland 21201
Attention: Commercial Paper Administration

Re: _____ Notice of Extension _____

Ladies and Gentlemen:

We refer to the Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____] (the "*Letter of Credit*") of Sumitomo Mitsui Banking Corporation, acting through its New York Branch. Any capitalized term used herein and not defined herein shall have its respective meaning as set forth in the Letter of Credit

The Letter of Credit Expiration Date is extended from _____ to _____.

This Notice of Extension shall be attached to the Letter of Credit and made a part thereof.

Very truly yours,

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch, as Bank

By _____
Name _____
Title _____

ACCEPTED AND APPROVED BY:

ORANGE COUNTY WATER DISTRICT

By _____
Name _____

cc: Orange County Water District

**ANNEX G TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

U.S. Bank National Association, as Paying Agent
25 South Charles Street
Baltimore, Maryland 21201
Attention: Commercial Paper Administration

Re: Event of Default under Reimbursement Agreement
and Permanent Reduction Notice

Ladies and Gentlemen:

The undersigned, authorized officer of Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “*Bank*”) with reference to the Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____], dated November __, 2015 (the “*Letter of Credit*”; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit or the therein defined Reimbursement Agreement, as the case may be), issued by the Bank in favor of U.S. Bank National Association, as Paying Agent, hereby certify that:

1. There exists an Event of Default under Section 7.01[___] of the Reimbursement Agreement and such Event of Default is continuing.

2. Upon receipt by you of this Annex G you are notified (i) that the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) that the Stated Amount of the Letter of Credit shall be permanently reduced to the principal amount of Certificates outstanding on the date of your receipt this Event of Default under Reimbursement Agreement and Permanent Reduction Notice (“*Default and Reduction Notice*”) plus interest thereon to maturity (“*Outstanding Notice Amount*”), (iii) that the Stated Amount of the Letter of Credit shall be further permanently reduced following the Bank honoring the related Drawing upon the maturity of any such Certificates (or with respect to the Final Drawing

Notice, upon the Bank honoring the final Drawing), and shall be further permanently reduced from time to time as otherwise may be provided in the Letter of Credit and (iv) that the Stated Amount shall no longer be reinstated following any Drawings.

You are hereby requested under the terms of the Letter of Credit to acknowledge receipt of this notice, make certain undertakings, and certify the Outstanding Notice Amount in the manner set forth below.

IN WITNESS WHEREOF, the Bank has executed and delivered this Annex G as of the _____ day of _____, _____.

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch, as Bank

By _____
Name _____
Title _____

ACCEPTED AND ACKNOWLEDGED BY:

U.S. Bank National Association, as Paying Agent, hereby accepts this Default and Reduction Notice on _____, 20__ (the "Acceptance Date") and acknowledges that it has ceased issuing Certificates as of the Acceptance Date. U.S. Bank National Association, as Paying Agent, hereby certifies that the Outstanding Notice Amount (which is the principal amount of Certificates outstanding as of the Acceptance Date plus interest thereon to maturity) equals \$_____, and therefore the Stated Amount of the Letter of Credit is hereby permanently reduced to such amount as of the Acceptance Date.

U.S. BANK NATIONAL ASSOCIATION, AS PAYING AGENT

By _____
Name _____
Title _____

cc: Orange County Water District

**ANNEX H-1 TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]**

[Date]

U.S. Bank National Association, as Paying Agent
25 South Charles Street
Baltimore, Maryland 21201
Attention: Commercial Paper Administration

Re: Final Drawing Notice

Ladies and Gentlemen:

Reference is made to Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____], dated November __, 2015 (the "*Letter of Credit*"; established by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*") in your favor as Beneficiary and as Paying Agent, and at the request of the Orange County Water District (the "*District*"), any other capitalized terms used herein and not defined herein having their respective meanings set forth in the Letter of Credit or the therein defined Reimbursement Agreement, as the case may be).

Please be advised that:

- (1) An Event of Default under and as defined in the Reimbursement Agreement has occurred and is continuing.
- (2) The Bank hereby instructs the Paying Agent, effective upon receipt of this Final Drawing Notice, to cease issuing Certificates.
- (3) The Bank hereby notifies the Paying Agent that (i) effective upon receipt of this Final Drawing Notice, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of Certificates issued in accordance with the Issuing and Paying Agent Agreement that are both (x) outstanding on the date hereof and (y) maturing or are hereafter to mature, and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will expire on the earlier of (a) date which is the 15th calendar day (or

if such date is not a Business Day, the immediately succeeding Business Day) after the date of receipt by the Paying Agent of this notice, and (b) the date on which the Drawing resulting from the delivery of this notice is honored by us. Notwithstanding anything in the Issuing and Paying Agent Agreement to the contrary, the final Drawing under the Letter of Credit shall not provide for the payment of Certificates that are issued after the receipt by the Paying Agent of this notice or a Stop Issuance Instruction (as defined in the Reimbursement Agreement) or Annex G to the Letter of Credit.

You are hereby requested under the terms of the Letter of Credit to acknowledge receipt of this notice, make certain undertakings, and certify the new Stated Amount of the Letter of Credit in the manner set forth below.

IN WITNESS WHEREOF, the Bank has executed and delivered this Annex H-1 as of the _____ day of _____, _____.

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch, as Bank

By _____
Name _____
Title _____

ACCEPTED AND ACKNOWLEDGED BY:

U.S. Bank National Association, as Paying Agent, hereby accepts this Final Drawing Notice on _____, 20__ (the "Acceptance Date") and acknowledges that it has ceased issuing Certificates as of the Acceptance Date. U.S. Bank National Association, as Paying Agent, hereby certifies that as of the Acceptance Date, the principal amount of Certificates currently outstanding plus interest thereon to maturity equals \$_____, and therefore the Stated Amount of the Letter of Credit is hereby permanently reduced to such amount as of the Acceptance Date.

U.S. BANK NATIONAL ASSOCIATION, AS PAYING AGENT

By _____
Name _____
Title _____

cc: Orange County Water District

ANNEX H-2
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [LG/MIS/NY-_____]

Sumitomo Mitsui Banking Corporation, New York Branch
277 Park Avenue, 6th Floor
New York, New York 10172
Attention: Trade Credit Services Department

cc: Via Facsimile to (212) 224-4566

Re: Certificate for Drawing in connection with the
Payment of Principal and Interest after
Final Drawing Notice

The undersigned, a duly authorized officer of the undersigned Paying Agent (the "*Paying Agent*"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. [LG/MIS/NY-_____], dated November __, 2015 (the "*Letter of Credit*," any other capitalized terms used herein and not defined herein having their respective meanings set forth in the Letter of Credit or the therein defined Reimbursement Agreement, as the case may be), issued by the Bank in favor of the Paying Agent, as follows:

1. The undersigned is the Paying Agent under the Issuing and Paying Agent Agreement and is acting as the agent for the holders of the Certificates.
2. The Paying Agent has received the Final Drawing Notice in the form of a Final Drawing Notice in the form of Annex H-1 to the Letter of Credit.
3. The undersigned is making a Drawing under the Letter of Credit with respect to a payment of the principal of and accrued interest on Certificates that (i) were issued in accordance with the Issuing and Paying Agent Agreement, (ii) were outstanding prior to the Paying Agent's receipt of the Final Drawing Notice and/or a Stop Issuance Instruction (as defined in the Reimbursement Agreement) and (iii) mature on or after the date of the Final Drawing Notice. Notwithstanding anything in the Issuing and Paying Agent Agreement to the contrary, this Drawing shall not provide for the payment of Certificates that are issued after the receipt by the Paying Agent of this notice or a Stop Issuance Instruction.

4. The amount of the Drawing is equal to \$_____, with \$_____ being drawn in respect of the payment of principal of maturing Certificates and \$_____ representing ___ days' interest thereon. Such amounts were computed in compliance with the terms and conditions of the Certificates and the Issuing and Paying Agent Agreement. The amount of the Drawing being drawn in respect of the payment of principal of and interest payable to maturity of, the Certificates does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.

5. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will deposit the same directly into the Letter of Credit Account maintained by the Paying Agent pursuant to the Issuing and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of Certificates and the interest amount owing on account of the Certificates pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount shall be applied by the undersigned for any other purpose, (c) no portion of said amount shall be commingled with other funds held by the undersigned, except for amounts on deposit in such Letter of Credit Account and except for other funds drawn under the Letter of Credit, and (d) when such Certificates have been presented for payment and paid by us, we will cancel such matured Certificates.

6. This Annex H-2 is being presented to the Bank on a date which is no later than the 10th calendar day (or if such date is not a Business Day, the immediately succeeding Business Day) after receipt by the Paying Agent of the Final Drawing Notice from the Bank.

7. Payment by the Bank pursuant to this drawing shall be made to the Paying Agent in accordance with the terms of the Letter of Credit.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Annex H-2 as of the _____ day of _____, _____.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By: _____
Name: _____
Title: _____

cc: Orange County Water District

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

between

ORANGE COUNTY WATER DISTRICT

and

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

Relating to:
Orange County Water District
Commercial Paper Certificates
Series A (Tax-Exempt)
and
Series B (Taxable)

Dated as of November 1, 2015

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LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

THIS LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT dated as of November 1, 2015 (together with any amendment, supplement or modification hereto, this “*Agreement*”), is made between the ORANGE COUNTY WATER DISTRICT (the “*District*”) and SUMITOMO MITSUI BANKING CORPORATION, acting through its New York Branch, and its successors and assigns (the “*Bank*”).

WITNESSETH:

WHEREAS, pursuant to the terms of Resolution No. _____ Second Amended and Restated Resolution of the Board of Directions of the OCWD Public Facilities Corporation Providing for the Execution and Delivery of Orange County Water District Commercial Paper Certificates and the Entering into of Various Agreements in Connection Therewith adopted by the Board of Directions of the Corporation (as hereinafter defined) on October 21, 2015 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof, the “*Corporation Resolution*”), U.S. Bank National Association (the “*Trustee*”) has been appointed as Trustee and directed to execute and deliver the Orange County Water District Certificates Series A (Tax-Exempt) (the “*Series A Certificates*”) and the Orange County Water District Certificates Series B (Taxable) (the “*Series B Certificates*” and together with the Series A Certificates, collectively referred to herein as the “*Certificates*”); and

WHEREAS, the Certificates will be executed and delivered by U.S. Bank National Association, as paying agent (the “*Paying Agent*”) pursuant to the terms of the Amended and Restated Issuing and Paying Agent Agreement dated as of November 1, 2015 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof, the “*Issuing and Paying Agent Agreement*”), among the Paying Agent, the District and the OCWD Public Facilities Corporation (the “*Corporation*”); and

WHEREAS, the Series A Certificates and the Series B Certificates are secured by the Orange County Water District TRAns (as hereinafter defined) issued by the District in accordance with (i) Resolution No. 15-7-104, Resolution of the Board of Directions of the Orange County Water District Authorizing the Execution and Delivery of a Tax and Revenue Anticipation Note to Support the Existing Orange County Water District Commercial Paper Program adopted by the Board of Directors of the District on July 15, 2015 (the “*District Tax-Exempt Resolution*”), and (ii) a Resolution No. 15-7-104, Resolution of the Board of Directions of the Orange County Water District Authorizing the Execution and Delivery of a Tax and Revenue Anticipation Note to Support the Existing Orange County Water District Commercial Paper Program adopted by the Board of Directors of the District on on October 21, 2015 (the “*District Taxable Resolution*” and together with the District Tax-Exempt Resolution, referred to collectively herein as the “*District Resolutions*”); and

WHEREAS, the District has requested the Bank to issue a Letter of Credit (as hereinafter defined) to support the payment by the Paying Agent, when and as due, of the principal of and interest on the Certificates on their respective maturity dates; and

WHEREAS, the Bank is willing to issue the Letter of Credit and to issue the Letter of Credit upon the terms and conditions provided herein;

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the District and the Bank agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement:

“*Advance*” has the meaning set forth in Section 2.03(a) hereof.

“*Agreement*” means this Letter of Credit and Reimbursement Agreement, as amended, supplemented and modified from time to time.

“*Alternate Letter of Credit*” has the meaning set forth in the Corporate Resolution.

“*Amortization End Date*” means, with respect to any Advance, the earliest to occur of: (i) the third (3rd) anniversary of the date on which the related Advance was made, (ii) the date on which an Alternate Letter of Credit becomes effective in substitution of the Letter of Credit with respect to the Certificates, (iii) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated in accordance with its terms (other than as a result of the Letter of Credit terminating on the Letter of Credit Expiration Date), including as a result of the occurrence of an Event of Default hereunder and (iv) the Business Day on which Certificates or bonds are sold to fund such repayment.

“*Amortization Period*” has the meaning set forth in Section 2.03(a)(v) hereof.

“*Authorized Representative*” means any person at the time designated to act on behalf of the District, the Corporation, the Dealer, the Paying Agent or the Trustee, as the case may be, for purposes of this Agreement by written certificate furnished to the Bank containing the specimen signature of such person.

“*Bank*” has the meaning set forth in the introductory paragraph hereof.

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Issuer secured by or payable from Revenues.

“*Bank Rate*” means the rate of interest per annum with respect to an Advance (a) for any day commencing on the date such Advance is made to and including the 30th day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect; (b) for any day commencing on the 31st day next succeeding the date such Advance is made to and including the 90th day next succeeding the date such Advance is made, equal to the sum of the Base Rate from time to time in effect plus one percent (1.00%); and (c) for any day commencing on the 91st day next succeeding the date such Advance is made and thereafter, equal to the sum of the Base Rate from time to time in effect plus two percent (2.00%); *provided, however,* that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “Bank Rate” shall mean the Default Rate; and *provided further* that, at no time shall the Bank Rate be less than the highest rate of interest on any outstanding Certificates.

“*Bank’s Counsel*” has the meaning set forth in Section 4.01 hereof.

“*Base Rate*” means, for any day, the rate of interest per annum equal to the greatest of (i) the Prime Rate *plus* two percent (2.00%), (ii) the Federal Funds Rate *plus* three percent (3.00%), (iii) the One Month USD LIBOR Rate in effect at such time *plus* three percent (3.00%), (iv) the SIFMA Rate in effect at such time *plus* three percent (3.00%) and (v) seven and one-half percent (7.50%). Each determination of the Base Rate by the Bank shall be conclusive and binding on the District absent manifest error.

“*Bond Counsel*” means Stradling Yocca Carlson & Rauth, a Professional Corporation or another nationally recognized bond counsel firm selected by the District.

“*Bonded Debt*” means all Bonds and Contracts.

“*Bonds*” means all revenue bonds, notes, debentures or similar instruments of the District, the payments of which are payable from or secured by a pledge of and Lien on the Revenues or Net Revenues.

“*Business Day*” means any day other than (a) a Saturday, Sunday, or other day on which commercial banks located in the States of New York or California are authorized or required by law or executive order to close, (b) a day on which the presentation office for Drawings under the Letter of Credit is authorized or required by law or executive order to close and (c) a day on which the New York Stock Exchange is closed.

“*Capital Lease Obligations*” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“*Certificates*” has the meaning set forth in the recitals hereof.

“*Change of Law*” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, statute, treaty, policy, guideline or directive by any Governmental Authority, (b) any change in any law, rule, regulation, statute, treaty, policy, guideline or directive or in the application, interpretation, promulgation, implementation, administration or enforcement thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (x) all statutes, requests, rules guidelines or directives promulgated under or in connection with the Dodd-Frank Act implemented subsequent to the execution and delivery of this Agreement, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III or any other Basel accord, regardless of the date enacted, adopted, issued or promulgated, shall, in each case, be deemed to be a “Change of Law.”

“*Closing Date*” means November 19, 2015, subject to the satisfaction of, or waiver by the Bank, of all of the conditions precedent set forth in Section 4.01 hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, including relevant regulations, proposed and temporary regulations and published rulings of the Department of the Treasury promulgated thereunder.

“*Contract*” means all installment purchase agreements, financing leases or similar agreements of the District, the payments under which are payable from or secured by a pledge of and Lien on the Revenues or the Net Revenues.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the District or any subsidiary, are treated as a single employer under Section 414 of the Code.

“*Corporation*” has the meaning set forth in the recitals hereof.

“*Corporation Resolution*” has the meaning set forth in the recitals hereof.

“*Dealer*” means, Citigroup Global Markets Inc., and its permitted successors and assigns.

“*Dealer Agreement*” means the Amended and Restated Dealer Agreement, dated as of November 1, 2015 between the District and the Dealer, and any and all modifications, alterations, amendments and supplements thereto.

“*Debt*” of any Person means at any date and without duplication, (i) all obligations of such Person for borrowed money, including without limitation, obligations secured by any of the revenues or assets of such Person and all obligations of such Person evidenced by bonds (including revenue bonds), debentures, notes, loan agreements or other similar instruments,

(ii) all direct or contingent obligations of such Person arising under letters of credit, bankers' acceptances, bank guaranties, surety bonds and similar instruments, (iii) Capital Lease Obligations, (iv) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (v) all indebtedness of others secured by a lien on any asset of such Person, whether or not such indebtedness is assumed by such Person, (vi) all indebtedness of others guaranteed by, or secured by any of the revenues or assets of, such Person and (vii) all payment obligations of such Person under any Swap Contract.

"Debt Service" means, for any period of calculation, the sum of:

(1) the interest payable during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program),

(2) those portions of the principal amount of all outstanding serial Bonds maturing in such period,

(3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period, and

(4) those portions of the Installment Payments required to be made during such period and during the next succeeding period of calculation payable during such period (except to the extent the interest evidenced and represented thereby is capitalized);

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds or Installment Payments plus 1%, and

(ii) if such Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds or Contracts have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Bonds to be issued or the Contracts to be executed;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that if the Bonds or Contracts constitute Paired Obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such Paired Obligations; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

“*Default*” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“*Default Rate*” means a fluctuating interest rate per annum equal to the sum of the Base Rate from time to time in effect plus three percent (3.00%); *provided* that, at no time shall the Default Rate be less than the highest rate of interest on any outstanding Certificates.

“*District*” has the meaning set forth in the recitals hereof.

“*District Act*” means the Orange County Water District Act, Chapter 924 of the California Statutes of 1933, as amended to the date hereof.

“*District Resolutions*” has the meaning set forth in the recitals hereof.

“*Drawing*” has the meaning set forth in the Letter of Credit.

“*DTC*” means The Depository Trust Company and any successor or replacement thereto as securities depository.

“*Environmental Laws*” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including

those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and all rules and regulations from time to time promulgated thereunder, or any successor statute.

“*Event of Default*” has the meaning set forth in Section 7.01 hereof.

“*Federal Funds Rate*” means for any day the rate of interest per annum as determined by the Bank at which overnight Federal Funds are offered to the Bank for such day by major banks in the interbank market, with any change in such rate to become effective as to the District on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the District absent manifest error.

“*Fee Agreement*” means the Fee Agreement dated the Closing Date, between the District and the Bank, as the same may be amended, supplemented, modified or restated from time to time in accordance with its terms.

“*Final Drawing Notice*” has the meaning set forth in the Letter of Credit.

“*Fiscal Year*” means the period commencing on July 1 and ending on June 30, or such other period as may be designated by the District in its fiscal year.

“*Fitch*” means Fitch Ratings, Inc., and any successor rating agency.

“*GAAP*” means generally accepted accounting principles in the United States as in effect from time to time, applied by the District on a basis consistent with the District’s most recent financial statements furnished to the Bank pursuant to Section 5.12 hereof.

“*Governmental Authority*” means any national, supranational, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasigovernmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, department, commission, bureau, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Guarantee*” of or by any Person (the “*guarantor*”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Debt or other obligation of any other Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including, without limitation, any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt or other obligation of the payment thereof, (c) to maintain

working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Debt or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“*Indenture*” means the Indenture of Trust dated as of December 1, 2012, by and between Union Bank, N.A. and the District, relating to the Orange County Water District Refunding Revenue Bonds, Series 2013A.

“*Installment Payment*” means regularly scheduled payments to be paid by the District under and pursuant to the Contracts.

“*Interest Payment Date*” means the first Business Day of each calendar month.

“*Investment Grade*” means a rating of “*Baa3*” (or its equivalent) or better by Moody’s and “*BBB-*” (or its equivalent) or better by S&P or Fitch.

“*Issuing and Paying Agent Agreement*” means the Amended and Restated Issuing and Paying Agent Agreement, dated as of November 1, 2015, among the District, the Corporation and the Paying Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof.

“*Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by the Bank for the account of the District in favor of the Paying Agent supporting the payment of the principal and interest on the Certificates on their respective maturity dates, in the form of Appendix I hereto with appropriate insertions, as from time to time amended, supplemented, modified or restated pursuant to its terms.

“*Letter of Credit Expiration Date*” means November 16, 2018, the date set forth in the Letter of Credit as the date on which the Letter of Credit is stated to expire, as the same may be extended pursuant to the terms of this Agreement and the Letter of Credit.

“*Letter of Credit Fees*” has the meaning set forth in the Fee Agreement.

“*Lien*” on any asset means any mortgage, deed of trust, lien, pledge, charge, security interest, hypothecation, assignment, deposit arrangement or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected or effective under applicable law, as well as the interest of a vendor or lessor under any conditional sale agreement, capital or finance lease or other title retention agreement relating to such asset.

