



ORANGE COUNTY SANITATION DISTRICT
SPECIAL NOTICE REGARDING CORONAVIRUS (COVID-19)
AND ATTENDANCE AT PUBLIC MEETINGS

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in California as a result of the threat of COVID-19. On March 12, 2020 and March 18, 2020, Governor Newsom issued Executive Order N-25-20 and Executive Order N-29-20, which temporarily suspend portions of the Brown Act which addresses the conduct of public meetings.

The General Manager and the Chairman of the Board of Directors have determined that due to the size of the Orange County Sanitation District's Board of Directors (25), and the health and safety of the members, the Board of Directors will be participating in meetings of the Board telephonically and via Internet accessibility.

PUBLIC PARTICIPATION

Your participation is always welcome. The Administration Committee meeting will be available to the public online at:

<https://ocsd.legistar.com/Calendar.aspx>

You may submit your comments and questions in writing for the Administration Committee's consideration in advance of the meeting by using the eComment feature available via the webpage above or sending them to OCSanClerk@ocsd.com with the subject line "PUBLIC COMMENT ITEM # (insert the item number relevant to your comment)" or "PUBLIC COMMENT NON-AGENDA ITEM". Submit your written comments by 5:00 p.m. on Tuesday, May 11, 2021.

You may also submit comments and questions for the Administration Committee's consideration during the meeting by using the eComment feature that will be available via the webpage above for the duration of the meeting.

All public comments will be provided to the Administration Committee and may be read into the record or compiled as part of the record.

Thank you.

May 5, 2021

NOTICE OF MEETING

**ADMINISTRATION COMMITTEE
ORANGE COUNTY SANITATION DISTRICT**

Wednesday, May 12, 2021 – 5:00 P.M.

ACCESSIBILITY FOR THE GENERAL PUBLIC

Due to the spread of COVID-19, the Orange County Sanitation District will be holding all upcoming Board and Committee meetings by teleconferencing and Internet accessibility. This meeting will be available to the public online at:

<https://ocsd.legistar.com/Calendar.aspx>

A regular meeting of the Administration Committee of the Orange County Sanitation District will be held in the manner indicated herein on Wednesday, May 12, 2021 at 5:00 p.m.

Serving:

Anaheim
Brea
Buena Park
Cypress
Fountain Valley
Fullerton
Garden Grove
Huntington Beach
Irvine
La Habra
La Palma
Los Alamitos
Newport Beach
Orange
Placentia
Santa Ana
Seal Beach
Stanton
Tustin
Villa Park
County of Orange
Costa Mesa Sanitary District
Midway City Sanitary District
Irvine Ranch Water District
Yorba Linda Water District

| ADMINISTRATION COMMITTEE MEETING DATE | BOARD MEETING DATE |
|--|--------------------|
| 05/12/21 | 05/26/21 |
| 06/09/21 | 06/23/21 |
| 07/14/21 | 07/28/21 |
| AUGUST DARK | 08/25/21 |
| 09/08/21 | 09/22/21 |
| 10/13/21 | 10/27/21 |
| 11/10/21 | 11/17/21 * |
| 12/08/21 | 12/15/21 * |
| JANUARY DARK | 01/26/22 |
| 02/09/22 | 02/23/22 |
| 03/09/22 | 03/23/22 |
| 04/13/22 | 04/27/22 |

**** Meeting will be held on the third Wednesday of the month***

**ROLL CALL
ADMINISTRATION COMMITTEE
Finance, Information Technology, Environmental Services
and Human Resources**

Meeting Date: May 12, 2021

Time: 5:00 p.m.

Adjourn: _____

COMMITTEE MEMBERS (13)

| | |
|---------------------------------|--|
| Chad Wanke, Chair | |
| Glenn Parker, Vice-Chair | |
| Brad Avery | |
| Art Brown | |
| Kim Carr | |
| Mark Chirco | |
| Rose Espinoza | |
| Marshall Goodman | |
| Patrick Harper | |
| Anthony Kuo | |
| Andrew Nguyen | |
| David Shawver (Board Chair) | |
| John Withers (Board Vice-Chair) | |

OTHERS

| | |
|-----------------------------|--|
| Brad Hogin, General Counsel | |
| | |

STAFF

| | |
|--|--|
| Jim Herberg, General Manager | |
| Rob Thompson, Assistant General Manager | |
| Lorenzo Tyner, Assistant General Manager | |
| Celia Chandler, Director of Human Resources | |
| Kathy Millea, Director of Engineering | |
| Lan Wiborg, Director of Environmental Services | |
| Kelly Lore, Clerk of the Board | |

ORANGE COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS
Complete Roster

Effective 2/9/2021

| AGENCY/CITIES | ACTIVE DIRECTOR | ALTERNATE DIRECTOR |
|----------------------|--------------------------|---------------------------|
| Anaheim | Stephen Faessel | Jose Diaz |
| Brea | Glenn Parker | Steven Vargas |
| Buena Park | Art Brown | Connor Traut |
| Cypress | Stacy Berry | Anne Hertz |
| Fountain Valley | Patrick Harper | Glenn Grandis |
| Fullerton | Jesus J. Silva | Nick Dunlap |
| Garden Grove | Steve Jones | John O'Neill |
| Huntington Beach | Kim Carr | Dan Kalmick |
| Irvine | Anthony Kuo | Farrah N. Khan |
| La Habra | Rose Espinoza | Jose Medrano |
| La Palma | Marshall Goodman | Nitesh Patel |
| Los Alamitos | Mark A. Chirco | Ron Bates |
| Newport Beach | Brad Avery | Joy Brenner |
| Orange | Kim Nichols | Chip Monaco |
| Placentia | Chad Wanke | Ward Smith |
| Santa Ana | Johnathan Ryan Hernandez | Nelida Mendoza |
| Seal Beach | Sandra Massa-Lavitt | Schelly Sustarsic |
| Stanton | David Shawver | Carol Warren |
| Tustin | Ryan Gallagher | Austin Lumbard |
| Villa Park | Chad Zimmerman | Robert Collacott |

Sanitary/Water Districts

| | | |
|-------------------------------|---------------|------------------|
| Costa Mesa Sanitary District | Bob Ooten | Art Perry |
| Midway City Sanitary District | Andrew Nguyen | Sergio Contreras |
| Irvine Ranch Water District | John Withers | Douglas Reinhart |
| Yorba Linda Water District | Brooke Jones | Phil Hawkins |

County Areas

| | | |
|----------------------|--------------|------------------|
| Board of Supervisors | Doug Chaffee | Donald P. Wagner |
|----------------------|--------------|------------------|



ADMINISTRATION COMMITTEE
Regular Meeting Agenda
Wednesday, May 12, 2021 - 5:00 PM
Board Room
Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

AGENDA POSTING: In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted outside the main gate of the Sanitation District's Administration Building located at 10844 Ellis Avenue, Fountain Valley, California, and on the Sanitation District's website at www.ocsd.com not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of the Board of Directors, are available for public inspection in the office of the Clerk of the Board.

AGENDA DESCRIPTION: The agenda provides a brief general description of each item of business to be considered or discussed. The recommended action does not indicate what action will be taken. The Board of Directors may take any action which is deemed appropriate.

MEETING AUDIO: An audio recording of this meeting is available within 24 hours after adjournment of the meeting. Please contact the Clerk of the Board's office at (714) 593-7433 to request the audio file.

NOTICE TO DIRECTORS: To place items on the agenda for a Committee or Board Meeting, the item must be submitted in writing to the Clerk of the Board: Kelly A. Lore, MMC, (714) 593-7433 / klore@ocsd.com at least 14 days before the meeting.

FOR ANY QUESTIONS ON THE AGENDA, BOARD MEMBERS MAY CONTACT STAFF AT:

General Manager: Jim Herberg, jherberg@ocsd.com / (714) 593-7300
Asst. General Manager: Lorenzo Tyner, lttyner@ocsd.com / (714) 593-7550
Asst. General Manager: Rob Thompson, rthompson@ocsd.com / (714) 593-7310
Director of Human Resources: Celia Chandler, cchandler@ocsd.com / (714) 593-7202
Director of Engineering: Kathy Millea, kmillea@ocsd.com / (714) 593-7365
Director of Environmental Services: Lan Wiborg, lwiborg@ocsd.com / (714) 593-7450

CALL TO ORDER**PLEDGE OF ALLEGIANCE****ROLL CALL AND DECLARATION OF QUORUM:**

Clerk of the Board

PUBLIC COMMENTS:

Your participation is always welcome. The Administration Committee meeting will be available to the public online at: <https://ocsd.legistar.com/Calendar.aspx>.

You may submit your comments and questions in writing for the Administration Committee's consideration in advance of the meeting by using the eComment feature available via the webpage above or sending them to OCSanClerk@ocsd.com with the subject line "PUBLIC COMMENT ITEM # (insert the item number relevant to your comment)" or "PUBLIC COMMENT NON-AGENDA ITEM". Submit your written comments by 5:00 p.m. on May 11, 2021.

You may also submit comments and questions for the Administration Committee's consideration during the meeting by using the eComment feature that will be available via the webpage above for the duration of the meeting. All public comments will be provided to the Administration Committee and may be read into the record or compiled as part of the record.

REPORTS:

The Committee Chairperson and the General Manager may present verbal reports on miscellaneous matters of general interest to the Directors. These reports are for information only and require no action by the Directors.

CONSENT CALENDAR:

Consent Calendar Items are considered to be routine and will be enacted, by the Committee, after one motion, without discussion. Any items withdrawn from the Consent Calendar for separate discussion will be considered in the regular order of business.

1. APPROVAL OF MINUTES**[2021-1598](#)****RECOMMENDATION:**

Approve Minutes of the Regular Meeting of Administration Committee held April 14, 2021.

Originator: Kelly Lore

Attachments: [Agenda Report](#)
[04-14-2021 Administration Committee Minutes](#)

2. CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED MARCH 31, 2021 [2021-1555](#)

RECOMMENDATION: Recommend to the Board of Directors to:

Receive and file the Orange County Sanitation District Third Quarter Financial Report for the period ended March 31, 2021.

Originator: Lorenzo Tyner

Attachments: [Agenda Report](#)
[Consolidated Financial Report for the Third Quarter Ended March 31, 2021](#)

3. RECORDS MANAGEMENT PROGRAM UPDATE [2021-1556](#)

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OC SAN 21-XX entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Adopting the Records Management Program Procedures and Records Retention Schedule, Authorizing Destruction of Obsolete Records, and Repealing Resolution No. OCSD 20-10".

Originator: Kelly Lore

Attachments: [Agenda Report](#)
[Resolution No. OC SAN 21-XX](#)
[Draft Procedure Manual - Redline](#)
[Draft Records Retention Schedule - Redline](#)

4. GENERAL MANAGER APPROVED PURCHASES AND ADDITIONS TO THE PRE-APPROVED OEM SOLE SOURCE LIST [2021-1620](#)

RECOMMENDATION: Recommend to the Board of Directors to:

A. Receive and file Orange County Sanitation District purchases made under the General Manager's authority for the period of January 1, 2021 to March 31, 2021; and

B. Approve the following additions to the pre-approved OEM Sole Source List for the period of January 1, 2021 to March 31, 2021:

- ALTRONIC - CenGen Engine Ignition Subsystem Components
- CECO FYBROC - Pumps and Parts
- FLUKE ELECTRONICS CORPORATION / PRUFTECHNIK - Rotalign Touch Laser Shaft Alignment System
- KURZ INSTRUMENTS - Gas Flow Meters

- METTLER TOLEDO, LLC - Truck Loading Scale Controller Replacement
- SDT ULTRASOUND SOLUTIONS - SDT Ultrasound Instruments, Hardware, and Software
- SWAGELOK - Parts, Tools, and Service

Originator: Lorenzo Tyner

Attachments: [Agenda Report](#)

NON-CONSENT:

**5. WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES [2021-1609](#)
2021A**

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OC SAN 21-XX entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing the execution and delivery by the District of an Installment Purchase Agreement, a Trust Agreement, a Continuing Disclosure Agreement and Escrow Agreements in connection with the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, authorizing the execution and delivery of such Revenue Obligations evidencing principal in an aggregate amount of not to exceed \$163,775,000, approving a Notice of Intention to Sell, authorizing the distribution of an Official Notice Inviting Bids and an Official Statement in connection with the offering and sale of such Revenue Obligations and authorizing the execution of necessary documents and related actions"; and
- B. That the Orange County Sanitation District Financing Corporation approve the documents supporting and authorizing the Revenue Obligations in an aggregate amount not to exceed \$163,775,000.

Originator: Lorenzo Tyner

Attachments: [Agenda Report](#)
[Resolution No. OC SAN No. 21-XX](#)
[Financing Corporation Resolution No. FC-XX](#)
[Draft Installment Purchase Agreement](#)
[Draft Trust Agreement](#)
[Draft Notice of Intention to Sell](#)
[Draft Official Notice Inviting Bids](#)
[Draft Preliminary Official Statement](#)
[Draft Continuing Disclosure Agreement](#)
[Draft 2011A Revenue Obligations Escrow Agreement](#)
[Draft 2018A CANs Escrow Agreement](#)

INFORMATION ITEMS:**6. INSURANCE RENEWAL MARKET OVERVIEW [2021-1606](#)****RECOMMENDATION:**

Information Item.

Originator: Lorenzo Tyner

Attachments: [Agenda Report](#)

**7. CAPITAL IMPROVEMENT PROGRAM PROPOSED BUDGET FOR [2021-1628](#)
FY2021-22****RECOMMENDATION:**

Information Item.

Originator: Kathy Millea

Attachments: [Agenda Report](#)
[Presentation - CIP FY21-22 Proposed Budget](#)

DEPARTMENT HEAD REPORTS:**CLOSED SESSION:**

None.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:**BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:**

At this time Directors may request staff to place an item on a future agenda.

ADJOURNMENT:

The next Administration Committee meeting is scheduled for Wednesday, June 9, 2021 at 5:00 p.m.



ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2021-1598

Agenda Date: 5/12/2021

Agenda Item No: 1.

FROM: James D. Herberg, General Manager
Originator: Kelly A. Lore, Clerk of the Board

SUBJECT:

APPROVAL OF MINUTES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve Minutes of the Regular Meeting of Administration Committee held April 14, 2021.

BACKGROUND

In accordance with the Board of Directors Rules of Procedure, an accurate record of each meeting will be provided to the Directors for subsequent approval at the following meeting.

RELEVANT STANDARDS

- Resolution No. OC SAN 21-04

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Minutes of the Administration Committee meeting held April 14, 2021



CALL TO ORDER

A regular meeting of the Administration Committee was called to order by Committee Chair Chad Wanke on Wednesday, April 14, 2021 at 5:00 p.m. in the Administration Building of the Orange County Sanitation District. Chair Wanke stated that the meeting was being held telephonically and via audio/video teleconferencing in accordance with the Governor's Executive Order No. N-29-20, due to the Coronavirus Pandemic (COVID-19). Chair Wanke led the Flag Salute and announced the teleconference meeting guidelines.

ROLL CALL AND DECLARATION OF QUORUM:

Roll call was taken and a quorum was declared present, as follows:

- PRESENT:** Chad Wanke, Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo and David Shawver
- ABSENT:** John Withers

STAFF MEMBERS PRESENT: Kelly Lore, Clerk of the Board, and Joshua Martinez were present in the Board Room. Jim Herberg, General Manager; Rob Thompson, Assistant General Manager; Lorenzo Tyner, Assistant General Manager; Kathy Millea, Director of Engineering; Lan Wiborg, Director of Environmental Services; Laura Maravilla, HR & Risk Manager; Jennifer Cabral; Mortimer Caparas; Tina Knapp; Wally Ritchie; Don Stokes; Thomas Vu; and Ruth Zintzun were in attendance telephonically.

OTHERS PRESENT: Brad Hogin, General Counsel was in attendance telephonically.

PUBLIC COMMENTS:

None.

REPORTS:

Chair Wanke did not provide a report.

General Manager Jim Herberg introduced Assistant General Manager Rob Thompson who provided an update on two recent spills. On March 19, the first occurred in the City of Orange. OC San staff and East Orange County Water District responded and assisted with cleanup efforts. The second occurred on April 5, when a 42,000-gallon surface discharge spill occurred in the City of Anaheim. The Contractor was switching the bypass from the old line to the new line and the plug was not removed from the new line. The Contractor and OC

San staff responded to clean up the site and allow for construction to continue. Both spills were reported to the Orange County Health Care Agency.

CONSENT CALENDAR:

1. APPROVAL OF MINUTES [2021-1567](#)

Originator: Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Administration Committee held March 10, 2021.

AYES: Chad Wanke, Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo and David Shawver

NOES: None

ABSENT: John Withers

ABSTENTIONS: None

2. PURCHASE OF A FOURIER TRANSFORM INFRARED MICROSCOPE [2021-1568](#)

Originator: Lan Wiborg

MOVED, SECONDED, AND DULY CARRIED TO:

Approve a Sole Source purchase to Thermo Electron/Thermo Fisher for a Fourier Transform Infrared Microscope (FTIM) for an amount not to exceed \$109,713, including estimated tax and shipping.

AYES: Chad Wanke, Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo and David Shawver

NOES: None

ABSENT: John Withers

ABSTENTIONS: None

NON-CONSENT:

**3. PROPOSED ADOPTION OF ORDINANCE NO. OC SAN-XX [2021-1526](#)
UPDATING ELECTRONIC REQUIREMENTS FOR THE
PRESENTATION OF CLAIMS OR DEMANDS FOR PAYMENT**

Originator: Lorenzo Tyner

Assistant General Manager Lorenzo Tyner provided a brief introduction to the proposed Ordinance.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

- A. Introduce Ordinance No. OC SAN-XX, entitled: "An Ordinance of the Board of Directors of the Orange County Sanitation District Establishing Requirements for the Presentation of Claims or Demands for Payment; and Repealing Ordinance No. OCSD-17";
- B. Motion to read Ordinance No. OC SAN-XX by title only and waive reading of said entire Ordinance on April 28, 2021;
- C. Set May 26, 2021, as the date for the second reading and adoption of Ordinance No. OC SAN-XX; and
- D. Direct the Clerk of the Board to publish summaries of the Ordinance as required by law.

**4. PROPOSED ADOPTION OF ORDINANCE NO. OC SAN-XX
UPDATING THE PURCHASING ORDINANCE**

[2021-1570](#)

Originator: Lorenzo Tyner

Mr. Tyner provided a brief introduction to the proposed Ordinance and responded to questions from the Committee regarding the tie bids and the award of bids based on lots; and price proposals that remain unopened in a web-based system. Mr. Tyner noted that further clarification will be made and included in the Ordinance.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

- A. Introduce Ordinance No. OC SAN-XX, entitled: "An Ordinance of the Board of Directors of the Orange County Sanitation District Establishing Requirements and Procedures for the Purchase of Goods, Services, and Public Works Projects; and Repealing Ordinance No. OCSD-52";
- B. Motion to read Ordinance No. OC SAN-XX by title only and waive reading of said entire Ordinance on April 28, 2021;
- C. Set May 26, 2021, as the date for the second reading and adoption of Ordinance No. OC SAN-XX; and
- D. Direct the Clerk of the Board to publish summaries of the Ordinance as required by law.

INFORMATION ITEMS:

5. FY 2021-22 OPERATING BUDGET UPDATE

[2021-1554](#)

Originator: Lorenzo Tyner

Controller Wally Ritchie and Mr. Thompson provided a PowerPoint presentation of the 2021-22 Budget Update including an Expense Summary explaining the increases to Salaries, Wages, and Benefits; Repairs and Maintenance; Contractual Services; Operating Materials and Supplies; Utilities; Professional Services; Other Operating Supplies; and Cost Allocation.

ITEM RECEIVED AS AN:

Information Item.

6. ORANGE COUNTY SANITATION DISTRICT COLLECTION SYSTEM

[2021-1578](#)

Originator: Rob Thompson

Mr. Thompson introduced Engineering Manager Don Stokes who provided a PowerPoint presentation which included an overview of the wastewater collection system. He also included information about OC San's service area and goals; gravity systems; line cleaning types; line flushing; mechanical cleaning; pressure systems; pump station maintenance and resiliency; underground line locating; regional odor control, odor control chemicals, and odor control efforts; CCTV; and outside agency assistance.

ITEM RECEIVED AS AN:

Information Item.

DEPARTMENT HEAD REPORTS:

None.

CLOSED SESSION:

None.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

None.

BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

None.

ADJOURNMENT:

Chair Wanke declared the meeting adjourned at 6:00 p.m. to the Regular meeting to be held on Wednesday, May 12, 2021 at 5:00 p.m.

Submitted by:

Kelly A. Lore, MMC
Clerk of the Board



ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2021-1555

Agenda Date: 5/12/2021

Agenda Item No: 2.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED MARCH 31, 2021

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Receive and file the Orange County Sanitation District Third Quarter Financial Report for the period ended March 31, 2021.

BACKGROUND

Included in this consolidated report are the following quarterly financial reports for the period ended March 31, 2021:

- **Third Quarter Budget Review**
The Budget Review Summary provides the Directors, staff, and general public with a comprehensive overview of the financial results of the Orange County Sanitation District (OC San) through the third quarter ended March 31, 2021.
- **Quarterly Treasurer's Report**
This section reports on financial portfolio performance with respect to OC San's funds. Both Long-Term and Liquid Operating Monies Portfolios are summarized. A performance summary table can be found on page 2 of this agenda report. The report also contains information on the U.S. and global economic outlook from OC San's investment manager, Chandler Asset Management.
- **Certificates of Participation (COP) Quarterly Report**
The report includes a summary of each outstanding debt issuance and a comparative chart illustrating the COP rate history.

RELEVANT STANDARDS

- Quarterly financial reporting

ADDITIONAL INFORMATION

The quarterly treasurer's report contained within the Consolidated Financial Report for the Third Quarter Ended March 31, 2021 is being submitted in accordance with OC San's investment policy that requires the report be submitted to the governing body following the end of each quarter and includes the following information:

- Performance results in comparison with the ICE BAML 3-month treasury bill index for the liquid operating portfolio; and the ICE BAML Corp./Govt. 1-5 Year Bond index for the long-term portfolio as identified in the investment policy; and the time-weighted total rate of return for the portfolio for the prior three months, six months, nine months, twelve months, and since inception compared to the Benchmark returns for the same periods:

**Portfolio Performance Summary
As of March 31, 2021**

| | Liquid Operating Monies (%) | | Long-Term Operating Monies (%) | |
|--|-----------------------------|-----------|--------------------------------|-----------|
| | Total Rate of Return | Benchmark | Total Rate of Return | Benchmark |
| 3 Months | 0.04 | 0.02 | -0.50 | -0.53 |
| 6 Months | 0.07 | 0.06 | -0.29 | -0.37 |
| 9 Months | 0.11 | 0.09 | 0.00 | -0.14 |
| 12 Months | 0.18 | 0.12 | 1.32 | 0.89 |
| Annualized Since Inception 30 Nov 2014 | 1.08 | 0.96 | 2.09 | 2.05 |

- A listing of individual securities held at the end of the reporting period (see the detailed listings of each security contained within the report).

- Cost and market values of the portfolios:

| | <u>Liquid Operating</u> | <u>Long-Term</u> |
|--------------|-------------------------|------------------|
| Cost | \$166.0 M | \$636.5 M |
| Market Value | \$165.8 M | \$654.4 M |

- Modified duration of the portfolio compared to the Benchmark:

| | <u>Liquid Operating</u> | <u>Long-Term</u> |
|---------------|-------------------------|------------------|
| OC San Policy | < 0.50 | < 5.00 |
| Benchmark | 0.15 | 2.60 |
| Portfolio | 0.30 | 2.55 |

- Dollar change in value of the portfolio for a one percent (1%) change in interest rates:

Liquid Operating - \$502,072
Long- Term - \$16,687,654

- None of the portfolios are currently invested in reverse repurchase agreements.

- The percent of the Liquid Operating Monies portfolio maturing within 90 days: 39.7%
- Average portfolio credit quality:
Liquid Operating - AA+/Aaa
Long- Term - AA+/Aa1
- Percent of portfolio with credit ratings below "A" by any rating agency and a description of such securities:
Liquid Operating - no exceptions
Long- Term - Percent of portfolio - 0.9%

| | Cost | Maturity Date | Moody | S&P | Fitch |
|--|----------------|---------------|-------|------|-------|
| SLM Student Loan Trust 2008-9 A | \$10,415.02 | 4/25/2023 | Baa3 | B | B |
| AMRESO Residential Securities 1999-1 A | \$89,377.81 | 6/25/2029 | NR | A+ | BBB |
| Morgan Stanley Note | \$3,200,848.00 | 7/28/2021 | A1 | BBB+ | A |
| Oracle Corp Callable Note | \$2,892,240.00 | 9/15/2021 | Baa2 | A | BBB+ |

- All investments are in compliance with this policy and the California Government Code, except for the following Lehman Brother holdings that OC San is pursuing collection through the bankruptcy court:
Lehman Brothers Note-Defaulted \$ 600,000 par value purchased 9/19/2008
Lehman Brothers Note-Defaulted \$2,000,000 par value purchased 9/18/2008
- Sufficient funds are available for OC San to meet its operating expenditure requirements for the next six months.

CEQA

N/A

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Consolidated Financial Report for the Third Quarter Ended March 31, 2021

ORANGE COUNTY SANITATION DISTRICT

Third Quarter Financial Report

for the period ended March 31, 2021



ORANGE COUNTY SANITATION DISTRICT

Orange County, California

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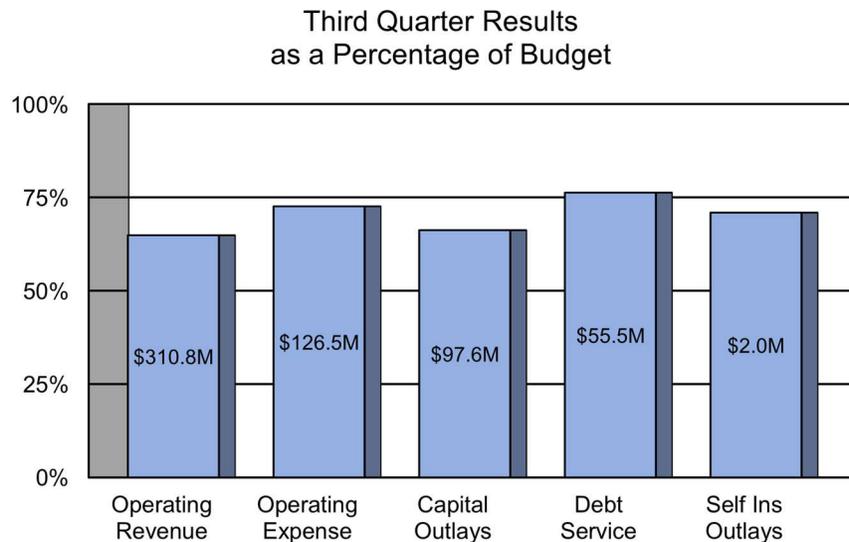
Consolidated Financial Reports For the Third Quarter Ended March 31, 2021

Included in this consolidated report are the following quarterly financial reports for the period ended March 31, 2021:

- **Third Quarter Budget Review:**

The Consolidated Financial Reports Section provides the Directors, staff, and the general public with a comprehensive overview of the financial results of the Orange County Sanitation District (the Sanitation District) through the third quarter ended March 31, 2021.

Contained within the Consolidated Financial Reports is the budget-to-actual status of the Collections, Treatment and Disposal Operations, Capital Improvement Program, Debt Service Outlays, and Self-Insurance Program. Also included is a Capital Assets Schedule as of March 31, 2021. The chart below provides for a summary of these activities.



Various detail information can be found in this report. Below is a descriptive summary of these activities through March 31, 2021:

- a) Most major expense categories are anticipated to be at or below budget.
- b) Total revenues are at 64.9 percent of the \$479.2 million budget. Except for Intra District Sewer Use-IRWD, Capital Assessments-IRWD, Capital Facilities Capacity Charges, Interest Earnings, CIP Reimbursements, CNG Sales, and Other Sales, most major revenue sources are currently tracking close to or exceeding revenue estimates. Overall, total revenues are projected to approximate or be slightly below budget at year-end. More detailed information on revenues is provided within Section 1 – Pages 4 through 6.

FY 2020-21 Third Quarter Financial Report

- c) **Collection, Treatment and Disposal Costs:**
As indicated within the Consolidated Financial Reports Section of this report, the net operating requirements through the third quarter of \$126.5 million is currently tracking at 72.6 percent of the \$174.3 million budget. In addition, net operating expenses have increased \$5.7 million or 4.8 percent in comparison with the same period last year. Overall, staff expects the total operating costs to remain at or slightly below budget throughout the remainder of the year. More detailed information on operating expenses is provided within Section 1 – Pages 1 through 4.

The total cost per million gallons is \$2,530 based on flows of 183 million gallons per day. This is \$10 per million gallons, or 0.4 percent less than the budgeted cost per million gallons per day. A further description of these costs and benchmarking with other agencies is contained within Section 1 – Pages 7 through 9.

- d) The total projected capital outlay cash flow of the Capital Improvement Program (CIP) for FY 2020-21 has been revised to \$154.1 million, or 104.4 percent of the board approved cash outlay of \$147.6 million. The actual cash outlay spending through the third quarter is \$97.6 million, or 66.2 percent of the total budgeted outlay. More detailed information on the CIP budget review can be found in Section 1 – Page 10 and Section 3.

- **Third Quarter Treasurer’s Report**

This section reports on financial portfolio performance with respect to the Sanitation District’s funds. Both Long-Term and Liquid Operating Monies Portfolios are summarized. A performance summary table can be found on page 2 of this section. The report also contains information on the national economic outlook from the Sanitation District’s money manager, Chandler Asset Management (Chandler).

Chandler notes the Long-Term Portfolio quarterly return of negative 50 basis points outperformed the ICE BAML 1-5 Year US Corp/Govt Rated AAA-A Index return of negative 53 basis points, while the Liquid Operating Monies Portfolio quarterly return of 4 basis points outperformed the ICE BAML 3-Month US Treasury Bill Index return of 2 basis points.

Chandler further notes that economic growth is poised to accelerate meaningfully in the current quarter as vaccine distribution becomes more widespread in the US amid an ongoing backdrop of robust fiscal support, low interest rates, and accommodative monetary policy. The vaccine rollout has been faster than expected and roughly 20% of the US population is now fully vaccinated, and more than one third has received at least one dose. Meanwhile, robust fiscal spending along with the Federal Reserve’s highly accommodative monetary policy continues to provide support for the economy and financial markets. Last month, President Biden signed a \$1.9 trillion fiscal relief plan (bringing the total amount of pandemic-related fiscal relief legislation in the last year to about \$5.5 trillion) and at the end

Executive Summary

of March he unveiled a \$2.3 trillion infrastructure spending proposal. The Chandler team expects some version of an infrastructure spending bill to come to fruition later this year. Estimates for US gross domestic product (GDP) growth this year continue to migrate higher. The current Bloomberg consensus estimate for 2021 US GDP growth is now 6.2%.

The Federal Open Market Committee kept monetary policy unchanged at their March meeting as expected, with the fed funds target rate in a range of 0.0% to 0.25%. The Fed also continues to purchase \$80 billion of Treasuries per month, and \$40 billion of agency mortgage-backed securities per month. The Fed intends to remain highly accommodative until the labor market has made a strong recovery and inflation is sustainably on track to achieve their 2.0% longer-run target. The Fed has signaled a willingness to let the economy run hot, in order to reach their goals. Most Fed policymakers still expect to keep the fed funds rate unchanged through 2023. Though inflation rates are likely to increase in the coming months, the Fed believes the increase is likely to be transient and the Fed intends to remain on the sidelines.

The yield curve is steeper on a year-over-year and year-to-date basis. At the end of March, the yield on 2-year Treasuries was about four basis points higher while the yield on 10-year Treasuries was nearly 83 basis points higher, on a year-to-date basis. In April, we have seen a modest retreat in longer-term Treasury yields. Nevertheless, the Chandler team believes the Treasury yield curve is poised to modestly steepen further as the year progresses, which would be consistent with an improving economic outlook, more widespread vaccine distribution, the anticipation of ongoing fiscal spending, and a moderate pick-up in inflation.

The treasury yield curve is much steeper relative to this time last year. The 3-month T-bill yield is about five basis points lower, and the 2-year Treasury yield is about nine basis points lower, while the 10-Year Treasury yield is about 107 basis points higher, year-over-year, as of March month-end. Yields declined precipitously in March 2020, with the Fed cutting rates by a total of 150 basis points and a flight to safe-haven assets driving down yields across the curve. The Fed has signaled plans to keep the front end of the Treasury yield curve anchored near zero until at least 2023.

The Consumer Price Index (CPI) was up 1.7% year-over-year in February, versus up 1.4% year-over-year in January. However, Core CPI (CPI less food and energy) was up just 1.3% year-over-year in February, versus up 1.4% in January. The Personal Consumption Expenditures (PCE) index was up 1.6% year-over-year in February, versus up 1.4% year-over-year in January. Core PCE, which is the Fed's primary inflation gauge, was up 1.4% year-over-year in February, versus up 1.5% year-over-year in January. Inflation rates are likely to increase as we begin to cycle through the deflationary impact of the pandemic last year, but for now inflation remains below the Fed's longer-run 2.0% target.

FY 2020-21 Third Quarter Financial Report

Economic Outlook

Risk assets continued to perform in the first quarter of 2021 as the coronavirus vaccination process accelerated and new developments specific to both fiscal and monetary policy helped to brighten the outlook. Based on current trends and the loosening of restrictions for vaccination eligibility it is quite feasible the United States will be close to 'herd immunity' from the coronavirus early in the 3rd quarter of 2021. The Chandler team is confident there is a large amount of pent-up demand awaiting to be deployed in the service sector and we expect the 'main street' economy to experience a vigorous recovery in the second half of the year, catching up to the strong performance of equity markets and risk assets overall. The domestic savings rate remains elevated, and we expect some of these monies to be drawn down as mobility restrictions are loosened and a sense of post pandemic normalcy returns. The fiscal stimulus support to the economy also surprised to the upside with the Biden administration able to utilize the reconciliation process and avoid bipartisan compromise to pass and additional \$1.9 trillion of stimulus via the 2021 American Rescue Plan. Since the onset of the pandemic, and not including the proposed infrastructure bill, the total stimulus injected into the US economy is \$5.5 trillion which materially increases the odds of a 'V' shaped recovery in the domestic economy in the second half of the year. Monetary policy also remains highly stimulative, with the Federal Reserve poised to keep the Fed Funds rate pinned at the zero-lower bound for the foreseeable future. The Federal Reserve has also communicated it will need to see realized inflation and full employment at their targets, not just forecasted to achieve their objectives, prior to adjusting monetary policy settings to be more restrictive, a notable departure from past practices.

Economic data was constructive during the quarter with most numbers showing improvement as the quarter progressed. The March non-farm payrolls report showed strong job growth of 916k with the unemployment rate at 6.0% and the underemployment rate at 10.7%. The unemployment rate is still elevated but much improved from the depths of the impact of the coronavirus in April 2020, with each of the aforementioned unemployment numbers at 14.8% and 22.9%, respectively. Survey based economic indicators strengthened, with the ISM Manufacturing Index improving to 64.7 in March compared to 60.5 at year-end. As the ramifications of the additional fiscal stimulus were digested by market participants coupled with the strong economic data, the Treasury yield curve steepened with the Ten-Year Treasury note closing the quarter with a yield of 1.74% compared to a yield of 0.92% as of December 31, 2020. In a positive development for the outlook, shorter maturity yields remained contained as they are historically correlated with the Fed Funds rate, whereas the movements further out the curve are more closely linked to improved economic growth expectations and higher forecasted inflation.

Despite the move higher in Treasury yields further out the curve, financial conditions remain highly accommodative as new issue supply in both the investment grade and high yield corporate bond markets remained robust with

credit spreads in each of the markets continuing to grind lower. The Chandler team believes the Fed will be unlikely to intervene in markets provided financial conditions remain accommodative, regardless of the level of Treasury rates. On a global market basis, the recovery will continue to be de-synchronized as Europe faces challenges in its vaccination efforts coupled with the low level of fiscal support compared to the United States. On a longer-term basis, the Chandler team does have concerns about the implications of the enormous fiscal and monetary support to markets, the unintended consequences of maintaining a very low cost of capital, and the potential for inflation to accelerate beyond policy makers expectations. However, given the global dislocations from the coronavirus pandemic, we believe the potential inflationary impact of the fiscal and monetary stimulus are unlikely to be a concern to market participants until Q4 2021, at the earliest.

- **Third Quarter Certificates of Participation (COP) Report**

The report includes a summary of each outstanding debt issuance and a comparative chart illustrating the COP rate history.

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Consolidated Financial Reports

Third Quarter Financial Report March 31, 2021

The Financial Management Division is pleased to present the FY 2020-21 third quarter financial report. This report provides a comprehensive overview of the financial activities of the Sanitation District and reports on the status of all capital projects in progress. A summary of the sections contained within this report is provided below.

Operating Budget Review: This section reports on collection, treatment, and disposal net operating requirements.

At March 31, 2021, 72.6 percent, or \$126.5 million of the FY 2020-21 net operating budget of \$174.3 million has been expended. Net operating expenses increased from the same period last year by \$5.7 million, or 4.8 percent, mainly due to an increase of \$4.1 million in Repairs and Maintenance, \$2.2 million in Salaries and Benefits, \$941,000 in Utilities, \$691,000 in Other Operating Supplies, and a decrease of \$159,000 in indirect costs allocated out to capital projects, partially offset by a decrease of \$1.5 million in Contractual Services, \$634,000 in Professional Services, and \$169,000 in Training and Meetings. These and other variances that factor into this net increase in expenses are discussed in more detail below. **Overall, staff expects the total operating costs to remain at or slightly below budget through the remainder of the year.**

At March 31, 2021, 64.9 percent, or \$310.8 million of the FY 2020-21 budgeted total revenues of \$479.2 million has been recognized. Revenues decreased from the same period last year by \$17.0 million, or 5.2 percent, mainly due to a decrease of \$24.8 million in Interest Earnings, \$2.5 million in Capital Facilities Capacity Charges, \$215,000 in Wastehauler fees, \$180,000 in Permit Fees, \$146,000 in Capital Assessments-IRWD, and \$126,000 in Other Sales, offset primarily by an increase of \$3.7 million in Property Taxes, \$3.0 million in Service Fees, \$2.7 million in Sludge Disposal-IRWD, \$1.1 million in CIP Reimbursements, \$349,000 in Intra District Sewer Use-IRWD, and \$279,000 in Other Revenues. These and other variances that factor into this net decrease in revenues are discussed in more detail below. **Overall, staff expects the total revenues to be at or slightly below budget at the end of the fiscal year.**

Significant operating results as of March 31, 2021 include the following:

- **Salaries, Wages and Benefits – Personnel costs of \$76.8 million are on target at 75.3 percent of the budget through the third quarter of FY 2020-21.** The budget is based on a 5 percent vacancy factor, and staffing is 28 full-time equivalents (FTEs), or 4.4 percent below the total 639 FTEs approved in the FY 2020-21 budget. Salary and benefit costs are \$2.2 million, or 2.9 percent higher than the \$74.6 million incurred in the same period last year, mainly due to an increase of \$2.3 million in salaries and wages resulting from cost of living adjustments included in the current Memorandums of Understanding for all employee bargaining units. **Net operating**

FY 2020-21 Third Quarter Financial Report

personnel costs are expected to approximate budget throughout the remainder of the year.

- Administrative Expenses – **Administrative Expenses totaled \$1.5 million, or 67.1 percent of the \$2.2 million budget through March 31.** These costs are \$103,000, or 7.6 percent higher at March 31 in comparison with the prior year, mainly due to an increase of \$131,000 in Memberships as a result of the timing of payments and \$50,000 in Minor Furniture & Fixtures for installation of additional cubicles and a warehouse shelving system, partially offset by decreases of \$33,000 in Books & Publications for various engineering design standards and manuals of practice, \$28,000 in Office Supplies, and \$25,000 in Small Computer Items. **It is anticipated that administrative costs will approximate or be below budget at year-end.**
- Printing and Publication Expenses – **Printing and Publication Expenses totaled \$170,000, or 41.0 percent of the \$415,000 budget through March 31.** These costs are \$56,000, or 24.9 percent lower at March 31 in comparison with the prior year, due to the increased incorporation of paperless processes and reports in response to the COVID-19 pandemic. **Printing and publication costs are expected to be below budget at year-end.**
- Training and Meetings – **Training and meetings of \$245,000 are below target at 22.8 percent of the \$1.1 million budget through March 31.** This account is lower than the proportionate budget due to the timing and need for training throughout the year, and the limiting or canceling of in-person training and meetings in response to the COVID-19 pandemic. These costs have decreased over the same period last year by \$169,000, or 40.8 percent. **Total training and meeting costs are anticipated to be below budget at year-end.**
- Operating Materials and Supplies – **Operating materials and supplies of \$14.5 million is below target at 67.6 percent of the \$21.5 million budget through March 31.** Operating Materials and Supplies is higher than the prior year by \$79,000, or 0.6 percent, due to increases in most expense categories such as Tools of \$323,000 for large purchases including portable samplers and smart sensor sewer covers, Odor & Corrosion Control of \$294,000 mostly due to the increase in unit price and usage of calcium nitrate, and Disinfection of \$133,000 for purchase of sodium hypochlorite, offset primarily by a decrease of \$746,000 in Chemical Coagulants resulting from decreased usage of cationic polymer and ferric chloride. **Based on current processes, operating materials and supplies are anticipated to approximate or be slightly below budget at year-end.**
- Contractual Services – **Contractual services is below target at \$12.6 million, or 65.3 percent of the \$19.2 million budget through March 31.** Solids Removal costs, budgeted at \$12.4 million, comprise the majority of this expense category at \$8.6 million, or 69.4 percent of its budget at March 31. Contractual Services is lower by \$1.5 million, or 10.9 percent over the same period last year, due to the decrease of \$1.2 million in Other Contractual Services as the result of a reduction in manhole rehabilitation, industrial cleaning, and digester assessment services as well as costs

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reclassified to repairs and maintenance, and \$693,000 in Solids Removal costs due to reduced biosolids production attributable to the new dewatering centrifuges. These decreases are partially offset by increases of \$225,000 in Janitorial costs owed to additional cleaning services for COVID-19, \$118,000 in Temporary Services to fill position vacancies in the current period, and \$56,000 in Oxygen for liquid oxygen and associated vaporization system maintenance. County Service Fees totaled only \$17,000, or 3.5 percent of the \$489,000 budget through the third quarter as the preponderance of these fees are billed by the County in the fourth quarter. **Total contractual services costs are anticipated to approximate or be below budget at year-end.**

- **Professional Services – Professional services costs totaled \$2.4 million, or 41.5 percent of the \$5.7 million budget through March 31.** Professional service costs, such as Legal, Audit & Accounting, Environmental Scientific Consulting, Industrial Hygiene Services, Labor Negotiation Services, and Other Professional Services, are proportionately low through March 31 due to a variety of factors such as timing of services and re-evaluation of need for services. These costs are \$634,000, or 21.0 percent lower at March 31 in comparison with the prior year, mainly due to a decrease of \$386,000 in Other Services, \$181,000 in Legal Services, and \$54,000 in Software Program Consulting. **It is anticipated that the costs for this category will be below budget at year-end.**
- **Research and Monitoring – Research and monitoring costs totaled \$895,000, or 68.6 percent of the \$1.3 million budget through March 31.** These costs are \$54,000, or 5.7 percent lower at March 31 in comparison with the prior year, due to a decrease of \$64,000 in Air Quality Monitoring costs for emissions testing and \$15,000 in Environmental Monitoring costs for ocean water quality analysis, offset by an increase of \$25,000 in Research costs reflecting the higher annual contribution to Southern California Coastal Water Research Project. **Total research and monitoring costs are anticipated to approximate budget at year-end.**
- **Repairs and Maintenance – Repair and maintenance costs totaled \$22.4 million, or 78.8 percent of the \$28.4 million budget through March 31.** These costs are \$4.1 million, or 22.5 percent higher at March 31 in comparison with the prior year, mainly due to an increase in repair and maintenance services such as digester cleaning, mechanical rehabilitation of primary clarifier tanks, and information technology software maintenance. **It is anticipated that the costs for this category will approximate budget at year-end.**
- **Utilities – Utilities costs totaled \$7.3 million, or 87.4 percent of the \$8.4 million budget through March 31.** These costs are \$941,000, or 14.8 percent higher at March 31 in comparison with the prior year, primarily due to an increase of \$517,000 for Power, \$352,000 for Natural Gas, and \$140,000 for Water because of greater demand for these resources by the new biosolids dewatering centrifuges. **It is anticipated that the costs will approximate or be slightly above budget at year-end.**

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- Other Operating Supplies – **Other operating supplies costs totaled \$3.2 million, or 84.8 percent of the \$3.7 million budget through March 31.** Property and General Liability Insurance, budgeted at \$2.2 million, comprise the majority of this expense category at \$1.7 million and is \$364,000, or 28.2 percent higher at March 31 in comparison with the prior year, primarily due to an increase in budgeted in-lieu premium charges to maintain recommended reserve balances. In addition, Regulatory Operating Fees is \$214,000 higher due to timing of payments for emission, equipment permit, and facility fees and Miscellaneous Operating Expense is \$102,000 higher due to sampling and analysis of polyfluoroalkyl substances (PFAS). **It is anticipated that other operating supplies costs will approximate budget at year-end.**
- Revenues – Service Fees and Property Taxes – **Through March 31, revenues from Service Fees are at \$197.7 million, or 66.3 percent of the \$298.1 million budget and Property Taxes are at \$69.4 million, or 69.5 percent of the \$99.9 million budget.** These items comprise the majority of the Sanitation District's revenues and are mostly collected by the County through the property tax roll and distributed to the Sanitation District throughout the year based on a set distribution schedule that begins in November of each year. The increase of \$3.0 million, or 1.6 percent in Service Fee revenue over the prior year is primarily due to the timing of receipts. The Property Tax revenue increase of \$3.7 million, or 5.7 percent over the prior year is a result of the timing of secured and redevelopment agency tax receipts as well as growth in assessed property values. **These revenues are expected to approximate budget at year-end.**
- Revenues – Permit Fees – **Permit Fees are at \$9.4 million, or 72.8 percent of the \$12.8 million budget.** The revenues through the third quarter are lower than the same period last year by \$180,000, or 1.9 percent, largely in part to the impact COVID-19 had on these users' flow. Additionally, the number of permittees fluctuates from year to year as businesses establish or cease their operations. **Permit fees revenues are expected to approximate or be below budget at year-end.**
- Revenues – Inter District Sewer Use – SAWPA and SBSD – **Inter District Sewer revenues-SAWPA and SBSD are at \$2.1 million, or 79.4 percent of the \$2.6 million budget.** This revenue is derived from charges to the Santa Ana Watershed Protection Agency (SAWPA) and Sunset Beach Sanitary District (SBSD) for treatment of flows. The revenues through the third quarter are higher than the same period last year by \$75,000, or 3.7 percent, due to an increase in operation and maintenance charges based on flows received from these agencies. **These revenues are expected to approximate budget at year-end.**
- Revenues – Intra District Sewer Use – IRWD – **Intra District Sewer revenues-IRWD are at \$1.6 million, or 35.4 percent of the \$4.7 million budget.** This revenue is derived from charges to the Irvine Ranch Water District (IRWD) for treatment of flows. The revenues through the third quarter are higher than the same period last year by \$349,000, or 26.9 percent, mainly due to an increase of \$444,000

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in operating and maintenance charges to IRWD resulting from a prior year adjustment, and a decrease of \$41,000 in interest income allocated to IRWD, offset by an increase of \$136,000 in property tax income allocated to IRWD. **These revenues are expected to be below budget at year-end.**

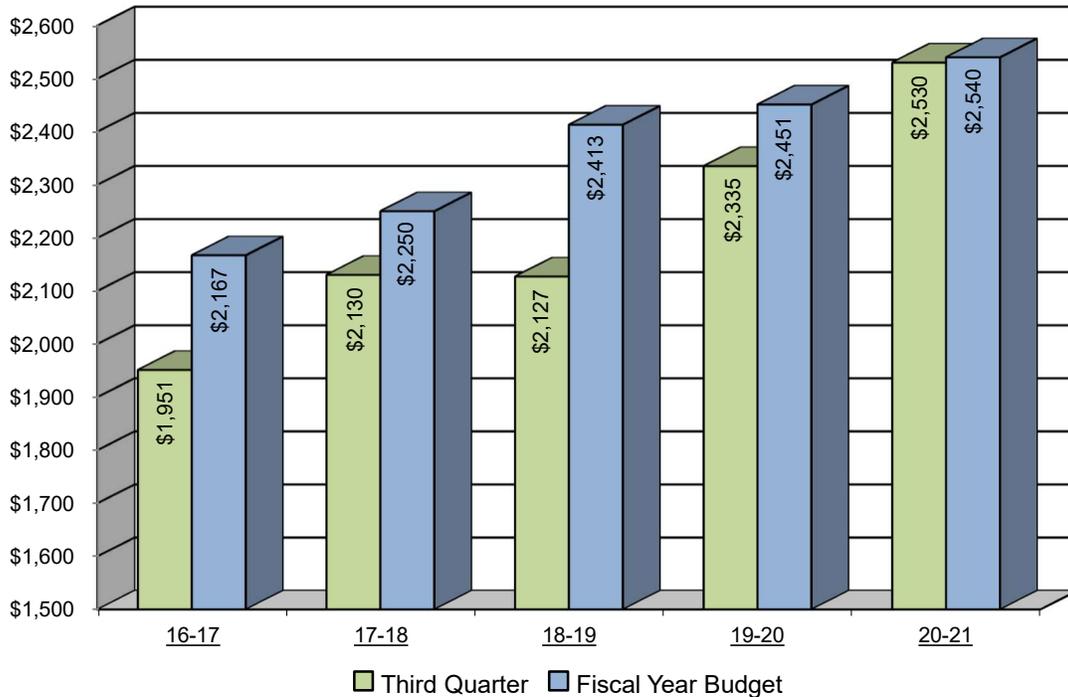
- **Revenues – Sludge Disposal – IRWD – Sludge Disposal-IRWD fees are at \$9.4 million, or 154.1 percent of the \$6.1 million budget.** This revenue is for the handling, treatment, and disposal of solids derived from flows discharged by IRWD to the Sanitation District. The revenues through the third quarter are higher than the same period last year by \$2.7 million, or 39.6 percent, mainly due to the timing of prior fiscal year estimates adjusted to actual. The budget reflects the anticipated completion of IRWD solids processing facilities with the ceasing of solids to the Sanitation District's line by the end of the second quarter. Due to delays in start-up of IRWD's facilities, solids processing has not been reduced as much as originally anticipated. Billings are based on estimates with a reconciled adjustment recorded in the subsequent year. **It is anticipated that IRWD sludge disposal revenues will exceed budget at year-end.**
- **Revenues – Capital Assessments – IRWD – Capital Assessments-IRWD are at \$2.3 million, or 43.6 percent of the \$5.2 million budget.** The revenues through the third quarter are lower than the same period last year by \$146,000, or 6.1 percent, mainly due to a decrease in the percentage of joint capital costs allocable to IRWD. **It is estimated that IRWD capital assessments revenues will be below budget at year-end.**
- **Revenues – Capital Facilities Capacity Charges (CFCC) – CFCC are at \$12.0 million, or 59.8 percent of the \$20.1 million budget.** The revenues through the third quarter are lower than the same period last year by \$2.5 million, or 16.9 percent, due to decreases in connection fees collected from cities and supplemental charges assessed to industrial dischargers, largely due to impacts from COVID-19. **These revenues are expected to be below budget at year-end.**
- **Revenues – Interest Earnings – Interest Earnings are at \$43,000, or 0.3 percent of the \$13.2 million budget.** The revenues through the third quarter are lower than the same period last year by \$24.8 million, or 99.8 percent, due to lower yields earned on securities held in investment portfolios. **It is estimated that interest earnings will be below budget at year-end.**
- **Revenues – CIP Reimbursements – CIP Reimbursements are at \$3.8 million, or 33.0 percent of the \$11.6 million budget.** This revenue is \$1.1 million, or 37.8 percent higher than the same period last year and is due to timing of reimbursements for construction projects, such as the budgeted \$5.4 million from Orange County Water District (OCWD) for P2-122 Headworks Modifications at Plant No. 2 for GWRS Final Expansion and \$3.4 million from OCWD for J-117B Outfall Low Flow Pump Station. **These revenues are expected to approximate or be below budget at year-end.**

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- Revenues – Wastehauler – **Wastehauler revenues are at \$602,000, or 80.3 percent of the \$750,000 budget.** This revenue is derived from fees charged to wastehaulers, allowing them to dump waste into the Sanitation District’s system. The revenues through the third quarter are lower than the same period last year by \$215,000, or 26.4 percent, due to a decrease in waste dumping. **These revenues are expected to approximate budget at year-end.**
- Revenues – CNG Sales – **CNG Sales revenues are at \$156,000, or 39.0 percent of the \$400,000 budget.** This revenue is derived from public sales at the Sanitation District’s Compressed Natural Gas (CNG) fueling station. The revenues through the third quarter are lower than the same period last year by \$39,000, or 20.1 percent, presumably attributed to the decrease in commuting brought about by COVID-19. **These revenues are expected to be below budget at year-end.**
- Revenues – Rents & Leases – **Rents & Leases revenues are at \$461,000, or 76.9 percent of the \$600,000 budget.** The revenues through the third quarter are lower than the same period last year by \$77,000, or 14.2 percent, due to less rent received as tenants have moved out of the properties acquired for construction of the new headquarters building. **These revenues are expected to approximate budget at year-end.**
- Revenues – Other – **Other revenues are at \$1.7 million, or 70.1 percent of the \$2.5 million budget.** These revenues are \$279,000, or 19.1 percent higher than the same period last year, primarily due to an increase of \$293,000 in miscellaneous other revenue from capital project settlement payments, \$98,000 in operating cost reimbursements, and \$66,000 in procurement card rebates, partially offset by a decrease of \$126,000 in civil penalties and interest revenues and \$23,000 for deferred compensation administrative activities. **These revenues are expected to approximate budget at year-end.**

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Comparison of Third Quarter Cost per Million Gallon Results with Budget Last Five Years



As demonstrated in the preceding graph for the current and each of the last four fiscal years, the cost per million gallons at the end of the third quarter has been between 0.4 and 11.9 percent lower than the annual budget. The FY 2020-21 third quarter cost per million gallons of \$2,530 is 0.4 percent lower when compared with this year's budget. The increase in cost per million gallons of \$195 from the previous year is primarily due to an increase in operating expenses, which are 4.8 percent higher than the same period last year, and a decrease in flows, which are 3.4 percent lower than the same period last year. Staff believes that overall operating costs will be at or slightly below budget at year-end.

The total cost per million gallons at March 31 is \$2,530 based on flows of 183 million gallons per day. This is \$10 per million gallons, or 0.4 percent lower than the budgeted cost per million gallons of \$2,540. There is an inverse relationship between the amount of flows and the cost per unit of collection, treatment, and disposal. Consequently, the lower cost per million gallons is due to net expenses being 3.2 percent lower than the proportionate budget through March 31, partially offset by flows of 183 million gallons per day being 2.9 percent less than the budgeted flow of 188 million gallons per day.

More detailed information on operating revenues, costs, and related information is provided within Section 2.

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Following are data tables showing the last five years of Single Family Residential User Fees (SFR) and the cost per million gallons (MG) to collect, treat, and dispose of wastewater for the Orange County Sanitation District (OC San) and similar agencies. The agencies used in the tables were determined to be those that most closely resembled OC San in terms of services provided and treatment levels. The summaries demonstrate that OC San's SFR and cost per MG are each one of the lowest in their respective groups.

Benchmark Study Five-Year Single Family Residential Rate

| Agency | Rates as of July | | | | | Notes |
|---|------------------|---------------|---------------|---------------|---------------|--------|
| | 2016 SFR | 2017 SFR | 2018 SFR | 2019 SFR | 2020 SFR | |
| San Francisco | \$ 842 | \$ 937 | \$ 988 | \$ 1,076 | \$ 1,169 | |
| Vallejo Sanitation/Flood Control District | \$ 520 | \$ 520 | \$ 585 | \$ 656 | \$ 715 | |
| City of Los Angeles | \$ 495 | \$ 527 | \$ 561 | \$ 597 | \$ 636 | Note 1 |
| Central Contra Costa Sanitary District | \$ 503 | \$ 530 | \$ 567 | \$ 598 | \$ 598 | |
| City of San Diego | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | Note 2 |
| Dublin San Ramon Services District | \$ 382 | \$ 397 | \$ 423 | \$ 447 | \$ 469 | |
| Sacramento County | \$ 420 | \$ 432 | \$ 444 | \$ 444 | \$ 444 | |
| East Bay MUD | \$ 373 | \$ 391 | \$ 410 | \$ 423 | \$ 439 | |
| Union Sanitary District | \$ 380 | \$ 393 | \$ 407 | \$ 421 | \$ 455 | |
| City of Hayward | \$ 358 | \$ 375 | \$ 394 | \$ 412 | \$ 430 | |
| Orange County Sanitation District | \$ 327 | \$ 331 | \$ 335 | \$ 339 | \$ 339 | |
| Irvine Ranch Water District | \$ 309 | \$ 309 | \$ 309 | \$ 313 | \$ 313 | Note 3 |
| City of Fresno | \$ 309 | \$ 309 | \$ 309 | \$ 309 | \$ 309 | Note 4 |
| Oro Loma Sanitary District | \$ 221 | \$ 238 | \$ 256 | \$ 275 | \$ 296 | |
| Los Angeles County | \$ 182 | \$ 186 | \$ 191 | \$ 196 | \$ 213 | Note 5 |

Notes:

- (1) - Data is for the typical SFR customer rate.
- (2) - Data represents the base sewer fee plus the average usage of 9 hundred cubic feet per month.
- (3) - Data represents the usage of 10 hundred cubic feet per unit.
- (4) - Data represents the minimum SFR rate not including flow.
- (5) - Data represents the Average Service Charge Rates for the prior fiscal year.

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Benchmark Study Five-Year Cost per MG

| Agency | Svc. | Trt. | FY 15-16 Cost/MG | FY 16-17 Cost/MG | FY 17-18 Cost/MG | FY 18-19 Cost/MG | FY 19-20 Cost/MG | Notes |
|---|----------|----------|---------------------|---------------------|---------------------|---------------------|---------------------|--------|
| Vallejo Sanitation/Flood Control District | B | 3 | \$ 5,396 | \$ 4,745 | \$ 5,393 | \$ 6,137 | \$ 8,682 | Note 1 |
| San Francisco | B | 3 | \$ 5,268 | \$ 4,916 | \$ 5,295 | \$ 5,995 | \$ 7,573 | Note 2 |
| Union Sanitary District | B | 3 | \$ 3,957 | \$ 4,039 | \$ 4,757 | \$ 4,838 | \$ 5,655 | |
| Central Contra Costa Sanitary District | B | 4 | \$ 6,454 | \$ 6,081 | \$ 5,588 | \$ 3,980 | \$ 5,284 | Note 3 |
| City of San Diego | B | 4 | \$ 3,606 | \$ 3,834 | \$ 4,147 | \$ 4,180 | \$ 3,977 | |
| Dublin San Ramon Services District | B | 4 | \$ 2,896 | \$ 2,961 | \$ 3,422 | \$ 3,692 | \$ 3,441 | |
| Sacramento County | T | 4 | \$ 2,571 | \$ 2,752 | \$ 2,831 | \$ 2,812 | \$ 3,407 | |
| East Bay MUD | T | 3 | \$ 2,599 | \$ 2,353 | \$ 3,137 | \$ 2,710 | \$ 3,122 | Note 4 |
| City of Los Angeles | B | 4 | \$ 2,452 | \$ 2,487 | \$ 2,329 | \$ 3,046 | \$ 3,021 | Note 5 |
| Orange County Sanitation District | B | 3 | \$ 2,110 | \$ 2,055 | \$ 2,069 | \$ 2,275 | \$ 2,422 | |
| Los Angeles County | B | 4 | \$ 1,371 | \$ 1,965 | \$ 2,077 | \$ 2,264 | \$ 2,343 | Note 6 |
| City of Fresno | B | 4 | \$ 1,678 | \$ 1,796 | \$ 1,813 | \$ 1,945 | \$ 1,993 | |

Legend for Service Provided and Treatment Level:

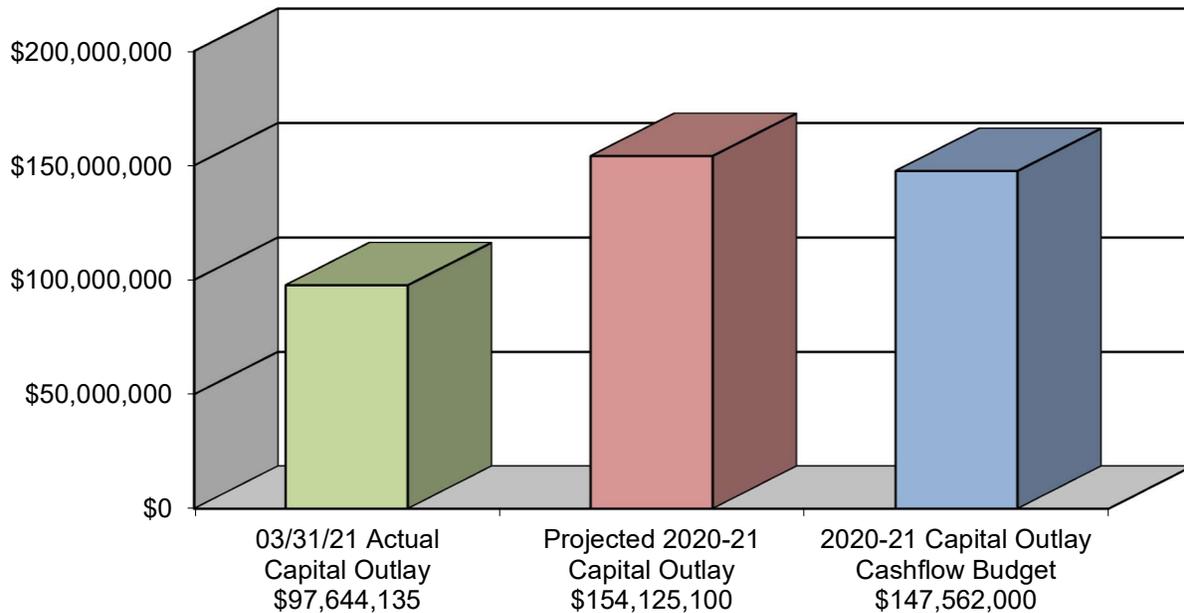
- B - Agency operates both collection and treatment facilities
- T - Agency provides treatment services but not collection
- 2 - Advanced primary or primary with some secondary treatment
- 3 - Secondary treatment
- 4 - Advanced secondary or secondary with some tertiary treatment

Notes:

- (1) - In FY19-20, Agency updated FY18-19 Comprehensive Annual Financial Report treatment cost.
- (2) - FY19-20 operating expense increased \$2.9 million and average daily flow decreased 19.3MG per day. Combined stormwater/sewer system.
- (3) - FY18-19 operating expense decreased \$36.4 million; \$30.4 million due to an adjustment to the Agency's Other Post Employment Benefit Plan (OPEB) - Transition to CalPers Health Insurance.
- (4) - FY18-19 operating expense decreased \$1.1 million.
- (5) - FY17-18 influent flow has not been reduced by the amount of sludge discharged to the sewers from DCTWRP and LAGWRP.
- (6) - In FY19-20, Agency updated data for FY16-17 and after to include administrative costs.

FY 2020-21 Third Quarter Financial Report

Capital Outlay Review:



As depicted by the preceding chart, Capital Outlays totaled \$97.6 million, or 66.2 percent of the capital outlay cash flow budget for FY 2020-21 as of March 31, 2021. Costs are slightly lower than the proportionate budget through the third quarter as some projects are still in the design phase or have experienced various delays or deferrals. Examples as of March 31 are Sludge Dewatering and Odor Control at Plant No. 1, which has a budget of \$5.2 million but actual costs of \$1.0 million, Headworks Rehabilitation at Plant No. 1, which has a budget of \$9.4 million but actual costs of \$971,000, and Rehabilitation of Western Regional Sewers, which has a budget of \$5.7 million but actual costs of \$358,000. Overall, the capital outlay costs of the capital improvement program are expected to approximate \$154.1 million, or 104.4 percent of the capital outlay cash flow budget at year-end.

More detailed information on the capital improvement program is provided within Section 3.

Capital Assets Schedule and Debt Service Budget Review: Section 4 is the Capital Assets Schedule and Debt Service Section. This section shows the cost value of the Sanitation District's capital facilities at March 31, 2021, as well as the debt service costs resulting from the need to provide funding for the construction of capital facilities.

The majority of principal payments on debt issues are due in February during the third quarter of each fiscal year. As of March 31, 2021, 100.0 percent of the principal payments have been made. Total principal payments are expected to approximate budget at year-end. Interest costs are expensed ratably throughout the fiscal year. Interest expense is anticipated to approximate budget at year-end.

Consolidated Financial Reports

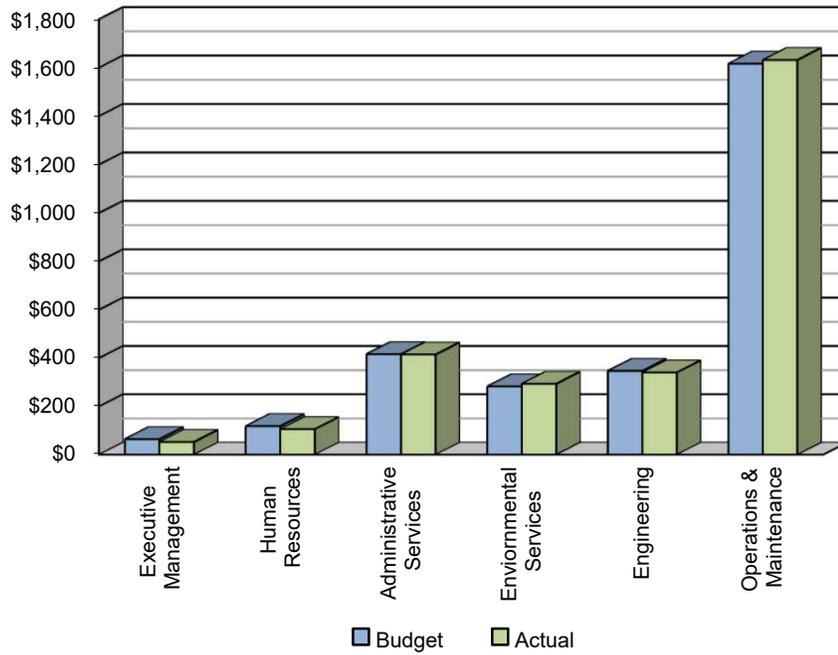
Self-Insurance Budget Review: Section 5 is the Self-Insurance Section. Through March 31, the Self-Insurance Fund revenues totaled \$2.1 million, or 100.8 percent of the budget, while expenses are \$2.0 million, or 70.9 percent of the budget.

Separate fund accounting is used for recording the revenue and expenses incurred in managing these liability claims. The revenues to these funds represent charges to operating divisions. Expenses to these funds include actual claims paid, claims administration, and excess loss policies.

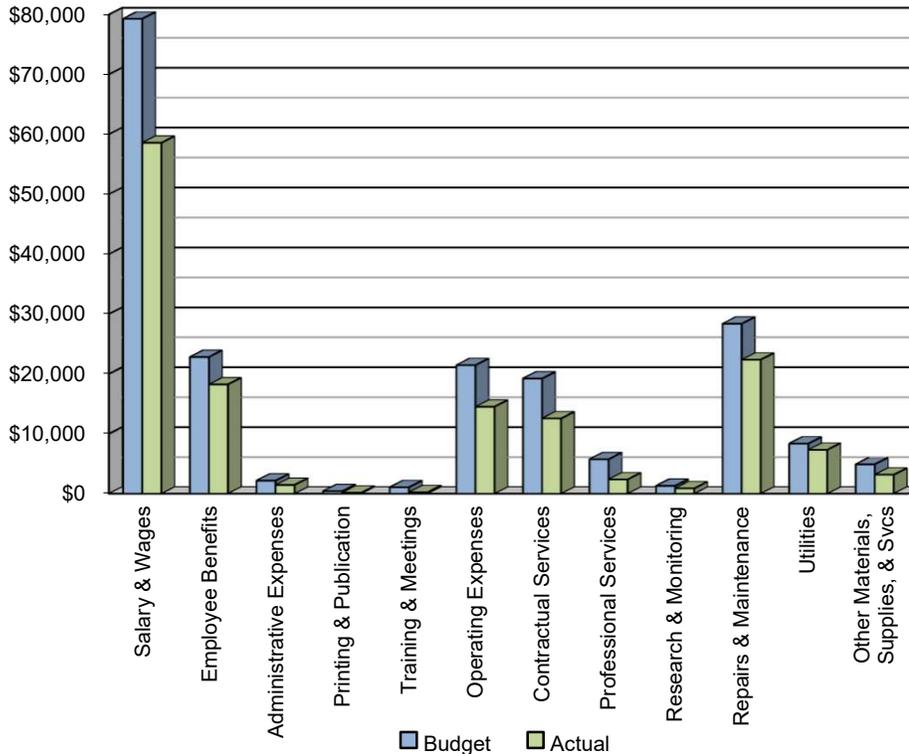
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Operating Budget Review

**Cost per Million Gallons by Department
Budget and Actual
March 31, 2021**



**Collection, Treatment, & Disposal Expenses by Major Category
Budget and Actual (in thousands)
March 31, 2021**



FY 2020-21 Third Quarter Financial Report

Divisional Contributions to Cost Per Million Gallons For the Nine Months Ended March 31, 2021

| | 03/31/19 Actual | 03/31/20 Actual | 2020-21 Annual Budget | 03/31/21 Actual |
|--|--------------------|--------------------|-----------------------------|--------------------|
| Flow in Million Gallons | 52,502.90 | 51,746.04 | 68,620.00 | 50,011.48 |
| Flow in Million Gallons per Day | 191.61 | 188.17 | 188.00 | 182.53 |
| Executive Management Department | | | | |
| General Management Administration | \$ 24.47 | \$ 29.24 | \$ 27.85 | \$ 23.33 |
| Board Services | 10.57 | 10.26 | 17.43 | 13.11 |
| Public Affairs | 14.36 | 16.60 | 18.95 | 16.16 |
| Subtotal | 49.40 | 56.10 | 64.23 | 52.60 |
| Human Resources Department | | | | |
| Human Resources | 58.25 | 61.86 | 60.77 | 52.25 |
| Risk Management / Safety / Security | 68.61 | 77.83 | 57.23 | 53.35 |
| Subtotal | 126.86 | 139.69 | 118.00 | 105.60 |
| Administrative Services Department | | | | |
| Administrative Services | 7.01 | 8.62 | 3.72 | 7.80 |
| Consolidated Services | - | - | 108.39 | 89.38 |
| Financial Management | 35.63 | 51.27 | 60.44 | 64.64 |
| Contracts, Purchasing, & Materials Mgmt. | 85.08 | 61.58 | 67.31 | 67.81 |
| Information Technology | 163.72 | 191.86 | 176.24 | 184.82 |
| Subtotal | 291.44 | 313.33 | 416.10 | 414.45 |
| Environmental Services Department | | | | |
| Environmental Services Administration | 13.10 | 15.06 | 13.34 | 23.41 |
| Resource Protection | 84.95 | 83.04 | 89.34 | 85.35 |
| Laboratory, Monitoring and Compliance | 161.28 | 176.17 | 179.61 | 184.47 |
| Subtotal | 259.33 | 274.27 | 282.29 | 293.23 |
| Engineering Department | | | | |
| Engineering Administration | 8.18 | 15.63 | 18.63 | 19.42 |
| Planning | 48.22 | 55.52 | 62.15 | 55.01 |
| Project Management Office | 44.37 | 67.10 | 61.17 | 66.23 |
| Design | 124.78 | 109.11 | 108.07 | 98.15 |
| Construction Management | 75.44 | 96.99 | 96.73 | 101.46 |
| Subtotal | 300.99 | 344.35 | 346.75 | 340.27 |
| Operations & Maintenance Department | | | | |
| Operations & Maintenance Administration | 8.13 | 4.01 | 9.83 | 2.09 |
| Collections Facilities O & M | 170.80 | 159.26 | 227.13 | 197.51 |
| Fleet Services | 28.80 | 26.78 | 29.73 | 28.78 |
| Plant No. 1 Operations | 383.13 | 450.70 | 442.03 | 482.40 |
| Plant No. 2 Operations | 301.27 | 258.48 | 272.38 | 260.57 |
| Plant No. 1 Maintenance | 202.88 | 317.23 | 340.07 | 359.20 |
| Maintenance Reliability and Planning | 88.42 | - | - | - |
| Plant No. 2 Maintenance | 207.29 | 290.81 | 295.26 | 301.18 |
| Subtotal | 1,390.72 | 1,507.27 | 1,616.43 | 1,631.73 |
| Total Operating Expenses | 2,418.74 | 2,635.01 | 2,843.80 | 2,837.88 |
| Cost Allocation | (292.18) | (300.39) | (303.80) | (307.64) |
| Net Operating Requirements | \$ 2,126.56 | \$ 2,334.62 | \$ 2,540.00 | \$ 2,530.24 |

Operating Budget Review

Comparison of Expenses by Department For the Nine Months Ended March 31, 2021

| Department and Division | 03/31/19 Actual | 03/31/20 Actual | 2020-21 | | |
|--|-----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | | | Budget | Year to Date 03/31/21 | Budget % Realized |
| Executive Management Department | | | | | |
| General Management Administration | \$ 1,284,666 | \$ 1,512,830 | \$ 1,910,830 | \$ 1,166,989 | 61.07% |
| Board Services | 555,186 | 530,971 | 1,195,850 | 655,463 | 54.81% |
| Public Affairs | 754,073 | 859,066 | 1,300,290 | 808,078 | 62.15% |
| Subtotal | 2,593,925 | 2,902,867 | 4,406,970 | 2,630,530 | 59.69% |
| Human Resources Department | | | | | |
| Human Resources | 3,058,534 | 3,200,832 | 4,169,885 | 2,613,274 | 62.67% |
| Risk Management / Safety / Security | 3,602,291 | 4,027,196 | 3,927,283 | 2,668,226 | 67.94% |
| Subtotal | 6,660,825 | 7,228,028 | 8,097,168 | 5,281,500 | 65.23% |
| Administrative Services Department | | | | | |
| Administrative Services | 367,875 | 446,301 | 255,180 | 390,249 | 152.93% |
| Consolidated Services | - | - | 7,438,017 | 4,469,961 | 60.10% |
| Financial Management | 1,870,696 | 2,653,218 | 4,147,493 | 3,232,936 | 77.95% |
| Contracts, Purchasing, & Materials Mgmt. | 4,467,024 | 3,186,515 | 4,619,006 | 3,391,360 | 73.42% |
| Information Technology | 8,595,607 | 9,927,936 | 12,093,310 | 9,243,185 | 76.43% |
| Subtotal | 15,301,202 | 16,213,970 | 28,553,006 | 20,727,691 | 72.59% |
| Environmental Services Department | | | | | |
| Environmental Services Administration | 687,737 | 779,439 | 915,720 | 1,170,752 | 127.85% |
| Resource Protection | 4,460,335 | 4,297,230 | 6,130,250 | 4,268,388 | 69.63% |
| Laboratory, Monitoring and Compliance | 8,467,743 | 9,116,317 | 12,324,727 | 9,225,394 | 74.85% |
| Subtotal | 13,615,815 | 14,192,986 | 19,370,697 | 14,664,534 | 75.70% |
| Engineering Department | | | | | |
| Engineering Administration | 429,467 | 808,815 | 1,278,080 | 971,035 | 75.98% |
| Planning | 2,531,679 | 2,872,954 | 4,264,697 | 2,751,144 | 64.51% |
| Project Management Office | 2,329,814 | 3,472,153 | 4,197,645 | 3,312,329 | 78.91% |
| Design | 6,551,416 | 5,645,889 | 7,416,060 | 4,908,574 | 66.19% |
| Construction Management | 3,960,672 | 5,018,849 | 6,637,750 | 5,074,216 | 76.44% |
| Subtotal | 15,803,048 | 17,818,660 | 23,794,232 | 17,017,298 | 71.52% |
| Operations & Maintenance Department | | | | | |
| Operations & Maintenance Administration | 426,865 | 207,491 | 674,620 | 104,492 | 15.49% |
| Collections Facilities O & M | 8,967,709 | 8,241,191 | 15,585,673 | 9,877,952 | 63.38% |
| Fleet Services | 1,511,908 | 1,385,591 | 2,040,071 | 1,439,178 | 70.55% |
| Plant No. 1 Operations | 20,115,463 | 23,322,087 | 30,331,900 | 24,125,514 | 79.54% |
| Plant No. 2 Operations | 15,817,526 | 13,375,080 | 18,690,716 | 13,031,350 | 69.72% |
| Plant No. 1 Maintenance | 10,651,947 | 16,415,403 | 23,335,730 | 17,964,109 | 76.98% |
| Maintenance Reliability and Planning | 4,642,314 | - | - | - | 0.00% |
| Plant No. 2 Maintenance | 10,883,529 | 15,048,322 | 20,260,443 | 15,062,306 | 74.34% |
| Subtotal | 73,017,261 | 77,995,165 | 110,919,153 | 81,604,901 | 73.57% |
| Total Operating Expenses | 126,992,076 | 136,351,676 | 195,141,226 | 141,926,454 | 72.73% |
| Cost Allocation | (15,341,607) | (15,544,292) | (20,825,710) | (15,385,157) | 73.88% |
| Net Operating Requirements | \$ 111,650,469 | \$ 120,807,384 | \$ 174,315,516 | \$ 126,541,297 | 72.59% |

FY 2020-21 Third Quarter Financial Report

Summary of Collection, Treatment, & Disposal Expenses by Major Category For the Nine Months Ended March 31, 2021

| Description | Budget 2020-21 | Expense Through 03/31/21 | Expense Through 03/31/20 | Increase (Decrease) \$ | Increase (Decrease) % | Percent Budget Realized | Remaining Budget |
|--|---------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|-------------------------------|---------------------|
| Salary & Wages | \$ 79,271,100 | 58,567,618 | 56,233,171 | \$ 2,334,447 | 4.15% | 73.88% | \$ 20,703,482 |
| Employee Benefits | 22,810,700 | 18,256,155 | 18,413,046 | (156,891) | -0.85% | 80.03% | 4,554,545 |
| Administrative Expenses | 2,178,141 | 1,460,795 | 1,357,471 | 103,324 | 7.61% | 67.07% | 717,346 |
| Printing & Publication | 415,375 | 170,448 | 226,884 | (56,436) | -24.87% | 41.03% | 244,927 |
| Training & Meetings | 1,076,761 | 245,141 | 413,799 | (168,658) | -40.76% | 22.77% | 831,620 |
| Operating Materials & Supplies | 21,460,704 | 14,512,891 | 14,433,764 | 79,127 | 0.55% | 67.63% | 6,947,813 |
| Contractual Services | 19,235,353 | 12,568,621 | 14,100,954 | (1,532,333) | -10.87% | 65.34% | 6,666,732 |
| Professional Services | 5,746,479 | 2,387,245 | 3,021,224 | (633,979) | -20.98% | 41.54% | 3,359,234 |
| Research & Monitoring | 1,304,700 | 894,737 | 949,110 | (54,373) | -5.73% | 68.58% | 409,963 |
| Repairs & Maintenance | 28,372,645 | 22,368,944 | 18,255,649 | 4,113,295 | 22.53% | 78.84% | 6,003,701 |
| Utilities | 8,364,954 | 7,314,021 | 6,372,899 | 941,122 | 14.77% | 87.44% | 1,050,933 |
| Other Materials, Supplies, and Services | 4,904,314 | 3,179,838 | 2,573,705 | 606,133 | 23.55% | 64.84% | 1,724,476 |
| Net Cost Allocation | <u>(20,825,710)</u> | <u>(15,385,157)</u> | <u>(15,544,292)</u> | <u>159,135</u> | <u>-1.02%</u> | <u>73.88%</u> | <u>(5,440,553)</u> |
| Net Operating Requirements | 174,315,516 | 126,541,297 | 120,807,384 | 5,733,913 | 4.75% | 72.59% | 47,774,219 |
| Gallonge Flow (MG) | <u>68,620.00</u> | <u>50,011.48</u> | <u>51,746.04</u> | <u>(1,734.56)</u> | <u>-3.35%</u> | | |
| Gallonge Flow (MGD) | <u>188.00</u> | <u>182.53</u> | <u>188.17</u> | <u>(5.64)</u> | <u>-3.00%</u> | | |
| Gallonge Flow (\$'s /MG) | <u>\$2,540.00</u> | <u>\$2,530.24</u> | <u>\$2,334.62</u> | <u>\$195.62</u> | <u>8.38%</u> | | |

