

AGENDA
BOARD OF DIRECTORS MEETING
OCWD PUBLIC FACILITIES CORPORATION
18700 Ward Street, Fountain Valley (714) 378-3200
Wednesday, September 15, 2021, 5:20 p.m.

Computer Audio: Please click the link below to join the Zoom webinar:

<https://ocwd.zoom.us/j/95734914322>

Telephone Audio: (669) 900-9128

Meeting ID: 957 3491 4322

Pursuant to Paragraph 11 of Executive Order N-25-20, executed by the Governor of California on March 12, 2020 as a response to mitigating the spread of Coronavirus known as COVID-19, this regular meeting of the Orange County Water District will allow members of the Board to attend the Board meeting telephonically from remote locations without requiring public access to those locations. Public participation will be afforded telephonically through the Zoom Webinar access listed above.

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 APRIL 21, 2021

RECOMMENDATION: Approve minutes as presented

2. EXTENSION OF COMMERCIAL PAPER LETTER OF CREDIT AND REPLACEMENT OF DEALER

RECOMMENDATION: Adopt resolution authorizing the preparation and execution of documents necessary to replace Citibank with J.P. Morgan as the CP dealer for the District's commercial paper program consistent with the term sheet provided

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

BOARD OF DIRECTORS, OCWD PUBLIC FACILITIES CORPORATION
April 21, 2021, 5:25 p.m.

The OCWD Public Facilities Corporation Board of Directors meeting was called to order on Zoom at 5:20 pm on April 21, 2021.

PFC Directors/Officers

Stephen R. Sheldon, President
Cathy Green, Vice President
Tri Ta, Secretary
Randy Fick, Chief Financial Officer
Jeremy Jungreis, General Counsel

OCWD Staff

Michael R. Markus, General Manager
Christina Fuller, Asst. District Secretary

1. Minutes of Public Facilities Corporation Board Meeting

MOTION NO. PFC-116
APPROVING MINUTES OF BOARD OF DIRECTORS MEETING

Upon motion by Director Green, seconded by Director Ta and carried [3-0], the Minutes of the OCWD Public Facilities Corporation Board of Directors meeting held January 6, 2021 are hereby approved as presented.

Ayes: Sheldon, Green, Ta

2. Replacement of the Letter of Credit for the District's 2003A Debt

Upon motion by Director Green, seconded by Director Ta the following resolution was unanimously carried [3-0].

Ayes: Sheldon, Green, Ta

RESOLUTION NO. PFC-21-4-1
APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND
AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH AN
ALTERNATE CREDIT FACILITY

WHEREAS, the OCWD Public Facilities Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") with the authority to assist in the financing of certain facilities on behalf of the Orange County Water District (the "District"); and

WHEREAS, the Board of Directors of the Corporation (the "Board") has previously assisted the District with respect to the execution and delivery of certificates of participation (the "2003A Certificates") to finance certain facilities of the District, and has previously authorized the execution of certain agreements in connection therewith; and

WHEREAS, the District and the Corporation previously entered into a Letter of Credit Reimbursement Agreement, dated June 1, 2011 (the “Citibank Reimbursement Agreement”), with Citibank, N.A., pursuant to which Citibank, N.A. delivered a letter of credit (the “Citibank Letter of Credit”) to provide support for the payment of principal and interest evidenced by the 2003A Certificates; and

WHEREAS, the District has determined that it is in the best interest of the District to replace the Citibank Letter of Credit with a letter of credit issued pursuant to a Reimbursement Agreement (the “BANA Reimbursement Agreement”) by and among the District, the Corporation and Bank of America, N.A. on or before the scheduled expiration date of the Citibank Letter of Credit of May 24, 2021;

NOW, THEREFORE, the Board does hereby resolve as follows:

Section 1. Replacement of Citibank Letter of Credit. The President or Vice President or the designee thereof is hereby authorized and directed to take such actions and execute such documents as are required to replace the Citibank Letter of Credit.

Section 2. BANA Reimbursement Agreement and Fee Letter. The BANA Reimbursement Agreement, and a related Fee Letter (the “Fee Letter”), in substantially the form attached hereto as Exhibit A and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President or Vice President or the designee thereof is hereby authorized and directed to execute and deliver the BANA Reimbursement Agreement and the Fee Letter with such changes, insertions and omissions as may be approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 3. Good Faith Estimates. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit B attached to this Resolution and are available to the public at the meeting at which this Resolution is approved.