“*Material Adverse Change*” or “*Material Adverse Effect*” means the occurrence of any event or change which results in a material and adverse change in the business, condition (financial or otherwise) or operations of the District or which materially and adversely affects (a) the enforceability of this Agreement, the Fee Agreement or any of the other Related Documents, (b) the ability of the District to perform its obligations hereunder or thereunder or

(c) the rights, security, interest or remedies available to the Bank under this Agreement or the other Related Documents.

“*Maximum Certificate Rate*” means the lesser of (a) 12% per annum, and (b) the maximum rate of interest permitted by applicable law.

“*Maximum Rate*” means, the lesser of the maximum non-usurious lawful rate of interest permitted by applicable law.

“*Moody’s*” means Moody’s Investors Service, Inc., and any successor rating agency.

“*Net Revenues*” has the meaning set forth in the Indenture as of the Closing Date.

“*Obligations*” means the Reimbursement Obligations, the Letter of Credit Fees, the obligations of the District to pay all fees, charges and expenses payable hereunder and under the Fee Agreement, and all other payment obligations of the District owed to the Bank arising under or in relation to this Agreement and the Fee Agreement.

“*Offering Memorandum*” means the Commercial Paper Offering Memorandum dated November [15], 2015, relating to the Certificates, and any supplements and amendments thereto.

“*One Month USD LIBOR Rate*” means, for any day, the rate per annum equal to the rate for deposits in United States dollars of amounts equal to or comparable to the principal amount of the Certificates paid with the proceeds of a Drawing under the Letter of Credit, offered for a term of one month, which rate appears on the display designated as Reuters LIBOR01 Page (or such other page as may replace Reuters LIBOR01 Page or such other service or services as may be nominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates for United States dollar deposits), determined as of approximately 11:00 a.m., London time, on such day.

“*Operation and Maintenance Costs*” has the meaning set forth in the Indenture as of the Closing Date.

“*Original Stated Amount*” has the meaning set forth in Section 2.01 hereof.

“*Other Taxes*” has the meaning set forth in Section 2.13(a) hereof.

“*Paired Obligations*” means obligations under Swap Contracts and any Bond or Contract (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, were intended to result in a fixed interest rate obligation of the District for the term of such Bond or Contract at the time such Bonds were issued or Contracts executed, all as certified by an Independent Financial Consultant.

“*Parity Obligation*” means all debt of the District secured by a lien on Revenues on a parity with the TRAN and the Obligations of the District hereunder, including but not limited to Contracts and Bonds.

“*Participant*” has the meaning set forth in Section 8.03(b) hereof.

“*Patriot Act*” has the meaning set forth in Section 8.15 hereof.

“*Payment Office*” means the Bank’s account at Citibank, N.A., New York, ABA Number: 021-000-089, F/O Sumitomo Mitsui Banking Corporation, New York Branch, Account Number: 36023837, Attn: Trade Credit Services District, Reference: Letter of Credit No. _____, or such other office as the Bank may designate from time to time.

“*Paying Agent*” has the meaning set forth in the recitals hereof.

“*Person*” means an individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“*Plan*” means, with respect to the District and each subsidiary at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group of which the District or such subsidiary is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the District or such subsidiary is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“*Prime Rate*” means, for any day, the rate per annum established by the Bank from time to time as its “*prime rate*” for U.S. dollar loans, or its equivalent, as is in effect on such day, any change in such rate to be effective on the date such change is effective for the Bank’s purposes, it being understood that such rate shall not necessarily be the best or lowest rate of interest available to the Bank’s best or most preferred prime, large commercial customers. Each determination of the Prime Rate by the Bank shall be conclusive and binding on the District absent manifest error. The Prime Rate is a reference rate only, and the Bank may make loans from time to time at interest rates above, equal to or below the Prime Rate.

“*Rating Agencies*” means Fitch, Moody’s and S&P.

“*Rating Documentation*” has the meaning set forth in Section 4.01(j) hereof.

“*Reduction Fee*” has the meaning set forth in the Fee Agreement.

“*Reimbursement Obligations*” means any and all obligations of the District to reimburse the Bank for any Drawings under the Letter of Credit and all obligations to repay the Bank for any Advance, including in each instance all interest accrued thereon.

“*Related Documents*” means this Agreement, the Letter of Credit, the Fee Agreement, the Dealer Agreement, the Certificates, the District Resolutions, the Corporation Resolution, the Tax-Exempt TRAN Resolution, the Issuing and Paying Agent Agreement, the Tax Revenue Anticipation Notes and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing permitted hereunder and thereunder.

“*Revenues*” has the meaning set forth in the Indenture as of the Closing Date.

“*Revenue Fund*” has the meaning set forth in the Indenture as of the Closing Date.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

“*Semiannual Principal Payment*” has the meaning set forth in Section 2.03(a)(iii) hereof.

“*Series A Certificates*” has the meaning set forth in the recitals hereof.

“*Series B Certificates*” has the meaning set forth in the recitals hereof.

“*SIFMA*” means Securities Industry & Financial Markets Association (formerly the Bond Market Association).

“*SIFMA Rate*” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Bank and effective from such date. In the event Municipal Market Data no longer produces an index satisfying the requirements of the preceding sentence, the SIFMA Rate (a/k/a, the “SIFMA Municipal Swap Index”) shall be deemed to be the S&P Weekly High Grade Index, or if either such index is not available, such other similar national index as shall be reasonably designated by the Bank.

“*State*” means the State of California.

“*Stated Amount*” means, as of any date, the maximum amount which by the terms of the Letter of Credit is available to be drawn under the Letter of Credit as of such date.

“*Stop Issuance Instruction*” means the written instruction, in the form attached as Exhibit A hereto, given by the Bank to the District, the Corporation and the Paying Agent pursuant to Section 3.02(b) hereof or Section 7.02(b) hereof.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tax and Revenue Anticipation Notes*” has the meaning set forth in the recitals hereof.

“*Termination Date*” has the meaning set forth in the Letter of Credit.

“*Termination Fee*” has the meaning set forth in the Fee Agreement.

“*TRAN*” means any tax and revenues anticipation notes issued by the Orange County Water District from time to time and deposited with the Corporation to pay the Reimbursement Obligations and the principal of and interest with respect to the Certificates.

“*Trustee*” has the meaning set forth in the recitals hereof.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Any capitalized terms used herein which are not specifically defined herein shall have the same meanings herein as in the Master Subordinate Trust Indenture, the Seventh Supplemental Subordinate Trust Indenture or the Senior Lien Trust Indenture, as applicable. All references in this Agreement to times of day shall be references to New York City time unless otherwise expressly provided herein. Unless otherwise inconsistent with the terms of this Agreement, all accounting terms shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

ARTICLE II

LETTER OF CREDIT

Section 2.01. Issuance of Letter of Credit. Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit (substantially in the form of Appendix I hereto). The Letter of Credit shall be in the original stated amount of

[\$ _____] (calculated as the sum of the maximum principal amount of the Certificates supported by the Letter of Credit (*i.e.*, [\$70,000,000]) plus interest thereon at a maximum rate of twelve percent (12%) per annum for a period of [two hundred seventy (270)] days calculated on the basis of a year of 360 days) (the “*Original Stated Amount*”).

Section 2.02. Letter of Credit Drawings. The Paying Agent is authorized to make Drawings under the Letter of Credit in accordance with its terms. The District hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The District hereby irrevocably approves reductions and reinstatements of the Stated Amount with respect to the Letter of Credit as provided in the Letter of Credit.

Section 2.03. Reimbursement of Certain Drawings Under the Letter of Credit; Interest; Mandatory Prepayment. (a)(i) If the conditions precedent set forth in Section 4.02 hereof are satisfied at the time of payment by the Bank of any Drawing, each such Drawing made under the Letter of Credit shall constitute an advance (“*Advance*”) to the District.

(ii) The District promises to pay to the Bank the interest portion of each Advance on the date the related Drawing is made.

(iii) The principal portion of each Advance shall be payable by the District in equal semiannual installments (“*Semiannual Principal Payments*”) commencing on the first Business Day of the sixth (6th) calendar month immediately succeeding the date such Advance is made, and on the first Business Day of each sixth (6th) calendar month thereafter, with the final installment in an amount equal to the entire then outstanding principal amount of such Advance due and payable on the Amortization End Date (the period commencing on the date such installment is initially payable and ending on the Amortization End Date is referred to as the “*Amortization Period*”). Each Semiannual Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Semiannual Principal Payments over the applicable Amortization Period.

(iv) Subject to Section 2.10 hereof, the District also promises to pay to the Bank interest on the unpaid principal amount of each Advance from the date such Advance is made until it is paid in full as provided herein, at a rate per annum equal to the Bank Rate from time to time in effect, and such interest shall be payable monthly in arrears on the first Business Day of each calendar month for the immediately preceding calendar month (commencing on the first Interest Payment Date to occur after the making of the related Advance), and on the date that the final principal or interest portion of such Advance is payable as herein provided.

(b) Any Advance may be prepaid in whole or in part on the day such Advance is made. Any Advance created pursuant to paragraph (a)(i) above may be prepaid in whole or in part without premium or penalty on any other Business Day upon one Business Day’s prior written notice to the Bank.

(c) *Mandatory Prepayments.* (i) If on any date any Certificates or bonds are sold to finance the repayment of Advances, the District shall immediately prepay any Outstanding Advances (if any) in an amount equal to the sum of the proceeds from such sale. If the District

executes and delivers Certificates on any date on which any Advance is outstanding and the sum of (1) the proceeds of such issuance and (2) any funds made available by the District to pay the principal amount of such Certificates, exceeds (any such excess being referred to as the “*Excess Amount*”) the amount (if any) required to pay the principal amount of related Certificates maturing on such date, the District shall (or shall cause the Issuing and Paying Agent to) repay or prepay Advances in an aggregate principal amount such that the aggregate principal amount so paid or prepaid, as the case may be (together with interest accrued thereon to but excluding the date of repayment), shall equal the Excess Amount, by paying such aggregate principal amount together with such accrued interest to the Bank

(ii) Each such prepayment shall be accompanied by the payment of accrued interest to the date of such prepayment on the amount prepaid.

(iii) Upon the Bank’s receipt of any payment or prepayment of any Advance, the amount of such Advance shall be reduced by the amount of such payment or prepayment, with the Bank crediting any prepayment received, first to the payment of any outstanding interest accrued on the related Advance, and second to the payment of the principal of such Advance. Any such payment or prepayment to be applied to principal of Advances hereunder shall be applied to the prepayment of related Advances in chronological order of their issuance hereunder, and within each Advance, shall be applied *pro rata* to principal installments payable thereon. Following the occurrence of an Event of Default, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall in its sole discretion determine.

(d) All Reimbursement Obligations due and owing to the Bank and all payments and prepayments on the account of the principal of and interest on each Reimbursement Obligation by or on behalf of the District shall be recorded by the Bank on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts due and owing by the District hereunder, under the Fee Agreement and under the Bank Certificate.

Section 2.04. Reimbursement of Drawings Other Than Drawings Creating Advances Under the Letter of Credit. Unless the conditions precedent contained in Section 4.02 hereof are satisfied on the date of payment by the Bank of a Drawing, the District agrees to reimburse the Bank for the full amount of such Drawing immediately upon payment by the Bank of such Drawing and on the date of each such payment. If the District does not make such reimbursement to the Bank with respect to such Drawing on such date, such Reimbursement Obligation shall bear interest at the Default Rate and be payable upon demand.

Section 2.05. Fees. The District hereby agrees to perform the obligations provided for in the Fee Agreement, including, without limitation, the payment of any and all fees, expenses and other amounts provided for therein, at the times and in the amounts set forth in the Fee Agreement. Without limiting the generality of the foregoing, in the event that the Letter of Credit is terminated or the Stated Amount is reduced and is not subject to reinstatement, the District shall pay to the Bank the Termination Fee and/or Reduction Fee, if any, at the times and in the amounts set forth in and as required by the Fee Agreement. The terms and provisions of

the Fee Agreement are hereby incorporated herein by reference as if fully set forth herein. All references to amounts or obligations due hereunder or in this Agreement shall be deemed to include all amounts and obligations (including without limitation fees and expenses) under the Fee Agreement. All fees paid under this Agreement and the Fee Agreement shall be fully earned when due and nonrefundable when paid.

Section 2.06. Method of Payment; Etc. All payments to be made by the District under this Agreement and the Fee Agreement shall be made at the Payment Office of the Bank, not later than 2:30 p.m., New York City time, on the date when due and shall be made by wire transfer in lawful money of the United States of America in freely transferable and immediately available funds. Any payment received by the Bank after 2:30 p.m., New York City time, shall be deemed to have been received by the Bank on the next Business Day.

Section 2.07. Termination of Letter of Credit by the District. Notwithstanding any provisions of this Agreement, the Letter of Credit or any Related Document to the contrary, the District agrees not to terminate the Letter of Credit except upon (i) the payment by the District to the Bank of the Termination Fee or Reduction Fee, if any, in the amount set forth in the Fee Agreement, (ii) the payment to the Bank of all fees, expenses and other Obligations payable hereunder and under the Fee Agreement, including, without limitation, all principal and accrued interest due and owing on any Drawing or Advances and (iii) the District providing the Bank with thirty (30) days prior written notice of its intent to terminate the Letter of Credit. All payments from the District to the Bank referred to in this Section 2.07 shall be made with immediately available funds on or before the date of termination.

Section 2.08. Computation of Interest and Fees. Fees payable hereunder and under the Fee Agreement shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. All computations of interest payable by the District under this Agreement shall be made on the basis of a year of 365 days and actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.09. Payment Due on Non-Business Day To Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement or the Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.10. Late Payments. If the principal amount of any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable upon demand.

Section 2.11. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

Section 2.12. Extension of Letter of Credit Expiration Date. If the District on any date not earlier than one hundred twenty (120) days and not later than sixty (60) days prior to the then

current Letter of Credit Expiration Date, submits to the Bank a written request for an extension of the Letter of Credit Expiration Date in the form of Exhibit C hereto for a period as specified in such written request, the Bank will make reasonable efforts to respond to such request within 30 days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, the Bank shall be deemed to have refused to grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank and consistent with this Agreement and the Letter of Credit. If such an extension request is accepted by the Bank in its sole and absolute discretion, the then current Letter of Credit Expiration Date shall be extended to the date agreed to by the District and the Bank.

Section 2.13. Net of Taxes, Etc.

(a) *Taxes.* Any and all payments to the Bank by the District hereunder and under the Fee Agreement shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "*Taxes*"). If the District shall be required by law to withhold or deduct any Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or under the Fee Agreement to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13), the Bank receives an amount equal to the sum it would have received had no such deductions been made; (ii) the District shall make such deductions; and (iii) the District shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the District shall make any payment under this Section 2.13 to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the District an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the District with respect to such Taxes. In addition, the District agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, the State of New York, the State of California or any other taxing jurisdiction from any payment made hereunder or under the Fee Agreement or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as "*Other Taxes*"). The Bank shall provide to the District within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the District to the

Bank hereunder; *provided* that the Bank's failure to send such notice shall not relieve the District of its obligation to pay such amounts hereunder.

(b) *Indemnity.* The District shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.13 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the District shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the District of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank's failure to notify the District promptly of such assertion shall not relieve the District of its obligation under this Section 2.13. Payments by the District pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the District any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the District pursuant to this Section 2.13 received by the Bank for Taxes or Other Taxes that were paid by the District pursuant to this Section 2.13 and to contest, with the cooperation and at the expense of the District, any such Taxes or Other Taxes which the Bank or the District reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes or Other Taxes by the District, the District shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival of Obligations.* The obligations of the District under this Section 2.13 shall survive the termination of this Agreement.

Section 2.14. Increased Costs. (a) If the Bank or any Participant shall have determined that a Change of Law shall have occurred which, shall:

(i) change the basis of taxation of payments to the Bank or such Participant of any amounts payable hereunder or under the Fee Agreement (except for taxes on the overall net income of the Bank or such Participant, as applicable); or

(ii) impose, modify or deem applicable any reserve, liquidity, special deposit, capital or liquidity ration, insurance, premium, compulsory loan, fee, financial charge, monetary burden or similar requirement against funding any Drawing under the Letter of Credit or maintaining the Letter of Credit, or complying with any term of this Agreement (including the making of Advances hereunder), or against assets held by, or deposits with or for the account of, the Bank or such Participant; or

(iii) impose on the Bank or such Participant any other condition, expense or cost regarding this Agreement or the Letter of Credit; or

(iv) and the result of any event referred to in clause (i), (ii or (iii) above shall be to increase the cost to the Bank or such Participant of funding any Drawing under the Letter of Credit or maintaining the Letter of Credit or complying with any term of this Agreement (including the making of Advances hereunder) or the Letter of Credit or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder or under the Fee Agreement (each such instance, referred to individually herein as a “*Reduction in Amount*” and, collectively as “*Reductions in Amount*”), then the District shall pay to the Bank at such time and in such amount as is set forth in paragraph (c) of this Section 2.14, such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or Reductions in Amount.

(b) If the Bank or any Participant shall have determined that a Change of Law shall have occurred there with of which shall impose, modify or deem applicable any capital (including but not limited to contingent capital) adequacy, reserve, insurance, liquidity or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or any Participant allocates capital or liquidity resources or reserves to its commitments) that either (i) affects or would affect the amount of capital, liquidity or reserves required or expected to be maintained by the Bank or such Participant (or any entity controlling any such Person), or (ii) reduces or would reduce the rate of return on the Bank’s or such Participant’s (or any entity controlling any such Person) capital or liquidity or reserves to a level below that which the Bank or such Participant could have achieved but for such circumstances (taking into consideration the policies of the Bank or such Participant (or any entity controlling any such Person) with respect to capital adequacy and liquidity or the maintenance of reserves) then, the District shall pay to the Bank or Participant (or any entity controlling any such Person) at such time as set forth in paragraph (c) of this Section 2.14, such additional amount or amounts as will compensate the Bank or Participant (or any entity controlling any such Person), as applicable, for such cost of maintaining such increased capital, liquidity, reserve, insurance or other requirement or such reduction in the rate of return of the Bank’s or Participant’s (or any entity controlling any such Person).

(c) All payments of amounts referred to in paragraphs (a) and (b) of this Section shall be due thirty (30) days following the District’s receipt of written notice thereof. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date which is thirty (30) days following the District’s receipt of notice thereof and shall bear interest thereafter at the Default Rate; *provided* that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or liquidity or reduction in return incurred by the Bank as a result of any event mentioned in Section 2.14(a) or (b) hereof setting forth, in reasonable detail, the basis for calculation and the amount of compensation due to the Bank shall be submitted by the Bank to the District and shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by such certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like as the Bank in good faith

determines to be appropriate. All references to the Bank in this Section 2.14 shall be deemed to also refer to any Person controlling the Bank and any Participant.

(d) The obligations of the District under this Section 2.14 shall survive the termination of this Agreement, the cancellation of the Letter of Credit and the repayment, satisfaction or discharge of all other Obligation.

Section 2.15. Maximum Rate; Payment of Fee. If the rate of interest payable hereunder or under the Fee Agreement shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period; and (b), to the fullest extent permitted by law, interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (ii) the Maximum Rate (the “*Excess Interest*”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof or the Fee Agreement, if applicable, ceases to exceed the Maximum Rate, at which time the District shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder or under the Fee Agreement, as applicable, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder and under the Fee Agreement, as applicable, until all deferred Excess Interest is fully paid to the Bank. Upon the termination of the Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder and under the Fee Agreement, the District shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

Section 2.16. Pledge; Obligations Absolute. All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Reimbursement Obligations and shall not be used for any other purpose, other than to pay Parity Obligations on a pari passu basis, while any Reimbursement Obligations remain outstanding; *provided* that out of the Revenues there may be apportioned sums for the payment of Operation and Maintenance Costs and Debt Service. This pledge, together with the pledge created by all Contracts and Bonds, shall constitute a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund. The Reimbursement Obligations of the District under this Agreement shall be payable from Net Revenues and shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Agreement, under all circumstances. Obligations (other than Reimbursement Obligations) shall constitute Operation and Maintenance Costs and shall be payable from Revenues and shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Agreement, under all circumstances.

ARTICLE III

CERTIFICATES OPERATIONS

Section 3.01. Issuance Generally. The Trustee may issue Certificates only in accordance with the terms of and subject to the conditions set forth in the Corporation Resolution, this Agreement and the other Related Documents.

Section 3.02. Stop Issuance Instructions; Final Drawing Notice. (a) Certificates may be issued from time to time prior to the Letter of Credit Expiration Date in accordance herewith and with the terms of and subject to the conditions set forth in the Corporation Resolution and the other Related Documents so long as (i) there is currently on deposit with the Trustee valid Tax and Revenue Anticipation Notes with a maturity equal to or greater than the maturity date of the Certificates then being issued, (ii) the Trustee is not in receipt of a Stop Issuance Instruction then in effect given by the Bank pursuant to this Section 3.02 or Section 7.02(b) hereof and not rescinded and (ii) the Trustee is not in receipt of a Final Drawing Notice in substantially the form attached to the Letter of Credit as Annex H-1.