Operating Budget Review

Summary of Revenues For the Nine Months Ended March 31, 2021

| Description | Budget 2020-21 | Revenue Through 03/31/21 | Percent Budget Realized | Remaining Budget | Revenue Through 03/31/20 | Increase (Decrease) \$ | Increase (Decrease) % |
|---------------------------------------|-----------------------|--------------------------------|-------------------------------|-----------------------|--------------------------------|------------------------------|-----------------------------|
| Service Fees | \$ 298,144,470 | \$ 197,663,836 | 66.30% | \$ 100,480,634 | \$ 194,624,463 | \$ 3,039,373 | 1.56% |
| Permit Fees | 12,845,756 | 9,354,858 | 72.82% | 3,490,898 | 9,535,328 | (180,470) | -1.89% |
| Inter District Sewer Use-SAWPA & SBSB | 2,639,000 | 2,095,815 | 79.42% | 543,185 | 2,020,759 | 75,056 | 3.71% |
| Intra District Sewer Use-IRWD | 4,655,516 | 1,647,261 | 35.38% | 3,008,255 | 1,298,048 | 349,213 | 26.90% |
| Sludge Disposal-IRWD | 6,100,000 | 9,397,106 | 154.05% | (3,297,106) | 6,732,446 | 2,664,660 | 39.58% |
| Capital Assessments-IRWD | 5,194,000 | 2,266,445 | 43.64% | 2,927,555 | 2,412,883 | (146,438) | -6.07% |
| Capital Facilities Capacity Charges | 20,125,170 | 12,030,644 | 59.78% | 8,094,526 | 14,483,370 | (2,452,726) | -16.93% |
| Property Taxes | 99,935,520 | 69,446,038 | 69.49% | 30,489,482 | 65,724,632 | 3,721,406 | 5.66% |
| Interest Earnings | 13,177,000 | 43,466 | 0.33% | 13,133,534 | 24,887,764 | (24,844,298) | -99.83% |
| CIP Reimbursements | 11,643,517 | 3,845,406 | 33.03% | 7,798,111 | 2,790,042 | 1,055,364 | 37.83% |
| Wastehauler | 750,000 | 602,017 | 80.27% | 147,983 | 817,486 | (215,469) | -26.36% |
| Grant Revenue | 464,000 | - | 0.00% | 464,000 | 50,651 | (50,651) | -100.00% |
| CNG Sales | 400,000 | 155,908 | 38.98% | 244,092 | 195,167 | (39,259) | -20.12% |
| Rents & Leases | 600,000 | 461,380 | 76.90% | 138,620 | 537,946 | (76,566) | -14.23% |
| Other Revenues | 2,485,671 | 1,742,379 | 70.10% | 743,292 | 1,463,135 | 279,244 | 19.09% |
| Power Sales | 25,000 | 37,165 | 148.66% | (12,165) | 103,843 | (66,678) | -64.21% |
| Other Sales | 50,000 | 10,461 | 20.92% | 39,539 | 136,465 | (126,004) | -92.33% |
| Total Revenues | \$ 479,234,620 | \$ 310,800,185 | 64.85% | \$ 168,434,435 | \$ 327,814,428 | \$ (17,014,243) | -5.19% |

FY 2020-21 Third Quarter Financial Report

Summary of Collection, Treatment, & Disposal Expenses by Line Item For the Nine Months Ended March 31, 2021

| Description | Budget 2020-21 | Expense Through 03/31/21 | Percent Budget Expended | Remaining Budget | Expense Through 03/31/20 | Increase (Decrease) \$ | Increase (Decrease) % |
|--|--------------------|--------------------------------|-------------------------------|---------------------|--------------------------------|------------------------------|-----------------------------|
| Salaries, Wages & Benefits | | | | | | | |
| Salaries & Wages | \$ 79,271,100 | \$ 58,567,618 | 73.88% | \$ 20,703,482 | \$ 56,233,171 | \$ 2,334,447 | 4.15% |
| Employee Benefits | | | | | | | |
| Retirement | 11,685,000 | 8,811,638 | 75.41% | 2,873,362 | 8,924,011 | (112,373) | -1.26% |
| Group Insurances | 9,705,500 | 8,248,557 | 84.99% | 1,456,943 | 8,192,190 | 56,367 | 0.69% |
| Tuition & Certification Reimb | 138,400 | 62,416 | 45.10% | 75,984 | 64,912 | (2,496) | -3.85% |
| Edu. degrees, Cert. & Lic. | 542,600 | 480,261 | 88.51% | 62,339 | 464,806 | 15,455 | 3.33% |
| Uniform Rental | 107,600 | 78,987 | 73.41% | 28,613 | 86,545 | (7,558) | -8.73% |
| Workers' Compensation | 518,900 | 389,102 | 74.99% | 129,798 | 584,998 | (195,896) | -33.49% |
| Unemployment Insurance | 2,300 | 98,752 | 4293.57% | (96,452) | 12,116 | 86,636 | 715.05% |
| EMT Supplemental Benefits | 110,400 | 86,442 | 78.30% | 23,958 | 83,468 | 2,974 | 3.56% |
| Total Benefits | 22,810,700 | 18,256,155 | 80.03% | 4,554,545 | 18,413,046 | (156,891) | -0.85% |
| Salaries, Wages & Benefits | 102,081,800 | 76,823,773 | 75.26% | 25,258,027 | 74,646,217 | 2,177,556 | 2.92% |
| Matl, Supply, & Services | | | | | | | |
| Administrative Expenses | | | | | | | |
| Memberships | 742,354 | 617,166 | 83.14% | 125,188 | 486,589 | 130,577 | 26.84% |
| Office Exp - Supplies | 64,655 | 25,582 | 39.57% | 39,073 | 53,516 | (27,934) | -52.20% |
| Postage | 32,700 | 36,375 | 111.24% | (3,675) | 28,187 | 8,188 | 29.05% |
| Books & Publications | 44,352 | 19,161 | 43.20% | 25,191 | 51,819 | (32,658) | -63.02% |
| Forms | 580 | - | 0.00% | 580 | - | - | N/A |
| Small Computer Items | 925,500 | 586,415 | 63.36% | 339,085 | 611,377 | (24,962) | -4.08% |
| Minor Furniture & Fixtures | 368,000 | 176,096 | 47.85% | 191,904 | 125,983 | 50,113 | 39.78% |
| Subtotal | 2,178,141 | 1,460,795 | 67.07% | 717,346 | 1,357,471 | 103,324 | 7.61% |
| Printing & Publication | | | | | | | |
| Repro-In-House | 230,375 | 120,147 | 52.15% | 110,228 | 180,132 | (59,985) | -33.30% |
| Printing-Outside | 47,950 | 18,227 | 38.01% | 29,723 | 21,054 | (2,827) | -13.43% |
| Notices & Ads | 137,000 | 32,074 | 23.41% | 104,926 | 25,656 | 6,418 | 25.02% |
| Photo Processing | 50 | - | 0.00% | 50 | 42 | (42) | -100.00% |
| Subtotal | 415,375 | 170,448 | 41.03% | 244,927 | 226,884 | (56,436) | -24.87% |
| Training & Meetings | | | | | | | |
| Meetings | 167,796 | 6,539 | 3.90% | 161,257 | 81,224 | (74,685) | -91.95% |
| Training | 908,965 | 238,602 | 26.25% | 670,363 | 332,575 | (93,973) | -28.26% |
| Subtotal | 1,076,761 | 245,141 | 22.77% | 831,620 | 413,799 | (168,658) | -40.76% |
| Operating Mat'ls & Supplies | | | | | | | |
| Chemical Coagulants | 10,550,546 | 7,431,832 | 70.44% | 3,118,714 | 8,177,378 | (745,546) | -9.12% |
| Odor & Corrosion Control | 7,057,776 | 4,170,511 | 59.09% | 2,887,265 | 3,876,899 | 293,612 | 7.57% |
| Disinfection | 218,000 | 269,365 | 123.56% | (51,365) | 136,361 | 133,004 | 97.54% |
| Chemicals - Misc & Cogen | 418,000 | 272,113 | 65.10% | 145,887 | 246,324 | 25,789 | 10.47% |
| Gasoline, Diesel & Oil | 554,633 | 415,081 | 74.84% | 139,552 | 370,342 | 44,739 | 12.08% |
| Tools | 923,230 | 732,193 | 79.31% | 191,037 | 409,582 | 322,611 | 78.77% |
| Safety equipment/tools | 731,637 | 540,001 | 73.81% | 191,636 | 516,444 | 23,557 | 4.56% |
| Solv, Paints & Jan. Supplies | 111,053 | 78,524 | 70.71% | 32,529 | 88,708 | (10,184) | -11.48% |
| Lab Chemicals & Supplies | 652,969 | 464,479 | 71.13% | 188,490 | 470,990 | (6,511) | -1.38% |
| Misc. Operating Supplies | 166,360 | 125,645 | 75.53% | 40,715 | 102,037 | 23,608 | 23.14% |
| Property Tax Fees | 76,500 | 13,147 | 17.19% | 63,353 | 38,699 | (25,552) | -66.03% |
| Subtotal | 21,460,704 | 14,512,891 | 67.63% | 6,947,813 | 14,433,764 | 79,127 | 0.55% |
| Contractual Services | | | | | | | |
| Solids Removal | 12,380,000 | 8,585,588 | 69.35% | 3,794,412 | 9,278,578 | (692,990) | -7.47% |
| Other Waste Disposal | 899,500 | 684,070 | 76.05% | 215,430 | 647,112 | 36,958 | 5.71% |
| Groundskeeping | 200,000 | 129,731 | 64.87% | 70,269 | 135,774 | (6,043) | -4.45% |
| Janitorial | 495,000 | 588,779 | 118.95% | (93,779) | 363,792 | 224,987 | 61.84% |
| Outside Lab Services | 286,750 | 92,495 | 32.26% | 194,255 | 144,310 | (51,815) | -35.91% |
| Oxygen | 335,000 | 338,777 | 101.13% | (3,777) | 282,820 | 55,957 | 19.79% |
| County Service Fee | 489,003 | 16,941 | 3.46% | 472,062 | 18,915 | (1,974) | -10.44% |
| Temporary Services | 481,360 | 311,600 | 64.73% | 169,760 | 193,857 | 117,743 | 60.74% |
| Security Services | 1,600,000 | 1,219,889 | 76.24% | 380,111 | 1,205,120 | 14,769 | 1.23% |
| Other | 2,068,740 | 600,751 | 29.04% | 1,467,989 | 1,830,676 | (1,229,925) | -67.18% |
| Subtotal | 19,235,353 | 12,568,621 | 65.34% | 6,666,732 | 14,100,954 | (1,532,333) | -10.87% |

(Continued)

Operating Budget Review

Summary of Collection, Treatment, & Disposal Expenses by Line Item For the Nine Months Ended March 31, 2021

| Description | Budget 2020-21 | Expense Through 03/31/21 | Percent Budget Expensed | Remaining Budget | Expense Through 03/31/20 | Increase (Decrease) \$ | Increase (Decrease) % |
|---|-----------------------|--------------------------------|-------------------------------|----------------------|--------------------------------|------------------------------|-----------------------------|
| <i>Continued:</i> | | | | | | | |
| Professional Services | | | | | | | |
| Legal | 1,620,290 | 759,365 | 46.87% | 860,925 | 939,896 | (180,531) | -19.21% |
| Audit & Accounting | 225,400 | 104,010 | 46.14% | 121,390 | 75,165 | 28,845 | 38.38% |
| Engineering | 980,000 | 717,970 | 73.26% | 262,030 | 731,316 | (13,346) | -1.82% |
| Enviro Scientific Consulting | 265,000 | 46,685 | 17.62% | 218,315 | 53,025 | (6,340) | -11.96% |
| Software Prgm Consulting | 305,000 | 189,044 | 61.98% | 115,956 | 243,479 | (54,435) | -22.36% |
| Advocacy Efforts | 187,685 | 123,300 | 65.70% | 64,385 | 110,900 | 12,400 | 11.18% |
| Industrial Hygiene Services | 50,000 | 21,391 | 42.78% | 28,609 | 26,102 | (4,711) | -18.05% |
| Labor Negotiation Services | 30,000 | - | 0.00% | 30,000 | 30,080 | (30,080) | -100.00% |
| Other | 2,083,104 | 425,480 | 20.43% | 1,657,624 | 811,261 | (385,781) | -47.55% |
| Subtotal | <u>5,746,479</u> | <u>2,387,245</u> | <u>41.54%</u> | <u>3,359,234</u> | <u>3,021,224</u> | <u>(633,979)</u> | <u>-20.98%</u> |
| Research & Monitoring | | | | | | | |
| Environmental Monitoring | 654,700 | 337,686 | 51.58% | 317,014 | 352,782 | (15,096) | -4.28% |
| Air Quality Monitoring | 150,000 | 57,051 | 38.03% | 92,949 | 121,328 | (64,277) | -52.98% |
| Research | 500,000 | 500,000 | 100.00% | - | 475,000 | 25,000 | 5.26% |
| Subtotal | <u>1,304,700</u> | <u>894,737</u> | <u>68.58%</u> | <u>409,963</u> | <u>949,110</u> | <u>(54,373)</u> | <u>-5.73%</u> |
| Repairs & Maintenance | | | | | | | |
| Materials & Services | 23,891,620 | 18,092,769 | 75.73% | 5,798,851 | 14,772,829 | 3,319,940 | 22.47% |
| Svc. Mtc. Agreements | 4,481,025 | 4,276,175 | 95.43% | 204,850 | 3,482,820 | 793,355 | 22.78% |
| Subtotal | <u>28,372,645</u> | <u>22,368,944</u> | <u>78.84%</u> | <u>6,003,701</u> | <u>18,255,649</u> | <u>4,113,295</u> | <u>22.53%</u> |
| Utilities | | | | | | | |
| Telephone | 505,971 | 373,753 | 73.87% | 132,218 | 435,751 | (61,998) | -14.23% |
| Diesel For Generators | 42,500 | 9,363 | 22.03% | 33,137 | 14,466 | (5,103) | -35.28% |
| Natural Gas | 710,801 | 873,284 | 122.86% | (162,483) | 521,554 | 351,730 | 67.44% |
| Power | 6,064,165 | 5,105,037 | 84.18% | 959,128 | 4,588,242 | 516,795 | 11.26% |
| Water | 1,041,517 | 952,584 | 91.46% | 88,933 | 812,886 | 139,698 | 17.19% |
| Subtotal | <u>8,364,954</u> | <u>7,314,021</u> | <u>87.44%</u> | <u>1,050,933</u> | <u>6,372,899</u> | <u>941,122</u> | <u>14.77%</u> |
| Other Operating Supplies | | | | | | | |
| Outside Equip Rental | 100,000 | 24,711 | 24.71% | 75,289 | 51,057 | (26,346) | -51.60% |
| Insurance Premiums | 30,000 | 31,451 | 104.84% | (1,451) | 28,501 | 2,950 | 10.35% |
| Prop & Gen Liab Insurance | 2,205,000 | 1,653,747 | 75.00% | 551,253 | 1,289,997 | 363,750 | 28.20% |
| Freight | 100,000 | 121,247 | 121.25% | (21,247) | 86,779 | 34,468 | 39.72% |
| Misc. Operating Expense | 304,457 | 286,739 | 94.18% | 17,718 | 184,371 | 102,368 | 55.52% |
| Regulatory Operating Fees | 976,600 | 1,033,714 | 105.85% | (57,114) | 819,878 | 213,836 | 26.08% |
| Subtotal | <u>3,716,057</u> | <u>3,151,609</u> | <u>84.81%</u> | <u>564,448</u> | <u>2,460,583</u> | <u>691,026</u> | <u>28.08%</u> |
| General Mgr Contingency & Reappropriations | | | | | | | |
| | 1,051,437 | - | 0.00% | 1,051,437 | - | - | N/A |
| Other Non-Oper Expense | | | | | | | |
| | 136,820 | 28,229 | 20.63% | 108,591 | 113,122 | (84,893) | -75.05% |
| Total Materials, Supplies & Services | | | | | | | |
| | <u>93,059,426</u> | <u>65,102,681</u> | <u>69.96%</u> | <u>27,956,745</u> | <u>61,705,459</u> | <u>3,397,222</u> | <u>5.51%</u> |
| Total Expenditures | | | | | | | |
| | 195,141,226 | 141,926,454 | 72.73% | 53,214,772 | 136,351,676 | 5,574,778 | 4.09% |
| Cost Allocation | | | | | | | |
| | (20,825,710) | (15,385,157) | 73.88% | (5,440,553) | (15,544,292) | 159,135 | 1.02% |
| Net Operating Requirements | | | | | | | |
| | <u>\$ 174,315,516</u> | <u>\$ 126,541,297</u> | <u>72.59%</u> | <u>\$ 47,774,219</u> | <u>\$ 120,807,384</u> | <u>\$ 5,733,913</u> | <u>4.75%</u> |

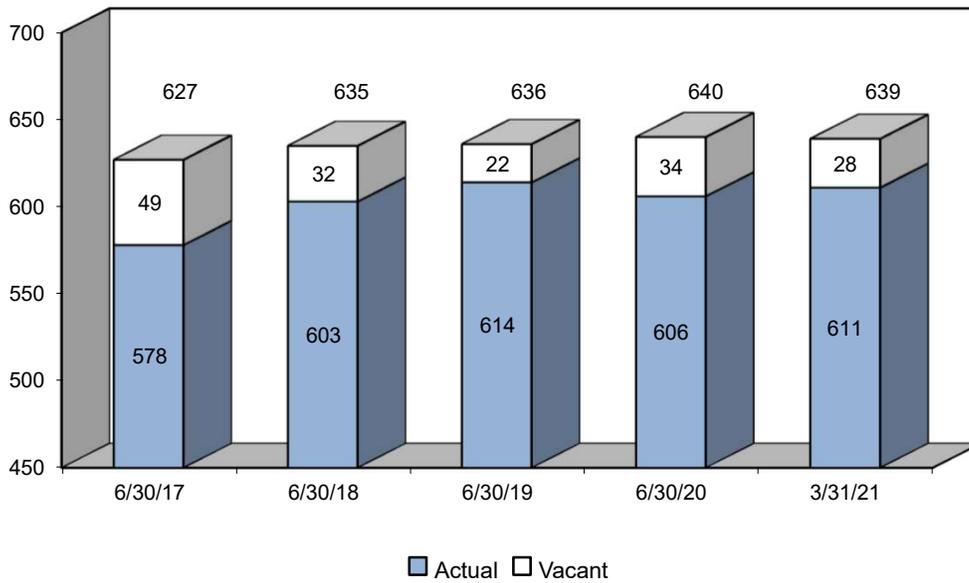
FY 2020-21 Third Quarter Financial Report

Summary of Collection, Treatment, & Disposal Expenses by Process For the Nine Months Ended March 31, 2021

| <u>Process:</u> | <u>Actual</u> <u>03/31/21</u> | <u>Actual</u> <u>03/31/20</u> | <u>Increase</u> <u>(Decrease)</u> <u>\$</u> | <u>Increase</u> <u>(Decrease)</u> <u>%</u> |
|-----------------------------------|----------------------------------|----------------------------------|---|--|
| Preliminary Treatment | \$ 7,626,823 | \$ 5,269,702 | \$ 2,357,121 | 44.73% |
| Primary Treatment | 13,274,651 | 15,341,428 | (2,066,777) | -13.47% |
| Secondary Treatment | 8,114,000 | 7,454,605 | 659,395 | 8.85% |
| Cryogenic Plant (Plant 2) | 795,884 | 655,425 | 140,459 | 21.43% |
| Effluent Disposal | 1,469,727 | 1,271,539 | 198,188 | 15.59% |
| Solids Handling | 36,497,646 | 37,223,079 | (725,433) | -1.95% |
| Cogeneration | 14,554,961 | 12,976,510 | 1,578,451 | 12.16% |
| Utilities | 3,518,043 | 3,132,420 | 385,623 | 12.31% |
| Electrical Distribution | 2,471,611 | 1,886,434 | 585,177 | 31.02% |
| Miscellaneous Buildings | 8,349,089 | 7,855,589 | 493,500 | 6.28% |
| External Location | 344,569 | 195,900 | 148,669 | 75.89% |
| Nerissa Vessel | 198,696 | 190,301 | 8,395 | 4.41% |
| Laboratory | 14,195,756 | 13,603,613 | 592,143 | 4.35% |
| Collections | 15,129,841 | 13,750,839 | 1,379,002 | 10.03% |
| Net Operating Requirements | \$ 126,541,297 | \$ 120,807,384 | \$ 5,733,913 | 4.75% |

Operating Budget Review

Staffing Trends Full Time Equivalents March 31, 2021

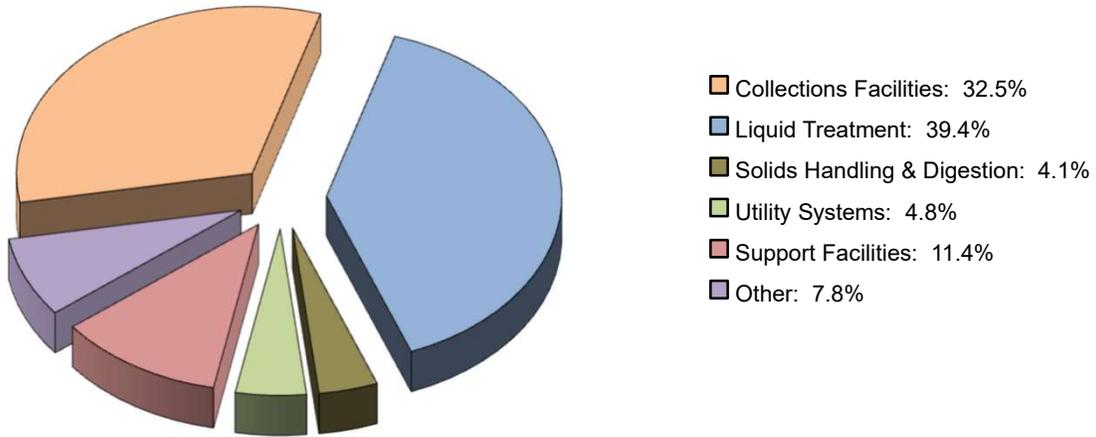


At March 31, 2021, the total head count was 619 employees, or a full time equivalency of 611.

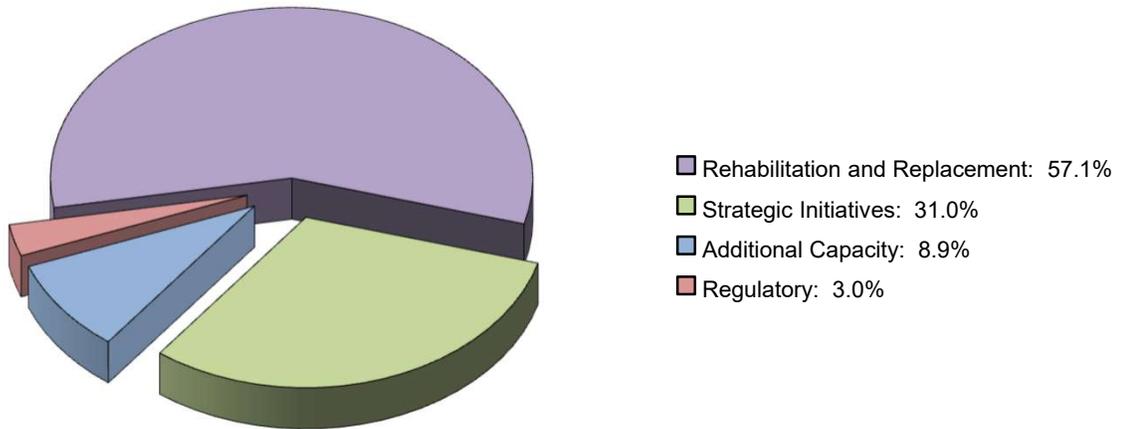
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Capital Improvement Program Budget Review

Capital Improvement Program By Process Area and Project Driver For the Nine Months Ended March 31, 2021



Total Capital Improvement Outlays - \$97,644,135



Total Capital Improvement Outlays - \$97,644,135

FY 2020-21 Third Quarter Financial Report

Summary of Capital Improvement Construction Requirements - Current Year For the Nine Months Ended March 31, 2021

| | 2020-21 Cashflow Budget | 2020-21 Actual at 3/31/2021 | 2020-21 Projected Outlay |
|---|--|--|---|
| <u>Collection System Improvement Projects</u> | | | |
| <u>Collections Facilities</u> | | | |
| Taft Branch Capacity Improvements | 314,739 | 84,813 | 296,200 |
| Newhope - Placentia Trunk Grade Separation Replacement | 92,123 | - | - |
| Newhope-Placentia Trunk Replacement | 18,441,383 | 14,740,695 | 17,579,200 |
| Westminster Blvd Force Main Replacement | 11,561,567 | 12,649,944 | 14,421,200 |
| Rehabilitation of Western Regional Sewers | 5,711,536 | 357,858 | 692,700 |
| Interstate 405 Widening Project Impacts on OC San Sewers | 35,032 | 19,583 | 27,700 |
| Seal Beach Pump Station Replacement | 3,427,428 | 1,049,094 | 3,487,900 |
| Bay Bridge Pump Station Replacement | 5,684,572 | 832,289 | 1,604,700 |
| Newport Beach Pump Station Pressurization Improvements | 378,513 | 182,655 | 280,100 |
| District 6 Trunk Sewer Relief | 30,036 | 3,758 | 3,800 |
| Gisler Red-Hill Interceptor & Baker Force Main Rehabilitation | 823,405 | 355,123 | 1,032,600 |
| MacArthur Force Main Improvement | 45,631 | 44,325 | 45,700 |
| Edinger Pump Station Replacement | 102,369 | - | - |
| Small Construction Projects Program - Collections | 1,803,281 | 895,143 | 1,060,300 |
| Operations & Maintenance Capital Program - Collections | - | 144,674 | 144,700 |
| Planning Studies Program - Collections | - | 68,781 | 192,700 |
| SARI Rock Stabilizers Removal | 45,869 | 25,163 | 25,200 |
| Sunflower and Red Hill Interceptor Repairs | 359,017 | 253,000 | 288,700 |
| Total Collection System Improvement Projects | 48,856,501 | 31,706,898 | 41,183,400 |

(Continued)

Capital Improvement Program Budget Review

Summary of Capital Improvement Construction Requirements - Current Year For the Nine Months Ended March 31, 2021

| | 2020-21 Cashflow Budget | 2020-21 Actual at 3/31/2021 | 2020-21 Projected Outlay |
|--|--|--|---|
| <u>Treatment & Disposal Projects</u> | | | |
| Headworks | | | |
| Headworks Rehabilitation at Plant 1 | 9,418,986 | 971,155 | 2,724,400 |
| Headworks Modifications at P2 for GWRS Final Expansion | 5,413,951 | 5,307,120 | 7,860,600 |
| Subtotal - Headworks | 14,832,937 | 6,278,275 | 10,585,000 |
| Primary Treatment | | | |
| Primary Sedimentation Basins 3-5 Replacement at Plant 1 | 61,054 | 22,170 | 92,500 |
| Primary Sedimentation Basins 6-31 Reliability Improv at P1 | 1,291,277 | 697,808 | 827,900 |
| Primary Treatment Rehabilitation at Plant 2 | 8,087,122 | 5,125,436 | 6,494,200 |
| Subtotal - Primary Treatment | 9,439,453 | 5,845,414 | 7,414,600 |
| Secondary Treatment | | | |
| Return Activated Sludge Piping Replacement at Plant 1 | 5,566,916 | 5,132,783 | 5,132,800 |
| Return Activated Sludge Piping Replacement at Plant 2 | 6,075,061 | 2,805,842 | 3,860,700 |
| Subtotal - Secondary Treatment | 11,641,977 | 7,938,625 | 8,993,500 |
| Solids Handling & Digestion | | | |
| Sludge Dewatering and Odor Control at Plant 1 | 896,419 | 321,022 | 321,100 |
| Digester Ferric Chloride Piping Replacement at Plant 1 | 170,893 | 115,019 | 190,400 |
| Sludge Dewatering and Odor Control at Plant 2 | 5,216,415 | 1,041,762 | 1,424,800 |
| Interim Food Waste Receiving Facility | 1,058,172 | 48,755 | 61,600 |
| TPAD Digester Facility at Plant 2 | 1,787,669 | 2,420,454 | 4,043,600 |
| Digesters Rehabilitation at Plant No. 2 | 589,432 | 15,823 | 43,000 |
| Subtotal - Solids Handling & Digestion | 9,719,000 | 3,962,835 | 6,084,500 |
| Ocean Outfall Systems | | | |
| Ocean Outfall System Rehabilitation | 26,108,350 | 18,455,889 | 44,545,800 |
| Sodium Bisulfite Station Rehabilitation at Plant 2 | 101,848 | - | - |
| Subtotal - Ocean Outfall Systems | 26,210,198 | 18,455,889 | 44,545,800 |
| Utility Systems | | | |
| Electrical Power Distribution System Improvements | 1,823,293 | 725,417 | 1,425,400 |
| Digester Gas Facilities Rehabilitation | 4,282,106 | 3,278,125 | 4,892,000 |
| Natural Gas Pipelines Replacement at Plants 1 and 2 | 1,038,492 | 306,274 | 765,600 |
| Central Generation Engine Overhauls at Plants 1 and 2 | 291,727 | 7,691 | 35,900 |
| Uninterruptable Power Supply Improvements at Plant 1 | 928,600 | 200,003 | 558,000 |
| Consolidated Demolition and Utility Improvements at P2 | 914,715 | 36,734 | 36,800 |
| Warehouse, Electrical, & 12kV Serv Center Replace at P2 | 717,257 | 183,107 | 183,200 |
| Subtotal - Utility Systems | 9,996,190 | 4,737,351 | 7,896,900 |

(Continued)

FY 2020-21 Third Quarter Financial Report

Summary of Capital Improvement Construction Requirements - Current Year For the Nine Months Ended March 31, 2021

| | 2020-21 Cashflow Budget | 2020-21 Actual at 3/31/2021 | 2020-21 Projected Outlay |
|--|-------------------------------|-----------------------------------|--------------------------------|
| Process Related Special Projects | | | |
| Safety Improvements Program | 1,326,635 | 1,049,313 | 1,157,800 |
| Subtotal - Process Related Special Projects | <u>1,326,635</u> | <u>1,049,313</u> | <u>1,157,800</u> |
| Information Management Systems | | | |
| Process Control Systems Upgrades | 10,000 | - | 112,800 |
| Project Management Information System | 306,250 | 49,530 | 125,700 |
| Information Technology Capital Program | 3,061,700 | 684,646 | 1,341,800 |
| Geographic Information System | 59,707 | 337,718 | 341,900 |
| EAM Software and Process Implementation | - | 660,867 | 1,160,900 |
| Process Control Systems Upgrades Study | 1,355,751 | 559,113 | 1,336,400 |
| Subtotal - Information Management Systems | <u>4,793,408</u> | <u>2,291,874</u> | <u>4,419,500</u> |
| Strategic & Master Planning | | | |
| Planning Studies Program | 5,818,770 | 2,245,197 | 4,381,900 |
| Subtotal - Strategic & Master Planning | <u>5,818,770</u> | <u>2,245,197</u> | <u>4,381,900</u> |
| Water Management Projects | | | |
| GWRS Final Expansion Coordination | 243,477 | 237,315 | 306,600 |
| Subtotal - Water Management Projects | <u>243,477</u> | <u>237,315</u> | <u>306,600</u> |
| Research | | | |
| Research Program | 931,220 | 204,883 | 718,500 |
| Subtotal - Research | <u>931,220</u> | <u>204,883</u> | <u>718,500</u> |
| Support Facilities | | | |
| Small Construction Projects Program | 6,636,797 | 2,564,851 | 4,418,000 |
| Operations & Maintenance Capital Program | 1,442,561 | 1,162,356 | 1,279,000 |
| Fleet Services UST Leak Remediation at Plant 1 | - | 112 | 284,900 |
| Title 24 Access Compliance and Building Rehab Project | 575,678 | 189,633 | 193,700 |
| Headquarters Complex | 6,339,527 | 6,913,615 | 7,681,200 |
| South Perimeter Security & Utility Improvements at Plant 1 | 680,311 | 287,884 | 457,300 |
| Support Buildings Seismic Improvements at Plant 1 | 259,739 | 2,276 | 20,500 |
| Subtotal - Support Facilities | <u>15,934,613</u> | <u>11,120,727</u> | <u>14,334,600</u> |

(Continued)

Capital Improvement Program Budget Review

Summary of Capital Improvement Construction Requirements - Current Year For the Nine Months Ended March 31, 2021

| | <u>2020-21 Cashflow Budget</u> | <u>2020-21 Actual at 3/31/2021</u> | <u>2020-21 Projected Outlay</u> |
|--|--|--|---|
| Others | | | |
| Capital Improvement Program Management Services | 26,901 | 24,766 | 47,900 |
| Subtotal - Others | <u>26,901</u> | <u>24,766</u> | <u>47,900</u> |
| Additional Charges to CIP Completed at 6/30/20 | <u>-</u> | <u>15,542</u> | <u>15,600</u> |
| Total Treatment and Disposal Projects | <u>110,914,779</u> | <u>64,408,006</u> | <u>110,902,700</u> |
| Capital Equipment Purchases | <u>5,061,800</u> | <u>1,529,231</u> | <u>2,039,000</u> |
| Total Collection, Treatment and Disposal Projects and Capital Equipment Purchases | <u>164,833,080</u> | <u>97,644,135</u> | <u>154,125,100</u> |
| Less: Savings and Deferrals | <u>(17,271,000)</u> | <u>-</u> | <u>-</u> |
| Net Collection, Treatment and Disposal Projects and Capital Equipment Purchases | <u>\$ 147,562,080</u> | <u>\$ 97,644,135</u> | <u>\$ 154,125,100</u> |

FY 2020-21 Third Quarter Financial Report

Summary of Capital Improvement Construction Requirements - Project Life For the Nine Months Ended March 31, 2021

| | Approved Project Budget | June 30, 2020 Accumulated Cost | Current Year Projected Cost | Total Projected Cost at June 30, 2021 | Remaining Future Budget |
|---|-------------------------------|--------------------------------------|--------------------------------------|--|-------------------------------|
| Collection System Improvement Projects | | | | | |
| Collections Facilities | | | | | |
| Santa Ana Trunk Sewer Rehabilitation | 54,620,000 | - | - | - | 54,620,000 |
| Greenville-Sullivan Trunk Improvements | 48,600,000 | - | - | - | 48,600,000 |
| Taft Branch Capacity Improvements | 14,000,000 | 56,207 | 296,200 | 352,407 | 13,647,593 |
| Newhope - Placentia Trunk Grade Separation Replacement | 4,300,000 | 4,201,046 | - | 4,201,046 | 98,954 |
| Newhope-Placentia Trunk Replacement | 112,000,000 | 84,639,453 | 17,579,200 | 102,218,653 | 9,781,347 |
| Yorba Linda Dosing Station Installation | 14,080,000 | - | - | - | 14,080,000 |
| Beach Relief / Knott / Miller Holder Trunk Rehabilitation | 35,132,000 | - | - | - | 35,132,000 |
| Westminster Blvd Force Main Replacement | 44,000,000 | 11,848,266 | 14,421,200 | 26,269,466 | 17,730,534 |
| Rehabilitation of Western Regional Sewers | 70,000,000 | 18,006,959 | 692,700 | 18,699,659 | 51,300,341 |
| Interstate 405 Widening Project Impacts on OC San Sewers | 250,000 | 120,181 | 27,700 | 147,881 | 102,119 |
| Seal Beach Pump Station Replacement | 78,900,000 | 1,227,409 | 3,487,900 | 4,715,309 | 74,184,691 |
| Los Alamitos Sub-Trunk Extension | 84,124,000 | - | - | - | 84,124,000 |
| Crystal Cove Pump Station Rehabilitation | 13,200,000 | - | - | - | 13,200,000 |
| Bay Bridge Pump Station Replacement | 74,000,000 | 1,105,544 | 1,604,700 | 2,710,244 | 71,289,756 |
| Newport Beach Pump Station Pressurization Improvements | 4,300,000 | 118,338 | 280,100 | 398,438 | 3,901,562 |
| District 6 Trunk Sewer Relief | 7,250,000 | 7,154,952 | 3,800 | 7,158,752 | 91,248 |
| MacArthur Pump Station Rehabilitation | 9,800,000 | - | - | - | 9,800,000 |
| Main Street Pump Station Rehabilitation | 39,450,000 | - | - | - | 39,450,000 |
| Gisler Red-Hill Interceptor & Baker Force Main Rehabilitation | 21,000,000 | 75,383 | 1,032,600 | 1,107,983 | 19,892,017 |
| MacArthur Force Main Improvement | 2,468,000 | - | 45,700 | 45,700 | 2,422,300 |
| North Trunk Improvements | 9,200,000 | - | - | - | 9,200,000 |
| Edinger Pump Station Replacement | 10,153,000 | - | - | - | 10,153,000 |
| Slater Pump Station Rehabilitation | 26,622,000 | - | - | - | 26,622,000 |
| Small Construction Projects Program - Collections | 13,193,000 | 4,753,104 | 1,060,300 | 5,813,404 | 7,379,596 |
| Operations & Maintenance Capital Program - Collections | 623,000 | 153,952 | 144,700 | 298,652 | 324,348 |
| Planning Studies Program - Collections | 4,834,000 | 3,480,009 | 192,700 | 3,672,709 | 1,161,291 |
| Research Program - Collections | 154,000 | 46,250 | - | 46,250 | 107,750 |
| SARI Rock Stabilizers Removal | 4,860,000 | 3,699,556 | 25,200 | 3,724,756 | 1,135,244 |
| Sunflower and Red Hill Interceptor Repairs | 4,700,000 | 218,182 | 288,700 | 506,882 | 4,193,118 |
| Total Collection System Improvement Projects | 805,813,000 | 140,904,791 | 41,183,400 | 182,088,191 | 623,724,809 |

(Continued)

Capital Improvement Program Budget Review

Summary of Capital Improvement Construction Requirements - Project Life For the Nine Months Ended March 31, 2021

| | Approved Project Budget | June 30, 2020 Accumulated Cost | Current Year Projected Cost | Total Projected Cost at June 30, 2021 | Remaining Future Budget |
|--|-------------------------------|--------------------------------------|--------------------------------------|--|-------------------------------|
| Treatment & Disposal Projects | | | | | |
| Headworks | | | | | |
| Headworks Rehabilitation at Plant 1 | 406,000,000 | 29,367,809 | 2,724,400 | 32,092,209 | 373,907,791 |
| Headworks Modifications at P2 for GWRS Final Expansion | 32,000,000 | 8,077,454 | 7,860,600 | 15,938,054 | 16,061,946 |
| Subtotal - Headworks | 438,000,000 | 37,445,263 | 10,585,000 | 48,030,263 | 389,969,737 |
| Primary Treatment | | | | | |
| Primary Sedimentation Basins 3-5 Replacement at Plant 1 | 117,700,000 | 523,034 | 92,500 | 615,534 | 117,084,466 |
| Primary Sedimentation Basins 6-31 Reliability Improv at P1 | 10,100,000 | 945,035 | 827,900 | 1,772,935 | 8,327,065 |
| Primary Treatment Rehabilitation at Plant 2 | 237,000,000 | 28,788,870 | 6,494,200 | 35,283,070 | 201,716,930 |
| B/C-Side Primary Clarifiers Rehabilitation at Plant 2 | 279,842,000 | - | - | - | 279,842,000 |
| Subtotal - Primary Treatment | 644,642,000 | 30,256,939 | 7,414,600 | 37,671,539 | 606,970,461 |
| Secondary Treatment | | | | | |
| Return Activated Sludge Piping Replacement at Plant 1 | 10,300,000 | 4,038,731 | 5,132,800 | 9,171,531 | 1,128,469 |
| Return Activated Sludge Piping Replacement at Plant 2 | 10,800,000 | 2,029,755 | 3,860,700 | 5,890,455 | 4,909,545 |
| Activated Sludge Aeration Basin Rehabilitation at Plant 2 | 65,600,000 | - | - | - | 65,600,000 |
| Subtotal - Secondary Treatment | 86,700,000 | 6,068,486 | 8,993,500 | 15,061,986 | 71,638,014 |
| Solids Handling & Digestion | | | | | |
| Sludge Dewatering and Odor Control at Plant 1 | 197,000,000 | 195,780,280 | 321,100 | 196,101,380 | 898,620 |
| Digester Ferric Chloride Piping Replacement at Plant 1 | 1,360,000 | 124,687 | 190,400 | 315,087 | 1,044,913 |
| Sludge Dewatering and Odor Control at Plant 2 | 90,477,000 | 85,102,044 | 1,424,800 | 86,526,844 | 3,950,156 |
| Interim Food Waste Receiving Facility | 6,300,000 | 1,289,539 | 61,600 | 1,351,139 | 4,948,861 |
| TPAD Digester Facility at Plant 2 | 455,000,000 | 503,810 | 4,043,600 | 4,547,410 | 450,452,590 |
| Digester P, Q, R, and S Replacement | 165,900,000 | - | - | - | 165,900,000 |
| Digesters Rehabilitation at Plant No. 2 | 40,632,000 | - | 43,000 | 43,000 | 40,589,000 |
| Subtotal - Solids Handling & Digestion | 956,669,000 | 282,800,360 | 6,084,500 | 288,884,860 | 667,784,140 |
| Ocean Outfall Systems | | | | | |
| Ocean Outfall System Rehabilitation | 166,000,000 | 58,201,457 | 44,545,800 | 102,747,257 | 63,252,743 |
| Sodium Bisulfite Station Rehabilitation at Plant 2 | 3,834,000 | - | - | - | 3,834,000 |
| Subtotal - Ocean Outfall Systems | 169,834,000 | 58,201,457 | 44,545,800 | 102,747,257 | 67,086,743 |
| Utility Systems | | | | | |
| Electrical Power Distribution System Improvements | 26,500,000 | 388,036 | 1,425,400 | 1,813,436 | 24,686,564 |
| Digester Gas Facilities Rehabilitation | 173,000,000 | 8,304,560 | 4,892,000 | 13,196,560 | 159,803,440 |
| Natural Gas Pipelines Replacement at Plants 1 and 2 | 1,610,000 | 471,007 | 765,600 | 1,236,607 | 373,393 |
| Central Generation Engine Overhauls at Plants 1 and 2 | 26,000,000 | - | 35,900 | 35,900 | 25,964,100 |
| Power Building Structural Seismic Improv at Plants 1 & 2 | 7,080,000 | - | - | - | 7,080,000 |

(Continued)

FY 2020-21 Third Quarter Financial Report

Summary of Capital Improvement Construction Requirements - Project Life For the Nine Months Ended March 31, 2021

| | Approved Project Budget | June 30, 2020 Accumulated Cost | Current Year Projected Cost | Total Projected Cost at June 30, 2021 | Remaining Future Budget |
|---|-------------------------------|--------------------------------------|--------------------------------------|--|-------------------------------|
| Utility Systems (continued) | | | | | |
| Central Generation Rehabilitation at Plant 1 | 68,452,000 | - | - | - | 68,452,000 |
| Uninterruptable Power Supply Improvements at Plant 1 | 7,000,000 | 444,334 | 558,000 | 1,002,334 | 5,997,666 |
| 12.47 kV Switchgear Replacement at CenGen at Plant 1 | 14,800,000 | - | - | - | 14,800,000 |
| Network and Server Relocation at Plant 1 | 3,027,000 | - | - | - | 3,027,000 |
| Consolidated Demolition and Utility Improvements at P2 | 30,000,000 | 29,343,019 | 36,800 | 29,379,819 | 620,181 |
| Central Generation Rehabilitation at Plant 2 | 108,000,000 | - | - | - | 108,000,000 |
| Warehouse, Electrical, & 12kV Serv Center Replace at P2 | 65,000,000 | - | 183,200 | 183,200 | 64,816,800 |
| Subtotal - Utility Systems | 530,469,000 | 38,950,956 | 7,896,900 | 46,847,856 | 483,621,144 |
| Process Related Special Projects | | | | | |
| Safety Improvements Program | 16,000,000 | 14,598,193 | 1,157,800 | 15,755,993 | 244,007 |
| Subtotal - Process Related Special Projects | 16,000,000 | 14,598,193 | 1,157,800 | 15,755,993 | 244,007 |
| Information Management Systems | | | | | |
| Process Control Systems Upgrades | 33,000,000 | - | 112,800 | 112,800 | 32,887,200 |
| Project Management Information System | 2,280,000 | 1,311,043 | 125,700 | 1,436,743 | 843,257 |
| Information Technology Capital Program | 10,000,000 | 1,265,752 | 1,341,800 | 2,607,552 | 7,392,448 |
| Geographic Information System | 4,700,000 | 3,370,462 | 341,900 | 3,712,362 | 987,638 |
| EAM Software and Process Implementation | 7,500,000 | 5,592,229 | 1,160,900 | 6,753,129 | 746,871 |
| Process Control Systems Upgrades Study | 3,400,000 | 1,810,226 | 1,336,400 | 3,146,626 | 253,374 |
| Subtotal - Information Management Systems | 60,880,000 | 13,349,712 | 4,419,500 | 17,769,212 | 43,110,788 |
| Strategic & Master Planning | | | | | |
| Planning Studies Program | 23,818,000 | 10,548,748 | 4,381,900 | 14,930,648 | 8,887,352 |
| Subtotal - Strategic & Master Planning | 23,818,000 | 10,548,748 | 4,381,900 | 14,930,648 | 8,887,352 |
| Water Management Projects | | | | | |
| GWRS Final Expansion Coordination | 1,132,000 | 409,905 | 306,600 | 716,505 | 415,495 |
| Subtotal - Water Management Projects | 1,132,000 | 409,905 | 306,600 | 716,505 | 415,495 |
| Research | | | | | |
| Research Program | 8,346,000 | 898,471 | 718,500 | 1,616,971 | 6,729,029 |
| Subtotal - Research | 8,346,000 | 898,471 | 718,500 | 1,616,971 | 6,729,029 |

(Continued)

Capital Improvement Program Budget Review

Summary of Capital Improvement Construction Requirements - Project Life For the Nine Months Ended March 31, 2021

| | Approved Project Budget | June 30, 2020 Accumulated Cost | Current Year Projected Cost | Total Projected Cost at June 30, 2021 | Remaining Future Budget |
|--|-------------------------------|--------------------------------------|--------------------------------------|--|-------------------------------|
| Support Facilities | | | | | |
| Small Construction Projects Program | 50,319,689 | 14,794,320 | 4,418,000 | 19,212,320 | 31,107,369 |
| Operations & Maintenance Capital Program | 14,999,000 | 2,232,839 | 1,279,000 | 3,511,839 | 11,487,161 |
| Fleet Services UST Leak Remediation at Plant 1 | 1,487,311 | 1,202,456 | 284,900 | 1,487,356 | (45) |
| Laboratory Rehabilitation at Plant 1 | 44,200,000 | - | - | - | 44,200,000 |
| Title 24 Access Compliance and Building Rehab Project | 18,400,000 | 17,648,352 | 193,700 | 17,842,052 | 557,948 |
| Headquarters Complex | 167,500,000 | 30,390,098 | 7,681,200 | 38,071,298 | 129,428,702 |
| South Perimeter Security & Utility Improvements at Plant 1 | 10,000,000 | 1,171,563 | 457,300 | 1,628,863 | 8,371,137 |
| Support Buildings Seismic Improvements at Plant 1 | 23,730,000 | - | 20,500 | 20,500 | 23,709,500 |
| Collections Yard Relocation | 1,840,000 | - | - | - | 1,840,000 |
| Operations and Maintenance Complex at Plant 2 | 95,000,000 | - | - | - | 95,000,000 |
| Subtotal - Support Facilities | 427,476,000 | 67,439,628 | 14,334,600 | 81,774,228 | 345,701,772 |
| Others | | | | | |
| Capital Improvement Program Management Services | 700,000 | 302,928 | 47,900 | 350,828 | 349,172 |
| Subtotal - Others | 700,000 | 302,928 | 47,900 | 350,828 | 349,172 |
| Additional Charges to CIP Completed at 6/30/20 | - | - | 15,600 | 15,600 | (15,600) |
| Total Treatment and Disposal Projects | 3,364,666,000 | 561,271,046 | 110,902,700 | 672,173,746 | 2,692,492,254 |
| Capital Equipment Purchases | 9,062,800 | - | 2,039,000 | 2,039,000 | 7,023,800 |
| Total Collection, Treatment and Disposal Projects and Capital Equipment Purchases | \$ 4,179,541,800 | \$702,175,837 | \$154,125,100 | \$856,300,937 | \$3,323,240,863 |

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Capital Assets Schedule & Debt Service Budget Review

Capital Assets Schedule For the Nine Months Ended March 31, 2021

Capital Facilities Budget Review

| | <u>Balance 07/01/20</u> | <u>Year-to-Date Activity</u> | <u>Balance 03/31/21</u> |
|--|-----------------------------|----------------------------------|-----------------------------|
| CONSTRUCTION IN PROGRESS: | | | |
| Treatment Plant | \$ 98,764,377 | \$ 65,937,237 | \$ 164,701,614 |
| Collection System | 265,166,458 | 31,706,898 | 296,873,356 |
| Subtotal | <u>363,930,835</u> | <u>97,644,135</u> | <u>461,574,970</u> |
| PROPERTY, PLANT & EQUIPMENT (at cost): | | | |
| Land and Property Rights | 41,967,355 | - | 41,967,355 |
| Collection Lines and Pump Stations | 892,975,053 | - | 892,975,053 |
| Treatment Facilities | 2,746,327,817 | - | 2,746,327,817 |
| Effluent disposal facilities | 96,972,016 | - | 96,972,016 |
| Solids disposal facilities | 3,463,236 | - | 3,463,236 |
| General and administrative facilities | 259,148,327 | - | 259,148,327 |
| Excess purchase price over book value on acquired assets | 19,979,000 | - | 19,979,000 |
| Subtotal | <u>4,060,832,804</u> | <u>-</u> | <u>4,060,832,804</u> |
| Total Property, Plant & Equipment & CIP | <u>\$ 4,424,763,639</u> | <u>\$ 97,644,135</u> | <u>\$ 4,522,407,774</u> |

Debt Service Budget Review

| | <u>2020-21 Budget</u> | <u>Year-to-Date Payments</u> | <u>% of Budget</u> | <u>Remaining Budget</u> |
|--|---------------------------|----------------------------------|--------------------|-----------------------------|
| Principal Payments by Debt Issue: | | | | |
| 2010A BABs | - | - | - | - |
| 2010C BABs | - | - | - | - |
| 2011A COP | - | - | - | - |
| 2012A COP | - | - | - | - |
| 2012B COP | 17,390,000 | 17,390,000 | 100.00% | - |
| 2014A COP | 7,850,000 | 7,850,000 | 100.00% | - |
| 2015A COP | - | - | - | - |
| 2016A COP | 4,635,000 | 4,635,000 | 100.00% | - |
| 2017A COP | 555,000 | 555,000 | 100.00% | - |
| 2018A CANs | - | - | - | - |
| Subtotal Principal Payments | <u>30,430,000</u> | <u>30,430,000</u> | <u>100.00%</u> | <u>-</u> |
| Interest Expense by Debt Issue: | | | | |
| 2010A BABs | 2,897,639 | 1,738,750 | 60.01% | 1,158,889 |
| 2010C BABs | 6,523,780 | 3,922,923 | 60.13% | 2,600,857 |
| 2011A COP | 3,348,350 | 1,953,250 | 58.33% | 1,395,100 |
| 2012A COP | 3,735,900 | 2,179,300 | 58.33% | 1,556,600 |
| 2012B COP | 1,145,650 | 668,250 | 58.33% | 477,400 |
| 2014A COP | 3,196,500 | 1,864,600 | 58.33% | 1,331,900 |
| 2015A COP | 6,375,500 | 3,719,000 | 58.33% | 2,656,500 |
| 2016A COP | 6,756,550 | 3,941,350 | 58.33% | 2,815,200 |
| 2017A COP | 3,318,500 | 1,935,800 | 58.33% | 1,382,700 |
| 2018A CANs | 5,110,000 | 3,193,700 | 62.50% | 1,916,300 |
| Subtotal Interest Expense | <u>42,408,369</u> | <u>25,116,923</u> | <u>59.23%</u> | <u>17,291,446</u> |
| Total Debt Service | <u>\$ 72,838,369</u> | <u>\$ 55,546,923</u> | <u>76.26%</u> | <u>\$ 17,291,446</u> |

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Self Insurance Budget Review

General Liability and Property Fund Budget Review For the Nine Months Ended March 31, 2021

| | 2020-21 Budget | Actual Through 03/31/21 | Percent of Budget Through 03/31/21 | Remaining 2020-21 Budget | Actual Through 03/31/20 | Increase (Decrease) |
|---------------------------------|---------------------------|-------------------------------|---|--------------------------------|-------------------------------|------------------------|
| Revenues: | | | | | | |
| In-Lieu Premiums | \$ 1,471,000 | \$ 1,653,747 | 112.42% | \$ (182,747) | \$ 1,289,997 | \$ 363,750 |
| Service Department Allocations | - | 5,328 | N/A | (5,328) | (2,322) | 7,650 |
| Total Revenues | <u>1,471,000</u> | <u>1,659,075</u> | <u>112.79%</u> | <u>(188,075)</u> | <u>1,287,675</u> | <u>371,400</u> |
| Expenses: | | | | | | |
| Benefits/Claims | 40,000 | 32,622 | 81.56% | 7,378 | 54,152 | (21,530) |
| Legal Services | 40,000 | - | 0.00% | 40,000 | - | - |
| Professional Services | 20,000 | 14,118 | 70.59% | 5,882 | - | 14,118 |
| Subtotal | 100,000 | 46,740 | 46.74% | 53,260 | 54,152 | (7,412) |
| Policy Premium Expense | 1,980,000 | 1,455,144 | 73.49% | 524,856 | 1,063,033 | 392,111 |
| Total Expenses | <u>2,080,000</u> | <u>1,501,884</u> | <u>72.21%</u> | <u>578,116</u> | <u>1,117,185</u> | <u>384,699</u> |
| Excess Revenue (Expense) | (609,000) | 157,191 | | <u>\$ (766,191)</u> | 170,490 | (13,299) |
| Beginning Reserves | 98,609,000 ⁽¹⁾ | 98,648,623 ⁽¹⁾ | | | 55,389,842 | 43,258,781 |
| Ending Reserves | <u>\$ 98,000,000</u> | <u>\$ 98,805,814</u> | | | <u>\$ 55,560,332</u> | <u>\$ 43,245,482</u> |

⁽¹⁾ Beginning reserves were increased by \$43 million to align with approved catastrophic loss, or self-insurance criterion for non-reimbursed costs.

FY 2020-21 Third Quarter Financial Report

Workers' Compensation Fund Budget Review For the Nine Months Ended March 31, 2021

| | <u>2020-21 Budget</u> | <u>Actual Through 03/31/21</u> | <u>Percent of Budget Through 03/31/21</u> | <u>Remaining 2020-21 Budget</u> | <u>Actual Through 03/31/20</u> | <u>Increase (Decrease)</u> |
|---------------------------------|---------------------------|--|---|---|--|--------------------------------|
| Revenues: | | | | | | |
| In-Lieu Premiums | \$ 518,800 | \$ 389,100 | 75.00% | \$ 129,700 | \$ 585,000 | \$ (195,900) |
| Service Department Allocations | 110,000 | 67,275 | 61.16% | 42,725 | 81,522 | (14,247) |
| Total Revenues | <u>628,800</u> | <u>456,375</u> | <u>72.58%</u> | <u>172,425</u> | <u>666,522</u> | <u>(210,147)</u> |
| Expenses: | | | | | | |
| Benefits/Claims | 420,000 | 281,982 | 67.14% | 138,018 | 293,507 | (11,525) |
| Legal Services | 90,000 | 42,983 | 47.76% | 47,017 | 77,900 | (34,917) |
| Professional Services | 50,000 | 46,072 | 92.14% | 3,928 | 29,774 | 16,298 |
| Subtotal | <u>560,000</u> | <u>371,037</u> | <u>66.26%</u> | <u>188,963</u> | <u>401,181</u> | <u>(30,144)</u> |
| Policy Premium Expense | 220,000 | 154,389 | 70.18% | 65,611 | 161,734 | (7,345) |
| Total Expenses | <u>780,000</u> | <u>525,426</u> | <u>67.36%</u> | <u>254,574</u> | <u>562,915</u> | <u>(37,489)</u> |
| Excess Revenue (Expense) | (151,200) | (69,051) | | <u>\$ (82,149)</u> | 103,607 | (172,658) |
| Beginning Reserves | <u>2,151,200</u> | <u>2,235,687</u> | | | <u>2,036,708</u> | <u>198,979</u> |
| Ending Reserves | <u>\$ 2,000,000</u> | <u>\$ 2,166,636</u> | | | <u>\$ 2,140,315</u> | <u>\$ 26,321</u> |

April 30, 2021

STAFF REPORT

Quarterly Treasurer's Report
For the Period Ended March 31, 2021

SUMMARY

Section 17.0 of the Orange County Sanitation District's (OC San) Investment Policy includes quarterly reporting requirements for OC San's two investment portfolios. These two funds, the "Liquid Operating Monies," and the "Long-Term Operating Monies" are managed by Chandler Asset Management, OC San's external money manager.

The ongoing monitoring of OC San's investment program by staff and Callan Associates, OC San's independent investment advisor, indicates that OC San's investments are in compliance with OC San's adopted Investment Policy and the California Government Code, and that overall performance has tracked with benchmark indices. In addition, sufficient liquidity and anticipated revenues are available for OC San to meet budgeted expenditures for the next six months. OC San's portfolios do not include any reverse repurchase agreements or derivative securities.

ADDITIONAL INFORMATION

Performance Reports

The Quarterly Strategy Review, prepared by Chandler Asset Management, and the Investment Measurement Service Quarterly Review, prepared by Callan Associates, is attached for reference. Also attached are Long-Term and Liquid Operating Monies Summary of Performance Data and Portfolio Statistics charts that depict the performance results, estimated yield and duration, credit quality, and sector diversification of OC San's portfolios, as of March 31, 2021. The Liquid Operating Monies portfolio, with an average maturity of 110 days, consists entirely of high quality fixed income investments consistent with OC San's investment policy.

Portfolio Performance Summary

The following table presents a performance summary of OC San's portfolios as compared to their benchmarks as of March 31, 2021.

Quarterly Treasurer's Report
 For the Period Ended March 31, 2021
 Page 2 of 4

| Portfolio Performance Summary As of March 31, 2021 | | | | |
|---|-----------------------------|--------------------------|--------------------------------|--------------------------|
| | Liquid Operating Monies (%) | | Long-Term Operating Monies (%) | |
| | Total Rate of Return | Benchmark ⁽¹⁾ | Total Rate of Return | Benchmark ⁽¹⁾ |
| 3 Months | 0.04 | 0.02 | -0.50 | -0.53 |
| 6 Months | 0.07 | 0.06 | -0.29 | -0.37 |
| 9 Months | 0.11 | 0.09 | 0.00 | -0.14 |
| 12 Months | 0.18 | 0.12 | 1.32 | 0.89 |
| Annualized Since inception 30 Nov 2014 | 1.08 | 0.96 | 2.09 | 2.05 |
| Market Value | | | | |
| Market Value | \$165.8 M | | \$654.4 M | |
| Average Quality | "AA+"/"Aaa" | | "AA+"/"Aa1" | |
| Current Yield (%) | 1.15 | | 1.7 | |
| Estimated Yield to Maturity (%) | 0.1 | | 0.4 | |
| Quarterly Deposits (Withdrawals) | (\$60.0 M) | | \$0 M | |
| Estimated Annual Income | \$0.2 M | | \$10.9 M | |

(1) Benchmarks:

- Liquid Operating Portfolio: ICE BAML 3-Month Treasury Bill Index
- Long-Term Operating Portfolio: ICE BAML Corp/Govt. 1-5 Year Bond Index

Portfolio Market Values

Comparative marked-to-market quarter-end portfolio values are shown in the following table, and in the attached bar chart.

| Quarter Ending | Liquid Operating Monies (\$M) | Long-Term Operating Monies (\$M) |
|----------------|-------------------------------|----------------------------------|
| 30 Jun 20 | 178.6 | 623.3 |
| 30 Sep 20 | 128.7 | 625.2 |
| 31 Dec 20 | 225.7 | 657.6 |
| 31 Mar 21 | 165.8 | 654.4 |

Quarterly Treasurer's Report
 For the Period Ended March 31, 2021
 Page 3 of 4

Orange County Sanitation District Investment Account Balances as of March 31, 2021

| Investment Accounts | Book Balances March 31, 2021 | Estimated Yield (%) |
|---|---------------------------------|------------------------|
| State of California LAIF | \$64,114,339 | 0.36 |
| Banc of California – General | 3,000,000 | 0.55 |
| Banc of California – Sweep | 6,770,691 | 0.05 |
| Banc of California – Workers' Compensation | 90,610 | 0.55 |
| Banc of California – Property, Liability Claim, Exp | 49,660 | 0.55 |
| Union Bank – Mount Langley | 236,219 | 0.70 |
| Union Bank – Bandilier | 545,612 | 0.70 |
| Chandler/U.S. Bank – Short-Term Portfolio | 165,786,620 | 0.09 |
| Chandler/U.S. Bank – Long-Term Portfolio | 654,384,966 | 0.40 |
| Petty Cash | 6,586 | 0.00 |
| BNY Mellon OCIP Reserve | <u>500,606</u> | 0.00 |
| TOTAL | <u>\$895,485,909</u> | 0.34 |
| Debt Service Reserves w/Trustees | \$120 | 0.02 |

Orange County Sanitation District Cost of Funds on Debt Issues as of March 31, 2021

| Cost of Funds Issue Description | Outstanding COP Balance | Annual Interest Rate (%) |
|------------------------------------|----------------------------|--------------------------------|
| 2010A Fixed | 80,000,000 | 3.68 |
| 2010C Fixed | 157,000,000 | 4.11 |
| 2011A Fixed | 75,370,000 | 2.61 |
| 2012A Fixed | 100,645,000 | 3.54 |
| 2012B Fixed | 8,170,000 | 1.50 |
| 2014A Fixed | 56,080,000 | 2.34 |
| 2015A Fixed | 127,510,000 | 3.30 |
| 2016A Fixed | 136,830,000 | 3.02 |
| 2017A Fixed | 65,815,000 | 2.55 |
| 2018A Fixed | <u>102,200,000</u> | 2.02 |
| TOTAL | | |
| | <u>\$909,620,000</u> | |
| Weighted Avg. Cost of Funds | | 3.13 |

ATTACHMENTS

1. Chandler Quarterly Report
2. Summary of Performance Data and Portfolio Statistics – Liquid Operating Monies
3. Summary of Performance Data and Portfolio Statistics – Long Term Operating Monies
4. Investment Transactions and Balances in LAIF
5. Asset Summary by Asset Type – Liquid Operating Portfolio
6. Asset Summary by Asset Type – Long Term Portfolio
7. Asset Summary by Asset Type – Owner Controlled Insurance Program Escrow Account
8. Investment Listing (Yield Analysis Report)
9. Asset Detail – Consolidated
10. Custody Transaction History – Consolidated
11. Callan Quarterly Review
12. Chandler Quarterly Review
13. Rating Agency Comparisons

March 31, 2021

Mr. Lorenzo Tyner
Assistant General Manager
Director of Finance and Administrative Services
Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley CA 92708-7018

Dear Lorenzo,

Bond Market Recap

We believe economic growth is poised to accelerate meaningfully in the current quarter as vaccine distribution becomes more widespread in the US amid an ongoing backdrop of robust fiscal support, low interest rates, and accommodative monetary policy. The vaccine rollout has been faster than expected and roughly 20% of the US population is now fully vaccinated, and more than one third has received at least one dose. Meanwhile, robust fiscal spending along with the Federal Reserve's highly accommodative monetary policy continues to provide support for the economy and financial markets. Last month, President Biden signed a \$1.9 trillion fiscal relief plan (bringing the total amount of pandemic-related fiscal relief legislation in the last year to about \$5.5 trillion) and at the end of March he unveiled a \$2.3 trillion infrastructure spending proposal. We expect some version of an infrastructure spending bill to come to fruition later this year. Estimates for US gross domestic product (GDP) growth this year continue to migrate higher. The current Bloomberg consensus estimate for 2021 US GDP growth is now 6.2%.

The Federal Open Market Committee kept monetary policy unchanged at their March meeting as expected, with the fed funds target rate in a range of 0.0% to 0.25%. The Fed also continues to purchase \$80 billion of Treasuries per month, and \$40 billion of agency mortgage-backed securities per month. The Fed intends to remain highly accommodative until the labor market has made a strong recovery and inflation is sustainably on track to achieve their 2.0% longer-run target. The Fed has signaled a willingness to let the economy run hot, in order to reach their goals. Most Fed policymakers still expect to keep the fed funds rate unchanged through 2023. Though inflation rates are likely to increase in the coming months, the Fed believes the increase is likely to be transient and the Fed intends to remain on the sidelines.

The yield curve is steeper on a year-over-year and year-to-date basis. At the end of March, the yield on 2-year Treasuries was about four basis points higher while the yield on 10-year Treasuries was nearly 83 basis points higher, on a year-to-date basis. In April, we have seen a modest retreat in longer-term Treasury yields. Nevertheless, we believe the Treasury yield curve is poised to modestly steepen further as the year progresses, which would be consistent with an improving economic outlook, more widespread vaccine distribution, the anticipation of ongoing fiscal spending, and a moderate pick-up in inflation.

The treasury yield curve is much steeper relative to this time last year. The 3-month T-bill yield is about five basis points lower, and the 2-year Treasury yield is about nine basis points lower, while the 10-Year Treasury yield is about 107 basis points higher, year-over-year, as of March month-end. Yields declined precipitously in March 2020, with the Fed cutting rates by a total of 150 basis points and a flight to safe-haven assets driving down yields across the curve. The Fed has signaled plans to keep the front end of the Treasury yield curve anchored near zero until at least 2023.

Consumer Prices

The Consumer Price Index (CPI) was up 1.7% year-over-year in February, versus up 1.4% year-over-year in January. However, Core CPI (CPI less food and energy) was up just 1.3% year-over-year in February, versus up 1.4% in January. The Personal Consumption Expenditures (PCE) index was up 1.6% year-over-year in February, versus up 1.4% year-over-year in January. Core PCE, which is the Fed's primary inflation gauge, was up 1.4% year-over-year in February, versus up 1.5% year-over-year in January. Inflation rates are likely to increase as we begin to cycle through the deflationary impact of the pandemic last year, but for now inflation remains below the Fed's longer-run 2.0% target.

Retail Sales

On a year-over-year basis, retail sales were up 6.3% in February versus up 9.5% in January. On a month-over-month basis, retail sales fell 3.0% in February, following a sizable 7.6% increase in January. While January sales were boosted by federal stimulus checks, February sales were likely hindered by severe winter weather. We expect retail sales to bounce back in March, as another round of federal stimulus checks were delivered in the month.

Labor Market

U.S. nonfarm payrolls were much stronger than expected in March, up 916,000, versus the Bloomberg consensus forecast of 660,000. February payrolls were also revised higher reflecting a 468,000 gain. Payrolls in the leisure and hospitality sector showed the strongest gains adding another 280,000 jobs. As expected, the unemployment rate declined to 6.0% in March from 6.2% in February. The participation rate increased in March to 61.5% from 61.4% last month but remains below pre-pandemic levels. Although the employment picture continues to improve, payrolls are approximately 8.4 million below the 152.5 million level prior to the pandemic. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 10.7% in March from 11.1% in February.

Housing Starts

Total housing starts declined 10.3% in February to an annual pace of 1,421,000. Single family starts fell 8.5% to an annualized rate of 1,040,000, while multi-family starts fell 15.0% to an annualized rate of 381,000. On a year-over-year basis, total housing starts were down 9.3% in February. Meanwhile, permits declined 10.8% on a month-over-month basis in February, to an annualized rate of 1,682,000. It appears that rising mortgage rates is beginning to present a headwind to the housing sector which has been quite strong during the pandemic.

| TREASURY YIELDS | 3/31/2021 | 12/31/2020 | CHANGE |
|-----------------|-----------|------------|--------|
| 3 Month | 0.02 | 0.07 | (0.05) |
| 2 Year | 0.16 | 0.2 | (0.04) |
| 3 Year | 0.35 | 0.17 | 0.18 |
| 5 Year | 0.94 | 0.36 | 0.58 |
| 7 Year | 1.42 | 0.65 | 0.77 |
| 10 Year | 1.74 | 0.92 | 0.82 |
| 30 Year | 2.41 | 1.65 | 0.76 |

The Economy is Poised for Accelerating Growth

| ECONOMIC INDICATOR | Current Release | Prior Release | One Year Ago |
|---------------------------------|----------------------|----------------------|----------------------|
| Trade Balance | (71.08) \$Bln FEB 21 | (67.82) \$Bln JAN 21 | (38.01) \$Bln FEB 20 |
| Gross Domestic Product | 4.30% DEC 20 | 33.40% SEP 20 | 2.40% DEC 19 |
| Unemployment Rate | 6.00% MAR 21 | 6.20% FEB 21 | 4.40% MAR 20 |
| Prime Rate | 3.25% MAR 21 | 3.25% FEB 21 | 3.25% MAR 20 |
| Commodity Research Bureau Index | 184.96 MAR 21 | 190.43 FEB 21 | 121.79 MAR 20 |
| Oil (West Texas Int.) | \$59.16 MAR 21 | \$61.50 FEB 21 | \$20.48 MAR 20 |
| Consumer Price Index (y/o/y) | 1.70% FEB 21 | 1.40% JAN 21 | 2.30% FEB 20 |
| Producer Price Index (y/o/y) | 5.90% MAR 21 | 2.40 FEB 21 | (1.50%) MAR 20 |
| Dollar/Euro | 1.17 MAR 21 | 1.21 FEB 21 | 1.10 MAR 20 |

Source: Bloomberg

Performance Attribution

Long-Term Portfolio

Rising interest rates during the quarter led to a negative total return for the portfolio however the relative performance was positive as the portfolio returned -0.50% compared to the -0.53% return of the ICE Bank of America Merrill Lynch 1-5 Year US Corporate and Government AAA-A Index. Based on our attribution analysis the mix of securities in the Corporate and Treasury allocation was a positive differentiator during the quarter offset by a negative contribution from the Agency sector. The overall asset allocation remains up in quality and the Chandler team will be working to find attractively priced spread product to add to the portfolio in the coming quarter.

Multiple securities were purchased across the Treasury, Supranational, Asset Backed and Corporate sectors of the market to keep the portfolio structure consistent with Chandler targets. The purchased securities ranged in maturity from January 2023 to March 2026. Two securities were called and many matured to facilitate the new holdings in the portfolio. The sector allocation was relatively stable during the quarter. The lack of relative value in the Agency sector led to a decrease in the overall allocation of 3.7% to 28.2% of the portfolio partially offset by a 3.3% increase to the US Treasury allocation to 37.5% of the portfolio. The duration of the portfolio increased to 2.55 at the end of the current quarter compared to a duration of 2.44 as of year-end 2020. The Chandler team anticipates keeping the portfolio duration close to the benchmark in the coming quarter as monetary policy is poised to remain highly accommodative, compressing yields in short maturity assets.

Liquid Portfolio

Multiple securities were purchased in the Treasury and Corporate sectors of the market to keep the portfolio fully invested. The purchased securities ranged in maturity from May 2021 to August 2021. Many securities matured during the reporting period; \$60 million was withdrawn from the portfolio to meet OC San's liquidity needs. The sector allocation was stable. Due to lack of issuance in the Agency sector the majority of the allocation remains in the Treasury sector. The duration of the portfolio contracted to 0.30 compared to 0.33 as of year-end.

Economic Outlook

Risk assets continued to perform in the first quarter of 2021 as the coronavirus vaccination process accelerated and new developments specific to both fiscal and monetary policy helped to brighten the outlook. Based on current trends and the loosening of restrictions for vaccination eligibility it is quite feasible the United States will be close to 'herd immunity' from the coronavirus early in the 3rd quarter of 2021. The Chandler team is confident there is a large amount of pent-up demand awaiting to be deployed in the service sector and we expect the 'main street' economy to experience a vigorous recovery in the second half of the year, catching up to the strong performance of equity markets and risk assets overall. The domestic savings rate remains elevated, and we expect some of these monies to be drawn down as mobility restrictions are loosened and a sense of post pandemic normalcy returns. The fiscal stimulus support to the economy also surprised to the upside with the Biden administration able to utilize the reconciliation process and avoid bipartisan compromise to pass and additional \$1.9 trillion of stimulus via the 2021 American Rescue Plan. Since the onset of the pandemic, and not including the proposed infrastructure bill, the total stimulus injected into the US economy is \$5.5 trillion which materially increases the odds of a 'V' shaped recovery in the domestic economy in the second half of the year. Monetary policy also remains highly stimulative, with the Federal Reserve poised to keep the Fed Funds rate pinned at the zero-lower bound for the foreseeable future. The Federal Reserve has also communicated it will need to see realized inflation and full employment at their targets, not just forecasted to achieve their objectives, prior to adjusting monetary policy settings to be more restrictive, a notable departure from past practices.

Economic data was constructive during the quarter with most numbers showing improvement as the quarter progressed. The March non-farm payrolls report showed strong job growth of 916k with the unemployment rate at 6.0% and the underemployment rate at 10.7%. The unemployment rate is still elevated but much improved from the depths of the impact of the coronavirus in April 2020, with each of the aforementioned unemployment numbers at 14.8% and 22.9%, respectively. Survey based economic indicators strengthened, with the ISM Manufacturing Index improving to 64.7 in March compared to 60.5 at year-end. As the ramifications of the additional fiscal stimulus were digested by market participants coupled with the strong economic data, the Treasury yield curve steepened with the Ten-Year Treasury note closing the quarter with a yield of 1.74% compared to a yield of 0.92% as of December 31, 2020. In a positive development for the outlook, shorter maturity yields remained contained as they are historically correlated with the Fed Funds rate, whereas the movements further out the curve are more closely linked to improved economic growth expectations and higher forecasted inflation.

Despite the move higher in Treasury yields further out the curve, financial conditions remain highly accommodative as new issue supply in both the investment grade and high yield corporate bond markets remained robust with credit spreads in each of the markets continuing to grind lower. The Chandler team believes the Fed will be unlikely to intervene in markets provided financial conditions remain accommodative, regardless of the level of Treasury rates. On a global market basis, the recovery will continue to be de-synchronized as Europe faces challenges in its vaccination efforts coupled with the low level of fiscal support compared to the United States. On a longer-term basis, the Chandler team does have concerns about the implications of the enormous fiscal and monetary support to markets, the unintended consequences of maintaining a very low cost of capital, and the potential for inflation to accelerate beyond policy makers expectations. However, given the global dislocations from the coronavirus pandemic, we believe the potential inflationary impact of the fiscal and monetary stimulus are unlikely to be a concern to market participants until Q4 2021, at the earliest.

Strategy

Strategy highlights for the Long-Term Portfolio in coming months:

- Remain focused on structuring the portfolio to benefit from the reopening themes permeating throughout the capital markets and the overall economy.
 - Avoid the Agency sector for the time being. A lack of issuance in the sector has led to compressed spreads and a lack of relative value; focus on the Supranational sector as a surrogate.
 - Remain opportunistic in adding credit risk to the portfolio in both the Corporate and Asset Backed allocation. Spreads are expected to remain range bound overall but with some intermittent volatility with monetary policy on hold for the balance of the year.
- Take advantage of the steeper yield curve and focus a portion of new purchases at the four-year point or longer where Chandler models point to attractive relative value.

Strategy highlights for the Liquidity Portfolio in coming months:

- Continue to ladder the Treasury and Agency exposure to coincide with forecasted liquidity needs.
- Opportunistically add Corporate, Negotiable CD and Commercial Paper exposure to the portfolio where the additional spread compensation versus like maturity Treasury notes is attractive.
- Maintain a dedicated exposure to the Treasury sector on an ongoing basis to ensure ample liquidity in the portfolio for unexpected cash flow needs.

Compliance Issues

| Orange County Sanitation District Long Term | | |
|--|---|-----------|
| Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy | | |
| Category | Standard | Comment |
| U.S. Treasuries | 10% minimum; 5 years max maturity | Complies* |
| Federal Agencies | 20% max per agency of the U.S. Government, which does not provide the full faith and credit of the U.S. government; 5 years max maturity; Securities, obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by the US Government , a federal agency, or a US Government-sponsored enterprise | Complies |
| Supranational Obligations | "AA" rated or better by a NRSRO; 30% max; 5 years max maturity; U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development ("IBRD"), the International Finance Corporation ("IFC") or the Inter-American Development Bank ("IADB") | Complies |
| Municipal Securities | "A" rated or higher by a NRSRO; or as otherwise approved by the Board of Directors; Taxable or tax-exempt municipal bonds issued by any of the 50 states; 10% max; 5% max issuer; 5 years max maturity | Complies |
| Corporate Medium Term Notes | "A" rating category or better by a NRSRO; 30% max; 5% max per issuer; 5 years max maturity; Issued by corporations organized and operating within the U.S. or issued by depository institutions licensed by the U.S. or any state and operating within the U.S. with AUM >\$500 million | Complies |
| Non- Agency Asset-Backed Securities, Mortgage-Backed Securities, CMOs | "AA" rating category or better by a NRSRO; 20% max(combined MBS/CMO/ABS); 5% max issuer (except U.S. government or its agencies) ; 5 years max maturity; Mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond | Complies* |
| Negotiable Certificates of Deposit (NCD) | "A" rating or better long term debt by a NRSRO; or highest short term rating for deposits by a NRSRO; or as otherwise approved by the Board of Directors; 30% max; 5% max issuer; 5 years max maturity; Negotiable certificates of deposit issued by a nationally or state-chartered bank or state of federal savings and loan association, as defined by Section 5102 of the California Financial Code | Complies |
| Certificates of Deposit | 5% max issuer; 5 years max maturity; Secured (collateralized) time deposits issued by a nationally or state-chartered bank or state or federal savings and loan association, as defined by Section 5102 of the California Financial Code and having a net operating profit in the two most recently completed fiscal years; Collateral must comply with California Government Code | Complies |
| Banker's Acceptances | A-1 rated or highest short term rating by a NRSRO; 40% max; 5% max issuer; 180 days max maturity; Acceptance is eligible for purchase by the Federal Reserve System | Complies |
| Commercial Paper | A-1 rated or better by a NRSRO; "A" long term debt rating or better by a NRSRO; Issued by a domestic corporation organized and operating in the U.S. with assets > \$500 million; 25% max; 5% max issuer; 10% max of the outstanding commercial paper of any single issuer; 270 days max maturity | Complies |
| Mutual Fund & Money Market Mutual Fund | Highest rating or "AAA" rated by two NRSROs; or SEC registered adviser with AUM >\$500 million and experience > than 5 years; 20% max in Mutual Funds; 10% max per one Mutual Fund; 20% max per issuer on Money Market Mutual Funds and are not subject to the 10% stipulation | Complies |
| Local Agency Investment Fund (LAIF) | No more than the statutory maximum may be invested in LAIF; Not used by investment adviser; Investment of OCSD funds in LAIF shall be subject to investigation and due diligence prior to investing, and on a continual basis to a level of review pursuant to the policy | Complies |
| Orange County Treasurer's Money Market Commingled Investment Pool (OCCIP) | 15% max; Not used by investment adviser; Orange County Treasurer's Money Market Commingled Investment Pool; Investment of OCSD funds in OCCIP would be subject to investigation and due diligence prior to investing and on continual basis to a level of review pursuant to the policy | Complies |
| Repurchase Agreements | 20% max; 102% collateralization | Complies |
| Reverse Repurchase Agreements | 5% max, 90 days max maturity | Complies |
| Prohibited | Mortgage Derivatives, which include interest-only payments (IOs) and principal-only payments (POs); Inverse floaters, and RE-REMICs (Real Estate Mortgage Investment Conduits) | Complies |
| Securities Downgrade | If securities owned by the OCSD are downgraded below the quality required by the Investment Policy, it shall be OCSD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a decision is made to retain the downgraded securities in the portfolio, their presence in the portfolio will be monitored and reported quarterly to the OCSD General Manager, the Administration Committee and Board of Directors | Complies |
| Avg Duration | Not to exceed 60 months - (80% to 120% of the benchmark) | Complies |
| Max Per Holding | 5% max of the total debt outstanding of any issuer per individual holding | Complies |
| Max Per Issuer | 5% max per issuer (except Supranationals, U.S. Government, Agencies, Mutual Funds); 20% max per issuer on Money Market Mutual Funds | Complies |
| Maximum Maturity | 5 years max maturity | Complies* |

*The portfolio has twenty (20) securities with maturities greater than 5 years including four (4) CMOs and sixteen (16) MBS. All securities were inherited from the previous manager and complied at time of purchase.