Section 4. Other Actions. The President, Vice President, Chief Financial Officer, Secretary, Assistant Secretary and such other officers of the Corporation are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to consummate the replacement of the Citibank Letter of Credit and the transactions contemplated by the BANA Reimbursement Agreement and the Fee Letter and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 4. Effect. This Resolution shall take effect immediately.

ADJOURNMENT

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

Christina Fuller, Assistant District Secretary

AGENDA ITEM SUBMITTAL

Meeting Date: September 15, 2021

To: Public Facilities Corporation

From: Mike Markus

Staff Contact: R. Fick

Budgeted: Partial

Budgeted Amount: \$248,900

Cost Estimate: \$300,040

Funding Source: Debt Program

Program/Line Item No N/A

General Counsel Approval: Yes

Engineers/Feasibility Approved: N/A

CEQA Compliance: N/A

Subject: EXTENSION OF COMMERCIAL PAPER LETTER OF CREDIT AND REPLACEMENT OF DEALER

SUMMARY

The District currently has a Letter of Credit (LOC) and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation for the District's commercial paper (CP) program of \$70,000,000. The LOC issued by Sumitomo Mitsui Banking Corporation on November 16, 2015 with an amended expiration date of November 16, 2021. Sumitomo Mitsui Banking Corporation has made an offer to extend the current LOC for five years from the expiration date of the existing LOC at a rate of 32 basis points with legal fees capped at \$15,000.

Staff also recommends replacing the current CP dealer, Citibank, with J.P. Morgan Securities LLC (J.P. Morgan).

Attachment(s):

- Dealer Agreement
- CP Dealer Qualifications
- Resolution – Public Facilities Corporation

RECOMMENDATION

Adopt resolution authorizing the preparation and execution of documents necessary to replace Citibank with J.P. Morgan as the CP dealer for the District's CP program consistent with the term sheet provided.

DISCUSSION/ANALYSIS

The District is required to obtain a LOC to support its CP program because the commercial paper certificates (CP Certificates) can be tendered at any time by investors. When tendered CP Certificates are remarketed, proceeds from new investors are used to pay the tendering investors. With a liquidity facility, if the CP Certificates are not remarketed, the Trustee draws on the direct pay LOC to pay certificateholders. In the case of a LOC, the bank makes direct payments to the Trustee for the tender price and is subsequently reimbursed by the District.

The District's CP program is currently backed by a LOC issued by Sumitomo Mitsui

Banking Corporation. The Sumitomo Mitsui Banking Corporation LOC was issued on November 16, 2015 and subsequently extended to November 16, 2021, at a cost of 29 basis points (bps) or \$221,270 per year. Sumitomo Mitsui Banking Corporation has made an offer to extend the current LOC for five years from the expiration date of the existing LOC at 32 basis points with legal fees capped at \$15,000 and the District can optionally terminate the LOC after 15 months with 30 days written notice.

Staff recommends extending the current Sumitomo Mitsui Banking Corporation LOC at 32 basis points with legal fees capped at \$15,000 payable to Sumitomo Mitsui Banking Corporation. The advantages to the District with this recommendation are: (1) lower cost of issuance due to extending the current liquidity facility versus a possible bank substitution via Request for Proposals (RFP) process, (2) no costs incurred in drafting a new offering document, (3) the District can optionally terminate the LOC after 15 months with 30 days written notice, and (4) the new LOC will have substantially similar provisions as the expiring LOC.

The proposed 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 as detailed in Table 1.

Table 1
Sumitomo Mitsui Banking Corporation Facility Fee Rate Schedule

Moody’s	S&P	Fitch	Current Facility Fee	Proposed Facility Fee
Aa1 or above	AA+ or above	AA+ or above	29 bps	32 bps
Aa2	AA	AA	39 bps	42 bps
Aa3	AA-	AA-	49 bps	57 bps
A1	A+	A+	64 bps	77 bps
A2	A	A	84 bps	97 bps
A3	A-	A-	125 bps	125 bps
Baa1	BBB+	BBB+	175 bps	175 bps
Baa2	BBB	BBB	250 bps	250 bps

Fees in and amount not to exceed \$45,000 in cost for extending the current LOC and replacing the CP dealer will be incurred by the District as follows:

\$15,000 – District’s Legal Fees (Stradling Yocca Carlson & Rauth)
 \$15,000 – Sumitomo Mitsui’s Legal Fees
 \$ 7,300 – Rating Agency Fees
 \$ 6,000 – Financial Advisor (Fieldman, Rolapp & Associates, Inc.)
 \$ 1,700 – Contingency for Unanticipated Costs

 \$45,000

Staff identified two alternatives versus extending the current Sumitomo Mitsui Banking Corporation LOC as follows: (1) issue an RFP to possibly obtain a lower cost liquidity facility, and (2) not extend or replace the current bank facility.