Unless the District shall have previously advised the Bank in writing that (i) any or all of the representations and warranties contained in Article V of this Agreement are not true and correct on and as of the date the Bank honors such Drawing as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date) or (ii) any event has occurred and is continuing, or would result from the Bank honoring such Drawing or making such Advance, which constitutes a Default or Event of Default, then the District shall be deemed to have represented and warranted on the date the Bank honors such Drawing and/or makes such Advance that (i) the representations and warranties contained in Article V hereof and in each other Related Document shall be true and correct on and as of the date of such Drawing as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date), and (ii) no event has occurred and is continuing, or would result from the Bank honoring such Drawing and/or making such Advance, which constitutes a Default or Event of Default.

(b) The Bank may deliver a Stop Issuance Instruction in the form of Exhibit A attached hereto at any time when: (i) an Event of Default shall have occurred and be continuing; or (ii) the representations and warranties of the District set forth in Article V hereof shall, in the reasonable opinion of the Bank, no longer be true and correct in any material respect. The Bank may deliver the Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. A Stop Issuance Instruction or the Final Drawing Notice shall be effective when received by the Trustee; *provided, however*, that a Stop Issuance Instruction or the Final Drawing Notice received by the Trustee after 12:00 noon New York City time, on any day on which Certificates are being issued shall be effective on the next succeeding day. A Stop Issuance Instruction or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within twenty-four (24) hours, but the failure to so confirm such Stop Issuance Instruction or the Final Drawing Notice in writing shall not render such Stop

Issuance Instruction or the Final Drawing Notice ineffective. The Bank agrees that if, after the delivery of a Stop Issuance Instruction, the Bank determines that the conditions to the execution and delivery of any Certificate have been satisfied and the Bank has received a notice from the District to such effect, then the Bank shall promptly deliver a notice (a copy of which shall be delivered by the Bank to the District and each Dealer) to the Issuing and Paying Agent, rescinding such Stop Issuance Instruction. The Bank will furnish a copy of any Stop Issuance Instruction or the Final Drawing Notice to the District, the Paying Agent and the Dealer promptly following delivery thereof to the Trustee, but the failure to furnish any such copy shall not render ineffective such Stop Issuance Instruction or the Final Drawing Notice.

The Bank shall not incur any liability as a result of the Bank's giving any Stop Issuance Instruction that, in its good faith judgment, the Bank determines to be in accordance with this Section 4.03. In addition, the Bank shall have no obligation to honor any Drawing under the Letter of Credit the proceeds of which shall be used to pay the principal of and interest on maturing Certificates that were executed and delivered by the Trustee after receipt by the Issuing and Paying Agent of a Stop Issuance Instruction or Final Drawing Notice.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Issuance of the Letter of Credit. As conditions precedent to the obligation of the Bank to issue the Letter of Credit, the District shall provide to the Bank on the Closing Date, each in form and substance satisfactory to the Bank and the Bank's counsel, Chapman and Cutler LLP (hereinafter, "*Bank's Counsel*"):

(a) *Approvals.* The Bank shall have received (1) executed originals of this Agreement and the Fee Agreement duly executed by the District and copies of all action taken by the District and the Corporation (including, without limitation, the District Resolutions and the Corporation Resolution) approving the execution and delivery by the District of this Agreement and the Fee Agreement, in each case, certified by an authorized official of the District as complete and correct as of the date hereof and (2) executed or certified copies, as applicable, of each of the other Related Documents, together with a certificate of an Authorized Representative of the District, dated the Closing Date, stating that such Related Documents and approvals are in full force and effect on the Closing Date and have not been amended, repealed, rescinded, or supplemented in any manner, except for such amendments made in accordance with the express terms of such Related Documents for which the District has provided notice to the Bank prior to the Closing Date.

(b) *Certificate and Incumbency of Officials.* The Bank shall have received (1) an incumbency and specimen signature certificate of the District in respect of each of the officials who is authorized to (i) sign this Agreement, the Fee Agreement and the other Related Documents to which it is a party on behalf of the District and (ii) take actions for the District under this Agreement, the Fee Agreement and the other Related Documents

(to which the District is a party), (2) a certificate of an Authorized Representative of the District, dated the Closing Date, certifying that (A) each of the District's representations and warranties contained herein and the other Related Documents to which the District is a party is true and correct on and as of the Closing Date as though made on and as of such date, (B) no Default or Event of Default has occurred and is continuing or will result from the execution and delivery by the District of this Agreement, the Fee Agreement, any other Related Document to which it is a party or the issuance of the Letter of Credit, (C) since June 30, 2015, there has been no Material Adverse Change and there has been no material adverse change in the laws, rules or regulations (or their interpretation or administration) and no material litigation is ongoing with respect to the District, in any case, that may adversely affect the consummation of the transactions contemplated hereby or by any Related Document or result in a Material Adverse Effect, (D) all conditions precedent set forth in the Related Documents with respect to execution and delivery of the Certificates shall have been satisfied and (E) the District has not received notice from the Rating Agencies that the long-term unenhanced ratings of the District's Bonds or Contracts on a parity with the TRANs and the Obligations have been withdrawn, reduced or suspended since the dated date of the Rating Documentation; and (3) an incumbency and specimen signature certificate of the Corporation in respect of each of the officials who is authorized to (i) sign this Agreement, the Fee Agreement and the other Related Documents to which it is a party on behalf of the Corporation and (ii) take actions for the Corporation under this Agreement, the Fee Agreement and the other Related Documents (to which the Corporation is a party).

(c) *Opinion of Bond Counsel.* The Bank shall have received a written opinion of Bond Counsel, addressed to the Bank and dated the Closing Date, to the effect that (A) this Agreement and the Fee Agreement have been duly authorized, executed and delivered by the District and are the valid and binding obligations of the District enforceable in accordance with their respective terms, except as may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization or moratorium or other similar laws applicable to the District and equitable principles relating to or affecting creditors' rights generally from time to time; (B) the execution and delivery by the District of this Agreement and the Fee Agreement do not violate the constitution or laws of the State; (C) the District has taken all actions, and has obtained any approvals, necessary to the authorization, execution, delivery and performance by the District of this Agreement and the Fee Agreement and (D) the pledge of and lien on Revenues securing the Obligations is a valid and binding pledge. In addition, the Bank shall have received a letter from Bond Counsel authorizing the Bank to rely on the Bond Counsel opinion delivered to the District on the Closing Date.

(d) *No Default, Etc.* No Event of Default shall have occurred and be continuing as of the date hereof or will result from the execution and delivery by the District of this Agreement, or any other Related Document or the issuance of the Letter of Credit. The representations and warranties made by the District in Article V hereof shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date.

(e) *Financial Information.* The Bank shall have received copies of (i) the District's audited financial statements for the Fiscal Year ended June 30, 2015; and (ii) the investment policy of the District.

(f) *Legality; Material Adverse Change.* The Bank shall have determined (in its sole discretion) that (i) none of the making of any Drawings or Advances, the issuance of the Letter of Credit or the consummation of any of the transactions contemplated by the Related Documents will violate any law, rule, guideline or regulation applicable to the District, the Corporation, the Bank, this Agreement or any other Related Document; and (ii) no material adverse change in the ratings, financial condition, business, assets, liabilities or prospects of the District shall have occurred since June 30, 2015, which would be reasonably likely to result in a Material Adverse Effect; and (iii) there has been no material adverse change in the laws, rules or regulations (or their interpretation or administration) that, in any case, may adversely affect the consummation of the transactions contemplated hereby or by any Related Document.

(g) *Litigation.* Prior to the Closing Date, the Bank shall have received a written description of all actions, suits or proceedings pending or, to the District's knowledge, threatened against the District in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Bank may reasonably request, and all such matters shall be acceptable to the Bank in its sole discretion.

(h) *Fees, Etc.* The Bank shall have received payment of the fees, costs and expenses to be paid on or prior the Closing Date referred to in Section 8.06 hereof and pursuant to the Fee Agreement.

(i) *Ratings.* The Bank shall have received written confirmation that (i) the Certificates have been rated at least "P-1" (or its equivalent) by Moody's and "A-1" (or its equivalent) by S&P and "F1" (or its equivalent) by Fitch and (ii) the unenhanced District's long-term unenhanced bonded debt secured by a lien on Net Revenues have been rated "Aa1" (or its equivalent) by Moody's and "AAA" (or its equivalent) by S&P and Fitch (referred to herein as the "*Rating Documentation*").

[(j) *CUSIP and Rating.* The Bank shall have received written confirmation that (i) a CUSIP number (No. _____) has been obtained from Standard and Poor's CUSIP Services for this Agreement and (ii) a long term rating of at least Investment Grade has been obtained for this Agreement (and its related CUSIP number) from any Rating Agency. The District will (at its expense) ensure that the CUSIP Number and the rating assigned to this Agreement is available on an electronic registry acceptable to the Bank.]

(k) *Other Documents.* The Bank shall have received such other documents, certificates and opinions as the Bank's Counsel shall have reasonably requested.

Section 4.02. Conditions Precedent to Advances. Following any payment by the Bank under the Letter of Credit pursuant to a Drawing, an Advance shall be made available to the District only if on the date of payment of such Drawing by the Bank (a) the representations and warranties contained in Article V of this Agreement and the Related Documents are true and correct in all material respects as of such date; and (b) no event has occurred and is continuing, or would result from such payment, which constitutes a Default or Event of Default.

Unless the District shall have previously advised the Bank in writing that (i) any or all of the representations and warranties contained in Article V hereof are not true and correct in all material respects as of the date the Bank honors such Drawing and/or makes such Advance or (ii) any event has occurred and is continuing, or would result from the Bank honoring such Drawing or making such Advance, which constitutes a Default or Event of Default, then the District shall be deemed to have represented and warranted on the date the Bank honors such Drawing and/or makes such Advance that (i) the representations and warranties contained in Article V hereof are true and correct in all material respects as of such date and (ii) no event has occurred and is continuing, or would result from the Bank honoring such Drawing and/or making such Advance, which constitutes a Default or Event of Default.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.01. Representations and Warranties. In order to induce the Bank to enter into this Agreement and the Fee Agreement and to issue the Letter of Credit, the District represents and warrants to the Bank as follows:

(a) *Legal Existence.* The District (i) is a political subdivision of the State of California, and (ii) has the full legal right, power and authority to (A) control and regulate its properties and to carry on its business as now being and hereafter proposed to be conducted, (B) execute and deliver this Agreement and the Related Documents, (C) perform all its obligations and liabilities under this Agreement and the other Related Documents in accordance with their respective terms, (D) receive proceeds of Drawings, and otherwise incur Debt in accordance with this Agreement, set the replenishment assessment and additional replenishment assessment in accordance with the District Act, pay the principal and interest on the TRANs, all other outstanding bonds and notes of the District and all of its Obligations hereunder (including, without limitation, the obligation to repay all Drawings, to pay all interest thereon, and to pay all fees and other amounts payable hereunder) and (E) grant the pledge of a lien on the Revenues securing the Obligations in favor of the Bank.

(b) *Compliance with Law and Contracts.* The issuance of the TRANs and the execution, delivery and performance by the District of this Agreement and the Related Documents to which the District is a party in accordance with their respective terms and conditions have been duly authorized by all necessary action on the part of the District, and did not and do not and will not (i) violate the District Act, or any material provision

of any court order by which the District or its property is bound, (ii) conflict with, violate or contravene any material provision of existing law or regulation, of any order or decree of any court, tribunal, governmental authority, bureau of agency, (iii) conflict with, violate or cause a default, or with the passage of time of the giving of notice or both would cause a default, under any material provision of any bond, note or other evidence of indebtedness or mortgage, indenture, contract or other agreement to which the District is a party of that is binding upon it or any of its properties or assets; and no consent of any Person (including, without limitation, any approval of the registered voters of the District) and no license, approval or authorization of or notice to or registration, filing or declaration with, any governmental authority, bureau or agency is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Related Documents or for the District to receive proceeds of Drawings or otherwise incur indebtedness in accordance with this Agreement or, if required, the same has been obtained and is in full force and effect and true and complete copies thereof have been delivered to the Bank, or (iv) result in the imposition of any Lien on Revenues or Net Revenues other than as contemplated by this Agreement or which is subordinate to the Lien created hereunder. The issuance of the TRANs and the execution and delivery of this Agreement are not subject to referendum. All Governmental Approvals necessary for the District to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review.

(c) *Authorization and Validity.* This Agreement and the Related Documents to which the District is a party each constitute a legal, valid and binding agreement or obligation, as the case may be, of the District, enforceable in accordance with their respective terms except as to (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally, (ii) rights of acceleration and the availability of equitable remedies which may be limited by equitable principles of general applicability and (iii) limitations on remedies available against public agencies such as the District.

(d) *Litigation.* There are no actions, suits or proceedings at law, arbitration or in equity pending or, to the knowledge of the District, threatened against or affecting it or its properties or revenues before any court or arbitrator or any governmental or nongovernmental body, agency or official or any other Governmental Authority in which the District determines an adverse decision could be reasonably be expected to materially and adversely affect the financial position or operations of the District or otherwise result in a Material Adverse Effect or which in any manner questions the validity of this Agreement or any Related Document or the District's ability to carry out the transactions contemplated hereby and thereby.

(e) *Related Documents.* The representations and warranties of the District in all of the Related Documents are true and correct in all material respects. The representations and warranties of the District contained in the other Related Documents to which the District is a party, together with the related definitions of terms contained

therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the District in such Sections are hereby made for the benefit of the Bank. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Bank.

(f) *Regulation U.* The District is not engaged principally, or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and will not use the proceeds of the Certificates or any Drawings made under the Letter of Credit so as to violate Regulation U as it may be amended or interpreted from time to time by the Board of Governors of the Federal Reserve System.

(g) *Accuracy and Completeness of Information.* All certificates, reports, financial statements, opinions of counsel, documents and other information furnished to the Bank by or on behalf of the District on or prior to the Closing Date in connection with the transactions contemplated hereby were, at the time same were to be furnished, complete and correct in all material respects to the extent necessary to give the Bank true and accurate knowledge of the subject matter thereof and did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading. No fact is known to the District that materially and adversely affects the security for any of the Bonds, or the ability of the District to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.01(g) or in such information, reports, papers and data or otherwise disclosed in writing to the Bank. The documents furnished and statements made by the District in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts.

(h) *Pending Legislation and Decisions; Public Vote.* (i) There is no amendment or proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State or any proposed legislation, or any judicial decision interpreting any of the foregoing has been enacted which in (x) any way materially adversely affects or which prohibits (A) the issuance or delivery of the TRAns, (B) the adoption of the District Resolutions or the Corporation Resolution, (C) the execution and delivery of this Agreement or any of the Related Documents, (D) the creation, organization or existence of the District or the titles to office of any officers thereof, or (E) the power of the District to carry out its obligations under the District Act, or under this Agreement or any of the Related Documents or (y) could otherwise reasonably be expected to result in a Material Adverse Effect.

(ii) There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

(i) *Accuracy of Financial Reports.* The most recent financial reports of the District for the Fiscal Year ended June 30, 2015, copies of which have been furnished to the Bank, fairly present the financial position and results of operations of the District, except as previously disclosed to the Bank in writing, as of the dates and for the periods set forth therein. Since June 30, 2015, except as previously disclosed to the Bank in writing, there have been no material change in the financial condition or operations of the District.

(j) *No Tax or Fee.* None of the execution or delivery of this Agreement, the extension of the Letter of Credit or the honoring of any Drawing will give rise to any tax or fee imposed by any local or state agency or governmental body.

(k) *Immunity from Jurisdiction.* The District has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the District under this Agreement, the Letter of Credit, the District Resolutions or the TRANs.

(l) *Source of Payment of Obligations.* All obligations in respect of principal of and interest on the TRAN and all Obligations hereunder or under the Letter of Credit (including, without limitation, the obligation to repay all Drawings, to pay all interest thereon, and to pay all fees and other amounts payable hereunder) constitute obligations of the District payable from Net Revenues prior to all other obligations of the District except such obligation shall be on a parity with Parity Obligations.

(m) *No Limitation on Interest Rate.* The laws of the State of California impose no limitation on the rate of interest payable by the District hereunder.

(n) *Pledge of Revenues Securing Reimbursement Obligations.* (i) The provisions of the District Resolutions and this Agreement are effective to create in favor of the Bank a legal, valid and enforceable pledge of and first lien on the Revenues to secure the Reimbursement Obligations on a parity with all Parity Obligations. No document permits the issuance or incurrence of any Debt of the District secured by the Net Revenues to rank senior to the Certificates and the Reimbursement Obligations. All documents or instruments required to be filed or recorded in any public office, and all notifications required to be given to any Person, in order to provide notice of such pledge to present and future creditors and otherwise protect the pledge in favor of the Bank, have been filed, recorded or given, as the case may be. No filing, registration, recording or publication of this Agreement, the District Resolutions or any other instrument is required to establish the pledge provided for hereunder or to perfect, protect or maintain the Lien created hereby on the Revenues to secure the Reimbursement Obligations. The statements in Section 2.16 hereof are true and correct in all respects.

(ii) Obligations (other than Reimbursement Obligations) shall constitute Operation and Maintenance Costs and shall be payable from Revenues.

(o) *Employee Benefit Plan Compliance.* The District has no funding liability or obligation currently due and payable with respect to any Plan which could reasonably be expected to result in a Material Adverse Effect. The District is otherwise in compliance with the terms of any such plan in which the District participates to the extent any such failure to comply could reasonably be expected to result in a Material Adverse Effect.][The District is not subject to ERISA and maintains no Plans.

(p) *No Defaults.* No default by the District has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Parity Debt including, without limitation, regularly scheduled payments on Swap Contracts which constitute Parity Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the District or any agency or instrumentality of the District are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No “default” or “event of default” under, and as defined in, any of the other Related Documents has occurred and is continuing. The District is not presently in default under any material agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect. The District is not in violation of any material term of the organizational documents or authorizing legislation applicable to the District or any material term of any bond indenture or agreement to which it is a party or by which any of its Property is bound which could reasonably be expected to result in a Material Adverse Effect.

(q) *Insurance.* The District currently maintains a system of self-insurance or insurance in accordance with Section 6.07 of the Indenture as in effect on the Closing Date.

(r) *Title to Assets.* The District has good and marketable title to its assets except where the failure to have good and marketable title to any of its assets would not have a Material Adverse Effect.

(s) *Tax-Exempt Status.* The District has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Series A Certificates from gross income for federal income tax purposes.

(t) *Paying Agent/Registrar; Dealer.* U.S. Bank National Association (or a successor or assign approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of succession or assignment due to merger, consolidation or other similar action) is the duly appointed and acting Trustee and U.S. Bank National Association (or their respective successors or assigns approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of

succession or assignment due to merger, consolidation or other similar action) is the duly appointed and acting Dealer.

(u) *Solvency.* The District is solvent and able to pay its debts as they become due.

(v) *Environmental Matters.* The operations of the District are in material compliance with all of the requirements of applicable Environmental Laws and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

(w) *Swap Contracts.* The District has not entered into any Swap Contract relating to Debt wherein any termination payment thereunder is senior to or on a parity with the payment of the Certificates or the other Obligations.

(x) *Sanctions Concerns and Anti-Corruption Laws.* (a) *Sanctions Concerns.* Neither the District, nor, to the knowledge of the District, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) *Anti-Corruption Laws.* The District has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

(y) *Contract.* The District represents that this Agreement constitutes a Contract for purposes of the Indenture.

(z) *Survival.* All statements contained in any certificate, financial statement or other instrument delivered by or on behalf of the District pursuant to or in connection with this Agreement (including, but not limited to, any such statement made in or in connection with any amendment hereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement shall be made and shall be true at and as of (a) the date of any authentication and delivery of any Certificates under the Corporation Resolution and (b) the time of each Drawing under the Letter of Credit, except to the extent such representations and warranties relate solely to an earlier date.

ARTICLE VI

COVENANTS

The District will do the following so long as any amounts may be drawn under the Letter of Credit or any Obligations remain outstanding under this Agreement and/or the Fee Agreement, unless the Bank shall otherwise consent in writing:

Section 6.01. Affirmative Covenants. The District covenants and agrees, from the date hereof and until the Termination Date and the payment in full of all Obligations, unless the Bank shall otherwise consent in writing:

(a) *Compliance with Laws, Etc.* The District shall comply with all material applicable laws, rules, regulations and orders of any governmental authority (including without limitation, compliance with Environmental Laws, ERISA and the rules and regulations thereunder and state securities and blue sky laws in connection with the offering sale and delivery of the TRANs and, as agent of the Corporation, the Certificates) and shall promptly notify the Bank if any legislation is enacted which would have a material adverse effect on the ability of the District to pay any Obligations hereunder, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or its Property before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the District are adequate.

(b) *Insurance.* The District shall maintain insurance on the water facilities in accordance with Section 6.08 of the Indenture as in effect on the Closing Date.

(c) *Accuracy of Information.* All certificates, reports, financial statements, opinions of counsel, documents and other information furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement, shall, at the time the same be so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Bank true and accurate knowledge of the subject matter thereof, and (ii) not contain any untrue statements of a material fact, or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the Bank shall constitute a representation and warranty by the District to that effect.

(d) *Additional Documents.* The District shall furnish to the Bank from time to time, at the District's expense, all further instruments and documents, duly executed and delivered by the District, and take all further action that may be reasonably necessary, or that the Bank may reasonably request, in order to enable the Bank to exercise or enforce its rights of remedies under or in connection with this Agreement, the District Resolutions or any other Related Document to which the District is a party.