Orange County Sanitation District Liquid

Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy

| Category | Standard | Comment |
|---|---|----------|
| U.S. Treasuries | 10% minimum; 1 year max maturity | Complies |
| Federal Agencies | 20% max per agency of the U.S. Government, which does not provide the full faith and credit of the U.S. government; 1 year max maturity; Securities, obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by the US Government , a federal agency, or a US Government-sponsored enterprise | Complies |
| Supranational Obligations | "AA" rated or better by a NRSRO; 30% max; 1 year max maturity; U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development ("IBRD"), the International Finance Corporation ("IFC") or the Inter-American Development Bank ("IADB") | Complies |
| Municipal Securities | "A" rated or higher by a NRSRO; or as otherwise approved by the Board of Directors; Taxable or tax-exempt municipal bonds issued by any of the 50 states; 10% max issuer; 1 year max maturity | Complies |
| Corporate Medium Term Notes | "A" rating category or better by a NRSRO; 30% max; 5% max per issuer; 1 year max maturity; Issued by corporations organized and operating within the U.S. or issued by depository institutions licensed by the U.S. or any state and operating within the U.S. with AUM >\$500 million | Complies |
| Non- Agency Asset-Backed Securities, Mortgage-Backed Securities, CMOs | "AA" rating category or better by a NRSRO; 20% max (combined MBS/CMO/ABS); 5% max issuer (except U.S. government or its agencies) ; 1 year max maturity; Mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond | Complies |
| Negotiable Certificates of Deposit (NCD) | "A" rating or better long term debt by a NRSRO; or highest short term rating for deposits by a NRSRO; or as otherwise approved by the Board of Directors; 30% max; 5% max issuer; 1 year max maturity; Negotiable certificates of deposit issued by a nationally or state-chartered bank or state of federal savings and loan association, as defined by Section 5102 of the California Financial Code | Complies |
| Certificates of Deposit | 5% max issuer; 1 year max maturity; Secured (collateralized) time deposits issued by a nationally or state-chartered bank or state or federal savings and loan association, as defined by Section 5102 of the California Financial Code and having a net operating profit in the two most recently completed fiscal years; Collateral must comply with California Government Code | Complies |
| Banker's Acceptances | A-1 rated or highest short term rating by a NRSRO; 40% max; 5% max issuer; 180 days max maturity; Acceptance is eligible for purchase by the Federal Reserve System | Complies |
| Commercial Paper | A-1 rated or better by a NRSRO; "A" long term debt rating or better by a NRSRO; Issued by a domestic corporation organized and operating in the U.S. with assets > \$500 million; 25% max; 5% max issuer; 10% max of the outstanding commercial paper of any single issuer; 270 days max maturity | Complies |
| Mutual Fund & Money Market Mutual Fund | Highest rating or "AAA" rated by two NRSROs; or SEC registered adviser with AUM >\$500 million and experience > than 5 years; 20% max in Mutual Funds; 10% max per one Mutual Fund; 20% max per issuer on Money Market Mutual Funds and are not subject to the 10% stipulation | Complies |
| Local Agency Investment Fund (LAIF) | No more than the statutory maximum may be invested in LAIF; Not used by investment adviser; Investment of OCSD funds in LAIF shall be subject to investigation and due diligence prior to investing, and on a continual basis to a level of review pursuant to the policy | Complies |
| Orange County Treasurer's Money Market Commingled Investment Pool (OCCIP) | 15% max; Not used by investment adviser; Orange County Treasurer's Money Market Commingled Investment Pool; Investment of OCSD funds in OCCIP would be subject to investigation and due diligence prior to investing and on continual basis to a level of review pursuant to the policy | Complies |
| Repurchase Agreements | 20% max; 102% collateralization | Complies |
| Reverse Repurchase Agreements | 5% max, 90 days max maturity | Complies |
| Prohibited | Mortgage Derivatives, which include interest-only payments (IOs) and principal-only payments (POs); Inverse floaters, and RE-REMICs (Real Estate Mortgage Investment Conduits) | Complies |
| Securities Downgrade | If securities owned by the OCSD are downgraded below the quality required by the Investment Policy, it shall be OCSD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a decision is made to retain the downgraded securities in the portfolio, their presence in the portfolio will be monitored and reported quarterly to the OCSD General Manager, the Administration Committee and Board of Directors | Complies |
| Avg Duration | Not to exceed 180 days | Complies |
| Max Per Holding | 5% max of the total debt outstanding of any issuer per individual holding | Complies |
| Max Per Issuer | 5% max per issuer (except Supranationals, U.S. Government, Agencies, Mutual Funds); 20% max per issuer on Money Market Mutual Funds | Complies |
| Maximum Maturity | 1 year max maturity | Complies |

OC San Lehman Exposure
Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy

| Category | Standard | Comment |
|-------------------------------------|---|-----------|
| Treasury Issues | 5 years maximum maturity | Complies |
| Supranational | "AA" or better by 1 of 3 NRSROs; 30% maximum; 5% max; 5 years maturity; Includes only: IADB, IBRD, and IFC per CGC | Complies |
| U.S. Agencies | 20% max issuer; 5 years maximum maturity | Complies |
| U.S. Corporate (MTNs) | "A" or better long term rating by 1 of 3 NRSROs; 30% maximum; 5% max issuer; 5 years max maturity | Complies* |
| Municipal Securities | "A" or higher by 1 of 3 NRSROs; 10% maximum; 5% max issuer; 5 years maximum maturity | Complies |
| Asset Backed/ CMOs/ Mortgage-backed | "AA" or better by 1 of 3 NRSROs; "A" or higher issuer rating by 1 of 3 NRSROs; 20% maximum; 5% max issuer (excluding MBS/govt agency); 5 years max maturity | Complies |
| Negotiable CDs | "A" or better on its long term debt by 1 of 3 NRSROs ; "A1/P1" or highest short term ratings by 1 of 3 NRSROs; 30% maximum; 5% max issuer; 5 years max maturity | Complies |
| CDs/ TDS | 5% max issuer; 5 years max maturity | Complies |
| Banker's Acceptances | A-1, or equivalent highest short term rating by 1 of 3 NRSROs; 40% maximum; 5% max issuer; 180 days max maturity | Complies |
| Commercial Paper | A-1, or equivalent by 1 of 3 NRSROs; "A" or better by 1 of 3 NRSROs, if long term debt issued; 25% maximum; 5% max issuer; 270 days max maturity | Complies |
| Money Market Fund | Highest rating by 2 of 3 NRSROs; 20% maximum; 10% max issuer | Complies |
| Repurchase Agreements | 102% collateralization | Complies |
| Reverse Repurchase Agreements | 5% maximum, 90 days max maturity | Complies |
| LAIF | Not used by investment adviser | Complies |
| Avg Duration | Not to exceed 60 months - (80% to 120% of the benchmark) | Complies |
| Maximum Maturity | 5 years maximum maturity | Complies |

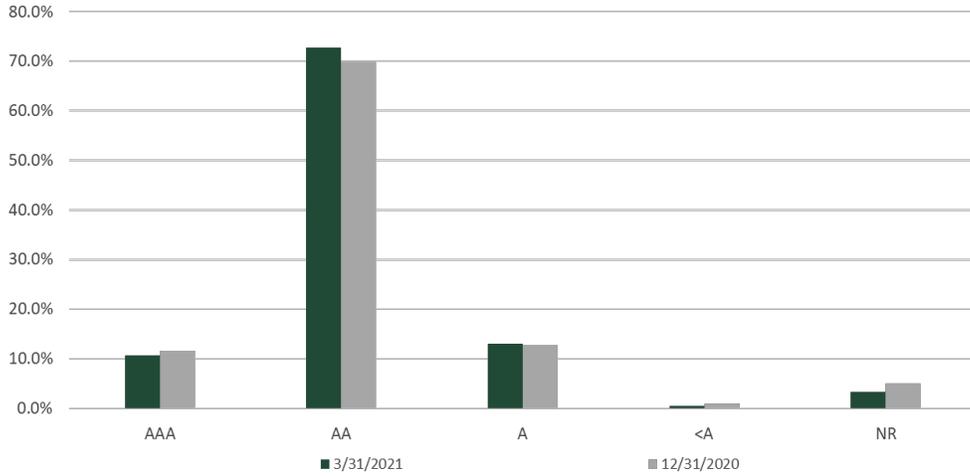
* Account holds \$2 million face value (cusip 525ESCOY6) and \$600,000 face value (cusip 525ESC1B7) of defaulted Lehman Bros Holdings that were purchased by the previous manager. Complied at time of purchase.

Defaulted Bonds
OCS D Lehman Exposure - Account #10284

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|---|---|---------------------|-----------------------------|--|----------------------|---------------------------------|---|-----------------------------|-----------------------------|
| Common Stock | | | | | | | | | |
| SLHOPNTA4 | Lehman Brothers, Inc Open Position Long Exposure 0.000% Due 03/31/2021 | 60,641.49 | 11/21/2014 0.00% | 57,842.64 57,842.64 | 0.42 0.00% | 25,621.03 0.00 | 49.14% (32,221.61) | NR / NR NR | 0.00 0.00 |
| TOTAL Common Stock | | 60,641.49 | 0.00% | 57,842.64 | 0.00% | 25,621.03 0.00 | 49.14% (32,221.61) | NR / NR NR | 0.00 0.00 |
| Corporate | | | | | | | | | |
| 525ESCIB7 | Lehman Brothers Note-Defaulted 0.000% Due 01/24/2022 | 600,000.00 | 09/19/2008 0.00% | 318,131.38 318,131.38 | 1.02 0.00% | 6,120.00 0.00 | 11.74% (312,011.38) | NR / NR NR | 0.82 0.00 |
| 525ESCOY6 | Lehman Brothers Note-Defaulted 0.000% Due 10/22/2049 | 2,000,000.00 | 09/18/2008 0.00% | 1,025,037.05 1,025,037.05 | 1.02 0.00% | 20,400.00 0.00 | 39.12% (1,004,637.05) | NR / NR NR | 28.58 0.00 |
| TOTAL Corporate | | 2,600,000.00 | 0.00% | 1,343,168.43 1,343,168.43 | 0.00% | 26,520.00 0.00 | 50.86% (1,316,648.43) | NR / NR NR | 22.17 0.00 |
| TOTAL PORTFOLIO | | 2,660,641.49 | 0.00% | 1,401,011.07 1,401,011.07 | 0.00% | 52,141.03 0.00 | 100.00% (1,348,870.04) | NR / NR NR | 11.28 0.00 |
| TOTAL MARKET VALUE PLUS ACCRUALS | | | | | | 52,141.03 | | | |

Ratings

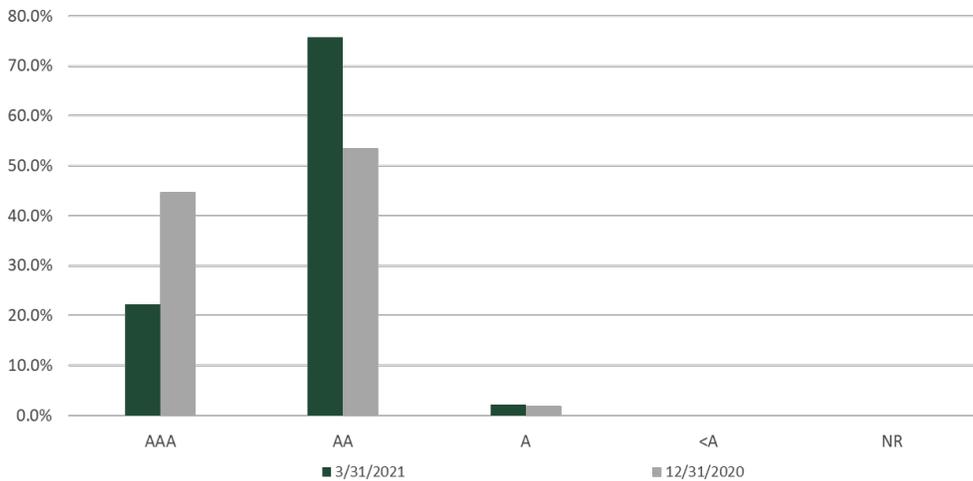
Orange County Sanitation District Long Term March 31, 2021 vs. December 31, 2020



| | AAA | AA | A | <A | NR |
|----------|-------|-------|-------|------|------|
| 03/31/21 | 10.6% | 72.7% | 13.0% | 0.4% | 3.2% |
| 12/31/20 | 11.5% | 69.9% | 12.7% | 0.9% | 5.0% |

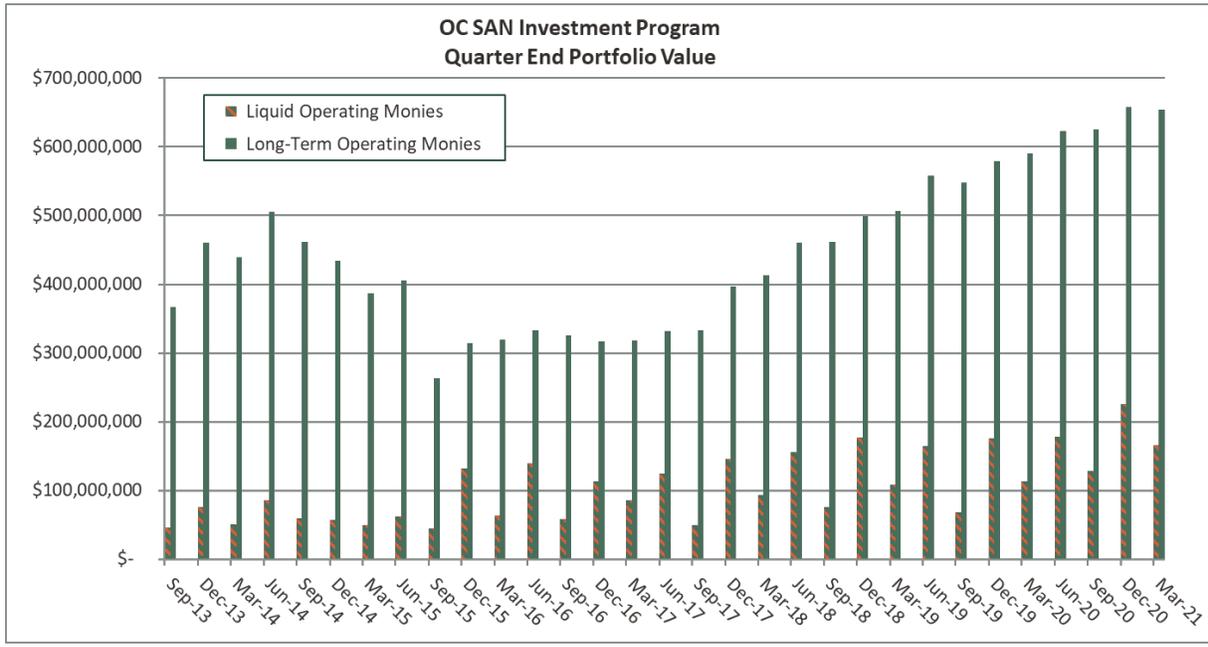
Source: S&P Ratings

Orange County Sanitation District Liquid March 31, 2021 vs. December 31, 2020

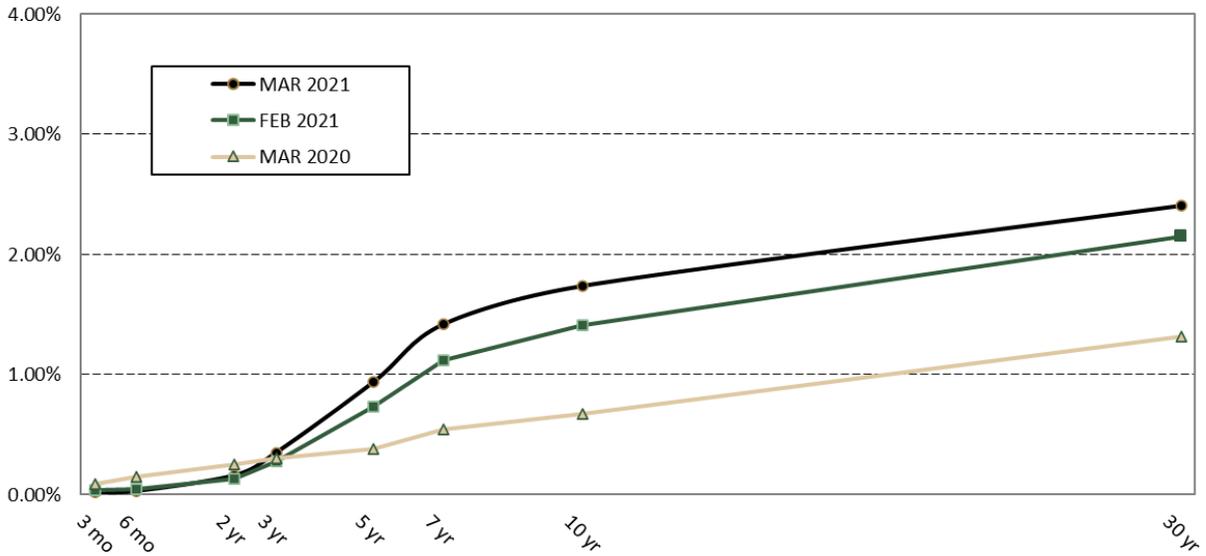


| | AAA | AA | A | <A | NR |
|----------|-------|-------|------|------|------|
| 03/31/21 | 22.2% | 75.7% | 2.1% | 0.0% | 0.0% |
| 12/31/20 | 44.7% | 53.4% | 1.9% | 0.0% | 0.0% |

Source: S&P Ratings



HISTORICAL YIELD CURVE





PORTFOLIO CHARACTERISTICS

| | |
|---------------------------|----------|
| Average Modified Duration | 0.30 |
| Average Coupon | 1.15% |
| Average Purchase YTM | 0.10% |
| Average Market YTM | 0.09% |
| Average S&P/Moody Rating | AA+/Aaa |
| Average Final Maturity | 0.30 yrs |
| Average Life | 0.23 yrs |

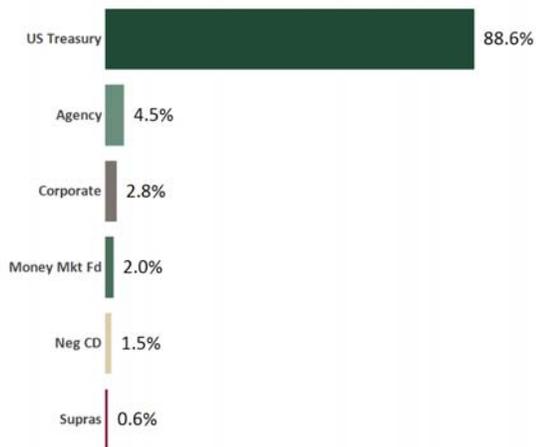
ACCOUNT SUMMARY

| | Beg. Values as of 2/28/21 | End Values as of 3/31/21 |
|---------------------------|------------------------------|-----------------------------|
| Market Value | 165,526,985 | 165,386,005 |
| Accrued Interest | 248,778 | 393,987 |
| Total Market Value | 165,775,763 | 165,779,992 |
| Income Earned | 15,660 | 14,231 |
| Cont/WD | | 0 |
| Par | 164,917,952 | 164,882,177 |
| Book Value | 165,505,505 | 165,374,528 |
| Cost Value | 165,981,011 | 165,960,781 |

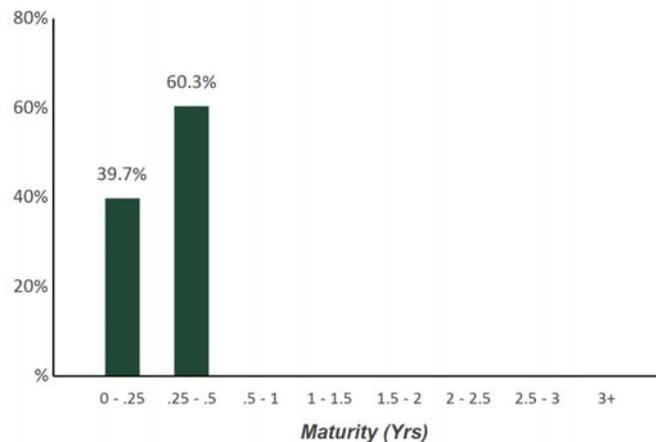
TOP ISSUERS

| | |
|---------------------------------|---------------|
| Government of United States | 88.6% |
| Federal Home Loan Bank | 4.5% |
| First American Govt Obligation | 2.0% |
| MUFG Bank Ltd/NY | 1.5% |
| Toyota Motor Corp | 1.2% |
| Charles Schwab Corp/The | 0.8% |
| Apple Inc | 0.7% |
| Intl Bank Recon and Development | 0.6% |
| Total | 100.0% |

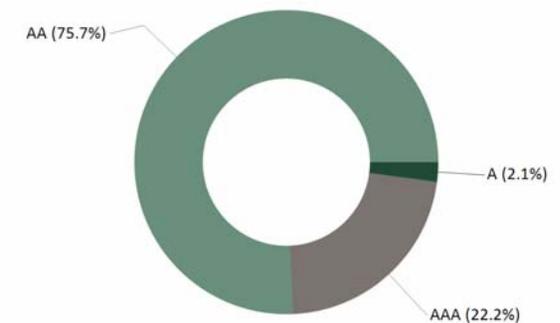
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

| TOTAL RATE OF RETURN | 1M | 3M | YTD | 1YR | Annualized | | | | |
|--|-------|-------|-------|-------|------------|-------|-------|-------|------------|
| | | | | | 2YRS | 3YRS | 5YRS | 10YRS | 11/30/2014 |
| Orange County Sanitation District Liquid | 0.00% | 0.04% | 0.04% | 0.18% | 1.35% | 1.63% | 1.29% | N/A | 1.08% |
| ICE BAML 3-Month US Treasury Bill Index | 0.01% | 0.02% | 0.02% | 0.12% | 1.18% | 1.49% | 1.19% | N/A | 0.96% |



PORTFOLIO CHARACTERISTICS

| | |
|---------------------------|----------|
| Average Modified Duration | 2.55 |
| Average Coupon | 1.68% |
| Average Purchase YTM | 1.67% |
| Average Market YTM | 0.40% |
| Average S&P/Moody Rating | AA+/Aa1 |
| Average Final Maturity | 2.74 yrs |
| Average Life | 2.61 yrs |

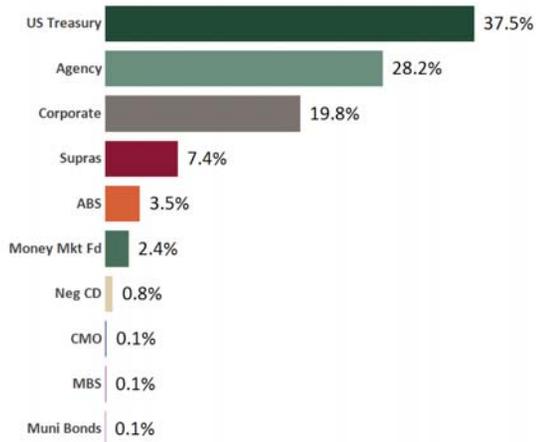
ACCOUNT SUMMARY

| | Beg. Values as of 2/28/21 | End Values as of 3/31/21 |
|---------------------------|------------------------------|-----------------------------|
| Market Value | 652,468,065 | 652,087,096 |
| Accrued Interest | 2,592,261 | 2,303,673 |
| Total Market Value | 655,060,325 | 654,390,770 |
| Income Earned | 899,543 | 896,987 |
| Cont/WD | | 57,512 |
| Par | 634,366,433 | 636,046,987 |
| Book Value | 635,224,087 | 636,901,046 |
| Cost Value | 634,822,808 | 636,501,355 |

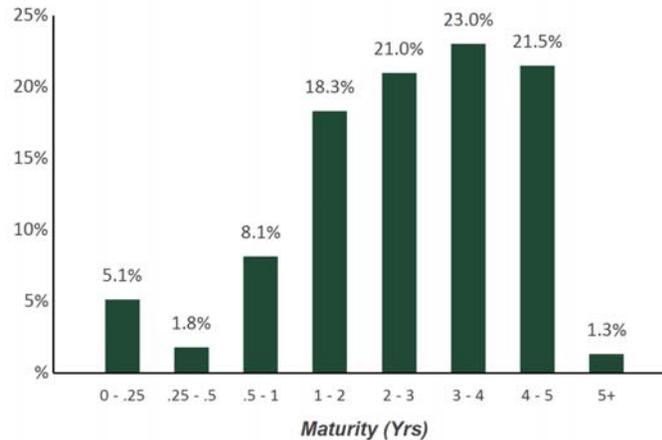
TOP ISSUERS

| | |
|---------------------------------|--------------|
| Government of United States | 37.5% |
| Federal National Mortgage Assoc | 12.8% |
| Federal Home Loan Bank | 7.9% |
| Federal Home Loan Mortgage Corp | 5.6% |
| Intl Bank Recon and Development | 4.8% |
| First American Govt Obligation | 2.4% |
| Inter-American Dev Bank | 2.2% |
| Federal Farm Credit Bank | 2.2% |
| Total | 75.4% |

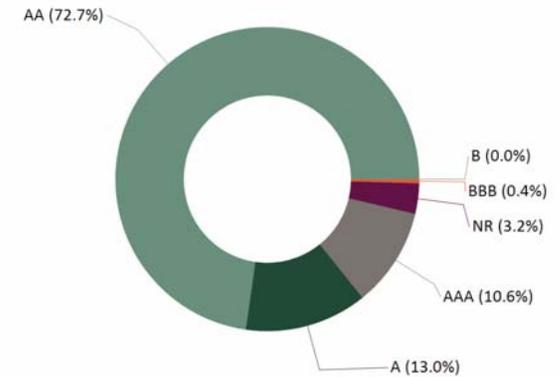
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

| TOTAL RATE OF RETURN | Annualized | | | | | | | | |
|--|------------|--------|--------|-------|-------|-------|-------|-------|------------|
| | 1M | 3M | YTD | 1YR | 2YRS | 3YRS | 5YRS | 10YRS | 11/30/2014 |
| Orange County Sanitation District Long Term | -0.11% | -0.50% | -0.50% | 1.32% | 3.48% | 3.45% | 2.21% | N/A | 2.09% |
| ICE BAML 1-5 Yr US Corp/Govt Rated AAA-A Index | -0.12% | -0.53% | -0.53% | 0.89% | 3.51% | 3.47% | 2.13% | N/A | 2.05% |
| ICE BAML US 1-5 Yr US Corp/Govt Rated AAA-BBB Indx | -0.14% | -0.52% | -0.52% | 2.11% | 3.74% | 3.68% | 2.36% | N/A | 2.22% |

**Orange County Sanitation District
Investment Transactions and Balances in the
State of California Local Agency Investment Fund
March 31, 2021**

| | <u>Par Value</u> | <u>Book Value</u> | <u>Market Value</u> | <u>Rate</u> | <u>Yield</u> |
|---------------------------------------|---------------------|---------------------|---------------------|-------------|--------------|
| Balance | | | | | |
| March 1, 2021 | \$54,114,339 | \$54,114,339 | \$54,114,339 | 0.36 | 0.36 |
| Deposits: | | | | | |
| 3/11/2021 | 26,400,000 | 26,400,000 | 26,400,000 | 0.36 | 0.36 |
| Total Deposits | 26,400,000 | 26,400,000 | 26,400,000 | 0.36 | 0.36 |
| Quarterly Interest Distribution | - | - | - | 0.36 | 0.36 |
| Withdrawals: | | | | | |
| 3/3/2021 | (3,800,000) | (3,800,000) | (3,800,000) | 0.36 | 0.36 |
| 3/9/2021 | (2,800,000) | (2,800,000) | (2,800,000) | 0.36 | 0.36 |
| 3/17/2021 | (2,700,000) | (2,700,000) | (2,700,000) | 0.36 | 0.36 |
| 3/23/2021 | (1,800,000) | (1,800,000) | (1,800,000) | 0.36 | 0.36 |
| 3/30/2021 | (5,300,000) | (5,300,000) | (5,300,000) | 0.36 | 0.36 |
| Total Withdrawals | (16,400,000) | (16,400,000) | (16,400,000) | 0.36 | 0.36 |
| Balance | | | | | |
| March 31, 2021 | \$64,114,339 | \$64,114,339 | \$64,114,339 | 0.36 | 0.36 |

U.S. Bank
Asset Summary - Liquid
As of 03/31/2021

| Industry Name | Shares/Units | Cost Basis | Market Value | Percent of Total | Unrealized Gain/Loss |
|-------------------------------|-------------------------|-----------------------|-----------------------|------------------|----------------------|
| Cash Equivalents | | | | | |
| FIRST AMERICAN SHORT TERM | 3,317,177.1700 | 3,317,177.17 | 3,317,177.17 | 2.01 | - |
| U. S. GOVERNMENT | 25,000,000.0000 | 24,991,210.28 | 24,998,030.00 | 15.11 | 6,819.72 |
| Cash Equivalents Total | 28,317,177.1700 | 28,308,387.45 | 28,315,207.17 | 17.12 | 6,819.72 |
| Fixed Income | | | | | |
| CONSUMER DISCRETIONARY | 2,000,000.0000 | 2,025,350.00 | 2,006,340.00 | 1.21 | (19,010.00) |
| FINANCE | 1,385,000.0000 | 1,419,472.65 | 1,387,866.95 | 0.84 | (31,605.70) |
| FOREIGN FIXED INCOME | 1,000,000.0000 | 1,010,570.00 | 1,001,630.00 | 0.61 | (8,940.00) |
| INFORMATION TECHNOLOGY | 1,155,000.0000 | 1,182,327.30 | 1,157,644.95 | 0.70 | (24,682.35) |
| SHORT TERM FUNDS | 2,500,000.0000 | 2,500,000.00 | 2,500,250.00 | 1.51 | 250.00 |
| U. S. GOVERNMENT | 121,000,000.0000 | 121,991,640.68 | 121,499,380.00 | 73.46 | (492,260.68) |
| US AGY - LONG TERM ISSUES | 7,525,000.0000 | 7,523,032.66 | 7,524,097.00 | 4.55 | 1,064.34 |
| Fixed Income Total | 136,565,000.0000 | 137,652,393.29 | 137,077,208.90 | 82.88 | (575,184.39) |
| Grand Total | 164,882,177.1700 | 165,960,780.74 | 165,392,416.07 | 100.00 | (568,364.67) |

U.S. Bank
Asset Summary - Long-Term
As of 03/31/2021

| Industry Name | Shares/Units | Cost Basis | Market Value | Percent of Total | Unrealized Gain/Loss |
|-------------------------------|-------------------------|-----------------------|-----------------------|------------------|----------------------|
| Cash Equivalents | | | | | |
| FIRST AMERICAN SHORT TERM FDS | 15,689,737.4800 | 15,689,737.48 | 15,689,737.48 | 2.41 | - |
| Cash Equivalents Total | 15,689,737.4800 | 15,689,737.48 | 15,689,737.48 | 2.41 | - |
| Fixed Income | | | | | |
| CONSUMER DISCRETIONARY | 9,064,000.0000 | 9,174,701.78 | 9,394,179.29 | 1.44 | 219,477.51 |
| CONSUMER STAPLES | 3,880,000.0000 | 3,878,991.40 | 4,138,175.20 | 0.63 | 259,183.80 |
| ENERGY | 6,000,000.0000 | 5,926,445.00 | 6,192,170.00 | 0.95 | 265,725.00 |
| FINANCE | 72,549,000.0000 | 72,156,095.80 | 72,717,346.17 | 11.15 | 561,250.37 |
| FOREIGN FIXED INCOME | 14,500,000.0000 | 14,676,215.00 | 15,389,530.00 | 2.36 | 713,315.00 |
| HEALTH CARE | 2,000,000.0000 | 1,948,640.00 | 2,105,240.00 | 0.32 | 156,600.00 |
| INDUSTRIAL | 4,410,000.0000 | 4,388,275.50 | 4,517,965.70 | 0.69 | 129,690.20 |
| INFORMATION TECHNOLOGY | 14,045,000.0000 | 13,977,285.15 | 14,609,643.80 | 2.24 | 632,358.65 |
| INVESTMENT GRADE-MUNI REVENUE | 400,000.0000 | 400,000.00 | 402,148.00 | 0.06 | 2,148.00 |
| MTG RELATED SECURITY | 24,264,337.7000 | 24,333,592.82 | 24,555,055.45 | 3.77 | 221,462.63 |
| SHORT TERM FUNDS | 5,000,000.0000 | 5,000,000.00 | 5,002,450.00 | 0.77 | 2,450.00 |
| SUPRANATIONAL | 48,295,000.0000 | 47,951,665.95 | 48,282,136.05 | 7.40 | 330,470.10 |
| U. S. GOVERNMENT | 228,004,312.2500 | 226,356,708.54 | 232,637,713.58 | 35.68 | 6,281,005.04 |
| U.S. GOVERNMENT TIPS | 11,455,600.0000 | 11,310,880.09 | 12,392,668.08 | 1.90 | 1,081,787.99 |
| US AGY - LONG TERM ISSUES | 179,090,000.0000 | 180,648,808.75 | 184,054,808.55 | 28.23 | 3,405,999.80 |
| Fixed Income Total | 622,957,249.9500 | 622,128,305.78 | 636,391,229.87 | 97.59 | 14,262,924.09 |
| Grand Total | 638,646,987.4300 | 637,818,043.26 | 652,080,967.35 | 100.00 | 14,262,924.09 |



BNY MELLON

Statement Period 03/01/2021 Through 03/31/2021
 Account 300282 Base Currency = USD
 OCSD LIBERTY MUTUAL

Statement of Assets Held by Asset Classification

| Shares/Par Value | Asset Description | Market Price | Market Value | Cost | Average Cost | Accrued Income | Estimated Income | Market Yield |
|----------------------------------|--|--------------|-------------------|-------------------|--------------|----------------|------------------|--------------|
| CASH AND SHORT TERM | | | | | | | | |
| 500,000.000 | UNITED STATES TREASURY BILL CUSIP: 912796F38 MATURITY DATE: 03/24/2022 RATE: 0.000% | 99.93300 | 499,665.00 | 499,762.39 | 99.95248 | 0.00 | 0.00 | 0.00% |
| | CASH BALANCE | | 941.20 | 941.20 | 0.00000 | 0.00 | 0.00 | 0.00% |
| Total CASH AND SHORT TERM | | | 500,606.20 | 500,703.59 | | 0.00 | 0.00 | 0.00% |
| ACCOUNT TOTALS | | | 500,606.20 | 500,703.59 | | 0.00 | 0.00 | 0.00% |

Total Market Value Plus Total Accrued Income 500,606.20

Statement of Transactions by Transaction Date

| Transaction Date | Transaction Description | Income | Principal | Cost | Realized Gains/Losses |
|------------------|--|-----------|-------------|-------------|-----------------------|
| 03/01/21 | ACCOUNT OPENING PERIOD BALANCE | 1,203.97- | 2,907.56 | 498,369.32 | |
| 03/25/21 | Purchase UNITED STATES TREASURY BILL RATE: 0.000% MATURITY: 03/24/22 TRADE DATE 03/25/21 SET/DATE 03/25/21 CUSIP 912796F38 500,000.000 SHARES | 0.00 | 499,762.39- | 499,762.39 | 0.00 |
| 03/25/21 | Redemption UNITED STATES TREASURY BILL RATE: 0.000% MATURITY: 03/25/21 TRADE DATE 03/25/21 SET/DATE 03/25/21 CUSIP 9127962F5 499,000.000 SHARES | 568.97- | 499,568.97 | 498,369.32- | 630.68 |
| 03/25/21 | ACCOUNT CLOSING DAILY BALANCE | 1,772.94- | 2,714.14 | 499,762.39 | 630.68 |
| 03/31/21 | ACCOUNT CLOSING PERIOD BALANCE | 1,772.94- | 2,714.14 | 499,762.39 | 630.68 |

Cumulative realized capital gain and loss position from 12/31/2020 for securities held in principal of account:

Short Term: 630.68 * Long Term: 0.00 *

* The above gain and loss position does not include transactions where tax cost information is incomplete or unavailable.

e 094697 n 078389 a 01 1 DOM 1 WI s 253,480

**U.S. Bank
Investment Listing - Yield
As of 03/31/2021**

| Asset Category | CUSIP | Asset Short Name | Yield | Shares/Units | Moody's | S&P Rating | Price | Cost Basis | Market Value |
|------------------|-----------|-------------------------------------|---------|-----------------|---------|------------|--------|---------------|---------------|
| Cash Equivalents | 31846V567 | FIRST AM GOVT OB FD CL Z | 0.0260% | 3,317,177.1700 | | | 1.00 | 3,317,177.17 | 3,317,177.17 |
| Cash Equivalents | 31846V567 | FIRST AM GOVT OB FD CL Z | 0.0260% | 15,689,737.4800 | | | 1.00 | 15,689,737.48 | 15,689,737.48 |
| Cash Equivalents | 912796C49 | U S TREASURY BILL 7/22/21 | 0.0113% | 5,000,000.0000 | N/A | N/A | 100.00 | 4,997,661.81 | 4,999,750.00 |
| Cash Equivalents | 912796C56 | U S TREASURY BILL 7/29/21 | 0.0150% | 7,000,000.0000 | N/A | N/A | 99.99 | 6,997,275.06 | 6,999,580.00 |
| Cash Equivalents | 912796D55 | U S TREASURY BILL 8/26/21 | 0.0163% | 13,000,000.0000 | N/A | N/A | 99.99 | 12,996,273.41 | 12,998,700.00 |
| Fixed Income | 00440EAS6 | ACE INA HOLDING 3.150% 3/15/25 | 2.9280% | 2,000,000.0000 | A3 | A | 107.58 | 2,203,740.00 | 2,151,620.00 |
| Fixed Income | 00440EAU1 | ACE INA HOLDINGS 2.875% 11/03/22 | 2.7797% | 4,169,000.0000 | A3 | A | 103.43 | 4,232,453.17 | 4,311,913.32 |
| Fixed Income | 02665WCZ2 | AMERICAN HONDA MTN 2.400% 6/27/24 | 2.2898% | 1,219,000.0000 | A3 | A- | 104.81 | 1,213,843.63 | 1,277,646.09 |
| Fixed Income | 02665WCJ8 | AMERICAN HONDA MTN 3.450% 7/14/23 | 3.2347% | 845,000.0000 | A3 | A- | 106.66 | 843,538.15 | 901,243.20 |
| Fixed Income | 02665WCQ2 | AMERICAN HONDA MTN 3.625% 10/10/23 | 3.3760% | 2,000,000.0000 | A3 | A- | 107.38 | 1,998,320.00 | 2,147,540.00 |
| Fixed Income | 03215PFN4 | AMRESCO 1.7383% 6/25/29 | 1.7871% | 119,021.6400 | N/A | A+ | 97.27 | 89,377.81 | 115,773.54 |
| Fixed Income | 037833AR1 | APPLE INC 2.850% 5/06/21 | 2.8435% | 1,155,000.0000 | AA1 | AA+ | 100.23 | 1,182,327.30 | 1,157,644.95 |
| Fixed Income | 037833CU2 | APPLE INC 2.850% 5/11/24 | 2.6721% | 3,000,000.0000 | AA1 | AA+ | 106.66 | 3,017,760.00 | 3,199,680.00 |
| Fixed Income | 06051GHF9 | BANK OF AMERICA 3.550% 3/05/24 | 3.3646% | 6,675,000.0000 | A2 | A- | 105.51 | 6,770,625.75 | 7,042,792.50 |
| Fixed Income | 06051GHY8 | BANK OF AMERICAN MTN 2.015% 2/13/26 | 1.9680% | 2,500,000.0000 | A2 | A- | 102.39 | 2,583,450.00 | 2,559,700.00 |
| Fixed Income | 06417MMB8 | BANK OF NOVA C D 0.280% 11/24/21 | 0.2799% | 5,000,000.0000 | | | 100.05 | 5,000,000.00 | 5,002,450.00 |
| Fixed Income | 06406RAA5 | BANK OF NY MTN 2.600% 2/07/22 | 2.5542% | 2,500,000.0000 | A1 | A | 101.79 | 2,504,475.00 | 2,544,825.00 |
| Fixed Income | 06406RAE7 | BANK OF NY MTN 2.950% 1/29/23 | 2.8217% | 2,500,000.0000 | A1 | A | 104.55 | 2,489,555.00 | 2,613,650.00 |
| Fixed Income | 084670BR8 | BERKSHIRE HATHAWAY 2.750% 3/15/23 | 2.6321% | 2,500,000.0000 | AA2 | AA | 104.48 | 2,440,950.00 | 2,612,025.00 |
| Fixed Income | 084664BT7 | BERKSHIRE HATHAWAY 3.000% 5/15/22 | 2.9087% | 4,000,000.0000 | AA2 | AA | 103.14 | 4,131,120.00 | 4,125,560.00 |
| Fixed Income | 09247XAL5 | BLACKROCK INC 3.500% 3/18/24 | 3.2184% | 1,000,000.0000 | AA3 | AA- | 108.75 | 1,036,330.00 | 1,087,510.00 |
| Fixed Income | 808513AT2 | CHARLES SCHWAB CORP 2.650% 1/25/23 | 2.5492% | 6,750,000.0000 | A2 | A | 103.95 | 6,729,480.00 | 7,016,827.50 |
| Fixed Income | 808513AW5 | CHARLES SCHWAB CORP 3.250% 5/21/21 | 3.2433% | 1,385,000.0000 | A2 | A | 100.21 | 1,419,472.65 | 1,387,866.95 |
| Fixed Income | 166764BG4 | CHEVRON CORP 2.100% 5/16/21 | 2.0974% | 2,500,000.0000 | AA2 | AA- | 100.12 | 2,485,350.00 | 2,503,100.00 |
| Fixed Income | 166764AH3 | CHEVRON CORP 3.191% 6/24/23 | 3.0275% | 3,500,000.0000 | AA2 | AA- | 105.40 | 3,441,095.00 | 3,689,070.00 |
| Fixed Income | 00440EAP2 | CHUBB INA HLDGS INC 2.700% 3/13/23 | 2.5890% | 2,000,000.0000 | A3 | A | 104.29 | 1,937,000.00 | 2,085,780.00 |
| Fixed Income | 3133ELYR9 | F F C B DEB 0.250% 5/06/22 | 0.2497% | 8,850,000.0000 | AAA | AA+ | 100.12 | 8,838,760.50 | 8,860,885.50 |
| Fixed Income | 3133EKWV4 | F F C B DEB 1.850% 7/26/24 | 1.7686% | 5,000,000.0000 | AAA | AA+ | 104.60 | 5,048,280.00 | 5,230,050.00 |
| Fixed Income | 3130A1XJ2 | F H L B 2.875% 6/14/24 | 2.6673% | 11,110,000.0000 | AAA | AA+ | 107.79 | 11,589,031.30 | 11,975,024.60 |
| Fixed Income | 313379RB7 | F H L B DEB 1.875% 6/11/21 | 1.8683% | 4,000,000.0000 | AAA | AA+ | 100.36 | 4,030,160.00 | 4,014,360.00 |
| Fixed Income | 3130A4CH3 | F H L B DEB 2.375% 3/14/25 | 2.2274% | 5,225,000.0000 | AAA | AA+ | 106.63 | 5,526,848.25 | 5,571,313.00 |
| Fixed Income | 3130A2UW4 | F H L B DEB 2.875% 9/13/24 | 2.6611% | 2,500,000.0000 | AAA | AA+ | 108.04 | 2,635,950.00 | 2,700,925.00 |
| Fixed Income | 313383QR5 | F H L B DEB 3.250% 6/09/23 | 3.0538% | 5,000,000.0000 | AAA | AA+ | 106.43 | 5,083,350.00 | 5,321,250.00 |
| Fixed Income | 313383YJ4 | F H L B DEB 3.375% 9/08/23 | 3.1380% | 10,000,000.0000 | AAA | AA+ | 107.55 | 10,211,831.00 | 10,755,300.00 |
| Fixed Income | 3130A0F70 | F H L B DEB 3.375% 12/08/23 | 3.1209% | 10,000,000.0000 | AAA | AA+ | 108.14 | 10,269,043.75 | 10,814,300.00 |
| Fixed Income | 313385KW5 | F H L B DISC NTS 8/25/21 | 0.0000% | 7,525,000.0000 | N/A | N/A | 99.99 | 7,523,032.66 | 7,524,097.00 |
| Fixed Income | 3137EAEP0 | F H L M C 1.500% 2/12/25 | 1.4515% | 12,335,000.0000 | AAA | AA+ | 103.34 | 12,510,182.05 | 12,746,742.30 |
| Fixed Income | 3137EAEN5 | F H L M C 2.750% 6/19/23 | 2.6039% | 10,000,000.0000 | AAA | AA+ | 105.61 | 9,956,500.00 | 10,560,900.00 |
| Fixed Income | 3137EAEU9 | F H L M C M T N 0.375% 7/21/25 | 0.3812% | 5,030,000.0000 | AAA | AA+ | 98.38 | 5,004,950.60 | 4,948,463.70 |
| Fixed Income | 3137EAEX3 | F H L M C M T N 0.375% 9/23/25 | 0.3822% | 7,660,000.0000 | AAA | AA+ | 98.11 | 7,636,943.40 | 7,515,226.00 |

**U.S. Bank
Investment Listing - Yield
As of 03/31/2021**

| Asset Category | CUSIP | Asset Short Name | Yield | Shares/Units | Moody's | S&P Rating | Price | Cost Basis | Market Value |
|----------------|-----------|-------------------------------------|---------|-----------------|---------|------------|--------|---------------|---------------|
| Fixed Income | 31348SWZ3 | F H L M C #786064 2.262% 1/01/28 | 2.2488% | 1,519.6400 | N/A | N/A | 100.59 | 1,482.63 | 1,528.59 |
| Fixed Income | 3133TCE95 | F H L M C MLTCL MTG 3.870% 8/15/32 | 3.8400% | 4,173.0000 | N/A | N/A | 100.78 | 4,177.38 | 4,205.61 |
| Fixed Income | 31394JY35 | F H L M C MLTCL MTG 6.500% 9/25/43 | 5.6345% | 544,889.4300 | N/A | N/A | 115.36 | 617,087.28 | 628,584.45 |
| Fixed Income | 3135G05G4 | F N M A 0.250% 7/10/23 | 0.2498% | 6,775,000.0000 | AAA | AA+ | 100.07 | 6,760,433.75 | 6,779,878.00 |
| Fixed Income | 3135G05X7 | F N M A 0.375% 8/25/25 | 0.3820% | 7,945,000.0000 | AAA | AA+ | 98.16 | 7,907,817.40 | 7,798,653.10 |
| Fixed Income | 3135G04Z3 | F N M A 0.500% 6/17/25 | 0.5050% | 9,905,000.0000 | AAA | AA+ | 99.00 | 9,884,496.65 | 9,806,148.10 |
| Fixed Income | 3135G06G3 | F N M A 0.500% 11/07/25 | 0.5079% | 8,255,000.0000 | AAA | AA+ | 98.44 | 8,225,447.10 | 8,125,809.25 |
| Fixed Income | 3135G0X24 | F N M A 1.625% 1/07/25 | 1.5650% | 10,000,000.0000 | AAA | AA+ | 103.84 | 10,157,936.40 | 10,383,600.00 |
| Fixed Income | 3135G0T45 | F N M A 1.875% 4/05/22 | 1.8424% | 5,000,000.0000 | AAA | AA+ | 101.77 | 4,972,500.00 | 5,088,400.00 |
| Fixed Income | 3135G0S38 | F N M A 2.000% 1/05/22 | 1.9717% | 3,000,000.0000 | AAA | AA+ | 101.44 | 2,994,570.00 | 3,043,080.00 |
| Fixed Income | 3135G0V34 | F N M A 2.500% 2/05/24 | 2.3537% | 5,000,000.0000 | AAA | AA+ | 106.21 | 4,980,850.00 | 5,310,700.00 |
| Fixed Income | 3135G0U35 | F N M A 2.750% 6/22/21 | 2.7334% | 7,500,000.0000 | AAA | AA+ | 100.61 | 7,515,225.00 | 7,545,450.00 |
| Fixed Income | 31371NUC7 | F N M A #257179 4.500% 4/01/28 | 4.1384% | 9,196.4700 | N/A | N/A | 108.74 | 9,726.17 | 10,000.06 |
| Fixed Income | 31376KT22 | F N M A #357969 5.000% 9/01/35 | 4.2976% | 74,136.2400 | N/A | N/A | 116.34 | 79,696.44 | 86,253.07 |
| Fixed Income | 31403DJZ3 | F N M A #745580 5.000% 6/01/36 | 4.3042% | 66,835.0600 | N/A | N/A | 116.17 | 71,847.68 | 77,638.95 |
| Fixed Income | 31403GXF4 | F N M A #748678 5.000% 10/01/33 | 4.4713% | 1,074.5400 | N/A | N/A | 111.83 | 1,155.13 | 1,201.60 |
| Fixed Income | 31406PQY8 | F N M A #815971 5.000% 3/01/35 | 4.3323% | 96,028.4100 | N/A | N/A | 115.41 | 103,230.55 | 110,828.31 |
| Fixed Income | 31406XWT5 | F N M A #823358 2.035% 2/01/35 | 1.9343% | 71,464.0800 | N/A | N/A | 105.21 | 70,905.76 | 75,183.79 |
| Fixed Income | 31407BXH7 | F N M A #826080 5.000% 7/01/35 | 4.3006% | 13,252.9600 | N/A | N/A | 116.26 | 14,246.91 | 15,408.29 |
| Fixed Income | 31410F4V4 | F N M A #888336 5.000% 7/01/36 | 4.3024% | 123,463.7000 | N/A | N/A | 116.22 | 132,723.48 | 143,483.34 |
| Fixed Income | 3138EG6F6 | F N M A #AL0869 4.500% 6/01/29 | 4.1379% | 6,400.7300 | N/A | N/A | 108.75 | 6,769.42 | 6,960.86 |
| Fixed Income | 31417YAY3 | F N M A #MA0022 4.500% 4/01/29 | 4.1369% | 10,709.6900 | N/A | N/A | 108.78 | 11,326.55 | 11,649.68 |
| Fixed Income | 3135G03U5 | F N M A DEB 0.625% 4/22/25 | 0.6268% | 14,000,000.0000 | AAA | AA+ | 99.71 | 13,996,711.60 | 13,959,400.00 |
| Fixed Income | 3135G0T94 | F N M A DEB 2.375% 1/19/23 | 2.2841% | 5,000,000.0000 | AAA | AA+ | 103.98 | 4,910,990.00 | 5,198,950.00 |
| Fixed Income | 31397QRE0 | F N M A GTD REMIC 2.472% 2/25/41 | 0.7764% | 124,094.1100 | N/A | N/A | 101.57 | 124,055.34 | 126,041.15 |
| Fixed Income | 36225CAZ9 | G N M A I I #080023 2.125% 12/20/26 | 2.0468% | 10,875.8000 | N/A | N/A | 103.82 | 11,055.47 | 11,291.26 |
| Fixed Income | 36225CC20 | G N M A I I #080088 2.875% 6/20/27 | 2.8246% | 8,639.0400 | N/A | N/A | 101.78 | 8,828.02 | 8,793.16 |
| Fixed Income | 36225CNM4 | G N M A I I #080395 2.875% 4/20/30 | 2.7590% | 4,312.2500 | N/A | N/A | 104.21 | 4,273.14 | 4,493.58 |
| Fixed Income | 36225CN28 | G N M A I I #080408 2.875% 5/20/30 | 2.7593% | 34,107.2200 | N/A | N/A | 104.19 | 33,760.81 | 35,536.99 |
| Fixed Income | 36225DCB8 | G N M A I I #080965 2.250% 7/20/34 | 2.1553% | 28,903.8000 | N/A | N/A | 104.39 | 28,885.74 | 30,173.83 |
| Fixed Income | 369550BE7 | GENERAL DYNAMICS 3.000% 5/11/21 | 2.9917% | 3,160,000.0000 | A2 | A | 100.28 | 3,138,038.00 | 3,168,753.20 |
| Fixed Income | 43813GAC5 | HONDA AUTO 0.270% 4/21/25 | 0.2704% | 1,605,000.0000 | AAA | N/A | 99.85 | 1,604,970.63 | 1,602,560.40 |
| Fixed Income | 43813KAC6 | HONDA AUTO 0.370% 10/18/24 | 0.3699% | 3,235,000.0000 | N/A | AAA | 100.03 | 3,234,524.78 | 3,236,099.90 |
| Fixed Income | 43815NAB0 | HONDA AUTO 1.900% 4/15/22 | 1.8967% | 578,046.4900 | AAA | AAA | 100.17 | 578,006.02 | 579,046.51 |
| Fixed Income | 43815HAC1 | HONDA AUTO 2.950% 8/22/22 | 2.9257% | 1,208,306.6900 | AAA | N/A | 100.83 | 1,208,140.91 | 1,218,323.55 |
| Fixed Income | 43814UAG4 | HONDA AUTO 3.010% 5/18/22 | 2.9943% | 354,275.1700 | N/A | AAA | 100.53 | 354,267.45 | 356,135.11 |
| Fixed Income | 438516CB0 | HONEYWELL 1.350% 6/01/25 | 1.3320% | 5,000,000.0000 | A2 | A | 101.36 | 5,119,000.00 | 5,067,750.00 |
| Fixed Income | 458140BD1 | INTEL CORP 2.875% 5/11/24 | 2.6938% | 5,000,000.0000 | A1 | A+ | 106.73 | 5,025,900.00 | 5,336,300.00 |
| Fixed Income | 4581X0DN5 | INTER AMER BK M T N 0.625% 7/15/25 | 0.6312% | 5,050,000.0000 | AAA | AAA | 99.02 | 5,071,967.50 | 5,000,257.50 |
| Fixed Income | 4581X0CZ9 | INTER AMER DEV BK 1.750% 9/14/22 | 1.7124% | 6,500,000.0000 | AAA | AAA | 102.20 | 6,249,655.00 | 6,642,870.00 |

**U.S. Bank
Investment Listing - Yield
As of 03/31/2021**

| Asset Category | CUSIP | Asset Short Name | Yield | Shares/Units | Moody's | S&P Rating | Price | Cost Basis | Market Value |
|----------------|-----------|-------------------------------------|---------|-----------------|---------|------------|--------|---------------|---------------|
| Fixed Income | 4581X0CW6 | INTER AMER DEV BK 2.125% 1/18/22 | 2.0934% | 3,000,000.0000 | AAA | N/A | 101.51 | 2,996,310.00 | 3,045,300.00 |
| Fixed Income | 459058FH1 | INTL BK 1.375% 5/24/21 | 1.3728% | 1,000,000.0000 | AAA | AAA | 100.16 | 1,010,570.00 | 1,001,630.00 |
| Fixed Income | 459058FY4 | INTL BK 2.000% 1/26/22 | 1.9708% | 10,000,000.0000 | AAA | N/A | 101.48 | 10,006,350.00 | 10,148,100.00 |
| Fixed Income | 459058JL8 | INTL BK M T N 0.500% 10/28/25 | 0.5095% | 15,000,000.0000 | AAA | AAA | 98.13 | 14,964,951.60 | 14,719,650.00 |
| Fixed Income | 459058JB0 | INTL BK M T N 0.625% 4/22/25 | 0.6276% | 6,245,000.0000 | AAA | AAA | 99.58 | 6,220,831.85 | 6,218,708.55 |
| Fixed Income | 45950KCJ7 | INTL FINANCE CORP 1.125% 7/20/21 | 1.1217% | 2,500,000.0000 | AAA | AAA | 100.29 | 2,441,600.00 | 2,507,250.00 |
| Fixed Income | 24422EUM9 | JOHN DEERE MTN 3.650% 10/12/23 | 3.3816% | 1,250,000.0000 | A2 | A | 107.94 | 1,250,237.50 | 1,349,212.50 |
| Fixed Income | 47788UAC6 | JOHN DEERE OWNER 0.360% 9/15/25 | 0.3614% | 2,300,000.0000 | AAA | N/A | 99.61 | 2,299,557.94 | 2,290,961.00 |
| Fixed Income | 47787NAC3 | JOHN DEERE OWNER 0.510% 11/15/24 | 0.5089% | 1,480,000.0000 | AAA | N/A | 100.22 | 1,479,774.45 | 1,483,285.60 |
| Fixed Income | 47788EAC2 | JOHN DEERE OWNER 3.080% 11/15/22 | 3.0576% | 1,259,424.6400 | AAA | N/A | 100.73 | 1,259,329.18 | 1,268,656.22 |
| Fixed Income | 46625HRL6 | JP MORGAN CHASE CO 2.700% 5/18/23 | 2.5882% | 5,000,000.0000 | A2 | A- | 104.32 | 4,821,910.00 | 5,216,000.00 |
| Fixed Income | 46647PBH8 | JPMORGAN CHASE CO 2.005% 3/13/26 | 1.9504% | 2,500,000.0000 | A2 | A- | 102.80 | 2,572,075.00 | 2,569,925.00 |
| Fixed Income | 46647PAU0 | JPMORGAN CHASE CO 3.797% 7/23/24 | 3.5477% | 2,500,000.0000 | A2 | A- | 107.03 | 2,632,175.00 | 2,675,675.00 |
| Fixed Income | 525ESC0Y6 | LEHMAN BRTH HLD ESC | 0.0000% | 2,000,000.0000 | | | - | 1,025,037.05 | - |
| Fixed Income | 525ESCIB7 | LEHMAN BRTH MTN ES 0.00001% 1/24/13 | 0.0010% | 600,000.0000 | N/A | N/A | 1.02 | 318,131.38 | 6,120.00 |
| Fixed Income | 58770FAC6 | MERCEDES BENZ AUTO 1.840% 12/15/22 | 1.8205% | 2,050,000.0000 | AAA | AAA | 101.07 | 2,049,729.81 | 2,071,996.50 |
| Fixed Income | 58933YAF2 | MERCK CO INC 2.800% 5/18/23 | 2.6600% | 2,000,000.0000 | A1 | AA- | 105.26 | 1,948,640.00 | 2,105,240.00 |
| Fixed Income | 594918BP8 | MICROSOFT CORP 1.550% 8/08/21 | 1.5444% | 3,045,000.0000 | AAA | AAA | 100.36 | 3,041,385.15 | 3,056,083.80 |
| Fixed Income | 61747WAL3 | MORGAN STANLEY 5.500% 7/28/21 | 5.4111% | 2,800,000.0000 | A1 | BBB+ | 101.64 | 3,200,848.00 | 2,846,004.00 |
| Fixed Income | 55380TMD9 | MUFG BK LTD N Y C D 0.240% 4/21/21 | 0.2400% | 2,500,000.0000 | | | 100.01 | 2,500,000.00 | 2,500,250.00 |
| Fixed Income | 65479JAD5 | NISSAN AUTO 1.930% 7/15/24 | 1.8957% | 4,185,000.0000 | AAA | AAA | 101.81 | 4,184,779.03 | 4,260,832.20 |
| Fixed Income | 65479GAD1 | NISSAN AUTO 3.060% 3/15/23 | 3.0249% | 1,690,041.7000 | AAA | AAA | 101.16 | 1,689,986.95 | 1,709,629.28 |
| Fixed Income | 68389XBK0 | ORACLE CORP 1.900% 9/15/21 | 1.8889% | 3,000,000.0000 | BAA2 | A | 100.59 | 2,892,240.00 | 3,017,580.00 |
| Fixed Income | 69353RFB9 | PNC BANK NA MTN 2.625% 2/17/22 | 2.5770% | 1,000,000.0000 | A2 | A | 101.86 | 974,940.00 | 1,018,620.00 |
| Fixed Income | 69353RFL7 | PNC BANK NA MTN 3.500% 6/08/23 | 3.2940% | 5,000,000.0000 | A2 | A | 106.25 | 4,993,318.05 | 5,312,700.00 |
| Fixed Income | 78015K7H1 | ROYAL BANK OF MTN 1.150% 6/10/25 | 1.1531% | 2,500,000.0000 | A2 | A | 99.74 | 2,527,720.00 | 2,493,375.00 |
| Fixed Income | 78013XZU5 | ROYAL BANK OF MTN 2.550% 7/16/24 | 2.4181% | 6,500,000.0000 | A2 | A | 105.45 | 6,581,445.00 | 6,854,510.00 |
| Fixed Income | 78445JAA5 | S L M A 1.73684% 4/25/23 | 1.7233% | 10,457.4500 | BAA3 | B | 100.79 | 10,415.02 | 10,539.85 |
| Fixed Income | 808513BN4 | SCHWAB CHARLES 0.750% 3/18/24 | 0.7462% | 2,785,000.0000 | A2 | A | 100.51 | 2,783,607.50 | 2,799,231.35 |
| Fixed Income | 89114QCA4 | TORONTO DOMINION MTN 2.650% 6/12/24 | 2.4986% | 3,000,000.0000 | AA3 | A | 106.06 | 3,000,570.00 | 3,181,770.00 |
| Fixed Income | 89114QC48 | TORONTO MTN 3.500% 7/19/23 | 3.2690% | 5,000,000.0000 | AA1 | AA- | 107.07 | 5,094,200.00 | 5,353,250.00 |
| Fixed Income | 89237VAB5 | TOYOTA AUTO RECV 0.440% 10/15/24 | 0.4390% | 2,960,000.0000 | AAA | AAA | 100.22 | 2,959,772.08 | 2,966,452.80 |
| Fixed Income | 89236TBJ3 | TOYOTA MOTOR MTN 2.750% 5/17/21 | 2.7413% | 2,000,000.0000 | A1 | A+ | 100.32 | 2,025,350.00 | 2,006,340.00 |
| Fixed Income | 912828WU0 | U S TREASURY I P S 0.125% 7/15/24 | 0.1155% | 11,455,600.0000 | AAA | N/A | 108.18 | 11,310,880.09 | 12,392,668.08 |
| Fixed Income | 91282CBG5 | U S TREASURY NT 0.125% 1/31/23 | 0.1251% | 10,000,000.0000 | AAA | N/A | 99.94 | 9,998,046.88 | 9,994,100.00 |
| Fixed Income | 91282CBA8 | U S TREASURY NT 0.125% 12/15/23 | 0.1256% | 6,500,000.0000 | AAA | N/A | 99.54 | 6,491,367.19 | 6,470,295.00 |
| Fixed Income | 91282CAM3 | U S TREASURY NT 0.250% 9/30/25 | 0.2564% | 6,500,000.0000 | AAA | N/A | 97.49 | 6,477,656.25 | 6,336,980.00 |
| Fixed Income | 91282CBH3 | U S TREASURY NT 0.375% 1/31/26 | 0.3847% | 18,000,000.0000 | AAA | N/A | 97.47 | 17,781,875.00 | 17,544,420.00 |
| Fixed Income | 91282ZL7 | U S TREASURY NT 0.375% 4/30/25 | 0.3799% | 12,000,000.0000 | AAA | N/A | 98.71 | 11,998,515.63 | 11,844,840.00 |
| Fixed Income | 91282CBC4 | U S TREASURY NT 0.375% 12/31/25 | 0.3842% | 10,000,000.0000 | AAA | N/A | 97.61 | 9,943,320.32 | 9,761,300.00 |

**U.S. Bank
Investment Listing - Yield
As of 03/31/2021**

| Asset Category | CUSIP | Asset Short Name | Yield | Shares/Units | Moody's | S&P Rating | Price | Cost Basis | Market Value |
|---------------------------|-----------|-----------------------------------|---------|-----------------|---------|------------|--------|---------------|-----------------------|
| Fixed Income | 91282CBT7 | U S TREASURY NT 0.750% 3/31/26 | 0.7569% | 7,000,000.0000 | AAA | N/A | 99.09 | 6,947,226.56 | 6,936,020.00 |
| Fixed Income | 912828S27 | U S TREASURY NT 1.125% 6/30/21 | 1.1221% | 27,000,000.0000 | AAA | N/A | 100.26 | 27,141,328.14 | 27,070,740.00 |
| Fixed Income | 912828S76 | U S TREASURY NT 1.125% 7/31/21 | 1.1211% | 43,000,000.0000 | AAA | N/A | 100.35 | 43,267,968.77 | 43,151,360.00 |
| Fixed Income | 912828T34 | U S TREASURY NT 1.125% 9/30/21 | 1.1190% | 7,000,000.0000 | AAA | N/A | 100.54 | 6,757,914.08 | 7,037,730.00 |
| Fixed Income | 912828T67 | U S TREASURY NT 1.250% 10/31/21 | 1.2414% | 6,000,000.0000 | AAA | N/A | 100.70 | 5,813,691.98 | 6,041,700.00 |
| Fixed Income | 912828YC8 | U S TREASURY NT 1.500% 8/31/21 | 1.4910% | 9,000,000.0000 | AAA | N/A | 100.60 | 9,084,726.56 | 9,054,180.00 |
| Fixed Income | 912828YH7 | U S TREASURY NT 1.500% 9/30/24 | 1.4505% | 14,000,000.0000 | AAA | N/A | 103.41 | 13,859,296.88 | 14,477,960.00 |
| Fixed Income | 912828R69 | U S TREASURY NT 1.625% 5/31/23 | 1.5766% | 5,000,000.0000 | AAA | N/A | 103.07 | 4,757,226.56 | 5,153,500.00 |
| Fixed Income | 9128287A2 | U S TREASURY NT 1.625% 6/30/21 | 1.6187% | 19,000,000.0000 | AAA | N/A | 100.39 | 19,180,937.51 | 19,073,530.00 |
| Fixed Income | 912828J76 | U S TREASURY NT 1.750% 3/31/22 | 1.7215% | 5,000,000.0000 | AAA | N/A | 101.66 | 4,976,383.94 | 5,082,800.00 |
| Fixed Income | 912828XW5 | U S TREASURY NT 1.750% 6/30/22 | 1.7151% | 5,000,000.0000 | AAA | N/A | 102.04 | 4,973,454.25 | 5,101,750.00 |
| Fixed Income | 9128287F1 | U S TREASURY NT 1.750% 7/31/21 | 1.7402% | 2,000,000.0000 | AAA | N/A | 100.57 | 2,014,531.25 | 2,011,320.00 |
| Fixed Income | 912828L57 | U S TREASURY NT 1.750% 9/30/22 | 1.7087% | 16,000,000.0000 | AAA | N/A | 102.42 | 15,829,492.20 | 16,386,880.00 |
| Fixed Income | 912828U65 | U S TREASURY NT 1.750% 11/30/21 | 1.7305% | 7,000,000.0000 | AAA | N/A | 101.13 | 6,900,492.20 | 7,078,750.00 |
| Fixed Income | 912828V72 | U S TREASURY NT 1.875% 1/31/22 | 1.8473% | 3,000,000.0000 | AAA | N/A | 101.50 | 3,004,814.74 | 3,045,000.00 |
| Fixed Income | 912828L24 | U S TREASURY NT 1.875% 8/31/22 | 1.8300% | 6,000,000.0000 | AAA | N/A | 102.46 | 5,987,832.60 | 6,147,660.00 |
| Fixed Income | 912828XX3 | U S TREASURY NT 2.000% 6/30/24 | 1.9039% | 5,000,000.0000 | AAA | N/A | 105.05 | 5,028,710.94 | 5,252,350.00 |
| Fixed Income | 912828M80 | U S TREASURY NT 2.000% 11/30/22 | 1.9403% | 8,000,000.0000 | AAA | N/A | 103.08 | 7,907,500.00 | 8,246,240.00 |
| Fixed Income | 912828W48 | U S TREASURY NT 2.125% 2/29/24 | 2.0207% | 10,000,000.0000 | AAA | N/A | 105.16 | 9,911,718.75 | 10,516,400.00 |
| Fixed Income | 912828WR7 | U S TREASURY NT 2.125% 6/30/21 | 2.1142% | 8,000,000.0000 | AAA | N/A | 100.51 | 8,118,398.44 | 8,040,880.00 |
| Fixed Income | 912828RC6 | U S TREASURY NT 2.125% 8/15/21 | 2.1087% | 5,000,000.0000 | AAA | N/A | 100.77 | 5,039,453.13 | 5,038,650.00 |
| Fixed Income | 912828U57 | U S TREASURY NT 2.125% 11/30/23 | 2.0254% | 15,000,000.0000 | AAA | N/A | 104.92 | 14,723,632.81 | 15,737,700.00 |
| Fixed Income | 9128283J7 | U S TREASURY NT 2.125% 11/30/24 | 2.0110% | 16,500,000.0000 | AAA | N/A | 105.67 | 16,783,886.72 | 17,435,220.00 |
| Fixed Income | 912828N30 | U S TREASURY NT 2.125% 12/31/22 | 2.0545% | 5,000,000.0000 | AAA | N/A | 103.43 | 4,926,562.50 | 5,171,500.00 |
| Fixed Income | 912828V80 | U S TREASURY NT 2.250% 1/31/24 | 2.1339% | 7,500,000.0000 | AAA | | 105.44 | 7,491,503.91 | 7,908,075.00 |
| Fixed Income | 912828WY2 | U S TREASURY NT 2.250% 7/31/21 | 2.2336% | 8,000,000.0000 | AAA | N/A | 100.73 | 8,144,296.88 | 8,058,720.00 |
| Fixed Income | 9128284D9 | U S TREASURY NT 2.500% 3/31/23 | 2.3889% | 10,000,000.0000 | AAA | N/A | 104.65 | 9,887,265.63 | 10,465,200.00 |
| Fixed Income | 912828WJ5 | U S TREASURY NT 2.500% 5/15/24 | 2.3462% | 7,000,000.0000 | AAA | N/A | 106.56 | 7,193,046.88 | 7,458,850.00 |
| Fixed Income | 913366EJ5 | UNIV OF CALIFORNIA 5.035% 5/15/21 | 5.0081% | 400,000.0000 | AA3 | AA- | 100.54 | 400,000.00 | 402,148.00 |
| Fixed Income | 90331HPL1 | US BANK NA MTN 2.050% 1/21/25 | 1.9773% | 7,270,000.0000 | A1 | AA- | 103.68 | 7,254,514.90 | 7,537,172.50 |
| Fixed Income | 90331HNL3 | US BANK NA MTN 2.850% 1/23/23 | 2.7269% | 2,000,000.0000 | A1 | AA- | 104.52 | 1,992,640.00 | 2,090,320.00 |
| Fixed Income | 931142EK5 | WALMART INC 3.400% 6/26/23 | 3.1879% | 3,880,000.0000 | AA2 | AA | 106.65 | 3,878,991.40 | 4,138,175.20 |
| Total Consolidated | | | | | | | | | 817,473,383.42 |

U.S. Bank
Asset Detail - Consolidated
As of 03/31/2021

| CUSIP | Asset Short Name | Price | Shares/Units | Cost Basis | Market Value | Percent of Total | Unrealized Gain/Loss |
|-------------------------------|-------------------------------------|--------|------------------------|----------------------|----------------------|------------------|----------------------|
| Cash Equivalents | | | | | | | |
| 31846V567 | FIRST AM GOVT OB FD CL Z | 1.00 | 3,317,177.1700 | 3,317,177.17 | 3,317,177.17 | 0.41 | - |
| 31846V567 | FIRST AM GOVT OB FD CL Z | 1.00 | 15,689,737.4800 | 15,689,737.48 | 15,689,737.48 | 1.92 | - |
| 912796C49 | U S TREASURY BILL 7/22/21 | 100.00 | 5,000,000.0000 | 4,997,661.81 | 4,999,750.00 | 0.61 | 2,088.19 |
| 912796C56 | U S TREASURY BILL 7/29/21 | 99.99 | 7,000,000.0000 | 6,997,275.06 | 6,999,580.00 | 0.86 | 2,304.94 |
| 912796D55 | U S TREASURY BILL 8/26/21 | 99.99 | 13,000,000.0000 | 12,996,273.41 | 12,998,700.00 | 1.59 | 2,426.59 |
| Cash Equivalents Total | | | 44,006,914.6500 | 43,998,124.93 | 44,004,944.65 | 5.38 | 6,819.72 |
| Fixed Income | | | | | | | |
| 00440EAS6 | ACE INA HOLDING 3.150% 3/15/25 | 107.58 | 2,000,000.0000 | 2,203,740.00 | 2,151,620.00 | 0.26 | (52,120.00) |
| 00440EAU1 | ACE INA HOLDINGS 2.875% 11/03/22 | 103.43 | 4,169,000.0000 | 4,232,453.17 | 4,311,913.32 | 0.53 | 79,460.15 |
| 02665WCZ2 | AMERICAN HONDA MTN 2.400% 6/27/24 | 104.81 | 1,219,000.0000 | 1,213,843.63 | 1,277,646.09 | 0.16 | 63,802.46 |
| 02665WCJ8 | AMERICAN HONDA MTN 3.450% 7/14/23 | 106.66 | 845,000.0000 | 843,538.15 | 901,243.20 | 0.11 | 57,705.05 |
| 02665WCQ2 | AMERICAN HONDA MTN 3.625% 10/10/23 | 107.38 | 2,000,000.0000 | 1,998,320.00 | 2,147,540.00 | 0.26 | 149,220.00 |
| 03215PFN4 | AMRESCO 1.7383% 6/25/29 | 97.27 | 119,021.6400 | 89,377.81 | 115,773.54 | 0.01 | 26,395.73 |
| 037833AR1 | APPLE INC 2.850% 5/06/21 | 100.23 | 1,155,000.0000 | 1,182,327.30 | 1,157,644.95 | 0.14 | (24,682.35) |
| 037833CU2 | APPLE INC 2.850% 5/11/24 | 106.66 | 3,000,000.0000 | 3,017,760.00 | 3,199,680.00 | 0.39 | 181,920.00 |
| 06051GHF9 | BANK OF AMERICA 3.550% 3/05/24 | 105.51 | 6,675,000.0000 | 6,770,625.75 | 7,042,792.50 | 0.86 | 272,166.75 |
| 06051GHY8 | BANK OF AMERICAN MTN 2.015% 2/13/26 | 102.39 | 2,500,000.0000 | 2,583,450.00 | 2,559,700.00 | 0.31 | (23,750.00) |
| 06417MMB8 | BANK OF NOVA C D 0.280% 11/24/21 | 100.05 | 5,000,000.0000 | 5,000,000.00 | 5,002,450.00 | 0.61 | 2,450.00 |
| 06406RAA5 | BANK OF NY MTN 2.600% 2/07/22 | 101.79 | 2,500,000.0000 | 2,504,475.00 | 2,544,825.00 | 0.31 | 40,350.00 |
| 06406RAE7 | BANK OF NY MTN 2.950% 1/29/23 | 104.55 | 2,500,000.0000 | 2,489,555.00 | 2,613,650.00 | 0.32 | 124,095.00 |
| 084670BR8 | BERKSHIRE HATHAWAY 2.750% 3/15/23 | 104.48 | 2,500,000.0000 | 2,440,950.00 | 2,612,025.00 | 0.32 | 171,075.00 |
| 084664BT7 | BERKSHIRE HATHAWAY 3.000% 5/15/22 | 103.14 | 4,000,000.0000 | 4,131,120.00 | 4,125,560.00 | 0.50 | (5,560.00) |
| 09247XAL5 | BLACKROCK INC 3.500% 3/18/24 | 108.75 | 1,000,000.0000 | 1,036,330.00 | 1,087,510.00 | 0.13 | 51,180.00 |
| 808513AT2 | CHARLES SCHWAB CORP 2.650% 1/25/23 | 103.95 | 6,750,000.0000 | 6,729,480.00 | 7,016,827.50 | 0.86 | 287,347.50 |
| 808513AW5 | CHARLES SCHWAB CORP 3.250% 5/21/21 | 100.21 | 1,385,000.0000 | 1,419,472.65 | 1,387,866.95 | 0.17 | (31,605.70) |
| 166764BG4 | CHEVRON CORP 2.100% 5/16/21 | 100.12 | 2,500,000.0000 | 2,485,350.00 | 2,503,100.00 | 0.31 | 17,750.00 |
| 166764AH3 | CHEVRON CORP 3.191% 6/24/23 | 105.40 | 3,500,000.0000 | 3,441,095.00 | 3,689,070.00 | 0.45 | 247,975.00 |
| 00440EAP2 | CHUBB INA HLDGS INC 2.700% 3/13/23 | 104.29 | 2,000,000.0000 | 1,937,000.00 | 2,085,780.00 | 0.26 | 148,780.00 |
| 3133ELYR9 | F F C B DEB 0.250% 5/06/22 | 100.12 | 8,850,000.0000 | 8,838,760.50 | 8,860,885.50 | 1.08 | 22,125.00 |
| 3133EKWV4 | F F C B DEB 1.850% 7/26/24 | 104.60 | 5,000,000.0000 | 5,048,280.00 | 5,230,050.00 | 0.64 | 181,770.00 |
| 3130A1XJ2 | F H L B 2.875% 6/14/24 | 107.79 | 11,110,000.0000 | 11,589,031.30 | 11,975,024.60 | 1.46 | 385,993.30 |
| 313379RB7 | F H L B DEB 1.875% 6/11/21 | 100.36 | 4,000,000.0000 | 4,030,160.00 | 4,014,360.00 | 0.49 | (15,800.00) |
| 3130A4CH3 | F H L B DEB 2.375% 3/14/25 | 106.63 | 5,225,000.0000 | 5,526,848.25 | 5,571,313.00 | 0.68 | 44,464.75 |
| 3130A2UW4 | F H L B DEB 2.875% 9/13/24 | 108.04 | 2,500,000.0000 | 2,635,950.00 | 2,700,925.00 | 0.33 | 64,975.00 |
| 313383QR5 | F H L B DEB 3.250% 6/09/23 | 106.43 | 5,000,000.0000 | 5,083,350.00 | 5,321,250.00 | 0.65 | 237,900.00 |
| 313383YJ4 | F H L B DEB 3.375% 9/08/23 | 107.55 | 10,000,000.0000 | 10,211,831.00 | 10,755,300.00 | 1.32 | 543,469.00 |
| 3130A0F70 | F H L B DEB 3.375% 12/08/23 | 108.14 | 10,000,000.0000 | 10,269,043.75 | 10,814,300.00 | 1.32 | 545,256.25 |
| 313385KW5 | F H L B DISC NTS 8/25/21 | 99.99 | 7,525,000.0000 | 7,523,032.66 | 7,524,097.00 | 0.92 | 1,064.34 |
| 3137EAEP0 | F H L M C 1.500% 2/12/25 | 103.34 | 12,335,000.0000 | 12,510,182.05 | 12,746,742.30 | 1.56 | 236,560.25 |
| 3137EAEN5 | F H L M C 2.750% 6/19/23 | 105.61 | 10,000,000.0000 | 9,956,500.00 | 10,560,900.00 | 1.29 | 604,400.00 |