Issuing an RFP to possibly replace Sumitomo Mitsui Banking Corporation as the liquidity facility provider would be much costlier in terms of cost of issuance than extending the current liquidity facility. Approximately \$135,000 in cost of issuance including legal fees (banks and District's), rating agency costs, preparing a new offering document and financial advisor fees would be incurred by the District for a bank replacement. The increased cost of issuance for possibly replacing the current bank has an impact on the breakeven fee that would be required of a new bank. The Table 2 below details that the District would need a competing bank to charge a fee of 29.6 basis points or less with a cost of issuance of approximately \$135,000 on a 5-year liquidity facility versus extending the current LOC with Sumitomo Mitsui Banking Corporation at 32 basis points and an estimated \$45,000 in cost of issuance. Not replacing or extending the current bank facility would mean paying down the current outstanding debt on the commercial paper program currently at \$33,476,000 and doing without the liquidity of the CP program going forward.

**Table 2
Breakeven Analysis**

Sumitomo Mitsui Banking Corporation Extension:			
Annual Fee - Basis Points	0.32%	\$76,300,000	
Cost of Issuance	\$45,000		
Year 1 Cost			\$289,160
Year 2 Cost			\$244,160
Year 3 Cost			\$244,160
Year 4 Cost			\$244,160
Year 5 Cost			\$244,160
			\$1,265,800
Possible Replacement Bank due to RFP Process:			
Annual Fee - Basis Points	0.296%	\$76,300,000	
Cost of Issuance	\$135,000		
Year 1 Costs			\$361,160
Year 2 Costs			\$226,160
Year 3 Costs			\$226,160
Year 4 Costs			\$226,160
Year 5 Costs			\$226,160
			\$1,265,800

Staff went through an RFP process to replace the Letter of Credit and Reimbursement Agreement with Citibank to provide credit liquidity for the District's 2003A variable rate debt in February 2021. After sending an RFP to nine banks a total of five bids were received ranging from 34 to 72 basis points and varying amounts of upfront costs.

Based on the breakeven analysis in Table 2, a competing bank would have to come in at less than 29.6 basis points to make the economics work to switch banks.

Staff also recommends replacing Citibank with a fee of 7.5 basis points as the current CP dealer with J.P. Morgan with a fee of 3.25 basis points and no upfront fees. Staff went through an RFP process to replace Citibank as the remarketing agent for the District's 2003A variable rate debt in February 2021. After pre-screening the qualifications of banks fee quotes were requested and three competitive bids were received ranging from 3.25 to 5 basis points and varying amounts of upfront costs. The process demonstrated that J.P. Morgan had the most significant experience and provided the most competitive fee quote to serve as CP dealer for the District.

NEXT STEPS

- Finalize and execute necessary legal and financing documents, including updated Fee Letter Agreement, Letter of Credit and Reimbursement documents in accordance with the Resolutions for the District and Financing Corporation.
- Prepare notices to replace Citibank with J.P. Morgan as the CP dealer for the District's commercial paper program.

Based upon this analysis, it is recommended to extend the current Sumitomo Mitsui Banking Corporation LOC for the District's CP program and replace the current CP dealer with J.P. Morgan.

PRIOR BOARD ACTIONS

11/15/17 R17-11-150: Approve preparation and execution of documents necessary to extend the current letter of credit and reimbursement agreement with Sumitomo Mitsui banking corporation for the Commercial Paper Program.

9/16/15 R15-9-134: Approve preparation and execution of documents necessary to secure a Direct Pay Letter of Credit with Sumitomo Mitsui Banking Corp. for the Commercial Paper Program for a term of 3 years consistent with the term sheet provided by Sumitomo Mitsui Banking Corp.; Authorize payment of upfront fees not to exceed \$135,000 to the entities detailed in the staff report; Increase the size of the Commercial Paper Program from \$45 million to \$70 million; and Breakout the Commercial Paper Program between \$45 million tax-exempt and \$25 million taxable.