(e) *Financial and Other Reports.* The District shall furnish the following reports to the Bank:

(i) As soon as available and in any event within 180 days after the end of each Fiscal Year of the District, the Bank shall have received audited financial statements of the District for such Fiscal Year together with the opinion of the District's independent accountants.

(ii) As soon as available, and in any event within ____ days after each of the first three quarters of each Fiscal Year, the budget to actual financial report of the District, as certified by an Authorized Representative.

(iii) As soon as available after the adoption thereof, the annual budget documents of the District, certified by the Secretary of the Board of Directors of the District;

(iv) Simultaneously with the delivery of each set of financial statements referred to in clause (i) and (ii) above, and forthwith upon the occurrence of any Default, a certificate of the finance director of the District, (x) stating whether there exists on the date of such certificate any Default or Event of Default and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the District is taking or proposes to take with respect thereto and (y) demonstrating compliance with the financial covenants set forth in Section 6.02(p) hereof;

(v) During any period of time the District is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) notice that such event notice has been filed with EMMA and is publicly available;

(iv) On or prior to the date of execution and delivery of Certificates which shall cause an increase or decrease in the amount of Certificates Outstanding, written notice to the Bank of the change in the aggregate principal amount of Certificates Outstanding.

(v) From time to time such additional information regarding the financial position or business of the District as the Bank may reasonably request.

(f) *Defaults.* The District will provide (i) promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by a District Representative specifying in

reasonable detail the nature and period of existence thereof and what action the District has taken or proposes to take with respect thereto; and (ii) promptly upon obtaining knowledge of any “default” or “event of default” as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the District has taken or proposes to take with respect thereto.

(g) *Books, Records.* The District will keep proper books of record and account in which full, true and correct entries in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the District shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 6.01(f) hereof. The District will permit, during normal business hours and from time to time, upon reasonable prior notice, the Bank or any of its agents or representatives to examine and make copies of and abstracts from the records and books of account of the District (except records and books of accounts the examination of which by the Bank is prohibited by law), including minutes of meetings of any relevant governmental committees or agencies, and to discuss the affairs, finances and accounts of the District with any representative or any other appropriate officer of the District or the District’s independent public accountants.

(h) *Other Obligations.* The District will comply with and observe all other obligations and requirements set forth in the District Resolutions and each other Related Document to which it is a party (including without limitation all provisions therein for the benefit of the Bank) and in all statutes and regulations binding upon it relating to the TRANs, the Certificates, this Agreement or any of the Related Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against the District. To the extent that any such incorporated provision permits the District or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the District or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. Except as permitted by Section 6.02(a) hereof, no termination or amendment to such covenants and agreements or defined terms or release of the District with respect thereto made pursuant to any Related Documents to which the District is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the District with respect thereto in each case as incorporated by reference herein

without the prior written consent of the Bank. Notwithstanding any termination or expiration of any Related Document to which the District is a party, the District shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of the Bonds and all other Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein. The District will comply with and observe all obligations and requirements with respect to Parity Obligations in all material respects.

(i) *Activities of District.* The District will preserve, renew and maintain all material licenses, approvals, authorizations, permits, rights, privileges and franchises necessary or desirable in the normal conduct of its business.

(j) *Litigation; Material Change.* The District shall promptly notify the Bank of the existence and status of any actions, suits or proceedings or any other litigation pending or threatened against the District before any arbitrator of any kind or before any court or any other Governmental Authority which individually or in the aggregate could, in the event of an unfavorable outcome, reasonably have a material adverse effect on the ability of the District to pay the Obligations and principal and interest on the TRANs or the enforceability or validity of any of the Related Documents or otherwise be expected to result in a Material Adverse Effect.

(k) *Issuance of Bonds.* The District shall use its best efforts to issue bonds or other obligations prior to the Termination Date in an aggregate principal amount, or otherwise make available funds or substitute the Letter of Credit with an Alternate Letter of Credit, so as to cause the retirement of the Certificates and all Obligations due and owing hereunder and under the Fee Agreement.

(l) *Documents Related to Other Securities.* At least 30 days prior to the issuance thereof, notify the Bank of the sale or placement of any securities (other than Certificates) of which it is issuer or which are issued for its direct benefit, and as soon as practicable but in any event within ten days after the issuance thereof, furnishes to the Bank copies of any prospectus, official statement, offering circular or placement memorandum, and any supplements thereto, that the District makes available in connection with the offering for sale of any securities of which it is the issuer or which are issued for its direct benefit.

(m) *Repayment of Drawings.* The District will, at all times, maintain a reputable dealer of recognized national standing for the Certificates, and will notify the Bank as promptly as practicable of any appointment of a successor dealer (which successor dealer shall not be appointed without the prior written consent of the Bank, which response to such notice shall be prompt and which consent shall not be unreasonably withheld or delayed) for the Certificates before the date such appointment is to take effect. The District agrees to cause the Dealer to use its best efforts to sell Certificates up to the maximum rate applicable to Certificates in order to repay maturing

Certificates. On and after the date of any Drawing in the form of Annex A to the Letter of Credit, the District will use its best efforts to cause the Dealer to sell Certificates as soon as possible and to use the proceeds of the sale of such Certificates to repay such Drawing. If any Advance or unreimbursed Drawing remains outstanding for a period of thirty (30) consecutive Business Days or any Dealer fails to perform its duties under the Dealer Agreement, at the written direction of the Bank, the District shall cause the related Dealer (that has been unable to sell Certificates or fails to perform its duties) to be replaced with a Dealer satisfactory to the Bank seven (7) Business Days of the receipt of such written direction, subject to the any limitations in the Related Documents. Any Dealer Agreement with a successor Dealer shall provide that such dealer may resign until the earlier of (i) the appointment of a Dealer which is acceptable to the Bank and such Dealer's acceptance of such appointment and (ii) the date which is at least sixty (60) days following the receipt by the District, the Issuing and Paying Agent and the Bank of prior written notice of such resignation. The Bank shall be a third party beneficiary to the Dealer Agreement.

(n) *Obligations under Related Documents.* The District shall take all actions as may be reasonably requested by the Bank to enforce the obligations under the Related Documents of each of the other parties thereto.

(o) *Replacement of Certain Entities.* The District shall obtain the prior written consent of the Bank to the replacement of the Registrar and Paying Agent, the Trustee, the Dealer or any other entity that is a party to a Related Document of the Bank, which consent shall not be unreasonably withheld.

(p) *Amount of Rates and Charges.* The District will, to the fullest extent permitted by law, prescribe, assess and collect replenishment assessments and additional replenishment assessments in accordance with the provisions of the Law which will be at least sufficient to yield Net Revenues during each Fiscal Year equal to one hundred twenty-five percent (125%) of Debt Service payable in such Fiscal Year. The District may make adjustments from time to time in such replenishment assessments and additional replenishment assessments, and may make such classification thereof as it deems necessary, but shall not reduce the replenishment assessments and additional replenishment assessments then in effect unless the Net Revenues will at all times be sufficient to meet the requirements of this Section.

(q) *Net Revenues.* The District shall at all times keep the Net Revenues and every part thereof free and clear of all pledges and security interests except the pledges created with respect to Parity Obligations and obligations payable subordinate to the Obligations hereunder.

(r) *Disclosure to Participants.* The District shall permit the Bank to disclose the financial information received by it pursuant to this Agreement to each Participant of the Bank, Bank pursuant to Section 8.07 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

(s) *Sale of Certificates to Repay Reimbursement Obligations.* The District will cause the execution and delivery of Certificates as promptly as practicable after the Bank honors a Drawing under the Letter of Credit and use the proceeds of such sale solely for the repayment of such Obligations (and such proceeds of sale shall be deemed to be proceeds of Certificates for all the purposes of the Corporation Resolution, this Agreement and the Related Documents).

(t) *Legal Capacity.* At all times, the District shall have the legal capacity to issue bonds or other indebtedness secured by or payable from Revenues to enable it to repay an amount at least equal to the sum of (i) the aggregate principal amount of the Certificates authorized under the Corporation Resolution, plus (ii) the Obligations hereunder and under the Fee Agreement, plus (iii) any other obligations (other than with respect to principal and interest on Certificates) owing to any credit enhancer or liquidity provider on the other Debt payable from all or any portion of the Revenues or secured by all or any portion of the Revenues.

(u) *Maintenance of Ratings on Certificates.* The District shall at all times (i) maintain, or cause to be maintained, a short-term credit rating on the Certificates by any two of Fitch, Moody's or S&P, (ii) maintain, or cause to be maintained, long-term credit ratings on unenhanced Bonds (to the extent that such Bonds are outstanding) from any two of Moody's, Fitch or S&P, **[(iii) maintain, or cause to be maintained, a long-term credit rating by any one of Moody's, Fitch or S&P applicable to this Agreement and (iv) ensure (at its expense) that the CUSIP Number and the rating assigned to this Agreement (described in sub-clause (iii) of this Section 6.01(v)) are available on an electronic registry acceptable to the Bank].**

Section 6.02. Negative Covenants. The District covenants and agrees, from the date hereof and until the Termination Date and the payment in full of all Obligations, unless the Bank shall otherwise consent in writing:

(a) *Amendments to Related Documents.* The District shall not enter into or consent to any amendments of or supplements to any Related Document or Section 5.01(a) and (b)(i) of the Indenture or any waiver of the requirements thereof.

(b) *Limitation on Voluntary Liens.* The District shall not, directly or indirectly, create or permit to exist any pledge, Lien or charge on any part of the Revenues except in accordance with clause (h) below, or with respect to the TRANS under the District Resolutions or other than a pledge, Lien or other charge which by its terms is subordinate to the pledge, Lien or charge created by this Agreement.

(c) *Merger, Disposition of Assets.* The District shall not (i) liquidate or dissolve or consolidate or merge with or into any Person or sell, lease or otherwise transfer or dispose all or substantially all of its property, assets or business, or any material asset if such sale, lease, transfer or disposition or (ii) change the use of facilities or assets that generate Revenues, in either case, in manner that could reasonably be expected to have a material adverse effect on the District's ability to comply with

Section 6.01(p) hereof or to satisfy its obligations hereunder or materially adversely affect the interests, rights, remedies or security of the Bank under this Agreement and the other Related Documents.

(d) *Total Outstanding.* At no time shall the District, as agent of the Corporation, permit the sum of (A) the aggregate principal amount of Certificates Outstanding (as defined in the Corporation Resolution), and (B) the principal amount of any Drawing to exceed the Principal Component of the Stated Amount immediately preceding such Drawing.

(e) *Preservation of Corporate Existence, Etc.* The District shall take no action to terminate its existence as a political subdivision of the State of California, or its rights and privileges in the State of California.

(f) *Exempt Status.* The District shall not take any action or omit to take any action that, if taken or omitted, would adversely affect the excludability of interest payable with respect to the Series A Certificates from the gross income of the holders thereof for purposes of Federal income taxation.

(g) *Involuntary Liens.* The District shall not incur or suffer to exist any involuntary Lien on or with respect to any of the Net Revenues, other than any such involuntary Lien that the District contests in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or asset subject to such Lien.

(h) *Additional Contracts and Bonds.* The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; *provided:*

(i) that the District covenants that no Bond or Contract shall be issued, incurred or delivered unless at the time such Bond or Contract is created or incurred the Net Revenues as shown by the books of the District for a twelve (12) consecutive calendar month period within the twenty-four (24) calendar month period prior to the issuing or incurring of such Bond or Contract, as shown by an audit certificate or opinion of an Independent Certified Public Accountant or firm of Independent Certified Public Accountants or an Independent Financial Consultant employed by the District, plus, at the option of the District, an allowance for Net Revenues that would have been derived from any increase in the replenishment assessments and additional replenishment assessments prescribed and assessed by the District which became effective prior to the issuing or incurring of such Bond or Contract, but which, during all or any part of said twelve-month period, was not in effect, shall have amounted to at least 1.25 times maximum annual Debt Service.

(ii) Subparagraph (i) of this Section 6.02(h)(ii) hereof notwithstanding, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total

Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

(i) *Permitted Investments.* The District shall not invest or cause to be invested any of the funds or accounts established in connection with Bonded Debt or the Corporation Resolution in any investment other than a Permitted Investment.

(j) *Immunity from Jurisdiction.* To the fullest extent permitted by law, the District will not assert any immunity it may have as a public entity under the laws of the State from lawsuits with respect to the Bonds, the other Obligations, this Agreement or any other Related Document.

(k) *Swap Contracts.* Without the prior written consent of the Bank, the District will not enter into any Swap Contract relating to Debt wherein any termination payments thereunder are senior to or on parity with the payment of the Certificates or the Obligations.

(l) *No Impairment.* The District will neither take any action, nor cause the Trustee to take any action, under the Indenture or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Bank under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

(m) *Application of Proceeds.* The District will not take or omit to take any action, which action or omission will in any way result in the proceeds from the execution and delivery of the Certificates or Drawings under the Letter of Credit being applied in a manner other than as provided in the Corporate Resolution and the Issuing and Paying Agent Agreement.

(n) *Federal Reserve Board Regulations.* The District shall not use any portion of the proceeds from the issuance of the Certificates or Drawings under the Letter of Credit for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the District out of such proceeds.

(o) *Maturity of Certificates.* (i) The District shall not permit any Certificate to mature earlier than two (2) days from its date of issuance, unless either the District or the Dealer has provided three (3) Business Days prior written notice to the Bank with a copy to the Trustee; *provided, however*, that no written notice will be required to be provided to the Bank by the District or the Dealer in the event that (x) the Certificate is issued with a maturity of one (1) day and the Dealer for such Certificate is the registered holder of all such Certificates or (y) the Dealer is unable to market Certificate up to the Maximum Rate, the proceeds of which shall be used to repay the principal of and/or interest on maturing Certificate or unreimbursed Drawings or Advances under and as defined in this Agreement, with a maturity of more than one (1) day (in the event that the

Dealer markets Certificate with a maturity of one (1) day without three (3) Business Days prior written notice to the Bank as described in this clause (y), the Dealer shall be deemed to have certified to the Bank that it is unable to market Certificate up to the Maximum Rate, the proceeds of which shall be used to repay the principal of and/or interest on maturing Certificate or unreimbursed Drawings or Advances under and as defined in this Agreement, with a maturity of more than one (1) day); *provided, further*, however, that in the event that the Dealer is unable to market Certificate up to the Maximum Rate, the proceeds of which shall be used to repay the principal of and/or interest on maturing Certificate or unreimbursed Drawings or Advances under and as defined in the Credit Agreement, with a maturity of more than one (1) day, it will give the Bank prior written notice of the sale of Certificate with a maturity of one (1) day.

(ii) In the event that Certificate is issued with a maturity of one (1) day and the provisions set forth above are not satisfied, it shall not be considered a breach of this clause (v) except to the extent Certificate is issued with a maturity of one (1) day and the provisions set forth above are not satisfied in more than three (3) instances in any given calendar year.

ARTICLE VII

DEFAULTS

Section 7.01. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an “Event of Default”:

(a) The District shall fail to pay when due any amount payable under this Agreement; or

(b) Any representation, warranty, certification or statement made by the District in this Agreement or in any Related Document or in any certificate, financial statement or other document delivered pursuant to this Agreement or any Related Document shall (in any such case) have been incorrect or untrue in any materially adverse respect when made or deemed to have been made; or

(c) The District shall default in the due performance or observance of any of the covenants set forth in Section 6.01(f)(i), (i), (p), (q), (t), (v) or 6.02 hereof; the District shall default in the due performance or observance of any term, covenant or agreement contained in this Agreement or any other Related Document (other than those covered by clause (a) and (b) of this Section 7.01) and such failure shall remain unremedied for a period of 20 days after the occurrence thereof; *provided, however*, that so long as the District shall be proceeding with due diligence to remedy any default in the due performance or observance of such covenants which, if begun and prosecuted with due diligence, cannot be completed within a period of 20 days, then such 20-day period shall be extended by 20 days to enable the District to begin and complete the remedying of such default through the exercise of due diligence; *provided, however*, that,

notwithstanding anything in this Agreement to the contrary, a breach of Section 6.02(o) hereof shall not constitute an Event of Default under this Agreement; or

(d) Any pledge or security interest created by the District Resolutions or this Agreement to secure any amount due under this Agreement or Letter of Credit shall fail to be fully enforceable with the priority required under this Agreement and the District Resolutions, as determined by a final, non-appealable judgment; or this Agreement or any Related Documents or any TRAN or any material provision thereof shall, for any reason, cease to be valid and binding or in full force and effect or shall be declared, in a final, non-appealable judgment, to be null and void, or the District or any Governmental Authority shall contest or repudiate the validity or enforceability of this Agreement or any other Related Document or any material provision thereof, or the District, or any agent or trustee on behalf of the District, shall deny that it has thereof any or further liability under any of the Related Documents;

(e) Any “event of default” under any Related Document (as defined respectively therein) shall have occurred; or

(f) The District shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) principal or interest on any Debt, other than Bonded Debt of the District (including, without limitation, any regularly scheduled payments on Swap Contracts), with an outstanding principal amount of \$5,000,000 or more, and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Debt; or any other default under any indenture, contract or instrument providing for the creation of or concerning such Debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Debt; or pursuant to the provisions of any such indenture, contract or instrument the maturity of any Debt of the District in a principal amount in excess of \$5,000,000 shall have been or may be accelerated or shall have been or may be required to be prepaid prior to the stated maturity thereof; or

(g) One or more judgments, court orders, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Bank, in an aggregate amount in excess of \$10,000,000 shall be entered or filed against the District or against any of its Property or the Revenues or Net Revenues and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days; or

(h) The District Act is repealed, reenacted, amended or otherwise modified (whether directly or indirectly, and including, without limitation, by legislative or judicial action) or any other legislation is enacted, repealed, reenacted, amended or otherwise modified, and in the event of a release, reenactment, amendment, modification or enactment such repeal, reenactment, amendment, modification or enactment, in the sole

opinion of the Bank, has a material adverse effect on the ability of the District to pay the obligations and principal and interest on the TRAN or dilutes or eliminates the pledge of or security interest of the Bank in the Revenues; or

(i) The District shall (i) fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Bonded Debt of the District payable from Net Revenues or Revenues prior to or on a parity with the Obligations payable to the Bank hereunder (including, without limitation, any regularly scheduled payments on Swap Contracts which constitute such Bonded Debt), or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Bonded Debt; or (ii) pursuant to the provisions of any indenture, contract or instrument providing for the creation of or concerning any Bonded Debt of the District payable on a parity with or prior to the Obligations payable to the Bank hereunder, the maturity of any such Bonded Debt shall have been or may be accelerated or shall have been or may be required to be prepaid prior to the stated maturity thereof; or

(j) The District shall have repudiated its debts or become insolvent or admit in writing its inability to pay its debts as they mature or shall decree a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or the State of California or any other Governmental Authority having jurisdiction over the District imposes a debt moratorium, debt restructuring, debt adjustment or comparable restriction on repayment when due and payable of the principal of or interest on any Debt by the District;

(k) The District shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(k) of this Agreement;

(l) A custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the District or any substantial part of its Property, or a proceeding described in Section 7.01(k)(v) shall be instituted against the District and such proceeding

continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(m) The District shall fail to pay any principal of or interest on the TRAN when the same shall become due and payable; or

(n) Any of Fitch, Moody's and S&P (to the extent then rated by S&P at the request of the District) shall have downgraded its rating of any long-term unenhanced Bonded Debt of the District payable from Net Revenues or Revenues senior to or on a parity with the Obligations to below "BBB" (or its equivalent), "Baa2" (or its equivalent), or "BBB" (or its equivalent) respectively, or suspended or withdrawn its rating of the same; or

(o) The dissolution or termination of the existence of the District shall occur.

Section 7.02. Remedies. Upon the occurrence of any Event of Default, all Obligations shall immediately and without notice bear interest at the Default Rate and the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) by notice to the District, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the District; *provided* that upon the occurrence of an Event of Default described under Section 7.01(h) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing);

(b) by notice of the occurrence of any Event of Default to the Trustee prohibit, until such time, if any, as the Bank shall withdraw (in writing) such notice, the issuance of additional Certificates, reduce the Stated Amount of the Letter of Credit to the amount of the then Outstanding Certificates supported by the Letter of Credit and interest payable thereon at maturity of such Certificates and/or terminate and/or permanently reduce such Stated Amount as the then Outstanding Certificates are paid;

(c) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 10th day after the date of receipt thereof by the Trustee);

(d) pursue any rights and remedies it may have under the Related Documents;
or

(e) pursue any other action available at law or in equity.

Section 7.03. Breach of Section 6.02(o) of this Agreement. In the event that the District fails to observe or perform the covenant set forth in Section 6.02(o) hereof (a "6.02(o) Covenant Breach"), the Bank may exercise any one or more of the following rights or remedies:

(a) by notice of the occurrence of any 6.02(o) Covenant Breach to the Paying Agent prohibit, until such time, if any, as the Bank shall withdraw (in writing) such notice, the issuance of additional Certificates, reduce the Stated Amount of the Letter of Credit to the amount of the then Outstanding Certificates supported by the Letter of Credit and interest payable thereon at maturity of such Certificates and/or terminate and/or permanently reduce such Stated Amount as the then Outstanding Certificates are paid;

(b) pursue any other action available at law or in equity.