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| CUSIP | Asset Short Name | Price | Shares/Units | Cost Basis | Market Value | Percent of Total | Unrealized Gain/Loss |
|-----------|-------------------------------------|--------|-----------------|---------------|---------------|------------------|----------------------|
| 3137EAEU9 | F H L M C M T N 0.375% 7/21/25 | 98.38 | 5,030,000.0000 | 5,004,950.60 | 4,948,463.70 | 0.61 | (56,486.90) |
| 3137EAEX3 | F H L M C M T N 0.375% 9/23/25 | 98.11 | 7,660,000.0000 | 7,636,943.40 | 7,515,226.00 | 0.92 | (121,717.40) |
| 31348SWZ3 | F H L M C #786064 2.262% 1/01/28 | 100.59 | 1,519.6400 | 1,482.63 | 1,528.59 | 0.00 | 45.96 |
| 3133TCE95 | F H L M C MLTCL MTG 3.870% 8/15/32 | 100.78 | 4,173.0000 | 4,177.38 | 4,205.61 | 0.00 | 28.23 |
| 31394JY35 | F H L M C MLTCL MTG 6.500% 9/25/43 | 115.36 | 544,889.4300 | 617,087.28 | 628,584.45 | 0.08 | 11,497.17 |
| 3135G05G4 | F N M A 0.250% 7/10/23 | 100.07 | 6,775,000.0000 | 6,760,433.75 | 6,779,878.00 | 0.83 | 19,444.25 |
| 3135G05X7 | F N M A 0.375% 8/25/25 | 98.16 | 7,945,000.0000 | 7,907,817.40 | 7,798,653.10 | 0.95 | (109,164.30) |
| 3135G04Z3 | F N M A 0.500% 6/17/25 | 99.00 | 9,905,000.0000 | 9,884,496.65 | 9,806,148.10 | 1.20 | (78,348.55) |
| 3135G06G3 | F N M A 0.500% 11/07/25 | 98.44 | 8,255,000.0000 | 8,225,447.10 | 8,125,809.25 | 0.99 | (99,637.85) |
| 3135G0X24 | F N M A 1.625% 1/07/25 | 103.84 | 10,000,000.0000 | 10,157,936.40 | 10,383,600.00 | 1.27 | 225,663.60 |
| 3135G0T45 | F N M A 1.875% 4/05/22 | 101.77 | 5,000,000.0000 | 4,972,500.00 | 5,088,400.00 | 0.62 | 115,900.00 |
| 3135G0S38 | F N M A 2.000% 1/05/22 | 101.44 | 3,000,000.0000 | 2,994,570.00 | 3,043,080.00 | 0.37 | 48,510.00 |
| 3135G0V34 | F N M A 2.500% 2/05/24 | 106.21 | 5,000,000.0000 | 4,980,850.00 | 5,310,700.00 | 0.65 | 329,850.00 |
| 3135G0U35 | F N M A 2.750% 6/22/21 | 100.61 | 7,500,000.0000 | 7,515,225.00 | 7,545,450.00 | 0.92 | 30,225.00 |
| 31371NUC7 | F N M A #257179 4.500% 4/01/28 | 108.74 | 9,196.4700 | 9,726.17 | 10,000.06 | 0.00 | 273.89 |
| 31376KT22 | F N M A #357969 5.000% 9/01/35 | 116.34 | 74,136.2400 | 79,696.44 | 86,253.07 | 0.01 | 6,556.63 |
| 31403DJZ3 | F N M A #745580 5.000% 6/01/36 | 116.17 | 66,835.0600 | 71,847.68 | 77,638.95 | 0.01 | 5,791.27 |
| 31403GXF4 | F N M A #748678 5.000% 10/01/33 | 111.83 | 1,074.5400 | 1,155.13 | 1,201.60 | 0.00 | 46.47 |
| 31406PQY8 | F N M A #815971 5.000% 3/01/35 | 115.41 | 96,028.4100 | 103,230.55 | 110,828.31 | 0.01 | 7,597.76 |
| 31406XWT5 | F N M A #823358 2.035% 2/01/35 | 105.21 | 71,464.0800 | 70,905.76 | 75,183.79 | 0.01 | 4,278.03 |
| 31407BXH7 | F N M A #826080 5.000% 7/01/35 | 116.26 | 13,252.9600 | 14,246.91 | 15,408.29 | 0.00 | 1,161.38 |
| 31410F4V4 | F N M A #888336 5.000% 7/01/36 | 116.22 | 123,463.7000 | 132,723.48 | 143,483.34 | 0.02 | 10,759.86 |
| 3138EG6F6 | F N M A #AL0869 4.500% 6/01/29 | 108.75 | 6,400.7300 | 6,769.42 | 6,960.86 | 0.00 | 191.44 |
| 31417YAY3 | F N M A #MA0022 4.500% 4/01/29 | 108.78 | 10,709.6900 | 11,326.55 | 11,649.68 | 0.00 | 323.13 |
| 3135G03U5 | F N M A DEB 0.625% 4/22/25 | 99.71 | 14,000,000.0000 | 13,996,711.60 | 13,959,400.00 | 1.71 | (37,311.60) |
| 3135G0T94 | F N M A DEB 2.375% 1/19/23 | 103.98 | 5,000,000.0000 | 4,910,990.00 | 5,198,950.00 | 0.64 | 287,960.00 |
| 31397QRE0 | F N M A GTD REMIC 2.472% 2/25/41 | 101.57 | 124,094.1100 | 124,055.34 | 126,041.15 | 0.02 | 1,985.81 |
| 36225CAZ9 | G N M A I I #080023 2.125% 12/20/26 | 103.82 | 10,875.8000 | 11,055.47 | 11,291.26 | 0.00 | 235.79 |
| 36225CC20 | G N M A I I #080088 2.875% 6/20/27 | 101.78 | 8,639.0400 | 8,828.02 | 8,793.16 | 0.00 | (34.86) |
| 36225CNM4 | G N M A I I #080395 2.875% 4/20/30 | 104.21 | 4,312.2500 | 4,273.14 | 4,493.58 | 0.00 | 220.44 |
| 36225CN28 | G N M A I I #080408 2.875% 5/20/30 | 104.19 | 34,107.2200 | 33,760.81 | 35,536.99 | 0.00 | 1,776.18 |
| 36225DCB8 | G N M A I I #080965 2.250% 7/20/34 | 104.39 | 28,903.8000 | 28,885.74 | 30,173.83 | 0.00 | 1,288.09 |
| 369550BE7 | GENERAL DYNAMICS 3.000% 5/11/21 | 100.28 | 3,160,000.0000 | 3,138,038.00 | 3,168,753.20 | 0.39 | 30,715.20 |
| 43813GAC5 | HONDA AUTO 0.270% 4/21/25 | 99.85 | 1,605,000.0000 | 1,604,970.63 | 1,602,560.40 | 0.20 | (2,410.23) |
| 43813KAC6 | HONDA AUTO 0.370% 10/18/24 | 100.03 | 3,235,000.0000 | 3,234,524.78 | 3,236,099.90 | 0.40 | 1,575.12 |
| 43815NAB0 | HONDA AUTO 1.900% 4/15/22 | 100.17 | 578,046.4900 | 578,006.02 | 579,046.51 | 0.07 | 1,040.49 |
| 43815HAC1 | HONDA AUTO 2.950% 8/22/22 | 100.83 | 1,208,306.6900 | 1,208,140.91 | 1,218,323.55 | 0.15 | 10,182.64 |
| 43814UAG4 | HONDA AUTO 3.010% 5/18/22 | 100.53 | 354,275.1700 | 354,267.45 | 356,135.11 | 0.04 | 1,867.66 |
| 438516CB0 | HONEYWELL 1.350% 6/01/25 | 101.36 | 5,000,000.0000 | 5,119,000.00 | 5,067,750.00 | 0.62 | (51,250.00) |
| 458140BD1 | INTEL CORP 2.875% 5/11/24 | 106.73 | 5,000,000.0000 | 5,025,900.00 | 5,336,300.00 | 0.65 | 310,400.00 |
| 4581X0DN5 | INTER AMER BK M T N 0.625% 7/15/25 | 99.02 | 5,050,000.0000 | 5,071,967.50 | 5,000,257.50 | 0.61 | (71,710.00) |
| 4581X0CZ9 | INTER AMER DEV BK 1.750% 9/14/22 | 102.20 | 6,500,000.0000 | 6,249,655.00 | 6,642,870.00 | 0.81 | 393,215.00 |

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| CUSIP | Asset Short Name | Price | Shares/Units | Cost Basis | Market Value | Percent of Total | Unrealized Gain/Loss |
|-----------|-------------------------------------|--------|-----------------|---------------|---------------|------------------|----------------------|
| 4581X0CW6 | INTER AMER DEV BK 2.125% 1/18/22 | 101.51 | 3,000,000.0000 | 2,996,310.00 | 3,045,300.00 | 0.37 | 48,990.00 |
| 459058FH1 | INTL BK 1.375% 5/24/21 | 100.16 | 1,000,000.0000 | 1,010,570.00 | 1,001,630.00 | 0.12 | (8,940.00) |
| 459058FY4 | INTL BK 2.000% 1/26/22 | 101.48 | 10,000,000.0000 | 10,006,350.00 | 10,148,100.00 | 1.24 | 141,750.00 |
| 459058JL8 | INTL BK M T N 0.500% 10/28/25 | 98.13 | 15,000,000.0000 | 14,964,951.60 | 14,719,650.00 | 1.80 | (245,301.60) |
| 459058JB0 | INTL BK M T N 0.625% 4/22/25 | 99.58 | 6,245,000.0000 | 6,220,831.85 | 6,218,708.55 | 0.76 | (2,123.30) |
| 45950KCJ7 | INTL FINANCE CORP 1.125% 7/20/21 | 100.29 | 2,500,000.0000 | 2,441,600.00 | 2,507,250.00 | 0.31 | 65,650.00 |
| 24422EUM9 | JOHN DEERE MTN 3.650% 10/12/23 | 107.94 | 1,250,000.0000 | 1,250,237.50 | 1,349,212.50 | 0.17 | 98,975.00 |
| 47788UAC6 | JOHN DEERE OWNER 0.360% 9/15/25 | 99.61 | 2,300,000.0000 | 2,299,557.94 | 2,290,961.00 | 0.28 | (8,596.94) |
| 47787NAC3 | JOHN DEERE OWNER 0.510% 11/15/24 | 100.22 | 1,480,000.0000 | 1,479,774.45 | 1,483,285.60 | 0.18 | 3,511.15 |
| 47788EAC2 | JOHN DEERE OWNER 3.080% 11/15/22 | 100.73 | 1,259,424.6400 | 1,259,329.18 | 1,268,656.22 | 0.16 | 9,327.04 |
| 46625HRL6 | JP MORGAN CHASE CO 2.700% 5/18/23 | 104.32 | 5,000,000.0000 | 4,821,910.00 | 5,216,000.00 | 0.64 | 394,090.00 |
| 46647PBH8 | JPMORGAN CHASE CO 2.005% 3/13/26 | 102.80 | 2,500,000.0000 | 2,572,075.00 | 2,569,925.00 | 0.31 | (2,150.00) |
| 46647PAU0 | JPMORGAN CHASE CO 3.797% 7/23/24 | 107.03 | 2,500,000.0000 | 2,632,175.00 | 2,675,675.00 | 0.33 | 43,500.00 |
| 525ESC0Y6 | LEHMAN BRTH HLD ESC | - | 2,000,000.0000 | 1,025,037.05 | - | - | (1,025,037.05) |
| 525ESCIB7 | LEHMAN BRTH MTN ES 0.00001% 1/24/13 | 1.02 | 600,000.0000 | 318,131.38 | 6,120.00 | 0.00 | (312,011.38) |
| 58770FAC6 | MERCEDES BENZ AUTO 1.840% 12/15/22 | 101.07 | 2,050,000.0000 | 2,049,729.81 | 2,071,996.50 | 0.25 | 22,266.69 |
| 58933YAF2 | MERCK CO INC 2.800% 5/18/23 | 105.26 | 2,000,000.0000 | 1,948,640.00 | 2,105,240.00 | 0.26 | 156,600.00 |
| 594918BP8 | MICROSOFT CORP 1.550% 8/08/21 | 100.36 | 3,045,000.0000 | 3,041,385.15 | 3,056,083.80 | 0.37 | 14,698.65 |
| 61747WAL3 | MORGAN STANLEY 5.500% 7/28/21 | 101.64 | 2,800,000.0000 | 3,200,848.00 | 2,846,004.00 | 0.35 | (354,844.00) |
| 55380TMD9 | MUFG BK LTD N Y C D 0.240% 4/21/21 | 100.01 | 2,500,000.0000 | 2,500,000.00 | 2,500,250.00 | 0.31 | 250.00 |
| 65479JAD5 | NISSAN AUTO 1.930% 7/15/24 | 101.81 | 4,185,000.0000 | 4,184,779.03 | 4,260,832.20 | 0.52 | 76,053.17 |
| 65479GAD1 | NISSAN AUTO 3.060% 3/15/23 | 101.16 | 1,690,041.7000 | 1,689,986.95 | 1,709,629.28 | 0.21 | 19,642.33 |
| 68389XBK0 | ORACLE CORP 1.900% 9/15/21 | 100.59 | 3,000,000.0000 | 2,892,240.00 | 3,017,580.00 | 0.37 | 125,340.00 |
| 69353RFB9 | PNC BANK NA MTN 2.625% 2/17/22 | 101.86 | 1,000,000.0000 | 974,940.00 | 1,018,620.00 | 0.12 | 43,680.00 |
| 69353RFL7 | PNC BANK NA MTN 3.500% 6/08/23 | 106.25 | 5,000,000.0000 | 4,993,318.05 | 5,312,700.00 | 0.65 | 319,381.95 |
| 78015K7H1 | ROYAL BANK OF MTN 1.150% 6/10/25 | 99.74 | 2,500,000.0000 | 2,527,720.00 | 2,493,375.00 | 0.31 | (34,345.00) |
| 78013XZU5 | ROYAL BANK OF MTN 2.550% 7/16/24 | 105.45 | 6,500,000.0000 | 6,581,445.00 | 6,854,510.00 | 0.84 | 273,065.00 |
| 78445JAA5 | S L M A 1.73684% 4/25/23 | 100.79 | 10,457.4500 | 10,415.02 | 10,539.85 | 0.00 | 124.83 |
| 808513BN4 | SCHWAB CHARLES 0.750% 3/18/24 | 100.51 | 2,785,000.0000 | 2,783,607.50 | 2,799,231.35 | 0.34 | 15,623.85 |
| 89114QCA4 | TORONTO DOMINION MTN 2.650% 6/12/24 | 106.06 | 3,000,000.0000 | 3,000,570.00 | 3,181,770.00 | 0.39 | 181,200.00 |
| 89114QC48 | TORONTO MTN 3.500% 7/19/23 | 107.07 | 5,000,000.0000 | 5,094,200.00 | 5,353,250.00 | 0.65 | 259,050.00 |
| 89237VAB5 | TOYOTA AUTO RECV 0.440% 10/15/24 | 100.22 | 2,960,000.0000 | 2,959,772.08 | 2,966,452.80 | 0.36 | 6,680.72 |
| 89236TBJ3 | TOYOTA MOTOR MTN 2.750% 5/17/21 | 100.32 | 2,000,000.0000 | 2,025,350.00 | 2,006,340.00 | 0.25 | (19,010.00) |
| 91282WU0 | U S TREASURY I P S 0.125% 7/15/24 | 108.18 | 11,455,600.0000 | 11,310,880.09 | 12,392,668.08 | 1.52 | 1,081,787.99 |
| 91282CBG5 | U S TREASURY NT 0.125% 1/31/23 | 99.94 | 10,000,000.0000 | 9,998,046.88 | 9,994,100.00 | 1.22 | (3,946.88) |
| 91282CBA8 | U S TREASURY NT 0.125% 12/15/23 | 99.54 | 6,500,000.0000 | 6,491,367.19 | 6,470,295.00 | 0.79 | (21,072.19) |
| 91282CAM3 | U S TREASURY NT 0.250% 9/30/25 | 97.49 | 6,500,000.0000 | 6,477,656.25 | 6,336,980.00 | 0.78 | (140,676.25) |
| 91282CBH3 | U S TREASURY NT 0.375% 1/31/26 | 97.47 | 18,000,000.0000 | 17,781,875.00 | 17,544,420.00 | 2.15 | (237,455.00) |
| 91282ZL7 | U S TREASURY NT 0.375% 4/30/25 | 98.71 | 12,000,000.0000 | 11,998,515.63 | 11,844,840.00 | 1.45 | (153,675.63) |
| 91282CBC4 | U S TREASURY NT 0.375% 12/31/25 | 97.61 | 10,000,000.0000 | 9,943,320.32 | 9,761,300.00 | 1.19 | (182,020.32) |
| 91282CBT7 | U S TREASURY NT 0.750% 3/31/26 | 99.09 | 7,000,000.0000 | 6,947,226.56 | 6,936,020.00 | 0.85 | (11,206.56) |
| 91282S27 | U S TREASURY NT 1.125% 6/30/21 | 100.26 | 27,000,000.0000 | 27,141,328.14 | 27,070,740.00 | 3.31 | (70,588.14) |

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| CUSIP | Asset Short Name | | Price | Shares/Units | Cost Basis | Market Value | Percent of Total | Unrealized Gain/Loss |
|---------------------------|--------------------|-----------------|--------|-------------------------|-----------------------|-----------------------|------------------|----------------------|
| 912828S76 | U S TREASURY NT | 1.125% 7/31/21 | 100.35 | 43,000,000.0000 | 43,267,968.77 | 43,151,360.00 | 5.28 | (116,608.77) |
| 912828T34 | U S TREASURY NT | 1.125% 9/30/21 | 100.54 | 7,000,000.0000 | 6,757,914.08 | 7,037,730.00 | 0.86 | 279,815.92 |
| 912828T67 | U S TREASURY NT | 1.250% 10/31/21 | 100.70 | 6,000,000.0000 | 5,813,691.98 | 6,041,700.00 | 0.74 | 228,008.02 |
| 912828YC8 | U S TREASURY NT | 1.500% 8/31/21 | 100.60 | 9,000,000.0000 | 9,084,726.56 | 9,054,180.00 | 1.11 | (30,546.56) |
| 912828YH7 | U S TREASURY NT | 1.500% 9/30/24 | 103.41 | 14,000,000.0000 | 13,859,296.88 | 14,477,960.00 | 1.77 | 618,663.12 |
| 912828R69 | U S TREASURY NT | 1.625% 5/31/23 | 103.07 | 5,000,000.0000 | 4,757,226.56 | 5,153,500.00 | 0.63 | 396,273.44 |
| 9128287A2 | U S TREASURY NT | 1.625% 6/30/21 | 100.39 | 19,000,000.0000 | 19,180,937.51 | 19,073,530.00 | 2.33 | (107,407.51) |
| 912828J76 | U S TREASURY NT | 1.750% 3/31/22 | 101.66 | 5,000,000.0000 | 4,976,383.94 | 5,082,800.00 | 0.62 | 106,416.06 |
| 912828XW5 | U S TREASURY NT | 1.750% 6/30/22 | 102.04 | 5,000,000.0000 | 4,973,454.25 | 5,101,750.00 | 0.62 | 128,295.75 |
| 9128287F1 | U S TREASURY NT | 1.750% 7/31/21 | 100.57 | 2,000,000.0000 | 2,014,531.25 | 2,011,320.00 | 0.25 | (3,211.25) |
| 912828L57 | U S TREASURY NT | 1.750% 9/30/22 | 102.42 | 16,000,000.0000 | 15,829,492.20 | 16,386,880.00 | 2.00 | 557,387.80 |
| 912828U65 | U S TREASURY NT | 1.750% 11/30/21 | 101.13 | 7,000,000.0000 | 6,900,492.20 | 7,078,750.00 | 0.87 | 178,257.80 |
| 912828V72 | U S TREASURY NT | 1.875% 1/31/22 | 101.50 | 3,000,000.0000 | 3,004,814.74 | 3,045,000.00 | 0.37 | 40,185.26 |
| 912828L24 | U S TREASURY NT | 1.875% 8/31/22 | 102.46 | 6,000,000.0000 | 5,987,832.60 | 6,147,660.00 | 0.75 | 159,827.40 |
| 912828XX3 | U S TREASURY NT | 2.000% 6/30/24 | 105.05 | 5,000,000.0000 | 5,028,710.94 | 5,252,350.00 | 0.64 | 223,639.06 |
| 912828M80 | U S TREASURY NT | 2.000% 11/30/22 | 103.08 | 8,000,000.0000 | 7,907,500.00 | 8,246,240.00 | 1.01 | 338,740.00 |
| 912828W48 | U S TREASURY NT | 2.125% 2/29/24 | 105.16 | 10,000,000.0000 | 9,911,718.75 | 10,516,400.00 | 1.29 | 604,681.25 |
| 912828WR7 | U S TREASURY NT | 2.125% 6/30/21 | 100.51 | 8,000,000.0000 | 8,118,398.44 | 8,040,880.00 | 0.98 | (77,518.44) |
| 912828RC6 | U S TREASURY NT | 2.125% 8/15/21 | 100.77 | 5,000,000.0000 | 5,039,453.13 | 5,038,650.00 | 0.62 | (803.13) |
| 912828U57 | U S TREASURY NT | 2.125% 11/30/23 | 104.92 | 15,000,000.0000 | 14,723,632.81 | 15,737,700.00 | 1.93 | 1,014,067.19 |
| 912828J7 | U S TREASURY NT | 2.125% 11/30/24 | 105.67 | 16,500,000.0000 | 16,783,886.72 | 17,435,220.00 | 2.13 | 651,333.28 |
| 912828N30 | U S TREASURY NT | 2.125% 12/31/22 | 103.43 | 5,000,000.0000 | 4,926,562.50 | 5,171,500.00 | 0.63 | 244,937.50 |
| 912828V80 | U S TREASURY NT | 2.250% 1/31/24 | 105.44 | 7,500,000.0000 | 7,491,503.91 | 7,908,075.00 | 0.97 | 416,571.09 |
| 912828WY2 | U S TREASURY NT | 2.250% 7/31/21 | 100.73 | 8,000,000.0000 | 8,144,296.88 | 8,058,720.00 | 0.99 | (85,576.88) |
| 9128284D9 | U S TREASURY NT | 2.500% 3/31/23 | 104.65 | 10,000,000.0000 | 9,887,265.63 | 10,465,200.00 | 1.28 | 577,934.37 |
| 912828WJ5 | U S TREASURY NT | 2.500% 5/15/24 | 106.56 | 7,000,000.0000 | 7,193,046.88 | 7,458,850.00 | 0.91 | 265,803.12 |
| 913366EJ5 | UNIV OF CALIFORNIA | 5.035% 5/15/21 | 100.54 | 400,000.0000 | 400,000.00 | 402,148.00 | 0.05 | 2,148.00 |
| 90331HPL1 | US BANK NA MTN | 2.050% 1/21/25 | 103.68 | 7,270,000.0000 | 7,254,514.90 | 7,537,172.50 | 0.92 | 282,657.60 |
| 90331HNL3 | US BANK NA MTN | 2.850% 1/23/23 | 104.52 | 2,000,000.0000 | 1,992,640.00 | 2,090,320.00 | 0.26 | 97,680.00 |
| 931142EK5 | WALMART INC | 3.400% 6/26/23 | 106.65 | 3,880,000.0000 | 3,878,991.40 | 4,138,175.20 | 0.51 | 259,183.80 |
| Fixed Income Total | | | | 759,522,249.9500 | 759,780,699.07 | 773,468,438.77 | 94.62 | 13,687,739.70 |
| Grand Total | | | | 803,529,164.6000 | 803,778,824.00 | 817,473,383.42 | 100.00 | 13,694,559.42 |

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|---------------------|-----------|---|-----------------|----------|----------------|---------------|-----------|
| ACQUISITIONS | | | | | | | |
| 01/04/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 1,500,000.0000 | 1.000000 | -1,500,000.00 | 1,500,000.00 | 0.00 |
| 01/05/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 495.3400 | 1.000000 | -495.34 | 495.34 | 0.00 |
| 01/05/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 30,308.1500 | 1.000000 | -30,308.15 | 30,308.15 | 0.00 |
| 01/07/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 81,250.0000 | 1.000000 | -81,250.00 | 81,250.00 | 0.00 |
| 01/11/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 8,468.7500 | 1.000000 | -8,468.75 | 8,468.75 | 0.00 |
| 01/14/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 14,576.2500 | 1.000000 | -14,576.25 | 14,576.25 | 0.00 |
| 01/15/2021 | 4581X0DN5 | PURCHASED PAR VALUE OF INTER AMER BK M T N 0.625% 7/15/25 /TD SECURITIES (USA)/5,050,000 PAR VALUE AT 100.435 % | 5,050,000.0000 | 1.004350 | -5,071,967.50 | 5,071,967.50 | 0.00 |
| 01/15/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 7,126.0800 | 1.000000 | -7,126.08 | 7,126.08 | 0.00 |
| 01/19/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 278,739.5700 | 1.000000 | -278,739.57 | 278,739.57 | 0.00 |
| 01/19/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 82,875.0000 | 1.000000 | -82,875.00 | 82,875.00 | 0.00 |
| 01/20/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 12.5000 | 1.000000 | -12.50 | 12.50 | 0.00 |
| 01/20/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 16,828.7400 | 1.000000 | -16,828.74 | 16,828.74 | 0.00 |
| 01/21/2021 | 912796C49 | PURCHASED PAR VALUE OF U S TREASURY BILL 7/22/21 /NOMURA SECURITIES INTERNATIONA/5,000,000 PAR VALUE AT 99.9532362 % | 5,000,000.0000 | 0.999532 | -4,997,661.81 | 4,997,661.81 | 0.00 |
| 01/21/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 208,348.9000 | 1.000000 | -208,348.90 | 208,348.90 | 0.00 |
| 01/21/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 83,843.9600 | 1.000000 | -83,843.96 | 83,843.96 | 0.00 |
| 01/22/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 9,000,000.0000 | 1.000000 | -9,000,000.00 | 9,000,000.00 | 0.00 |
| 01/22/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 39,375.0000 | 1.000000 | -39,375.00 | 39,375.00 | 0.00 |
| 01/25/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 1,750,000.0000 | 1.000000 | -1,750,000.00 | 1,750,000.00 | 0.00 |
| 01/25/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 22,312.5000 | 1.000000 | -22,312.50 | 22,312.50 | 0.00 |
| 01/25/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 2,970,000.0000 | 1.000000 | -2,970,000.00 | 2,970,000.00 | 0.00 |
| 01/25/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 242,912.3600 | 1.000000 | -242,912.36 | 242,912.36 | 0.00 |
| 01/26/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 146,250.0000 | 1.000000 | -146,250.00 | 146,250.00 | 0.00 |
| 01/28/2021 | 459058JL8 | PURCHASED PAR VALUE OF INTL BK M T N 0.500% 10/28/25 /BMO CAPITAL MARKETS CORP/BONDS/3,080,000 PAR VALUE AT 100.064 % | 3,080,000.0000 | 1.000640 | -3,081,971.20 | 3,081,971.20 | 0.00 |
| 01/28/2021 | 912796C56 | PURCHASED PAR VALUE OF U S TREASURY BILL 7/29/21 /WELLS FARGO SECURITIES, LLC/7,000,000 PAR VALUE AT 99.96107229 % | 7,000,000.0000 | 0.999611 | -6,997,275.06 | 6,997,275.06 | 0.00 |
| 01/28/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 51,252,724.9400 | 1.000000 | -51,252,724.94 | 51,252,724.94 | 0.00 |
| 01/28/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 1,029,928.8000 | 1.000000 | -1,029,928.80 | 1,029,928.80 | 0.00 |
| 01/29/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 36,875.0000 | 1.000000 | -36,875.00 | 36,875.00 | 0.00 |
| 02/01/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 331,875.0000 | 1.000000 | -331,875.00 | 331,875.00 | 0.00 |
| 02/01/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 112,500.0000 | 1.000000 | -112,500.00 | 112,500.00 | 0.00 |
| 02/02/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 315.4400 | 1.000000 | -315.44 | 315.44 | 0.00 |
| 02/02/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 209.1200 | 1.000000 | -209.12 | 209.12 | 0.00 |

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| 02/04/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 9,000,000.0000 | 1.000000 | -9,000,000.00 | 9,000,000.00 | 0.00 |
| 02/04/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 15,000,000.0000 | 1.000000 | -15,000,000.00 | 15,000,000.00 | 0.00 |
| 02/05/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 62,500.0000 | 1.000000 | -62,500.00 | 62,500.00 | 0.00 |
| 02/08/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 141,148.7500 | 1.000000 | -141,148.75 | 141,148.75 | 0.00 |
| 02/12/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 92,512.5000 | 1.000000 | -92,512.50 | 92,512.50 | 0.00 |
| 02/16/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 8,913,853.8100 | 1.000000 | -8,913,853.81 | 8,913,853.81 | 0.00 |
| 02/17/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 13,125.0000 | 1.000000 | -13,125.00 | 13,125.00 | 0.00 |
| 02/18/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 5,497,211.8300 | 1.000000 | -5,497,211.83 | 5,497,211.83 | 0.00 |
| 02/19/2021 | 459058JL8 | PURCHASED PAR VALUE OF INTL BK M T N 0.500% 10/28/25 /BMO CAPITAL MARKETS CORP/BONDS/5,000,000 PAR VALUE AT 99.416 % | 5,000,000.0000 | 0.994160 | -4,970,800.00 | 4,970,800.00 | 0.00 |
| 02/19/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 1,500,000.0000 | 1.000000 | -1,500,000.00 | 1,500,000.00 | 0.00 |
| 02/19/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 12,666.6700 | 1.000000 | -12,666.67 | 12,666.67 | 0.00 |
| 02/22/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 210,167.9100 | 1.000000 | -210,167.91 | 210,167.91 | 0.00 |
| 02/24/2021 | 43813GAC5 | PURCHASED PAR VALUE OF HONDA AUTO 0.270% 4/21/25 /J.P. MORGAN SECURITIES LLC/1,605,000 PAR VALUE AT 99.99817009 % | 1,605,000.0000 | 0.999982 | -1,604,970.63 | 1,604,970.63 | 0.00 |
| 02/24/2021 | 78015K7H1 | PURCHASED PAR VALUE OF ROYAL BANK OF MTN 1.150% 6/10/25 /BMO CAPITAL MARKETS CORP/BONDS/1,000,000 PAR VALUE AT 101.224 % | 1,000,000.0000 | 1.012240 | -1,012,240.00 | 1,012,240.00 | 0.00 |
| 02/24/2021 | 91282CBH3 | PURCHASED PAR VALUE OF U S TREASURY NT 0.375% 1/31/26 /J.P. MORGAN SECURITIES LLC/14,000,000 PAR VALUE AT 99.015625 % | 14,000,000.0000 | 0.990156 | -13,862,187.50 | 13,862,187.50 | 0.00 |
| 02/25/2021 | 313385KW5 | PURCHASED PAR VALUE OF F H L B DISC NTS 8/25/21 /UBS SECURITIES LLC/XOTC 7,525,000 PAR VALUE AT 99.973856 % | 7,525,000.0000 | 0.999739 | -7,523,032.66 | 7,523,032.66 | 0.00 |
| 02/25/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 10,000,000.0000 | 1.000000 | -10,000,000.00 | 10,000,000.00 | 0.00 |
| 02/25/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 39,443.9100 | 1.000000 | -39,443.91 | 39,443.91 | 0.00 |
| 02/26/2021 | 912796D55 | PURCHASED PAR VALUE OF U S TREASURY BILL 8/26/21 /NOMURA SECURITIES INTERNATIONAL/4,000,000 PAR VALUE AT 99.97109025 % | 4,000,000.0000 | 0.999711 | -3,998,843.61 | 3,998,843.61 | 0.00 |
| 02/26/2021 | 912796D55 | PURCHASED PAR VALUE OF U S TREASURY BILL 8/26/21 /WELLS FARGO SECURITIES, LLC/9,000,000 PAR VALUE AT 99.97144222 % | 9,000,000.0000 | 0.999714 | -8,997,429.80 | 8,997,429.80 | 0.00 |
| 02/26/2021 | 9128287F1 | PURCHASED PAR VALUE OF U S TREASURY NT 1.750% 7/31/21 /GOLDMAN SACHS & CO. LLC/2,000,000 PAR VALUE AT 100.7265625 % | 2,000,000.0000 | 1.007266 | -2,014,531.25 | 2,014,531.25 | 0.00 |
| 02/26/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 10,068,750.0000 | 1.000000 | -10,068,750.00 | 10,068,750.00 | 0.00 |
| 03/01/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 8,400.0000 | 1.000000 | -8,400.00 | 8,400.00 | 0.00 |
| 03/01/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 1,432,031.2500 | 1.000000 | -1,432,031.25 | 1,432,031.25 | 0.00 |
| 03/01/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 3,198,909.4800 | 1.000000 | -3,198,909.48 | 3,198,909.48 | 0.00 |
| 03/02/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 375.6600 | 1.000000 | -375.66 | 375.66 | 0.00 |
| 03/02/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 3,113,389.9800 | 1.000000 | -3,113,389.98 | 3,113,389.98 | 0.00 |
| 03/02/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 631.9200 | 1.000000 | -631.92 | 631.92 | 0.00 |
| 03/05/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 118,481.2500 | 1.000000 | -118,481.25 | 118,481.25 | 0.00 |

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| 03/08/2021 | 06051GHY8 | PURCHASED PAR VALUE OF BANK OF AMERICAN MTN 2.015% 2/13/26 /BOFA SECURITIES, INC./FXD INC/2,500,000 PAR VALUE AT 103.338 % | 2,500,000.0000 | 1.033380 | -2,583,450.00 | 2,583,450.00 | 0.00 |
| 03/10/2021 | 47788UAC6 | PURCHASED PAR VALUE OF JOHN DEERE OWNER 0.360% 9/15/25 /CITIGROUP GLOBAL MARKETS INC./2,300,000 PAR VALUE AT 99.98078 % | 2,300,000.0000 | 0.999808 | -2,299,557.94 | 2,299,557.94 | 0.00 |
| 03/15/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 2,466,292.7700 | 1.000000 | -2,466,292.77 | 2,466,292.77 | 0.00 |
| 03/15/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 3,571,842.9700 | 1.000000 | -3,571,842.97 | 3,571,842.97 | 0.00 |
| 03/16/2021 | 46647PBH8 | PURCHASED PAR VALUE OF JPMORGAN CHASE CO 2.005% 3/13/26 /MITSUBISHI UFJ SECURITIES USA/2,500,000 PAR VALUE AT 102.883 % | 2,500,000.0000 | 1.028830 | -2,572,075.00 | 2,572,075.00 | 0.00 |
| 03/18/2021 | 808513BN4 | PURCHASED PAR VALUE OF SCHWAB CHARLES 0.750% 3/18/24 /CREDIT SUISSE SECURITIES (USA)/2,785,000 PAR VALUE AT 99.95 % | 2,785,000.0000 | 0.999500 | -2,783,607.50 | 2,783,607.50 | 0.00 |
| 03/19/2021 | 89236TBJ3 | PURCHASED PAR VALUE OF TOYOTA MOTOR MTN 2.750% 5/17/21 /MARKETAXESS CORP/500,000 PAR VALUE AT 100.411 % | 500,000.0000 | 1.004110 | -502,055.00 | 502,055.00 | 0.00 |
| 03/22/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 1,815.0700 | 1.000000 | -1,815.07 | 1,815.07 | 0.00 |
| 03/22/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 178,959.0700 | 1.000000 | -178,959.07 | 178,959.07 | 0.00 |
| 03/23/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 14,202.9200 | 1.000000 | -14,202.92 | 14,202.92 | 0.00 |
| 03/25/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 23,476.8200 | 1.000000 | -23,476.82 | 23,476.82 | 0.00 |
| 03/26/2021 | 91282CBH3 | PURCHASED PAR VALUE OF U S TREASURY NT 0.375% 1/31/26 /J.P. MORGAN SECURITIES LLC/4,000,000 PAR VALUE AT 97.9921875 % | 4,000,000.0000 | 0.979922 | -3,919,687.50 | 3,919,687.50 | 0.00 |
| 03/26/2021 | 91282CBC4 | PURCHASED PAR VALUE OF U S TREASURY NT 0.375% 12/31/25 /CITIGROUP GLOBAL MARKETS INC./3,000,000 PAR VALUE AT 98.12890633 % | 3,000,000.0000 | 0.981289 | -2,943,867.19 | 2,943,867.19 | 0.00 |
| 03/29/2021 | 31846V567 | PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z | 5,982,974.9600 | 1.000000 | -5,982,974.96 | 5,982,974.96 | 0.00 |
| 03/30/2021 | 91282CBG5 | PURCHASED PAR VALUE OF U S TREASURY NT 0.125% 1/31/23 /J.P. MORGAN SECURITIES LLC/10,000,000 PAR VALUE AT 99.9804688 % | 10,000,000.0000 | 0.999805 | -9,998,046.88 | 9,998,046.88 | 0.00 |
| 03/31/2021 | 91282CBT7 | PURCHASED PAR VALUE OF U S TREASURY NT 0.750% 3/31/26 /GOLDMAN SACHS & CO. LLC/7,000,000 PAR VALUE AT 99.24609371 % | 7,000,000.0000 | 0.992461 | -6,947,226.56 | 6,947,226.56 | 0.00 |
| 03/31/2021 | 912828RC6 | PURCHASED PAR VALUE OF U S TREASURY NT 2.125% 8/15/21 /J.P. MORGAN SECURITIES LLC/5,000,000 PAR VALUE AT 100.7890626 % | 5,000,000.0000 | 1.007891 | -5,039,453.13 | 5,039,453.13 | 0.00 |
| TOTAL ACQUISITIONS | | | 253,756,315.9000 | | -253,633,253.62 | 253,633,253.62 | 0.00 |
| DISPOSITIONS | | | | | | | |
| 01/04/2021 | 313385AD8 | MATURED PAR VALUE OF F H L B DISC NTS 1/04/21 1,500,000 PAR VALUE AT 100 % | -1,500,000.0000 | 1.000000 | 1,498,340.00 | -1,498,340.00 | 0.00 |
| 01/15/2021 | 31348SWZ3 | PAID DOWN PAR VALUE OF F H L M C #786064 3.845% 1/01/28 DECEMBER FHLMC DUE 1/15/21 | -19.3800 | 0.000000 | 19.38 | -18.91 | 0.47 |
| 01/15/2021 | 3133TCE95 | PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 3.929% 8/15/32 | -113.3500 | 0.000000 | 113.35 | -113.47 | -0.12 |
| 01/15/2021 | 43815NAB0 | PAID DOWN PAR VALUE OF HONDA AUTO 1.900% 4/15/22 | -263,650.9300 | 0.000000 | 263,650.93 | -263,632.48 | 18.45 |
| 01/15/2021 | 477870AB5 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 2.280% 5/16/22 | -226,449.3800 | 0.000000 | 226,449.38 | -226,448.52 | 0.86 |
| 01/15/2021 | 47788CAC6 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 2.660% 4/18/22 | -64,719.7100 | 0.000000 | 64,719.71 | -64,715.06 | 4.65 |

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| 01/15/2021 | 47788EAC2 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 3.080% 11/15/22 | -260,804.5200 | 0.000000 | 260,804.52 | -260,784.75 | 19.77 |
| 01/15/2021 | 65479GAD1 | PAID DOWN PAR VALUE OF NISSAN AUTO 3.060% 3/15/23 | -191,519.2100 | 0.000000 | 191,519.21 | -191,513.01 | 6.20 |
| 01/15/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -4,038,177.7600 | 1.000000 | 4,038,177.76 | -4,038,177.76 | 0.00 |
| 01/19/2021 | 43814UAG4 | PAID DOWN PAR VALUE OF HONDA AUTO 3.010% 5/18/22 | -97,409.3500 | 0.000000 | 97,409.35 | -97,407.23 | 2.12 |
| 01/20/2021 | 36225CAZ9 | PAID DOWN PAR VALUE OF G N M A I I #080023 3.125% 12/20/26 DECEMBER DUE 1/20/21 GNMA | -173.3000 | 0.000000 | 173.30 | -176.16 | -2.86 |
| 01/20/2021 | 36225CC20 | PAID DOWN PAR VALUE OF G N M A I I #080088 2.875% 6/20/27 DECEMBER DUE 1/20/21 GNMA | -117.7800 | 0.000000 | 117.78 | -120.36 | -2.58 |
| 01/20/2021 | 36225CNM4 | PAID DOWN PAR VALUE OF G N M A I I #080395 2.875% 4/20/30 DECEMBER DUE 1/20/21 GNMA | -103.5100 | 0.000000 | 103.51 | -102.57 | 0.94 |
| 01/20/2021 | 36225CN28 | PAID DOWN PAR VALUE OF G N M A I I #080408 2.875% 5/20/30 DECEMBER DUE 1/20/21 GNMA | -1,140.9100 | 0.000000 | 1,140.91 | -1,129.32 | 11.59 |
| 01/20/2021 | 36225DCB8 | PAID DOWN PAR VALUE OF G N M A I I #080965 2.250% 7/20/34 DECEMBER DUE 1/20/21 GNMA | -1,022.3600 | 0.000000 | 1,022.36 | -1,021.72 | 0.64 |
| 01/21/2021 | 43815HAC1 | PAID DOWN PAR VALUE OF HONDA AUTO 2.950% 8/22/22 | -203,944.4200 | 0.000000 | 203,944.42 | -203,916.44 | 27.98 |
| 01/21/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -4,997,661.8100 | 1.000000 | 4,997,661.81 | -4,997,661.81 | 0.00 |
| 01/22/2021 | 313385AX4 | MATURED PAR VALUE OF F H L B DISC NTS 1/22/21 9,000,000 PAR VALUE AT 100 % | -9,000,000.0000 | 1.000000 | 8,999,543.75 | -8,999,543.75 | 0.00 |
| 01/25/2021 | 45950KCM0 | MATURED PAR VALUE OF INTL BK M T N 2.250% 1/25/21 2,970,000 PAR VALUE AT 100 % | -2,970,000.0000 | 1.000000 | 2,970,000.00 | -2,961,268.20 | 8,731.80 |
| 01/25/2021 | 89114QBX5 | MATURED PAR VALUE OF TORONTO DOMINION MTN 2.550% 1/25/21 1,750,000 PAR VALUE AT 100 % | -1,750,000.0000 | 1.000000 | 1,750,000.00 | -1,774,762.50 | -24,762.50 |
| 01/25/2021 | 31394JY35 | PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 6.500% 9/25/43 | -2,681.4400 | 0.000000 | 2,681.44 | -3,036.73 | -355.29 |
| 01/25/2021 | 31371NUC7 | PAID DOWN PAR VALUE OF F N M A #257179 4.500% 4/01/28 DECEMBER DUE 1/25/21 FNMA | -132.6900 | 0.000000 | 132.69 | -140.33 | -7.64 |
| 01/25/2021 | 31376KT22 | PAID DOWN PAR VALUE OF F N M A #357969 5.000% 9/01/35 DECEMBER DUE 1/25/21 FNMA | -2,282.6100 | 0.000000 | 2,282.61 | -2,453.81 | -171.20 |
| 01/25/2021 | 31403DJZ3 | PAID DOWN PAR VALUE OF F N M A #745580 5.000% 6/01/36 DECEMBER DUE 1/25/21 FNMA | -1,393.8600 | 0.000000 | 1,393.86 | -1,498.40 | -104.54 |
| 01/25/2021 | 31403GXF4 | PAID DOWN PAR VALUE OF F N M A #748678 5.000% 10/01/33 DECEMBER DUE 1/25/21 FNMA | -6.1100 | 0.000000 | 6.11 | -6.57 | -0.46 |
| 01/25/2021 | 31406PQY8 | PAID DOWN PAR VALUE OF F N M A #815971 5.000% 3/01/35 DECEMBER DUE 1/25/21 FNMA | -5,474.3500 | 0.000000 | 5,474.35 | -5,884.93 | -410.58 |
| 01/25/2021 | 31406XWT5 | PAID DOWN PAR VALUE OF F N M A #823358 2.937% 2/01/35 DECEMBER DUE 1/25/21 FNMA | -18,602.7600 | 0.000000 | 18,602.76 | -18,457.43 | 145.33 |
| 01/25/2021 | 31407BXH7 | PAID DOWN PAR VALUE OF F N M A #826080 5.000% 7/01/35 DECEMBER DUE 1/25/21 FNMA | -313.2900 | 0.000000 | 313.29 | -336.79 | -23.50 |
| 01/25/2021 | 31410F4V4 | PAID DOWN PAR VALUE OF F N M A #888336 5.000% 7/01/36 DECEMBER DUE 1/25/21 FNMA | -1,698.7500 | 0.000000 | 1,698.75 | -1,826.16 | -127.41 |

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|------------|-----------|---|------------------|----------|---------------|----------------|------------|
| 01/25/2021 | 3138EG6F6 | PAID DOWN PAR VALUE OF F N M A #AL0869 4.500% 6/01/29 DECEMBER FNMA DUE 1/25/21 | -172.9100 | 0.000000 | 172.91 | -182.87 | -9.96 |
| 01/25/2021 | 31417YAY3 | PAID DOWN PAR VALUE OF F N M A #MA0022 4.500% 4/01/29 DECEMBER FNMA DUE 1/25/21 | -381.1400 | 0.000000 | 381.14 | -403.09 | -21.95 |
| 01/25/2021 | 31397QRE0 | PAID DOWN PAR VALUE OF F N M A GTD REMIC 2.472% 2/25/41 | -5,318.3400 | 0.000000 | 5,318.34 | -5,316.68 | 1.66 |
| 01/25/2021 | 78445JAA5 | PAID DOWN PAR VALUE OF S L M A 1.7338% 4/25/23 | -358.5800 | 0.000000 | 358.58 | -357.12 | 1.46 |
| 01/28/2021 | 037833BS8 | FULL CALL PAR VALUE OF APPLE INC 2.250% 2/23/21 /CALLS/ | -4,000,000.0000 | 1.000000 | 4,000,000.00 | -4,050,840.00 | -50,840.00 |
| 01/28/2021 | 912796UC1 | MATURED PAR VALUE OF U S TREASURY BILL 1/28/21 58,250,000 PAR VALUE AT 100 % | -58,250,000.0000 | 1.000000 | 58,193,363.48 | -58,193,363.48 | 0.00 |
| 01/28/2021 | 459058JL8 | PAID ACCRUED INTEREST ON PURCHASE OF INTL BK M T N 0.500% 10/28/25 | 0.0000 | 0.000000 | -3,850.00 | 0.00 | 0.00 |
| 01/29/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -60,000,000.0000 | 1.000000 | 60,000,000.00 | -60,000,000.00 | 0.00 |
| 02/04/2021 | 313385BL9 | MATURED PAR VALUE OF F H L B DISC NTS 2/04/21 9,000,000 PAR VALUE AT 100 % | -9,000,000.0000 | 1.000000 | 8,999,213.75 | -8,999,213.75 | 0.00 |
| 02/04/2021 | 9127963W7 | MATURED PAR VALUE OF U S TREASURY BILL 2/04/21 15,000,000 PAR VALUE AT 100 % | -15,000,000.0000 | 1.000000 | 14,998,725.00 | -14,998,725.00 | 0.00 |
| 02/16/2021 | 3137EAEL9 | MATURED PAR VALUE OF F H L M C M T N 2.375% 2/16/21 7,500,000 PAR VALUE AT 100 % | -7,500,000.0000 | 1.000000 | 7,500,000.00 | -7,484,475.00 | 15,525.00 |
| 02/16/2021 | 31348SWZ3 | PAID DOWN PAR VALUE OF F H L M C #786064 2.752% 1/01/28 JANUARY FHLMC DUE 2/15/21 | -28.2600 | 0.000000 | 28.26 | -27.57 | 0.69 |
| 02/16/2021 | 3133TCE95 | PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 3.903% 8/15/32 | -108.7000 | 0.000000 | 108.70 | -108.81 | -0.11 |
| 02/16/2021 | 43815NAB0 | PAID DOWN PAR VALUE OF HONDA AUTO 1.900% 4/15/22 | -266,494.1000 | 0.690134 | 266,494.10 | -266,475.45 | 18.65 |
| 02/16/2021 | 477870AB5 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 2.280% 5/16/22 | -381,821.5000 | 0.481682 | 381,821.50 | -381,820.05 | 1.45 |
| 02/16/2021 | 47788CAC6 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 2.660% 4/18/22 | -67,488.3900 | 2.725159 | 67,488.39 | -67,483.54 | 4.85 |
| 02/16/2021 | 47788EAC2 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 3.080% 11/15/22 | -400,302.7200 | 0.459444 | 400,302.72 | -400,272.38 | 30.34 |
| 02/16/2021 | 65479GAD1 | PAID DOWN PAR VALUE OF NISSAN AUTO 3.060% 3/15/23 | -184,185.2500 | 0.998542 | 184,185.25 | -184,179.28 | 5.97 |
| 02/18/2021 | 3130A7CV5 | MATURED PAR VALUE OF F H L B DEB 1.375% 2/18/21 5,365,000 PAR VALUE AT 100 % | -5,365,000.0000 | 1.000000 | 5,365,000.00 | -5,343,325.40 | 21,674.60 |
| 02/18/2021 | 43814UAG4 | PAID DOWN PAR VALUE OF HONDA AUTO 3.010% 5/18/22 | -92,991.5600 | 0.000000 | 92,991.56 | -92,989.53 | 2.03 |
| 02/19/2021 | 78012UVJ1 | MATURED PAR VALUE OF ROYAL BK OF C D 1.000% 2/19/21 1,500,000 PAR VALUE AT 100 % | -1,500,000.0000 | 1.000000 | 1,500,000.00 | -1,500,000.00 | 0.00 |
| 02/19/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -4,978,508.3300 | 1.000000 | 4,978,508.33 | -4,978,508.33 | 0.00 |
| 02/22/2021 | 36225CAZ9 | PAID DOWN PAR VALUE OF G N M A I I #080023 2.125% 12/20/26 JANUARY GNMA DUE 2/20/21 | -188.8000 | 0.000000 | 188.80 | -191.92 | -3.12 |
| 02/22/2021 | 36225CC20 | PAID DOWN PAR VALUE OF G N M A I I #080088 2.875% 6/20/27 JANUARY GNMA DUE 2/20/21 | -117.7800 | 0.000000 | 117.78 | -120.36 | -2.58 |
| 02/22/2021 | 36225CNM4 | PAID DOWN PAR VALUE OF G N M A I I #080395 2.875% 4/20/30 JANUARY GNMA DUE 2/20/21 | -108.0500 | 0.000000 | 108.05 | -107.07 | 0.98 |

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| 02/22/2021 | 36225CN28 | PAID DOWN PAR VALUE OF G N M A I I #080408 2.875% 5/20/30 JANUARY GNMA DUE 2/20/21 | -282.0300 | 0.000000 | 282.03 | -279.17 | 2.86 |
| 02/22/2021 | 36225DCB8 | PAID DOWN PAR VALUE OF G N M A I I #080965 2.250% 7/20/34 JANUARY GNMA DUE 2/20/21 | -1,207.3600 | 0.000000 | 1,207.36 | -1,206.61 | 0.75 |
| 02/22/2021 | 43815HAC1 | PAID DOWN PAR VALUE OF HONDA AUTO 2.950% 8/22/22 | -204,167.4100 | 0.000000 | 204,167.41 | -204,139.40 | 28.01 |
| 02/24/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -13,865,668.1600 | 1.000000 | 13,865,668.16 | -13,865,668.16 | 0.00 |
| 02/24/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -2,619,574.5200 | 1.000000 | 2,619,574.52 | -2,619,574.52 | 0.00 |
| 02/25/2021 | 912796XE4 | MATURED PAR VALUE OF U S TREASURY BILL 2/25/21 10,000,000 PAR VALUE AT 100 % | -10,000,000.0000 | 1.000000 | 9,991,378.33 | -9,991,378.33 | 0.00 |
| 02/25/2021 | 31394JY35 | PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 6.500% 9/25/43 | -7,224.9900 | 0.000000 | 7,224.99 | -8,182.30 | -957.31 |
| 02/25/2021 | 31371NUC7 | PAID DOWN PAR VALUE OF F N M A #257179 4.500% 4/01/28 JANUARY FNMA DUE 2/25/21 | -1,263.9800 | 0.000000 | 1,263.98 | -1,336.78 | -72.80 |
| 02/25/2021 | 31376KT22 | PAID DOWN PAR VALUE OF F N M A #357969 5.000% 9/01/35 JANUARY FNMA DUE 2/25/21 | -800.3300 | 0.000000 | 800.33 | -860.35 | -60.02 |
| 02/25/2021 | 31403DJZ3 | PAID DOWN PAR VALUE OF F N M A #745580 5.000% 6/01/36 JANUARY FNMA DUE 2/25/21 | -1,274.9000 | 0.000000 | 1,274.90 | -1,370.52 | -95.62 |
| 02/25/2021 | 31403GXF4 | PAID DOWN PAR VALUE OF F N M A #748678 5.000% 10/01/33 JANUARY FNMA DUE 2/25/21 | -232.3600 | 0.000000 | 232.36 | -249.79 | -17.43 |
| 02/25/2021 | 31406PQY8 | PAID DOWN PAR VALUE OF F N M A #815971 5.000% 3/01/35 JANUARY FNMA DUE 2/25/21 | -2,042.3600 | 0.000000 | 2,042.36 | -2,195.54 | -153.18 |
| 02/25/2021 | 31406XWT5 | PAID DOWN PAR VALUE OF F N M A #823358 2.035% 2/01/35 JANUARY FNMA DUE 2/25/21 | -420.4000 | 0.000000 | 420.40 | -417.12 | 3.28 |
| 02/25/2021 | 31407BXH7 | PAID DOWN PAR VALUE OF F N M A #826080 5.000% 7/01/35 JANUARY FNMA DUE 2/25/21 | -67.6100 | 0.000000 | 67.61 | -72.68 | -5.07 |
| 02/25/2021 | 31410F4V4 | PAID DOWN PAR VALUE OF F N M A #888336 5.000% 7/01/36 JANUARY FNMA DUE 2/25/21 | -2,899.4400 | 0.000000 | 2,899.44 | -3,116.90 | -217.46 |
| 02/25/2021 | 3138EG6F6 | PAID DOWN PAR VALUE OF F N M A #AL0869 4.500% 6/01/29 JANUARY FNMA DUE 2/25/21 | -187.0400 | 0.000000 | 187.04 | -197.81 | -10.77 |
| 02/25/2021 | 31417YAY3 | PAID DOWN PAR VALUE OF F N M A #MA0022 4.500% 4/01/29 JANUARY FNMA DUE 2/25/21 | -263.1300 | 0.000000 | 263.13 | -278.29 | -15.16 |
| 02/25/2021 | 31397QRE0 | PAID DOWN PAR VALUE OF F N M A GTD REMIC 2.472% 2/25/41 | -3,034.6400 | 0.000000 | 3,034.64 | -3,033.69 | 0.95 |
| 02/25/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -7,523,032.6600 | 1.000000 | 7,523,032.66 | -7,523,032.66 | 0.00 |
| 02/26/2021 | 3135G0J20 | MATURED PAR VALUE OF F N M A DEB 1.375% 2/26/21 10,000,000 PAR VALUE AT 100 % | -10,000,000.0000 | 1.000000 | 10,000,000.00 | -10,040,950.00 | -40,950.00 |
| 02/26/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -15,013,318.4700 | 1.000000 | 15,013,318.47 | -15,013,318.47 | 0.00 |
| 03/01/2021 | 30231GAV4 | MATURED PAR VALUE OF EXXON MOBIL 2.222% 3/01/21 3,000,000 PAR VALUE AT 100 % | -3,000,000.0000 | 1.000000 | 3,000,000.00 | -3,016,097.40 | -16,097.40 |
| 03/01/2021 | 494368BF9 | MATURED PAR VALUE OF KIMBERLY CLARK CORP 3.875% 3/01/21 750,000 PAR VALUE AT 100 % | -750,000.0000 | 1.000000 | 750,000.00 | -768,877.50 | -18,877.50 |

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| 03/01/2021 | 69371RN93 | MATURED PAR VALUE OF PACCAR FINANCIAL MTN 2.800% 3/01/21 600,000 PAR VALUE AT 100 % | -600,000.0000 | 1.000000 | 600,000.00 | -607,086.00 | -7,086.00 |
| 03/01/2021 | 83162CLJ0 | MATURED PAR VALUE OF S B A GTD DEV PART 6.340% 3/01/21 2,984.86 PAR VALUE AT 100 % | -2,984.8600 | 1.000000 | 2,984.86 | -2,984.86 | 0.00 |
| 03/02/2021 | 95000U2B8 | PURCHASE OFFER PAR VALUE OF WELLS FARGO MTN 2.625% 7/22/22 /TENDER/PURCHASE OFFER/ | -3,000,000.0000 | 1.034880 | 3,104,640.00 | -2,954,520.00 | 150,120.00 |
| 03/08/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -2,418,198.2600 | 1.000000 | 2,418,198.26 | -2,418,198.26 | 0.00 |
| 03/10/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -2,299,557.9400 | 1.000000 | 2,299,557.94 | -2,299,557.94 | 0.00 |
| 03/15/2021 | 4581X0CS5 | MATURED PAR VALUE OF INTER AMER BK M T N 1.875% 3/15/21 1,500,000 PAR VALUE AT 100 % | -1,500,000.0000 | 1.000000 | 1,500,000.00 | -1,469,205.00 | 30,795.00 |
| 03/15/2021 | 4581X0CS5 | MATURED PAR VALUE OF INTER AMER BK M T N 1.875% 3/15/21 3,500,000 PAR VALUE AT 100 % | -3,500,000.0000 | 1.000000 | 3,500,000.00 | -3,590,405.00 | -90,405.00 |
| 03/15/2021 | 31348SWZ3 | PAID DOWN PAR VALUE OF F H L M C #786064 2.262% 1/01/28 FEBRUARY FHLMC DUE 3/15/21 | -11.9900 | 0.000000 | 11.99 | -11.70 | 0.29 |
| 03/15/2021 | 3133TCE95 | PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 3.873% 8/15/32 | -78.6500 | 0.000000 | 78.65 | -78.73 | -0.08 |
| 03/15/2021 | 43815NAB0 | PAID DOWN PAR VALUE OF HONDA AUTO 1.900% 4/15/22 | -239,156.8600 | 0.000000 | 239,156.86 | -239,140.12 | 16.74 |
| 03/15/2021 | 477870AB5 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 2.280% 5/16/22 CMO FINAL PAYDOWN | -38,251.5000 | 0.000000 | 38,251.50 | -38,251.35 | 0.15 |
| 03/15/2021 | 47788CAC6 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 2.660% 4/18/22 CMO FINAL PAYDOWN | -33,591.4700 | 0.000000 | 33,591.47 | -33,589.05 | 2.42 |
| 03/15/2021 | 47788EAC2 | PAID DOWN PAR VALUE OF JOHN DEERE OWNER 3.080% 11/15/22 | -225,337.9300 | 0.000000 | 225,337.93 | -225,320.85 | 17.08 |
| 03/15/2021 | 65479GAD1 | PAID DOWN PAR VALUE OF NISSAN AUTO 3.060% 3/15/23 | -157,030.8500 | 0.000000 | 157,030.85 | -157,025.76 | 5.09 |
| 03/16/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -2,572,492.7100 | 1.000000 | 2,572,492.71 | -2,572,492.71 | 0.00 |
| 03/18/2021 | 43814UAG4 | PAID DOWN PAR VALUE OF HONDA AUTO 3.010% 5/18/22 | -86,326.2400 | 0.000000 | 86,326.24 | -86,324.36 | 1.88 |
| 03/18/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -2,677,678.6300 | 1.000000 | 2,677,678.63 | -2,677,678.63 | 0.00 |
| 03/19/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | -506,714.7200 | 1.000000 | 506,714.72 | -506,714.72 | 0.00 |
| 03/22/2021 | 36225CAZ9 | PAID DOWN PAR VALUE OF G N M A I I #080023 2.125% 12/20/26 FEBRUARY GNMA DUE 3/20/21 | -171.6500 | 0.000000 | 171.65 | -174.49 | -2.84 |
| 03/22/2021 | 36225CC20 | PAID DOWN PAR VALUE OF G N M A I I #080088 2.875% 6/20/27 FEBRUARY GNMA DUE 3/20/21 | -118.1500 | 0.000000 | 118.15 | -120.73 | -2.58 |
| 03/22/2021 | 36225CNM4 | PAID DOWN PAR VALUE OF G N M A I I #080395 2.875% 4/20/30 FEBRUARY GNMA DUE 3/20/21 | -250.2400 | 0.000000 | 250.24 | -247.97 | 2.27 |
| 03/22/2021 | 36225CN28 | PAID DOWN PAR VALUE OF G N M A I I #080408 2.875% 5/20/30 FEBRUARY GNMA DUE 3/20/21 | -277.1300 | 0.000000 | 277.13 | -274.32 | 2.81 |
| 03/22/2021 | 36225DCB8 | PAID DOWN PAR VALUE OF G N M A I I #080965 2.250% 7/20/34 FEBRUARY GNMA DUE 3/20/21 | -808.3400 | 0.000000 | 808.34 | -807.84 | 0.50 |
| 03/22/2021 | 43815HAC1 | PAID DOWN PAR VALUE OF HONDA AUTO 2.950% 8/22/22 | -175,232.8600 | 0.000000 | 175,232.86 | -175,208.82 | 24.04 |
| 03/25/2021 | 31394JY35 | PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 6.500% 9/25/43 | -6,338.0900 | 0.000000 | 6,338.09 | -7,177.89 | -839.80 |

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| 03/25/2021 | 31371NUC7 | PAID DOWN PAR VALUE OF F N M A #257179 DUE 3/25/21 | 4.500% 4/01/28 FEBRUARY FNMA | -112.0700 | 0.000000 | 112.07 | -118.53 -6.46 |
| 03/25/2021 | 31376KT22 | PAID DOWN PAR VALUE OF F N M A #357969 DUE 3/25/21 | 5.000% 9/01/35 FEBRUARY FNMA | -1,403.2100 | 0.000000 | 1,403.21 | -1,508.45 -105.24 |
| 03/25/2021 | 31403DJZ3 | PAID DOWN PAR VALUE OF F N M A #745580 DUE 3/25/21 | 5.000% 6/01/36 FEBRUARY FNMA | -1,218.9900 | 0.000000 | 1,218.99 | -1,310.41 -91.42 |
| 03/25/2021 | 31403GXF4 | PAID DOWN PAR VALUE OF F N M A #748678 DUE 3/25/21 | 5.000% 10/01/33 FEBRUARY FNMA | -5.1000 | 0.000000 | 5.10 | -5.48 -0.38 |
| 03/25/2021 | 31406PQY8 | PAID DOWN PAR VALUE OF F N M A #815971 DUE 3/25/21 | 5.000% 3/01/35 FEBRUARY FNMA | -1,881.5400 | 0.000000 | 1,881.54 | -2,022.66 -141.12 |
| 03/25/2021 | 31406XWT5 | PAID DOWN PAR VALUE OF F N M A #823358 DUE 3/25/21 | 2.035% 2/01/35 FEBRUARY FNMA | -616.2800 | 0.000000 | 616.28 | -611.47 4.81 |
| 03/25/2021 | 31407BXH7 | PAID DOWN PAR VALUE OF F N M A #826080 DUE 3/25/21 | 5.000% 7/01/35 FEBRUARY FNMA | -171.7100 | 0.000000 | 171.71 | -184.59 -12.88 |
| 03/25/2021 | 31410F4V4 | PAID DOWN PAR VALUE OF F N M A #888336 DUE 3/25/21 | 5.000% 7/01/36 FEBRUARY FNMA | -2,731.6300 | 0.000000 | 2,731.63 | -2,936.50 -204.87 |
| 03/25/2021 | 3138EG6F6 | PAID DOWN PAR VALUE OF F N M A #AL0869 DUE 3/25/21 | 4.500% 6/01/29 FEBRUARY FNMA | -193.4700 | 0.000000 | 193.47 | -204.61 -11.14 |
| 03/25/2021 | 31417YAY3 | PAID DOWN PAR VALUE OF F N M A #MA0022 DUE 3/25/21 | 4.500% 4/01/29 FEBRUARY FNMA | -220.1600 | 0.000000 | 220.16 | -232.84 -12.68 |
| 03/25/2021 | 31397QRE0 | PAID DOWN PAR VALUE OF F N M A GTD REMIC 2.472% 2/25/41 | | -3,526.1300 | 0.000000 | 3,526.13 | -3,525.03 1.10 |
| 03/26/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | | -6,868,433.8300 | 1.000000 | 6,868,433.83 | -6,868,433.83 0.00 |
| 03/29/2021 | 44932HAH6 | FULL CALL -105.1031739 PAR VALUE OF IBM CREDIT CORP 3.000% 2/06/23 /CALLS/ | | -5,670,000.0000 | 1.051032 | 5,959,349.96 | -5,603,264.40 356,085.56 |
| 03/30/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | | -10,000,049.6400 | 1.000000 | 10,000,049.64 | -10,000,049.64 0.00 |
| 03/31/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | | -5,052,367.4900 | 1.000000 | 5,052,367.49 | -5,052,367.49 0.00 |
| 03/31/2021 | 31846V567 | SOLD UNITS OF FIRST AM GOVT OB FD CL Z | | -6,485,976.5600 | 1.000000 | 6,485,976.56 | -6,485,976.56 0.00 |
| TOTAL DISPOSITIONS | | | | -309,719,666.6200 | | 310,040,370.89 | -309,714,165.43 330,055.46 |

OTHER TRANSACTIONS

| | | | | | | | |
|------------|-----------|---|--|--------|----------|-----------|-----------|
| 01/04/2021 | 313385AD8 | INTEREST EARNED ON F H L B DISC NTS SHARES DUE 1/4/2021 1,500,000 PAR VALUE AT 100 % | 1/04/21 \$1 PV ON 1500000.0000 | 0.0000 | 0.000000 | 1,660.00 | 0.00 0.00 |
| 01/04/2021 | 31846V567 | INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 12/31/2020 INTEREST FROM 12/1/20 TO 12/31/20 | | 0.0000 | 0.000000 | 495.34 | 0.00 0.00 |
| 01/04/2021 | 31846V567 | INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 12/31/2020 INTEREST FROM 12/1/20 TO 12/31/20 | | 0.0000 | 0.000000 | 308.15 | 0.00 0.00 |
| 01/05/2021 | 3135G0S38 | INTEREST EARNED ON F N M A SHARES DUE 1/5/2021 | 2.000% 1/05/22 \$1 PV ON 3000000.0000 | 0.0000 | 0.000000 | 30,000.00 | 0.00 0.00 |
| 01/07/2021 | 3135G0X24 | INTEREST EARNED ON F N M A SHARES DUE 1/7/2021 | 1.625% 1/07/25 \$1 PV ON 10000000.0000 | 0.0000 | 0.000000 | 81,250.00 | 0.00 0.00 |

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| Entry Date | CUSIP Id | Explanation | Units | Price | Net Cash Amt | Cost | Gain/Loss |
|------------|-----------|---|-------------|----------|--------------|-----------|-----------|
| 01/11/2021 | 3135G05G4 | INTEREST EARNED ON F N M A 0.250% 7/10/23 \$1 PV ON 6775000.0000 SHARES DUE 1/10/2021 | 0.0000 | 0.000000 | 8,468.75 | 0.00 | 0.00 |
| 01/13/2021 | 912828WU0 | BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3016.00 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 01/13/2021 | 912828WU0 | FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3016.00 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | -3,016.00 | 0.00 |
| 01/13/2021 | 912828WU0 | PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3016.0000 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | -3,016.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 01/13/2021 | 912828WU0 | STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3016.00 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 01/14/2021 | 02665WCJ8 | INTEREST EARNED ON AMERICAN HONDA MTN 3.450% 7/14/23 \$1 PV ON 845000.0000 SHARES DUE 1/14/2021 | 0.0000 | 0.000000 | 14,576.25 | 0.00 | 0.00 |
| 01/15/2021 | 31348SWZ3 | INTEREST EARNED ON F H L M C #786064 3.845% 1/01/28 \$1 PV ON 5.0600 SHARES DUE 1/15/2021 NOVEMBER FHLMC DUE 1/15/21 | 0.0000 | 0.000000 | 5.06 | 0.00 | 0.00 |
| 01/15/2021 | 3133TCE95 | INTEREST EARNED ON F H L M C MLTCL MTG 3.929% 8/15/32 \$1 PV ON 14.6500 SHARES DUE 1/15/2021 \$0.00327/PV ON 4,473.70 PV DUE 1/15/21 | 0.0000 | 0.000000 | 14.65 | 0.00 | 0.00 |
| 01/15/2021 | 43815NAB0 | INTEREST EARNED ON HONDA AUTO 1.900% 4/15/22 \$1 PV ON 2133.3000 SHARES DUE 1/15/2021 \$0.00158/PV ON 1,347,348.38 PV DUE 1/15/21 | 0.0000 | 0.000000 | 2,133.30 | 0.00 | 0.00 |
| 01/15/2021 | 47787NAC3 | INTEREST EARNED ON JOHN DEERE OWNER 0.510% 11/15/24 \$1 PV ON 629.0000 SHARES DUE 1/15/2021 \$0.00042/PV ON 1,480,000.00 PV DUE 1/15/21 | 0.0000 | 0.000000 | 629.00 | 0.00 | 0.00 |
| 01/15/2021 | 477870AB5 | INTEREST EARNED ON JOHN DEERE OWNER 2.280% 5/16/22 \$1 PV ON 1228.3900 SHARES DUE 1/15/2021 \$0.00190/PV ON 646,522.38 PV DUE 1/15/21 | 0.0000 | 0.000000 | 1,228.39 | 0.00 | 0.00 |
| 01/15/2021 | 47788CAC6 | INTEREST EARNED ON JOHN DEERE OWNER 2.660% 4/18/22 \$1 PV ON 367.5200 SHARES DUE 1/15/2021 \$0.00222/PV ON 165,799.57 PV DUE 1/15/21 | 0.0000 | 0.000000 | 367.52 | 0.00 | 0.00 |
| 01/15/2021 | 47788EAC2 | INTEREST EARNED ON JOHN DEERE OWNER 3.080% 11/15/22 \$1 PV ON 5507.7300 SHARES DUE 1/15/2021 \$0.00257/PV ON 2,145,869.81 PV DUE 1/15/21 | 0.0000 | 0.000000 | 5,507.73 | 0.00 | 0.00 |
| 01/15/2021 | 58770FAC6 | INTEREST EARNED ON MERCEDES BENZ AUTO 1.840% 12/15/22 \$1 PV ON 3143.3300 SHARES DUE 1/15/2021 \$0.00153/PV ON 2,050,000.00 PV DUE 1/15/21 | 0.0000 | 0.000000 | 3,143.33 | 0.00 | 0.00 |
| 01/15/2021 | 65479JAD5 | INTEREST EARNED ON NISSAN AUTO 1.930% 7/15/24 \$1 PV ON 6730.8700 SHARES DUE 1/15/2021 \$0.00161/PV ON 4,185,000.00 PV DUE 1/15/21 | 0.0000 | 0.000000 | 6,730.87 | 0.00 | 0.00 |
| 01/15/2021 | 65479GAD1 | INTEREST EARNED ON NISSAN AUTO 3.060% 3/15/23 \$1 PV ON 5668.0800 SHARES DUE 1/15/2021 \$0.00255/PV ON 2,222,777.01 PV DUE 1/15/21 | 0.0000 | 0.000000 | 5,668.08 | 0.00 | 0.00 |
| 01/15/2021 | 89237VAB5 | INTEREST EARNED ON TOYOTA AUTO RECV 0.440% 10/15/24 \$1 PV ON 1085.3300 SHARES DUE 1/15/2021 \$0.00037/PV ON 2,960,000.00 PV DUE 1/15/21 | 0.0000 | 0.000000 | 1,085.33 | 0.00 | 0.00 |
| 01/15/2021 | 912828WU0 | INTEREST EARNED ON U S TREASURY I P S 0.125% 7/15/24 \$1 PV ON 11401728.0000 SHARES DUE 1/15/2021 | 0.0000 | 0.000000 | 7,126.08 | 0.00 | 0.00 |
| 01/19/2021 | 3135G0T94 | INTEREST EARNED ON F N M A DEB 2.375% 1/19/23 \$1 PV ON 5000000.0000 SHARES DUE 1/19/2021 | 0.0000 | 0.000000 | 59,375.00 | 0.00 | 0.00 |
| 01/19/2021 | 43813KAC6 | INTEREST EARNED ON HONDA AUTO 0.370% 10/18/24 \$1 PV ON 997.4600 SHARES DUE 1/18/2021 \$0.00031/PV ON 3,235,000.00 PV DUE 1/18/21 | 0.0000 | 0.000000 | 997.46 | 0.00 | 0.00 |

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|------------|-----------|---|--------|----------|--------------|------|-----------|
| 01/19/2021 | 43814UAG4 | INTEREST EARNED ON HONDA AUTO 3.010% 5/18/22 \$1 PV ON 1582.7600 SHARES DUE 1/18/2021 \$0.00251/PV ON 631,002.32 PV DUE 1/18/21 | 0.0000 | 0.000000 | 1,582.76 | 0.00 | 0.00 |
| 01/19/2021 | 4581X0CW6 | INTEREST EARNED ON INTER AMER DEV BK 2.125% 1/18/22 \$1 PV ON 3000000.0000 SHARES DUE 1/18/2021 | 0.0000 | 0.000000 | 31,875.00 | 0.00 | 0.00 |
| 01/19/2021 | 78013XZU5 | INTEREST EARNED ON ROYAL BANK OF MTN 2.550% 7/16/24 \$1 PV ON 6500000.0000 SHARES DUE 1/16/2021 | 0.0000 | 0.000000 | 82,875.00 | 0.00 | 0.00 |
| 01/19/2021 | 89114QC48 | INTEREST EARNED ON TORONTO MTN 3.500% 7/19/23 \$1 PV ON 5000000.0000 SHARES DUE 1/19/2021 | 0.0000 | 0.000000 | 87,500.00 | 0.00 | 0.00 |
| 01/20/2021 | 36225CAZ9 | INTEREST EARNED ON G N M A I I #080023 3.125% 12/20/26 \$1 PV ON 29.7100 SHARES DUE 1/20/2021 DECEMBER GNMA DUE 1/20/21 | 0.0000 | 0.000000 | 29.71 | 0.00 | 0.00 |
| 01/20/2021 | 36225CC20 | INTEREST EARNED ON G N M A I I #080088 2.875% 6/20/27 \$1 PV ON 21.5500 SHARES DUE 1/20/2021 DECEMBER GNMA DUE 1/20/21 | 0.0000 | 0.000000 | 21.55 | 0.00 | 0.00 |
| 01/20/2021 | 36225CNM4 | INTEREST EARNED ON G N M A I I #080395 2.875% 4/20/30 \$1 PV ON 11.4400 SHARES DUE 1/20/2021 DECEMBER GNMA DUE 1/20/21 | 0.0000 | 0.000000 | 11.44 | 0.00 | 0.00 |
| 01/20/2021 | 36225CN28 | INTEREST EARNED ON G N M A I I #080408 2.875% 5/20/30 \$1 PV ON 85.7900 SHARES DUE 1/20/2021 DECEMBER GNMA DUE 1/20/21 | 0.0000 | 0.000000 | 85.79 | 0.00 | 0.00 |
| 01/20/2021 | 36225DCB8 | INTEREST EARNED ON G N M A I I #080965 2.250% 7/20/34 \$1 PV ON 59.8900 SHARES DUE 1/20/2021 DECEMBER GNMA DUE 1/20/21 | 0.0000 | 0.000000 | 59.89 | 0.00 | 0.00 |
| 01/20/2021 | 45950KCJ7 | INTEREST EARNED ON INTL FINANCE CORP 1.125% 7/20/21 \$1 PV ON 2500000.0000 SHARES DUE 1/20/2021 | 0.0000 | 0.000000 | 14,075.00 | 0.00 | 0.00 |
| 01/21/2021 | 3137EAEU9 | INTEREST EARNED ON F H L M C M T N 0.375% 7/21/25 \$1 PV ON 5030000.0000 SHARES DUE 1/21/2021 | 0.0000 | 0.000000 | 9,326.46 | 0.00 | 0.00 |
| 01/21/2021 | 43815HAC1 | INTEREST EARNED ON HONDA AUTO 2.950% 8/22/22 \$1 PV ON 4404.4800 SHARES DUE 1/21/2021 \$0.00246/PV ON 1,791,651.38 PV DUE 1/21/21 | 0.0000 | 0.000000 | 4,404.48 | 0.00 | 0.00 |
| 01/21/2021 | 90331HPL1 | INTEREST EARNED ON US BANK NA MTN 2.050% 1/21/25 \$1 PV ON 7270000.0000 SHARES DUE 1/21/2021 | 0.0000 | 0.000000 | 74,517.50 | 0.00 | 0.00 |
| 01/22/2021 | 313385AX4 | INTEREST EARNED ON F H L B DISC NTS 1/22/21 \$1 PV ON 9000000.0000 SHARES DUE 1/22/2021 9,000,000 PAR VALUE AT 100 % | 0.0000 | 0.000000 | 456.25 | 0.00 | 0.00 |
| 01/22/2021 | 95000U2B8 | INTEREST EARNED ON WELLS FARGO MTN 2.625% 7/22/22 \$1 PV ON 3000000.0000 SHARES DUE 1/22/2021 | 0.0000 | 0.000000 | 39,375.00 | 0.00 | 0.00 |
| 01/25/2021 | 03215PFN4 | INTEREST EARNED ON AMRESKO 1.01546% 6/25/29 \$1 PV ON 100.7200 SHARES DUE 1/25/2021 \$0.00085/PV ON 119,021.64 PV DUE 1/25/21 | 0.0000 | 0.000000 | 100.72 | 0.00 | 0.00 |
| 01/25/2021 | 808513AT2 | INTEREST EARNED ON CHARLES SCHWAB CORP 2.650% 1/25/23 \$1 PV ON 6750000.0000 SHARES DUE 1/25/2021 | 0.0000 | 0.000000 | 89,437.50 | 0.00 | 0.00 |
| 01/25/2021 | 31394JY35 | INTEREST EARNED ON F H L M C MLTCL MTG 6.500% 9/25/43 \$1 PV ON 3039.4800 SHARES DUE 1/25/2021 \$0.00542/PV ON 561,133.95 PV DUE 1/25/21 | 0.0000 | 0.000000 | 3,039.48 | 0.00 | 0.00 |
| 01/25/2021 | 31371NUC7 | INTEREST EARNED ON F N M A #257179 4.500% 4/01/28 \$1 PV ON 40.1400 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 40.14 | 0.00 | 0.00 |
| 01/25/2021 | 31376KT22 | INTEREST EARNED ON F N M A #357969 5.000% 9/01/35 \$1 PV ON 327.5900 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 327.59 | 0.00 | 0.00 |