4/19/06 R06-4-41: Authorize execution and delivery of an Amendment to a Standby Certificate Purchase Agreement relating to the Adjustable Rate Revenue Certificates of Participation, Series 2003A with Lloyds TSB Bank PLC

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

4/23/03, R03-4-58: Certificates of Participation to \$150,000,000, and authorize the financing and refinancing of the acquisition of certain facilities, the refinancing of such commercial paper notes, the financing of the acquisition of real property and to approve forms of the Preliminary Official Statement, the Standby Certificate Purchase Agreement and certain required documents

03/20/2002, R02-3-54: Authorize 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)

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.

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

06/20/1990, 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

DEALER AGREEMENT

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

September 1, 2021

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, J.P. MORGAN SECURITIES LLC (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”).

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, as amended to the date hereof including a Second Amendment to Reimbursement Agreement, dated as of _____ 1, 2021 (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 [△]Sumitomo 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 [△]owner of all such Certificates or (y) the Dealer is unable to market Certificate at the Maximum Rate (as defined in the Resolution), 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 [△]there above 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 a resolution adopted on June 16, 2021 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 as to the validity and enforceability of this Dealer Agreement and (b) Chapman and Cutler, LLP, U.S. counsel to the Bank and Yumoto, Ota & Miyazaki, Japanese 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 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;

(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 [△]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 by any of Fitch Ratings, Inc, Standard & Poor's Ratings Services, or Moody's Investors Services, Inc to a rating below "F-1", "A1" or "P1", respectively, or such any rating agency 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 in a manner which, in the Dealer's reasonable opinion, materially adversely affects the marketability of the Certificates.

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

(xiv) A Stop Issuance Instruction or Final Drawing Notice 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) .0325 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:

J.P. Morgan Securities LLC

△

△

Public Finance Department
383 Madison Avenue, Floor 3
New York, NY 10179

Attention: △**Short-Term Trading Desk**

Phone: △**(212) 834-7224**

Fax Number: △**(917) 456-3541**

The District:

Orange County Water District

18700 Ward Street

Fountain Valley, CA 92708

Attn: Chief Financial Officer

Fax Number: (714) 378-3372

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) 378-3372

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) △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;

(f) △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;

(g) △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;

(h) △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.

(i) △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 Dealer Agreement]

J.P. MORGAN SECURITIES LLC

By: _____
Title: Managing Director

[Signatures to Dealer Agreement]

ORANGE COUNTY WATER DISTRICT

By: _____
President

OCWD PUBLIC FACILITIES CORPORATION

By: _____
President

Document comparison by Workshare 9 on Monday, August 30, 2021 10:45:53 AM

Input:	
Document 1 ID	netdocuments://4848-2540-6712/2
Description	Dealer Agreement - OCWD
Document 2 ID	netdocuments://4848-2540-6712/3
Description	Dealer Agreement - OCWD
Rendering set	SYCR 2

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	19
Deletions	19
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	38

COMMERCIAL PAPER DEALER QUALIFICATIONS

August 2021

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Outstanding CP Programs for which J.P. Morgan Serves as Dealer

J.P. Morgan is a leading dealer of municipal tax-exempt and taxable CP. In aggregate, we currently serve as dealer on 271 CP issues totaling \$47.9 billion in authorized par, of which \$8.5 billion is currently outstanding. Our book represents a broad spectrum of programs, both in scope and size, for issuers across the country.

	Number of Programs	Amount Authorized	Maximum Amount Outstanding
Tax-Exempt Municipal CP	198	\$32.860 billion	\$6.214 billion
Taxable Municipal CP	73	\$15.016 billion	\$2.272 billion
Total Municipal CP	271	\$47.876 billion	\$8.486 billion