ARTICLE VII

MISCELLANEOUS

Section 8.01. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure by the District therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however,* that no amendment, waiver or consent shall, unless in writing and signed by the Bank, affect the rights or duties of the Bank under this Agreement or any other Related Document. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

Section 8.02. Notices. All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile transmission, or regular mail, as follows:

to the District: Orange County Water District
10500 Ellis Avenue
Fountain Valley, California 92728-8300
Attention: Finance Director/Treasurer
Telephone: (714) 378-3372
Facsimile: (714) 378-3271

to the Bank with Sumitomo Mitsui Banking Corporation
respect to credit 277 Park Avenue
matters: New York, New York 10172
Attention: Public and Infrastructure Finance
Telephone: (212) 224-4000
Facsimile: (212) 224-5227

to the Bank,
with respect to
Drawings under
the Letter of Credit:

Sumitomo Mitsui Banking Corporation
277 Park Avenue
New York, New York 10172
Attention: Trade Credit Services District
Telephone: (212) 224-4000
Facsimile: (212) 224-4566

with a copy to:

Sumitomo Mitsui Banking Corporation
277 Park Avenue
New York, New York 10172
Attention: Public and Infrastructure Finance
Telephone: (212) 224-4000
Facsimile: (212) 224-5227

to the Trustee:

U.S. Bank National Association

New York, New York _____
Attention: _____
Telephone: _____
Facsimile: _____

to the Paying Agent:

U.S. Bank National Association

New York, New York _____
Attention: _____
Telephone: _____
Facsimile: _____

to the Dealers:

[Dealer]

Telephone: _____
Facsimile: _____
Attention: _____

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered or sent by facsimile transmission or mailed, be effective when deposited with the courier, sent by facsimile transmission or mailed respectively, addressed as aforesaid, except that Drawing certificates submitted to the Bank shall not be effective until received by the Bank.

Section 8.03. Survival of Covenants; Successors and Assigns. (a) All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Drawing or Advance hereunder and shall continue in full

force and effect and until all Obligations hereunder and under the Fee Agreement shall have been paid in full. Whenever in this Agreement and the Fee Agreement any of the parties hereto and thereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the District which are contained in this Agreement and the Fee Agreement shall inure to the benefit of the successors and assigns of the Bank. The District may not transfer its rights or obligations under this Agreement or the Fee Agreement without the prior written consent of the Bank. The Bank may transfer some or all of its rights and obligations under this Agreement with the prior written consent of the District (which consent shall not be withheld unreasonably); *provided* that (i) the District has received written notice from at least two of the Rating Agencies that the transfer shall not cause the lowering, withdrawal or suspension of any ratings then existing on the Certificates; and (ii) the Bank shall be responsible for all costs resulting from the transfer. This Agreement and the Fee Agreement are made solely for the benefit of the District, the Bank, and no other Person (including, without limitation, the Trustee, any Dealer or any holder of Certificates) shall have any right, benefit or interest under or because of the existence of this Agreement or the Fee Agreement; *provided further* that the District's liability to any Participant shall not in any event exceed that liability which the District would owe to the Bank but for such participation.

(b) Notwithstanding the foregoing, the Bank shall be permitted to grant to one or more financial institutions (each a "*Participant*") a participation or participations in all or any part of the Bank's rights and benefits under this Agreement and the Fee Agreement on a participating basis but not as a party to this Agreement or the Fee Agreement (a "*Participation*") without the consent of the District. In the event of any such grant by the Bank of a Participation to a Participant, the Bank shall remain responsible for the performance of its obligations hereunder, and the District shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement and the Letter of Credit. The District agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement and the Fee Agreement as if such Participant were the Bank; *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 7.01 hereof; and *provided further* that no such Participant shall be entitled to receive payment pursuant to Section 2.14 hereof in an amount greater than the amount which would have been payable had the Bank not granted a Participation to such Participant.

(c) In addition to the rights of the Bank set forth above, the Bank may at any time pledge or grant a security interest in all or any portion of its rights or interest under this Agreement and the Related Documents to secure obligations of the Bank or an Affiliate of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

Section 8.04. Unconditional Obligations. The obligations of the District under this Agreement and the Fee Agreement shall be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of this Agreement, the Fee Agreement and the Related Documents, under all circumstances whatsoever, including, without limitation, the following:

(i) any lack of validity or enforceability of the Letter of Credit or any of the other Related Documents;

(ii) any amendment or waiver of or any consent to departure from all or any of the Related Documents (unless consented to in writing by the Bank);

(iii) the existence of any claim, set-off, defense (other than the defense of payment) or other right which the District may have at any time against the Trustee or any other beneficiary, or any transferee, of the Letter of Credit (or any persons or entities for whom the Trustee, any such beneficiary or any such transferee may be acting), the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents, or any unrelated transaction;

(iv) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Bank under the Letter of Credit against presentation of a draft or certificate which does not comply with the terms of the Letter of Credit; or

(vi) any other circumstances or happening whatsoever whether or not similar to any of the foregoing.

SECTION 8.05. LIABILITY OF BANK: INDEMNIFICATION. (a) TO THE FULLEST EXTENT PERMITTED BY THE LAWS OF THE STATE, THE DISTRICT ASSUMES ALL RISKS OF THE ACTS OR OMISSIONS OF THE TRUSTEE WITH RESPECT TO THE USE OF THE LETTER OF CREDIT AND THE USE OF PROCEEDS THEREUNDER; *PROVIDED* THAT THIS ASSUMPTION WITH RESPECT TO THE BANK IS NOT INTENDED TO AND SHALL NOT PRECLUDE THE DISTRICT FROM PURSUING SUCH RIGHTS AND REMEDIES AS IT MAY HAVE AGAINST THE TRUSTEE UNDER ANY OTHER AGREEMENTS. NEITHER THE BANK NOR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS SHALL BE LIABLE OR RESPONSIBLE FOR (I) THE USE OF THE LETTER OF CREDIT, THE DRAWINGS OR ADVANCES THEREUNDER OR HEREUNDER, THE PROCEEDS OF THE CERTIFICATES OR THE TRANSACTIONS CONTEMPLATED HEREBY AND BY THE PROGRAM DOCUMENTS OR FOR ANY ACTS OR OMISSIONS OF THE TRUSTEE OR ANY DEALER; (II) THE VALIDITY, SUFFICIENCY OR GENUINENESS OF ANY DOCUMENTS DETERMINED IN GOOD FAITH BY THE BANK TO BE VALID, SUFFICIENT OR GENUINE, EVEN IF SUCH DOCUMENTS SHALL, IN FACT, PROVE TO BE IN ANY OR ALL RESPECTS INVALID, FRAUDULENT, FORGED OR INSUFFICIENT; (III) PAYMENTS BY THE BANK AGAINST PRESENTATION OF REQUESTS FOR DRAWINGS OR REQUESTS FOR WHICH THE BANK IN GOOD FAITH HAS DETERMINED TO BE VALID, SUFFICIENT OR GENUINE AND WHICH SUBSEQUENTLY ARE FOUND NOT TO COMPLY WITH THE TERMS OF THIS AGREEMENT OR THE LETTER OF CREDIT; OR (IV) ANY OTHER CIRCUMSTANCES WHATSOEVER IN MAKING OR FAILING IN GOOD FAITH TO MAKE PAYMENT HEREUNDER OR UNDER THE LETTER OF CREDIT; *PROVIDED* THAT THE DISTRICT SHALL NOT BE REQUIRED TO INDEMNIFY THE BANK FOR ANY CLAIMS, LOSSES, LIABILITIES, COSTS OR EXPENSES TO THE EXTENT, BUT ONLY TO THE EXTENT, SOLELY AND DIRECTLY CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE BANK.

(b) TO THE EXTENT PERMITTED BY THE LAWS OF THE STATE, THE DISTRICT HEREBY INDEMNIFIES AND HOLDS HARMLESS THE BANK AND ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS FROM AND AGAINST ANY AND ALL DIRECT, AS OPPOSED TO CONSEQUENTIAL OR PUNITIVE CLAIMS, DAMAGES (THE RIGHT TO RECEIVE CONSEQUENTIAL OR PUNITIVE DAMAGES BEING HEREBY WAIVED), LOSSES, LIABILITIES, COSTS OR EXPENSES (INCLUDING SPECIFICALLY REASONABLE ATTORNEYS' FEES) WHICH THE BANK MAY INCUR (OR WHICH MAY BE CLAIMED AGAINST THE BANK BY ANY PERSON WHATSOEVER) BY REASON OF OR IN CONNECTION WITH (I) THE EXECUTION AND DELIVERY OF THIS AGREEMENT, THE FEE AGREEMENT AND THE LETTER OF CREDIT AND THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY; AND (II) THE STATEMENTS CONTAINED IN THE OFFERING MEMORANDUM PREPARED AND DISTRIBUTED IN CONNECTION WITH THE CERTIFICATES. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under the Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between the District, any Dealer, the Trustee or any other person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letter of Credit are true and correct.

(c) *Payments.* All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(d) *Survival.* The agreements in this Section shall survive the termination of this Agreement, the cancellation of the Letter of Credit and the repayment, satisfaction or discharge of all the other Obligations.

Section 8.06. Expenses and Taxes. The District will promptly pay (a) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery of this Agreement, the Fee Agreement and the Letter of Credit as set forth in the Fee Agreement; (b) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement and the Fee Agreement after the occurrence of an Event of Default; and (c) all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement and the Fee Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, the District shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement and the Fee Agreement and the security contemplated by the Related Documents and any related documents and agrees to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. In addition, the District agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the District hereunder or under the Fee Agreement by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements

provided under this Agreement or the Fee Agreement in the nature of a restructuring, “workout” or of any insolvency or bankruptcy proceedings.

Section 8.07. No Waiver; Conflict. Neither any failure nor any delay on the part of the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative, and not exclusive of any remedies provided by law. To the extent of any conflict between this Agreement and any other Related Documents, this Agreement shall control solely as between the District and the Bank.

Section 8.08. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement or the Fee Agreement shall be effective unless the same shall be in writing and signed by the parties hereto.

Section 8.09. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law. The parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement, the other Related Documents, and any separate letter agreements with respect to fees payable to the Bank, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Bank and when the Bank shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement or any other Related Document, or any certificate delivered thereunder, by fax transmission or e-mail transmission (e.g. “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement or such other Related Document or certificate. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Related Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

Section 8.11. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 8.12. ENTIRE AGREEMENT. THIS AGREEMENT AND THE FEE AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO.

Section 8.13. Governing Law.

(a) *GOVERNING LAW.* THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS (EXCEPT, AS TO ANY OTHER RELATED DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT (EXCEPT, AS TO ANY OTHER RELATED DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; *PROVIDED* THAT THE OBLIGATIONS OF THE DISTRICT HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE.

(b) *SUBMISSION TO JURISDICTION.* THE DISTRICT IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE BANK OR ANY RELATED PARTY OF THE BANK IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER RELATED DOCUMENT SHALL AFFECT ANY RIGHT THAT THE BANK MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT AGAINST THE DISTRICT OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) *WAIVER OF VENUE.* THE DISTRICT IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN

INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) *Service of Process.* EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 8.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 8.14. Waiver of Jury Trial. (a) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(b) If any action or proceeding is filed in a court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Agreement or any other Related Document, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, *provided* that at the option of any party to such proceeding, any such issues pertaining to a “provisional remedy” as defined in California Code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) without limiting the generality of Section 8.04, the District shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

Section 8.14. Right of Set-off. Upon the occurrence and during the continuance of an Event of Default, the Bank and its Affiliates are hereby authorized at any time and from time to time without notice to the District (any such notice being expressly waived by the District), and to the fullest extent permitted by law, to exercise any right of set-off with respect to any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other Debt at any time owing by the Bank or its Affiliates to or for the account of the District (irrespective of the currency in which such accounts, monies or Debt may be denominated and the Bank are authorized to convert such accounts, monies and Debt into U.S. dollars) against any and all of the obligations of the District under this Agreement and the Fee Agreement, whether or not the Bank shall have made any demand with respect thereto and although such obligations of the District may be contingent or unmatured or are owed to a branch, office or Affiliate of the Bank different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness.

The rights of the Bank and its Affiliates under this section are in addition to, in augmentation of, and do not derogate from or impair, other rights and remedies (including, without limitation, other rights of set-off) which the Bank or its Affiliates may have. The Bank agrees to promptly notify the District after any such set-off and application referred to above, *provided* that failure to give such notice shall not affect the validity of such set-off and application.

Section 8.15. USA Patriot Act; Government Regulations. The Bank hereby notifies the District that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), the Bank is required to obtain, verify and record information that identifies the District, which information includes the name and address of the District and other information that will allow the Bank to identify the District in accordance with the Patriot Act. The District hereby agrees that it shall promptly provide such information upon request by the Bank.

Section 8.06. Payments Set Aside To the extent that any payment by or on behalf of the District is made to the Bank, or the Bank exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

Section 8.16. Dealing with the District, the Trustee, and/or the Dealer. The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the District, the Trustee, and/or any Dealer regardless of the capacity of the Bank hereunder.

Section 8.17. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the District acknowledges and agrees that: (i) (A) the transactions are arm's-length commercial transactions among the District, for its part, and the Bank and its respective affiliates, for their part, (B) the District has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the District is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (ii) (A) the Bank and each of its affiliates is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the District, or any other Person and (B) neither the Bank nor any of its affiliates has any obligation to the District, except those obligations expressly set forth herein; and (iii) the Bank and each of its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the District, and neither the Bank nor any of its affiliates has any obligation to disclose any of such interests to the District. To the fullest extent permitted by applicable law, the District hereby waives and releases any claims that it may have against the Bank and each of its affiliates with

respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 8.15. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the District acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between the District, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) the District has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the District is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the District, or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to the District with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the District, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the District. To the fullest extent permitted by law, the District, hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 8.16. Electronic Execution of Certain Documents. The words "delivery," "execute," "execution," "signed," "signature," and words of like import in any Related Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Bank, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, the Bank is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided further without limiting the foregoing, upon the request of the Bank, any electronic signature shall be promptly followed by such manually executed counterpart.

Section 8.17. Government Regulations. The Bank hereby notifies the District that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the District, which information includes the name and address of the District and other information that will allow the Bank to identify the District in accordance with the Act. The District agrees to, promptly following a request by the Bank, provide all such other

documentation and information that the Bank requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

The District shall (a) ensure that no person who owns a controlling interest in or otherwise controls the District is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the District or from otherwise conducting business with the District and (b) ensure that the proceeds of the Certificates and Drawings shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 8.18. Time of the Essence. Time is of the essence of the Related Documents.

Section 8.19. Entire Agreement. THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES

Section 8.20. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Bank, the District will, at the District’s expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents. Upon any failure by the District to do so, the Bank or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the District, all at the sole expense of the District, and the District hereby appoints the Bank and the Trustee the agent and attorney-in-fact of the District to do so, this appointment being coupled with an interest and being irrevocable. In addition, at any time, and from time to time, upon request by the Bank or the Trustee, the District will, at the District’s expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Bank or the Trustee, be necessary or desirable in order to verify the District’s identity and background in a manner satisfactory to the Bank or the Trustee, as the case may be.

Section 8.21. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the District and the Bank have duly executed this Agreement as of the date first above written.

ORANGE COUNTY WATER DISTRICT

By: _____
Name: _____
Title: President

By: _____
Name: _____
Title: General Manager

APPROVED AS TO FORM:

By _____
Deputy/Assistant City Attorney

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Title: _____

APPENDIX I

FORM OF LETTER OF CREDIT

[TO COME]

EXHIBIT A

[FORM OF STOP ISSUANCE INSTRUCTION]

[Dated Date]

Orange County Water District

Attention: _____

U.S. Bank National Association,
as Trustee
100 Wall Street, Suite 1600
New York, NY 10005
Attention: Commercial Paper Administration

Re: Orange County Water District
Certificates
Series A (Tax-Exempt)
and
Series B (Taxable)

Ladies and Gentlemen:

Pursuant to Sections 3.02(b) and 7.02(b) of that certain Letter of Credit and Reimbursement Agreement, dated as of November 1, 2015 (the "*Letter of Credit and Reimbursement Agreement*"), by and between the District of Airports of the City of Los Angeles (the "*District*") and the undersigned, as Bank, you are hereby notified that (a) either (1) an "Event of Default" under Section 7.01() of the Letter of Credit and Reimbursement Agreement has occurred and is now continuing or (2) one or more of the representations and warranties of the District set forth in the Letter of Credit and Reimbursement Agreement, are in the reasonable opinion of the Bank, no longer true and correct in all material respects and; (b) upon receipt of this notice, (i) no new Certificates, as defined in the Letter of Credit and Reimbursement Agreement, shall be issued or authenticated (ii) the Stated Amount of the Letter of Credit shall be permanently reduced to \$_____, representing the principal amount of Certificates currently outstanding and interest thereon, and shall be further permanently reduced following the maturity of any such Certificates, and (iii) the Stated Amount shall no longer be reinstated following payment by the Bank of any Drawings.

This Stop Issuance Instruction shall remain in effect unless you have received written notification from us that this Stop Issuance Instruction has been rescinded.

Very truly yours,

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch, as Bank

By: _____
Name: _____
Title: _____

cc: [DEALER]
[RATING AGENCIES]

EXHIBIT B

[FORM OF REQUEST FOR EXTENSION]

Sumitomo Mitsui Banking Corporation
277 Park Avenue
New York, New York 10172
Attention: Public and Infrastructure Finance

cc: Via Facsimile to (212) 224-4566

Re: Request for Extension of Irrevocable Transferable
Direct-Pay Letter of Credit No. _____,

Ladies and Gentlemen:

Pursuant to Section 2.12 of that certain Letter of Credit and Reimbursement Agreement, dated as of November 1, 2015 (the "*Letter of Credit and Reimbursement Agreement*"), by and between the Orange County Water District (the "*District*") and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*"), the District hereby requests that the Letter of Credit Expiration Date be extended for a one-year extension. All capitalized terms contained herein which are not specifically defined herein shall be deemed to have the definition set forth in the Letter of Credit and Reimbursement Agreement.

The Bank is requested to notify the District of its decision with respect to this request for extension within 30 days of the date of receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. If the Bank fails to notify the District of its decision within such 30-day period, the Bank shall be deemed to have rejected such request.

Very truly yours,

ORANGE COUNTY WATER DISTRICT

By: _____
Name: _____
Title: _____

cc: U.S. Bank National Association,
as Trustee

RESOLUTION NO. _____

**SECOND AMENDED AND RESTATED RESOLUTION OF
THE BOARD OF DIRECTORS OF THE OCWD PUBLIC
FACILITIES CORPORATION PROVIDING FOR THE
EXECUTION AND DELIVERY OF ORANGE COUNTY
WATER DISTRICT COMMERCIAL PAPER CERTIFICATES
AND THE ENTERING INTO OF VARIOUS AGREEMENTS IN
CONNECTION THEREWITH.**

Adopted October 21, 2015

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WHEREAS, pursuant to Section 53850 of the Government Code of the State of California, the Orange County Water District (the “District”) may borrow money and incur indebtedness from time to time for any purpose for which it is authorized to expend moneys, including, but not limited to capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the District; and

WHEREAS, the Board of Directors of the OCWD Public Facilities Corporation (the “Corporation”) previously determined in an amended and restated resolution adopted on January 24, 1995 (the “Original Resolution”) to accept from the District tax and revenue anticipation notes from time-to-time to continue an existing commercial paper program; and

WHEREAS, the District has determined that in order to maintain the commercial paper program, to reduce interest costs and to provide for credit support with respect to the commercial paper program, it is advisable for the District to enter into a Letter of Credit and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “Bank”), to provide a source of moneys to pay the principal of and interest with respect to commercial paper certificates at maturity and to make certain other changes with respect to the commercial paper program; and

WHEREAS, the Corporation has agreed to amend and restate the Original Resolution to accommodate the changes to the commercial paper program requested by the District;

NOW THEREFORE, the Board of Directors of the OCWD Public Facilities Corporation finds, determines, declares and resolves as follows:

Section 1. Recitals True and Correct. All of the recitals herein set forth are true and correct, and the Board of Directors of the OCWD Public Facilities Corporation so finds and determines.

Section 2. Definitions and Interpretation.

A. Definitions. Unless the context otherwise requires, all capitalized terms shall have the definitions set forth in the Original Resolution:

Agreement

“Agreement” means that certain Letter of Credit and Reimbursement Agreement, dated as of November 1, 2015, between the Bank and the District, as amended, supplemented, modified or restated from time to time, providing for the issuance of a letter of credit to support the payment of the principal of and interest with respect to the Certificates, and any agreements executed by the District with the provider of an Alternate Letter of Credit in accordance with Section 9 hereof.

Alternate Letter of Credit

“Alternate Letter of Credit” means a letter of credit or other security or liquidity instrument issued in accordance with Section 9(b) hereof which shall have a term of not less than one year to support the payment of the principal of and interest with respect to the Certificates.

Approving Officer

“Approving Officer” means each of the General Manager, Assistant General Manager or Chief Financial Officer of the District.

Authorization Denominations

“Authorized Denominations” means \$100,000 and any integral multiple of \$100,000 in excess thereof.