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|------------|-----------|---|-------------|----------|--------------|-----------|-----------|
| 01/25/2021 | 31403DJZ3 | INTEREST EARNED ON F N M A #745580 5.000% 6/01/36 \$1 PV ON 294.6800 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 294.68 | 0.00 | 0.00 |
| 01/25/2021 | 31403GXF4 | INTEREST EARNED ON F N M A #748678 5.000% 10/01/33 \$1 PV ON 5.4900 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 5.49 | 0.00 | 0.00 |
| 01/25/2021 | 31406PQY8 | INTEREST EARNED ON F N M A #815971 5.000% 3/01/35 \$1 PV ON 439.2800 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 439.28 | 0.00 | 0.00 |
| 01/25/2021 | 31406XWT5 | INTEREST EARNED ON F N M A #823358 2.937% 2/01/35 \$1 PV ON 222.9800 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 222.98 | 0.00 | 0.00 |
| 01/25/2021 | 31407BXH7 | INTEREST EARNED ON F N M A #826080 5.000% 7/01/35 \$1 PV ON 57.5200 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 57.52 | 0.00 | 0.00 |
| 01/25/2021 | 31410F4V4 | INTEREST EARNED ON F N M A #888336 5.000% 7/01/36 \$1 PV ON 544.9700 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 544.97 | 0.00 | 0.00 |
| 01/25/2021 | 3138EG6F6 | INTEREST EARNED ON F N M A #AL0869 4.500% 6/01/29 \$1 PV ON 26.0800 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 26.08 | 0.00 | 0.00 |
| 01/25/2021 | 31417YAY3 | INTEREST EARNED ON F N M A #MA0022 4.500% 4/01/29 \$1 PV ON 43.4000 SHARES DUE 1/25/2021 DECEMBER FNMA DUE 1/25/21 | 0.0000 | 0.000000 | 43.40 | 0.00 | 0.00 |
| 01/25/2021 | 31397QRE0 | INTEREST EARNED ON F N M A GTD REMIC 2.472% 2/25/41 \$1 PV ON 93.8200 SHARES DUE 1/25/2021 \$0.00069/PV ON 135,973.22 PV DUE 1/25/21 | 0.0000 | 0.000000 | 93.82 | 0.00 | 0.00 |
| 01/25/2021 | 45950KCM0 | INTEREST EARNED ON INTL BK M T N 2.250% 1/25/21 \$1 PV ON 2970000.0000 SHARES DUE 1/25/2021 | 0.0000 | 0.000000 | 33,412.50 | 0.00 | 0.00 |
| 01/25/2021 | 46647PAU0 | INTEREST EARNED ON JPMORGAN CHASE CO 3.797% 7/23/24 \$1 PV ON 2500000.0000 SHARES DUE 1/23/2021 | 0.0000 | 0.000000 | 47,462.50 | 0.00 | 0.00 |
| 01/25/2021 | 78445JAA5 | INTEREST EARNED ON S L M A 1.7338% 4/25/23 \$1 PV ON 46.8800 SHARES DUE 1/25/2021 \$0.00433/PV ON 10,816.03 PV DUE 1/25/21 | 0.0000 | 0.000000 | 46.88 | 0.00 | 0.00 |
| 01/25/2021 | 89114QBX5 | INTEREST EARNED ON TORONTO DOMINION MTN 2.550% 1/25/21 \$1 PV ON 1750000.0000 SHARES DUE 1/25/2021 INTEREST ON 1/25/2021 MATURITY | 0.0000 | 0.000000 | 22,312.50 | 0.00 | 0.00 |
| 01/25/2021 | 90331HNL3 | INTEREST EARNED ON US BANK NA MTN 2.850% 1/23/23 \$1 PV ON 2000000.0000 SHARES DUE 1/23/2021 | 0.0000 | 0.000000 | 28,500.00 | 0.00 | 0.00 |
| 01/26/2021 | 3133EKWV4 | INTEREST EARNED ON F F C B DEB 1.850% 7/26/24 \$1 PV ON 5000000.0000 SHARES DUE 1/26/2021 | 0.0000 | 0.000000 | 46,250.00 | 0.00 | 0.00 |
| 01/26/2021 | 459058FY4 | INTEREST EARNED ON INTL BK 2.000% 1/26/22 \$1 PV ON 10000000.0000 SHARES DUE 1/26/2021 | 0.0000 | 0.000000 | 100,000.00 | 0.00 | 0.00 |
| 01/27/2021 | 912828WU0 | BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3640.00 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 01/27/2021 | 912828WU0 | FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3640.00 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | -3,640.00 | 0.00 |
| 01/27/2021 | 912828WU0 | PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3640.0000 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | -3,640.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 01/27/2021 | 912828WU0 | STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY -3640.00 UNITS DECREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |

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|------------|-----------|--|------------|----------|----------------|----------|-----------|
| 01/28/2021 | 037833BS8 | INTEREST EARNED ON APPLE INC 2.250% 2/23/21 \$1 PV ON 4000000.0000 SHARES DUE 1/28/2021 | 0.0000 | 0.000000 | 38,750.00 | 0.00 | 0.00 |
| 01/28/2021 | 61747WAL3 | INTEREST EARNED ON MORGAN STANLEY 5.500% 7/28/21 \$1 PV ON 2800000.0000 SHARES DUE 1/28/2021 | 0.0000 | 0.000000 | 77,000.00 | 0.00 | 0.00 |
| 01/28/2021 | 912796UC1 | INTEREST EARNED ON U S TREASURY BILL 1/28/21 \$1 PV ON 58250000.0000 SHARES DUE 1/28/2021 58,250,000 PAR VALUE AT 100 % | 0.0000 | 0.000000 | 56,636.52 | 0.00 | 0.00 |
| 01/29/2021 | | CASH DISBURSEMENT PAID TO BANC OF CALIFORNIA OUTGOING DOMESTIC WIRE PER DIR DTD 1/27/2021 | 0.0000 | 0.000000 | -60,000,000.00 | 0.00 | 0.00 |
| 01/29/2021 | 06406RAE7 | INTEREST EARNED ON BANK OF NY MTN 2.950% 1/29/23 \$1 PV ON 2500000.0000 SHARES DUE 1/29/2021 | 0.0000 | 0.000000 | 36,875.00 | 0.00 | 0.00 |
| 02/01/2021 | 31846V567 | INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 1/31/2021 INTEREST FROM 1/1/21 TO 1/31/21 | 0.0000 | 0.000000 | 315.44 | 0.00 | 0.00 |
| 02/01/2021 | 31846V567 | INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 1/31/2021 INTEREST FROM 1/1/21 TO 1/31/21 | 0.0000 | 0.000000 | 209.12 | 0.00 | 0.00 |
| 02/01/2021 | 912828S76 | INTEREST EARNED ON U S TREASURY NT 1.125% 7/31/21 \$1 PV ON 43000000.0000 SHARES DUE 1/31/2021 | 0.0000 | 0.000000 | 241,875.00 | 0.00 | 0.00 |
| 02/01/2021 | 912828V72 | INTEREST EARNED ON U S TREASURY NT 1.875% 1/31/22 \$1 PV ON 3000000.0000 SHARES DUE 1/31/2021 | 0.0000 | 0.000000 | 28,125.00 | 0.00 | 0.00 |
| 02/01/2021 | 912828V80 | INTEREST EARNED ON U S TREASURY NT 2.250% 1/31/24 \$1 PV ON 7500000.0000 SHARES DUE 1/31/2021 | 0.0000 | 0.000000 | 84,375.00 | 0.00 | 0.00 |
| 02/01/2021 | 912828WY2 | INTEREST EARNED ON U S TREASURY NT 2.250% 7/31/21 \$1 PV ON 8000000.0000 SHARES DUE 1/31/2021 | 0.0000 | 0.000000 | 90,000.00 | 0.00 | 0.00 |
| 02/04/2021 | 313385BL9 | INTEREST EARNED ON F H L B DISC NTS 2/04/21 \$1 PV ON 9000000.0000 SHARES DUE 2/4/2021 9,000,000 PAR VALUE AT 100 % | 0.0000 | 0.000000 | 786.25 | 0.00 | 0.00 |
| 02/04/2021 | 9127963W7 | INTEREST EARNED ON U S TREASURY BILL 2/04/21 \$1 PV ON 15000000.0000 SHARES DUE 2/4/2021 15,000,000 PAR VALUE AT 100 % | 0.0000 | 0.000000 | 1,275.00 | 0.00 | 0.00 |
| 02/05/2021 | 3135G0V34 | INTEREST EARNED ON F N M A 2.500% 2/05/24 \$1 PV ON 5000000.0000 SHARES DUE 2/5/2021 | 0.0000 | 0.000000 | 62,500.00 | 0.00 | 0.00 |
| 02/08/2021 | 06406RAA5 | INTEREST EARNED ON BANK OF NY MTN 2.600% 2/07/22 \$1 PV ON 2500000.0000 SHARES DUE 2/7/2021 | 0.0000 | 0.000000 | 32,500.00 | 0.00 | 0.00 |
| 02/08/2021 | 44932HAH6 | INTEREST EARNED ON IBM CREDIT CORP 3.000% 2/06/23 \$1 PV ON 5670000.0000 SHARES DUE 2/6/2021 | 0.0000 | 0.000000 | 85,050.00 | 0.00 | 0.00 |
| 02/08/2021 | 594918BP8 | INTEREST EARNED ON MICROSOFT CORP 1.550% 8/08/21 \$1 PV ON 3045000.0000 SHARES DUE 2/8/2021 | 0.0000 | 0.000000 | 23,598.75 | 0.00 | 0.00 |
| 02/11/2021 | 912828WU0 | BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 5200.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 02/11/2021 | 912828WU0 | FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 5200.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 5,200.00 | 0.00 |
| 02/11/2021 | 912828WU0 | PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 5200.0000 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 5,200.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |

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|------------|-----------|--|--------|----------|--------------|------|-----------|
| 02/11/2021 | 912828WU0 | STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 5200.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 02/12/2021 | 3137EAEP0 | INTEREST EARNED ON F H L M C 1.500% 2/12/25 \$1 PV ON 12335000.0000 SHARES DUE 2/12/2021 | 0.0000 | 0.000000 | 92,512.50 | 0.00 | 0.00 |
| 02/16/2021 | 3137EAEL9 | INTEREST EARNED ON F H L M C M T N 2.375% 2/16/21 \$1 PV ON 7500000.0000 SHARES DUE 2/16/2021 | 0.0000 | 0.000000 | 89,062.50 | 0.00 | 0.00 |
| 02/16/2021 | 31348SWZ3 | INTEREST EARNED ON F H L M C #786064 2.752% 1/01/28 \$1 PV ON 3.5800 SHARES DUE 2/15/2021 DECEMBER FHLMC DUE 2/15/21 | 0.0000 | 0.000000 | 3.58 | 0.00 | 0.00 |
| 02/16/2021 | 3133TCE95 | INTEREST EARNED ON F H L M C MLTCL MTG 3.903% 8/15/32 \$1 PV ON 14.1800 SHARES DUE 2/15/2021 \$0.00325/PV ON 4,360.35 PV DUE 2/15/21 | 0.0000 | 0.000000 | 14.18 | 0.00 | 0.00 |
| 02/16/2021 | 43815NAB0 | INTEREST EARNED ON HONDA AUTO 1.900% 4/15/22 \$1 PV ON 1715.8500 SHARES DUE 2/15/2021 \$0.00158/PV ON 1,083,697.45 PV DUE 2/15/21 | 0.0000 | 0.000000 | 1,715.85 | 0.00 | 0.00 |
| 02/16/2021 | 47787NAC3 | INTEREST EARNED ON JOHN DEERE OWNER 0.510% 11/15/24 \$1 PV ON 629.0000 SHARES DUE 2/15/2021 \$0.00042/PV ON 1,480,000.00 PV DUE 2/15/21 | 0.0000 | 0.000000 | 629.00 | 0.00 | 0.00 |
| 02/16/2021 | 477870AB5 | INTEREST EARNED ON JOHN DEERE OWNER 2.280% 5/16/22 \$1 PV ON 798.1400 SHARES DUE 2/15/2021 \$0.00190/PV ON 420,073.00 PV DUE 2/15/21 | 0.0000 | 0.000000 | 798.14 | 0.00 | 0.00 |
| 02/16/2021 | 47788CAC6 | INTEREST EARNED ON JOHN DEERE OWNER 2.660% 4/18/22 \$1 PV ON 224.0600 SHARES DUE 2/15/2021 \$0.00222/PV ON 101,079.86 PV DUE 2/15/21 | 0.0000 | 0.000000 | 224.06 | 0.00 | 0.00 |
| 02/16/2021 | 47788EAC2 | INTEREST EARNED ON JOHN DEERE OWNER 3.080% 11/15/22 \$1 PV ON 4838.3400 SHARES DUE 2/15/2021 \$0.00257/PV ON 1,885,065.29 PV DUE 2/15/21 | 0.0000 | 0.000000 | 4,838.34 | 0.00 | 0.00 |
| 02/16/2021 | 58770FAC6 | INTEREST EARNED ON MERCEDES BENZ AUTO 1.840% 12/15/22 \$1 PV ON 3143.3300 SHARES DUE 2/15/2021 \$0.00153/PV ON 2,050,000.00 PV DUE 2/15/21 | 0.0000 | 0.000000 | 3,143.33 | 0.00 | 0.00 |
| 02/16/2021 | 65479JAD5 | INTEREST EARNED ON NISSAN AUTO 1.930% 7/15/24 \$1 PV ON 6730.8700 SHARES DUE 2/15/2021 \$0.00161/PV ON 4,185,000.00 PV DUE 2/15/21 | 0.0000 | 0.000000 | 6,730.87 | 0.00 | 0.00 |
| 02/16/2021 | 65479GAD1 | INTEREST EARNED ON NISSAN AUTO 3.060% 3/15/23 \$1 PV ON 5179.7100 SHARES DUE 2/15/2021 \$0.00255/PV ON 2,031,257.80 PV DUE 2/15/21 | 0.0000 | 0.000000 | 5,179.71 | 0.00 | 0.00 |
| 02/16/2021 | 89237VAB5 | INTEREST EARNED ON TOYOTA AUTO RECV 0.440% 10/15/24 \$1 PV ON 1085.3300 SHARES DUE 2/15/2021 \$0.00037/PV ON 2,960,000.00 PV DUE 2/15/21 | 0.0000 | 0.000000 | 1,085.33 | 0.00 | 0.00 |
| 02/17/2021 | 69353RFB9 | INTEREST EARNED ON PNC BANK NA MTN 2.625% 2/17/22 \$1 PV ON 1000000.0000 SHARES DUE 2/17/2021 | 0.0000 | 0.000000 | 13,125.00 | 0.00 | 0.00 |
| 02/18/2021 | 3130A7CV5 | INTEREST EARNED ON F H L B DEB 1.375% 2/18/21 \$1 PV ON 5365000.0000 SHARES DUE 2/18/2021 | 0.0000 | 0.000000 | 36,884.38 | 0.00 | 0.00 |
| 02/18/2021 | 43813KAC6 | INTEREST EARNED ON HONDA AUTO 0.370% 10/18/24 \$1 PV ON 997.4600 SHARES DUE 2/18/2021 \$0.00031/PV ON 3,235,000.00 PV DUE 2/18/21 | 0.0000 | 0.000000 | 997.46 | 0.00 | 0.00 |
| 02/18/2021 | 43814UAG4 | INTEREST EARNED ON HONDA AUTO 3.010% 5/18/22 \$1 PV ON 1338.4300 SHARES DUE 2/18/2021 \$0.00251/PV ON 533,592.97 PV DUE 2/18/21 | 0.0000 | 0.000000 | 1,338.43 | 0.00 | 0.00 |
| 02/19/2021 | 78012UVJ1 | INTEREST EARNED ON ROYAL BK OF C D 1.000% 2/19/21 \$1 PV ON 1500000.0000 SHARES DUE 2/19/2021 INTEREST ON 2/19/2021 MATURITY | 0.0000 | 0.000000 | 12,666.67 | 0.00 | 0.00 |
| 02/19/2021 | 459058JL8 | PAID ACCRUED INTEREST ON PURCHASE OF INTL BK M T N 0.500% 10/28/25 | 0.0000 | 0.000000 | -7,708.33 | 0.00 | 0.00 |

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| Entry Date | CUSIP Id | Explanation | Units | Price | Net Cash Amt | Cost | Gain/Loss |
|------------|-----------|---|------------|----------|--------------|----------|-----------|
| 02/22/2021 | 36225CAZ9 | INTEREST EARNED ON G N M A I I #080023 2.125% 12/20/26 \$1 PV ON 19.9000 SHARES DUE 2/20/2021 JANUARY GNMA DUE 2/20/21 | 0.0000 | 0.000000 | 19.90 | 0.00 | 0.00 |
| 02/22/2021 | 36225CC20 | INTEREST EARNED ON G N M A I I #080088 2.875% 6/20/27 \$1 PV ON 21.2600 SHARES DUE 2/20/2021 JANUARY GNMA DUE 2/20/21 | 0.0000 | 0.000000 | 21.26 | 0.00 | 0.00 |
| 02/22/2021 | 36225CNM4 | INTEREST EARNED ON G N M A I I #080395 2.875% 4/20/30 \$1 PV ON 11.1900 SHARES DUE 2/20/2021 JANUARY GNMA DUE 2/20/21 | 0.0000 | 0.000000 | 11.19 | 0.00 | 0.00 |
| 02/22/2021 | 36225CN28 | INTEREST EARNED ON G N M A I I #080408 2.875% 5/20/30 \$1 PV ON 83.0500 SHARES DUE 2/20/2021 JANUARY GNMA DUE 2/20/21 | 0.0000 | 0.000000 | 83.05 | 0.00 | 0.00 |
| 02/22/2021 | 36225DCB8 | INTEREST EARNED ON G N M A I I #080965 2.250% 7/20/34 \$1 PV ON 57.9700 SHARES DUE 2/20/2021 JANUARY GNMA DUE 2/20/21 | 0.0000 | 0.000000 | 57.97 | 0.00 | 0.00 |
| 02/22/2021 | 43815HAC1 | INTEREST EARNED ON HONDA AUTO 2.950% 8/22/22 \$1 PV ON 3903.1100 SHARES DUE 2/21/2021 \$0.00246/PV ON 1,587,706.96 PV DUE 2/21/21 | 0.0000 | 0.000000 | 3,903.11 | 0.00 | 0.00 |
| 02/24/2021 | 912828WU0 | BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 4992.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 02/24/2021 | 912828WU0 | FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 4992.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 4,992.00 | 0.00 |
| 02/24/2021 | 78015K7H1 | PAID ACCRUED INTEREST ON PURCHASE OF ROYAL BANK OF MTN 1.150% 6/10/25 | 0.0000 | 0.000000 | -2,363.89 | 0.00 | 0.00 |
| 02/24/2021 | 91282CBH3 | PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 0.375% 1/31/26 | 0.0000 | 0.000000 | -3,480.66 | 0.00 | 0.00 |
| 02/24/2021 | 912828WU0 | PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 4992.0000 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 4,992.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 02/24/2021 | 912828WU0 | STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 4992.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 02/25/2021 | 03215PFN4 | INTEREST EARNED ON AMRESCO 0.35507% 6/25/29 \$1 PV ON 35.2200 SHARES DUE 2/25/2021 \$0.00030/PV ON 119,021.64 PV DUE 2/25/21 | 0.0000 | 0.000000 | 35.22 | 0.00 | 0.00 |
| 02/25/2021 | 31394JY35 | INTEREST EARNED ON F H L M C MLTCL MTG 6.500% 9/25/43 \$1 PV ON 3024.9500 SHARES DUE 2/25/2021 \$0.00542/PV ON 558,452.51 PV DUE 2/25/21 | 0.0000 | 0.000000 | 3,024.95 | 0.00 | 0.00 |
| 02/25/2021 | 3135G05X7 | INTEREST EARNED ON F N M A 0.375% 8/25/25 \$1 PV ON 7945000.0000 SHARES DUE 2/25/2021 | 0.0000 | 0.000000 | 14,731.36 | 0.00 | 0.00 |
| 02/25/2021 | 31371NUC7 | INTEREST EARNED ON F N M A #257179 4.500% 4/01/28 \$1 PV ON 39.6500 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 39.65 | 0.00 | 0.00 |
| 02/25/2021 | 31376KT22 | INTEREST EARNED ON F N M A #357969 5.000% 9/01/35 \$1 PV ON 318.0800 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 318.08 | 0.00 | 0.00 |
| 02/25/2021 | 31403DJZ3 | INTEREST EARNED ON F N M A #745580 5.000% 6/01/36 \$1 PV ON 288.8700 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 288.87 | 0.00 | 0.00 |
| 02/25/2021 | 31403GXF4 | INTEREST EARNED ON F N M A #748678 5.000% 10/01/33 \$1 PV ON 5.4700 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 5.47 | 0.00 | 0.00 |
| 02/25/2021 | 31406PQY8 | INTEREST EARNED ON F N M A #815971 5.000% 3/01/35 \$1 PV ON 416.4700 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 416.47 | 0.00 | 0.00 |

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|------------|-----------|---|--------|----------|--------------|------|-----------|
| 02/25/2021 | 31406XWT5 | INTEREST EARNED ON F N M A #823358 2.035% 2/01/35 \$1 PV ON 122.9500 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 122.95 | 0.00 | 0.00 |
| 02/25/2021 | 31407BXH7 | INTEREST EARNED ON F N M A #826080 5.000% 7/01/35 \$1 PV ON 56.2200 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 56.22 | 0.00 | 0.00 |
| 02/25/2021 | 31410F4V4 | INTEREST EARNED ON F N M A #888336 5.000% 7/01/36 \$1 PV ON 537.9000 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 537.90 | 0.00 | 0.00 |
| 02/25/2021 | 3138EG6F6 | INTEREST EARNED ON F N M A #AL0869 4.500% 6/01/29 \$1 PV ON 25.4300 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 25.43 | 0.00 | 0.00 |
| 02/25/2021 | 31417YAY3 | INTEREST EARNED ON F N M A #MA0022 4.500% 4/01/29 \$1 PV ON 41.9700 SHARES DUE 2/25/2021 JANUARY FNMA DUE 2/25/21 | 0.0000 | 0.000000 | 41.97 | 0.00 | 0.00 |
| 02/25/2021 | 31397QRE0 | INTEREST EARNED ON F N M A GTD REMIC 2.472% 2/25/41 \$1 PV ON 88.1900 SHARES DUE 2/25/2021 \$0.00068/PV ON 130,654.88 PV DUE 2/25/21 | 0.0000 | 0.000000 | 88.19 | 0.00 | 0.00 |
| 02/25/2021 | 912796XE4 | INTEREST EARNED ON U S TREASURY BILL 2/25/21 \$1 PV ON 10000000.0000 SHARES DUE 2/25/2021 10,000,000 PAR VALUE AT 100 % | 0.0000 | 0.000000 | 8,621.67 | 0.00 | 0.00 |
| 02/26/2021 | 3135G0J20 | INTEREST EARNED ON F N M A DEB 1.375% 2/26/21 \$1 PV ON 10000000.0000 SHARES DUE 2/26/2021 | 0.0000 | 0.000000 | 68,750.00 | 0.00 | 0.00 |
| 02/26/2021 | 9128287F1 | PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 1.750% 7/31/21 | 0.0000 | 0.000000 | -2,513.81 | 0.00 | 0.00 |
| 03/01/2021 | 30231GAV4 | INTEREST EARNED ON EXXON MOBIL 2.222% 3/01/21 \$1 PV ON 3000000.0000 SHARES DUE 3/1/2021 | 0.0000 | 0.000000 | 33,330.00 | 0.00 | 0.00 |
| 03/01/2021 | 31846V567 | INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 2/28/2021 INTEREST FROM 2/1/21 TO 2/28/21 | 0.0000 | 0.000000 | 375.66 | 0.00 | 0.00 |
| 03/01/2021 | 31846V567 | INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 2/28/2021 INTEREST FROM 2/1/21 TO 2/28/21 | 0.0000 | 0.000000 | 631.92 | 0.00 | 0.00 |
| 03/01/2021 | 494368BF9 | INTEREST EARNED ON KIMBERLY CLARK CORP 3.875% 3/01/21 \$1 PV ON 750000.0000 SHARES DUE 3/1/2021 | 0.0000 | 0.000000 | 14,531.25 | 0.00 | 0.00 |
| 03/01/2021 | 69371RN93 | INTEREST EARNED ON PACCAR FINANCIAL MTN 2.800% 3/01/21 \$1 PV ON 600000.0000 SHARES DUE 3/1/2021 INTEREST ON 3/1/2021 MATURITY | 0.0000 | 0.000000 | 8,400.00 | 0.00 | 0.00 |
| 03/01/2021 | 83162CLJ0 | INTEREST EARNED ON S B A GTD DEV PART 6.340% 3/01/21 \$1 PV ON 94.6200 SHARES DUE 3/1/2021 \$0.03170/PV ON 2,984.86 PV DUE 3/ 1/21 | 0.0000 | 0.000000 | 94.62 | 0.00 | 0.00 |
| 03/01/2021 | 912828YC8 | INTEREST EARNED ON U S TREASURY NT 1.500% 8/31/21 \$1 PV ON 9000000.0000 SHARES DUE 2/28/2021 | 0.0000 | 0.000000 | 67,500.00 | 0.00 | 0.00 |
| 03/01/2021 | 912828L24 | INTEREST EARNED ON U S TREASURY NT 1.875% 8/31/22 \$1 PV ON 6000000.0000 SHARES DUE 2/28/2021 | 0.0000 | 0.000000 | 56,250.00 | 0.00 | 0.00 |
| 03/01/2021 | 912828W48 | INTEREST EARNED ON U S TREASURY NT 2.125% 2/29/24 \$1 PV ON 10000000.0000 SHARES DUE 2/28/2021 | 0.0000 | 0.000000 | 106,250.00 | 0.00 | 0.00 |
| 03/02/2021 | 95000U2B8 | INTEREST EARNED ON WELLS FARGO MTN 2.625% 7/22/22 \$1 PV ON 3000000.0000 SHARES DUE 2/11/2021 \$2.91666 PER \$1000 ACCD INT(40 DAYS) | 0.0000 | 0.000000 | 8,749.98 | 0.00 | 0.00 |
| 03/05/2021 | 06051GHF9 | INTEREST EARNED ON BANK OF AMERICA 3.550% 3/05/24 \$1 PV ON 6675000.0000 SHARES DUE 3/5/2021 | 0.0000 | 0.000000 | 118,481.25 | 0.00 | 0.00 |

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|------------|-----------|---|-------------|----------|--------------|-----------|-----------|
| 03/08/2021 | 313383YJ4 | INTEREST EARNED ON F H L B DEB 3.375% 9/08/23 \$1 PV ON 10000000.0000 SHARES DUE 3/8/2021 | 0.0000 | 0.000000 | 168,750.00 | 0.00 | 0.00 |
| 03/08/2021 | 06051GHY8 | PAID ACCRUED INTEREST ON PURCHASE OF BANK OF AMERICAN MTN 2.015% 2/13/26 | 0.0000 | 0.000000 | -3,498.26 | 0.00 | 0.00 |
| 03/11/2021 | 912828WU0 | BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22256.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 03/11/2021 | 912828WU0 | FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22256.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 22,256.00 | 0.00 |
| 03/11/2021 | 912828WU0 | PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22256.0000 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 22,256.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 03/11/2021 | 912828WU0 | STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22256.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 03/15/2021 | 00440EAS6 | INTEREST EARNED ON ACE INA HOLDING 3.150% 3/15/25 \$1 PV ON 2000000.0000 SHARES DUE 3/15/2021 | 0.0000 | 0.000000 | 31,500.00 | 0.00 | 0.00 |
| 03/15/2021 | 00440EAP2 | INTEREST EARNED ON ACE INA HOLDINGS 2.700% 3/13/23 \$1 PV ON 2000000.0000 SHARES DUE 3/13/2021 | 0.0000 | 0.000000 | 27,000.00 | 0.00 | 0.00 |
| 03/15/2021 | 084670BR8 | INTEREST EARNED ON BERKSHIRE HATHAWAY 2.750% 3/15/23 \$1 PV ON 2500000.0000 SHARES DUE 3/15/2021 | 0.0000 | 0.000000 | 34,375.00 | 0.00 | 0.00 |
| 03/15/2021 | 3130A4CH3 | INTEREST EARNED ON F H L B DEB 2.375% 3/14/25 \$1 PV ON 5225000.0000 SHARES DUE 3/14/2021 | 0.0000 | 0.000000 | 62,046.88 | 0.00 | 0.00 |
| 03/15/2021 | 3130A2UW4 | INTEREST EARNED ON F H L B DEB 2.875% 9/13/24 \$1 PV ON 2500000.0000 SHARES DUE 3/13/2021 | 0.0000 | 0.000000 | 35,937.50 | 0.00 | 0.00 |
| 03/15/2021 | 31348SWZ3 | INTEREST EARNED ON F H L M C #786064 2.262% 1/01/28 \$1 PV ON 2.8900 SHARES DUE 3/15/2021 JANUARY FHLMC DUE 3/15/21 | 0.0000 | 0.000000 | 2.89 | 0.00 | 0.00 |
| 03/15/2021 | 3133TCE95 | INTEREST EARNED ON F H L M C MLTCL MTG 3.873% 8/15/32 \$1 PV ON 13.7200 SHARES DUE 3/15/2021 \$0.00323/PV ON 4,251.65 PV DUE 3/15/21 | 0.0000 | 0.000000 | 13.72 | 0.00 | 0.00 |
| 03/15/2021 | 43815NAB0 | INTEREST EARNED ON HONDA AUTO 1.900% 4/15/22 \$1 PV ON 1293.9000 SHARES DUE 3/15/2021 \$0.00158/PV ON 817,203.35 PV DUE 3/15/21 | 0.0000 | 0.000000 | 1,293.90 | 0.00 | 0.00 |
| 03/15/2021 | 4581X0CS5 | INTEREST EARNED ON INTER AMER BK M T N 1.875% 3/15/21 \$1 PV ON 5000000.0000 SHARES DUE 3/15/2021 | 0.0000 | 0.000000 | 46,875.00 | 0.00 | 0.00 |
| 03/15/2021 | 4581X0CZ9 | INTEREST EARNED ON INTER AMER DEV BK 1.750% 9/14/22 \$1 PV ON 6500000.0000 SHARES DUE 3/14/2021 | 0.0000 | 0.000000 | 56,875.00 | 0.00 | 0.00 |
| 03/15/2021 | 47787NAC3 | INTEREST EARNED ON JOHN DEERE OWNER 0.510% 11/15/24 \$1 PV ON 629.0000 SHARES DUE 3/15/2021 \$0.00042/PV ON 1,480,000.00 PV DUE 3/15/21 | 0.0000 | 0.000000 | 629.00 | 0.00 | 0.00 |
| 03/15/2021 | 477870AB5 | INTEREST EARNED ON JOHN DEERE OWNER 2.280% 5/16/22 \$1 PV ON 72.6800 SHARES DUE 3/15/2021 \$0.00190/PV ON 38,251.50 PV DUE 3/15/21 | 0.0000 | 0.000000 | 72.68 | 0.00 | 0.00 |
| 03/15/2021 | 47788CAC6 | INTEREST EARNED ON JOHN DEERE OWNER 2.660% 4/18/22 \$1 PV ON 74.4600 SHARES DUE 3/15/2021 \$0.00222/PV ON 33,591.47 PV DUE 3/15/21 | 0.0000 | 0.000000 | 74.46 | 0.00 | 0.00 |
| 03/15/2021 | 47788EAC2 | INTEREST EARNED ON JOHN DEERE OWNER 3.080% 11/15/22 \$1 PV ON 3810.8900 SHARES DUE 3/15/2021 \$0.00257/PV ON 1,484,762.57 PV DUE 3/15/21 | 0.0000 | 0.000000 | 3,810.89 | 0.00 | 0.00 |

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| Entry Date | CUSIP Id | Explanation | Units | Price | Net Cash Amt | Cost | Gain/Loss |
|------------|-----------|---|--------|----------|--------------|------|-----------|
| 03/15/2021 | 58770FAC6 | INTEREST EARNED ON MERCEDES BENZ AUTO 1.840% 12/15/22 \$1 PV ON 3143.3300 SHARES DUE 3/15/2021 \$0.00153/PV ON 2,050,000.00 PV DUE 3/15/21 | 0.0000 | 0.000000 | 3,143.33 | 0.00 | 0.00 |
| 03/15/2021 | 65479JAD5 | INTEREST EARNED ON NISSAN AUTO 1.930% 7/15/24 \$1 PV ON 6730.8700 SHARES DUE 3/15/2021 \$0.00161/PV ON 4,185,000.00 PV DUE 3/15/21 | 0.0000 | 0.000000 | 6,730.87 | 0.00 | 0.00 |
| 03/15/2021 | 65479GAD1 | INTEREST EARNED ON NISSAN AUTO 3.060% 3/15/23 \$1 PV ON 4710.0400 SHARES DUE 3/15/2021 \$0.00255/PV ON 1,847,072.55 PV DUE 3/15/21 | 0.0000 | 0.000000 | 4,710.04 | 0.00 | 0.00 |
| 03/15/2021 | 68389XBK0 | INTEREST EARNED ON ORACLE CORP 1.900% 9/15/21 \$1 PV ON 3000000.0000 SHARES DUE 3/15/2021 | 0.0000 | 0.000000 | 28,500.00 | 0.00 | 0.00 |
| 03/15/2021 | 89237VAB5 | INTEREST EARNED ON TOYOTA AUTO RECV 0.440% 10/15/24 \$1 PV ON 1085.3300 SHARES DUE 3/15/2021 \$0.00037/PV ON 2,960,000.00 PV DUE 3/15/21 | 0.0000 | 0.000000 | 1,085.33 | 0.00 | 0.00 |
| 03/16/2021 | 46647PBH8 | PAID ACCRUED INTEREST ON PURCHASE OF JPMORGAN CHASE CO 2.005% 3/13/26 | 0.0000 | 0.000000 | -417.71 | 0.00 | 0.00 |
| 03/18/2021 | 09247XAL5 | INTEREST EARNED ON BLACKROCK INC 3.500% 3/18/24 \$1 PV ON 1000000.0000 SHARES DUE 3/18/2021 | 0.0000 | 0.000000 | 17,500.00 | 0.00 | 0.00 |
| 03/18/2021 | 43813KAC6 | INTEREST EARNED ON HONDA AUTO 0.370% 10/18/24 \$1 PV ON 997.4600 SHARES DUE 3/18/2021 \$0.00031/PV ON 3,235,000.00 PV DUE 3/18/21 | 0.0000 | 0.000000 | 997.46 | 0.00 | 0.00 |
| 03/18/2021 | 43814UAG4 | INTEREST EARNED ON HONDA AUTO 3.010% 5/18/22 \$1 PV ON 1105.1700 SHARES DUE 3/18/2021 \$0.00251/PV ON 440,601.41 PV DUE 3/18/21 | 0.0000 | 0.000000 | 1,105.17 | 0.00 | 0.00 |
| 03/19/2021 | 89236TBJ3 | PAID ACCRUED INTEREST ON PURCHASE OF TOYOTA MOTOR MTN 2.750% 5/17/21 | 0.0000 | 0.000000 | -4,659.72 | 0.00 | 0.00 |
| 03/22/2021 | 36225CAZ9 | INTEREST EARNED ON G N M A I I #080023 2.125% 12/20/26 \$1 PV ON 19.5600 SHARES DUE 3/20/2021 FEBRUARY GNMA DUE 3/20/21 | 0.0000 | 0.000000 | 19.56 | 0.00 | 0.00 |
| 03/22/2021 | 36225CC20 | INTEREST EARNED ON G N M A I I #080088 2.875% 6/20/27 \$1 PV ON 20.9800 SHARES DUE 3/20/2021 FEBRUARY GNMA DUE 3/20/21 | 0.0000 | 0.000000 | 20.98 | 0.00 | 0.00 |
| 03/22/2021 | 36225CNM4 | INTEREST EARNED ON G N M A I I #080395 2.875% 4/20/30 \$1 PV ON 10.9300 SHARES DUE 3/20/2021 FEBRUARY GNMA DUE 3/20/21 | 0.0000 | 0.000000 | 10.93 | 0.00 | 0.00 |
| 03/22/2021 | 36225CN28 | INTEREST EARNED ON G N M A I I #080408 2.875% 5/20/30 \$1 PV ON 82.3800 SHARES DUE 3/20/2021 FEBRUARY GNMA DUE 3/20/21 | 0.0000 | 0.000000 | 82.38 | 0.00 | 0.00 |
| 03/22/2021 | 36225DCB8 | INTEREST EARNED ON G N M A I I #080965 2.250% 7/20/34 \$1 PV ON 55.7100 SHARES DUE 3/20/2021 FEBRUARY GNMA DUE 3/20/21 | 0.0000 | 0.000000 | 55.71 | 0.00 | 0.00 |
| 03/22/2021 | 43813GAC5 | INTEREST EARNED ON HONDA AUTO 0.270% 4/21/25 \$1 PV ON 325.0100 SHARES DUE 3/21/2021 \$0.00020/PV ON 1,605,000.00 PV DUE 3/21/21 | 0.0000 | 0.000000 | 325.01 | 0.00 | 0.00 |
| 03/22/2021 | 43815HAC1 | INTEREST EARNED ON HONDA AUTO 2.950% 8/22/22 \$1 PV ON 3401.2000 SHARES DUE 3/21/2021 \$0.00246/PV ON 1,383,539.55 PV DUE 3/21/21 | 0.0000 | 0.000000 | 3,401.20 | 0.00 | 0.00 |
| 03/23/2021 | 3137EAEX3 | INTEREST EARNED ON F H L M C M T N 0.375% 9/23/25 \$1 PV ON 7660000.0000 SHARES DUE 3/23/2021 | 0.0000 | 0.000000 | 14,202.92 | 0.00 | 0.00 |
| 03/25/2021 | 03215PFN4 | INTEREST EARNED ON AMRESCO 1.7383% 6/25/29 \$1 PV ON 172.4100 SHARES DUE 3/25/2021 \$0.00145/PV ON 119,021.64 PV DUE 3/25/21 | 0.0000 | 0.000000 | 172.41 | 0.00 | 0.00 |
| 03/25/2021 | 31394JY35 | INTEREST EARNED ON F H L M C MLTCL MTG 6.500% 9/25/43 \$1 PV ON 2985.8100 SHARES DUE 3/25/2021 \$0.00542/PV ON 551,227.52 PV DUE 3/25/21 | 0.0000 | 0.000000 | 2,985.81 | 0.00 | 0.00 |

U.S. Bank
Transaction History
01/01/2021 Thru 03/31/2021

| Entry Date | CUSIP Id | Explanation | Units | Price | Net Cash Amt | Cost | Gain/Loss |
|------------|-----------|---|-------------|----------|--------------|-----------|-----------|
| 03/25/2021 | 31371NUC7 | INTEREST EARNED ON F N M A #257179 4.500% 4/01/28 \$1 PV ON 34.9100 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 34.91 | 0.00 | 0.00 |
| 03/25/2021 | 31376KT22 | INTEREST EARNED ON F N M A #357969 5.000% 9/01/35 \$1 PV ON 314.7500 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 314.75 | 0.00 | 0.00 |
| 03/25/2021 | 31403DJZ3 | INTEREST EARNED ON F N M A #745580 5.000% 6/01/36 \$1 PV ON 283.5600 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 283.56 | 0.00 | 0.00 |
| 03/25/2021 | 31403GXF4 | INTEREST EARNED ON F N M A #748678 5.000% 10/01/33 \$1 PV ON 4.5000 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 4.50 | 0.00 | 0.00 |
| 03/25/2021 | 31406PQY8 | INTEREST EARNED ON F N M A #815971 5.000% 3/01/35 \$1 PV ON 407.9600 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 407.96 | 0.00 | 0.00 |
| 03/25/2021 | 31406XWT5 | INTEREST EARNED ON F N M A #823358 2.035% 2/01/35 \$1 PV ON 122.2400 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 122.24 | 0.00 | 0.00 |
| 03/25/2021 | 31407BXH7 | INTEREST EARNED ON F N M A #826080 5.000% 7/01/35 \$1 PV ON 55.9400 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 55.94 | 0.00 | 0.00 |
| 03/25/2021 | 31410F4V4 | INTEREST EARNED ON F N M A #888336 5.000% 7/01/36 \$1 PV ON 525.8100 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 525.81 | 0.00 | 0.00 |
| 03/25/2021 | 3138EG6F6 | INTEREST EARNED ON F N M A #AL0869 4.500% 6/01/29 \$1 PV ON 24.7300 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 24.73 | 0.00 | 0.00 |
| 03/25/2021 | 31417YAY3 | INTEREST EARNED ON F N M A #MA0022 4.500% 4/01/29 \$1 PV ON 40.9900 SHARES DUE 3/25/2021 FEBRUARY FNMA DUE 3/25/21 | 0.0000 | 0.000000 | 40.99 | 0.00 | 0.00 |
| 03/25/2021 | 31397QRE0 | INTEREST EARNED ON F N M A GTD REMIC 2.472% 2/25/41 \$1 PV ON 84.8300 SHARES DUE 3/25/2021 \$0.00066/PV ON 127,620.24 PV DUE 3/25/21 | 0.0000 | 0.000000 | 84.83 | 0.00 | 0.00 |
| 03/26/2021 | 91282CBH3 | PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 0.375% 1/31/26 | 0.0000 | 0.000000 | -2,237.57 | 0.00 | 0.00 |
| 03/26/2021 | 91282CBC4 | PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 0.375% 12/31/25 | 0.0000 | 0.000000 | -2,641.57 | 0.00 | 0.00 |
| 03/29/2021 | 912828WU0 | BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 25064.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 03/29/2021 | 912828WU0 | FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 25064.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 25,064.00 | 0.00 |
| 03/29/2021 | 44932HAH6 | INTEREST EARNED ON IBM CREDIT CORP 3.000% 2/06/23 \$1 PV ON 5670000.0000 SHARES DUE 3/26/2021 ACCRUED INTEREST ON 3/26/2021 FULL CALL | 0.0000 | 0.000000 | 23,625.00 | 0.00 | 0.00 |
| 03/29/2021 | 912828WU0 | PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 25064.0000 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 25,064.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 03/29/2021 | 912828WU0 | STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 25064.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI | 0.0000 | 0.000000 | 0.00 | 0.00 | 0.00 |
| 03/30/2021 | 91282CBG5 | PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 0.125% 1/31/23 | 0.0000 | 0.000000 | -2,002.76 | 0.00 | 0.00 |
| 03/31/2021 | 91282CAM3 | INTEREST EARNED ON U S TREASURY NT 0.250% 9/30/25 \$1 PV ON 6500000.0000 SHARES DUE 3/31/2021 | 0.0000 | 0.000000 | 8,125.00 | 0.00 | 0.00 |
| 03/31/2021 | 912828T34 | INTEREST EARNED ON U S TREASURY NT 1.125% 9/30/21 \$1 PV ON 7000000.0000 SHARES DUE 3/31/2021 | 0.0000 | 0.000000 | 39,375.00 | 0.00 | 0.00 |

U.S. Bank
Transaction History
01/01/2021 Thru 03/31/2021

| Entry Date | CUSIP Id | Explanation | Units | Price | Net Cash Amt | Cost | Gain/Loss |
|---------------------------------|-----------|--|--|--------|-----------------------|------------------|-------------|
| 03/31/2021 | 912828YH7 | INTEREST EARNED ON U S TREASURY NT SHARES DUE 3/31/2021 | 1.500% 9/30/24 \$1 PV ON 14000000.0000 | 0.0000 | 0.000000 | 105,000.00 | 0.00 |
| 03/31/2021 | 912828J76 | INTEREST EARNED ON U S TREASURY NT SHARES DUE 3/31/2021 | 1.750% 3/31/22 \$1 PV ON 5000000.0000 | 0.0000 | 0.000000 | 43,750.00 | 0.00 |
| 03/31/2021 | 912828L57 | INTEREST EARNED ON U S TREASURY NT SHARES DUE 3/31/2021 | 1.750% 9/30/22 \$1 PV ON 16000000.0000 | 0.0000 | 0.000000 | 140,000.00 | 0.00 |
| 03/31/2021 | 9128284D9 | INTEREST EARNED ON U S TREASURY NT SHARES DUE 3/31/2021 | 2.500% 3/31/23 \$1 PV ON 10000000.0000 | 0.0000 | 0.000000 | 125,000.00 | 0.00 |
| 03/31/2021 | 912828RC6 | PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT | 2.125% 8/15/21 | 0.0000 | 0.000000 | -12,914.36 | 0.00 |
| TOTAL OTHER TRANSACTIONS | | | 50,856.0000 | | -56,407,117.27 | 50,856.00 | 0.00 |

March 31, 2021

Orange County Sanitation District



**Investment Measurement Service
Quarterly Review**

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Orange County Sanitation District Executive Summary for Period Ending March 31, 2021

Asset Allocation

| | March 31, 2021 | | Net New Inv. | Inv. Return | December 31, 2020 | |
|------------------------------|----------------------|---------------|-----------------------|----------------------|----------------------|---------------|
| | Market Value | Weight | | | Market Value | Weight |
| Domestic Fixed Income | | | | | | |
| Long Term Operating Fund* | 654,384,966 | 79.79% | 0 | (3,233,837) | 657,618,803 | 74.45% |
| Liquid Operating Monies* | 165,786,620 | 20.21% | (60,000,000) | 75,338 | 225,711,282 | 25.55% |
| Total Fund | \$820,171,585 | 100.0% | \$(60,000,000) | \$(3,158,499) | \$883,330,085 | 100.0% |

Performance

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|---------------------------------|----------------|--------------|--------------|--------------|--------------|
| Domestic Fixed Income | | | | | |
| Long Term Operating Fund^ | (0.49%) | 1.36% | 3.50% | 2.27% | 2.14% |
| Chandler | (0.49%) | 1.36% | 3.50% | 2.27% | - |
| Blmbg Govt/Cred 1-5 Year Idx | (0.57%) | 1.90% | 3.66% | 2.33% | 2.18% |
| ML 1-5 Govt/Corp | (0.52%) | 2.11% | 3.69% | 2.36% | 2.22% |
| Liquid Operating Monies^ | 0.04% | 0.17% | 1.61% | 1.27% | 0.97% |
| Chandler | 0.04% | 0.17% | 1.61% | 1.27% | - |
| Citigroup 3-Month Treasury Bill | 0.02% | 0.21% | 1.45% | 1.15% | 0.84% |
| Total Fund | (0.38%) | 1.13% | 3.15% | 2.04% | 1.90% |
| Target* | (0.41%) | 1.73% | 3.24% | 2.12% | 1.94% |

* Current Quarter Target = 80.0% ML 1-5 Govt/Corp and 20.0% FTSE 3mo T-Bills.

^Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

Recent Developments

- During the quarter, \$60 million was withdrawn from the Liquid Operating Monies.

Organizational Issues

- N/A

Fixed Income Market Snapshot

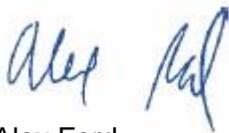
- Concerns over future inflation drove the 10-year U.S. Treasury yield to an intraday high of 1.77% in March, a 15-month high, before closing the quarter at 1.74%, up from 0.93% at year-end. The Bloomberg Barclays US Treasury Index fell 4.3%, and the long-term US Treasury Index (-13.5%) suffered its harshest decline since 1980. TIPS (-1.5%), outperformed nominal Treasuries as 10-year breakeven spreads widened from 1.99% at year-end to 2.37% as of March 31. The Bloomberg Barclays US Aggregate Bond Index fell 3.4%, with spread sectors outperforming Treasuries and lower quality faring the best. High yield corporates posted a 0.8% gain, as measured by Bloomberg Barclays, amid a record-making spate of issuance. The CCC-

rated sector gained 3.6%, benefiting from risk-on sentiment, rising stock markets, and the recovery of some COVID-19 victims (airlines, retail, energy). Bank loans, which have floating rate coupons and a relatively short duration, gained 1.8% (S&P LSTA). Municipals outperformed U.S. Treasuries against a favorable supply/demand backdrop (Bloomberg Barclays Municipal Bond: -0.4%). In addition, the market was supported by the \$350 billion allocated to support state and local governments in the recent stimulus package.

Manager Performance

- The Long Term Operating Fund declined 0.49% in the first quarter, which marginally topped the -0.52% return of the ML U.S. 1-5 Corp/Gov Index. Over the trailing one-year period, the Long Term Operating Fund gained 1.36%, which trailed the benchmark return of 2.11%. The manager ranked in the bottom quartile among the Callan Short Term Fixed Income peer group in the first quarter, and is in the bottom decile over the trailing year. The fund's longer term rankings are mixed, but tend to fluctuate around the peer median.
- Positive attribution stemmed from the Corporate and Treasury sectors, while the Agency sector detracted from performance relative to the benchmark. Sector allocation was largely unchanged from the prior quarter, with a modest decrease in Agencies being offset by an increase in Treasuries. The portfolio's duration increased slightly to 2.55 from 2.44 last quarter. The portfolio had less than 30% invested in credit (20%) and less than the permitted 20% invested in the combination of asset-backed securities (4%), commercial mortgage backed securities (0%), and CMOs (0%) as of March 31, 2021 (see page 20).
- The Liquid Operating Portfolio was flat (after fees) in the first quarter, trailing the Citigroup 3-Month Treasury Bill Index's return of 0.02% by two basis points. Over the trailing year, the fund gained 0.02%, which trailed the benchmark by 19 basis points.

Cordially,



Alex Ford
Vice President

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March 31, 2021

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Capital Market Review

U.S. EQUITY

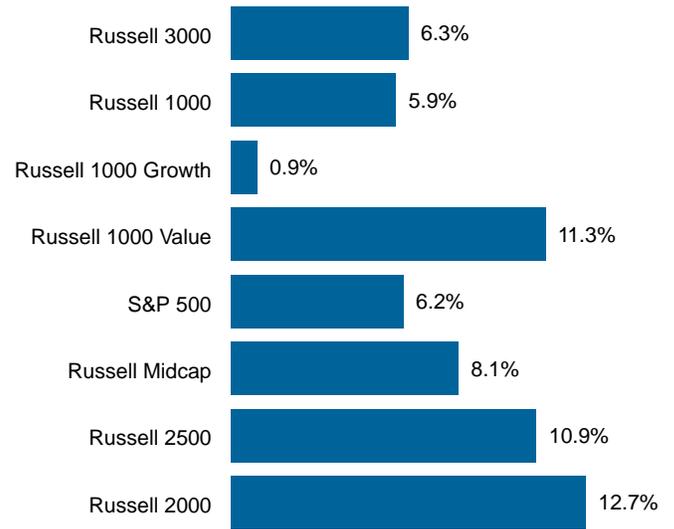
Markets continue setting all-time highs

- The S&P 500 Index hit record highs in 1Q21, gaining 6.2%.
- Since the prior peak (February 2020) the S&P is up over 19.6%, with only Energy (-4.7%) and Utilities (-4.9%) declining from peak-to-peak.
- Since March 2020 market low, S&P up over 80.7%, with all sectors posting gains over 40%; Energy +116.2%
- 1Q21 top sectors were Energy and Financials, while Industrials and Consumer Staples underperformed.
- “Re-opening” sectors (airlines, retail REITs, hospitality) outperformed while “work from home” sectors (online retail, home improvement) lagged.

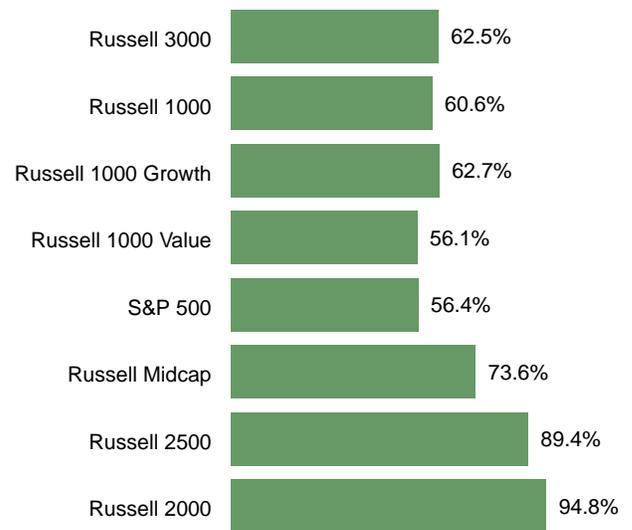
Value and small cap trends continue through 1Q21

- Value outperformed growth across the market cap spectrum.
- Small caps outperformed large in 1Q.
- Small value was the top-performing asset class for the quarter (+21.2%) and from the March 2020 low (+127.7%).
- In 1Q21, Russell 2000 gained 12.7%, extending the rally from 4Q20 when the index experienced its best quarterly return on record (+31.4%).
- Small cap stocks surged on stronger GDP and economic recovery forecasts due to higher exposure to cyclical sectors relative to large cap indices.
- Industrials, Financials, and Real Estate sectors benefit most from expectations of GDP expansion.
- Small cap stocks have historically outperformed in recoveries following market crashes.
- Cyclical sectors and industries (Energy, Financials, Industrials, Materials) continued to outperform their growth counterparts as GDP forecasts improved, stimulus was enacted, and vaccinations progressed.
- November 2020 vaccine data news a catalyst for market rotation into value/cyclicals

U.S. Equity: Quarterly Returns

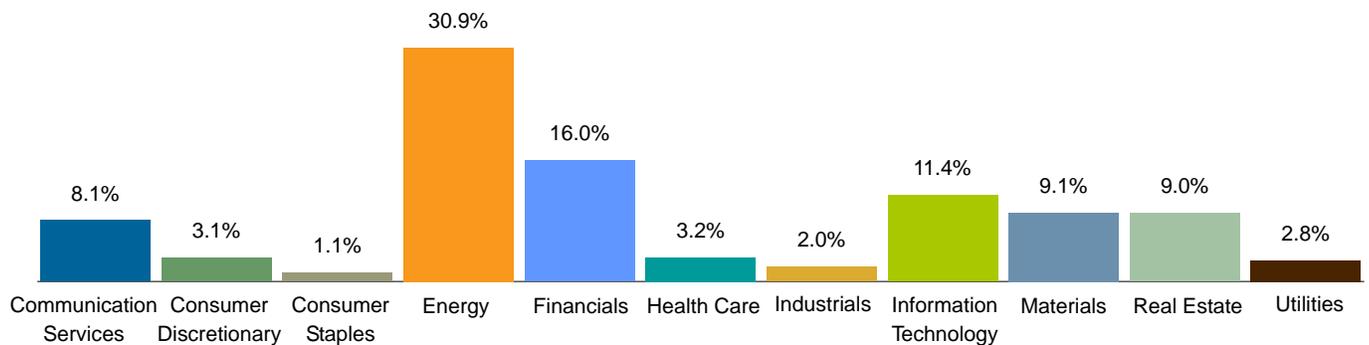


U.S. Equity: One-Year Returns



Sources: FTSE Russell, S&P Dow Jones Indices

S&P Sector Returns, Quarter Ended March 31, 2021



Source: S&P Dow Jones Indices

GLOBAL EQUITY

Nearly 100 million people fully vaccinated worldwide

- Markets responded positively to the global rollout of the COVID-19 vaccine.
- Most risk assets continued to outperform as global businesses reopen.
- Small cap outperformed large over the quarter on continued economic optimism.
- Emerging markets trailed developed markets; COVID-19 outbreaks and vaccination challenges hindered EM results.

Market continues to favor cyclicals

- Market recovery and rising interest rates buoyed cyclicals; Energy, Financials, and Industrials drove the market.
- Factor performance showed a preference for beta and volatility, similar to 4Q20.

U.S. dollar vs. other currencies

- The U.S. stimulus package announcement, combined with yields rising on economic confidence, fueled the U.S. dollar.

Growth vs. value

- Value outpaced growth for the second consecutive quarter.
- Vaccination rollout has stoked style rotation.
- Value outperformed growth by 17.0% and 10.5% in developed and emerging markets over the past two quarters, respectively.
- Rotation to value in 4Q20 was sharp and narrow.
- Cheap, low-quality factors were rewarded, favoring fundamental deep value managers.
- Quantitative value managers struggled as market rotation yielded a severe momentum reversal.

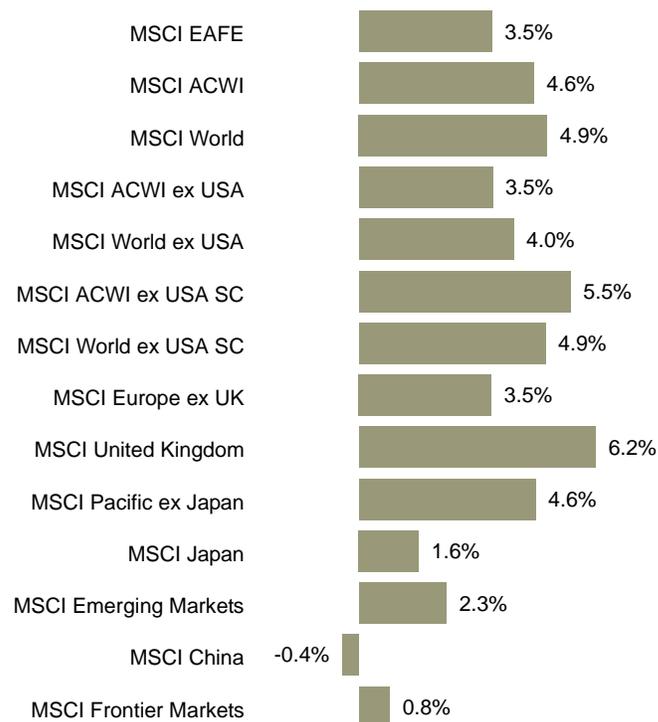
Factor payoffs may hinge on macroeconomy

- Over the past 20 years, small cap and value thrived in recoveries, momentum in expansions, low volatility in slowdowns, and low volatility and quality in contractions.
- As the market continues its recovery and transitions to expansion, value run may persist.
- Furthermore, relative value and quantitative managers are expected to participate as the value rally broadens out.

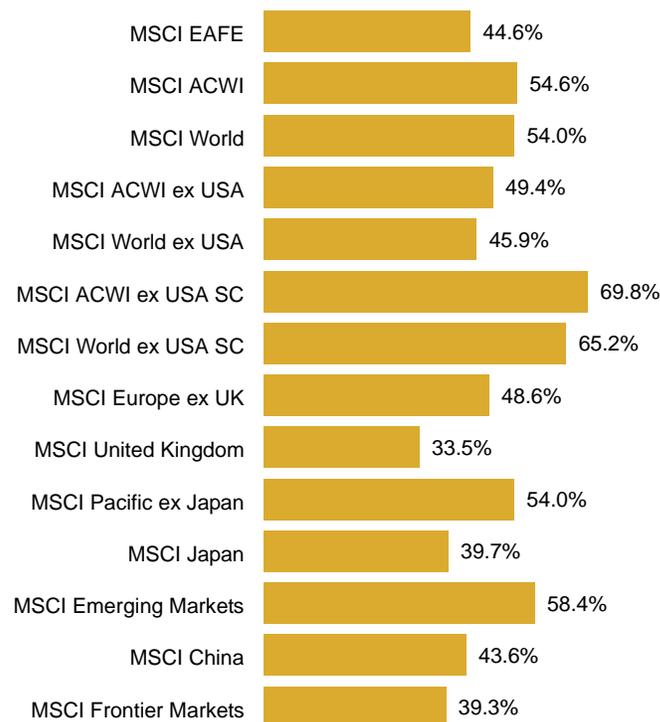
COVID-19 resurgence may delay EM recovery

- Although daily COVID-19 fatalities for developed markets have declined dramatically by 70% from the peak in January, they are notably increasing in emerging markets.
- China, South Korea, and Taiwan have by and large contained the pandemic, while pockets of developing economies are challenged with rising infections.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. FIXED INCOME

U.S. Treasury yield curve steepens

- The 10-year U.S. Treasury yield closed 1Q21 at 1.74%, up 81 bps from 4Q20.
- The short-end of the curve remained anchored, with no rate hikes expected until at least 2023, steepening the yield curve.
- TIPS outperformed nominal U.S. Treasuries as 10-year breakeven spreads widened from 1.99% to 2.37%.

Bloomberg Barclays Aggregate falls

- The Bloomberg Barclays US Aggregate Bond Index dropped 3.4%, with spread sectors outperforming treasuries.
- Demand for corporate credit remains strong, and spreads did not change meaningfully over the quarter

High yield bonds gain as rally extends

- High yield (HY) bonds outperformed investment grade (IG) in 1Q, gaining 0.8% amid a wave of new issuance.
- Leveraged loans rose 2.0% during the quarter, driven by favorable supply/demand dynamics, floating rate coupons, and relatively short durations.

Stimulus boosts munis

- Municipals outperformed treasuries for the quarter, as municipal yields rose less than treasury yields.
- The municipal market was supported by the American Rescue Act.

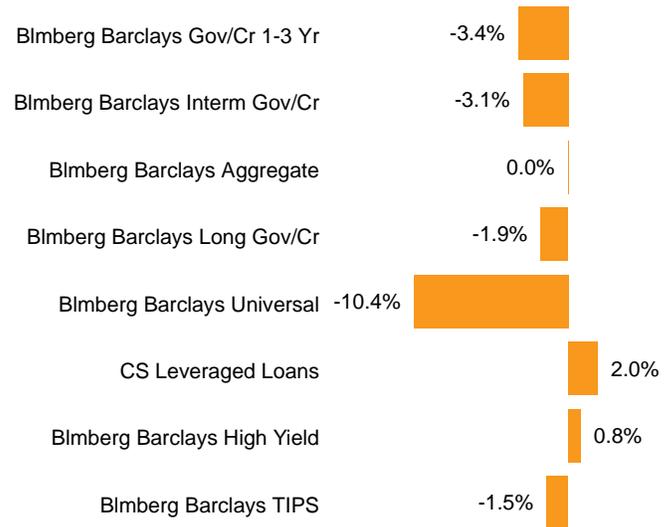
Fixed income outlook

- High demand, low and negative interest rates globally, and improving growth should continue to support spread product.
- The Federal Reserve continues to support U.S. fixed income markets.
- Private credit remains a compelling, actionable opportunity.
- Bond pickers stay constructive on select COVID-sensitive sectors.

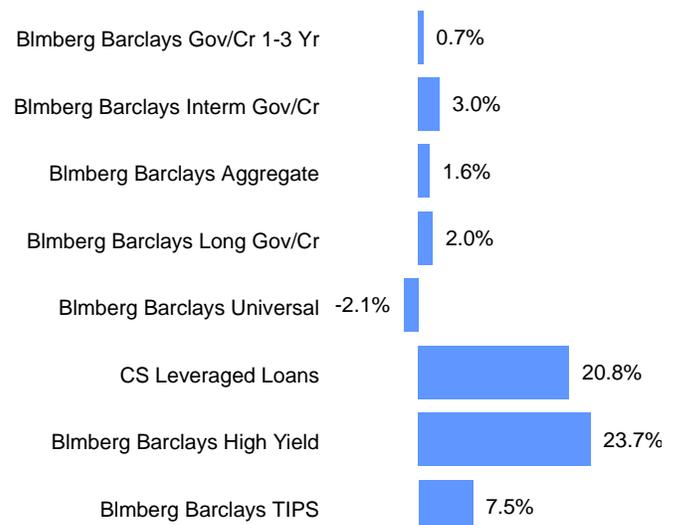
Growth and inflation expectations

- In 1Q21, the Treasury curve steepened 78 bps as the market anticipated stronger economic growth after another round of fiscal stimulus.
- The 10-year breakeven inflation rate rose 38 bps, reaching levels last seen in 2014 and 60 bps above pre-pandemic levels, implying the market expects the economy to heat-up.

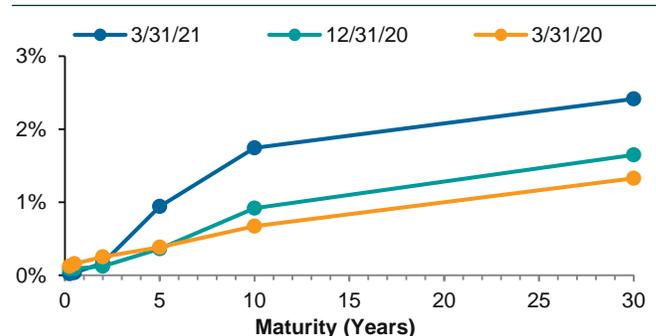
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

Market expectations diverge from Fed guidance

- The Fed dot plot continues to indicate the central bank should keep its policy rate low until 2023.
- Inflation (PCE) is estimated to tick up in 2021, but the policy shift to average inflation targeting in 2020 allows for inflation to rise above the 2% target during economic expansions, letting the Fed keep rates lower for longer.

Bond market response

- Common sentiment among managers is a near-term inflation increase. However, the front-end should remain anchored as unemployment and savings rates remain elevated, bank lending activity is muted, and secular forces persist.
- Recent and additional curve steepening provides opportunities along the curve and better roll down.

GLOBAL FIXED INCOME

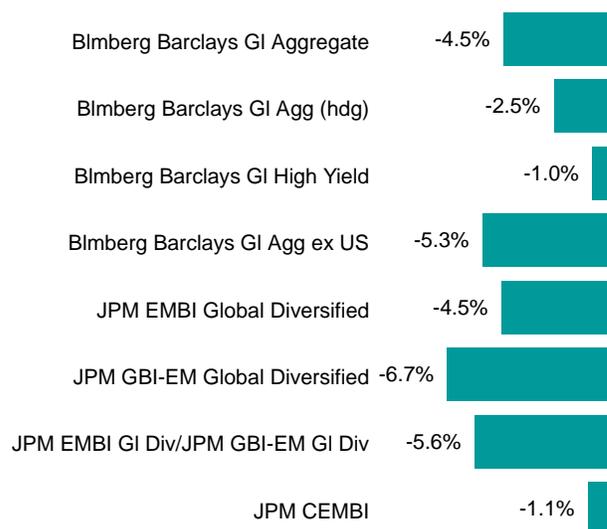
Global fixed income posts negative returns

- Global fixed income fell as developed market rates rose and the U.S. dollar strengthened.
- The U.S. dollar gained nearly 4% versus a basket of currencies, 6.6% versus the yen, and nearly 4% versus the euro.

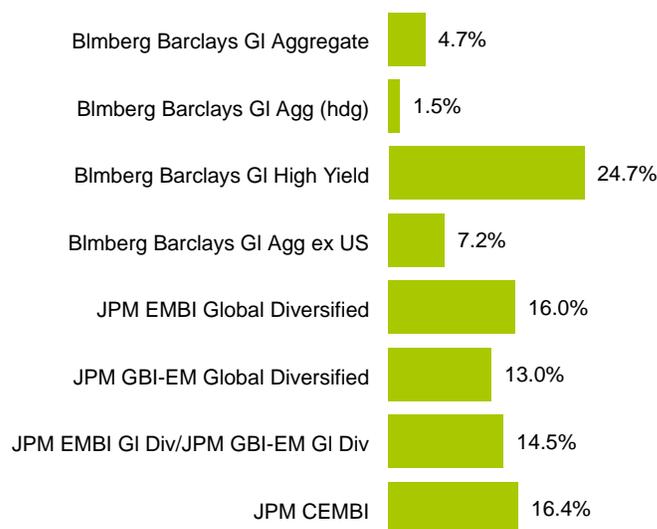
Emerging market debt sells off

- Emerging market debt indices fell in 1Q21, with EM corporates faring better than hard and local currency sovereigns amid improving corporate fundamentals.
- U.S. dollar-denominated index (EMBI Global Diversified) fell 4.5% as rising U.S. rates spilled into emerging markets; returns were largely negative across the 70+ constituents.
- Local currency index (GBI-EM Global Diversified) fared worse than hard currency, as real yields rose higher than in the U.S.

Global Fixed Income: Quarterly Returns

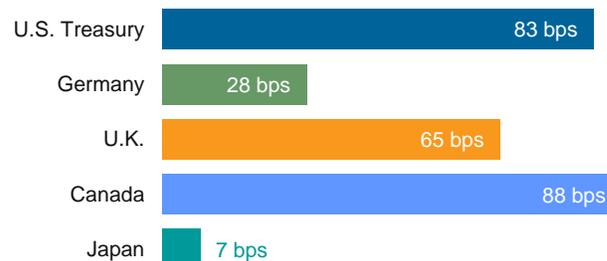


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

4Q20 to 1Q21



Sources: Bloomberg, Bloomberg Barclays, JP Morgan

Active Management Overview

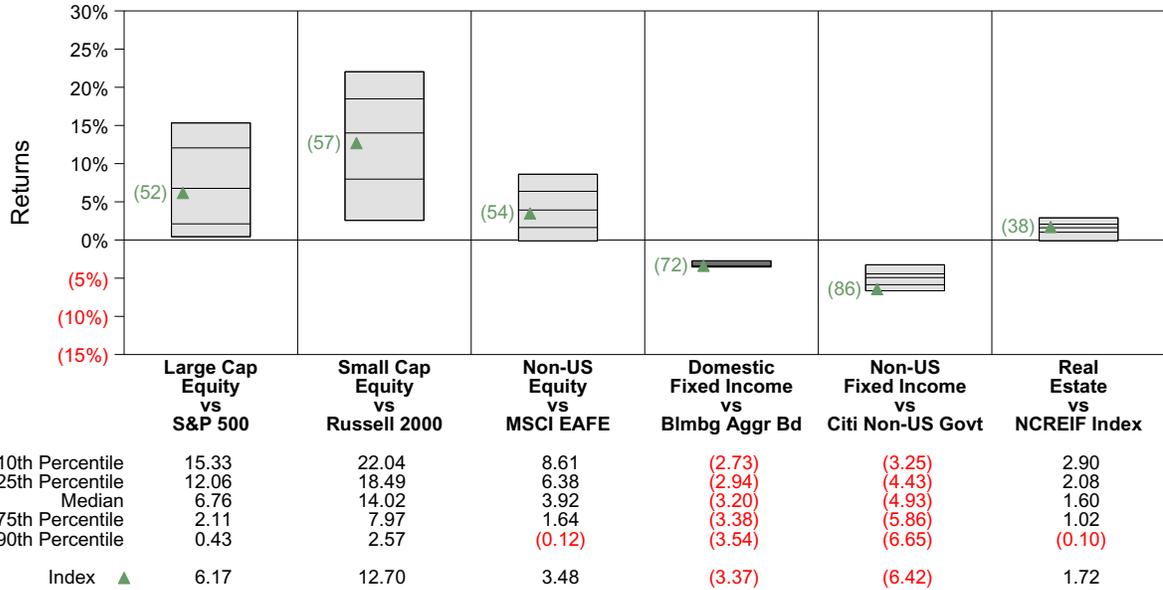
Market Overview

Active Management vs Index Returns

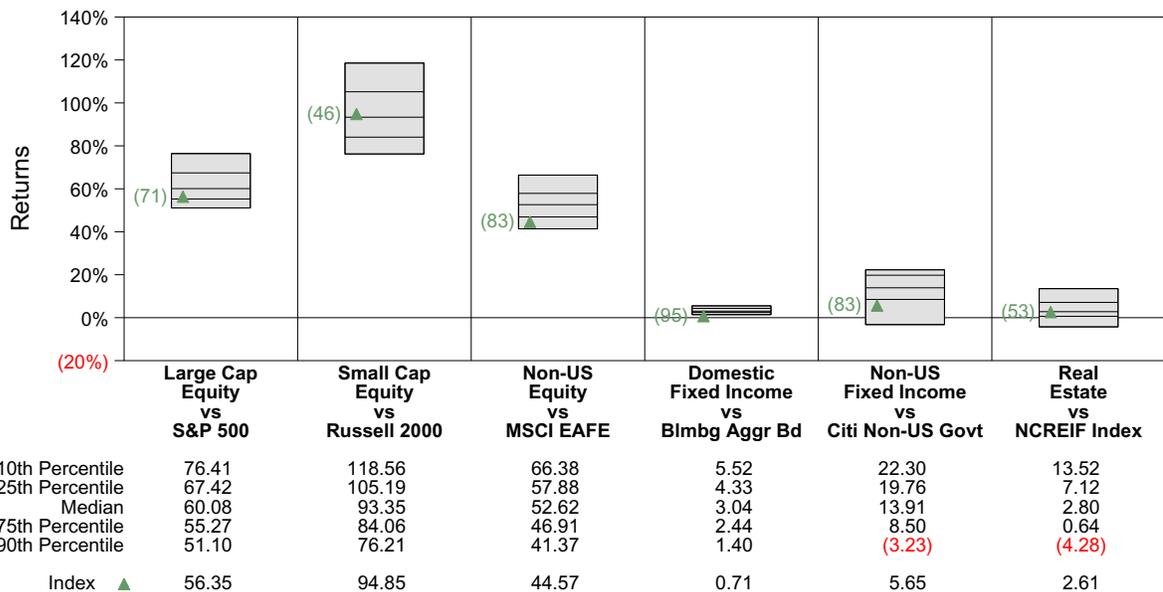
Market Overview

The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the Large Cap Equity manager database.

Range of Separate Account Manager Returns by Asset Class One Quarter Ended March 31, 2021



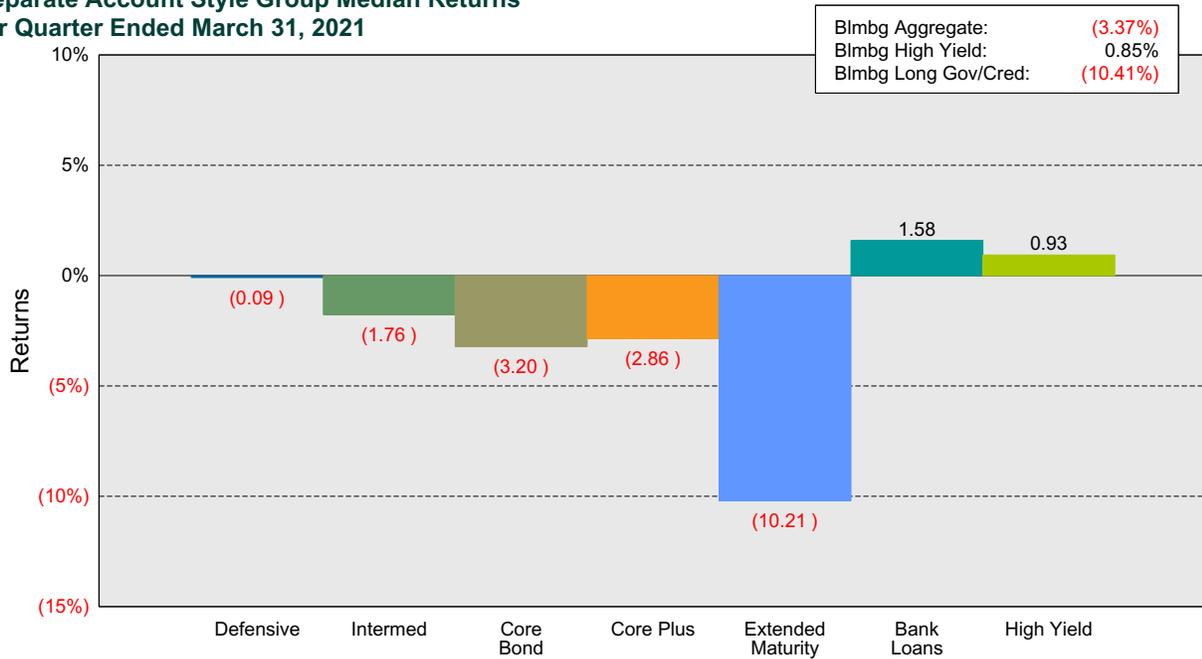
Range of Separate Account Manager Returns by Asset Class One Year Ended March 31, 2021



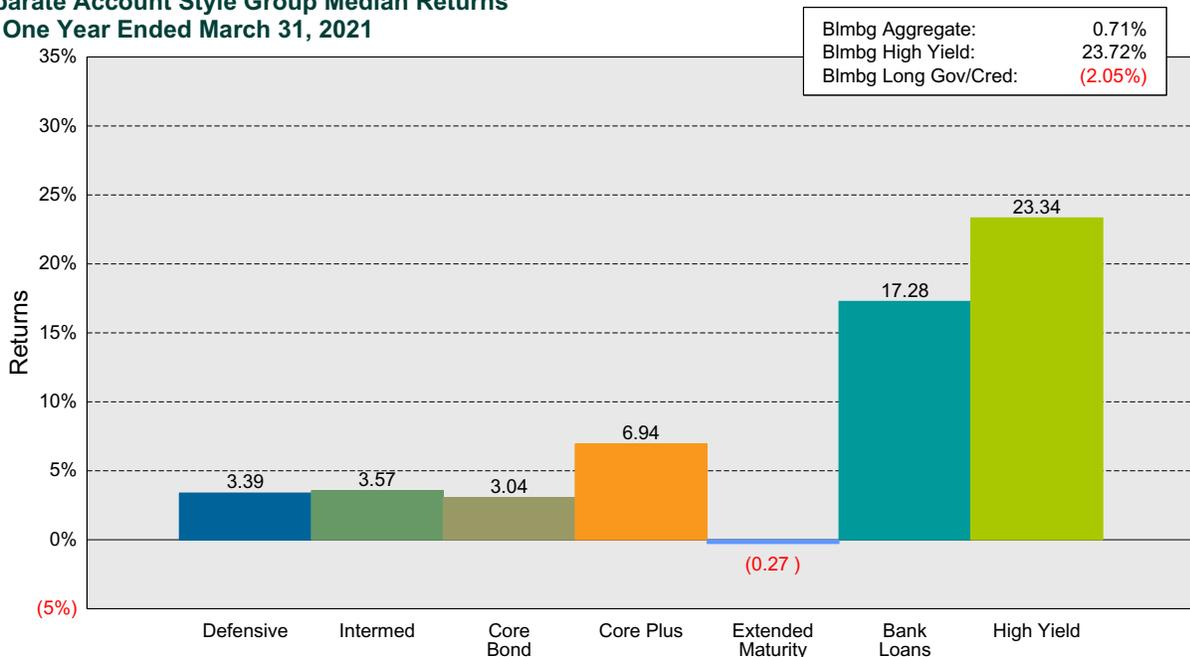
Domestic Fixed Income Active Management Overview

Concerns over future inflation drove the 10-year U.S. Treasury yield to an intraday high of 1.77% in March, a 15-month high, before closing the quarter at 1.74%, up from 0.93% at year-end. The Bloomberg Barclays US Treasury Index fell 4.3%, and the long-term US Treasury Index (-13.5%) suffered its sharpest decline since 1980. TIPS (-1.5%), outperformed nominal Treasuries as 10-year breakeven spreads widened from 1.99% at year-end to 2.37% as of March 31. The Bloomberg Barclays US Aggregate Bond Index fell 3.4%, with spread sectors outperforming Treasuries and lower quality faring the best. High yield corporates posted a 0.8% gain, as measured by Bloomberg Barclays, amid a record-making spate of issuance. Bank loans, which have floating rate coupons and a relatively short duration, gained 1.8% (S&P LSTA).

Separate Account Style Group Median Returns for Quarter Ended March 31, 2021



Separate Account Style Group Median Returns for One Year Ended March 31, 2021



Asset Allocation

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2021, with the distribution as of December 31, 2020. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

| | March 31, 2021 | | Net New Inv. | Inv. Return | December 31, 2020 | |
|------------------------------|----------------------|---------------|-----------------------|----------------------|----------------------|---------------|
| | Market Value | Weight | | | Market Value | Weight |
| Domestic Fixed Income | | | | | | |
| Long Term Operating Fund* | 654,384,966 | 79.79% | 0 | (3,233,837) | 657,618,803 | 74.45% |
| Liquid Operating Monies* | 165,786,620 | 20.21% | (60,000,000) | 75,338 | 225,711,282 | 25.55% |
| Total Fund | \$820,171,585 | 100.0% | \$(60,000,000) | \$(3,158,499) | \$883,330,085 | 100.0% |

*Chandler replaced PIMCO during the 4th quarter of 2014. Assets were transferred in-kind as of 12/01/2014.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2021. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2021

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|---------------------------------|-----------------|--------------|--------------------|--------------------|--------------------|
| Domestic Fixed Income | | | | | |
| Long Term Operating Fund^ | (0.49%) | 1.36% | 3.50% | 2.27% | 2.14% |
| Chandler | (0.49%) | 1.36% | 3.50% | 2.27% | - |
| Blmbg Govt/Cred 1-5 Year Idx | (0.57%) | 1.90% | 3.66% | 2.33% | 2.18% |
| ML 1-5 Govt/Corp | (0.52%) | 2.11% | 3.69% | 2.36% | 2.22% |
| Liquid Operating Monies^ | | | | | |
| Chandler | 0.04% | 0.17% | 1.61% | 1.27% | 0.97% |
| Citigroup 3-Month Treasury Bill | 0.02% | 0.21% | 1.45% | 1.15% | 0.84% |
| Total Fund | (0.38%) | 1.13% | 3.15% | 2.04% | 1.90% |
| Target* | (0.41%) | 1.73% | 3.24% | 2.12% | 1.94% |

* Current Quarter Target = 80.0% ML:Corp/Gov 1-5 Yr and 20.0% FTSE 3 Mo T-Bill.

^Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2021. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | Returns for Periods Ended March 31, 2021 | | |
|---------------------------------|--|---------------------|-------------------------|
| | Last 10 Years | Last 15 Years | Last 25-1/2 Years |
| Domestic Fixed Income | | | |
| Long Term Operating Fund^ | 2.10% | 3.19% | 4.17% |
| Blmbg Govt/Cred 1-5 Year Idx | 2.10% | 3.09% | 4.02% |
| ML 1-5 Govt/Corp | 2.15% | 3.11% | 4.05% |
| Liquid Operating Monies^ | 0.73% | 1.31% | 2.48% |
| Citigroup 3-Month Treasury Bill | 0.60% | 1.10% | 2.19% |
| Total Fund | 1.84% | 2.83% | 3.90% |
| Target* | 1.84% | 2.71% | 3.68% |

* Current Quarter Target = 80.0% ML:Corp/Gov 1-5 Yr and 20.0% FTSE 3 Mo T-Bill.

^Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 12/2020- 3/2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------|--------------------|--------------|--------------|--------------|--------------|
| Domestic Fixed Income | | | | | |
| Long Term Operating Fund^ | (0.49%) | 4.42% | 4.70% | 1.60% | 1.18% |
| Chandler | (0.49%) | 4.42% | 4.70% | 1.60% | 1.18% |
| Bimbg Govt/Cred 1-5 Year Idx | (0.57%) | 4.71% | 5.01% | 1.38% | 1.27% |
| ML 1-5 Govt/Corp | (0.52%) | 4.65% | 5.08% | 1.40% | 1.28% |
| Liquid Operating Monies^ | 0.04% | 0.84% | 2.39% | 1.90% | 0.91% |
| Chandler | 0.04% | 0.84% | 2.39% | 1.90% | 0.91% |
| Citigroup 3-Month Treasury Bill | 0.02% | 0.58% | 2.25% | 1.86% | 0.84% |
| Total Fund | (0.38%) | 3.73% | 4.26% | 1.72% | 1.02% |
| Target* | (0.41%) | 3.82% | 4.51% | 1.49% | 1.19% |

* Current Quarter Target = 80.0% ML:Corp/Gov 1-5 Yr and 20.0% FTSE 3 Mo T-Bill.

^Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------------------|--------------|--------------|--------------|----------------|--------------|
| Domestic Fixed Income | | | | | |
| Long Term Operating Fund^ | 1.58% | 0.85% | 1.98% | (1.77%) | 3.06% |
| Blmbg Govt/Cred 1-5 Year Idx | 1.56% | 0.97% | 1.42% | 0.28% | 2.24% |
| ML 1-5 Govt/Corp | 1.62% | 1.05% | 1.51% | 0.32% | 2.47% |
| Liquid Operating Monies^ | 0.47% | 0.22% | 0.09% | 0.13% | 0.17% |
| Citigroup 3-Month Treasury Bill | 0.27% | 0.03% | 0.03% | 0.05% | 0.07% |
| Total Fund | 1.15% | 0.80% | 1.73% | (1.49%) | 2.70% |
| Target* | 1.35% | 0.85% | 1.21% | 0.26% | 1.99% |

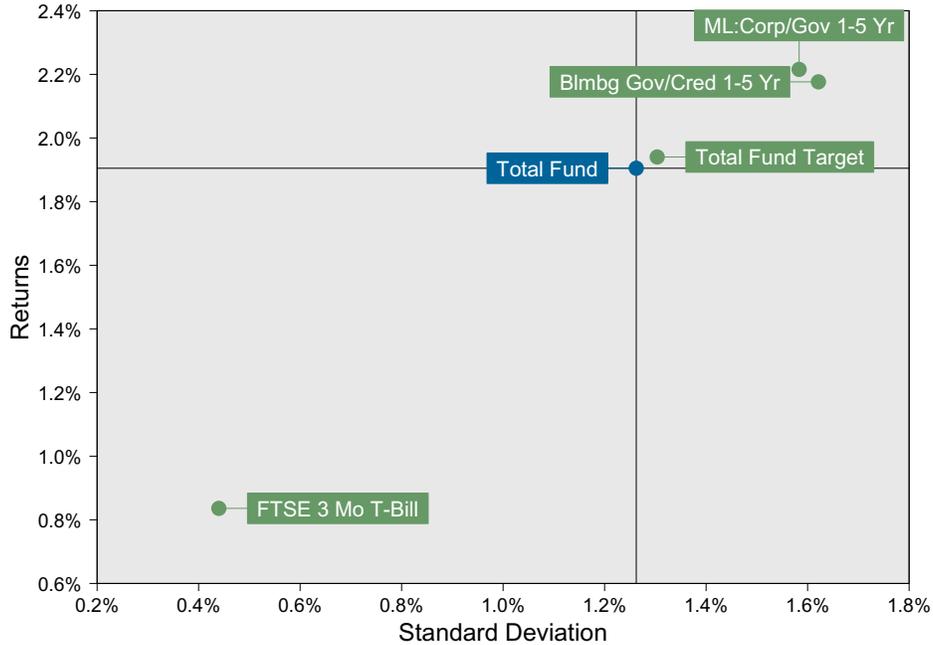
* Current Quarter Target = 80.0% ML:Corp/Gov 1-5 Yr and 20.0% FTSE 3 Mo T-Bill.

^Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

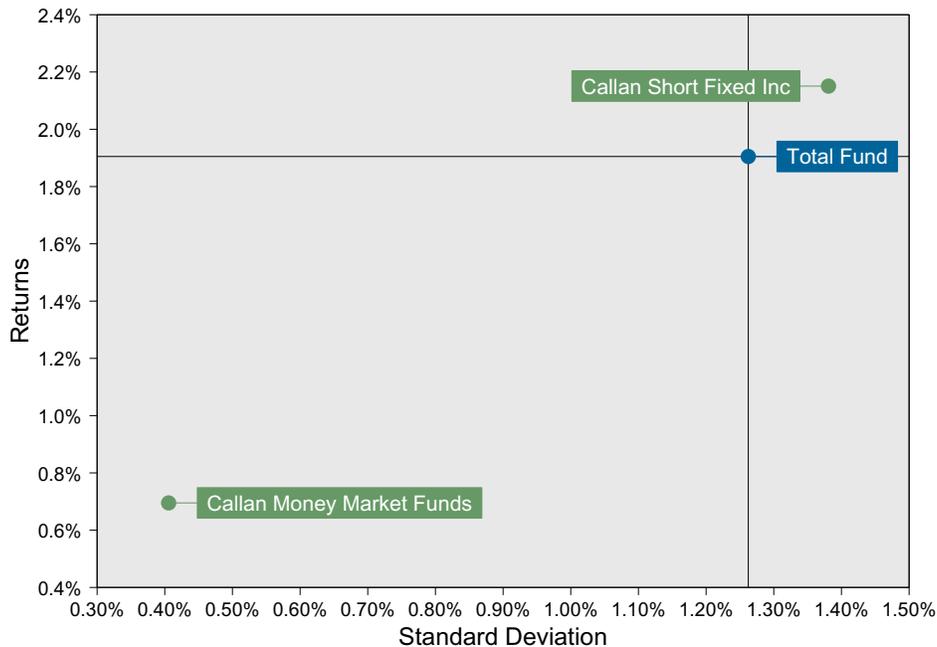
Asset Class Risk and Return

The charts below show the seven year annualized risk and return for each asset class component of the Total Fund. The first graph contrasts these values with those of the appropriate index for each asset class. The second chart contrasts them with the risk and return of the median portfolio in each of the appropriate CAI comparative databases. In each case, the crosshairs on the chart represent the return and risk of the Total Fund.

Seven Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



Seven Year Annualized Risk vs Return Asset Classes vs Asset Class Median



Manager Analysis

Long Term Operating Fund Period Ended March 31, 2021

Investment Philosophy

Chandler Asset Management's Short Term Bond strategy is driven by quantitative models and focuses on active duration management, sector selection and term structure. The strategy seeks to achieve consistent above-benchmark returns with low volatility relative to the style's performance benchmark. The firm has a unique focus on high quality fixed income management, and places risk control as a higher objective than return. Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

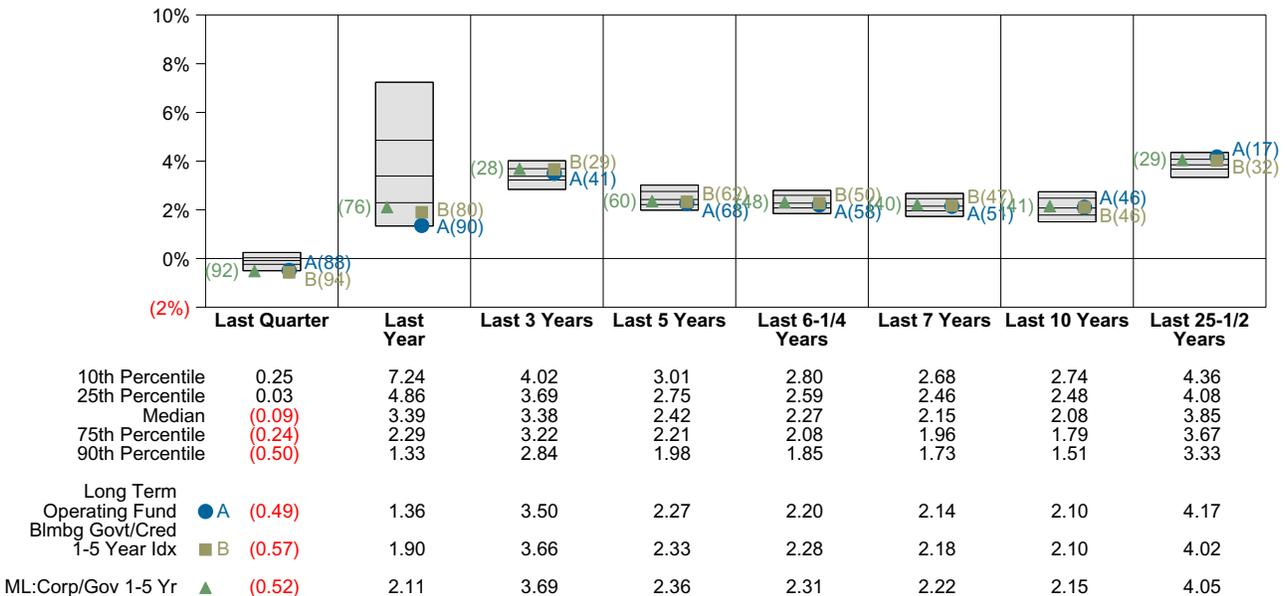
Quarterly Summary and Highlights

- Long Term Operating Fund's portfolio posted a (0.49)% return for the quarter placing it in the 88 percentile of the Callan Short Term Fixed Income group for the quarter and in the 90 percentile for the last year.
- Long Term Operating Fund's portfolio outperformed the ML:Corp/Gov 1-5 Yr by 0.03% for the quarter and underperformed the ML:Corp/Gov 1-5 Yr for the year by 0.75%.

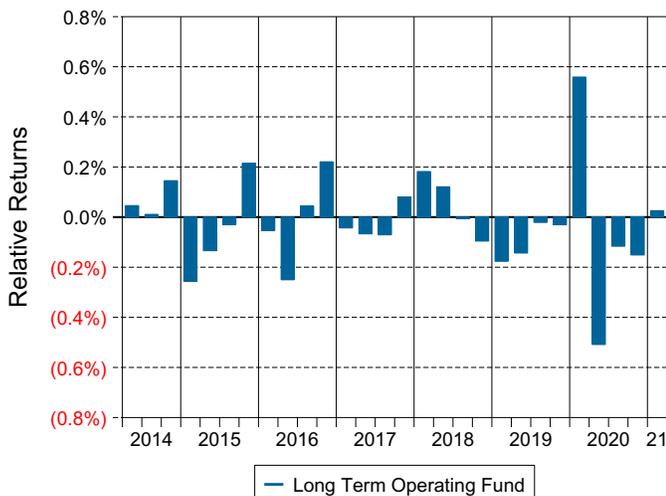
Quarterly Asset Growth

| | |
|---------------------------|---------------|
| Beginning Market Value | \$657,618,803 |
| Net New Investment | \$0 |
| Investment Gains/(Losses) | \$-3,233,837 |
| Ending Market Value | \$654,384,966 |

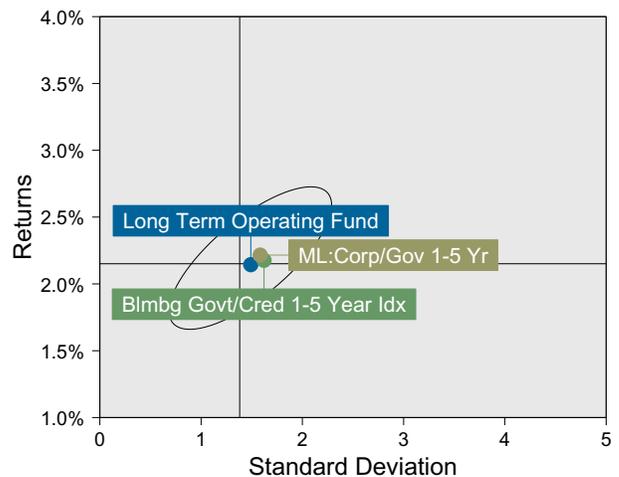
Performance vs Callan Short Term Fixed Income (Gross)



Relative Return vs ML:Corp/Gov 1-5 Yr



Callan Short Term Fixed Income (Gross) Annualized Seven Year Risk vs Return

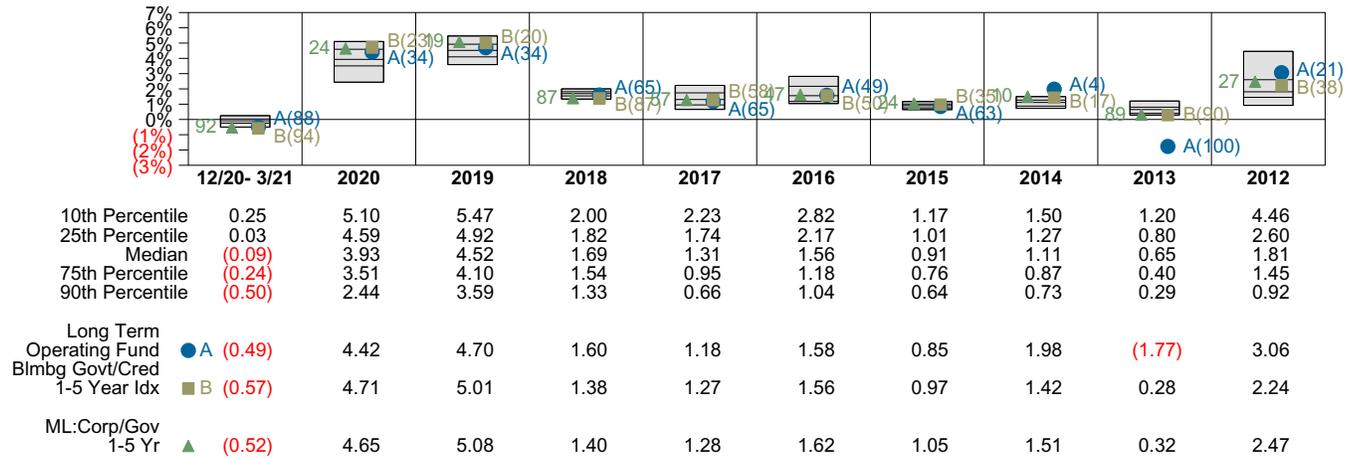


Long Term Operating Fund Return Analysis Summary

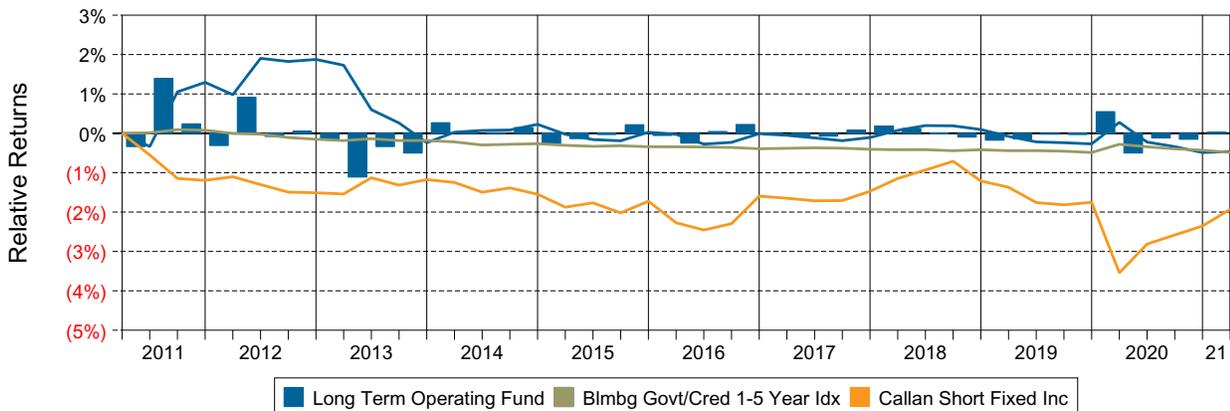
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures. Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

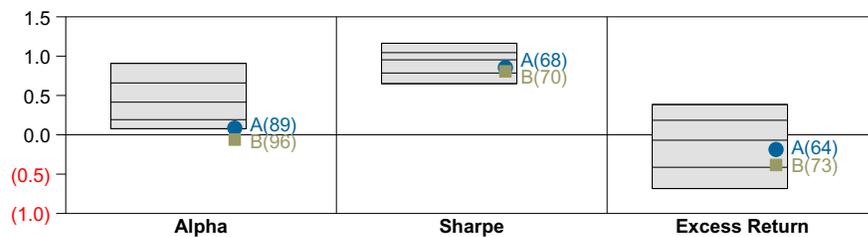
Performance vs Callan Short Term Fixed Income (Gross)



Cumulative and Quarterly Relative Return vs ML:Corp/Gov 1-5 Yr



Risk Adjusted Return Measures vs ML:Corp/Gov 1-5 Yr Rankings Against Callan Short Term Fixed Income (Gross) Seven Years Ended March 31, 2021



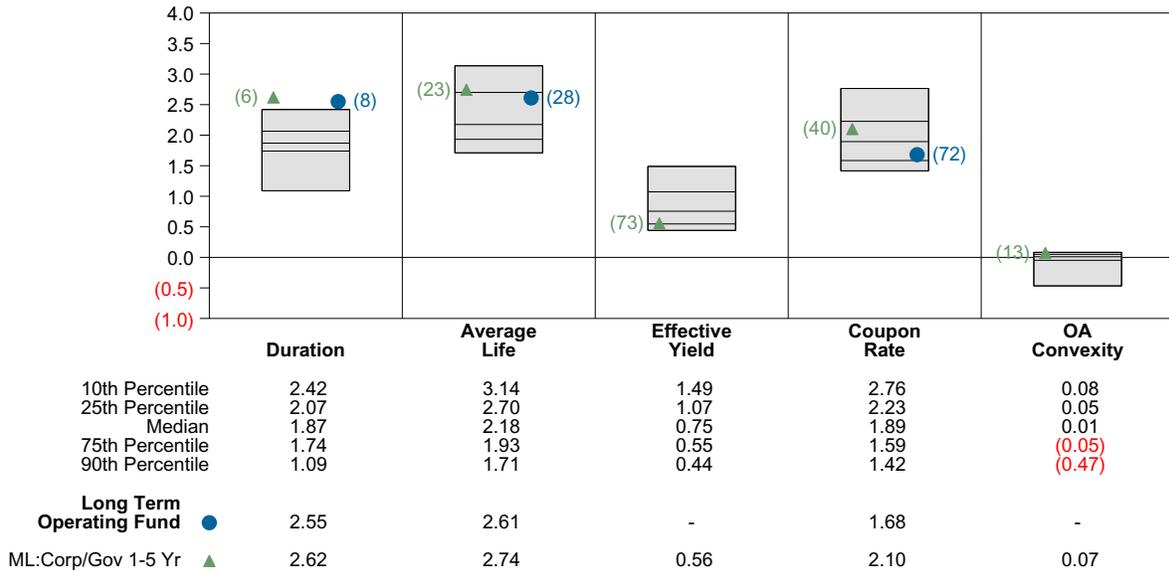
| | Alpha | Sharpe Ratio | Excess Return Ratio |
|------------------------------|-------|--------------|---------------------|
| 10th Percentile | 0.91 | 1.16 | 0.39 |
| 25th Percentile | 0.66 | 1.04 | 0.18 |
| Median | 0.42 | 0.95 | (0.07) |
| 75th Percentile | 0.19 | 0.79 | (0.41) |
| 90th Percentile | 0.08 | 0.65 | (0.68) |
| Long Term Operating Fund | ● A | 0.86 | (0.19) |
| Blmbg Govt/Cred 1-5 Year Idx | ■ B | 0.81 | (0.38) |

Long Term Operating Fund Bond Characteristics Analysis Summary

Portfolio Characteristics

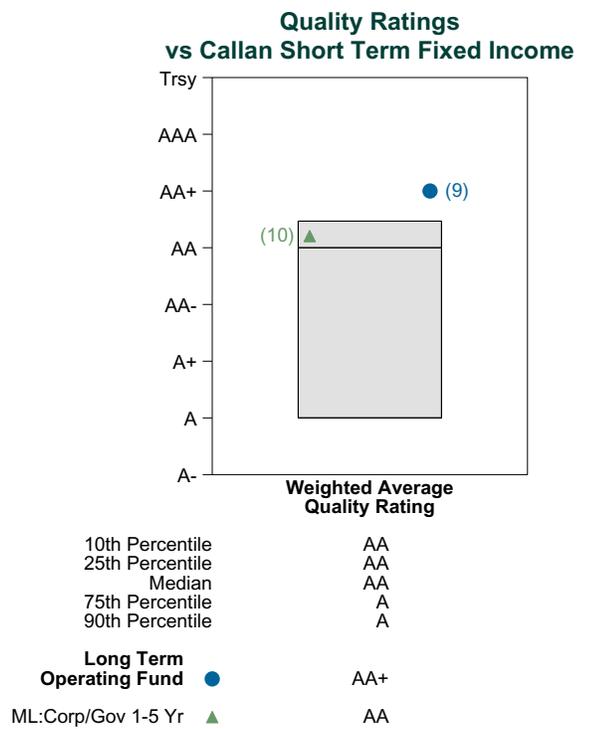
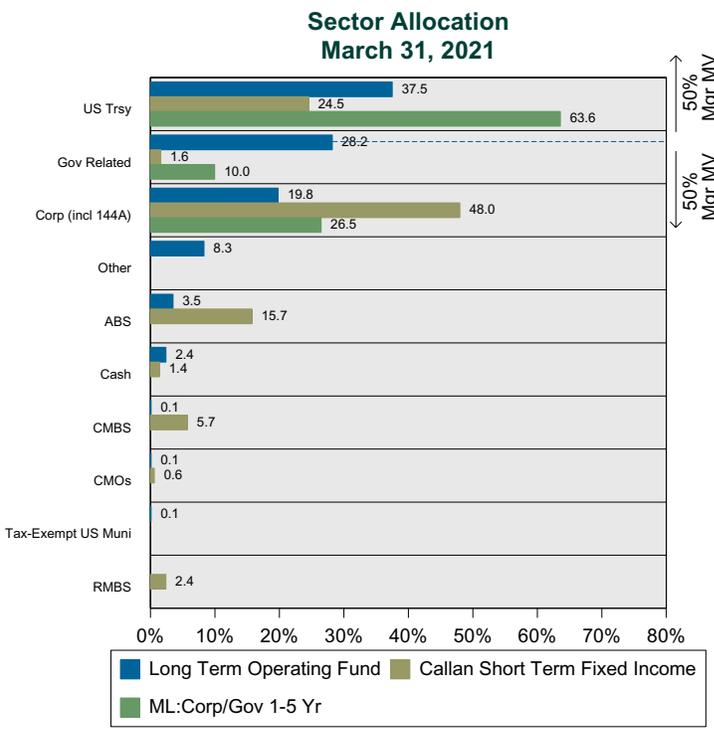
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against Callan Short Term Fixed Income as of March 31, 2021



Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

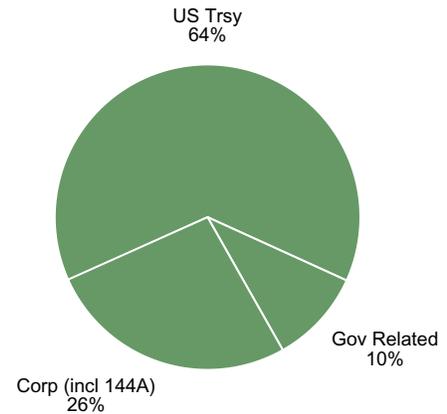
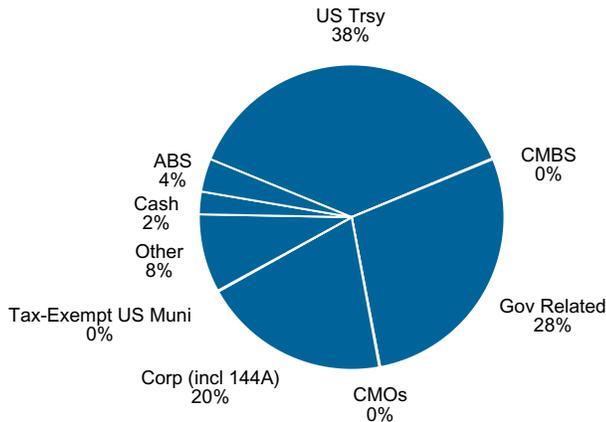


Long Term Operating Fund Portfolio Characteristics Summary As of March 31, 2021

Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

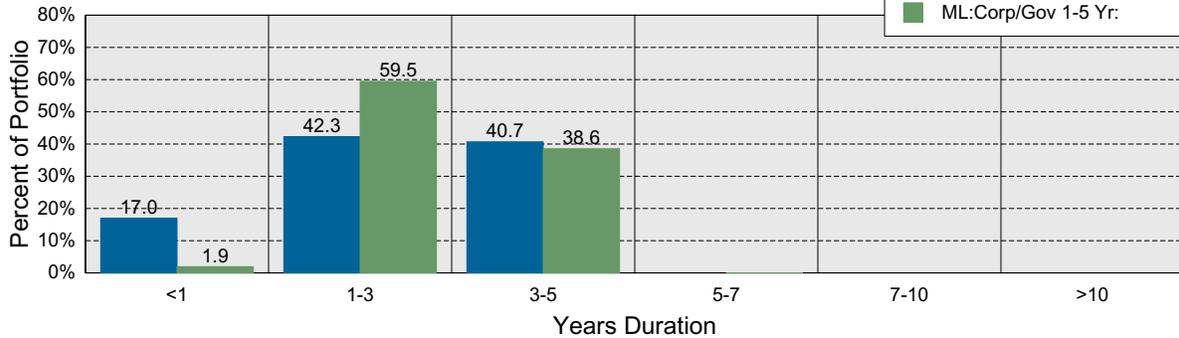
Sector Allocation



Long Term Operating Fund

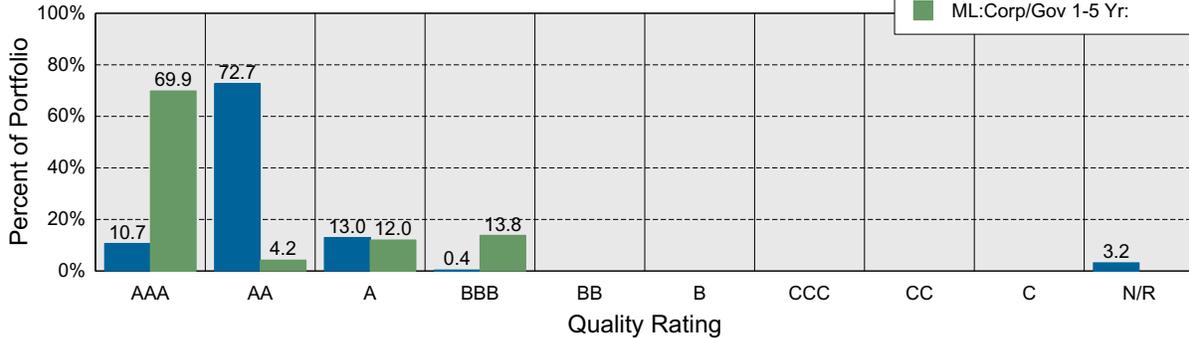
ML:Corp/Gov 1-5 Yr

Duration Distribution



| Weighted Average: | Duration |
|---------------------------|----------|
| Long Term Operating Fund: | 2.55 |
| ML:Corp/Gov 1-5 Yr: | 2.62 |

Quality Distribution



| Weighted Average: | Quality |
|---------------------------|---------|
| Long Term Operating Fund: | AA+ |
| ML:Corp/Gov 1-5 Yr: | AA |

Chandler-Liquid Operating Money Period Ended March 31, 2021

Investment Philosophy

Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

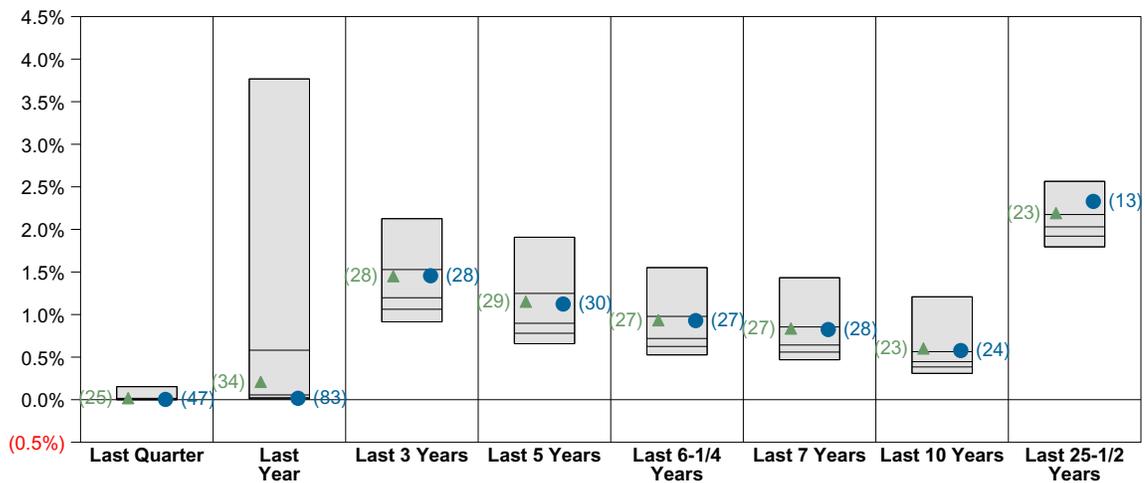
Quarterly Summary and Highlights

- Liquid Operating Money Net's portfolio posted a 0.00% return for the quarter placing it in the 47 percentile of the Callan Money Market Funds group for the quarter and in the 83 percentile for the last year.
- Liquid Operating Money Net's portfolio underperformed the Citigroup 3-Month Treasury Bill by 0.01% for the quarter and underperformed the Citigroup 3-Month Treasury Bill for the year by 0.19%.

Quarterly Asset Growth

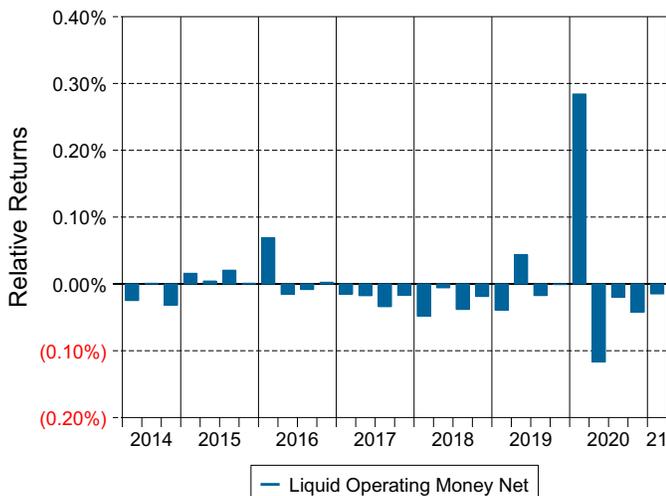
| | |
|---------------------------|---------------|
| Beginning Market Value | \$225,711,282 |
| Net New Investment | \$-60,000,000 |
| Investment Gains/(Losses) | \$75,338 |
| Ending Market Value | \$165,786,620 |

Performance vs Callan Money Market Funds (Net)

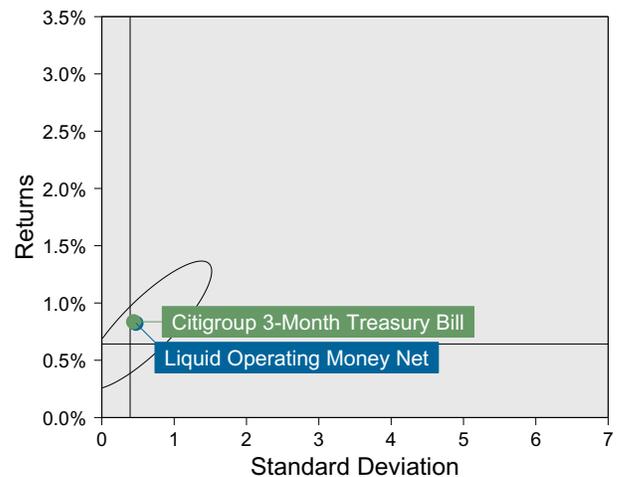


| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 6-1/4 Years | Last 7 Years | Last 10 Years | Last 25-1/2 Years |
|--|--------------|-----------|--------------|--------------|------------------|--------------|---------------|-------------------|
| 10th Percentile | 0.15 | 3.77 | 2.13 | 1.91 | 1.55 | 1.43 | 1.21 | 2.56 |
| 25th Percentile | 0.02 | 0.58 | 1.53 | 1.25 | 0.98 | 0.85 | 0.56 | 2.17 |
| Median | 0.00 | 0.06 | 1.20 | 0.90 | 0.72 | 0.64 | 0.45 | 2.03 |
| 75th Percentile | 0.00 | 0.02 | 1.06 | 0.78 | 0.63 | 0.56 | 0.38 | 1.92 |
| 90th Percentile | 0.00 | 0.01 | 0.91 | 0.66 | 0.53 | 0.47 | 0.31 | 1.79 |
| Liquid Operating Money Net | ● 0.00 | 0.02 | 1.46 | 1.12 | 0.93 | 0.82 | 0.58 | 2.33 |
| Citigroup 3-Month Treasury Bill | ▲ 0.02 | 0.21 | 1.45 | 1.15 | 0.93 | 0.84 | 0.60 | 2.19 |

Relative Returns vs Citigroup 3-Month Treasury Bill



Callan Money Market Funds (Net) Annualized Seven Year Risk vs Return

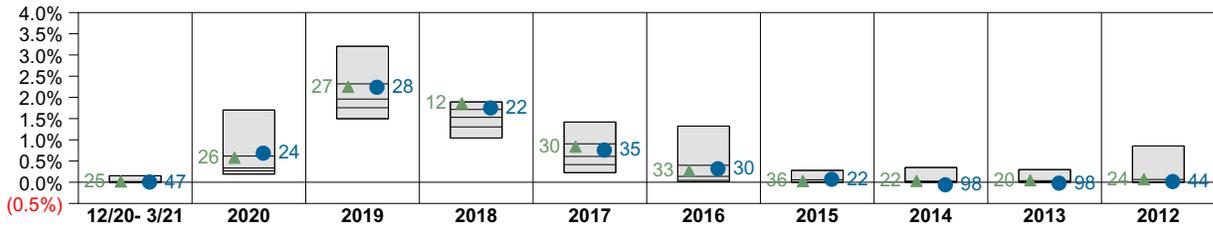


Liquid Operating Money Net Return Analysis Summary

Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures. Assets were transferred in kind to Chandler on 12/1/2014. Previous performance reflects PIMCO.

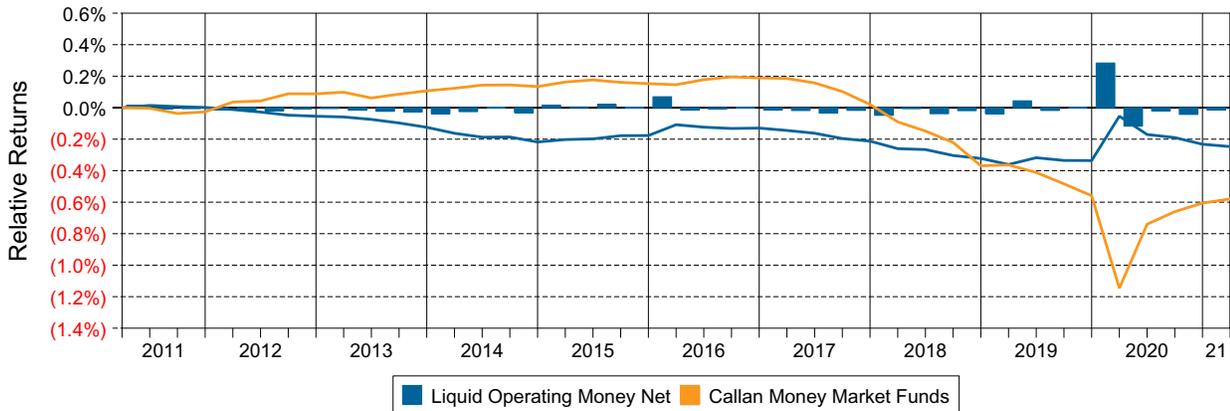
Performance vs Callan Money Market Funds (Net)



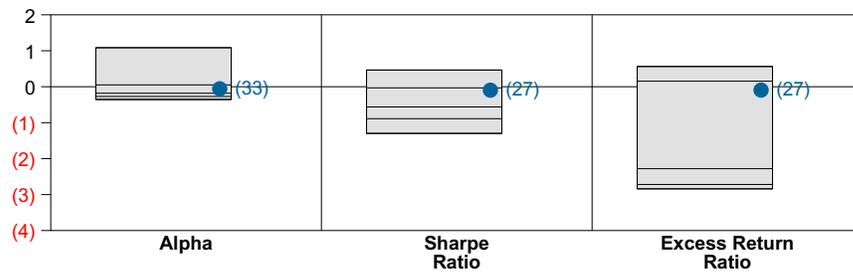
| | | | | | | | | | | |
|-----------------|------|------|------|------|------|------|------|------|------|------|
| 10th Percentile | 0.15 | 1.70 | 3.20 | 1.89 | 1.42 | 1.32 | 0.28 | 0.35 | 0.30 | 0.85 |
| 25th Percentile | 0.02 | 0.62 | 2.32 | 1.72 | 0.91 | 0.40 | 0.06 | 0.03 | 0.04 | 0.06 |
| Median | 0.00 | 0.34 | 1.96 | 1.53 | 0.61 | 0.14 | 0.01 | 0.01 | 0.01 | 0.01 |
| 75th Percentile | 0.00 | 0.27 | 1.76 | 1.30 | 0.42 | 0.04 | 0.01 | 0.01 | 0.01 | 0.01 |
| 90th Percentile | 0.00 | 0.19 | 1.50 | 1.04 | 0.23 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | | | | | | | |
|-----------------------------------|---|------|------|------|------|------|------|------|--------|--------|------|
| Liquid Operating Money Net | ● | 0.00 | 0.69 | 2.24 | 1.75 | 0.76 | 0.32 | 0.07 | (0.06) | (0.02) | 0.02 |
| Citigroup 3-Month Treasury Bill | ▲ | 0.02 | 0.58 | 2.25 | 1.86 | 0.84 | 0.27 | 0.03 | 0.03 | 0.05 | 0.07 |

Cumulative and Quarterly Relative Return vs Citigroup 3-Month Treasury Bill



Risk Adjusted Return Measures vs Citigroup 3-Month Treasury Bill Rankings Against Callan Money Market Funds (Net) Seven Years Ended March 31, 2021



| | | | |
|-----------------------------------|--------|--------|--------|
| 10th Percentile | 1.09 | 0.46 | 0.56 |
| 25th Percentile | 0.05 | (0.03) | 0.15 |
| Median | (0.18) | (0.56) | (2.28) |
| 75th Percentile | (0.27) | (0.89) | (2.72) |
| 90th Percentile | (0.36) | (1.30) | (2.84) |
| Liquid Operating Money Net | ● | (0.06) | (0.09) |

Callan Research/Education

Research and Education

The Callan Institute provides research to update clients on the latest industry trends and carefully structured educational programs to enhance the knowledge of industry professionals. Visit www.callan.com/callan/research-library to see all of our publications, and www.callan.com/callan/blog to view our blog. For more information contact Barb Gerraty at 415-274-3093 / institute@callan.com.

New Research from Callan's Experts

[Callan's 2021-2030 Capital Markets Assumptions](#) | Callan develops capital markets assumptions to help clients with their long-term strategic planning. For the period 2021-2030, we made almost revolutionary changes to our projections. We also added several new asset classes, including private credit.

[2021 Defined Contribution Survey](#) | The world is changing dramatically, and our annual *DC Survey* is evolving to fit the shifting landscape. Callan's 14th Annual *DC Survey* now covers the SECURE and CARES Acts, the impacts of the COVID-19 pandemic, along with the key tenets of DC plan management, financial wellness, and HSAs.

[GameStopped—or Just Getting Started?](#) | In this quarter's *Hedge Fund Monitor*, Jim McKee explains what the GameStop saga means for institutional investors, and outlines what questions they should be asking their hedge fund managers.

[Coping with COVID-19: How Work Is Evolving for Investment Managers, 3rd Edition](#) | Following up on our September publication, Callan surveyed investment managers regarding how their firms were responding to the COVID-19 pandemic, focusing on office closures and re-openings, work-from-home approaches, business travel, and meetings. This edition also includes data on how firms are handling attendance to live events and changes to employee benefits packages specific to the COVID-19 pandemic.

Blog Highlights

[Captive Insurance Stepped in to Ease Pandemic's Blow. Now What?](#) | By accessing permissible capital invested in the captive investment portfolio, some captive insurers were able to support their parent organizations during COVID-19 by providing relief from business interruption losses. As dependence on captive

insurance increases, the demand for higher investment returns from the captive investment portfolio will also increase.

[How the Pandemic Affected Private Credit, and What's Next](#) | As interest rates on investment grade bonds have fallen to near-zero, private credit has attracted more interest from institutional investors.

[Why the Yield Curve Is Really Curving](#) | As prospects for growth have brightened on the back of increasing vaccinations, a gradual re-opening across the country, and continued fiscal stimulus, yields on longer maturity bonds have risen while short-term rates have been anchored by the Fed.

Quarterly Periodicals

[Private Equity Trends, 4Q20](#) | A high-level summary of private equity activity in the quarter through all the investment stages

[Active vs. Passive Charts, 4Q20](#) | A comparison of active managers alongside relevant benchmarks over the long term

[Market Pulse Flipbook, 4Q20](#) | A quarterly market reference guide covering trends in the U.S. economy, developments for institutional investors, and the latest data on the capital markets

[Capital Markets Review, 4Q20](#) | Analysis and a broad overview of the economy and public and private market activity each quarter across a wide range of asset classes

[Hedge Fund Quarterly, 4Q20](#) | Commentary on developments for hedge funds and multi-asset class (MAC) strategies

[Real Assets Reporter, 4Q20](#) | A summary of market activity for real assets and private real estate during the quarter

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: callan.com/callan/research-library

Please mark your calendar and look forward to upcoming invitations:

2021 National Conference

July 19-21, 2021, in Salt Lake City

For more information about events, please contact Barb Gerraty: 415-274-3093 / gerraty@callan.com

Education: By the Numbers

50+

Unique pieces of research the Institute generates each year

525

Attendees (on average) of the Institute's annual National Conference

3,700

Total attendees of the "Callan College" since 1994

Education

Founded in 1994, the "Callan College" offers educational sessions for industry professionals involved in the investment decision-making process.

Introduction to Investments—Virtual August 17-19, 2021

This program familiarizes institutional investor trustees and staff and asset management advisers with basic investment theory, terminology, and practices. It is held over three days with virtual modules of 2.5-3 hours. This course is designed for individuals with less than two years of experience with asset-management oversight and/or support responsibilities. Tuition is \$950 per person and includes instruction and digital materials.

Additional information including registration can be found at: callan.com/callan/events/ccintro_august/

Introduction to Investments—In Person October 6-7, 2021, in Chicago

This program familiarizes institutional investor trustees and staff and asset management advisers with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals with less than two years of experience with asset-management oversight and/or support responsibilities. Tuition is \$2,350 per person and includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Additional information including dates and registration can be found at: callan.com/callan/events/oct-intro-college-2/



"Research is the foundation of all we do at Callan, and sharing our best thinking with the investment community is our way of helping to foster dialogue to raise the bar across the industry."

Greg Allen, CEO and Chief Research Officer

Definitions

Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

Alpha measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

Beta measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

Downside Risk stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

Excess Return Ratio is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

Information Ratio measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

R-Squared indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

Relative Standard Deviation is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

Residual Portfolio Risk is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

Risk/Reward Statistics

Rising Declining Periods refer to the sub-asset class cycles vis-a-vis the broader asset class. This is determined by evaluating the cumulative relative sub-asset class index performance to that of the broader asset class index. For example, to determine the Growth Style cycle, the S&P 500 Growth Index (sub-asset class) performance is compared to that of the S&P 500 Index (broader asset class).

Sharpe Ratio is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

Sortino Ratio is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

Standard Deviation is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

Total Portfolio Risk is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

Tracking Error is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

Treynor Ratio represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Fixed Income Portfolio Characteristics

All Portfolio Characteristics are derived by first calculating the characteristics for each security, and then calculating the market value weighted average of these values for the portfolio.

Allocation by Sector - Sector allocation is one of the tools which managers often use to add value without impacting the duration of the portfolio. The sector weights exhibit can be used to contrast a portfolio's weights with those of the index to identify any significant sector bets.

Average Coupon - The average coupon is the market value weighted average coupon of all securities in the portfolio. The total portfolio coupon payments per year are divided by the total portfolio par value.

Average Moody's Rating for Total Portfolio - A measure of the credit quality as determined by the individual security ratings. The ratings for each security, from Moody's Investor Service, are compiled into a composite rating for the whole portfolio. Quality symbols range from Aaa+ (highest investment quality - lowest credit risk) to C (lowest investment quality - highest credit risk).

Average Option Adjusted (Effective) Convexity - Convexity is a measure of the portfolio's exposure to interest rate risk. It is a measure of how much the duration of the portfolio will change given a change in interest rates. Generally, securities with negative convexities are considered to be risky in that changes in interest rates will result in disadvantageous changes in duration. When a security's duration changes it indicates that the stream of expected future cash-flows has changed, generally having a significant impact on the value of the security. The option adjusted convexity for each security in the portfolio is calculated using models developed by Lehman Brothers and Salomon Brothers which determine the expected stream of cash-flows for the security based on various interest rate scenarios. Expected cash-flows take into account any put or call options embedded in the security, any expected sinking-fund paydowns or any expected mortgage principal prepayments.

Average Option Adjusted (Effective) Duration - Duration is one measure of the portfolio's exposure to interest rate risk. Generally, the higher a portfolio's duration, the more that its value will change in response to interest rate changes. The option adjusted duration for each security in the portfolio is calculated using models developed by Lehman Brothers and Salomon Brothers which determine the expected stream of cash-flows for the security based on various interest rate scenarios. Expected cash-flows take into account any put or call options embedded in the security, any expected sinking-fund paydowns or any expected mortgage principal prepayments.

Average Price - The average price is equal to the portfolio market value divided by the number of securities in the portfolio. Portfolios with an average price above par will tend to generate more current income than those with an average price below par.

Average Years to Expected Maturity - This is a measure of the market-value-weighted average of the years to expected maturity across all of the securities in the portfolio. Expected years to maturity takes into account any put or call options embedded in the security, any expected sinking-fund paydowns or any expected mortgage principal prepayments.

Average Years to Stated Maturity - The average years to stated maturity is the market value weighted average time to stated maturity for all securities in the portfolio. This measure does not take into account imbedded options, sinking fund paydowns, or prepayments.

Current Yield - The current yield is the current annual income generated by the total portfolio market value. It is equal to the total portfolio coupon payments per year divided by the current total portfolio market value.

Fixed Income Portfolio Characteristics

Duration Dispersion - Duration dispersion is the market-value weighted standard deviation of the portfolio's individual security durations around the total portfolio duration. The higher the dispersion, the more variable the security durations relative to the total portfolio duration ("barbellness"), and the smaller the dispersion, the more concentrated the holdings' durations around the overall portfolio's ("bulletness"). The purpose of this statistic is to gauge the "bulletness" or "barbellness" of a portfolio relative to its total duration and to that of its benchmark index.

Effective Yield - The effective yield is the actual total annualized return that would be realized if all securities in the portfolio were held to their expected maturities. Effective yield is calculated as the internal rate of return, using the current market value and all expected future interest and principal cash flows. This measure incorporates sinking fund paydowns, expected mortgage principal prepayments, and the exercise of any "in-the-money" imbedded put or call options.

Weighted Average Life - The weighted average life of a security is the weighted average time to payment of all remaining principal. It is calculated by multiplying each expected future principal payment amount by the time left to the payment. This amount is then divided by the total amount of principal remaining. Weighted average life is commonly used as a measure of the investment life for pass-through security types for comparison to non-pass-through securities.

Disclosures

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry, and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor, and disclose potential conflicts on an ongoing basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database, or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please note that if an investment manager receives a product or service on a complimentary basis (e.g., attending an educational event), they are not included in the list below. Callan is committed to ensuring that we do not consider an investment manager's business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group, and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance department.

Manager Name

Aberdeen Standard Investments

Acadian Asset Management LLC

Adams Street Partners, LLC

AEGON USA Investment Management Inc.

AllianceBernstein

Allianz

American Century Investments

AQR Capital Management

Ares Management LLC

Ariel Investments, LLC

Aristotle Capital Management, LLC

Atlanta Capital Management Co., LLC

Aviva Investors

AXA Investment Managers

Baillie Gifford International, LLC

Baird Advisors

Barings LLC

Baron Capital Management, Inc.

Manager Name

Barrow, Hanley, Mewhinney & Strauss, LLC

BlackRock

BMO Global Asset Management

BNP Paribas Asset Management

BNY Mellon Asset Management

Boston Partners

Brandes Investment Partners, L.P.

Brandywine Global Investment Management, LLC

Brown Brothers Harriman & Company

Cambiar Investors, LLC

Capital Group

Carillon Tower Advisers

CastleArk Management, LLC

Causeway Capital Management LLC

Chartwell Investment Partners

ClearBridge Investments, LLC

Cohen & Steers Capital Management, Inc.

Columbia Threadneedle Investments North America

Manager Name

Credit Suisse Asset Management
Crescent Capital Group LP
D.E. Shaw Investment Management, LLC
DePrince, Race & Zollo, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Management Co.
DWS
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Hermes, Inc.
Fidelity Institutional Asset Management
Fiera Capital Corporation
First Hawaiian Bank Wealth Management Division
First Sentier Investors (formerly First State Investments)
Fisher Investments
Franklin Templeton
GAM (USA) Inc.
GCM Grosvenor
GlobeFlex Capital, L.P.
GoldenTree Asset Management, LP
Goldman Sachs
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Heitman LLC
Hotchkis & Wiley Capital Management, LLC
Income Research + Management, Inc.
Insight Investment
Intech Investment Management, LLC
Intercontinental Real Estate Corporation
Invesco
Ivy Investments
J.P. Morgan
Janus
Jennison Associates LLC
Jobs Peak Advisors
J O Hambro Capital Management Limited

Manager Name

KeyCorp
Lazard Asset Management
LGIM America (formerly Legal & General Inv Mgmt America)
Lincoln National Corporation
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
LSV Asset Management
MackKay Shields LLC
Manning & Napier Advisors, LLC
Manulife Investment Management
McKinley Capital Management, LLC
Mellon
MetLife Investment Management
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
MUFG Union Bank, N.A.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management
Ninety One North America, Inc. (formerly Investec Asset Mgmt.)
Northern Trust Asset Management
Nuveen
P/E Investments
Pacific Investment Management Company
Parametric Portfolio Associates LLC
Partners Group (USA) Inc.
Pathway Capital Management
Peregrine Capital Management, LLC
PFM Asset Management LLC
PGIM Fixed Income
PineBridge Investments
Polen Capital Management, LLC
Principal Global Investors
Putnam Investments, LLC
QMA LLC
RBC Global Asset Management

Manager Name

Regions Financial Corporation

Richard Bernstein Advisors LLC

Robeco Institutional Asset Management, US Inc.

Rothschild & Co. Asset Management US

S&P Dow Jones Indices

Schroder Investment Management North America Inc.

SLC Management

Smith Graham & Co. Investment Advisors, L.P.

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Tri-Star Trust Bank

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Vontobel Asset Management, Inc.

Voya

WCM Investment Management

WEDGE Capital Management

Wellington Management Company LLP

Wells Fargo Asset Management

Western Asset Management Company LLC

Westfield Capital Management Company, LP

William Blair & Company LLC

Orange County Sanitation District

Period Ending March 31, 2021

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| SECTION 2 | Account Profile |
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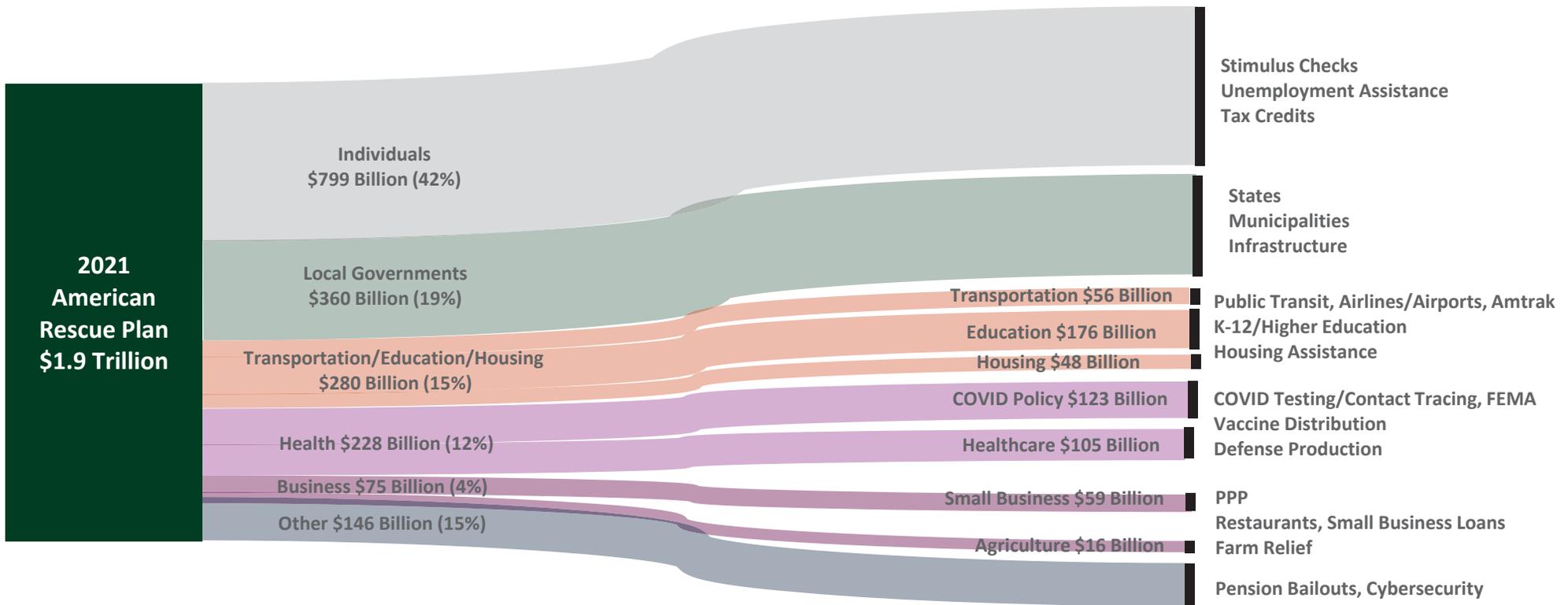
Section 1 | Economic Update

Economic Update

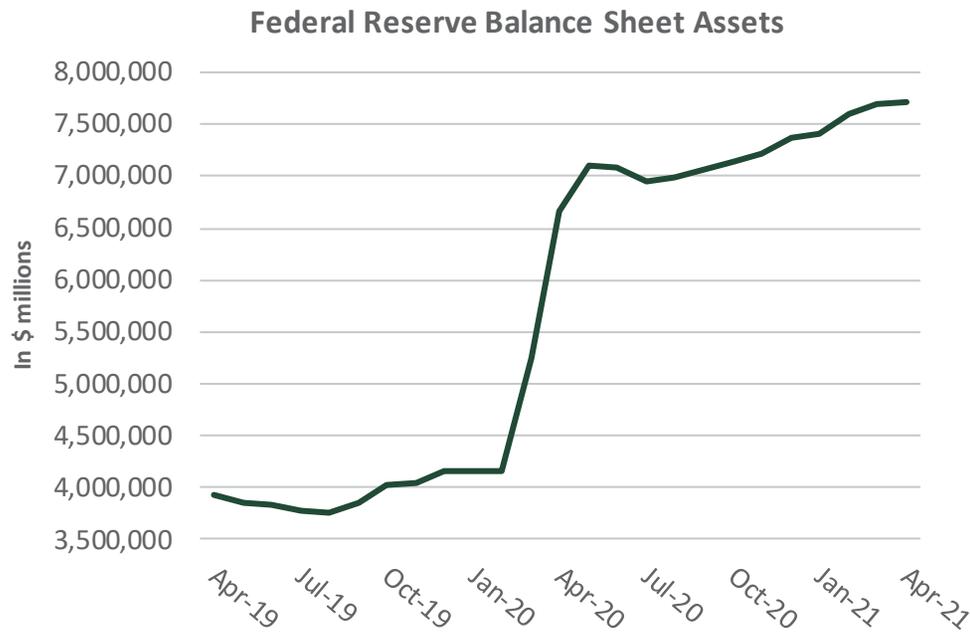
- Economic growth is poised to accelerate meaningfully in the current quarter as vaccine distribution becomes more widespread in the US amid an ongoing backdrop of robust fiscal support, low interest rates, and accommodative monetary policy. The vaccine rollout has been faster than expected and roughly 20% of the US population is now fully vaccinated, and more than one third has received at least one dose. Meanwhile, robust fiscal spending along with the Federal Reserve's highly accommodative monetary policy continues to provide support for the economy and financial markets. Last month, President Biden signed a \$1.9 trillion fiscal relief plan (bringing the total amount of pandemic-related fiscal relief legislation in the last year to about \$5.5 trillion) and at the end of March he unveiled a \$2.3 trillion infrastructure spending proposal. We expect some version of an infrastructure spending bill to come to fruition later this year. Estimates for US gross domestic product (GDP) growth this year continue to migrate higher. The current Bloomberg consensus estimate for 2021 US GDP growth is now 6.2%.
- The Federal Open Market Committee kept monetary policy unchanged at their March meeting as expected, with the fed funds target rate in a range of 0.0% to 0.25%. The Fed also continues to purchase \$80 billion of Treasuries per month, and \$40 billion of agency mortgage-backed securities per month. The Fed intends to remain highly accommodative until the labor market has made a strong recovery and inflation is sustainably on track to achieve their 2.0% longer-run target. The majority of Fed policymakers expect to keep the fed funds rate unchanged through 2023. Though inflation rates are likely to increase in the coming months (due to low inflation last year and near-term supply constraints), the Fed believes the increase will be transitory and the Fed intends to remain on the sidelines. Fed Chair Powell emphasized that policymakers will clearly telegraph their outlook for monetary policy well in advance of any future policy changes.
- The yield curve has steepened. Year-to-date, the yield on 2-year Treasuries is about four basis points higher while the yield on 10-year Treasuries is nearly 83 basis points higher, as of March month-end. In April, we have seen a modest retreat in longer-term Treasury yields. Nevertheless, we believe the Treasury yield curve is poised to modestly steepen further as the year progresses, which would be consistent with an improving economic outlook, more widespread vaccine distribution, the anticipation of ongoing fiscal spending, and a moderate pick-up in inflation.

Will \$5.5 Trillion Stimulus Propel Growth and Inflation?

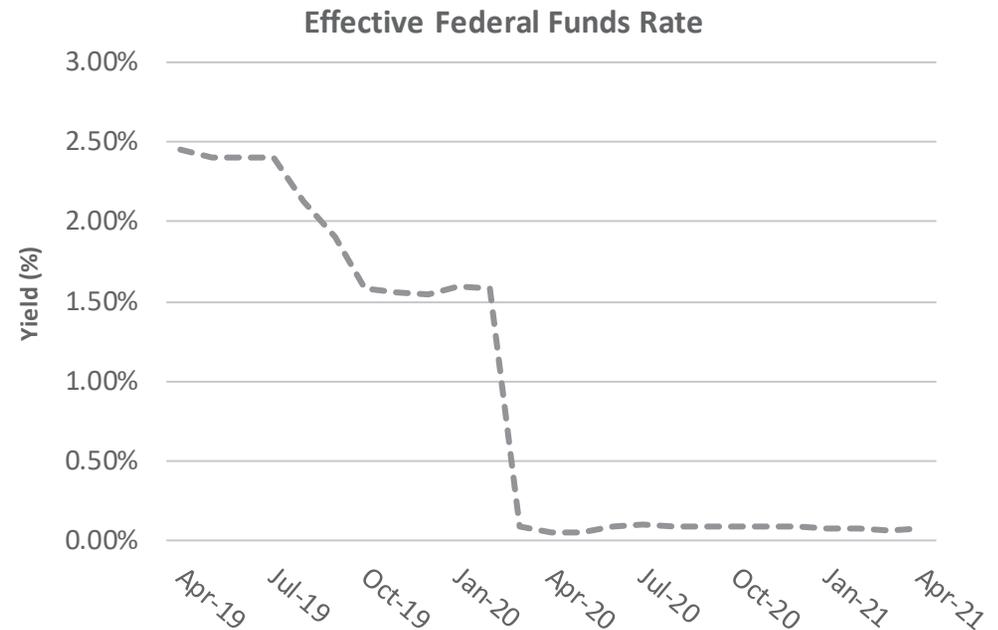
| Fiscal Package | Amount |
|-------------------------|-----------------------|
| CARES Act | \$2.23 Trillion |
| Coronavirus Relief Bill | \$484 Billion |
| Phase 4 Stimulus | \$908 Billion |
| American Rescue Plan | \$1.9 Trillion |
| Total So Far | \$5.5 Trillion |



Federal Reserve



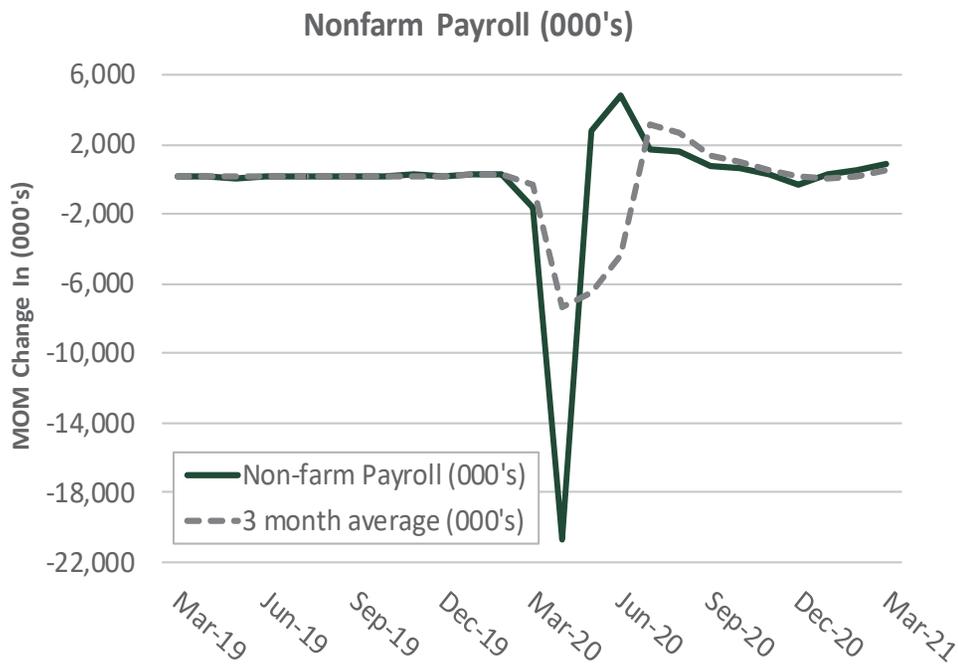
Source: Federal Reserve



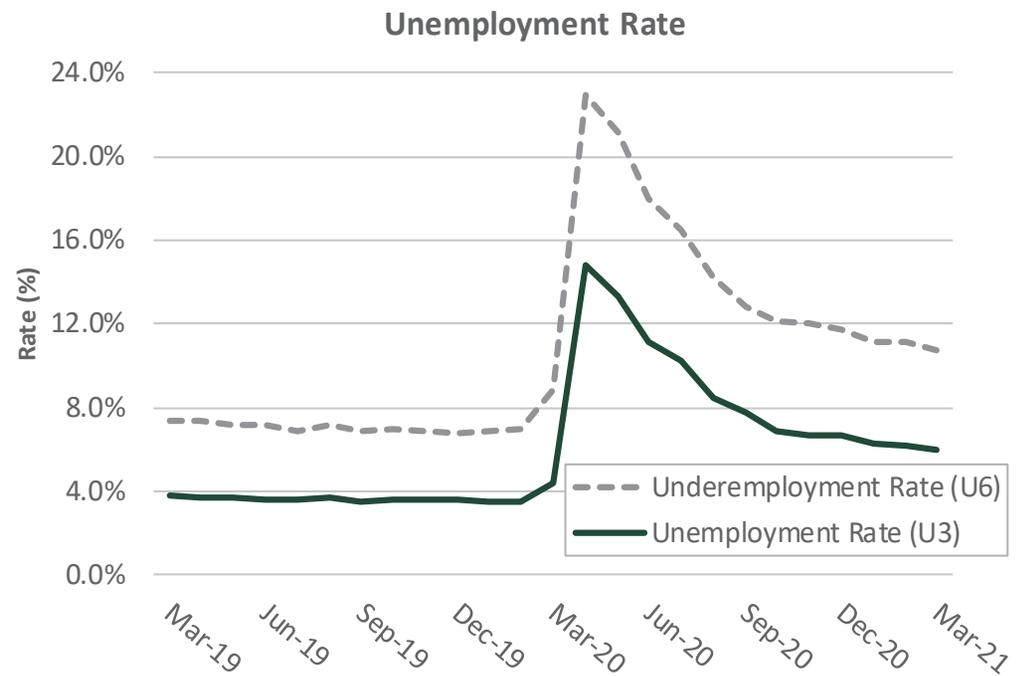
Source: Bloomberg

Last year, the Fed took a wide range of aggressive actions to help stabilize and provide liquidity to the financial markets. The Fed lowered the fed funds target rate to a range of 0.0%-0.25% and continues to purchase Treasury and agency mortgage-backed securities to support smooth market functioning. Last year, policymakers reinstated the Commercial Paper Funding Facility and Money Market Mutual Fund Liquidity Facility. The Fed also established the Primary Market Corporate Credit Facility, Secondary Market Corporate Credit Facility, Term Asset-Backed Securities Loan Facility, Paycheck Protection Program Liquidity Facility, Main Street Lending Facility, and Municipal Liquidity Facility. The Fed has also provided short-term funding through large-scale repo operations and lowered the reserve requirement for depository institutions. Notably, many of the Fed's lending facilities expired at the end of 2020, including the Fed's corporate credit, asset-backed securities, municipal lending, and Main Street Lending programs.

Employment



Source: US Department of Labor

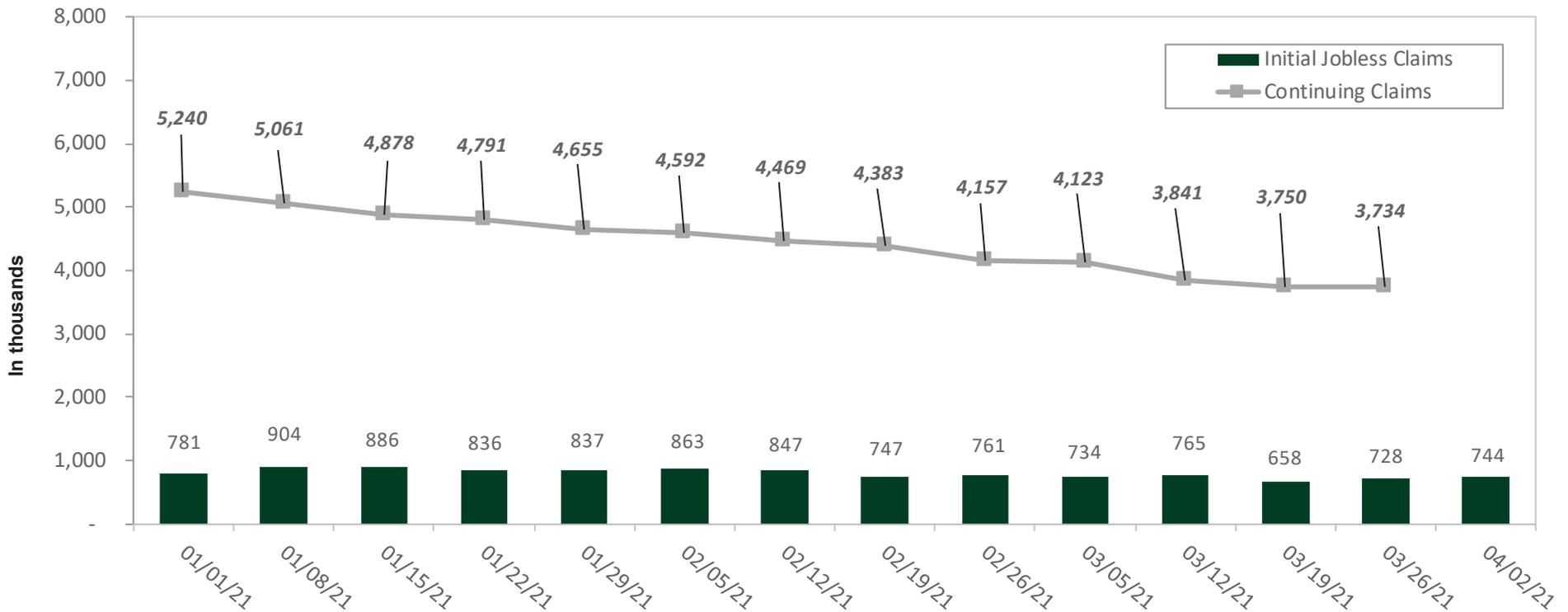


Source: US Department of Labor

U.S. nonfarm payrolls were much stronger than expected in March, up 916,000, versus the Bloomberg consensus forecast of 660,000. February payrolls were also revised higher reflecting a 468,000 gain. Payrolls in the leisure and hospitality sector showed the strongest gains adding another 280,000 jobs. As expected, the unemployment rate declined to 6.0% in March from 6.2% in February. The participation rate increased in March to 61.5% from 61.4% last month but remains below pre-pandemic levels. Although the employment picture continues to improve, payrolls are approximately 8.4 million below the 152.5 million level prior to the pandemic. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 10.7% in March from 11.1% in February.

Initial Claims for Unemployment

Initial Claims For Unemployment January 01, 2021 - April 02, 2021

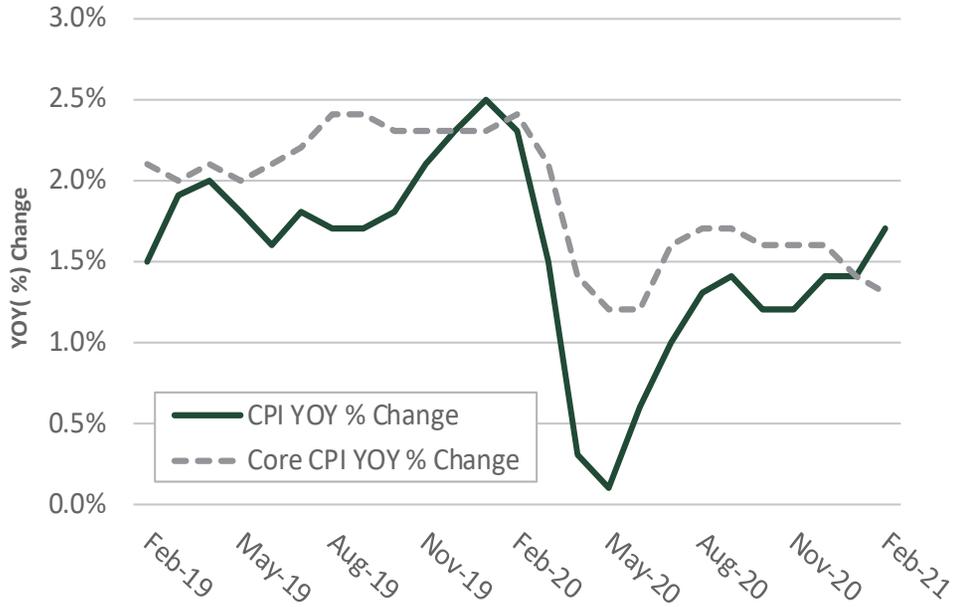


Source: US Department of Labor

In the most recent week, the number of initial jobless claims increased to 744,000 versus 728,000 in the prior week. The level of continuing unemployment claims (where the data is lagged by one week) declined slightly to about 3.734 million from roughly 3.750 million in the prior week. Although continuing jobless claims are much lower than the peak of nearly 25 million last May, they remained above the 2019 (pre-pandemic) average of 1.7 million.

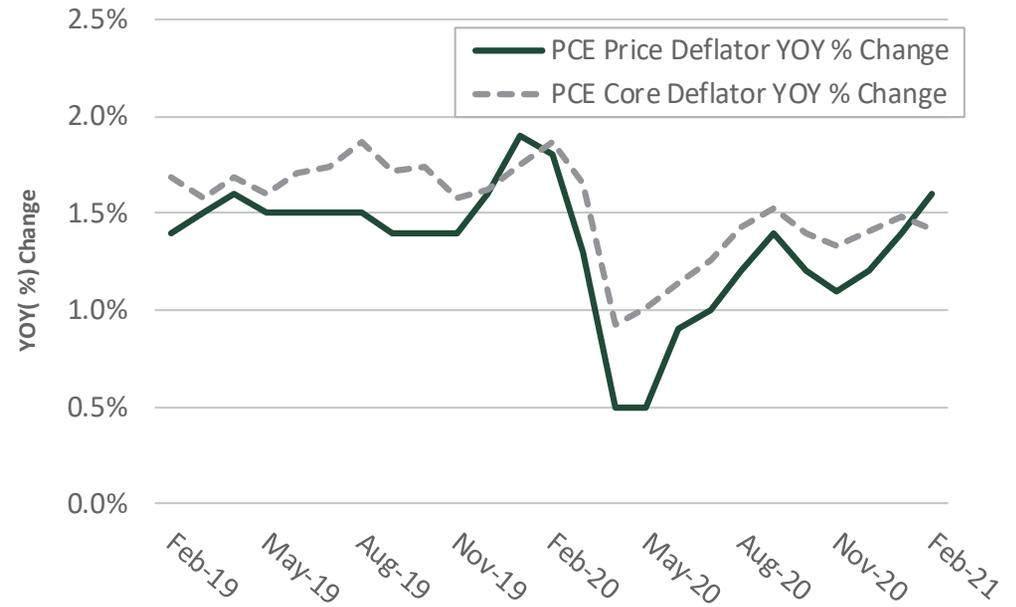
Inflation

Consumer Price Index (CPI)



Source: US Department of Labor

Personal Consumption Expenditures (PCE)

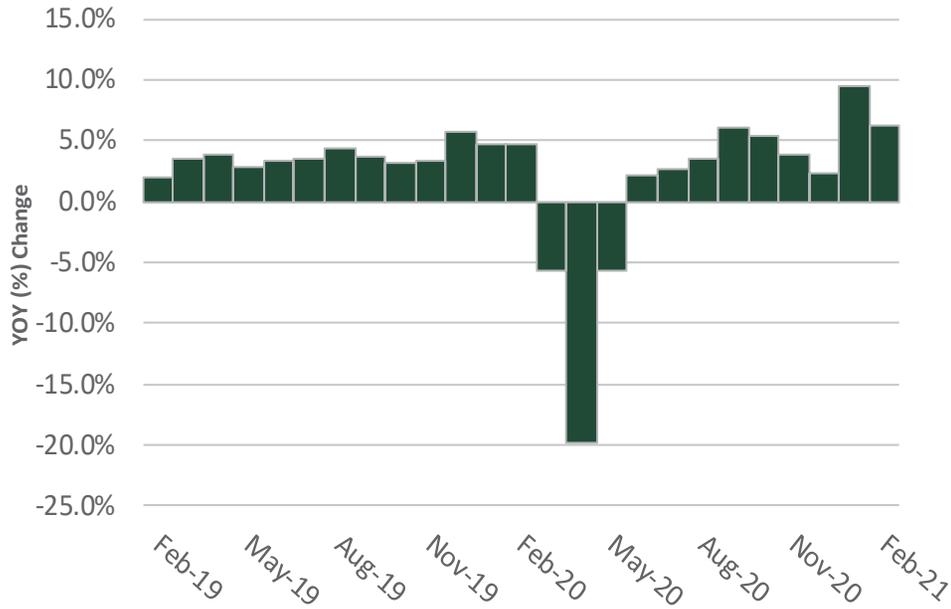


Source: US Department of Commerce

The Consumer Price Index (CPI) was up 1.7% year-over-year in February, versus up 1.4% year-over-year in January. However, Core CPI (CPI less food and energy) was up just 1.3% year-over-year in February, versus up 1.4% in January. The Personal Consumption Expenditures (PCE) index was up 1.6% year-over-year in February, versus up 1.4% year-over-year in January. Core PCE, which is the Fed's primary inflation gauge, was up 1.4% year-over-year in February, versus up 1.5% year-over-year in January. Inflation rates are likely to increase as we begin to cycle through the deflationary impact of the pandemic last year, but for now inflation remains below the Fed's longer-run 2.0% target.

Consumer

Retail Sales YOY % Change



Source: US Department of Commerce

Consumer Confidence



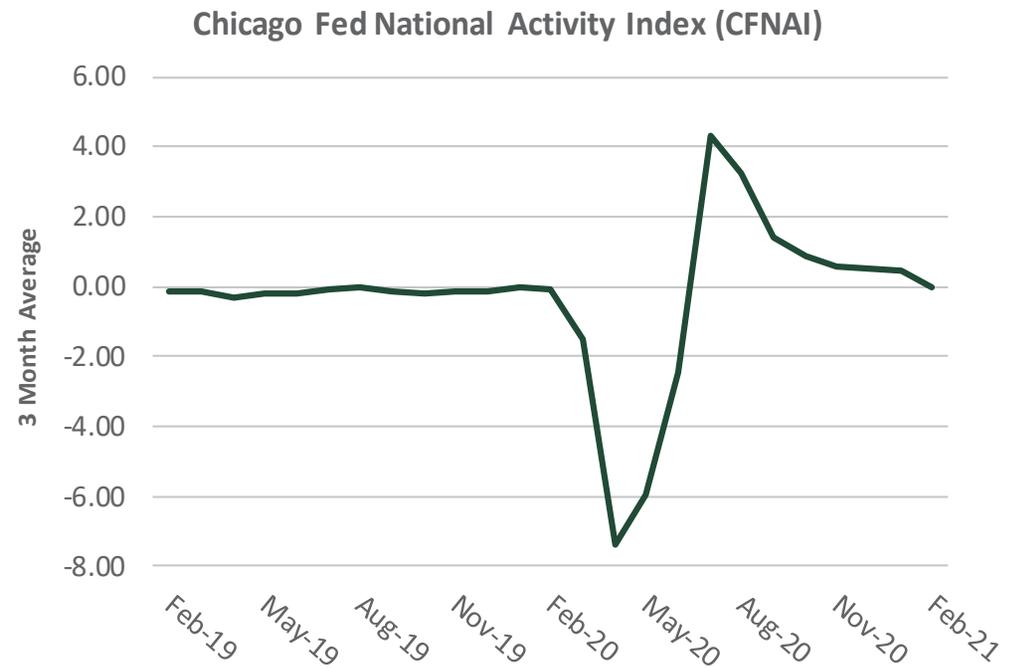
Source: The Conference Board

On a year-over-year basis, retail sales were up 6.3% in February versus up 9.5% in January. On a month-over-month basis, retail sales fell 3.0% in February, following a sizable 7.6% increase in January. While January sales were boosted by federal stimulus checks, February sales were likely hindered by severe winter weather. We expect retail sales to bounce back in March, as another round of federal stimulus checks were delivered in the month. The Consumer Confidence index jumped to 109.7 in March from 90.4 in February, which also points to a pick-up in consumer spending for March.