Select J.P. Morgan CP Dealer Assignments – West Region

Types of Issues	Program Size (\$000)	Taxable/Tax-Exempt	Types of Issues	Program Size (\$000)	Taxable/Tax-Exempt
Healthcare	\$2,400,000	T	General Purpose	\$102,000	TE
Higher Ed/NFP	\$2,000,000	TE	General Purpose	\$102,000	TE
Higher Ed/NFP	\$2,000,000	T	Healthcare	\$100,000	TE
Utility/Environmental	\$800,000	TE	General Purpose	\$100,000	TE
Utility/Environmental	\$800,000	TE	General Purpose	\$100,000	TE
Utility/Environmental	\$600,000	TE	General Purpose	\$100,000	TE
General Purpose	\$500,000	TE	Transportation	\$100,000	TE
Transportation	\$500,000	TE	Transportation	\$100,000	TE
Higher Ed/NFP	\$500,000	T	Utility/Environmental	\$100,000	TE
Transportation	\$350,000	TE	Utility/Environmental	\$100,000	TE
Transportation	\$300,000	TE	Utility/Environmental	\$100,000	TE
Transportation	\$300,000	T	Utility/Environmental	\$100,000	TE
Transportation	\$300,000	TE	Transportation	\$100,000	TE
Transportation	\$300,000	T	Transportation	\$100,000	TE
General Purpose	\$200,000	TE	Transportation	\$100,000	TE
General Purpose	\$200,000	TE	Transportation	\$100,000	TE
Healthcare	\$200,000	TE	Transportation	\$100,000	TE
Utility/Environmental	\$200,000	TE	Transportation	\$100,000	TE
Utility/Environmental	\$200,000	TE	Transportation	\$100,000	TE
Utility/Environmental	\$188,750	TE	Transportation	\$100,000	TE
Healthcare	\$175,000	TE	Transportation	\$100,000	TE
General Purpose	\$175,000	TE	Transportation	\$100,000	TE
Utility/Environmental	\$175,000	TE	General Purpose	\$88,500	TE
Utility/Environmental	\$160,000	TE	Utility/Environmental	\$80,000	TE
Higher Ed/NFP	\$150,000	TE	Utility/Environmental	\$80,000	T
Higher Ed/NFP	\$150,000	TE	General Purpose	\$75,000	TE
Healthcare	\$150,000	TE	General Purpose	\$75,000	TE
Healthcare	\$150,000	TE	General Purpose	\$75,000	TE
Healthcare	\$150,000	TE	Utility/Environmental	\$75,000	TE
Transportation	\$150,000	TE	Utility/Environmental	\$60,000	TE
Transportation	\$150,000	TE	Utility/Environmental	\$60,000	TE
Transportation	\$150,000	TE	Higher Ed/NFP	\$51,200	TE
Transportation	\$150,000	T	Higher Ed/NFP	\$50,000	TE
Transportation	\$150,000	T	Transportation	\$50,000	TE
Transportation	\$150,000	TE	Transportation	\$50,000	TE
Transportation	\$150,000	TE	Transportation	\$50,000	T
General Purpose	\$150,000	TE	Transportation	\$50,000	TE
Utility/Environmental	\$135,000	TE	General Purpose	\$50,000	TE
General Purpose	\$130,000	TE	General Purpose	\$50,000	TE
General Purpose	\$130,000	TE	General Purpose	\$50,000	TE
General Purpose	\$130,000	TE	General Purpose	\$50,000	TE
General Purpose	\$130,000	TE	Healthcare	\$42,050	TE
General Purpose	\$130,000	T	Higher Ed/NFP	\$40,000	TE
General Purpose	\$130,000	T	Higher Ed/NFP	\$40,000	TE
General Purpose	\$130,000	TE	General Purpose	\$40,000	TE
Utility/Environmental	\$110,000	TE	General Purpose	\$31,355	TE
Utility/Environmental	\$110,000	TE	Utility/Environmental	\$30,000	TE
Utility/Environmental	\$110,000	TE			
General Purpose	\$102,000	TE			

Recent CP New Issue Activity; Short-Term Underwriting & Sales

J.P. Morgan offers the District the level of experience and expertise that only the leading CP dealer in the municipal market can offer. In building our market-leading experience, we have assisted numerous issuers in identifying benefits and considerations associated with short-term and interim borrowing programs. J.P. Morgan's ability to structure and competitively market the District's CP is evidenced by this experience as well as our short-term distribution system and overall marketing and distribution plan. Given J.P. Morgan's leadership position as a major producer of financial market research and active market maker in the secondary market, we are highly regarded among institutional investors who know they can rely on J.P. Morgan for "real time" information and liquidity. As shown in the table above, J.P. Morgan has brought more municipal CP issuance to the market than any other firm since the beginning of 2018, according to Bloomberg.