Bank

“Bank” means initially Sumitomo Mitsui Banking Corporation, acting through its New York Branch and its successors and assignees, or any provider of an Alternate Letter of Credit.

Bank Obligations

“Bank Obligations” shall mean amounts payable to the Bank under the Agreement and the Fee Agreement.

Board

“Board” means the Board of Directors of the OCWD Public Facilities Corporation.

Bond Counsel

“Bond Counsel” means a firm of nationally-recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Business Day

“Business Day” means any day other than (a) a Saturday, Sunday, or other day on which commercial banks located in the States of New York or California are authorized or required by law or executive order to close, (b) a day on which the presentation office for drawings under the Letter of Credit is authorized or required by law or executive order to close and (c) a day on which the New York Stock Exchange is closed.

Certificate

“Certificate” means any Series A Certificate and Series B Certificate executed and delivered by the Trustee pursuant to this Resolution that are authenticated and delivered by the Paying Agent under and pursuant to this Resolution.

Code

“Code” means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

Corporation

“Corporation” means the OCWD Public Facilities Corporation, a California non-profit public benefit corporation.

Dealer

“Dealer” means Citigroup Global Markets Inc., or any successor entity which is acting as a dealer in the Certificates and is appointed as such by the District.

Dealer Agreement

“Dealer Agreement” means the Restated Dealer Agreement, dated as of November 1, 2015, executed and delivered by and among the District, the Corporation and the Dealer executed and delivered pursuant to Section 10 of the Resolution, as amended, supplemented, modified or restated from time to time.

District

“District” means the Orange County Water District.

Favorable Opinion of Bond Counsel

“Favorable Opinion of Bond Counsel” means an unqualified opinion of Bond Counsel to the effect that substituting the Letter of Credit with an Alternate Letter of Credit is permitted under this Resolution, complies with this Resolution and will not impair the exclusion of interest with respect to the Tax-Exempt Certificates from gross income for purposes of Federal income taxation or the exemption of interest with respect to the Certificates from personal income taxation under the laws of the State of California (subject to the inclusion of any exceptions contained in the opinion delivered upon original delivery of the Certificates).

Fee Agreement

“Fee Agreement” means the Fee Agreement between the District and the Bank, as amended, supplemented, modified or restated from time to time in accordance with its terms.

Fitch

“Fitch” means Fitch Ratings, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Bank (which shall not be under any liability by reason of such approval).

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Investment Securities

“Investment Securities” shall mean securities included on Schedule 1 of the Agreement and any other investment approved by the Bank.

Issuing and Paying Agent Agreement

“Issuing and Paying Agent Agreement” means the Second Amended and Restated Issuing and Paying Agent Agreement, dated as of November 1, 2015, by and among the Corporation, the District and the Paying Agent executed and delivered pursuant to Section 16 of this Resolution, as amended, supplemented, modified or restated from time to time.

Letter of Credit

“Letter of Credit” means the irrevocable transferable direct-pay letter of credit, issued by the Bank pursuant to the Agreement, as amended, supplemented, modified or restated from time to time.

Maturity Date

“Maturity Date” means the date, not later than 270 days after the date of issuance of a Certificate, on which the principal of and interest, if any, with respect to a Certificate is due and payable and not later than the maturity date of the related Tax-Exempt TRAN or Taxable TRAN.

Maximum Rate

“Maximum Rate” means, on any day, twelve percent (12%) per annum calculated on the basis of a stated interest rate. If Certificates are sold at a discount with or without a stated interest rate, the Maximum Rate on any day, means the yield to the purchaser of an effective rate of twelve percent (12%).

Moody’s

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Bank (which shall not be under any liability by reason of such approval).

Outstanding

“Outstanding,” when used as of a particular time with reference to Certificates, means all Certificates delivered hereunder except:

- (i) Certificates cancelled by the Paying Agent or surrendered to the Paying Agent for cancellation;
- (ii) Certificates that are paid; and

(iii) Certificates in lieu of or in substitution for which replacement Certificates shall have been executed by the District and delivered by the Paying Agent hereunder.

Owner

“Owner” means the registered owner of a Certificate.

Paying Agent

“Paying Agent” means U.S. Bank, National Association, which has been appointed pursuant to Section 16 hereof and any successor appointed pursuant to Section 16 hereof.

Payment Funds

“Payment Funds” means the Series A Payment Fund and Series B Payment Fund.

Project Funds

“Project Funds” means the Tax-Exempt Project Fund and the Taxable Project Fund.

Series

“Series” means the Series A Certificates or the Series B Certificates.

Series A Certificates

“Series A Certificates” means the Orange County Water District Commercial Paper Certificates, Series A (Tax-Exempt) created pursuant to Section 3 hereof.

Series A Payment Fund

“Series A Payment Fund” means the fund created pursuant to Section 11(B)(3) hereof.

Series B Certificates

“Series B Certificates” means the Orange County Water District Commercial Paper Certificates, Series B (Taxable) created pursuant to Section 3 hereof.

Series B Payment Fund

“Series B Payment Fund” means the fund created pursuant to Section 11(B)(4) hereof.

Tax and Revenue Anticipation Notes

“Tax and Revenue Anticipation Notes” means the Tax-Exempt TRAN and the Taxable TRAN.

Tax Certificate

“Tax Certificate” means the Tax Certificate dated as of the date on which Series A Certificates are first executed and delivered under this Resolution, as amended, supplemented,

modified or restated from time to time upon the issuance of additional Series A Certificates or otherwise.

Tax-Exempt Certificates

“Tax-Exempt Certificates” means Series A Certificates.

Tax-Exempt Project Fund

“Tax-Exempt Project Fund” means the fund of such name created pursuant to Section 11(A) hereof.

Tax-Exempt TRAN

“Tax-Exempt TRAN” means the Orange County Water District 2015-2016 Tax and Revenue Anticipation Note issued by the District in accordance with a Resolution of the District adopted by the Board of Directors of the District on July 15, 2015, and other similarly secured tax-exempt tax and revenue anticipation notes deposited in accordance with Section 11(B)(1) hereof.

Tax-Exempt TRANS Payments

“Tax-Exempt TRANS Payments” means payments of principal of and interest on the Tax Exempt TRAN paid by the District to the Corporation in accordance with the terms of the Tax Exempt TRAN.

Taxable Certificates

“Taxable Certificates” means Series B Certificates.

Taxable Project Fund

“Taxable Project Fund” means the fund of such name created pursuant to Section 11(A) hereof.

Taxable TRAN

“Taxable TRAN” means the Orange County Water District 2015-16 Taxable Tax and Revenue Anticipation Note issued by the District and secured in accordance with a Resolution of the District adopted by the Board of Directors of the District on October 21, 2015, and other similarly secured taxable tax and revenue anticipation notes deposited with the Corporation in accordance with Section 11(B)(2) hereof.

Taxable TRANS Payments

“Taxable TRANS Payments” means payments of principal of and interest on the Taxable TRAN paid by the District to the Corporation in accordance with the terms of the Taxable TRAN.

Trustee

“Trustee” means U.S. Bank, National Association, and any successor appointed pursuant to Section 11 of this Resolution.

B. Interpretation.

(i) In this Resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Resolution, refer to this Resolution, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(d) Any headings preceding the text of the several Sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

(ii) Whenever in this Resolution the District, the Trustee or the Paying Agent is named or referred to, it shall include, and shall be deemed to include, its respective successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the District, the Trustee or the Paying Agent contained in this Resolution shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the District or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Resolution.

(iii) Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the District, the Trustee or the Paying Agent, including their respective agents, the Bank and the Owners of the Certificates, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements in this Resolution contained by or on behalf of the District shall be for the sole benefit of the District, the Trustee and the Paying Agent, including their respective agents, the Bank and the Owners of the Certificates.

Section 3. Authorization and Execution and Delivery of Commercial Paper Certificates. Solely for the purposes specified in this Resolution and not pursuant to any common plan of financing, the Trustee shall execute and deliver Series A Certificates and Series B Certificates from time to time in an aggregate principal sum not in excess of \$70,000,000 outstanding at any one

time. Any commercial paper certificates executed and delivered hereunder shall be at the time of such execution and delivery designated by the District as either Series A Certificates or Series B Certificates. No more than \$70,000,000 of Tax-Exempt Certificates may be outstanding at any one time, no more than \$70,000,000 of Taxable Certificates may be outstanding at any one time and no more than \$70,000,000 of Certificates may be outstanding at any one time.

Each Approving Officer is hereby severally authorized to determine the aggregate principal amount of Certificates that shall be Outstanding at any one time which shall not exceed the least of (a) \$70,000,000, (b) an amount which can be drawn under the Letter of Credit to pay the principal of and interest on the Certificates and (c) an amount that does not cause the District to violate contractual obligations of the District in the Agreement. The proceeds of the Certificates shall be used by the District for any lawful purpose, subject to the terms and conditions of the Resolution.

Under no circumstances may Certificates have maturities exceeding 270 days from the date of issue or extending beyond the earliest of (a) the maturity date of the related Tax and Revenue Anticipation Note, (b) the stated expiration date of the Letter of Credit, or (c) the Business Day prior to the effective date of an Alternate Letter of Credit. The Certificates shall not have interest rates in excess of the Maximum Rate, but otherwise Certificates may have such rate or rates of interest and may be sold at such price or prices (including prices below or above the face amount thereof), and with such maturities, each as an Approving Officer shall determine at the time of issuance.

Section 4. Denominations, Medium, Method and Place of Payment and Dating of Certificates. The Certificates of a Series shall be executed and delivered in fully registered form in Authorized Denominations. The principal of and interest with respect to the Certificates of a Series shall be payable in lawful money of the United States of America, each on the Maturity Date, upon surrender of such Certificates at the office of the Paying Agent.

The Paying Agent, the Trustee and the District may treat the Owner of a Certificate as the absolute owner thereof for all purposes, whether or not such Certificate shall be overdue, and the Paying Agent, the Trustee, the Corporation and the District shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and interest with respect to such Certificate shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability of such Certificate to the extent of the sum or sums so paid. All Certificates paid pursuant to the provisions of this Section 4 shall be cancelled by the Paying Agent.

The Certificates shall be dated the date of authentication thereof. Interest with respect to Certificates, if any, will be in the amount of interest accrued from and including the date of authentication to but excluding the Maturity Date.

Section 5. Payment of Principal and Interest With Respect to Certificates. The interest with respect to each Certificate shall become due and payable on its respective Maturity Date. The principal of each Certificate shall become due and payable on its respective Maturity Date. The principal of the Certificates and interest with respect thereto shall be payable solely and inclusively from the proceeds of drawings under the Letter of Credit; provided however that under the terms and conditions set forth in Section 6 of the Issuing and Paying Agent Agreement and Section 11 hereof, principal of and interest with respect to a Series of Certificates may be paid from the proceeds of the sale of Certificates of such Series executed and delivered for that purpose, proceeds of the respective Tax and Revenue Anticipation Note and amounts on deposit in the Series

A Payment Fund or Series B Payment Fund, as applicable, all in accordance with Section 11(B) hereof.

Section 6. Calculation and Payment of Interest. Interest payable with respect to the Tax-Exempt Certificates shall be calculated on the basis of a 365/366-day year and actual days elapsed. Interest payable with respect to the Taxable Certificates, if any, shall be calculated on the basis of a 360 day year and actual days elapsed. Interest with respect to Certificates shall not accrue at an interest rate or cost higher than the Maximum Rate.

Section 7. Form of Certificates. The Tax-Exempt Certificates and the Taxable Certificates and the assignment to appear thereon shall each be in substantially the form respectively set forth in Exhibit A and Exhibit B, respectively, attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 8. The Depository Trust Company and Transfer and Exchange Procedures.

A. The Certificates of each Series shall be initially executed and delivered and registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York (hereinafter, Cede & Co, and The Depository Trust Company are referred to collectively as “The Depository Trust Company”). Each Approving Officer is hereby authorized and directed to negotiate with The Depository Trust Company a Letter of Representation (the “Letter of Representation”) and is authorized to execute and deliver such Letter of Representation in a form acceptable to an Approving Officer and the Paying Agent. Registered ownership of the Certificates of each Series, or any portion thereof, may not thereafter be transferred except as set forth in Section 8B hereof.

B. The Certificates of a Series shall be initially executed and delivered and registered as provided in Section 8A hereof. Registered ownership of such Series of Certificates, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company, or its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (B) (“Substitute Depository”); provided that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository not objected to by an Approving Officer, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by an Approving Officer to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository so selected shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by an Approving Officer to discontinue using a depository.

C. In the case of any transfer pursuant to clause (i) or clause (ii) of Section 8B hereof, upon receipt of all Outstanding Certificates of a Series by the Paying Agent, together with a written

request of an Approving Officer to the Paying Agent designating the Substitute Depository, a single new Certificate of such Series for each maturity of Certificates of such Series then Outstanding, which the District shall prepare or cause to be prepared, shall be executed and delivered, registered in the name of such successor or such Substitute Depository, or its nominee, as the case may be, all as specified in such written request of an Approving Officer. In the case of any transfer pursuant to clause (iii) of Section 8B hereof, upon receipt of all outstanding Certificates of a Series by the Paying Agent, together with a written request of an Approving Officer to the Paying Agent, new Certificates, which the Corporation shall prepare or cause the District to prepare, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of an Approving Officer, subject to the limitations of Section 8F, provided that the Paying Agent shall deliver such new Certificates of a Series as soon as practicable after the date of receipt of such written request from an Approving Officer.

D. The Corporation, the District, the Trustee and the Paying Agent shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Resolution and for purposes of payment of principal and interest with respect to such Certificate, notwithstanding any notice to the contrary received by the Corporation, the Trustee, the Paying Agent or the District; and the Corporation, the Trustee, the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Certificates. Neither the Corporation, the District, the Trustee nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or any Substitute Depository or its successor except in its capacity as Owner), except to the Owner of any Certificates, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Certificates.

E. Notwithstanding any other provision of this Resolution and so long as all outstanding Certificates are registered in the name of Cede & Co. as nominee of The Depository Trust Company or its registered assigns, the Corporation, the District, the Trustee and the Paying Agent shall cooperate with The Depository Trust Company, as sole registered Owner, and its registered assigns in effecting payment of the principal of and interest with respect to the Certificates by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with the Letter of Representation, the provisions of which the Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

F. In the case of any transfer pursuant to clause (iii) of Section 8B hereof, any Certificate may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount in Authorized Denominations of the same Series, upon the books required to be kept by the Paying Agent pursuant to the provisions hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Paying Agent.

Whenever any Certificate shall be surrendered for transfer or exchange, the District shall execute and the Paying Agent shall authenticate, if required, and deliver a new Certificate or Certificates of Authorized Denominations of the same Series for a like aggregate principal amount. The Paying Agent shall require the registered Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

G. The Paying Agent will keep or cause to be kept, at its principal office in New York, New York, sufficient books for the registration and transfer of the Certificates, which shall at all times be open to inspection by the Corporation and the District. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Certificates as hereinbefore provided.

H. If any Certificate shall become mutilated, the Corporation, at the expense of the Owner of such Certificate, shall execute or cause to be executed, and the Paying Agent shall thereupon authenticate and deliver a new Certificate of like tenor of the same Series bearing a different number in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Paying Agent of the Certificate so mutilated. If any Certificate shall be lost, destroyed or stolen, evidence of the ownership thereof, and of such loss, destruction or theft may be submitted to the District and the Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Corporation, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Certificate of like tenor of the same Series and bearing a different number in lieu of and in substitution for the Certificate so lost, destroyed or stolen (or if any such Certificate shall have matured or shall be about to mature, instead of issuing a substitute Certificate, the District may direct the Paying Agent to pay the same without surrender thereof). The District and Paying Agent may require payment by the registered Owner of a Certificate of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered pursuant to this paragraph and of the expenses which may be incurred by the Corporation, the District, the Trustee and the Paying Agent. Any Certificate executed and delivered under these provisions in lieu of any Certificate alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Corporation or the District whether or not the Certificate so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Certificates secured by this Resolution.

I. All Certificates surrendered for payment or registration of transfer, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly cancelled by it. The District may at any time deliver to the Paying Agent for cancellation any Certificates previously authenticated and delivered hereunder which the District may have acquired in any manner whatsoever, and all Certificates so delivered shall promptly be cancelled by the Paying Agent. No Certificate shall be authenticated in lieu of or in exchange for any Certificates cancelled as provided herein, except as expressly permitted hereunder. All cancelled Certificates held by the Paying Agent shall be disposed of as directed by the District.

Section 9. Letter of Credit; Alternate Letter of Credit.

(a) Letter of Credit. The Corporation acknowledges that the District has authorized the execution and delivery of the Agreement and the Fee Agreement with the Bank for and in the name of and on behalf of the District. Pursuant to the Agreement, the Bank shall issue the Letter of Credit which may be drawn upon to pay principal and interest with respect to the Certificates on their respective maturity dates in accordance with Section 11F hereof.

(b) Alternate Letter of Credit. If at any time there shall have been delivered to the Paying Agent (i) an Alternate Letter of Credit in substitution for the Letter of Credit then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) written evidence from Moody's if the Certificates are rated by Moody's, and Fitch, if the Certificates are rated by Fitch, in each case to the

effect that such rating agency has reviewed the proposed Alternate Letter of Credit and that the substitution of the proposed Alternate Letter of Credit for the Letter of Credit then in effect will not, by itself, result in a reduction, suspension or withdrawal of the rating(s) of the Certificates from those which then prevail, and (iv) written evidence satisfactory to the Bank of the provision for payment of all amounts due it under the Agreement and the Fee Agreement on or before the effective date of such Alternate Letter of Credit, then the Paying Agent shall accept such Alternate Letter of Credit and shall surrender the Letter of Credit then in effect to the Bank. The District shall give the Dealer, the Paying Agent and the Bank written notice of the proposed substitution of an Alternate Letter of Credit for the Letter of Credit then in effect no less than 15 days prior to the date of such substitution.

Section 10. Dealer. The President of the Corporation is hereby authorized and directed to execute and deliver the Dealer Agreement with the Dealer and the District for and in the name of the Corporation. The Dealer Agreement shall be substantially in the form of the Dealer Agreement presented to the Board of the Corporation. Each Approving Officer is hereby severally authorized to negotiate with the Dealer, the interest rate or rates with respect to, or interest costs of, the Certificates (not to exceed the Maximum Rate) and the President or Vice President and Secretary of the Corporation are hereby authorized and directed to execute and deliver the Dealer Agreement to the Dealer, substantially in the form presented at the meeting, and such other documents required to be executed and delivered thereunder, for and in the name and on behalf of the Corporation.

Section 11. Disposition of Proceeds of the Certificates; Disposition of Tax-Exempt TRANS Payments and Taxable TRANS Payments; Trustee. The Corporation has previously agreed to employ the Trustee (the "Trustee") to perform the functions of the Trustee under this Resolution, all as herein provided and subject to the terms and conditions of this Resolution. In consideration of the compensation herein provided for, the Trustee shall continue the employment above referred to subject to the terms and conditions of this Resolution. The services to be provided by the Trustee shall be those specified in this Section 11. This appointment shall not preclude the Corporation from removing the Trustee and appointing one or more successors thereto, or appointing additional financial institutions to act as Trustee, all without notice to or consent of the Owners of Certificates in accordance with this Section 11. Any such successor Trustee shall be a bank or trust company with offices or banking relationship with other banks in California or New York acceptable to the District and the Bank.

A. Receipt and Disbursement of Funds.

(1) Receipt of Funds. The Corporation shall deposit with the District, and the District shall receive, all funds payable to the Corporation upon the initial execution and delivery of Certificates. The District shall deposit all funds derived from the execution and delivery of Tax-Exempt Certificates in a special fund entitled "Tax-Exempt Project Fund" to be held by the District which fund is hereby pledged to secure the Owners of the Tax-Exempt Certificates and the Bank. The District shall deposit all funds derived from the execution and delivery of Taxable Certificates in a special fund entitled "Taxable Project Fund" to be held by the District which fund is hereby pledged to secure the Owners of the Taxable Certificates and the Bank.

(2) Disbursement of Funds. Before any payment from the Tax-Exempt Project Fund shall be made, the General Manager or Assistant General Manager of the District shall file or cause to be filed with the Chief Financial Officer of the District a requisition in the form of Exhibit C attached hereto and incorporated herein. Upon receipt of a requisition, the Chief Financial Officer of the District shall pay such requisition in accordance with this Section 11.

Before any payment from the Taxable Project Fund shall be made, the General Manager or Assistant General Manager of the District shall file or cause to be filed with the Chief Financial Officer of the District a requisition in the form of Exhibit D attached hereto and incorporated herein. Upon receipt of a requisition, the Chief Financial Officer of the District shall pay such requisition in accordance with this Section 11.

(3) Rebate Fund. The Trustee shall establish a Rebate Fund which shall be established and maintained separately from all other funds and accounts created hereunder. The Trustee shall also otherwise comply with the provisions of Section 17 hereof and shall comply with instructions from an Approving Officer intended to assure compliance with each Tax Certificate.