Economic Activity



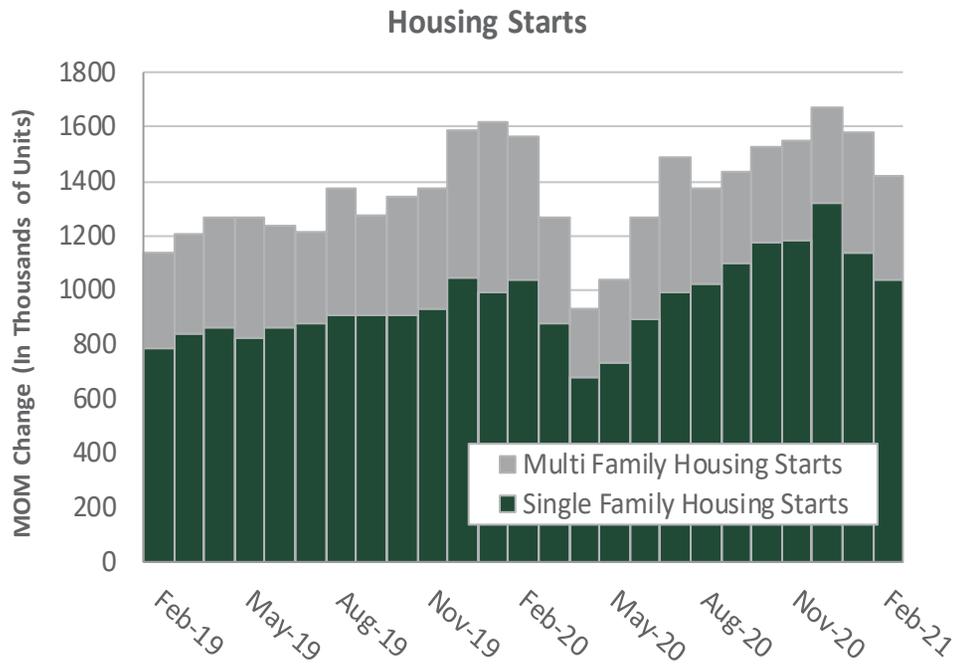
Source: The Conference Board



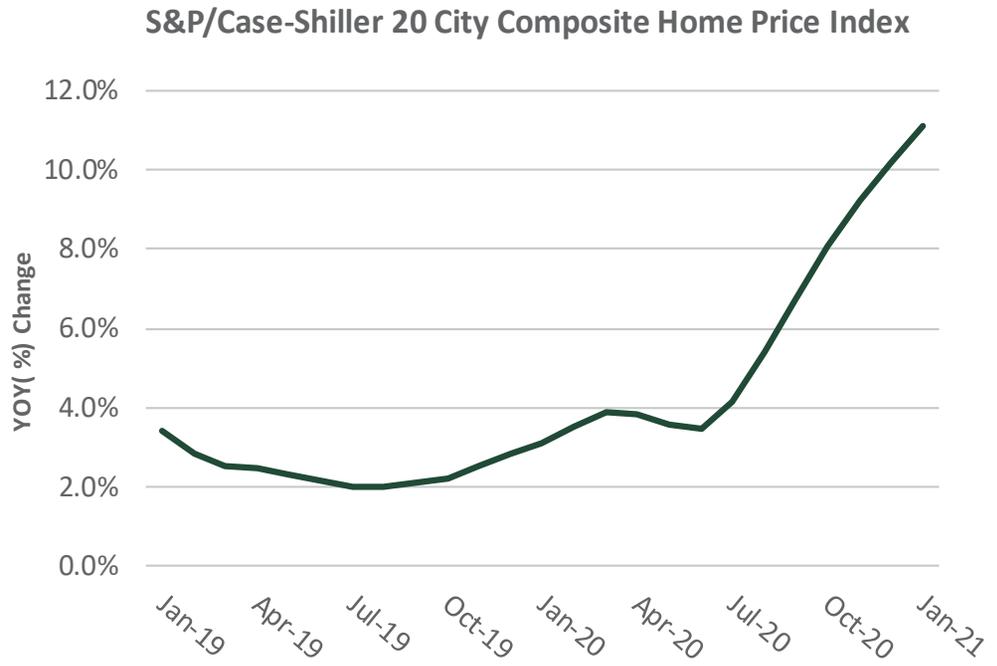
Source: Federal Reserve Bank of Chicago

The Conference Board's Leading Economic Index (LEI) rose 0.2% month-over-month in February (following a 0.4% increase in January) but remained down 1.3% on a year-over-year basis. According to the Conference Board, the index suggests the economy should continue to improve this year. While some components of the LEI showed signs of weakness in February, the Conference Board believes it may have been due to transitory factors such as bad weather and supply-chain disruptions. Severe winter weather likely had a negative impact on the Chicago Fed National Activity Index (CFNAI) in February as well. The CFNAI dropped to -1.09 in February from +0.75 in January. On a 3-month moving average basis, the CFNAI declined to -0.02 in February from 0.46 in January. The index turned negative on both a one month and 3-month basis in February, and a negative index reading corresponds to below trend growth.

Housing



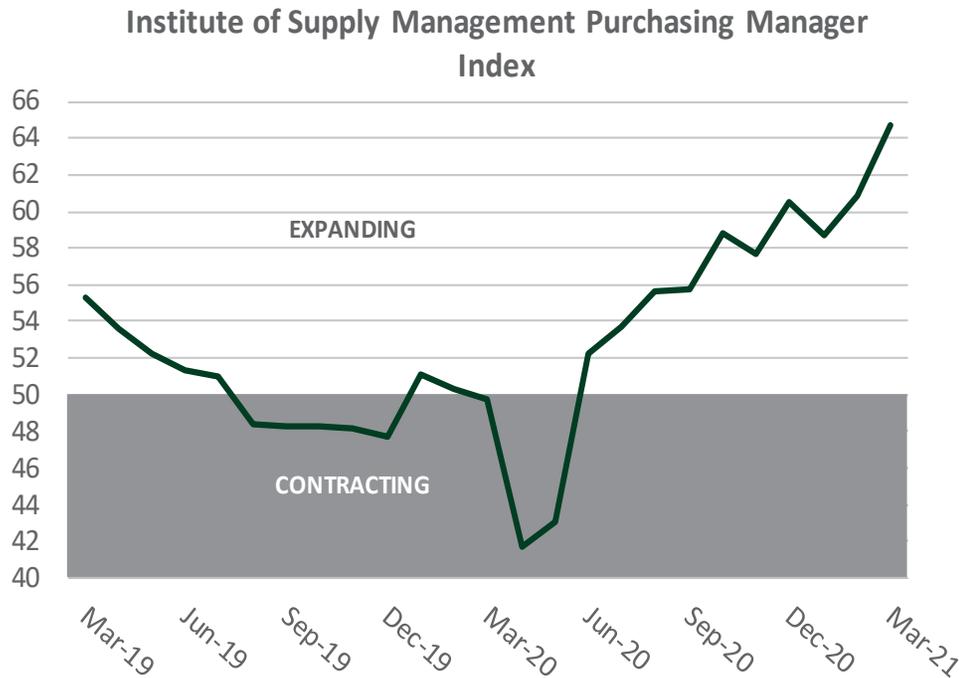
Source: US Department of Commerce



Source: S&P

Total housing starts declined 10.3% in February to an annual pace of 1,421,000. Single family starts fell 8.5% to an annualized rate of 1,040,000, while multi-family starts fell 15.0% to an annualized rate of 381,000. On a year-over-year basis, total housing starts were down 9.3% in February. Meanwhile, permits declined 10.8% on a month-over-month basis in February, to an annualized rate of 1,682,000. It appears that rising mortgage rates is beginning to present a headwind to the housing sector which has been quite strong during the pandemic. According to the Case-Shiller 20-City home price index, home prices were up 11.1% year-over-year in January versus up 10.2% year-over-year in December. We believe rising mortgage rates may put pressure on home prices in the months ahead.

Manufacturing



Source: Institute for Supply Management



Source: Federal Reserve

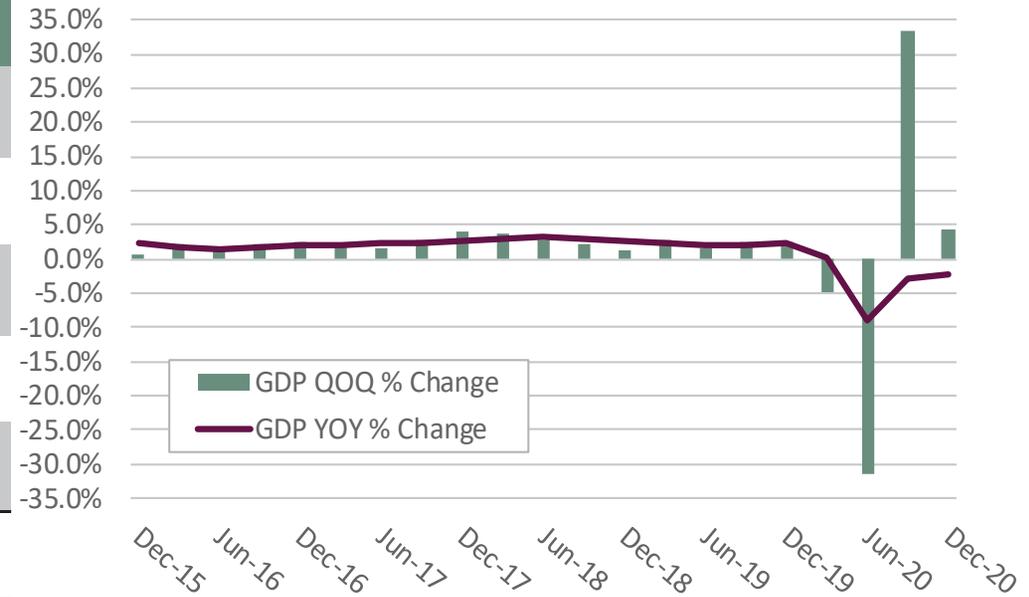
The Institute for Supply Management (ISM) manufacturing index increased to 64.7 in March from 60.8 in February. Readings above 50.0 are indicative of expansion in the manufacturing sector. We believe a weaker US dollar has been supportive of the US manufacturing sector throughout the past year. The Industrial Production index was down 4.3% year-over-year in February, versus down 2.0% in January. On a month-over-month basis, the Industrial Production index fell 2.2% in February, following a 1.1% increase in January. The Federal Reserve said the decline was largely driven by severe winter weather. Capacity Utilization dropped to 73.8% in February from 75.5% in January and remains well below the long-run average of 79.8%.

Gross Domestic Product (GDP)

| Components of GDP | 3/20 | 6/20 | 9/20 | 12/20 |
|--|--------------|---------------|--------------|-------------|
| Personal Consumption Expenditures | -4.8% | -24.0% | 25.4% | 1.6% |
| Gross Private Domestic Investment | -1.6% | -8.8% | 12.0% | 4.4% |
| Net Exports and Imports | 1.1% | 0.6% | -3.2% | -1.5% |
| Federal Government Expenditures | 0.1% | 1.2% | -0.4% | -0.1% |
| State and Local (Consumption and Gross Investment) | 0.1% | -0.4% | -0.4% | -0.1% |
| Total | -5.0% | -31.4% | 33.4% | 4.3% |

Source: US Department of Commerce

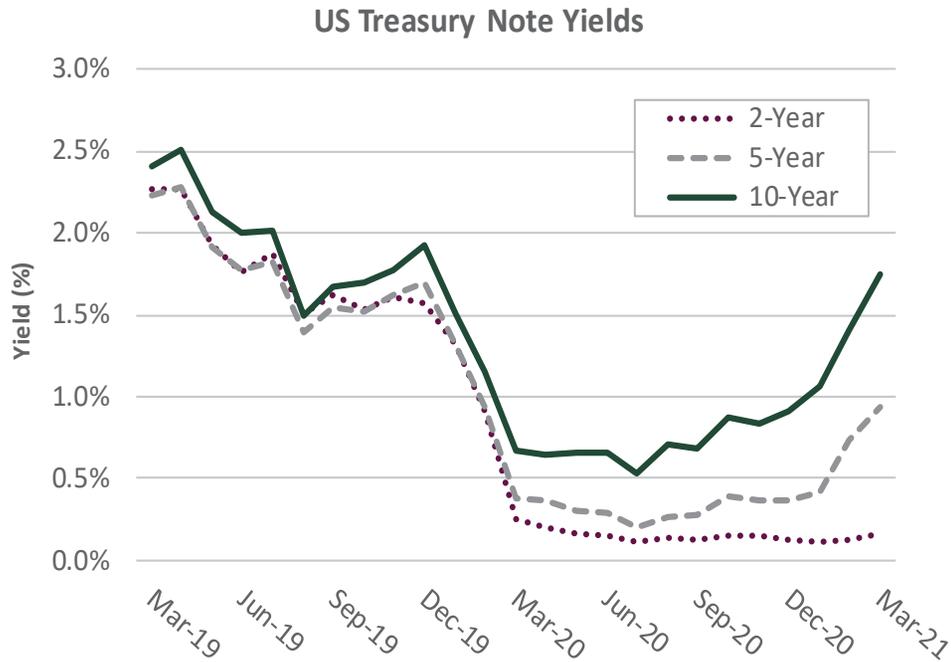
Gross Domestic Product (GDP)



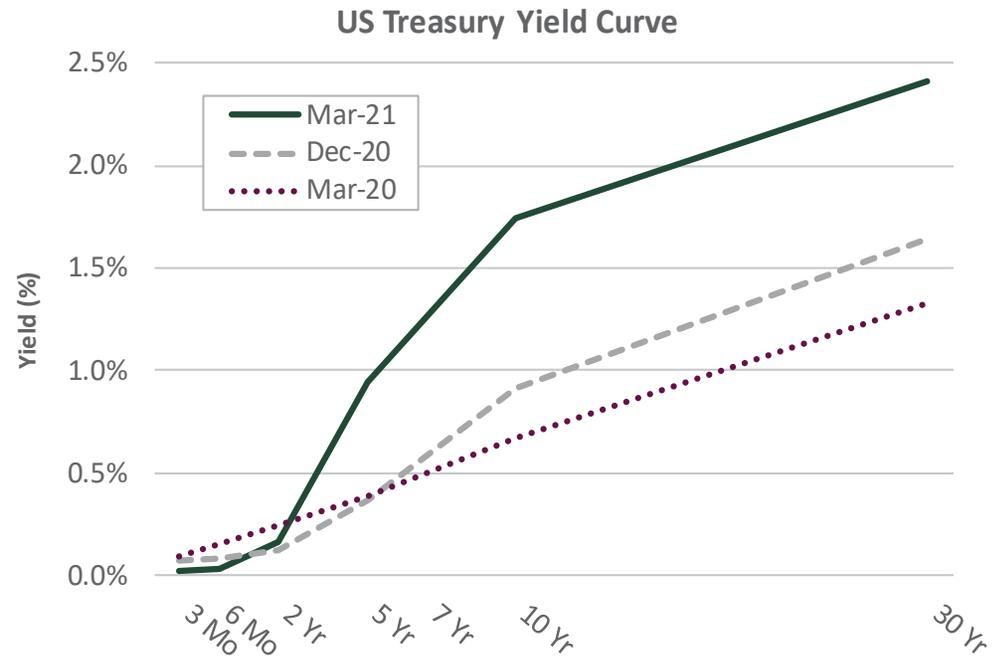
Source: US Department of Commerce

According to the third estimate, real US gross domestic product (GDP) grew at an annualized rate of 4.3% in the fourth quarter of 2020 (slightly higher than the second estimate of 4.1%), following 33.4% growth in the third quarter and a 31.4% annualized decline in the second quarter. Personal consumption expenditures rose at an annual rate of 2.3% in the fourth quarter. The consensus forecast for US gross domestic product growth in 2021 is 6.2%, following a 3.5% decline in 2020.

Bond Yields



Source: Bloomberg



Source: Bloomberg

The treasury yield curve is much steeper relative to this time last year. The 3-month T-bill yield is about four basis points lower, and the 2-year Treasury yield is about four basis points higher, while the 10-Year Treasury yield is about 83 basis points higher, year-over-year, as of March month-end. Yields declined precipitously in March 2020, with the Fed cutting rates by a total of 150 basis points and a flight to safe-haven assets driving down yields across the curve. Since late 2020, longer-term yields have been rising and the yield curve has steepened. The Fed has signaled plans to keep the front end of the Treasury yield curve anchored near zero until at least 2023.



Section 2 | Account Profile

Investment Objectives

The investment objectives of the Orange County Sanitation District are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all operating requirements; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

Chandler Asset Management Performance Objective

Liquid Operating Monies – will be compared to the 3-month T-Bill rate and operate with a maximum maturity of one year. Long-Term Operating Monies – will be compared to the ICE BAML 1-5 Year Corporate Government Rated AAA – A Index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

Orange County Sanitation District Long Term

Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy

| Category | Standard | Comment |
|---|---|-----------|
| U.S. Treasuries | 10% minimum; 5 years max maturity | Complies* |
| Federal Agencies | 20% max per agency of the U.S. Government, which does not provide the full faith and credit of the U.S. government; 5 years max maturity; Securities, obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by the US Government, a federal agency, or a US Government-sponsored enterprise | Complies |
| Supranational Obligations | "AA" rated or better by a NRSRO; 30% max; 5 years max maturity; U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development ("IBRD"), the International Finance Corporation ("IFC") or the Inter-American Development Bank ("IADB") | Complies |
| Municipal Securities | "A" rated or higher by a NRSRO; or as otherwise approved by the Board of Directors; Taxable or tax-exempt municipal bonds issued by any of the 50 states; 10% max; 5% max issuer; 5 years max maturity | Complies |
| Corporate Medium Term Notes | "A" rating category or better by a NRSRO; 30% max; 5% max per issuer; 5 years max maturity; Issued by corporations organized and operating within the U.S. or issued by depository institutions licensed by the U.S. or any state and operating within the U.S. with AUM >\$500 million | Complies |
| Non- Agency Asset-Backed Securities, Mortgage-Backed Securities, CMOs | "AA" rating category or better by a NRSRO; 20% max(combined MBS/CMO/ABS); 5% max issuer (except U.S. government or its agencies); 5 years max maturity; Mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond | Complies* |
| Negotiable Certificates of Deposit (NCD) | "A" rating or better long term debt by a NRSRO; or highest short term rating for deposits by a NRSRO; or as otherwise approved by the Board of Directors; 30% max; 5% max issuer; 5 years max maturity; Negotiable certificates of deposit issued by a nationally or state-chartered bank or state of federal savings and loan association, as defined by Section 5102 of the California Financial Code | Complies |
| Certificates of Deposit | 5% max issuer; 5 years max maturity; Secured (collateralized) time deposits issued by a nationally or state-chartered bank or state or federal savings and loan association, as defined by Section 5102 of the California Financial Code and having a net operating profit in the two most recently completed fiscal years; Collateral must comply with California Government Code | Complies |
| Banker's Acceptances | A-1 rated or highest short term rating by a NRSRO; 40% max; 5% max issuer; 180 days max maturity; Acceptance is eligible for purchase by the Federal Reserve System | Complies |
| Commercial Paper | A-1 rated or better by a NRSRO; "A" long term debt rating or better by a NRSRO; Issued by a domestic corporation organized and operating in the U.S. with assets > \$500 million; 25% max; 5% max issuer; 10% max of the outstanding commercial paper of any single issuer; 270 days max maturity | Complies |
| Mutual Fund & Money Market Mutual Fund | Highest rating or "AAA" rated by two NRSROs; or SEC registered adviser with AUM >\$500 million and experience > than 5 years; 20% max in Mutual Funds; 10% max per one Mutual Fund; 20% max per issuer on Money Market Mutual Funds and are not subject to the 10% stipulation | Complies |
| Local Agency Investment Fund (LAIF) | No more than the statutory maximum may be invested in LAIF; Not used by investment adviser; Investment of OCSD funds in LAIF shall be subject to investigation and due diligence prior to investing, and on a continual basis to a level of review pursuant to the policy | Complies |
| Orange County Treasurer's Money Market Commingled Investment Pool (OCCIP) | 15% max; Not used by investment adviser; Orange County Treasurer's Money Market Commingled Investment Pool; Investment of OCSD funds in OCCIP would be subject to investigation and due diligence prior to investing and on continual basis to a level of review pursuant to the policy | Complies |
| Repurchase Agreements | 20% max; 102% collateralization | Complies |
| Reverse Repurchase Agreements | 5% max, 90 days max maturity | Complies |
| Prohibited | Mortgage Derivatives, which include interest-only payments (IOs) and principal-only payments (POs); Inverse floaters, and RE-REMICS (Real Estate Mortgage Investment Conduits) | Complies |
| Securities Downgrade | If securities owned by the OCSD are downgraded below the quality required by the Investment Policy, it shall be OCSD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a decision is made to retain the downgraded securities in the portfolio, their presence in the portfolio will be monitored and reported quarterly to the OCSD General Manager, the Administration Committee and Board of Directors | Complies |
| Avg Duration | Not to exceed 60 months - (80% to 120% of the benchmark) | Complies |
| Max Per Holding | 5% max of the total debt outstanding of any issuer per individual holding | Complies |
| Max Per Issuer | 5% max per issuer (except Supranationals, U.S. Government, Agencies, Mutual Funds); 20% max per issuer on Money Market Mutual Funds | Complies |
| Maximum Maturity | 5 years max maturity | Complies* |

*The portfolio has twenty (20) securities with maturities greater than 5 years including four (4) CMOs and sixteen (16) MBS. All securities were inherited from the previous manager and complied at time of purchase.

Orange County Sanitation District Long Term

| | 3/31/2021 | | 12/31/2020 |
|---------------------------|------------|-------------|-------------|
| | Benchmark* | Portfolio | Portfolio |
| Average Maturity (yrs) | 2.70 | 2.74 | 2.62 |
| Average Modified Duration | 2.60 | 2.55 | 2.44 |
| Average Purchase Yield | n/a | 1.67% | 1.78% |
| Average Market Yield | 0.45% | 0.40% | 0.22% |
| Average Quality** | AAA | AA+/Aa1 | AA+/Aa1 |
| Total Market Value | | 654,390,770 | 657,628,543 |

*ICE BAML 1-5 Yr US Corp/Govt Rated AAA-A Index

**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

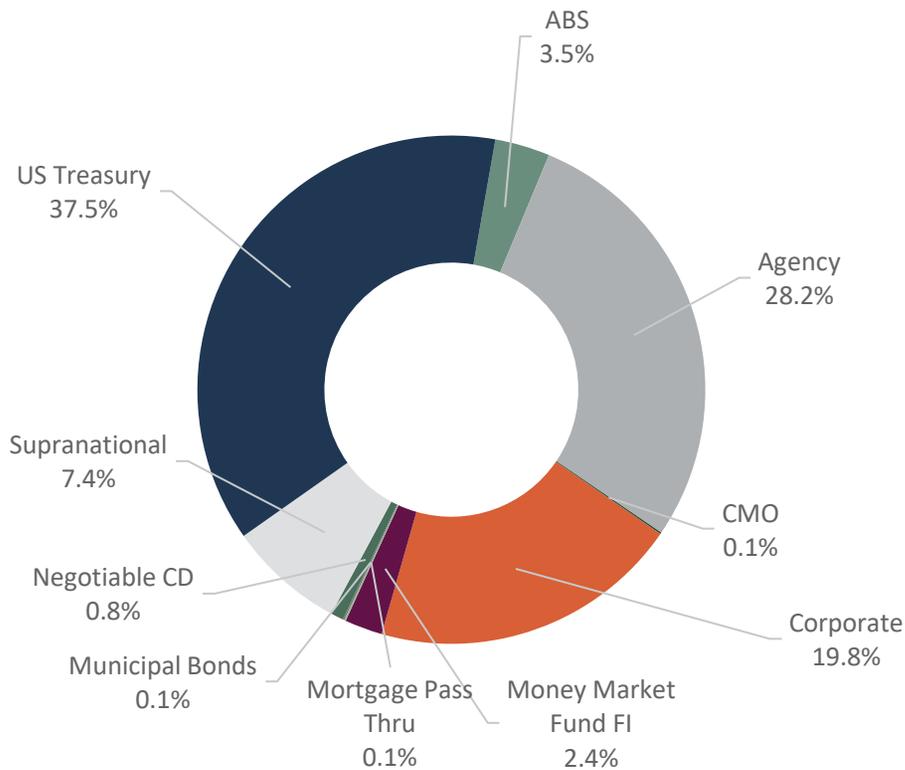
Multiple securities were purchased across the Treasury, Supranational, Asset Backed and Corporate sectors of the market to keep the portfolio structure consistent with Chandler targets. The purchased securities ranged in maturity from January 2023 to March 2026. Two securities were called and many matured to facilitate the new holdings in the portfolio.

Sector Distribution

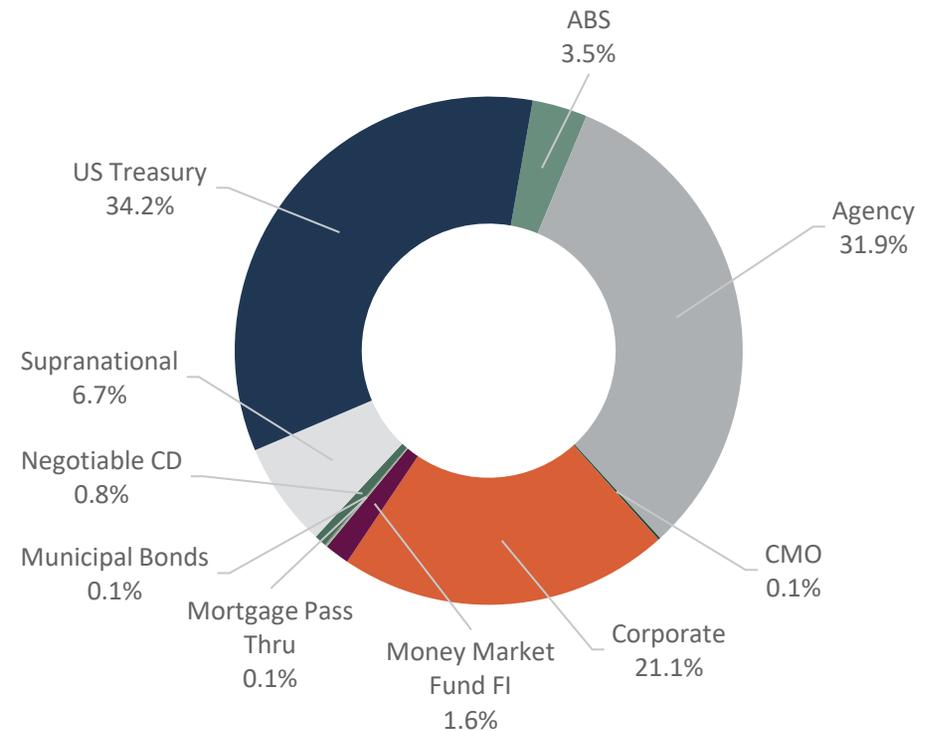
As of March 31, 2021

Orange County Sanitation District Long Term

March 31, 2021



December 31, 2020



The sector allocation was relatively stable during the quarter. The lack of relative value in the Agency sector led to a decrease in the overall allocation of 3.7% to 28.2% of the portfolio partially offset by a 3.3% increase to the US Treasury allocation to 37.5% of the portfolio.

Orange County Sanitation District Long Term – Account #10268

| Issue Name | Investment Type | % Portfolio |
|---|----------------------|-------------|
| Government of United States | US Treasury | 37.54% |
| Federal National Mortgage Association | Agency | 12.73% |
| Federal Home Loan Bank | Agency | 7.86% |
| Federal Home Loan Mortgage Corp | Agency | 5.48% |
| Intl Bank Recon and Development | Supranational | 4.76% |
| First American Govt Obligation Fund Class-Z | Money Market Fund FI | 2.40% |
| Inter-American Dev Bank | Supranational | 2.25% |
| Federal Farm Credit Bank | Agency | 2.16% |
| JP Morgan Chase & Co | Corporate | 1.61% |
| Charles Schwab Corp/The | Corporate | 1.51% |
| US Bancorp | Corporate | 1.48% |
| Bank of America Corp | Corporate | 1.47% |
| Royal Bank of Canada | Corporate | 1.44% |
| Chubb Corporation | Corporate | 1.31% |
| Toronto Dominion Holdings | Corporate | 1.31% |
| Honda ABS | ABS | 1.07% |
| Berkshire Hathaway | Corporate | 1.04% |
| PNC Financial Services Group | Corporate | 0.98% |
| ChevronTexaco Corp | Corporate | 0.95% |
| Nissan ABS | ABS | 0.91% |
| Intel Corp | Corporate | 0.82% |
| Bank of New York | Corporate | 0.79% |
| Honeywell Corp | Corporate | 0.78% |
| John Deere ABS | ABS | 0.77% |
| Bank of Nova Scotia Houston | Negotiable CD | 0.76% |
| Honda Motor Corporation | Corporate | 0.67% |
| Wal-Mart Stores | Corporate | 0.64% |
| Apple Inc | Corporate | 0.49% |
| General Dynamics Corp | Corporate | 0.49% |
| Microsoft | Corporate | 0.47% |
| Oracle Corp | Corporate | 0.46% |
| Toyota ABS | ABS | 0.45% |
| Morgan Stanley | Corporate | 0.44% |
| International Finance Corp | Supranational | 0.38% |
| Merck & Company | Corporate | 0.32% |
| Mercedes-Benz Auto Lease Trust | ABS | 0.32% |
| Deere & Company | Corporate | 0.21% |
| BlackRock Inc/New York | Corporate | 0.17% |

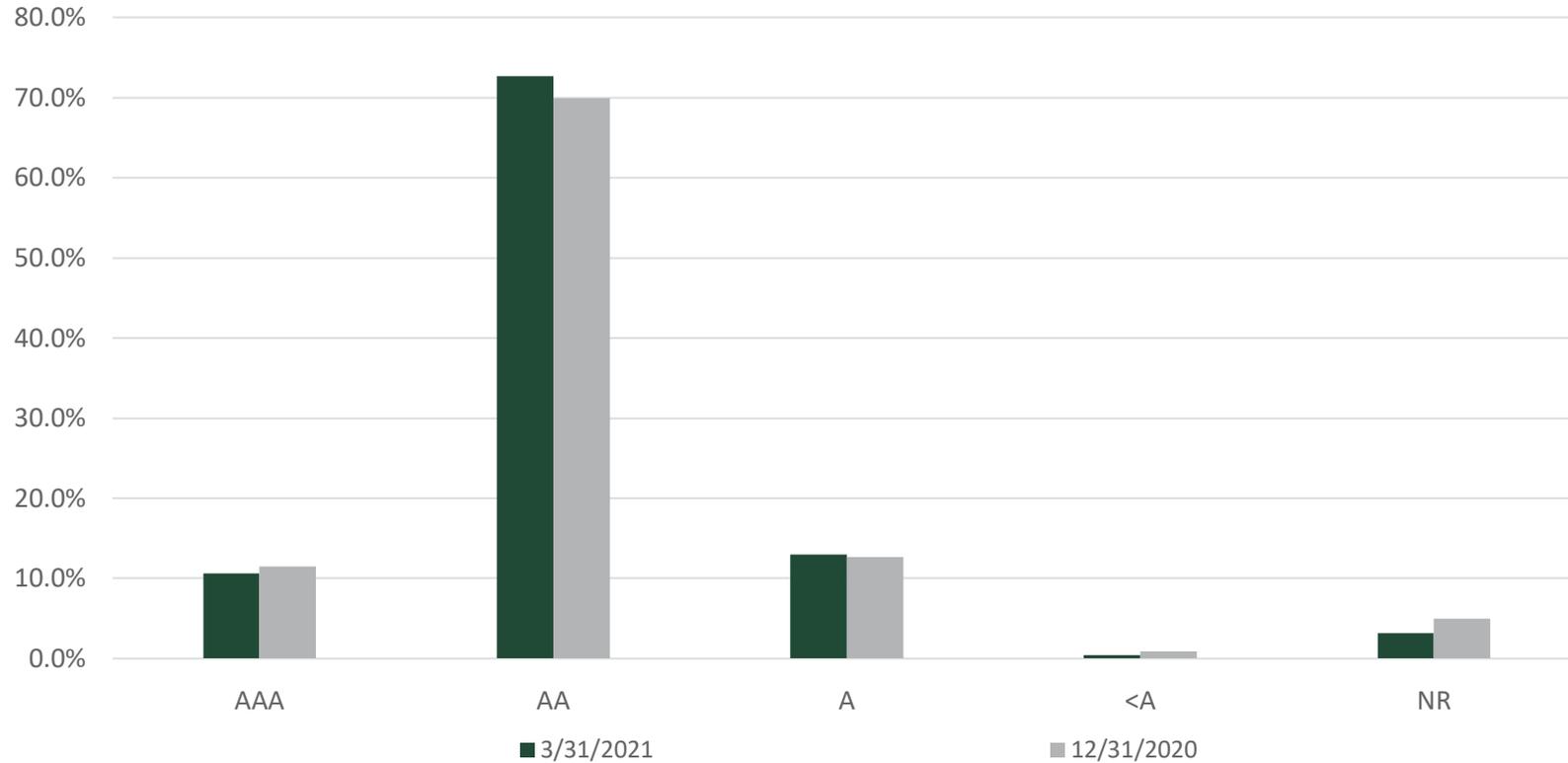
Orange County Sanitation District Long Term – Account #10268

| Issue Name | Investment Type | % Portfolio |
|---------------------------------------|--------------------|----------------|
| Federal Home Loan Mortgage Corp | CMO | 0.10% |
| Federal National Mortgage Association | Mortgage Pass Thru | 0.08% |
| University of California | Municipal Bonds | 0.06% |
| Federal National Mortgage Association | CMO | 0.02% |
| AMRESKO Residential Securities Corp | CMO | 0.02% |
| GNMA | Mortgage Pass Thru | 0.01% |
| SLM Corp | ABS | 0.00% |
| Federal Home Loan Mortgage Corp | Mortgage Pass Thru | 0.00% |
| TOTAL | | 100.00% |

Quality Distribution

As of March 31, 2021

Orange County Sanitation District Long Term
March 31, 2021 vs. December 31, 2020



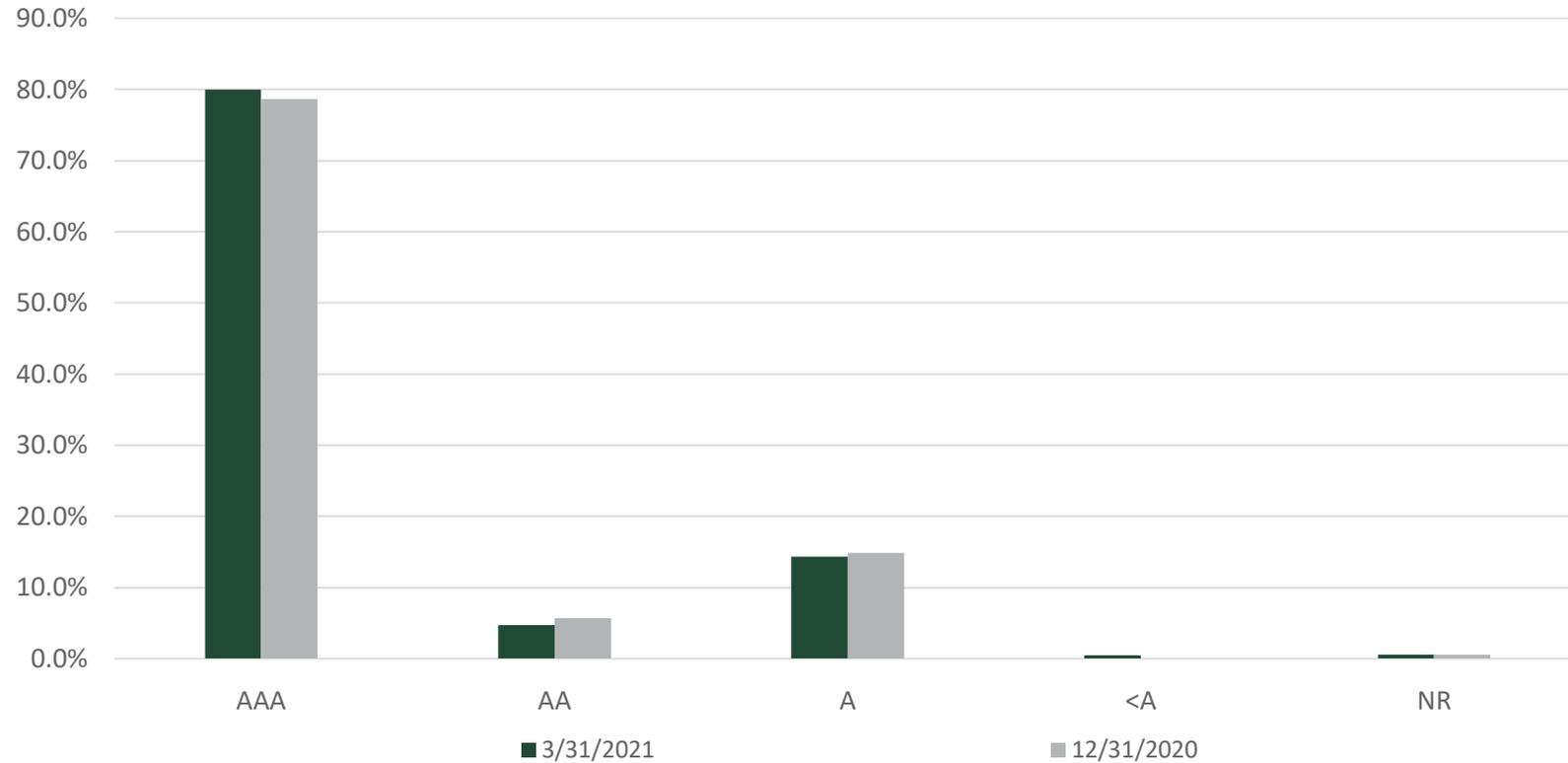
| | AAA | AA | A | <A | NR |
|----------|-------|-------|-------|------|------|
| 03/31/21 | 10.6% | 72.7% | 13.0% | 0.4% | 3.2% |
| 12/31/20 | 11.5% | 69.9% | 12.7% | 0.9% | 5.0% |

Source: S&P Ratings

Quality Distribution

As of March 31, 2021

Orange County Sanitation District Long Term
March 31, 2021 vs. December 31, 2020



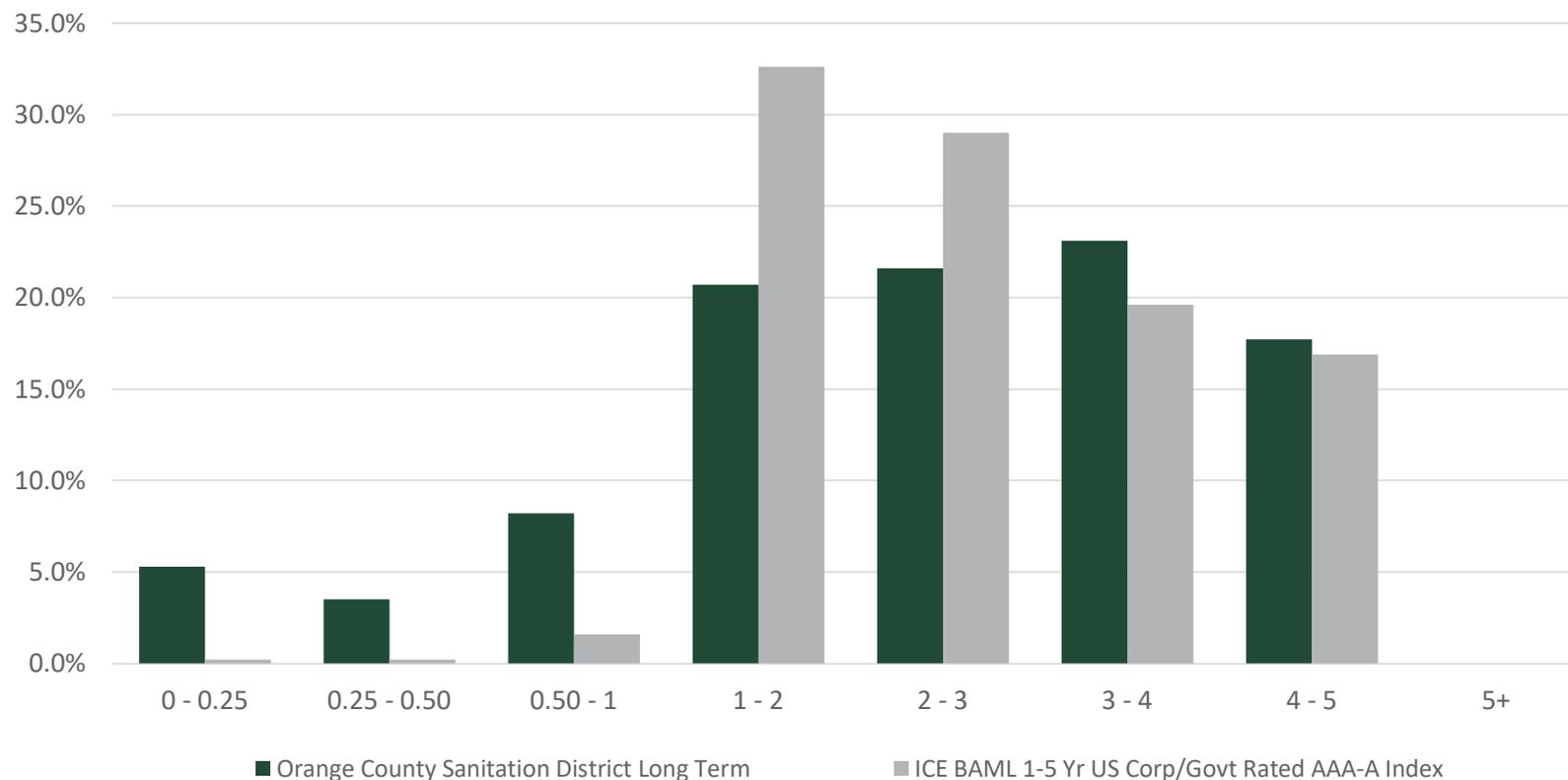
| | AAA | AA | A | <A | NR |
|----------|-------|------|-------|------|------|
| 03/31/21 | 80.0% | 4.7% | 14.3% | 0.5% | 0.6% |
| 12/31/20 | 78.7% | 5.7% | 14.9% | 0.0% | 0.6% |

Source: Moody's Ratings

Duration Distribution

As of March 31, 2021

**Orange County Sanitation District Long Term
Portfolio Compared to the Benchmark as of March 31, 2021**

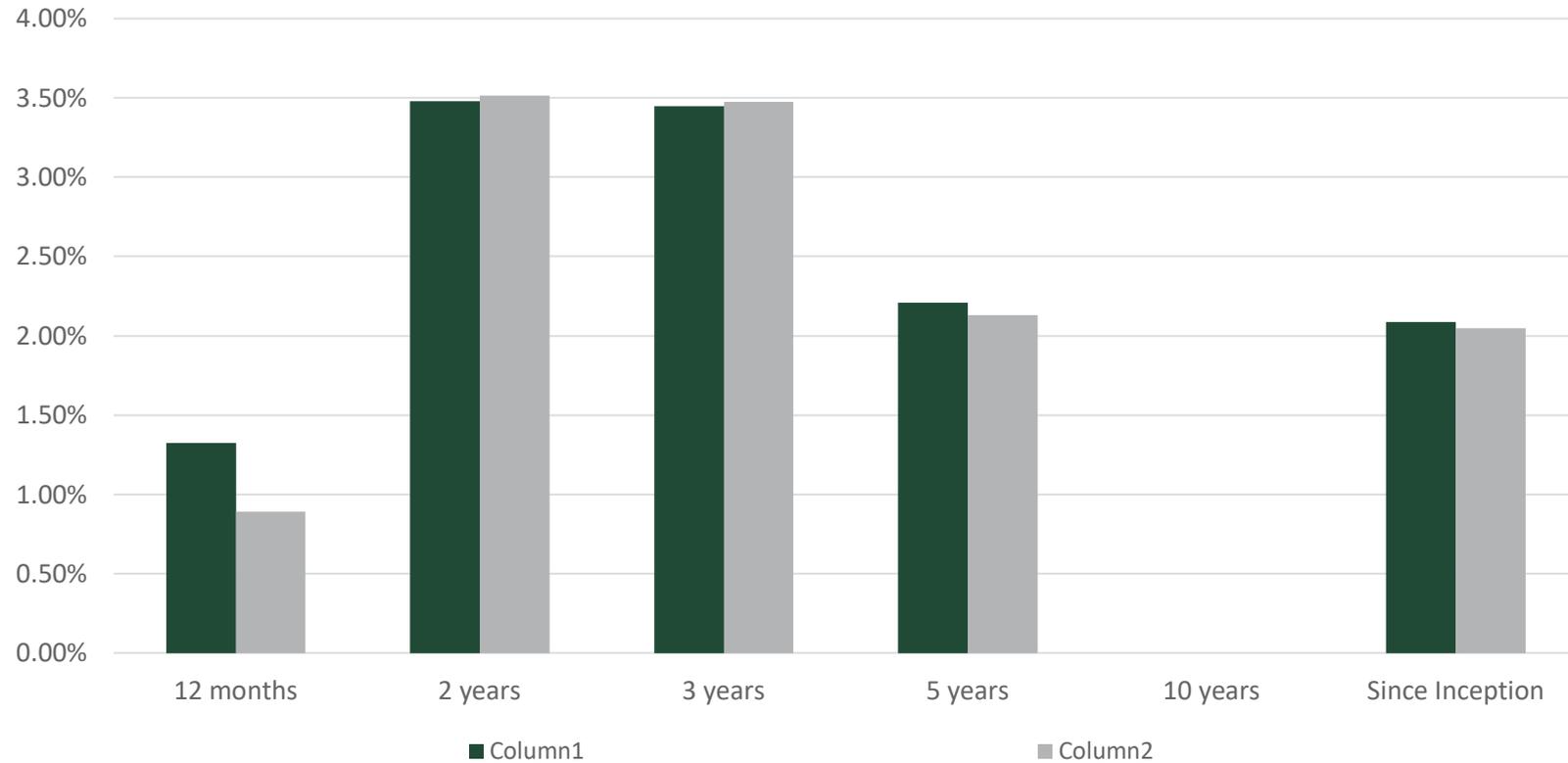


| | 0 - 0.25 | 0.25 - 0.50 | 0.50 - 1 | 1 - 2 | 2 - 3 | 3 - 4 | 4 - 5 | 5+ |
|------------|----------|-------------|----------|-------|-------|-------|-------|------|
| Portfolio | 5.3% | 3.5% | 8.2% | 20.7% | 21.6% | 23.1% | 17.7% | 0.0% |
| Benchmark* | 0.2% | 0.2% | 1.6% | 32.6% | 29.0% | 19.6% | 16.9% | 0.0% |

*ICE BAML 1-5 Yr US Corp/Govt Rated AAA-A Index

The duration of the portfolio increased to 2.55 at the end of the current quarter compared to a duration of 2.44 as of year-end 2020. The Chandler team anticipates keeping the portfolio duration close to the benchmark in the coming quarter as monetary policy is poised to remain highly accommodative, compressing yields in short maturity assets.

Orange County Sanitation District Long Term Total Rate of Return Annualized Since Inception 11/30/2014



| TOTAL RATE OF RETURN | <i>Annualized</i> | | | | | | |
|--|-------------------|------------------|----------------|----------------|----------------|-----------------|------------------------|
| | 3 months | 12 months | 2 years | 3 years | 5 years | 10 years | Since Inception |
| Orange County Sanitation District Long Term | -0.50% | 1.32% | 3.48% | 3.45% | 2.21% | N/A | 2.09% |
| ICE BAML 1-5 Yr US Corp/Govt Rated AAA-A Index | -0.53% | 0.89% | 3.51% | 3.47% | 2.13% | N/A | 2.05% |

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Orange County Sanitation District Liquid

Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy

| Category | Standard | Comment |
|---|---|----------|
| U.S. Treasuries | 10% minimum; 1 year max maturity | Complies |
| Federal Agencies | 20% max per agency of the U.S. Government, which does not provide the full faith and credit of the U.S. government; 1 year max maturity; Securities, obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by the US Government , a federal agency, or a US Government-sponsored enterprise | Complies |
| Supranational Obligations | "AA" rated or better by a NRSRO; 30% max; 1 year max maturity; U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development ("IBRD"), the International Finance Corporation ("IFC") or the Inter-American Development Bank ("IADB") | Complies |
| Municipal Securities | "A" rated or higher by a NRSRO; or as otherwise approved by the Board of Directors; Taxable or tax-exempt municipal bonds issued by any of the 50 states; 10% max; 5% max issuer; 1 year max maturity | Complies |
| Corporate Medium Term Notes | "A" rating category or better by a NRSRO; 30% max; 5% max per issuer; 1 year max maturity; Issued by corporations organized and operating within the U.S. or issued by depository institutions licensed by the U.S. or any state and operating within the U.S. with AUM >\$500 million | Complies |
| Non- Agency Asset-Backed Securities, Mortgage-Backed Securities, CMOs | "AA" rating category or better by a NRSRO; 20% max (combined MBS/CMO/ABS); 5% max issuer (except U.S. government or its agencies) ; 1 year max maturity; Mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond | Complies |
| Negotiable Certificates of Deposit (NCD) | "A" rating or better long term debt by a NRSRO; or highest short term rating for deposits by a NRSRO; or as otherwise approved by the Board of Directors; 30% max; 5% max issuer; 1 year max maturity; Negotiable certificates of deposit issued by a nationally or state-chartered bank or state of federal savings and loan association, as defined by Section 5102 of the California Financial Code | Complies |
| Certificates of Deposit | 5% max issuer; 1 year max maturity; Secured (collateralized) time deposits issued by a nationally or state-chartered bank or state or federal savings and loan association, as defined by Section 5102 of the California Financial Code and having a net operating profit in the two most recently completed fiscal years; Collateral must comply with California Government Code | Complies |
| Banker's Acceptances | A-1 rated or highest short term rating by a NRSRO; 40% max; 5% max issuer; 180 days max maturity; Acceptance is eligible for purchase by the Federal Reserve System | Complies |
| Commercial Paper | A-1 rated or better by a NRSRO; "A" long term debt rating or better by a NRSRO; Issued by a domestic corporation organized and operating in the U.S. with assets > \$500 million; 25% max; 5% max issuer; 10% max of the outstanding commercial paper of any single issuer; 270 days max maturity | Complies |
| Mutual Fund & Money Market Mutual Fund | Highest rating or "AAA" rated by two NRSROs; or SEC registered adviser with AUM >\$500 million and experience > than 5 years; 20% max in Mutual Funds; 10% max per one Mutual Fund; 20% max per issuer on Money Market Mutual Funds and are not subject to the 10% stipulation | Complies |
| Local Agency Investment Fund (LAIF) | No more than the statutory maximum may be invested in LAIF; Not used by investment adviser; Investment of OCSD funds in LAIF shall be subject to investigation and due diligence prior to investing, and on a continual basis to a level of review pursuant to the policy | Complies |
| Orange County Treasurer's Money Market Commingled Investment Pool (OCCIP) | 15% max; Not used by investment adviser; Orange County Treasurer's Money Market Commingled Investment Pool; Investment of OCSD funds in OCCIP would be subject to investigation and due diligence prior to investing and on continual basis to a level of review pursuant to the policy | Complies |
| Repurchase Agreements | 20% max; 102% collateralization | Complies |
| Reverse Repurchase Agreements | 5% max, 90 days max maturity | Complies |
| Prohibited | Mortgage Derivatives, which include interest-only payments (IOs) and principal-only payments (POs); Inverse floaters, and RE-REMICS (Real Estate Mortgage Investment Conduits) | Complies |
| Securities Downgrade | If securities owned by the OCSD are downgraded below the quality required by the Investment Policy, it shall be OCSD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a decision is made to retain the downgraded securities in the portfolio, their presence in the portfolio will be monitored and reported quarterly to the OCSD General Manager, the Administration Committee and Board of Directors | Complies |
| Avg Duration | Not to exceed 180 days | Complies |
| Max Per Holding | 5% max of the total debt outstanding of any issuer per individual holding | Complies |
| Max Per Issuer | 5% max per issuer (except Supranationals, U.S. Government, Agencies, Mutual Funds); 20% max per issuer on Money Market Mutual Funds | Complies |
| Maximum Maturity | 1 year max maturity | Complies |

Orange County Sanitation District Liquid

| | 3/31/2021 | | 12/31/2020 |
|---------------------------|------------|-------------|-------------|
| | Benchmark* | Portfolio | Portfolio |
| Average Maturity (yrs) | 0.16 | 0.30 | 0.33 |
| Average Modified Duration | 0.15 | 0.30 | 0.33 |
| Average Purchase Yield | n/a | 0.10% | 0.13% |
| Average Market Yield | 0.02% | 0.09% | 0.14% |
| Average Quality** | AAA | AA+/Aaa | AAA/Aaa |
| Total Market Value | | 165,779,992 | 225,705,362 |

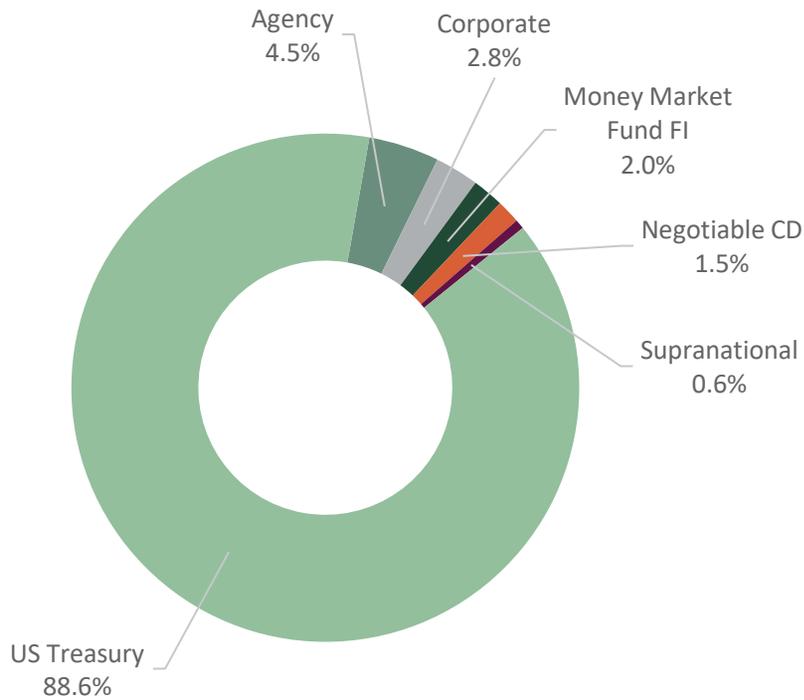
*ICE BAML 3-Month US Treasury Bill Index

**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

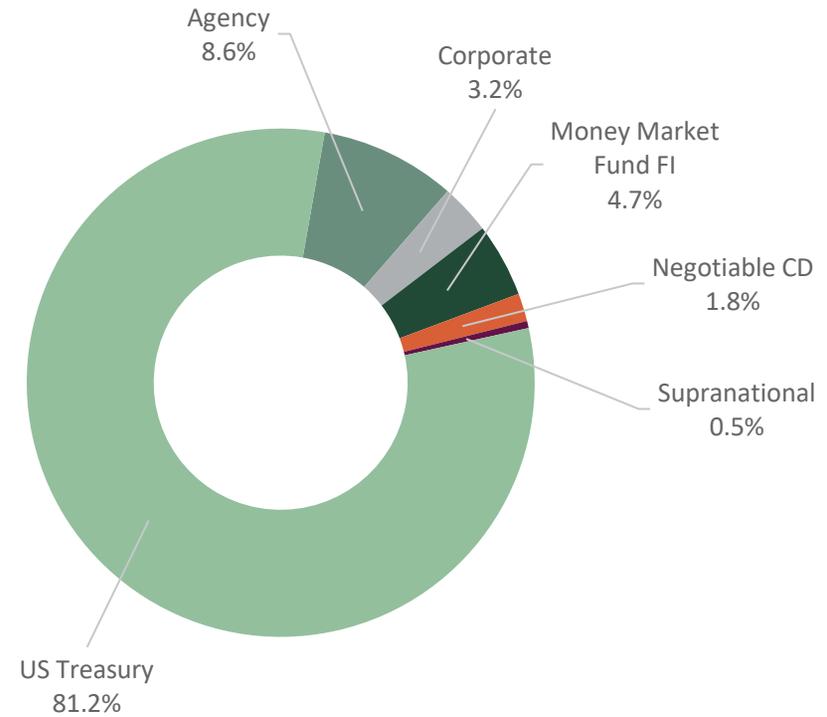
Multiple securities were purchased in the Treasury and Corporate sectors of the market to keep the portfolio fully invested. The purchased securities ranged in maturity from May 2021 to August 2021. Many securities matured during the reporting period; \$60 million was withdrawn from the portfolio to meet OC San's liquidity needs.

Orange County Sanitation District Liquid

March 31, 2021



December 31, 2020



The sector allocation was stable. Due to lack of issuance in the Agency sector the majority of the allocation remains in the Treasury sector.

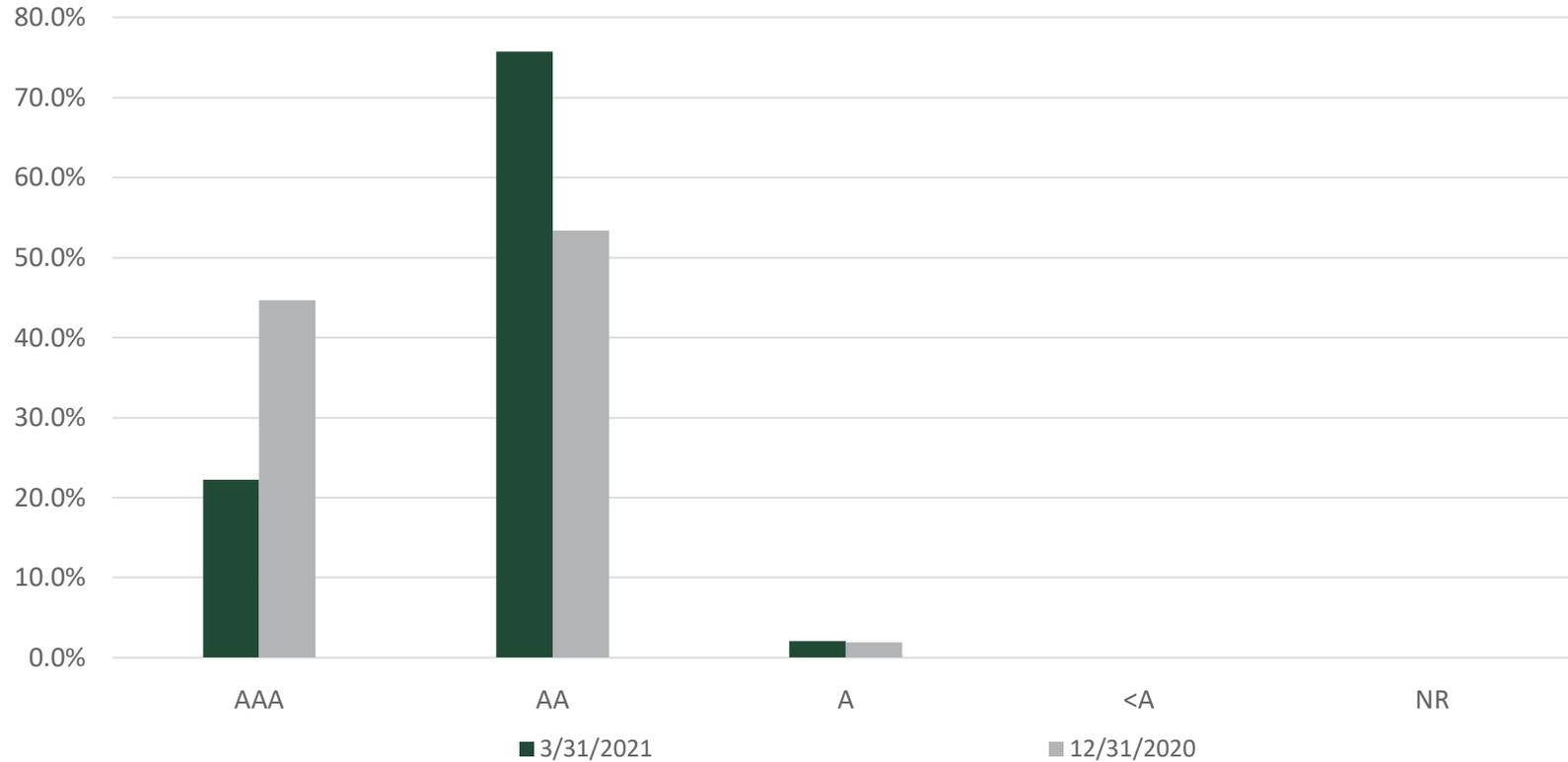
Orange County Sanitation District Liquid – Account #10282

| Issue Name | Investment Type | % Portfolio |
|---|----------------------|----------------|
| Government of United States | US Treasury | 88.57% |
| Federal Home Loan Bank | Agency | 4.54% |
| First American Govt Obligation Fund Class-Z | Money Market Fund FI | 2.00% |
| MUFG Bank Ltd/NY | Negotiable CD | 1.51% |
| Toyota Motor Corp | Corporate | 1.22% |
| Charles Schwab Corp/The | Corporate | 0.85% |
| Apple Inc | Corporate | 0.71% |
| Intl Bank Recon and Development | Supranational | 0.61% |
| TOTAL | | 100.00% |

Quality Distribution

As of March 31, 2021

Orange County Sanitation District Liquid
 March 31, 2021 vs. December 31, 2020



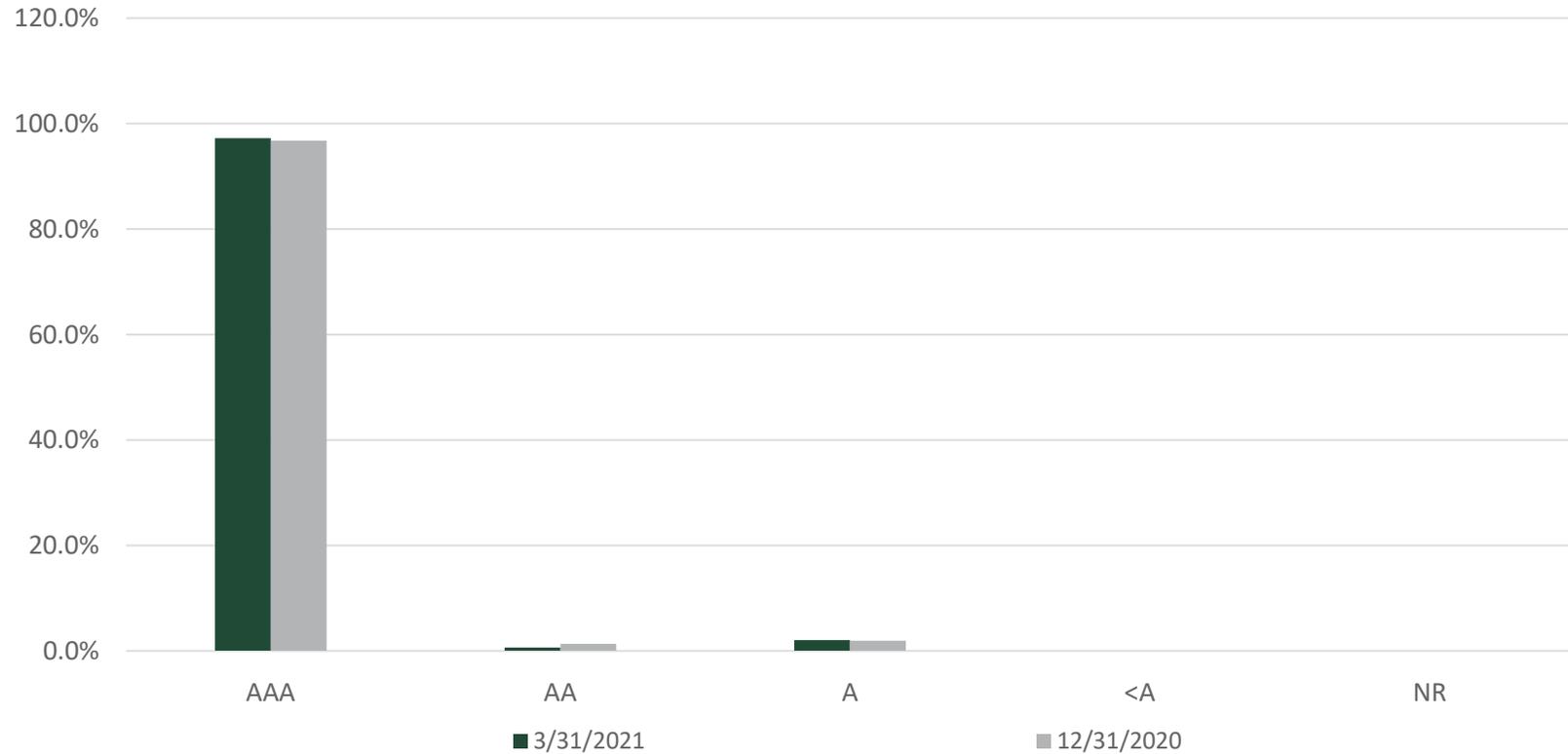
| | AAA | AA | A | <A | NR |
|----------|-------|-------|------|------|------|
| 03/31/21 | 22.2% | 75.7% | 2.1% | 0.0% | 0.0% |
| 12/31/20 | 44.7% | 53.4% | 1.9% | 0.0% | 0.0% |

Source: S&P Ratings

Quality Distribution

As of March 31, 2021

Orange County Sanitation District Liquid March 31, 2021 vs. December 31, 2020



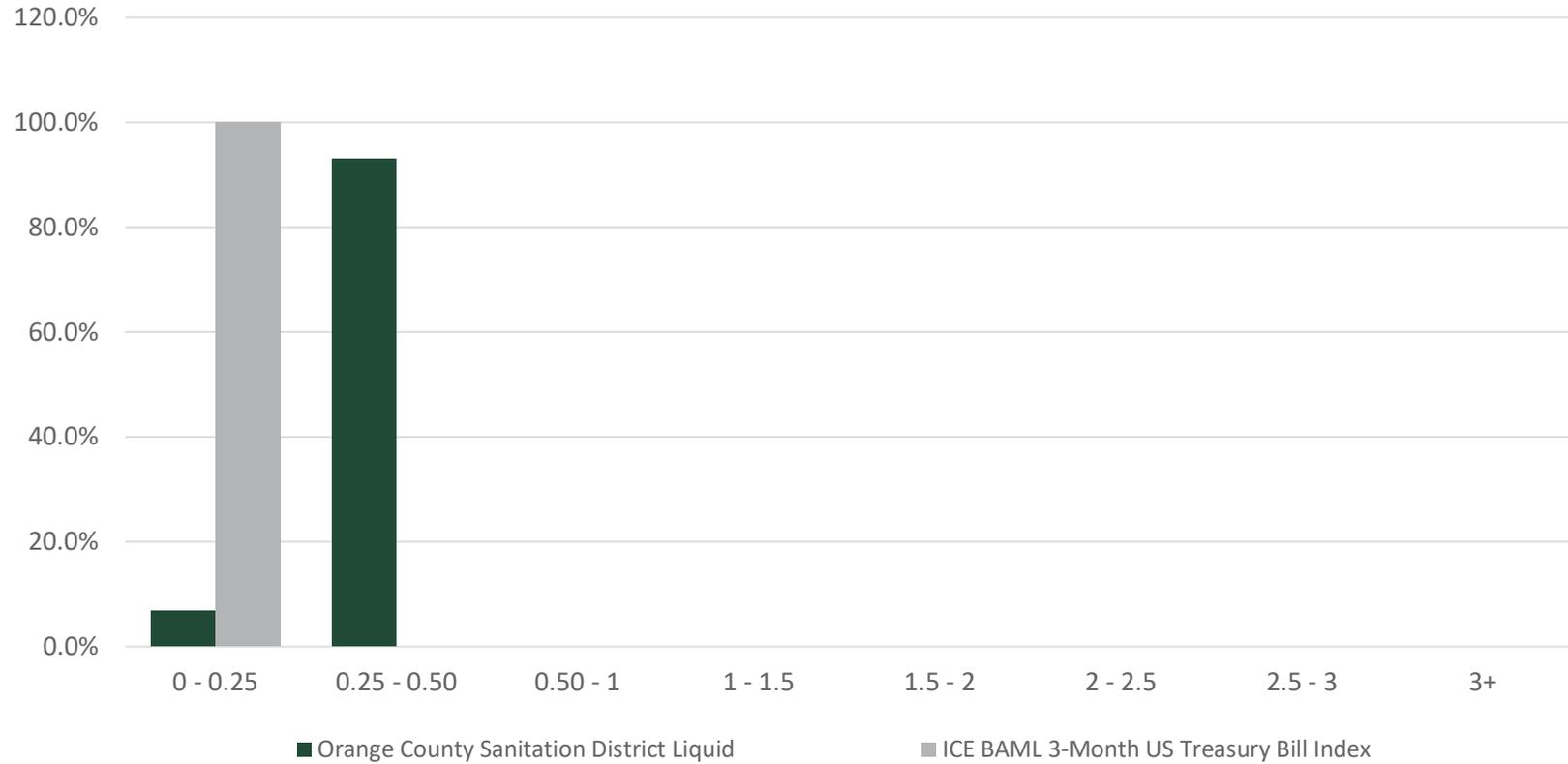
| | AAA | AA | A | <A | NR |
|----------|-------|------|------|------|------|
| 03/31/21 | 97.2% | 0.7% | 2.1% | 0.0% | 0.0% |
| 12/31/20 | 96.8% | 1.3% | 1.9% | 0.0% | 0.0% |

Source: Moody's Ratings

Duration Distribution

As of March 31, 2021

**Orange County Sanitation District Liquid
Portfolio Compared to the Benchmark as of March 31, 2021**

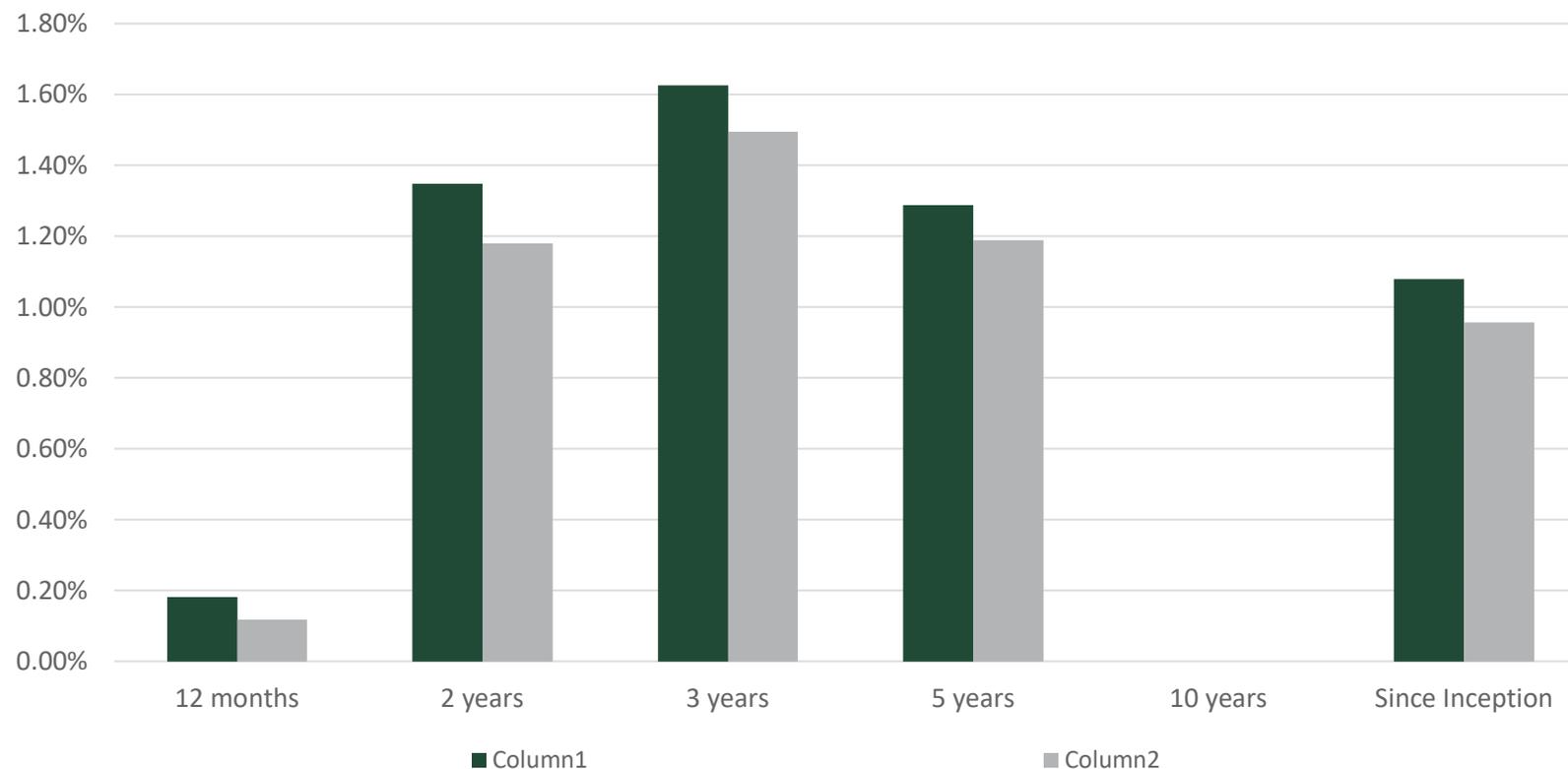


| | 0 - 0.25 | 0.25 - 0.50 | 0.50 - 1 | 1 - 1.5 | 1.5 - 2 | 2 - 2.5 | 2.5 - 3 | 3+ |
|------------|----------|-------------|----------|---------|---------|---------|---------|------|
| Portfolio | 6.9% | 93.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Benchmark* | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

*ICE BAML 3-Month US Treasury Bill Index

The duration of the portfolio contracted to 0.30 compared to 0.33 as of year-end.

Orange County Sanitation District Liquid Total Rate of Return Annualized Since Inception 11/30/2014



| TOTAL RATE OF RETURN | Annualized | | | | | | |
|--|------------|-----------|---------|---------|---------|----------|-----------------|
| | 3 months | 12 months | 2 years | 3 years | 5 years | 10 years | Since Inception |
| Orange County Sanitation District Liquid | 0.04% | 0.18% | 1.35% | 1.63% | 1.29% | N/A | 1.08% |
| ICE BAML 3-Month US Treasury Bill Index | 0.02% | 0.12% | 1.18% | 1.49% | 1.19% | N/A | 0.96% |

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

OC San Lehman Exposure

Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy

| Category | Standard | Comment |
|-------------------------------------|---|-----------|
| Treasury Issues | 5 years maximum maturity | Complies |
| Supranational | "AA" or better by 1 of 3 NRSROs; 30% maximum; 5% max; 5 years maturity; Includes only: IADB, IBRD, and IFC per CGC | Complies |
| U.S. Agencies | 20% max issuer; 5 years maximum maturity | Complies |
| U.S. Corporate (MTNs) | "A" or better long term rating by 1 of 3 NRSROs; 30% maximum; 5% max issuer; 5 years max maturity | Complies* |
| Municipal Securities | "A" or higher by 1 of 3 NRSROs; 10% maximum; 5% max issuer; 5 years maximum maturity | Complies |
| Asset Backed/ CMOs/ Mortgage-backed | "AA" or better by 1 of 3 NRSROs; "A" or higher issuer rating by 1 of 3 NRSROs; 20% maximum; 5% max issuer (excluding MBS/govt agency); 5 years max maturity | Complies |
| Negotiable CDs | "A" or better on its long term debt by 1 of 3 NRSROs ; "A1/P1" or highest short term ratings by 1 of 3 NRSROs; 30% maximum; 5% max issuer; 5 years max maturity | Complies |
| CDs/ TDS | 5% max issuer; 5 years max maturity | Complies |
| Banker's Acceptances | A-1, or equivalent highest short term rating by 1 of 3 NRSROs; 40% maximum; 5% max issuer; 180 days max maturity | Complies |
| Commercial Paper | A-1, or equivalent by 1 of 3 NRSROs; "A" or better by 1 of 3 NRSROs, if long term debt issued; 25% maximum; 5% max issuer; 270 days max maturity | Complies |
| Money Market Fund | Highest rating by 2 of 3 NRSROs; 20% maximum; 10% max issuer | Complies |
| Repurchase Agreements | 102% collateralization | Complies |
| Reverse Repurchase Agreements | 5% maximum, 90 days max maturity | Complies |
| LAIF | Not used by investment adviser | Complies |
| Avg Duration | Not to exceed 60 months - (80% to 120% of the benchmark) | Complies |
| Maximum Maturity | 5 years maximum maturity | Complies |

* Account holds \$2 million face value (cusip 525ESCOY6) and \$600,000 face value (cusip 525ESC1B7) of defaulted Lehman Bros Holdings that were purchased by the previous manager. Complied at time of purchase.

OC SAN Lehman Exposure

| | 3/31/2021 Portfolio | 12/31/2020 Portfolio |
|-------------------------------|------------------------|-------------------------|
| Average Maturity (yrs) | 11.28 | 11.93 |
| Modified Duration | 0.00 | 0.00 |
| Average Purchase Yield | 0.00% | 0.00% |
| Average Market Yield | 0.00% | 0.00% |
| Average Quality* | NR/NR | NR/NR |
| Total Market Value | 52,141 | 54,741 |

**Portfolio is S&P and Moody's, respectively.*



Section 3 | Consolidated Information

Portfolio Characteristics

As of March 31, 2021

Orange County Sanitation District Consolidated

| | 3/31/2021 Portfolio | 12/31/2020 Portfolio |
|------------------------|------------------------|-------------------------|
| Average Maturity (yrs) | 2.25 | 2.03 |
| Modified Duration | 2.10 | 1.90 |
| Average Purchase Yield | 1.34% | 1.35% |
| Average Market Yield | 0.34% | 0.20% |
| Average Quality* | AA+/Aa1 | AA+/Aa1 |
| Total Market Value | 820,222,903 | 883,388,646 |

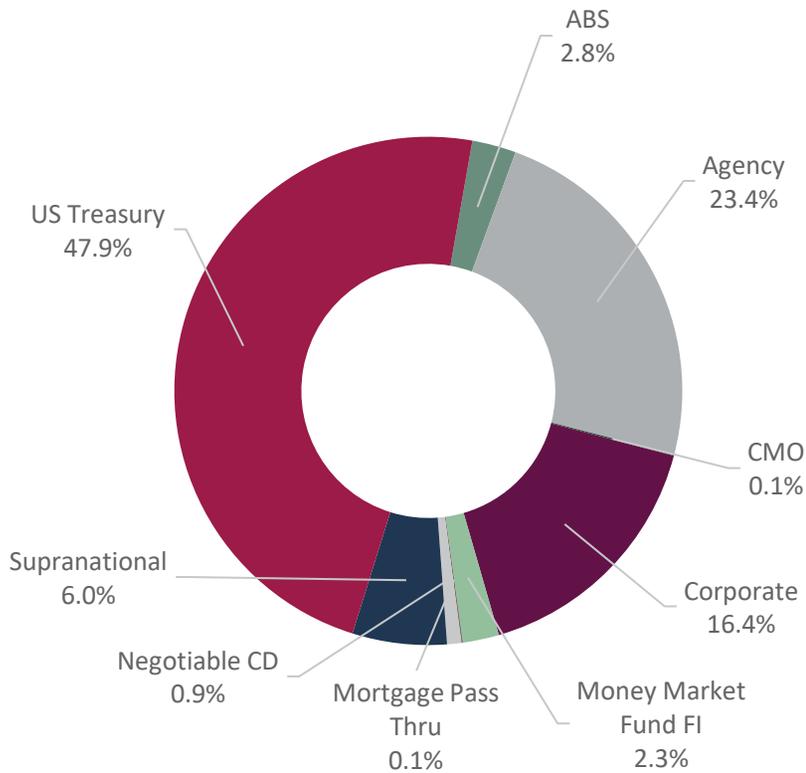
* Portfolio is S&P and Moody's respectively.