Municipal CP League Table: 2018-2021YTD				
Rank	Firm	Volume (\$mm)	Deals	Market Share
1	J.P. Morgan	\$5,032	25	55.0%
2	Barclays	\$3,599	11	39.3%
3	Wells Fargo	\$225	4	2.5%
4	Morgan Stanley	\$166	2	1.8%
5	Citi	\$31	21	0.3%

In addition to being a top-ranked dealer for municipal CP—including tax-exempt CP—we believe The District should also base its competitive assessment on the formidable size of our *current* CP portfolio. **J.P. Morgan's industry-leading municipal CP portfolio has \$47.9 billion in authorized par across 271 programs.** J.P. Morgan's sizeable portfolio reflects our strong price performance, commitment of capital, and superior sales and distribution capabilities. J.P. Morgan's extensive experience as dealer of CP Programs for many issuers gives us an advantage in the marketing and sale process. J.P. Morgan will leverage all knowledge previously acquired to:

- Market new CP offerings to purchasers of similar California CP
- Address any concerns regarding the District's credit from specific buyers during the initial marketing to create the broadest possible investor pool for the CP
- Identify the most beneficial points on the yield curve to place the CP while ensuring these dates meet The District's financing goals and constraints

Our underwriting team is located in our New York headquarters and consists of 10 short-term sales, underwriting and trading professionals. Our experienced short-term underwriting team has structured and marketed CP programs for a range of issuers and understands the investor market dynamics that will enable us to aggressively place the District's CP. With an institutional sales force focused solely on the short end of the municipal yield curve and one of the industry's broadest distribution networks nationally, J.P. Morgan has the ability to find and engage the municipal buyers most likely to buy the District's CP. J.P. Morgan reaches every major institutional account in the country and maintains close relationships with the 500 largest institutional buyers in the municipal market. Our salesforce covers every major domestic market and all major tax-exempt investment advisors, bank trust departments and insurance companies, including the money market funds and short bond funds that we expect to be the primary buyers of the CP.

CP Note Platform Summary

Roles	Professionals	Location
Short-Term Sales	3	New York
Short-term Trading	4	New York
Short-term Underwriting	3	New York

CP Marketing and Distribution

J.P. Morgan's successful marketing of CP is due to our commitment to consistent market analysis of buyers and pricing that continues throughout the life of the program. We will develop a thoughtful and detailed marketing strategy, which consists of a five-step process that aims to bring a wide investor audience to the District's transaction, create considerable demand for its CP, and deliver the lowest-possible interest cost at the time of initial pricing and future rolls.

STEP 1 – DETERMINE OPTIMAL TIMING AND MATURITY OF PAPER PLACEMENT. J.P. Morgan will work with the District to determine the optimal structure and date for any offering. Our sales team has developed a calendar that provides cyclical periods where it may be particularly advantageous or disadvantageous to issue or roll CP, and we will work closely with the District to maximize the benefits of timing based on these periods.

STEP 2 – TARGET INVESTORS. J.P. Morgan will use its investor database to develop a primary target list of buyers who prefer CP programs of similar size, credit, and maturity range to the District's program. Given that we currently serve

as CP dealer on several programs within the State, we can easily access investors who have demonstrated an appetite for California paper. In addition, we will focus attention on other potential investors who may be new to such programs and make certain they are appropriately educated as to the District's structure, credit, and funding needs. We will also work one-on-one with our short-term origination team and utilize the Bloomberg system to disseminate information to customers regarding an upcoming issuance or CP rollover. We will target large institutional investors, particularly national money market funds, bank trust departments, and select high net worth individuals.

MATURITY PREFERENCES

Investor maturity preferences will shift slightly depending on the type of investor, as shown in the following table. We expect the largest base of investors to be large tax-exempt money market funds, which will likely represent the anchor orders for the District's program. The current investor preference is for target maturities in the 30, 60, and 90-day ranges, with 60-days as the median target maturity. We've achieved the most success in building a book at these target maturities. As the District's CP dealer, we would ultimately determine the optimal structure and timing for both the initial and upcoming offerings based on short-term market conditions and the District's objectives.