B. Receipt and Disbursement of Tax-Exempt TRANS Payments and Taxable TRANS Payments.

(1) Tax-Exempt TRAN. The Corporation hereby assigns and transfers to the Trustee without recourse, for the benefit of the owners of the Series A Certificates and the Bank, all of its rights, title, and interest in the Tax-Exempt TRAN including the right to receive Tax-Exempt TRANS Payments from the District, together with any and all of the other rights of the Corporation with respect to the Tax-Exempt TRAN as may be necessary to enforce payment of such Tax-Exempt TRANS Payments when due or otherwise to protect the interests of the Owners of the Series A Certificates and the Bank. Tax-Exempt TRANS Payments are hereby irrevocably pledged and shall be used, upon receipt by the Trustee of instructions from the Issuing and Paying Agent, to reimburse the Bank for drawings on the Letter of Credit or, upon receipt by the Trustee from the Issuing and Paying Agent of notice that the Bank has failed to honor all or a portion of a drawing on the Letter of Credit and that Series A Certificate proceeds received by the Issuing and Paying Agent from the Dealer are insufficient to make up the resulting deficiency, for the punctual payment of the Series A Certificates, and the Tax-Exempt TRANS Payments shall not be used for any other purpose while any of the Series A Certificates remain Outstanding. This pledge shall constitute a first and exclusive lien on the Tax-Exempt TRANS Payments in accordance with the terms hereof.

All Tax-Exempt TRANS Payments to which the Corporation may at any time be entitled (including income or profit from investments pursuant to Section 11(C)(3)) shall be paid directly to the Trustee pursuant to the terms of the Tax-Exempt TRAN and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one business day after the receipt thereof, and the Trustee shall deposit all Tax-Exempt TRANS Payments as and when received in the Series A Payment Fund. All moneys at any time deposited in the Series A Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Tax-Exempt Certificates and the Bank, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes herein set forth.

(2) Taxable TRAN. The Corporation hereby assigns and transfers to the Trustee without recourse, for the benefit of the owners of the Series B Certificates and the Bank, all of its rights, title, and interest in the Taxable TRAN including the right to receive Taxable TRANS Payments from the District, together with any and all of the other rights of the Corporation with respect to the Taxable TRAN as may be necessary to enforce payment of such Taxable TRANS Payments when due or otherwise to protect the interests of the Owners of the Series B Certificates and the Bank. Taxable TRANS Payments are hereby irrevocably pledged and shall be used, upon receipt by the Trustee of instructions from the Issuing and Paying Agent, to reimburse the Bank for drawings under the Letter of Credit or, upon receipt by the Trustee from the Issuing and Paying Agent of notice that the Bank

has failed to honor all or a portion of a drawing on the Letter of Credit and that Series B Certificate proceeds received by the Issuing and Paying Agent from the Dealer are insufficient to make up the resulting deficiency, for the punctual payment of the Series B Certificates, and the Taxable TRANS Payments shall not be used for any other purpose while any of the Series B Certificates remain Outstanding. This pledge shall constitute a first and exclusive lien on the Taxable TRANS Payments in accordance with the terms hereof.

All Taxable TRANS Payments to which the Corporation may at any time be entitled (including income or profit from investments pursuant to Section 11(C)(3)) shall be paid directly to the Trustee pursuant to the terms of the Taxable TRAN and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one business day after the receipt thereof, and the Trustee shall deposit all Taxable TRANS Payments as and when received in the Series B Payment Fund. All moneys at any time deposited in the Series B Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Taxable Certificates and the Bank, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes herein set forth.

(3) Series A Payment Fund. There is hereby established with the Trustee the Series A Payment Fund which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Series A Certificates remain unpaid or any amounts remain owing to the Bank under the Agreement or the Fee Agreement.

The Trustee shall deposit in the Series A Payment Fund the proceeds of the sale of Series A Certificates executed and delivered to repay maturing Series A Certificates and unreimbursed drawings due and owing the Bank under the Agreement received from the Paying Agent in accordance with Section 5 of the Issuing and Paying Agent Agreement and all Tax-Exempt TRANS Payments received from the District in accordance with the District Resolution immediately upon receipt thereof. Promptly upon receipt by the Trustee of notice from the Issuing and Paying Agent that a drawing on the Letter of Credit has been honored by the Bank, the Trustee shall transfer to the Bank from amounts on deposit in the Series A Payment Fund to reimburse the Bank for drawings on the Letter of Credit an amount equal to the lesser of the amount of such drawing honored by the Bank and the amount on deposit in the Series A Payment Fund. Promptly upon receipt by the Trustee of notice from the Paying Agent that the Bank dishonored all or a portion of a drawing on the Letter of Credit and that Series A Certificate proceeds received by the Issuing and Paying Agent from the Dealer are insufficient to make up the resulting deficiency, the Trustee shall transfer to the Paying Agent from amounts on deposit in the Series A Payment Fund an amount equal to the amount requested by the Paying Agent in accordance with Section 6 of the Issuing and Paying Agent Agreement to make up such deficiency to the extent available in the Series A Payment Fund.

(4) Series B Payment Fund. There is hereby established with the Trustee the Series B Payment Fund which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Series B remain unpaid or any amounts remain owing to the Bank.

The Trustee shall deposit in the Series B Payment Fund the proceeds of the sale of Series B Certificates executed and delivered to repay maturing Series B Certificates and unreimbursed drawings owed to the Bank under the Agreement received from the Paying Agent in accordance with Section 5 of the Issuing and Paying Agent Agreement and all Taxable TRANS Payments received from the District in accordance with the District Resolution immediately upon receipt thereof.

Promptly upon receipt by the Trustee of notice from the Issuing and Paying Agent that a drawing on the Letter of Credit has been honored by the Bank, the Trustee shall transfer to the Bank from amounts on deposit in the Series B Payment Fund to reimburse the Bank for drawings on the Letter of Credit an amount equal to the lesser of the amount of such drawing honored by the Bank and the amount on deposit in the Series B Payment Fund. Promptly upon receipt by the Trustee of notice from the Paying Agent that the Bank dishonored all or a portion of a drawing on the Letter of Credit and that Series B Certificate proceeds received by the Issuing and Paying Agent from the Dealer are insufficient to make up the resulting deficiency, the Trustee shall transfer to the Paying Agent from amounts on deposit in the Series B Payment Fund an amount equal to the amount requested by the Paying Agent in accordance with Section 6 of the Issuing and Paying Agent Agreement to make up such deficiency to the extent available in the Series B Payment Fund.

C. Terms and Conditions of Duties.

(1) Access to Records. Subject to reasonable security and notice requirements of the Trustee, the Trustee shall permit the Corporation or the District, or the duly authorized representatives, attorneys or auditors thereof, to inspect the books and records maintained by the Trustee pursuant hereto at such reasonable times as the Corporation or the District may reasonably request.

(2) Performance of Duties Generally. At all times, whether or not a default by the District or the Corporation shall have occurred and be continuing, the Trustee shall perform only such actions as are expressly set forth herein, and no implied duties or responsibilities shall be imposed upon the Trustee. Without limiting the foregoing, the Trustee shall have no right or power to exercise any remedies on behalf of the Corporation, the holders of the Certificates or any other party arising from any default by the District or the Corporation. No provision hereof shall be construed to relieve the Trustee from liability to the Corporation or the District for the Trustee's own negligent action, negligent failure to act or its own willful misconduct, subject to the following:

(i) The Trustee may consult with counsel and the reasonable advice or opinion of such counsel as to matters of law shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith reliance upon and in accordance with such advice or opinion of counsel.

(ii) The Trustee shall not be liable with respect to any action taken, suffered or omitted by it in good faith (a) reasonably believed by it to be authorized or within the discretion or rights or powers conferred on it by this Resolution or (b) in accordance with any written direction or request of the Corporation or the District.

(iii) In the absence of willful misconduct or negligence on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any requisition, note, notice, resolution, consent, facsimile, certificate, affidavit, letter, telegram, teletype message, statement, order or other document which appears on its face to be genuine and correct and to have been signed or sent by the proper person or persons.

(iv) The Trustee shall not be liable or responsible for forgeries, fraud, impersonations, or determining the scope of authority of any Approving Officer.

(v) No provisions of this Section 11 shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its authority, unless the Trustee believes that repayment or adequate indemnity against prior risk or liability is assured.

(vi) In no event shall the Trustee be personally liable for any taxes or other governmental charges imposed upon or in respect of any funds held therein or upon the income or other distributions thereon. The Trustee shall be reimbursed and indemnified by the District for all such taxes and charges, for any tax or charge against the Trustee and for any expenses, including counsel fees and expenses (including, without limitation, reasonable, allocated costs of in-house counsel and disbursements), which the Trustee may sustain or incur with respect to such taxes or charges.

(vii) The Trustee shall not be liable for losses on investments made at the direction of the District or otherwise made in accordance with this Resolution.

(viii) Before taking any action hereunder, the Trustee shall have the right, but not the obligation, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required as a condition to such action, deemed desirable by the Trustee in establishing the necessity or appropriateness of such action.

(ix) The Trustee may rely and be protected in relying on any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party, and shall not be required to make any investigation into the facts or matters contained therein. If it chooses to make such inquiry, the Trustee shall have access to the books, records or premises of the District and the Corporation, personally or through agents of the Trustee or attorneys, at any reasonable time upon reasonable notice.

(x) The Trustee shall bear no responsibility for the recitals contained herein and in the Certificates, which recitals are made only by the District and the Corporation, except those recitals expressly attributed to the Trustee. The Trustee makes no representation regarding the validity or sufficiency of this Resolution, the Certificates, the security for the Certificates or the tax status of interest with respect thereto.

(xi) The Trustee and its officers and employees may acquire and hold Certificates with the same effect as if U.S. Bank, National Association were not Trustee.

(xii) The Trustee may execute any of its trusts or powers or perform its duties through attorneys, agents or receivers.

(xiii) The Trustee shall be under no obligation to exercise any of the rights or powers vested in the Trustee by this Resolution unless the District shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by the Trustee in compliance with such request or direction.

(3) Investments. Moneys in the Series A Payment Fund, the Series B Payment Fund, the Tax-Exempt Project Fund and the Taxable Project Fund shall be invested by the Trustee in accordance with Section 18 hereof.

(4) Instructions. The Trustee shall be entitled to conclusively rely and act upon and in compliance with the written instructions of the District.

D. Successor Trustee.

(1) Merger. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets or any part thereof, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become a successor Trustee hereunder and vested with all of the trusts, powers, discretions, immunities, privileges and other matters as was its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(2) Resignation. The Trustee and any successor Trustee may at any time resign by giving 90 days' written notice by registered or certified mail to the Corporation, the District and the Bank. The Corporation shall exercise its best efforts to appoint a successor Trustee. Such resignation shall take effect only upon the effective date of the appointment of a successor Trustee by the Corporation and the acceptance by such successor Trustee of its duties hereunder, and the acceptance and acknowledgment thereof by the District and the Bank in writing, and the transfer of any funds held in the Project Fund or otherwise in connection with this Section 11 to such successor. If no successor has been appointed within 90 days following removal or resignation of the Trustee, the Trustee shall be entitled to petition a court of competent jurisdiction for the appointment of a successor.

(3) Removal. The Trustee may be removed at any time upon thirty (30) days' written notice by an instrument or concurrent instruments in writing delivered to the Trustee signed by the Corporation and approved in writing by the District. Such removal shall take effect only upon the effective date of the later of thirty (30) days or the appointment of a successor Trustee by the Corporation, and the acceptance by such successor Trustee of its duties hereunder and the acceptance and acknowledgment thereof by the District and consent thereto by the Bank in writing and the delivery of any funds held in the Project Fund or otherwise in connection with this Resolution to such successor.

(4) Acceptance by Successor. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor an instrument in writing accepting such appointment hereunder, whereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, duties and obligations of its predecessors. Such predecessor shall, nevertheless, on the written request of the Corporation or the District, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. Upon payment of any compensation or other amounts due or to become due hereunder to it, every predecessor Trustee shall deliver any funds held in the Series A Payment Fund, the Series B Payment Fund, the Tax-Exempt Project Fund and the Taxable Project Fund or otherwise in connection with its undertakings hereunder as the Trustee to its successor. Should any instrument in writing from the Corporation or the District be reasonably required by a successor Trustee for more fully and certainly vesting in such successor the estates, properties, rights, powers, duties and obligations hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, at the request of the temporary or permanent successor Trustee, be forthwith executed and acknowledged by the

Corporation or the District, as the case may be, and delivered to such temporary or permanent Trustee.

E. Fees and Expenses; Indemnification. The Trustee shall receive fees, payable by the District for acting as Trustee hereunder in accordance with the Fee Schedule approved by the Resolution. Such fees shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust.

To the extent permitted by law, the District hereby agrees to indemnify the Paying Agent and its officers, employees and agents against any loss, liability, action, suit, judgment, demand or cost (each a "Liability") and to pay or reimburse the Paying Agent for any reasonable expense (including counsel fees and disbursements and reasonable, allocated costs of in-house counsel) which may be incurred by the Paying Agent or any officer, employee or agent thereof by reason of, or in connection with, the sale of the Certificates or the Paying Agent's appointment and its duties as Paying Agent, except such Liability as shall result from Paying Agent's negligence or willful misconduct in the performance of its other obligations and duties hereunder. The obligation of the District under this paragraph 11E shall survive payment of the Certificates or the resignation or removal of the Paying Agent.

Section 12. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of the interest or principal with respect to any Certificates which remains unclaimed for two (2) years after the date when the payments on such Certificates have become payable, if such money was held by the Paying Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Paying Agent after the date when the interest and principal with respect to such Certificates have become payable, shall upon written notice from the District be repaid by the Paying Agent to the District as its absolute property free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the interest or principal with respect to such Certificates; provided that before being required to make any such payment to the District, the Paying Agent shall, at the expense of the District, publish once in The Wall Street Journal that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of the earliest publication of such notice, the Paying Agent shall promptly pay to the Bank so much of such money as the Bank certifies to the Paying Agent that the District owes to the Bank with respect to any Certificate or under this Resolution, and the balance of such money then unclaimed will be returned to the District.

Section 13. Execution and Authentication of Certificates. The Certificates shall be executed by and in the name of the Trustee, as trustee under this Resolution, by the manual signature of an authorized officer or signatory of the Trustee and shall be delivered to the Paying Agent. The Paying Agent is hereby authorized to cause the blank spaces in Exhibit A hereto to be filled in as may be appropriate and to deliver the Certificates to the Dealer in accordance with the terms and provisions of the Dealer Agreement.

Section 14. Covenant of Further Assurances. It is hereby covenanted and warranted by the Board that all representations and recitals contained in this Resolution are true and correct and that the Board and that the Corporation, and their appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be

taken by them, for collection of TRANS Payments in accordance with law and for carrying out the provisions of this Resolution.

Section 15. District as Agent for the Corporation. The Corporation hereby appoints the District as its agent for the responsibilities given the District under this Resolution.

Section 16. Paying Agent. The Corporation hereby agrees to employ the Paying Agent to perform the functions of the Paying Agent under this Resolution, all as herein provided and subject to the terms and conditions of this Resolution. In consideration of the compensation herein provided for, the Paying Agent accepts the employment above referred to subject to the terms and conditions of this Resolution, The President of the Corporation is hereby authorized and directed to execute and deliver an issuing and paying agent agreement with the District and the Paying Agent for and in the name of and on behalf of the Corporation. This Issuing and Paying Agent Agreement shall be substantially in the form of the Issuing and Paying Agent Agreement presented to the Board of the Corporation. The Corporation hereby directs and authorizes the payment by the Paying Agent of the interest and principal with respect to the Certificates when such become due and payable, from the funds held by the Paying Agent. This appointment shall not preclude the Corporation with the written consent of the District from removing the Paying Agent and appointing one or more successors thereto, or appointing additional financial institutions to act as Paying Agent, all without notice to or the consent of the Owners of the Certificates but with written notice to and consent of the Bank; provided however, that the resignation or removal of the Paying Agent shall not be effective until the conditions set forth in Section 14 of the Issuing and Paying Agent Agreement have been satisfied. Any such successor paying agent shall be a commercial bank with trust powers or a trust company in either case with offices or banking relationships with other banks in New York, New York acceptable to the District and the Bank.

The Paying Agent is also appointed as registrar and hereby is directed to authenticate Certificates upon the direction of an Approving Officer or upon the request of any Owner for the transfer or exchange of Certificates in accordance with the provisions hereof.

Section 17. Rebate Fund.

A. Establishment. The District shall establish a separate account for the Series A Certificates designated the “Rebate Fund.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Series A Certificates will not be adversely affected, the District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Series A Certificates shall be governed by this Section and the Tax Certificate for the Series A Certificates, unless and to the extent that the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Series A Certificates will not be adversely affected if such requirements are not satisfied.

(i) Annual Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate), the District shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the

temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “Rebatable Arbitrage”). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, an amount shall be deposited to the Rebate Fund from funds legally available for such purpose, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection A. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, the District shall withdraw the excess from the Rebate Fund and then credit the excess to the Series A Payment Fund.

(iii) Payment to the Treasury. The District shall pay, to the United States Treasury, out of amounts in the Rebate Fund,

(A) Not later than 60 days after the end of (X) the fifth Bond Year, and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all the Series A Certificates, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection A shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after prepayment and payment of the Series A Certificates and the payments described in Subsection A above being made may be withdrawn by the District and utilized in any manner by the District.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Series A Certificates.

Section 18. Investment of Moneys in Funds. The Trustee shall, upon the direction of the District, invest in Investment Securities as instructed in writing by an Approving Officer. If the Trustee receives no such direction, or is unable to invest such proceeds in Investment Securities, the Trustee will invest such proceeds in a money market or sweep account approved in writing by an

Approving Officer and the Bank. All Investment Securities in which proceeds of the Certificates are invested shall be acquired subject to the limitations set forth in Section 19 hereof.

All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited when received in such fund. All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to this Resolution shall be retained in such fund or account and after any fund or account is closed, any moneys in such fund or account, including investment earnings which would be allocated thereto shall be transferred when received to the District or as otherwise specified by the District pursuant to the Tax Certificate. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account for the credit of which such Investment Security was acquired.

Investment Securities acquired as an investment of moneys in any fund or account established under this Resolution shall be credited to such fund or account, and shall be valued by the Trustee (but only in respect to funds and accounts which it maintains) at amortized cost. For the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued on the last day of February of each year at market.

In the absence of any contrary instruction pursuant to Section 19 hereof, the Trustee and the District, as the case may be, may commingle any of the funds or accounts established pursuant to this Resolution in a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee and the District hereunder shall be accounted for separately as required by this Resolution. Notwithstanding the foregoing, the Trustee and the District shall not commingle any funds or accounts created with respect to the Taxable Certificates with any funds or accounts created with respect to the Tax-Exempt Certificates. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee shall sell at the best price reasonably obtainable by it, or present for prepayment, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee shall not be responsible for any tax, fee or other charge in connection with any investment, reinvestment or the liquidation thereof.

Section 19. Tax Covenants. Notwithstanding any other provision of this Resolution, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Series A Certificates will not be adversely affected for federal income tax purposes, the District and the Corporation covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenant, without limiting the generality of the foregoing, as follows:

A. Private Activity. The District and the Corporation will not take or omit to take any action or make any use of the proceeds of the Series A Certificates or of any other moneys or property which would cause the Series A Certificates to be “private activity bonds” within the meaning of Section 141 of the Code.

B. Arbitrage. The District and the Corporation will make no use of the proceeds of the Series A Certificates or of any other amounts or property, regardless of the source, or take or

omit to take any action which would cause the Series A Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code.

C. Federal Guarantee. The District and the Corporation will make no use of the proceeds of the Series A Certificates or take or omit to take any action that would cause the Series A Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D. Information Reporting. The District or the Corporation will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

E. Hedge Bonds. The District and the Corporation will make no use of the proceeds of the Series A Certificates or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Series A Certificates to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District or the Corporation takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest with respect to the Series A Certificates for federal income tax purposes.

F. Miscellaneous. The District and the Corporation will take no action, or omit to take any action, inconsistent with its expectations stated in any Tax Certificate executed with respect to the Series A Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District and the Corporation from executing and delivering, Series A Certificates the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

Section 20. Benefits of This Resolution Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Bank, the Corporation, the District, the Paying Agent, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Corporation or the District shall be for the sole and exclusive benefit of the Bank, the Trustee, the Paying Agent and the Owners.

Section 21. Successor Deemed Included in All References to Predecessor. Whenever the Bank, the Corporation, the District, the Trustee, the Paying Agent or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Bank, the Corporation, the Trustee, the District, the Paying Agent or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Bank, the Corporation, the District, the Trustee, the Paying Agent or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 22. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner’s attorney of

any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which such notary public or other officer purports to act that the person signing such declaration, request or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Paying Agent may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the Corporation, the Trustee, the District or Paying Agent in good faith and in accordance therewith.

Section 23. Waiver of Personal Liability. No member of the Board of Directors of the District or the Corporation or officer or employee of the Corporation or the District shall be individually or personally liable for the payment of the interest or principal with respect to the Certificates, but nothing contained herein shall relieve any member of the Board of Directors of the District or the Corporation or, officer or employee of the Corporation or the District from the performance of any official duty provided by any applicable provision of law or hereby.

Section 24. Acquisition of the Certificates by the Corporation or the District. All Certificates acquired by the Corporation or the District, whether by purchase or gift or otherwise, shall be surrendered to the Paying Agent for cancellation.

Section 25. Notice by Mail. Any notice required to be given hereunder by mail to the Owners shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of all the Certificates at their addresses appearing in the books required to be kept by the Paying Agent pursuant to the provisions of this Resolution.

Section 26. Funds. Any fund required to be established and maintained herein by the Trustee or the Paying Agent may be established and maintained in the account records of the Paying Agent either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Certificates.

Section 27. Partial Invalidity. If any one or more of the conditions, covenants or terms contained herein or required herein to be observed or performed by or on the part of the Corporation, the District, the Paying Agent, the Trustee or the Bank shall be contrary to law, then such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Corporation and the District declare that they would have executed and delivered this Resolution and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 28. Reference to Bank. Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of the Letter of Credit under the Agreement and after all obligations owed to the Bank pursuant to the Agreement (other than the right to indemnification and other rights which purport to survive satisfaction of present payment obligations) and the Fee Agreement have been paid in full or discharged, all references to the Bank contained herein shall be null and void and of no further force and effect.

Section 29. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 30. Notices. All written notices to be given hereunder shall be given by first-class mail, postage prepaid to the party or parties entitled thereto at the address set forth below, or at such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

If to the Corporation:

OCWD Public Facilities Corporation
18700 Ward Street
Fountain Valley, CA 92708
Attn: Chief Financial Officer
Telephone No: (714) 378-3271
Telecopy No.: (714) 378-3372

If to the District:

Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708
Attn: Chief Financial Officer
Telephone No: (714) 378-3271
Telecopy No.: (714) 378-3372

If to the Paying Agent:

U.S. Bank, National Association
100 Wall Street, 16th Floor
New York, NY 10005
Attention: Corporate Trust
Telecopy No. (212) 361-6153
Telephone No. (212) 951-8512

If to the Trustee:

U.S. Bank, National Association
100 Wall Street, 16th Floor
New York, NY 10005
Attention: Corporate Trust
Telecopy No. (212) 361-6153
Telephone No. (212) 951-8512

If to Moody's:

Moody's Investors Service
99 Church Street
New York, NY 10007
Attention: Public Finance Department/Rating Desk/C.P.

If to Fitch:

Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004
Attention: Public Finance Department/Commercial Paper

If to the Bank:

Sumitomo Mitsui Banking Corporation
New York Branch
277 Park Avenue
New York, NY 10172
Attention: Public and Infrastructure Finance
Telephone: (212) 224-4000
Telecopy: (212) 224-5227

Section 31. Notices to Rating Agencies. The Trustee shall give immediate notice to Moody's and Fitch in the event:

- (a) The Paying Agent or Trustee resigns or is replaced,
- (b) This Resolution is amended or supplemented provided the Trustee shall have received written notice thereof.
- (c) The Agreement expires or is terminated, substituted or extended.
- (d) The Agreement or the Issuing and Paying Agent Agreement terminates or is amended or supplemented.
- (e) Appointment of a Dealer other than the initial Dealer.
- (f) Defeasance of all or any portion of the Certificates.

Section 32. Next Succeeding Business Day. Unless otherwise noted in this Resolution, in the event that the day on which any act or function is to be performed or done is not a Business Day, such act or function will be performed or done on the next succeeding Business Day (and if such function is the making of a payment then no interest shall accrue for the intervening period).

Section 33. General Authorization. All actions heretofore taken by the officers and agents of the Corporation or the Board and Approving Officers with respect to the sale and issuance of the Certificates are hereby approved, confirmed and ratified, and the officers and agents of the Corporation and the Board and Approving Officers are hereby authorized and directed, for and in the name and on behalf thereof, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Certificates in accordance with this Resolution.

Section 34. Modification or Amendment of this Resolution.

A. Amendments Permitted.

(i) This Resolution and the rights and obligations of the Corporation, the District, the Owners of the Certificates, the Paying Agent and of the Trustee may be modified or amended from time to time and at any time by a resolution or resolutions supplemental thereto, which the Corporation may adopt with the written consent of the Bank, the District, the Trustee and the Paying Agent and with the written consent of the Owners of a majority in aggregate principal amount of all Certificates then Outstanding on file with the Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Certificates, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to affect any such modification or amendment, or (3) permit the creation of any lien on the Tax-Exempt TRANS Payments or the Taxable TRANS Payments and other assets pledged under this Resolution, without the consent of the Owners of all of the Certificates then Outstanding and, with respect to clause (3), the consent of the Bank. It shall not be necessary for the consent of the Certificate Owners to approve the particular form of any supplemental Resolution, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the adoption by the Corporation and written consent thereto by the District of any supplemental Resolution pursuant to this clause (i), the Trustee shall mail a notice, setting forth in general terms the substance of such supplemental Resolution, to each Rating Agency and the Owners of the Certificates at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Resolution.

(ii) This Resolution and the rights and obligations of the Corporation, the District, the Trustee, the Paying Agent and the Owners of the Certificates may also be modified or amended from time to time and at any time by a supplemental Resolution, which the Corporation may adopt with the written consent of the District and the Bank, the Trustee and the Paying Agent but without the consent of any Certificate Owners for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Corporation or the District in this Resolution contained other covenants and agreements thereafter to be observed, to

pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Corporation or the District;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Resolution, or in regard to matters or questions arising under this Resolution, as the Corporation may deem necessary or desirable and to which the District consents in writing; or

(c) to modify, amend or supplement this Resolution in such manner as to cause interest with respect to the Certificates to remain excludable from gross income under the Code.

(iii) The Trustee and the Paying Agent may shall not be obligated to consent to any such supplemental Resolution authorized by subsections (a) or (b) of this Section 34 which materially adversely affects the Trustee's or the Paying Agent's own rights, duties or immunities under this Resolution or otherwise.

(iv) Prior to the Trustee consenting to any supplemental Resolution hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such supplemental Resolution has been adopted in compliance with the requirements of this Resolution and that the adoption of such supplemental Resolution will not, in and of itself, adversely affect the exclusion of interest with respect to the Certificates from federal income taxation.

B. Effect of Supplemental Resolution.

Upon the adoption of any supplemental Resolution pursuant to this Section, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Corporation, the District, the Trustee and all Owners of Certificates Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such supplemental Resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. The Bank shall be notified in writing of the adoption of any supplemental Resolution pursuant to this Section.

C. Endorsement of Certificates; Preparation of New Certificates.

Certificates delivered after the adoption of any supplemental Resolution pursuant to this Section 34 may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by an Approving Officer as to any modification or amendment provided for in such supplemental Resolution, and, in that case, upon demand on the Owner of any Certificates Outstanding at the time of such execution and presentation of Certificates for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Certificates. If the supplemental Resolution shall so provide, new Certificates so modified as to conform, in the opinion of the Corporation, to any modification or amendment contained in such supplemental Resolution, shall be prepared and executed by the Corporation and authenticated by the Trustee, and upon demand on the Owners of any Certificates then Outstanding shall be exchanged at the office of the Trustee, without cost to any Certificate owner, for Certificates then Outstanding, upon surrender for cancellation of such Certificates, in equal aggregate principal amount of the same maturity.

D. Amendment of Particular Certificates.

The provisions of this Section shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by such Owner.

Section 35. Defeasance. Whenever the Corporation shall deposit or cause to be deposited with the Trustee lawful moneys of the United States of America or any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, the principal of and interest on which when due will provide moneys (as set forth in a verification report prepared by an Independent Certified Public Accountant) in an amount equal to the principal and interest due with respect to all or a portion of the outstanding Certificates upon the maturity thereof, the obligations of the Corporation hereunder shall, with respect to all or such portion of Certificates as have been so provided, thereupon cease, terminate, become void and be completely discharged and satisfied.

Section 36. Effect of Original Resolution. On and after the date of this Amended and Restated Resolution, approval hereof by the Bank and the owners of any Certificates issued under the Original Resolution and remaining outstanding, the Original Resolution shall be of no further force and effect.

Section 37. Effective Date. This Amended and Restated Resolution shall take effect from and after its date of adoption.

I DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. _____ adopted by the Board of Directors of the OCWD Public Facilities Corporation on October 21, 2015.

Secretary

The rights, duties and obligations of the District set forth herein are hereby acknowledged and agreed to by the District this 21st day of October, 2015.

ORANGE COUNTY WATER DISTRICT

By:_____

By:_____

APPROVED AS TO FORM

By:_____
General Counsel

EXHIBIT A

[FORM OF SERIES A CERTIFICATE]

Registered
No. _____

Registered
\$ _____

**ORANGE COUNTY WATER DISTRICT
COMMERCIAL PAPER CERTIFICATE, SERIES A (TAX-EXEMPT)**

DATE OF ORIGINAL ISSUE

MATURITY DATE

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

This is to certify that the registered owners of this Orange County Water District Commercial Paper Certificate, Series A (Tax-Exempt) (a "Tax-Exempt Certificate") is the owner of an undivided interest in the right to receive certain principal and interest payments on tax-exempt tax and revenue anticipation notes (the "Tax-Exempt TRANS Payments") received from time to time by the OCWD Public Facilities Corporation (the "Corporation") from the Orange County Water District (the "District"), under a Second Amended and Restated Resolution of the Corporation, adopted on October 21, 2015 (the "Resolution"). The Corporation's right to receive the Tax-Exempt TRANS Payments have been assigned to U.S. Bank, National Association, as Trustee (the "Trustee"). The Registered Owner is entitled to receive, at the principal office of U.S. Bank, National Association in New York, New York (the "Paying Agent"), the Principal Amount specified above on the Maturity Date specified above, upon its presentation and surrender as provided in the Resolution, and receive interest with respect to such Principal Amount on the Maturity Date described herein. Interest is calculated on the basis of a 365/66 day year and actual days elapsed, as specified in the Resolution.

[IF DTC IS USED]

Unless this certificate is presented by an authorized representative of The Depository Trust Company ("DTC") to the Trustee or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO. or such other name as requested by an authorized representative of DTC (and any payment is made to CEDE & CO. or to such other entity as is requested by an authorized officer of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, since the Registered owner hereof, CEDE & CO., has an interest herein.

This Tax-Exempt Certificate is one of a duly authorized issue of tax-exempt commercial paper certificates executed and delivered by the Trustee under and by authority of the Resolution. All Tax-Exempt Certificates executed and delivered under the Resolution are payable from drawings on a letter of credit issued by Sumitomo Mitsui Banking Corporation, or an Alternate Letter of Credit issued by another financial institution (each, a "Bank"), or, to the extent the Bank dishonors a drawing of said Letter of Credit, from the proceeds of Tax-Exempt Certificates executed and delivered for such purpose and from Tax-Exempt TRANS Payments and from no other source. The

obligation of the District to make the Tax-Exempt TRANS Payment is a general obligation of the District in accordance with Section 53857 of the California Government Code and is secured by and payable from Net Revenue on a parity with Parity Obligations as such terms are defined in resolutions of the District, adopted from time-to-time authorizing the tax-exempt tax and revenue anticipation notes. This Certificate does not constitute an obligation of the District, the Corporation, the County of Orange or any other public agency.

By acceptance of this Certificate the Registered Owner consents to all the terms and conditions hereof, and of the Resolution, a copy of which is on file with the Trustee.

This Certificate is transferable by the Registered Owner hereof in person or by an attorney duly authorized in writing at the office of the Paying Agent described above, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Tax-Exempt Certificate. Upon such transfer a new Tax-Exempt Certificate or Tax-Exempt Certificates of authorized denominations and for the same aggregate principal amount will be executed and delivered to the transferees in exchange herefor.

The Corporation, the District, the Trustee and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal and interest due with respect hereto and for all other purposes and neither the Corporation, the District, the Trustee nor the Paying Agent shall be affected by any notice to the contrary.

This shall not be valid or become obligatory for any purpose until the certificate of registration hereon shall have been signed by the Paying Agent.

The Trustee has executed this Tax-Exempt Certificate solely in its capacity as Trustee under the Resolution and not in its individual or personal capacity. The Trustee is not responsible for the accuracy of the recitals of facts herein.

THE CORPORATION HAS CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Resolution to exist, to have happened and to have been performed precedent to and in the execution and delivery of this Tax-Exempt Certificate, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Tax-Exempt Certificate has been executed by the manual signature of an authorized officer or signatory of the Trustee.

U.S. BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

Execution date:

CERTIFICATE OF REGISTRATION

This is one of the Tax-Exempt Certificates described in the within-mentioned Resolution, which Tax-Exempt Certificate has been registered on the date set forth below and is one of the Orange County Water District Commercial Paper Certificates, Series A (Tax-Exempt).

Date of Registration:

U.S. BANK, NATIONAL ASSOCIATION,
Paying Agent

By: _____
Authorized Signatory

EXHIBIT B

[FORM OF SERIES B CERTIFICATE]

Registered
No. _____

Registered
\$ _____

**ORANGE COUNTY WATER DISTRICT
COMMERCIAL PAPER CERTIFICATE, SERIES B (TAXABLE)**

DATE OF ORIGINAL ISSUE

MATURITY DATE

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

This is to certify that the registered owners of this Orange County Water District Commercial Paper Certificate, Series B (Taxable) (a "Taxable Certificate") is the owner of an undivided interest in the right to receive certain principal and interest payments on taxable tax and revenue anticipation notes (the "Taxable TRANS Payments") received from time to time by the OCWD Public Facilities Corporation (the "Corporation") from the Orange County Water District (the "District"), under a Second Amended and Restated Resolution of the Corporation, adopted on October 21, 2015 (the "Resolution"). The Corporation's right to receive the Taxable TRANS Payments have been assigned to U.S. Bank, National Association, as Trustee (the "Trustee"). The Registered Owner is entitled to receive, at the principal office of U.S. Bank, National Association in New York, New York (the "Paying Agent"), the Principal Amount specified above on the Maturity Date specified above, upon its presentation and surrender as provided in the Resolution, and to receive interest with respect to such Principal Amount on the Maturity Date described herein. Interest is calculated on the basis of a 360 day year and actual days elapsed, as specified in the Resolution.

[IF DTC IS USED]

Unless this certificate is presented by an authorized representative of The Depository Trust Company ("DTC") to the Trustee or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & CO. or such other name as requested by an authorized representative of DTC (and any payment is made to CEDE & CO. or to such other entity as is requested by an authorized officer of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, since the Registered owner hereof, CEDE & CO., has an interest herein.

This Taxable Certificate is one of a duly authorized issue of taxable commercial paper certificates executed and delivered by the Trustee under and by authority of the Resolution. All Taxable Certificates executed and delivered under the Resolution are payable from drawings on a letter of credit issued by Sumitomo Mitsui Banking Corporation, or an Alternate Letter of Credit issued by another financial institution (each, a "Bank"), or, to the extent the Bank dishonors a drawing of said Letter of Credit, from the proceeds of Taxable Certificates executed and delivered for such purpose and from Taxable TRANS Payments and from no other source. The obligation of

the District to make the Taxable TRANS Payment is a general obligation of the District in accordance with Section 53857 of the California Government Code and is secured by and payable from Net Revenue on a parity with Parity Obligations as such terms are defined in resolutions of the District, adopted from time-to-time authorizing the taxable tax and revenue anticipation notes. This Certificate does not constitute an obligation of the District, the Corporation, the County of Orange or any other public agency.

By acceptance of this Certificate the Registered Owner consents to all the terms and conditions hereof, and of the Resolution, a copy of which is on file with the Trustee.

This Certificate is transferable by the Registered Owner hereof in person or by an attorney duly authorized in writing at the office of the Paying Agent described above, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Taxable Certificate. Upon such transfer a new Taxable Certificate or Taxable Certificates of authorized denominations and for the same aggregate principal amount will be executed and delivered to the transferees in exchange herefor.

The Corporation, the District, the Trustee and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal and interest due with respect hereto and for all other purposes and neither the Corporation, the District, the Trustee nor the Paying Agent shall be affected by any notice to the contrary.

This shall not be valid or become obligatory for any purpose until the certificate of registration hereon shall have been signed by the Paying Agent.

The Trustee has executed this Taxable Certificate solely in its capacity as Trustee under the Resolution and not in its individual or personal capacity. The Trustee is not responsible for the accuracy of the recitals of facts herein.

THE CORPORATION HAS CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Resolution to exist, to have happened and to have been performed precedent to and in the execution and delivery of this Taxable Certificate, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Taxable Certificate has been executed by the manual signature of an authorized officer or signatory of the Trustee.

U.S. BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

Execution date:

CERTIFICATE OF REGISTRATION

This is one of the Taxable Certificates described in the within-mentioned Resolution, which Certificate has been registered on the date set forth below and is one of the Orange County Water District Commercial Paper Certificates, Series B (Taxable).

Date of Registration:

U.S. BANK, NATIONAL ASSOCIATION,
Paying Agent

By: _____
Authorized Signatory

EXHIBIT C

**REQUISITION FORM
FOR PAYMENT FROM THE TAX-EXEMPT PROJECT FUND ACCOUNT**

WHEREAS, pursuant to Resolution No. _____, adopted by the OCWD Public Facilities Corporation (the "Corporation") on October 21, 2015 (the "Resolution"), the Corporation has appointed Orange County Water District (the "District") as its agent for the responsibilities given the District under the Resolution, including responsibilities concerning disbursements for the Tax-Exempt Project Fund; and

WHEREAS, the District now wishes to withdraw certain funds for the payment of such permissible expenditures.

NOW, THEREFORE, the District hereby requisitions a withdrawal as follows:
\$_____.

(i) Name and number of project:

(ii) Item number of the payment from this account:

(iii) (a) The name of the project involved:

(b) The person to whom the payment is to be made [or the amount being requisitioned is for reimbursement of the District for costs of project theretofore paid by the District]:

The purpose for which the obligation to be satisfied by such payment was incurred:

The amount requested has been incurred by the District and is presently due and payable and each item thereof is a proper charge against the above specified account and has not heretofore been previously paid therefrom;

There has not been filed with or served upon the District any notice of lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such requisition, which has not been released or will not be released simultaneously with the payment of such obligation (other than materialmen's or mechanics' liens accruing by mere operation of law).

IN WITNESS WHEREOF, the District has caused this requisition to be signed by the General Manager or Assistant General Manager thereunto duly authorized:

ORANGE COUNTY WATER DISTRICT

By_____

EXHIBIT D

**REQUISITION FORM
FOR PAYMENT FROM THE TAXABLE PROJECT FUND ACCOUNT**

WHEREAS, pursuant to Resolution No. _____, adopted by the OCWD Public Facilities Corporation (the "Corporation") on October 21, 2015 (the "Resolution"), the Corporation has appointed Orange County Water District (the "District") as its agent for the responsibilities given the District under the Resolution, including responsibilities concerning disbursements for the Taxable Project Fund; and

WHEREAS, the District now wishes to withdraw certain funds for the payment of such permissible expenditures.

NOW, THEREFORE, the District hereby requisitions a withdrawal as follows:
\$_____.

(i) Name and number of project:

(ii) Item number of the payment from this account:

(iii) (a) The name of the project involved:

(b) The person to whom the payment is to be made [or the amount being requisitioned is for reimbursement of the District for costs of project theretofore paid by the District]:

The purpose for which the obligation to be satisfied by such payment was incurred:

The amount requested has been incurred by the District and is presently due and payable and each item thereof is a proper charge against the above specified account and has not heretofore been previously paid therefrom;

There has not been filed with or served upon the District any notice of lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such requisition, which has not been released or will not be released simultaneously with the payment of such obligation (other than materialmen's or mechanics' liens accruing by mere operation of law).

IN WITNESS WHEREOF, the District has caused this requisition to be signed by the General Manager or Assistant General Manager thereunto duly authorized:

ORANGE COUNTY WATER DISTRICT

By_____



Commercial Paper Letter of Credit Substitution Documents

Public Facilities Corporation
October 21, 2015



Commercial Paper (CP) Program Documents

- Taxable Tax and Revenue Anticipation Note (TRAN) Resolution – Establishes terms and conditions between District Board and Corporation to issue TRANs
- Fee Agreement – Establishes terms and conditions between OCWD and Bank for fees and termination rights
- Letter of Credit and Reimbursement Agreement – Establishes terms and conditions between OCWD and Bank issuance and maintenance of Letter of Credit



Commercial Paper Program Documents

- Amended and Restated Issuing and Paying Agent Agreement – Retains US Bank as Paying Agent and revises agreement to issue taxable and tax-exempt CP
- Amended and Restated Dealer Agreement – Updates existing agreement between Citigroup and District with respect to taxable certificates
- Letter of Credit – Financial instrument that guarantees payment of principal and interest on CP certificates



Commercial Paper Program Documents

- This matter will also be put on the agenda for the Public Facilities Corporation meeting next Wednesday
 - Amended and Restated Corporation Resolution – Authorizes the District to incur debt and maintain CP program and enter into agreement with Bank to issue Letter of Credit



Recommendation

Approve and authorize the execution and delivery of:

- 1) Second Amended and Restated Resolution including;
- 2) Amended and Restated Issuing and Paying Agent Agreement with Orange County Water District, Public Facilities Corporation and US Bank;
- 3) Amended and Restated Dealer Agreement with Orange County Water District, Public Facilities Corporation and CitiGroup;
- 4) Fee Agreement with OCWD and Sumitomo Mitsui Banking Corporation;
and
- 5) Letter of Credit and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation and Orange County Water District including form of Letter of Credit attached



End of Presentation