Target Investors by Maturity

Maturity	Type of Investor
0 to 30 days	Money Market Funds, Corporations, High Net Worth Individuals
0 to 270 days	Money Market Funds, Bank Trust Departments, High Net Worth Individuals

STEP 3 – OBTAIN INVESTOR COMMITMENTS. As part of our pre-marketing efforts, J.P. Morgan will talk with CP investors to gain indications of interest in the District's CP and would communicate this feedback to the District and its Financial Advisors. These pre-pricing commitments will help the District ensure that its CP is placed with multiple buyers and is executed efficiently on the day of pricing.

STEP 4 – ONGOING MARKETING. On a regular basis, sales material from the District and J.P. Morgan's Credit Analysis group will be sent to major buyers of CP. In addition, J.P. Morgan will work with the District to assure the timely update of the Offering Memorandum so that it can be distributed to all CP buyers. J.P. Morgan will also lead the marketing effort, conducting one-on-one discussions with investors regarding the program credit and structure.

STEP 5 – EVALUATION. We regularly analyze the performance of each CP program and the distribution of buyers. To ensure a diverse investor base on an ongoing basis, we seek out new buyers and disseminate sales material with one-on-one follow-up by our sales force. We are also happy to set up regular feedback discussions with the District.

Capital Commitment – Inventorying of Unsold CP Notes

J.P. Morgan's ability to underwrite unsold CP balances is ultimately a business decision that relates to our firm's commitment to municipal issuers and the overall risk management of the firm. Our willingness to underwrite debt is not impaired by capital constraints. There is no applicable legal limit to our underwriting capacity and in the last several years, J.P. Morgan has underwritten competitive transactions as large as \$9.1 billion in short-term notes, evidencing our strong ability to commit balance sheet for our municipal clients.

J.P. Morgan has continually demonstrated over the years our willingness to hold our clients' paper in inventory when necessary instead of putting them to the LOC bank. There is no maximum length of time that Notes would be held in inventory, as this is a decision that is made based on, among other things, overall market conditions, J.P. Morgan's overall inventory position, and any relevant matters specifically related to the District.

RESOLUTION NO. C-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OCWD PUBLIC FACILITIES CORPORATION
AUTHORIZING THE EXECUTION AND DELIVERY OF A
DEALER AGREEMENT AND AUTHORIZING CERTAIN
OTHER MATTERS RELATED THERETO**

WHEREAS, the OCWD Public Facilities Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”) with the authority to assist in the financing of certain facilities on behalf of the Orange County Water District (the “District”); and

WHEREAS, the Corporation has previously authorized the execution and delivery of the Orange County Water District Commercial Paper Certificates Series A (Tax- Exempt) (the “Series A Certificates”) and Commercial Paper Certificates Series B (Taxable) (the “Series B Certificates” and together with the Series A Certificates, the “Certificates”) under and pursuant to Resolution PFC-15-10-1 adopted by the Corporation on October 21, 2015;

WHEREAS, in connection with the execution and delivery of the Certificates, the District, the Corporation and Citigroup Global Markets Inc. (“Citigroup”) entered into that certain Amended and Restated Dealer Agreement dated November 1, 2015 (the “Amended and Restated Dealer Agreement”) for Citigroup to act as exclusive dealer of the Certificates;

WHEREAS, pursuant to Section 5 of the Amended and Restated Dealer Agreement, the Corporation desires to terminate the Amended and Restated Dealer Agreement and appoint J.P Morgan Securities, LLC (“J.P. Morgan”) as the successor dealer of the Certificates under the Dealer Agreement dated September 1, 2021, by and among the District, the Corporation and J.P. Morgan (the “Dealer Agreement”); and

NOW, THEREFORE, the Board of Directors of the Corporation does hereby resolve as follows:

SECTION 1. Dealer Agreement. The Dealer Agreement, in substantially the form attached hereto as Exhibit A, is hereby approved. The President or Vice President, together with the Chief Financial Officer, Secretary or Assistant Secretary of the Corporation is hereby authorized and directed to execute and deliver the Dealer Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Special Counsel, and approved by the officer executing the same, said execution being conclusive evidence of such approval.

SECTION 2. Other Actions. The President, Vice President, Chief Financial Officer, Secretary and Assistant Secretary of the Corporation, and any other officer of the Corporation, are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the execution and delivery of the Dealer Agreement, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified, confirmed and approved.

SECTION 3. Effect. This resolution shall take effect immediately.

I DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. C-_____ adopted by the Board of Directors of the OCWD Public Facilities Corporation on September 15, 2021.

Corporation Secretary

EXHIBIT A
DEALER AGREEMENT