Sector Distribution

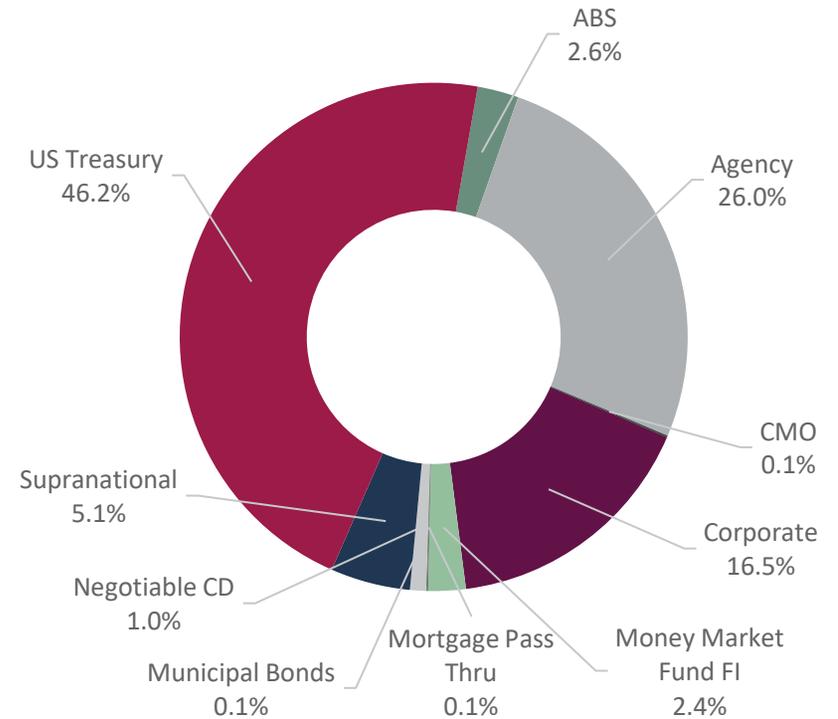
As of March 31, 2021

Orange County Sanitation District Consolidated

March 31, 2021



December 31, 2020





Section 4 | Portfolio Holdings

Holdings Report

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|------------------|---|----------------------|-----------------------------|--|----------------------|--|-----------------------------------|--------------------------------|----------------------------|
| ABS | | | | | | | | | |
| 43815NAB0 | Honda Auto Receivables Trust 2019-3 A2 1.900% Due 04/15/2022 | 578,046.49 | 08/20/2019 1.92% | 578,006.02 578,045.54 | 100.17 0.20% | 579,045.48 488.13 | 0.09% 999.94 | Aaa / AAA NR | 1.04 0.10 |
| 43814UAG4 | Honda Auto Receivables Trust 2018-2 A3 3.010% Due 05/18/2022 | 354,275.17 | 05/22/2018 3.03% | 354,267.45 354,272.97 | 100.52 0.34% | 356,133.35 385.08 | 0.05% 1,860.38 | NR / AAA AAA | 1.13 0.20 |
| 43815HAC1 | Honda Auto Receivables Trust 2018-3 A3 2.950% Due 08/22/2022 | 1,208,306.69 | 08/21/2018 2.98% | 1,208,140.91 1,208,248.81 | 100.83 0.28% | 1,218,325.97 990.14 | 0.19% 10,077.16 | Aaa / NR AAA | 1.39 0.31 |
| 47788EAC2 | John Deere Owner Trust 2018-B A3 3.080% Due 11/15/2022 | 1,259,424.64 | 07/18/2018 3.10% | 1,259,329.18 1,259,388.68 | 100.73 0.19% | 1,268,652.44 1,724.01 | 0.19% 9,263.76 | Aaa / NR AAA | 1.63 0.26 |
| 58770FAC6 | Mercedes Benz Auto Lease Trust 2020-A A3 1.840% Due 12/15/2022 | 2,050,000.00 | 01/21/2020 1.85% | 2,049,729.81 2,049,839.84 | 101.07 0.27% | 2,071,994.45 1,676.44 | 0.32% 22,154.61 | Aaa / AAA NR | 1.71 0.68 |
| 65479GAD1 | Nissan Auto Receivables Trust 2018-B A3 3.060% Due 03/15/2023 | 1,690,041.70 | 07/17/2018 3.08% | 1,689,986.95 1,690,028.23 | 101.16 0.36% | 1,709,629.28 2,298.46 | 0.26% 19,601.05 | Aaa / AAA NR | 1.96 0.43 |
| 78445JAA5 | SLM Student Loan Trust 2008-9 A 1.713% Due 04/25/2023 | 10,457.45 | 08/22/2008 1.77% | 10,415.02 10,451.47 | 100.79 1.40% | 10,539.83 32.84 | 0.00% 88.36 | Baa3 / B B | 2.07 0.04 |
| 65479JAD5 | Nissan Auto Receivables Owner 2019-C A3 1.930% Due 07/15/2024 | 4,185,000.00 | 10/16/2019 1.94% | 4,184,779.03 4,184,846.33 | 101.81 0.30% | 4,260,853.13 3,589.80 | 0.65% 76,006.80 | Aaa / AAA NR | 3.29 1.11 |
| 89237VAB5 | Toyota Auto Receivables Trust 2020-C A3 0.440% Due 10/15/2024 | 2,960,000.00 | 07/21/2020 0.44% | 2,959,772.08 2,959,808.76 | 100.22 0.29% | 2,966,455.97 578.84 | 0.45% 6,647.21 | Aaa / AAA NR | 3.55 1.47 |
| 43813KAC6 | Honda Auto Receivables Trust 2020-3 A3 0.370% Due 10/18/2024 | 3,235,000.00 | 09/22/2020 0.38% | 3,234,524.78 3,234,601.15 | 100.03 0.35% | 3,236,083.73 432.23 | 0.49% 1,482.58 | NR / AAA AAA | 3.55 1.78 |
| 47787NAC3 | John Deere Owner Trust 2020-B A3 0.510% Due 11/15/2024 | 1,480,000.00 | 07/14/2020 0.52% | 1,479,774.45 1,479,819.31 | 100.22 0.36% | 1,483,282.64 335.47 | 0.23% 3,463.33 | Aaa / NR AAA | 3.63 1.46 |
| 43813GAC5 | Honda Auto Receivables Trust 2021-1 A3 0.270% Due 04/21/2025 | 1,605,000.00 | 02/17/2021 0.27% | 1,604,970.63 1,604,971.57 | 99.85 0.35% | 1,602,558.80 120.38 | 0.24% (2,412.77) | Aaa / NR AAA | 4.06 2.01 |
| 47788UAC6 | John Deere Owner Trust 2021-A A3 0.360% Due 09/15/2025 | 2,300,000.00 | 03/02/2021 0.37% | 2,299,557.94 2,299,565.34 | 99.61 0.52% | 2,290,963.32 483.00 | 0.35% (8,602.02) | Aaa / NR AAA | 4.46 2.43 |
| TOTAL ABS | | 22,915,552.14 | 1.38% | 22,913,254.25 22,913,888.00 | 0.33% | 23,054,518.39 13,134.82 | 3.53% 140,630.39 | Aaa / AAA Aaa | 3.03 1.25 |
| Agency | | | | | | | | | |
| 313379RB7 | FHLB Note 1.875% Due 06/11/2021 | 4,000,000.00 | 08/30/2017 1.67% | 4,030,160.00 4,001,551.71 | 100.36 0.03% | 4,014,348.00 22,916.67 | 0.62% 12,796.29 | Aaa / AA+ AAA | 0.20 0.19 |
| 3135G0U35 | FNMA Note 2.750% Due 06/22/2021 | 7,500,000.00 | 06/28/2018 2.68% | 7,515,225.00 7,501,146.42 | 100.61 0.06% | 7,545,450.00 56,718.75 | 1.16% 44,303.58 | Aaa / AA+ AAA | 0.23 0.22 |

Orange County Sanitation District Long Term - Account #10268

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|-----------|-------------------------------------|-----------------|-----------------------------|--------------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| 3135G0538 | FNMA Note 2.000% Due 01/05/2022 | 3,000,000.00 | 01/30/2017 2.04% | 2,994,570.00 2,999,158.35 | 101.44 0.11% | 3,043,083.00 14,333.33 | 0.47% 43,924.65 | Aaa / AA+ AAA | 0.77 0.76 |
| 3135G0T45 | FNMA Note 1.875% Due 04/05/2022 | 5,000,000.00 | 05/05/2017 1.99% | 4,972,500.00 4,994,340.49 | 101.77 0.13% | 5,088,380.00 45,833.33 | 0.78% 94,039.51 | Aaa / AA+ AAA | 1.01 1.00 |
| 3133ELYR9 | FFCB Note 0.250% Due 05/06/2022 | 8,850,000.00 | 04/30/2020 0.31% | 8,838,760.50 8,843,841.37 | 100.12 0.14% | 8,860,894.35 8,911.46 | 1.36% 17,052.98 | Aaa / AA+ AAA | 1.10 1.09 |
| 3135G0T94 | FNMA Note 2.375% Due 01/19/2023 | 5,000,000.00 | Various 2.78% | 4,910,990.00 4,966,390.12 | 103.98 0.16% | 5,198,950.00 23,750.00 | 0.80% 232,559.88 | Aaa / AA+ AAA | 1.81 1.76 |
| 313383QR5 | FHLB Note 3.250% Due 06/09/2023 | 5,000,000.00 | 08/28/2018 2.87% | 5,083,350.00 5,038,164.27 | 106.42 0.30% | 5,321,230.00 50,555.56 | 0.82% 283,065.73 | Aaa / AA+ NR | 2.19 2.11 |
| 3137EAEN5 | FHLMC Note 2.750% Due 06/19/2023 | 10,000,000.00 | Various 2.84% | 9,956,500.00 9,980,491.64 | 105.61 0.21% | 10,560,860.00 77,916.66 | 1.63% 580,368.36 | Aaa / AA+ AAA | 2.22 2.15 |
| 3135G05G4 | FNMA Note 0.250% Due 07/10/2023 | 6,775,000.00 | 07/08/2020 0.32% | 6,760,433.75 6,763,958.92 | 100.07 0.22% | 6,779,871.23 3,810.94 | 1.04% 15,912.31 | Aaa / AA+ AAA | 2.28 2.27 |
| 313383YJ4 | FHLB Note 3.375% Due 09/08/2023 | 10,000,000.00 | Various 2.88% | 10,211,831.00 10,110,946.31 | 107.55 0.26% | 10,755,310.01 21,562.50 | 1.65% 644,363.70 | Aaa / AA+ NR | 2.44 2.36 |
| 3130A0F70 | FHLB Note 3.375% Due 12/08/2023 | 10,000,000.00 | Various 2.79% | 10,269,043.75 10,146,468.26 | 108.14 0.33% | 10,814,320.00 105,937.50 | 1.67% 667,851.74 | Aaa / AA+ AAA | 2.69 2.57 |
| 3135G0V34 | FNMA Note 2.500% Due 02/05/2024 | 5,000,000.00 | 02/27/2019 2.58% | 4,980,850.00 4,988,953.97 | 106.21 0.30% | 5,310,720.00 19,444.44 | 0.81% 321,766.03 | Aaa / AA+ AAA | 2.85 2.75 |
| 3130A1XJ2 | FHLB Note 2.875% Due 06/14/2024 | 11,110,000.00 | Various 1.96% | 11,589,031.30 11,417,438.04 | 107.79 0.42% | 11,975,013.49 94,936.49 | 1.84% 557,575.45 | Aaa / AA+ NR | 3.21 3.06 |
| 3133EKVV4 | FFCB Note 1.850% Due 07/26/2024 | 5,000,000.00 | 08/13/2019 1.65% | 5,048,280.00 5,032,364.69 | 104.60 0.45% | 5,230,040.00 16,701.39 | 0.80% 197,675.31 | Aaa / AA+ AAA | 3.32 3.22 |
| 3130A2UW4 | FHLB Note 2.875% Due 09/13/2024 | 2,500,000.00 | 09/12/2019 1.73% | 2,635,950.00 2,593,833.03 | 108.04 0.52% | 2,700,917.50 3,593.75 | 0.41% 107,084.47 | Aaa / AA+ AAA | 3.46 3.30 |
| 3135G0X24 | FNMA Note 1.625% Due 01/07/2025 | 10,000,000.00 | Various 1.28% | 10,157,936.40 10,124,792.63 | 103.84 0.59% | 10,383,570.00 37,916.66 | 1.59% 258,777.37 | Aaa / AA+ AAA | 3.78 3.65 |
| 3137EAEP0 | FHLMC Note 1.500% Due 02/12/2025 | 12,335,000.00 | Various 1.20% | 12,510,182.05 12,472,178.82 | 103.34 0.62% | 12,746,766.97 25,183.96 | 1.95% 274,588.15 | Aaa / AA+ AAA | 3.87 3.75 |
| 3130A4CH3 | FHLB Note 2.375% Due 03/14/2025 | 5,225,000.00 | 03/19/2020 1.18% | 5,526,848.25 5,464,322.54 | 106.63 0.67% | 5,571,292.10 5,859.98 | 0.85% 106,969.56 | Aaa / AA+ AAA | 3.96 3.79 |
| 3135G03U5 | FNMA Note 0.625% Due 04/22/2025 | 14,000,000.00 | Various 0.63% | 13,996,711.60 13,997,361.23 | 99.71 0.70% | 13,959,414.00 38,645.84 | 2.14% (37,947.23) | Aaa / AA+ AAA | 4.06 3.99 |
| 3135G04Z3 | FNMA Note 0.500% Due 06/17/2025 | 9,905,000.00 | 06/17/2020 0.54% | 9,884,496.65 9,887,711.54 | 99.00 0.74% | 9,806,167.91 14,307.22 | 1.50% (81,543.63) | Aaa / AA+ AAA | 4.22 4.15 |

Holdings Report

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|---------------------|--|-----------------------|-----------------------------|--|----------------------|--|--------------------------------------|--------------------------------|-----------------------------|
| 3137EAEU9 | FHLMC Note 0.375% Due 07/21/2025 | 5,030,000.00 | 07/21/2020 0.48% | 5,004,950.60 5,008,411.37 | 98.38 0.76% | 4,948,443.58 3,667.71 | 0.76% (59,967.79) | Aaa / AA+ AAA | 4.31 4.26 |
| 3135G05X7 | FNMA Note 0.375% Due 08/25/2025 | 7,945,000.00 | 08/25/2020 0.47% | 7,907,817.40 7,912,240.99 | 98.16 0.80% | 7,798,676.94 2,979.38 | 1.19% (113,564.05) | Aaa / AA+ AAA | 4.41 4.35 |
| 3137EAEX3 | FHLMC Note 0.375% Due 09/23/2025 | 7,660,000.00 | 09/23/2020 0.44% | 7,636,943.40 7,639,319.85 | 98.11 0.81% | 7,515,248.98 638.33 | 1.15% (124,070.87) | Aaa / AA+ AAA | 4.48 4.43 |
| 3135G06G3 | FNMA Note 0.500% Due 11/07/2025 | 8,255,000.00 | 11/09/2020 0.57% | 8,225,447.10 8,227,719.15 | 98.44 0.85% | 8,125,817.51 15,936.74 | 1.24% (101,901.64) | Aaa / AA+ AAA | 4.61 4.52 |
| TOTAL Agency | | 179,090,000.00 | 1.54% | 180,648,808.75 180,113,105.71 | 0.45% | 184,054,785.57 712,058.59 | 28.23% 3,941,679.86 | Aaa / AA+ Aaa | 2.99 2.91 |
| CMO | | | | | | | | | |
| 03215PFN4 | AMRESCO Residential Securities 1999-1 A 1.049% Due 06/25/2029 | 119,021.64 | 05/20/2011 4.50% | 89,377.81 105,530.04 | 96.12 2.81% | 114,400.03 24.28 | 0.02% 8,869.99 | NR / A+ BBB | 8.24 (0.06) |
| 3133TCE95 | FHLMC FSFC E3 A 3.865% Due 08/15/2032 | 4,173.00 | 03/11/1998 3.83% | 4,177.38 4,174.45 | 100.78 2.09% | 4,205.61 13.44 | 0.00% 31.16 | Aaa / AA+ AAA | 11.38 0.77 |
| 31397QRE0 | FNMA FNR 2011-3 FA 0.789% Due 02/25/2041 | 124,094.11 | 12/20/2010 0.79% | 124,055.34 124,068.45 | 101.50 0.45% | 125,950.56 16.32 | 0.02% 1,882.11 | Aaa / AA+ AAA | 19.92 0.12 |
| 31394JY35 | FHLMC FSFC T-58 2A 6.500% Due 09/25/2043 | 544,889.43 | 06/09/2011 5.40% | 617,087.28 595,172.59 | 118.24 1.49% | 644,266.37 590.30 | 0.10% 49,093.78 | Aaa / AA+ AAA | 22.50 3.63 |
| TOTAL CMO | | 792,178.18 | 4.62% | 834,697.81 828,945.53 | 1.52% | 888,822.57 644.34 | 0.14% 59,877.04 | Aaa / AA+ Aaa | 20.25 2.65 |
| Corporate | | | | | | | | | |
| 369550BE7 | General Dynamics Corp Note 3.000% Due 05/11/2021 | 3,160,000.00 | 05/08/2018 3.24% | 3,138,038.00 3,159,198.47 | 100.28 0.50% | 3,168,753.20 36,866.67 | 0.49% 9,554.73 | A2 / A NR | 0.11 0.11 |
| 166764BG4 | Chevron Corp Callable Note Cont 4/15/2021 2.100% Due 05/16/2021 | 2,500,000.00 | 05/20/2016 2.23% | 2,485,350.00 2,499,637.18 | 100.14 0.25% | 2,503,600.00 19,687.50 | 0.39% 3,962.82 | Aa2 / AA- NR | 0.13 0.04 |
| 61747WAL3 | Morgan Stanley Note 5.500% Due 07/28/2021 | 2,800,000.00 | 06/06/2014 3.24% | 3,200,848.00 2,818,164.39 | 101.64 0.43% | 2,846,015.20 26,950.00 | 0.44% 27,850.81 | A1 / BBB+ A | 0.33 0.32 |
| 594918BP8 | Microsoft Callable Note Cont 7/8/2021 1.550% Due 08/08/2021 | 3,045,000.00 | Various 1.57% | 3,041,385.15 3,044,744.62 | 100.36 0.20% | 3,056,083.80 6,948.52 | 0.47% 11,339.18 | Aaa / AAA AA+ | 0.36 0.27 |
| 68389XBK0 | Oracle Corp Callable Note Cont 8/15/2021 1.900% Due 09/15/2021 | 3,000,000.00 | 06/28/2018 3.08% | 2,892,240.00 2,984,671.28 | 100.59 0.32% | 3,017,580.00 2,533.33 | 0.46% 32,908.72 | Baa2 / A BBB+ | 0.46 0.37 |

Holdings Report

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|-----------|---|-----------------|-----------------------------|------------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| 06406RAA5 | Bank of NY Mellon Corp Callable Note Cont 1/7/2022 2.600% Due 02/07/2022 | 2,500,000.00 | 02/08/2017 2.56% | 2,504,475.00 2,500,702.89 | 101.79 0.26% | 2,544,825.00 9,750.00 | 0.39% 44,122.11 | A1 / A AA- | 0.86 0.76 |
| 69353RFB9 | PNC Bank Callable Note Cont 1/18/2022 2.625% Due 02/17/2022 | 1,000,000.00 | 03/26/2018 3.32% | 974,940.00 994,325.37 | 101.86 0.28% | 1,018,621.00 3,208.33 | 0.16% 24,295.63 | A2 / A A+ | 0.88 0.79 |
| 084664BT7 | Berkshire Hathaway Note 3.000% Due 05/15/2022 | 4,000,000.00 | 05/23/2017 2.30% | 4,131,120.00 4,029,547.15 | 103.14 0.20% | 4,125,576.00 45,333.33 | 0.64% 96,028.85 | Aa2 / AA A+ | 1.12 1.10 |
| 00440EAU1 | Chubb INA Holdings Inc Callable Note Cont 9/3/2022 2.875% Due 11/03/2022 | 4,169,000.00 | Various 2.54% | 4,232,453.17 4,187,784.09 | 103.43 0.45% | 4,311,909.15 49,275.26 | 0.67% 124,125.06 | A3 / A A | 1.59 1.39 |
| 90331HNL3 | US Bank NA Callable Note Cont 12/23/2022 2.850% Due 01/23/2023 | 2,000,000.00 | 01/29/2018 2.93% | 1,992,640.00 1,997,319.96 | 104.52 0.23% | 2,090,326.00 10,766.67 | 0.32% 93,006.04 | A1 / AA- AA- | 1.82 1.69 |
| 808513AT2 | Charles Schwab Corp Callable Note Cont 12/25/2022 2.650% Due 01/25/2023 | 6,750,000.00 | 05/21/2019 2.74% | 6,729,480.00 6,739,854.59 | 103.95 0.36% | 7,016,827.50 32,793.75 | 1.08% 276,972.91 | A2 / A A | 1.82 1.70 |
| 06406RAE7 | Bank of NY Mellon Corp Callable Note Cont 12/29/2022 2.950% Due 01/29/2023 | 2,500,000.00 | Various 3.03% | 2,489,555.00 2,496,486.07 | 104.55 0.33% | 2,613,642.50 12,701.39 | 0.40% 117,156.43 | A1 / A AA- | 1.83 1.71 |
| 00440EAP2 | Chubb INA Holdings Inc Note 2.700% Due 03/13/2023 | 2,000,000.00 | 05/24/2018 3.42% | 1,937,000.00 1,974,389.37 | 104.29 0.49% | 2,085,774.00 2,700.00 | 0.32% 111,384.63 | A3 / A A | 1.95 1.91 |
| 084670BR8 | Berkshire Hathaway Callable Note Cont 1/15/2023 2.750% Due 03/15/2023 | 2,500,000.00 | 04/20/2018 3.28% | 2,440,950.00 2,476,426.29 | 104.48 0.24% | 2,612,020.00 3,055.56 | 0.40% 135,593.71 | Aa2 / AA A+ | 1.96 1.76 |
| 58933YAF2 | Merck & Co Note 2.800% Due 05/18/2023 | 2,000,000.00 | 10/26/2018 3.41% | 1,948,640.00 1,975,974.28 | 105.26 0.32% | 2,105,232.00 20,688.89 | 0.32% 129,257.72 | A1 / AA- A+ | 2.13 2.06 |
| 46625HRL6 | JP Morgan Chase Callable Note Cont 3/18/2023 2.700% Due 05/18/2023 | 5,000,000.00 | Various 3.59% | 4,821,910.00 4,913,374.39 | 104.32 0.49% | 5,216,015.00 49,875.00 | 0.80% 302,640.61 | A2 / A- AA- | 2.13 1.91 |
| 69353RFL7 | PNC Bank Callable Note Cont 5/9/2023 3.500% Due 06/08/2023 | 5,000,000.00 | Various 3.53% | 4,993,318.05 4,997,075.39 | 106.25 0.51% | 5,312,695.01 54,930.56 | 0.82% 315,619.62 | A2 / A A+ | 2.19 2.03 |
| 166764AH3 | Chevron Corp Callable Note Cont 3/24/2023 3.191% Due 06/24/2023 | 3,500,000.00 | 11/08/2018 3.59% | 3,441,095.00 3,471,526.92 | 105.40 0.45% | 3,689,056.00 30,092.90 | 0.57% 217,529.08 | Aa2 / AA- NR | 2.23 1.92 |
| 931142EK5 | Wal-Mart Stores Callable Note Cont 5/26/2023 3.400% Due 06/26/2023 | 3,880,000.00 | Various 3.41% | 3,878,991.40 3,879,549.03 | 106.65 0.30% | 4,138,163.56 34,812.22 | 0.64% 258,614.53 | Aa2 / AA AA | 2.24 2.08 |
| 02665WCJ8 | American Honda Finance Note 3.450% Due 07/14/2023 | 845,000.00 | 07/11/2018 3.49% | 843,538.15 844,331.59 | 106.66 0.52% | 901,242.36 6,235.40 | 0.14% 56,910.77 | A3 / A- NR | 2.29 2.20 |
| 89114QC48 | Toronto Dominion Bank Note 3.500% Due 07/19/2023 | 5,000,000.00 | 02/26/2019 3.04% | 5,094,200.00 5,049,334.46 | 107.06 0.41% | 5,353,245.00 35,000.00 | 0.82% 303,910.54 | Aa1 / AA- AA | 2.30 2.21 |

Holdings Report

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|-----------|--|-----------------|-----------------------------|------------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| 02665WCQ2 | American Honda Finance Note 3.625% Due 10/10/2023 | 2,000,000.00 | Various 3.64% | 1,998,320.00 1,999,139.50 | 107.38 0.67% | 2,147,540.00 34,437.50 | 0.33% 148,400.50 | A3 / A- NR | 2.53 2.39 |
| 24422EUM9 | John Deere Capital Corp Note 3.650% Due 10/12/2023 | 1,250,000.00 | 11/28/2018 3.64% | 1,250,237.50 1,250,123.49 | 107.94 0.49% | 1,349,212.50 21,418.40 | 0.21% 99,089.01 | A2 / A A | 2.53 2.40 |
| 06051GHF9 | Bank of America Corp Callable Note 1X 3/5/2023 3.550% Due 03/05/2024 | 6,675,000.00 | Various 2.77% | 6,770,625.75 6,731,967.77 | 105.51 0.67% | 7,042,759.13 17,113.96 | 1.08% 310,791.36 | A2 / A- A+ | 2.93 1.87 |
| 09247XAL5 | Blackrock Inc Note 3.500% Due 03/18/2024 | 1,000,000.00 | 05/09/2019 2.69% | 1,036,330.00 1,022,195.97 | 108.75 0.52% | 1,087,509.00 1,263.89 | 0.17% 65,313.03 | Aa3 / AA- NR | 2.97 2.84 |
| 808513BN4 | Charles Schwab Corp Callable Note Cont 2/18/2024 0.750% Due 03/18/2024 | 2,785,000.00 | 03/16/2021 0.77% | 2,783,607.50 2,783,625.29 | 100.51 0.57% | 2,799,242.49 754.27 | 0.43% 15,617.20 | A2 / A A | 2.97 2.85 |
| 458140BD1 | Intel Corp Callable Note Cont 3/11/2024 2.875% Due 05/11/2024 | 5,000,000.00 | 05/09/2019 2.76% | 5,025,900.00 5,015,783.73 | 106.73 0.57% | 5,336,305.00 55,902.78 | 0.82% 320,521.27 | A1 / A+ A+ | 3.12 2.81 |
| 037833CU2 | Apple Inc Callable Note Cont 3/11/2024 2.850% Due 05/11/2024 | 3,000,000.00 | 05/17/2019 2.72% | 3,017,760.00 3,010,872.44 | 106.66 0.57% | 3,199,689.00 33,250.00 | 0.49% 188,816.56 | Aa1 / AA+ NR | 3.12 2.81 |
| 89114QCA4 | Toronto Dominion Bank Note 2.650% Due 06/12/2024 | 3,000,000.00 | 06/12/2019 2.65% | 3,000,570.00 3,000,364.80 | 106.06 0.73% | 3,181,755.00 24,070.83 | 0.49% 181,390.20 | Aa3 / A AA- | 3.20 3.06 |
| 02665WCZ2 | American Honda Finance Note 2.400% Due 06/27/2024 | 1,219,000.00 | 07/10/2019 2.49% | 1,213,843.63 1,215,633.56 | 104.81 0.89% | 1,277,642.43 7,639.07 | 0.20% 62,008.87 | A3 / A- NR | 3.24 3.11 |
| 78013XZU5 | Royal Bank of Canada Note 2.550% Due 07/16/2024 | 6,500,000.00 | 09/10/2019 2.28% | 6,581,445.00 6,555,340.24 | 105.45 0.87% | 6,854,477.50 34,531.25 | 1.05% 299,137.26 | A2 / A AA | 3.30 3.15 |
| 46647PAU0 | JP Morgan Chase & Co Callable Note 1X 7/23/2023 3.797% Due 07/23/2024 | 2,500,000.00 | 09/12/2019 2.11% | 2,632,175.00 2,590,180.35 | 107.03 0.83% | 2,675,675.00 17,930.28 | 0.41% 85,494.65 | A2 / A- AA- | 3.32 3.12 |
| 90331HPL1 | US Bank NA Callable Note Cont 12/21/2024 2.050% Due 01/21/2025 | 7,270,000.00 | 01/16/2020 2.10% | 7,254,514.90 7,258,210.30 | 103.68 1.04% | 7,537,194.31 28,979.03 | 1.16% 278,984.01 | A1 / AA- AA- | 3.81 3.58 |
| 00440EAS6 | Chubb INA Holdings Inc Note 3.150% Due 03/15/2025 | 2,000,000.00 | 10/28/2020 0.78% | 2,203,740.00 2,184,220.76 | 107.58 1.18% | 2,151,622.00 2,800.00 | 0.33% (32,598.76) | A3 / A A | 3.96 3.73 |
| 438516CB0 | Honeywell Intl Callable Note Cont 5/1/2025 1.350% Due 06/01/2025 | 5,000,000.00 | 06/23/2020 0.85% | 5,119,000.00 5,100,185.77 | 101.36 1.01% | 5,067,750.00 22,500.00 | 0.78% (32,435.77) | A2 / A A | 4.17 3.95 |
| 78015K7H1 | Royal Bank of Canada Note 1.150% Due 06/10/2025 | 2,500,000.00 | Various 0.90% | 2,527,720.00 2,525,198.96 | 99.74 1.21% | 2,493,380.00 8,864.58 | 0.38% (31,818.96) | A2 / A AA | 4.20 4.07 |
| 06051GHY8 | Bank of America Corp Callable Note Cont 2/13/2025 2.015% Due 02/13/2026 | 2,500,000.00 | 03/04/2021 1.09% | 2,583,450.00 2,582,339.18 | 102.39 1.27% | 2,559,702.50 6,716.67 | 0.39% (22,636.68) | A2 / A- A+ | 4.88 4.63 |

Holdings Report

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|-----------------------------------|---|-----------------------|-----------------------------|--------------------------------|----------------------|------------------------------|-------------------------|--------------------------|----------------------|
| 46647PBH8 | JP Morgan Chase & Co Callable Note Mthly 3/13/2025 2.005% Due 03/13/2026 | 2,500,000.00 | 03/12/2021 1.26% | 2,572,075.00 2,571,284.05 | 102.80 1.28% | 2,569,935.00 2,506.25 | 0.39% (1,349.05) | A2 / A- AA- | 4.95 3.79 |
| TOTAL Corporate | | 123,848,000.00 | 2.59% | 124,431,083.94 | 0.59% | 814,884.04 | 4,627,509.20 | A1 / A+ A+ | 2.45 2.22 |
| Money Market Fund FI | | | | | | | | | |
| 31846V567 | First American Govt Obligation MMKT Class-Z | 15,689,737.48 | Various 0.03% | 15,689,737.48 15,689,737.48 | 1.00 0.03% | 15,689,737.48 0.00 | 2.40% 0.00 | Aaa / AAA AAA | 0.00 0.00 |
| TOTAL Money Market Fund FI | | 15,689,737.48 | 0.03% | 15,689,737.48 | 0.03% | 0.00 | 0.00 | Aaa / AAA Aaa | 0.00 0.00 |
| Mortgage Pass Thru | | | | | | | | | |
| 36225CAZ9 | GNMA Pool# G2 80023 1.610% Due 12/20/2026 | 10,875.80 | 08/08/1997 1.51% | 11,055.91 10,910.93 | 103.82 0.33% | 11,291.29 14.59 | 0.00% 380.36 | Aaa / AA+ AAA | 5.73 2.19 |
| 36225CC20 | GNMA Pool# G2 80088 1.670% Due 06/20/2027 | 8,639.03 | 08/11/1997 1.54% | 8,828.01 8,678.44 | 101.78 1.44% | 8,793.13 12.02 | 0.00% 114.69 | Aaa / AA+ AAA | 6.22 2.93 |
| 31348SWZ3 | FHLMC FH 786064 2.257% Due 01/01/2028 | 1,519.63 | 02/18/2000 2.44% | 1,482.62 1,510.66 | 100.59 1.96% | 1,528.58 2.86 | 0.00% 17.92 | Aaa / AA+ AAA | 6.76 0.75 |
| 31371NUC7 | FNMA FN 257179 4.500% Due 04/01/2028 | 9,196.46 | 12/05/2011 3.72% | 9,726.16 9,423.91 | 108.74 0.74% | 10,000.00 34.49 | 0.00% 576.09 | Aaa / AA+ AAA | 7.01 2.35 |
| 31417YAY3 | FNMA Pool# FN MA0022 4.500% Due 04/01/2029 | 10,709.68 | 12/05/2011 3.76% | 11,326.54 10,994.88 | 108.78 0.99% | 11,649.69 40.16 | 0.00% 654.81 | Aaa / AA+ AAA | 8.01 2.53 |
| 3138EG6F6 | FNMA FN AL0869 4.500% Due 06/01/2029 | 6,400.73 | 12/05/2011 3.77% | 6,769.42 6,573.09 | 108.75 1.07% | 6,960.85 5.60 | 0.00% 387.76 | Aaa / AA+ AAA | 8.18 2.58 |
| 36225CNM4 | GNMA Pool# G2 80395 1.670% Due 04/20/2030 | 4,312.25 | 03/15/2000 1.73% | 4,273.14 4,300.41 | 104.21 0.78% | 4,493.60 6.00 | 0.00% 193.19 | Aaa / AA+ AAA | 9.06 2.24 |
| 36225CN28 | GNMA Pool# G2 80408 1.670% Due 05/20/2030 | 34,107.26 | 03/15/2000 1.73% | 33,760.84 34,001.75 | 104.19 0.50% | 35,537.07 47.47 | 0.01% 1,535.32 | Aaa / AA+ AAA | 9.14 3.26 |
| 31403GXF4 | FNMA Pool# FN 748678 5.000% Due 10/01/2033 | 1,074.54 | 06/10/2013 4.16% | 1,155.13 1,124.38 | 111.82 1.61% | 1,201.60 4.48 | 0.00% 77.22 | Aaa / AA+ AAA | 12.51 3.50 |
| 36225DCB8 | GNMA Pool# G2 80965 1.620% Due 07/20/2034 | 28,903.79 | 07/19/2004 1.62% | 28,885.73 28,895.76 | 104.39 0.98% | 30,173.85 39.02 | 0.00% 1,278.09 | Aaa / AA+ AAA | 13.31 2.77 |
| 31406XWT5 | FNMA Pool# FN 823358 1.988% Due 02/01/2035 | 71,464.08 | 01/11/2006 2.04% | 70,905.76 71,197.88 | 105.21 1.03% | 75,183.93 118.37 | 0.01% 3,986.05 | Aaa / AA+ AAA | 13.85 0.81 |

Holdings Report

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

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|---------------------------------|--|---------------------|-----------------------------|--|----------------------|--|----------------------------------|--------------------------------|-----------------------------|
| 31406PQY8 | FNMA Pool# FN 815971 5.000% Due 03/01/2035 | 96,028.42 | 06/10/2013 4.21% | 103,230.56 100,662.08 | 115.41 0.85% | 110,828.13 400.12 | 0.02% 10,166.05 | Aaa / AA+ AAA | 13.93 3.70 |
| 31407BXH7 | FNMA Pool# FN 826080 5.000% Due 07/01/2035 | 13,252.97 | 06/10/2013 4.22% | 14,246.93 13,897.85 | 116.26 0.66% | 15,408.26 55.22 | 0.00% 1,510.41 | Aaa / AA+ AAA | 14.26 3.72 |
| 31376KT22 | FNMA FN 357969 5.000% Due 09/01/2035 | 74,136.23 | 06/10/2013 4.22% | 79,696.43 77,758.65 | 116.34 0.71% | 86,252.83 72.08 | 0.01% 8,494.18 | Aaa / AA+ AAA | 14.43 3.79 |
| 31403DJZ3 | FNMA Pool #745580 5.000% Due 06/01/2036 | 66,835.05 | 06/10/2013 4.26% | 71,847.67 70,158.00 | 116.17 0.76% | 77,638.94 278.48 | 0.01% 7,480.94 | Aaa / AA+ AAA | 15.18 3.79 |
| 31410F4V4 | FNMA Pool# FN 888336 5.000% Due 07/01/2036 | 123,463.72 | 06/10/2013 4.25% | 132,723.51 129,613.36 | 116.21 0.71% | 143,482.87 514.43 | 0.02% 13,869.51 | Aaa / AA+ AAA | 15.26 3.76 |
| TOTAL Mortgage Pass Thru | | 560,919.64 | 3.58% | 589,914.36 579,702.03 | 0.80% | 630,424.62 1,645.39 | 0.10% 50,722.59 | Aaa / AA+ Aaa | 13.56 3.21 |
| Municipal Bonds | | | | | | | | | |
| 913366EJ5 | Univ of California Rgts Med TE-REV 5.035% Due 05/15/2021 | 400,000.00 | 11/09/2010 5.04% | 400,000.00 400,000.00 | 100.54 0.63% | 402,148.00 7,608.44 | 0.06% 2,148.00 | Aa3 / AA- AA- | 0.12 0.12 |
| TOTAL Municipal Bonds | | 400,000.00 | 5.04% | 400,000.00 | 0.63% | 402,148.00 7,608.44 | 0.06% 2,148.00 | Aa3 / AA- AA- | 0.12 0.12 |
| Negotiable CD | | | | | | | | | |
| 06417MMB8 | Bank of Nova Scotia Houston Yankee CD 0.280% Due 11/24/2021 | 5,000,000.00 | 11/24/2020 0.28% | 5,000,000.00 5,000,000.00 | 100.00 0.28% | 5,000,000.00 4,938.89 | 0.76% 0.00 | P-1 / A-1 F-1+ | 0.65 0.65 |
| TOTAL Negotiable CD | | 5,000,000.00 | 0.28% | 5,000,000.00 | 0.28% | 5,000,000.00 4,938.89 | 0.76% 0.00 | Aaa / AA Aaa | 0.65 0.65 |
| Supranational | | | | | | | | | |
| 45950KCJ7 | International Finance Corp Note 1.125% Due 07/20/2021 | 2,500,000.00 | 11/09/2016 1.64% | 2,441,600.00 2,496,249.85 | 100.29 0.17% | 2,507,260.00 5,546.88 | 0.38% 11,010.15 | Aaa / AAA NR | 0.30 0.30 |
| 4581X0CW6 | Inter-American Dev Bank Note 2.125% Due 01/18/2022 | 3,000,000.00 | 01/10/2017 2.15% | 2,996,310.00 2,999,409.92 | 101.51 0.23% | 3,045,297.00 12,927.08 | 0.47% 45,887.08 | Aaa / NR AAA | 0.80 0.79 |
| 459058FY4 | Intl. Bank Recon & Development Note 2.000% Due 01/26/2022 | 10,000,000.00 | Various 1.99% | 10,006,350.00 10,000,788.02 | 101.48 0.19% | 10,148,090.00 36,111.12 | 1.56% 147,301.98 | Aaa / NR AAA | 0.82 0.81 |
| 4581X0CZ9 | Inter-American Dev Bank Note 1.750% Due 09/14/2022 | 6,500,000.00 | Various 2.65% | 6,249,655.00 6,420,349.05 | 102.20 0.23% | 6,642,870.00 5,371.52 | 1.02% 222,520.95 | Aaa / AAA AAA | 1.46 1.44 |
| 459058JBO | Intl. Bank Recon & Development Note 0.625% Due 04/22/2025 | 6,245,000.00 | 04/15/2020 0.70% | 6,220,831.85 6,225,384.89 | 99.58 0.73% | 6,218,683.57 17,238.80 | 0.95% (6,701.32) | Aaa / AAA NR | 4.06 3.99 |

Holdings Report

As of March 31, 2021

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|----------------------------|--|----------------------|-----------------------------|--|----------------------|---|-----------------------------------|--------------------------------|----------------------------|
| 4581X0DN5 | Inter-American Dev Bank Note 0.625% Due 07/15/2025 | 5,050,000.00 | 01/13/2021 0.53% | 5,071,967.50 5,070,950.73 | 99.01 0.86% | 5,000,232.25 6,663.19 | 0.77% (70,718.48) | Aaa / AAA NR | 4.29 4.21 |
| 459058JL8 | Intl. Bank Recon & Development Note 0.500% Due 10/28/2025 | 15,000,000.00 | Various 0.55% | 14,964,951.60 14,966,243.05 | 98.13 0.92% | 14,719,635.00 31,875.00 | 2.25% (246,608.05) | Aaa / AAA AAA | 4.58 4.50 |
| TOTAL Supranational | | 48,295,000.00 | 1.32% | 47,951,665.95 48,179,375.51 | 0.56% | 48,282,067.82 115,733.59 | 7.40% 102,692.31 | Aaa / AAA Aaa | 2.80 2.76 |
| US Treasury | | | | | | | | | |
| 912828T34 | US Treasury Note 1.125% Due 09/30/2021 | 7,000,000.00 | Various 1.88% | 6,757,914.08 6,974,888.83 | 100.54 0.05% | 7,037,737.00 215.16 | 1.08% 62,848.17 | Aaa / AA+ AAA | 0.50 0.50 |
| 912828T67 | US Treasury Note 1.250% Due 10/31/2021 | 6,000,000.00 | 12/13/2016 1.92% | 5,813,691.98 5,977,730.86 | 100.70 0.06% | 6,041,718.00 31,491.71 | 0.93% 63,987.14 | Aaa / AA+ AAA | 0.59 0.58 |
| 912828U65 | US Treasury Note 1.750% Due 11/30/2021 | 7,000,000.00 | 12/28/2016 2.06% | 6,900,492.20 6,986,544.02 | 101.13 0.06% | 7,078,750.00 41,057.69 | 1.09% 92,205.98 | Aaa / AA+ AAA | 0.67 0.66 |
| 912828V72 | US Treasury Note 1.875% Due 01/31/2022 | 3,000,000.00 | 02/27/2017 1.84% | 3,004,814.74 3,000,816.74 | 101.50 0.08% | 3,045,000.00 9,323.20 | 0.47% 44,183.26 | Aaa / AA+ AAA | 0.84 0.83 |
| 912828J76 | US Treasury Note 1.750% Due 03/31/2022 | 5,000,000.00 | 04/25/2017 1.85% | 4,976,383.94 4,995,224.31 | 101.66 0.09% | 5,082,810.00 239.07 | 0.78% 87,585.69 | Aaa / AA+ AAA | 1.00 1.00 |
| 912828XW5 | US Treasury Note 1.750% Due 06/30/2022 | 5,000,000.00 | 07/25/2017 1.86% | 4,973,454.25 4,993,289.82 | 102.04 0.12% | 5,101,760.00 21,995.86 | 0.78% 108,470.18 | Aaa / AA+ AAA | 1.25 1.24 |
| 912828L24 | US Treasury Note 1.875% Due 08/31/2022 | 6,000,000.00 | 09/27/2017 1.92% | 5,987,832.60 5,996,501.36 | 102.46 0.13% | 6,147,654.00 9,782.61 | 0.94% 151,152.64 | Aaa / AA+ AAA | 1.42 1.40 |
| 912828L57 | US Treasury Note 1.750% Due 09/30/2022 | 16,000,000.00 | Various 1.98% | 15,822,656.25 15,947,145.33 | 102.42 0.14% | 16,386,880.00 765.02 | 2.50% 439,734.67 | Aaa / AA+ AAA | 1.50 1.49 |
| 912828M80 | US Treasury Note 2.000% Due 11/30/2022 | 8,000,000.00 | 12/22/2017 2.25% | 7,907,500.00 7,968,755.56 | 103.08 0.15% | 8,246,248.00 53,626.37 | 1.27% 277,492.44 | Aaa / AA+ AAA | 1.67 1.64 |
| 912828N30 | US Treasury Note 2.125% Due 12/31/2022 | 5,000,000.00 | 01/24/2018 2.44% | 4,926,562.50 4,973,944.16 | 103.43 0.16% | 5,171,485.00 26,709.25 | 0.79% 197,540.84 | Aaa / AA+ AAA | 1.75 1.72 |
| 912828CBG5 | US Treasury Note 0.125% Due 01/31/2023 | 10,000,000.00 | 03/29/2021 0.14% | 9,998,046.88 9,998,052.69 | 99.94 0.16% | 9,994,140.00 2,071.82 | 1.53% (3,912.69) | Aaa / AA+ AAA | 1.84 1.83 |
| 9128284D9 | US Treasury Note 2.500% Due 03/31/2023 | 10,000,000.00 | Various 2.75% | 9,887,265.63 9,954,436.25 | 104.65 0.17% | 10,465,230.00 683.06 | 1.60% 510,793.75 | Aaa / AA+ AAA | 2.00 1.96 |
| 912828R69 | US Treasury Note 1.625% Due 05/31/2023 | 5,000,000.00 | 05/30/2018 2.67% | 4,757,226.56 4,894,966.58 | 103.07 0.20% | 5,153,515.00 27,232.14 | 0.79% 258,548.42 | Aaa / AA+ AAA | 2.17 2.13 |
| 912828U57 | US Treasury Note 2.125% Due 11/30/2023 | 15,000,000.00 | Various 2.53% | 14,723,632.81 14,847,559.37 | 104.92 0.27% | 15,737,700.00 106,833.79 | 2.42% 890,140.63 | Aaa / AA+ AAA | 2.67 2.59 |

Holdings Report

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| 91282CBA8 | US Treasury Note 0.125% Due 12/15/2023 | 6,500,000.00 | 12/29/2020 0.17% | 6,491,367.19 6,492,102.58 | 99.54 0.29% | 6,470,295.00 2,388.39 | 0.99% (21,807.58) | Aaa / AA+ AAA | 2.71 2.70 |
| 912828V80 | US Treasury Note 2.250% Due 01/31/2024 | 7,500,000.00 | Various 2.27% | 7,491,503.91 7,494,961.05 | 105.44 0.32% | 7,908,105.00 27,969.62 | 1.21% 413,143.95 | Aaa / AA+ AAA | 2.84 2.75 |
| 912828W48 | US Treasury Note 2.125% Due 02/29/2024 | 10,000,000.00 | 04/24/2019 2.32% | 9,911,718.75 9,946,961.46 | 105.16 0.34% | 10,516,410.00 18,478.26 | 1.61% 569,448.54 | Aaa / AA+ AAA | 2.92 2.84 |
| 912828WJ5 | US Treasury Note 2.500% Due 05/15/2024 | 7,000,000.00 | 06/10/2019 1.91% | 7,193,046.88 7,122,263.02 | 106.55 0.39% | 7,458,829.00 66,229.28 | 1.15% 336,565.98 | Aaa / AA+ AAA | 3.13 3.00 |
| 912828XX3 | US Treasury Note 2.000% Due 06/30/2024 | 5,000,000.00 | 07/12/2019 1.88% | 5,028,710.94 5,018,792.04 | 105.05 0.43% | 5,252,345.00 25,138.12 | 0.81% 233,552.96 | Aaa / AA+ AAA | 3.25 3.15 |
| 912828WU0 | US Treasury Inflation Index Note 0.125% Due 07/15/2024 | 11,455,600.00 | Various 0.22% | 11,344,196.04 11,418,812.50 | 108.18 (2.25%) | 12,392,633.78 3,006.36 | 1.89% 973,821.28 | Aaa / AA+ AAA | 3.29 3.32 |
| 912828YH7 | US Treasury Note 1.500% Due 09/30/2024 | 14,000,000.00 | Various 1.72% | 13,859,296.88 13,897,090.24 | 103.41 0.51% | 14,477,974.00 573.77 | 2.21% 580,883.76 | Aaa / AA+ AAA | 3.50 3.42 |
| 9128283J7 | US Treasury Note 2.125% Due 11/30/2024 | 16,500,000.00 | Various 1.76% | 16,783,886.72 16,710,246.96 | 105.67 0.56% | 17,435,220.00 117,517.17 | 2.68% 724,973.04 | Aaa / AA+ AAA | 3.67 3.52 |
| 912828ZL7 | US Treasury Note 0.375% Due 04/30/2025 | 12,000,000.00 | Various 0.38% | 11,998,515.63 11,998,741.35 | 98.71 0.70% | 11,844,840.00 18,895.03 | 1.81% (153,901.35) | Aaa / AA+ AAA | 4.08 4.03 |
| 91282CAM3 | US Treasury Note 0.250% Due 09/30/2025 | 6,500,000.00 | 10/16/2020 0.32% | 6,477,656.25 6,479,684.13 | 97.49 0.82% | 6,336,993.00 44.40 | 0.97% (142,691.13) | Aaa / AA+ AAA | 4.50 4.46 |
| 91282CBC4 | US Treasury Note 0.375% Due 12/31/2025 | 10,000,000.00 | Various 0.49% | 9,943,320.32 9,943,541.02 | 97.61 0.89% | 9,761,330.00 9,426.80 | 1.49% (182,211.02) | Aaa / AA+ AAA | 4.76 4.69 |
| 91282CBH3 | US Treasury Note 0.375% Due 01/31/2026 | 18,000,000.00 | Various 0.63% | 17,781,875.00 17,784,900.13 | 97.47 0.91% | 17,544,384.00 11,187.85 | 2.68% (240,516.13) | Aaa / AA+ AAA | 4.84 4.77 |
| 91282CBT7 | US Treasury Note 0.750% Due 03/31/2026 | 7,000,000.00 | 03/30/2021 0.90% | 6,947,226.56 6,947,255.46 | 99.09 0.94% | 6,936,013.00 143.44 | 1.06% (11,242.46) | Aaa / AA+ AAA | 5.00 4.89 |
| TOTAL US Treasury | | 239,455,600.00 | 1.54% | 237,689,795.49 238,765,207.82 | 0.26% | 245,025,998.78 633,025.24 | 37.54% 6,260,790.96 | Aaa / AA+ Aaa | 2.79 2.74 |
| TOTAL PORTFOLIO | | 636,046,987.44 | 1.69% | 636,501,355.29 636,901,046.02 | 0.40% | 652,087,096.37 2,303,673.34 | 100.00% 15,186,050.35 | Aa1 / AA+ Aaa | 2.74 2.55 |
| TOTAL MARKET VALUE PLUS ACCRUALS | | | | | | 654,390,769.71 | | | |

Holdings Report

As of March 31, 2021

Orange County Sanitation District Liquid - Account #10282

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|-----------------------------------|---|---------------------|-----------------------------|--|----------------------|---|---------------------------------|--------------------------------|----------------------------|
| Agency | | | | | | | | | |
| 313385KW5 | FHLB Discount Note 0.052% Due 08/25/2021 | 7,525,000.00 | 02/25/2021 0.05% | 7,523,032.66 7,523,413.08 | 99.98 0.05% | 7,523,413.08 0.00 | 4.54% 0.00 | P-1 / A-1+ F-1+ | 0.40 0.40 |
| TOTAL Agency | | 7,525,000.00 | 0.05% | 7,523,032.66 7,523,413.08 | 0.05% | 7,523,413.08 0.00 | 4.54% 0.00 | Aaa / AAA Aaa | 0.40 0.40 |
| Corporate | | | | | | | | | |
| 037833AR1 | Apple Inc Note 2.850% Due 05/06/2021 | 1,155,000.00 | 05/08/2020 0.44% | 1,182,327.30 1,157,664.22 | 100.23 0.49% | 1,157,647.26 13,258.44 | 0.71% (16.96) | Aa1 / AA+ NR | 0.10 0.10 |
| 89236TBJ3 | Toyota Motor Credit Corp Note 2.750% Due 05/17/2021 | 2,000,000.00 | Various 0.26% | 2,025,350.00 2,006,281.54 | 100.32 0.26% | 2,006,348.00 20,472.23 | 1.22% 66.46 | A1 / A+ A+ | 0.13 0.13 |
| 808513AW5 | Charles Schwab Corp Callable Note Cont 4/21/2021 3.250% Due 05/21/2021 | 1,385,000.00 | 05/26/2020 0.47% | 1,419,472.65 1,387,101.99 | 100.14 0.21% | 1,386,869.75 16,254.51 | 0.85% (232.24) | A2 / A A | 0.14 0.06 |
| TOTAL Corporate | | 4,540,000.00 | 0.37% | 4,627,149.95 4,551,047.75 | 0.30% | 4,550,865.01 49,985.18 | 2.78% (182.74) | A1 / A+ A+ | 0.12 0.10 |
| Money Market Fund FI | | | | | | | | | |
| 31846V567 | First American Govt Obligation MMKT Class-Z | 3,317,177.17 | Various 0.03% | 3,317,177.17 3,317,177.17 | 1.00 0.03% | 3,317,177.17 0.00 | 2.00% 0.00 | Aaa / AAA AAA | 0.00 0.00 |
| TOTAL Money Market Fund FI | | 3,317,177.17 | 0.03% | 3,317,177.17 3,317,177.17 | 0.03% | 3,317,177.17 0.00 | 2.00% 0.00 | Aaa / AAA Aaa | 0.00 0.00 |
| Negotiable CD | | | | | | | | | |
| 55380TMD9 | MUFG Bank Yankee CD 0.240% Due 04/21/2021 | 2,500,000.00 | 12/21/2020 0.24% | 2,500,000.00 2,500,000.00 | 100.00 0.24% | 2,500,000.00 1,683.33 | 1.51% 0.00 | P-1 / A-1 F-1 | 0.06 0.06 |
| TOTAL Negotiable CD | | 2,500,000.00 | 0.24% | 2,500,000.00 2,500,000.00 | 0.24% | 2,500,000.00 1,683.33 | 1.51% 0.00 | Aaa / AA AA | 0.06 0.06 |
| Supranational | | | | | | | | | |
| 459058FH1 | Intl. Bank Recon & Development Note 1.375% Due 05/24/2021 | 1,000,000.00 | 06/19/2020 0.22% | 1,010,570.00 1,001,672.27 | 100.16 0.27% | 1,001,630.00 4,850.69 | 0.61% (42.27) | Aaa / AAA AAA | 0.15 0.15 |
| TOTAL Supranational | | 1,000,000.00 | 0.22% | 1,010,570.00 1,001,672.27 | 0.27% | 1,001,630.00 4,850.69 | 0.61% (42.27) | Aaa / AAA Aaa | 0.15 0.15 |

Holdings Report

As of March 31, 2021

Orange County Sanitation District Liquid - Account #10282

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|---|---|-----------------------|-----------------------------|--|----------------------|--|------------------------------------|--------------------------------|----------------------------|
| US Treasury | | | | | | | | | |
| 912828WR7 | US Treasury Note 2.125% Due 06/30/2021 | 8,000,000.00 | Various 0.12% | 8,118,398.44 8,039,596.89 | 100.51 0.09% | 8,040,856.00 42,734.80 | 4.88% 1,259.11 | Aaa / AA+ AAA | 0.25 0.25 |
| 9128287A2 | US Treasury Note 1.625% Due 06/30/2021 | 19,000,000.00 | Various 0.10% | 19,180,937.51 19,071,650.29 | 100.39 0.09% | 19,073,435.00 77,613.94 | 11.55% 1,784.71 | Aaa / AA+ AAA | 0.25 0.25 |
| 912828S27 | US Treasury Note 1.125% Due 06/30/2021 | 27,000,000.00 | 12/28/2020 0.09% | 27,141,328.14 27,069,505.65 | 100.26 0.08% | 27,070,794.00 76,357.05 | 16.38% 1,288.35 | Aaa / AA+ AAA | 0.25 0.25 |
| 912796C49 | US Treasury Bill 0.093% Due 07/22/2021 | 5,000,000.00 | 01/20/2021 0.09% | 4,997,661.81 4,998,561.11 | 99.97 0.09% | 4,998,561.11 0.00 | 3.02% 0.00 | P-1 / A-1+ F-1+ | 0.31 0.31 |
| 912796C56 | US Treasury Bill 0.077% Due 07/29/2021 | 7,000,000.00 | 01/27/2021 0.08% | 6,997,275.06 6,998,218.31 | 99.97 0.08% | 6,998,218.31 0.00 | 4.22% 0.00 | P-1 / A-1+ F-1+ | 0.33 0.33 |
| 912828WY2 | US Treasury Note 2.250% Due 07/31/2021 | 8,000,000.00 | Various 0.12% | 8,144,296.88 8,056,529.19 | 100.73 0.07% | 8,058,752.00 29,834.26 | 4.88% 2,222.81 | Aaa / AA+ AAA | 0.33 0.34 |
| 912828S76 | US Treasury Note 1.125% Due 07/31/2021 | 43,000,000.00 | Various 0.10% | 43,267,968.77 43,147,108.52 | 100.35 0.08% | 43,151,188.00 80,179.56 | 26.08% 4,079.48 | Aaa / AA+ AAA | 0.33 0.34 |
| 9128287F1 | US Treasury Note 1.750% Due 07/31/2021 | 2,000,000.00 | 02/25/2021 0.05% | 2,014,531.25 2,011,343.75 | 100.57 0.07% | 2,011,328.00 5,801.10 | 1.22% (15.75) | Aaa / AA+ AAA | 0.33 0.34 |
| 912828RC6 | US Treasury Note 2.125% Due 08/15/2021 | 5,000,000.00 | 03/30/2021 0.04% | 5,039,453.13 5,039,165.15 | 100.77 0.08% | 5,038,670.00 13,207.87 | 3.05% (495.15) | Aaa / AA+ AAA | 0.38 0.38 |
| 912796D55 | US Treasury Bill 0.057% Due 08/26/2021 | 13,000,000.00 | 02/25/2021 0.06% | 12,996,273.41 12,996,973.43 | 99.98 0.06% | 12,996,973.43 0.00 | 7.84% 0.00 | P-1 / A-1+ F-1+ | 0.41 0.41 |
| 912828YC8 | US Treasury Note 1.500% Due 08/31/2021 | 9,000,000.00 | 12/28/2020 0.09% | 9,084,726.56 9,052,565.05 | 100.60 0.05% | 9,054,144.00 11,739.13 | 5.47% 1,578.95 | Aaa / AA+ AAA | 0.42 0.42 |
| TOTAL US Treasury | | 146,000,000.00 | 0.09% | 146,982,850.96 146,481,217.34 | 0.08% | 146,492,919.85 337,467.71 | 88.57% 11,702.51 | Aaa / AA+ Aaa | 0.31 0.32 |
| TOTAL PORTFOLIO | | 164,882,177.17 | 0.10% | 165,960,780.74 165,374,527.61 | 0.09% | 165,386,005.11 393,986.91 | 100.00% 11,477.50 | Aaa / AA+ Aaa | 0.30 0.30 |
| TOTAL MARKET VALUE PLUS ACCRUALS | | | | | | 165,779,992.02 | | | |

Holdings Report

As of March 31, 2021

OC SAN Lehman Exposure - Account #10284

| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|---|---|---------------------|-----------------------------|--|----------------------|---------------------------------|---|-----------------------------|-----------------------------|
| Common Stock | | | | | | | | | |
| SLHOPNTA4 | Lehman Brothers, Inc Open Position Long Exposure 0.000% Due 03/31/2021 | 60,641.49 | 11/21/2014 0.00% | 57,842.64 57,842.64 | 0.42 0.00% | 25,621.03 0.00 | 49.14% (32,221.61) | NR / NR NR | 0.00 0.00 |
| TOTAL Common Stock | | 60,641.49 | 0.00% | 57,842.64 | 0.00% | 25,621.03 0.00 | 49.14% (32,221.61) | NR / NR NR | 0.00 0.00 |
| Corporate | | | | | | | | | |
| 525ESCIB7 | Lehman Brothers Note-Defaulted 0.000% Due 01/24/2022 | 600,000.00 | 09/19/2008 0.00% | 318,131.38 318,131.38 | 1.02 0.00% | 6,120.00 0.00 | 11.74% (312,011.38) | NR / NR NR | 0.82 0.00 |
| 525ESCOY6 | Lehman Brothers Note-Defaulted 0.000% Due 10/22/2049 | 2,000,000.00 | 09/18/2008 0.00% | 1,025,037.05 1,025,037.05 | 1.02 0.00% | 20,400.00 0.00 | 39.12% (1,004,637.05) | NR / NR NR | 28.58 0.00 |
| TOTAL Corporate | | 2,600,000.00 | 0.00% | 1,343,168.43 1,343,168.43 | 0.00% | 26,520.00 0.00 | 50.86% (1,316,648.43) | NR / NR NR | 22.17 0.00 |
| TOTAL PORTFOLIO | | 2,660,641.49 | 0.00% | 1,401,011.07 1,401,011.07 | 0.00% | 52,141.03 0.00 | 100.00% (1,348,870.04) | NR / NR NR | 11.28 0.00 |
| TOTAL MARKET VALUE PLUS ACCRUALS | | | | | | 52,141.03 | | | |



Section 5 | Transactions

Transaction Ledger

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

December 31, 2020 through March 31, 2021

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------|-----------------|-----------|----------------------|---|---------|----------------|----------------------|-------------------|----------------------|-------------|
| ACQUISITIONS | | | | | | | | | | |
| Purchase | 01/15/2021 | 4581X0DN5 | 5,050,000.00 | Inter-American Dev Bank Note 0.625% Due: 07/15/2025 | 100.435 | 0.53% | 5,071,967.50 | 0.00 | 5,071,967.50 | 0.00 |
| Purchase | 01/28/2021 | 459058JL8 | 3,080,000.00 | Intl. Bank Recon & Development Note 0.5% Due: 10/28/2025 | 100.064 | 0.49% | 3,081,971.20 | 3,850.00 | 3,085,821.20 | 0.00 |
| Purchase | 02/19/2021 | 459058JL8 | 5,000,000.00 | Intl. Bank Recon & Development Note 0.5% Due: 10/28/2025 | 99.416 | 0.63% | 4,970,800.00 | 7,708.33 | 4,978,508.33 | 0.00 |
| Purchase | 02/24/2021 | 43813GAC5 | 1,605,000.00 | Honda Auto Receivables Trust 2021-1 A3 0.27% Due: 04/21/2025 | 99.998 | 0.27% | 1,604,970.63 | 0.00 | 1,604,970.63 | 0.00 |
| Purchase | 02/24/2021 | 78015K7H1 | 1,000,000.00 | Royal Bank of Canada Note 1.15% Due: 06/10/2025 | 101.224 | 0.86% | 1,012,240.00 | 2,363.89 | 1,014,603.89 | 0.00 |
| Purchase | 02/24/2021 | 91282CBH3 | 14,000,000.00 | US Treasury Note 0.375% Due: 01/31/2026 | 99.016 | 0.58% | 13,862,187.50 | 3,480.66 | 13,865,668.16 | 0.00 |
| Purchase | 03/08/2021 | 06051GHY8 | 2,500,000.00 | Bank of America Corp Callable Note Cont 2/13/2025 2.015% Due: 02/13/2026 | 103.338 | 1.09% | 2,583,450.00 | 3,498.26 | 2,586,948.26 | 0.00 |
| Purchase | 03/10/2021 | 47788UAC6 | 2,300,000.00 | John Deere Owner Trust 2021-A A3 0.36% Due: 09/15/2025 | 99.981 | 0.37% | 2,299,557.94 | 0.00 | 2,299,557.94 | 0.00 |
| Purchase | 03/16/2021 | 46647PBH8 | 2,500,000.00 | JP Morgan Chase & Co Callable Note Mthly 3/13/2025 2.005% Due: 03/13/2026 | 102.883 | 1.26% | 2,572,075.00 | 417.71 | 2,572,492.71 | 0.00 |
| Purchase | 03/18/2021 | 808513BN4 | 2,785,000.00 | Charles Schwab Corp Callable Note Cont 2/18/2024 0.75% Due: 03/18/2024 | 99.950 | 0.77% | 2,783,607.50 | 0.00 | 2,783,607.50 | 0.00 |
| Purchase | 03/26/2021 | 91282CBC4 | 3,000,000.00 | US Treasury Note 0.375% Due: 12/31/2025 | 98.129 | 0.78% | 2,943,867.19 | 2,641.57 | 2,946,508.76 | 0.00 |
| Purchase | 03/26/2021 | 91282CBH3 | 4,000,000.00 | US Treasury Note 0.375% Due: 01/31/2026 | 97.992 | 0.80% | 3,919,687.50 | 2,237.57 | 3,921,925.07 | 0.00 |
| Purchase | 03/30/2021 | 91282CBG5 | 10,000,000.00 | US Treasury Note 0.125% Due: 01/31/2023 | 99.980 | 0.14% | 9,998,046.88 | 2,002.76 | 10,000,049.64 | 0.00 |
| Purchase | 03/31/2021 | 91282CBT7 | 7,000,000.00 | US Treasury Note 0.75% Due: 03/31/2026 | 99.246 | 0.90% | 6,947,226.56 | 0.00 | 6,947,226.56 | 0.00 |
| Subtotal | | | 63,820,000.00 | | | | 63,651,655.40 | 28,200.75 | 63,679,856.15 | 0.00 |

Transaction Ledger

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

December 31, 2020 through March 31, 2021

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------------|-----------------|-----------|----------------------|---|---------|----------------|----------------------|-------------------|----------------------|-------------------|
| Security Contribution | 03/31/2021 | 912828WU0 | 89,960.00 | US Treasury Inflation Index Note 0.125% Due: 07/15/2024 | 100.000 | | 89,960.00 | 0.00 | 89,960.00 | 0.00 |
| Subtotal | | | 89,960.00 | | | | 89,960.00 | 0.00 | 89,960.00 | 0.00 |
| TOTAL ACQUISITIONS | | | 63,909,960.00 | | | | 63,741,615.40 | 28,200.75 | 63,769,816.15 | 0.00 |
| DISPOSITIONS | | | | | | | | | | |
| Call | 01/28/2021 | 037833BS8 | 4,000,000.00 | Apple Inc Callable Note Cont 1/23/2021 2.25% Due: 02/23/2021 | 100.000 | 2.24% | 4,000,000.00 | 38,750.00 | 4,038,750.00 | 0.00 |
| Call | 03/26/2021 | 44932HAH6 | 5,670,000.00 | IBM Credit Corp Note 3% Due: 02/06/2023 | 105.103 | 3.31% | 5,959,349.96 | 23,625.00 | 5,982,974.96 | 315,063.47 |
| Subtotal | | | 9,670,000.00 | | | | 9,959,349.96 | 62,375.00 | 10,021,724.96 | 315,063.47 |
| Redemption | 03/02/2021 | 95000U2B8 | 1,500,000.00 | Wells Fargo & Company Note 2.625% Due: 07/22/2022 | 103.488 | 3.01% | 1,552,320.00 | 4,374.99 | 1,556,694.99 | 59,679.23 |
| Redemption | 03/02/2021 | 95000U2B8 | 1,500,000.00 | Wells Fargo & Company Note 2.625% Due: 07/22/2022 | 103.488 | 2.97% | 1,552,320.00 | 4,374.99 | 1,556,694.99 | 59,024.84 |
| Subtotal | | | 3,000,000.00 | | | | 3,104,640.00 | 8,749.98 | 3,113,389.98 | 118,704.07 |
| Maturity | 01/25/2021 | 45950KCM0 | 2,970,000.00 | International Finance Corp Note 2.25% Due: 01/25/2021 | 100.000 | | 2,970,000.00 | 0.00 | 2,970,000.00 | 0.00 |
| Maturity | 02/04/2021 | 9127963W7 | 15,000,000.00 | US Treasury Bill 0.085% Due: 02/04/2021 | 100.000 | | 15,000,000.00 | 0.00 | 15,000,000.00 | 0.00 |
| Maturity | 02/16/2021 | 3137EAEL9 | 7,500,000.00 | FHLMC Note 2.375% Due: 02/16/2021 | 100.000 | | 7,500,000.00 | 0.00 | 7,500,000.00 | 0.00 |
| Maturity | 02/18/2021 | 3130A7CV5 | 5,365,000.00 | FHLB Note 1.375% Due: 02/18/2021 | 100.000 | | 5,365,000.00 | 0.00 | 5,365,000.00 | 0.00 |

Transaction Ledger

As of March 31, 2021

Orange County Sanitation District Long Term - Account #10268

December 31, 2020 through March 31, 2021

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------------|-----------------|-----------|----------------------|--|---------|----------------|----------------------|-------------------|----------------------|-------------------|
| Maturity | 02/26/2021 | 3135G0J20 | 10,000,000.00 | FNMA Note 1.375% Due: 02/26/2021 | 100.000 | | 10,000,000.00 | 0.00 | 10,000,000.00 | 0.00 |
| Maturity | 03/01/2021 | 30231GAV4 | 3,000,000.00 | Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due: 03/01/2021 | 100.000 | | 3,000,000.00 | 0.00 | 3,000,000.00 | 0.00 |
| Maturity | 03/01/2021 | 83162CLJ0 | 2,984.86 | Small Business Administration 2001-20C 1 6.34% Due: 03/01/2021 | 100.000 | | 2,984.86 | 94.62 | 3,079.48 | 0.00 |
| Maturity | 03/15/2021 | 4581X0CS5 | 5,000,000.00 | Inter-American Dev Bank Note 1.875% Due: 03/15/2021 | 100.000 | | 5,000,000.00 | 0.00 | 5,000,000.00 | 0.00 |
| Subtotal | | | 48,837,984.86 | | | | 48,837,984.86 | 94.62 | 48,838,079.48 | 0.00 |
| Security Withdrawal | 01/28/2021 | 912828WU0 | 6,656.00 | US Treasury Inflation Index Note 0.125% Due: 07/15/2024 | 99.877 | 0.14% | 6,656.00 | 0.00 | 6,656.00 | 22.67 |
| Security Withdrawal | 03/25/2021 | 912828WU0 | 32,448.00 | US Treasury Inflation Index Note 0.125% Due: 07/15/2024 | 99.877 | 0.14% | 32,448.00 | 0.00 | 32,448.00 | 105.64 |
| Subtotal | | | 39,104.00 | | | | 39,104.00 | 0.00 | 39,104.00 | 128.31 |
| TOTAL DISPOSITIONS | | | 61,547,088.86 | | | | 61,941,078.82 | 71,219.60 | 62,012,298.42 | 433,895.85 |

Transaction Ledger

As of March 31, 2021

Orange County Sanitation District Liquid - Account #10282

December 31, 2020 through March 31, 2021

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------------|-----------------|-----------|----------------------|--|---------|----------------|----------------------|-------------------|----------------------|-------------|
| ACQUISITIONS | | | | | | | | | | |
| Purchase | 01/21/2021 | 912796C49 | 5,000,000.00 | US Treasury Bill 0.093% Due: 07/22/2021 | 99.953 | 0.09% | 4,997,661.81 | 0.00 | 4,997,661.81 | 0.00 |
| Purchase | 01/28/2021 | 912796C56 | 7,000,000.00 | US Treasury Bill 0.077% Due: 07/29/2021 | 99.961 | 0.08% | 6,997,275.06 | 0.00 | 6,997,275.06 | 0.00 |
| Purchase | 02/25/2021 | 313385KW5 | 7,525,000.00 | FHLB Discount Note 0.052% Due: 08/25/2021 | 99.974 | 0.05% | 7,523,032.66 | 0.00 | 7,523,032.66 | 0.00 |
| Purchase | 02/26/2021 | 912796D55 | 9,000,000.00 | US Treasury Bill 0.057% Due: 08/26/2021 | 99.971 | 0.06% | 8,997,429.80 | 0.00 | 8,997,429.80 | 0.00 |
| Purchase | 02/26/2021 | 912796D55 | 4,000,000.00 | US Treasury Bill 0.058% Due: 08/26/2021 | 99.971 | 0.06% | 3,998,843.61 | 0.00 | 3,998,843.61 | 0.00 |
| Purchase | 02/26/2021 | 9128287F1 | 2,000,000.00 | US Treasury Note 1.75% Due: 07/31/2021 | 100.727 | 0.05% | 2,014,531.25 | 2,513.81 | 2,017,045.06 | 0.00 |
| Purchase | 03/19/2021 | 89236TBJ3 | 500,000.00 | Toyota Motor Credit Corp Note 2.75% Due: 05/17/2021 | 100.411 | 0.20% | 502,055.00 | 4,659.72 | 506,714.72 | 0.00 |
| Purchase | 03/31/2021 | 912828RC6 | 5,000,000.00 | US Treasury Note 2.125% Due: 08/15/2021 | 100.789 | 0.04% | 5,039,453.13 | 12,914.36 | 5,052,367.49 | 0.00 |
| Subtotal | | | 40,025,000.00 | | | | 40,070,282.32 | 20,087.89 | 40,090,370.21 | 0.00 |
| TOTAL ACQUISITIONS | | | 40,025,000.00 | | | | 40,070,282.32 | 20,087.89 | 40,090,370.21 | 0.00 |
| DISPOSITIONS | | | | | | | | | | |
| Maturity | 01/04/2021 | 313385AD8 | 1,500,000.00 | FHLB Discount Note 0.16% Due: 01/04/2021 | 100.000 | | 1,500,000.00 | 0.00 | 1,500,000.00 | 0.00 |
| Maturity | 01/22/2021 | 313385AX4 | 9,000,000.00 | FHLB Discount Note 0.073% Due: 01/22/2021 | 100.000 | | 9,000,000.00 | 0.00 | 9,000,000.00 | 0.00 |
| Maturity | 01/25/2021 | 89114QBX5 | 1,750,000.00 | Toronto Dominion Bank Note 2.55% Due: 01/25/2021 | 100.000 | | 1,750,000.00 | 0.00 | 1,750,000.00 | 0.00 |

Transaction Ledger

As of March 31, 2021

Orange County Sanitation District Liquid - Account #10282

December 31, 2020 through March 31, 2021

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------------|-----------------|-----------|----------------------|--|---------|----------------|----------------------|-------------------|----------------------|-------------|
| Maturity | 01/28/2021 | 912796UC1 | 58,250,000.00 | US Treasury Bill 0.139% Due: 01/28/2021 | 100.000 | | 58,250,000.00 | 0.00 | 58,250,000.00 | 0.00 |
| Maturity | 02/04/2021 | 313385BL9 | 9,000,000.00 | FHLB Discount Note 0.085% Due: 02/04/2021 | 100.000 | | 9,000,000.00 | 0.00 | 9,000,000.00 | 0.00 |
| Maturity | 02/19/2021 | 78012UVJ1 | 1,500,000.00 | Royal Bank of Canada Yankee CD 1% Due: 02/19/2021 | 100.000 | | 1,500,000.00 | 12,666.67 | 1,512,666.67 | 0.00 |
| Maturity | 02/25/2021 | 912796XE4 | 10,000,000.00 | US Treasury Bill 0.126% Due: 02/25/2021 | 100.000 | | 10,000,000.00 | 0.00 | 10,000,000.00 | 0.00 |
| Maturity | 03/01/2021 | 494368BF9 | 750,000.00 | Kimberly-Clark Note 3.875% Due: 03/01/2021 | 100.000 | | 750,000.00 | 0.00 | 750,000.00 | 0.00 |
| Maturity | 03/01/2021 | 69371RN93 | 600,000.00 | Paccar Financial Corp Note 2.8% Due: 03/01/2021 | 100.000 | | 600,000.00 | 0.00 | 600,000.00 | 0.00 |
| Subtotal | | | 92,350,000.00 | | | | 92,350,000.00 | 12,666.67 | 92,362,666.67 | 0.00 |
| TOTAL DISPOSITIONS | | | 92,350,000.00 | | | | 92,350,000.00 | 12,666.67 | 92,362,666.67 | 0.00 |

2021 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

ICE BAML 3-Month US Treasury Bill Index

The ICE BAML US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. (Index: GOO1. Please visit www.mlindex.ml.com for more information)

ICE BAML 1-5 Yr US Corp/Govt Rated AAA-A Index

The ICE BAML US Issuers 1-5 Year AAA-A US Corporate & Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational and corporate securities. Qualifying securities must be issued from US issuers and be rated AAA through A3 (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for US Treasuries and \$250 million for all other securities. (Index: BV10. Please visit www.mlindex.ml.com for more information)

ICE BAML US 1-5 Yr US Corp/Govt Rated AAA-BBB Index

The ICE BAML 1-5 Year US Corporate & Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational and corporate securities. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for US Treasuries and \$250 million for all other securities. (Index: BVA0. Please visit www.mlindex.ml.com for more information)

Rating Agency Comparisons

A summary of investment grade ratings are listed below. More complete descriptions of Moody's and Standard & Poor's ratings are included in the following pages.

| Quality/Grade | Moody's | Standard & Poor's | Fitch |
|--------------------|----------------------|---------------------|---------------------|
| Best Quality | Aaa | AAA | AAA |
| High Quality | Aa1 Aa2 Aa3 | AA+ AA AA- | AA+ AA AA- |
| Upper Medium Grade | A1 A2 A3 | A+ A A- | A+ A A- |
| Medium Grade | Baa1 Baa2 Baa3 | BBB+ BBB BBB- | BBB+ BBB BBB1 |

Moody's - Investment Grade

"Aaa" - Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

"Aa" - Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

"A" - Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

"Baa" - Bonds which are rated Baa are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Bonds in the Aa, A, and Baa are also assigned "1", "2", or "3" based on the strength of the issue within each category. Accordingly, "A1" would be the strongest group of A securities and "A3" would be the weakest A securities.

Ba, B, Caa, Ca, and C - Bonds that possess one of these ratings provide questionable protection of interest and principal ("Ba" indicates some speculative elements; "B" indicates a general lack of characteristics of desirable investment; "Caa" represents a poor standing; "Ca" represents obligations which are speculative in a high degree; and "C" represents the lowest rated class of bonds). "Caa", "Ca" and "C" bonds may be in default.

Standard and Poor's - Investment Grade

AAA - Debt rated "AAA" has the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA - Debt rated "AA" has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree.

A - Debt rated "A" has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB - Debt rated "BBB" is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

Standard and Poor's - Speculative Grade Rating

Debt rated "BB", "B", "CCC", "CC" and "C" is regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal. "BB" indicates the least degree of speculation and "C" the highest. While such debt will likely have some quality and protective characteristics these are outweighed by major uncertainties or major exposures to adverse conditions.

BB - Debt rated "BB" has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The "BB" rating category is also used for debt subordinated to senior debt that is assigned an actual or implied "BBB" rating.

B - Debt rated "B" has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The "B" rating category is also used for debt subordinated to senior debt that is assigned an actual or implied "BB" or "BB" rating.

CCC - Debt rated "CCC" has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The "CCC" rating category is also used for debt subordinated to senior debt that is assigned an actual or implied "B" or "B" rating.

CC - The rating "CC" typically is applied to debt subordinated to senior debt that is assigned an actual or implied "CCC" debt rating.

C - The rating "C" typically is applied to debt subordinated to senior debt which is assigned an actual or implied "CCC" debt rating. The "C" rating may be used to cover a situation where a bankruptcy petition has been filed, but debt service payments are continued.

CI - The rating "CI" is reserved for income bonds on which no interest is being paid.

D - Debt rated "D" is in payment default. The "D" rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period. The "D" rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

Plus (+) or Minus (-) - The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

NR - Indicates no rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy.

April 30, 2021

STAFF REPORT

Certificates of Participation (COP) Quarterly Report for the Period Ended March 31, 2021

Summary

The Orange County Sanitation District (OC San) began issuing Certificates of Participation (COPs) in 1990. These COPs were a part of our long-term financing plan that included both variable interest rate and traditional fixed rate borrowing. Following are the current outstanding debt issues of OC San:

In May 2010, OC San issued \$80 million of fixed rate BABs, Series 2010A at a true interest cost of 3.68 percent for the issue.

In December 2010, OC San issued \$157 million of fixed rate BABs, Series 2010C at a true interest cost of 4.11 percent for the issue.

In October 2011, OC San issued \$147.595 million of fixed rate COPs, Series 2011A refunding a portion of the Series 2000 variable rate debt and a portion of the Series 2003 fixed rate debt. The true interest cost for the issue is 2.61 percent.

In March 2012, OC San issued \$100.645 million of fixed rate COPs, Series 2012A refunding the Series 2003 fixed rate debt. The true interest cost for the issue is 3.54 percent.

In August 2012, OC San issued \$66.395 million of fixed rate COPs, Series 2012B refunding the Series 2000 variable rate debt. The true interest cost for the issue is 1.50 percent.

With the issuance of Series 2012B, there remains no variable interest rate COPs at OC San.

In August 2014, OC San issued \$85.09 million of fixed rate COPs, Series 2014A, refunding a portion of Series 2007B debt. The true interest cost for the issue is 2.34 percent.

In February 2015, OC San issued \$127.51 million of fixed rate COPs, Series 2015A, refunding \$152.99 million of the Series 2007B debt. The true interest cost for the issue is 3.30 percent.

In March 2016, OC San issued \$145.88 million of fixed rate CANs, Series 2016A, refunding \$162.78 million of the Series 2009A fixed rate debt. The true interest cost for the issue is 3.02 percent.

In February 2017, OC San issued \$66.37 million of fixed rate COPs, Series 2017A, refunding \$91.885 million of the Series 2007A debt. The true interest cost for the issue is 2.55 percent.

In November 2018, OC San issued \$102.2 million of fixed rate CANs, Series 2018A, refunding the Series 2016B CANs. The true interest cost for the issue is 2.02 percent.

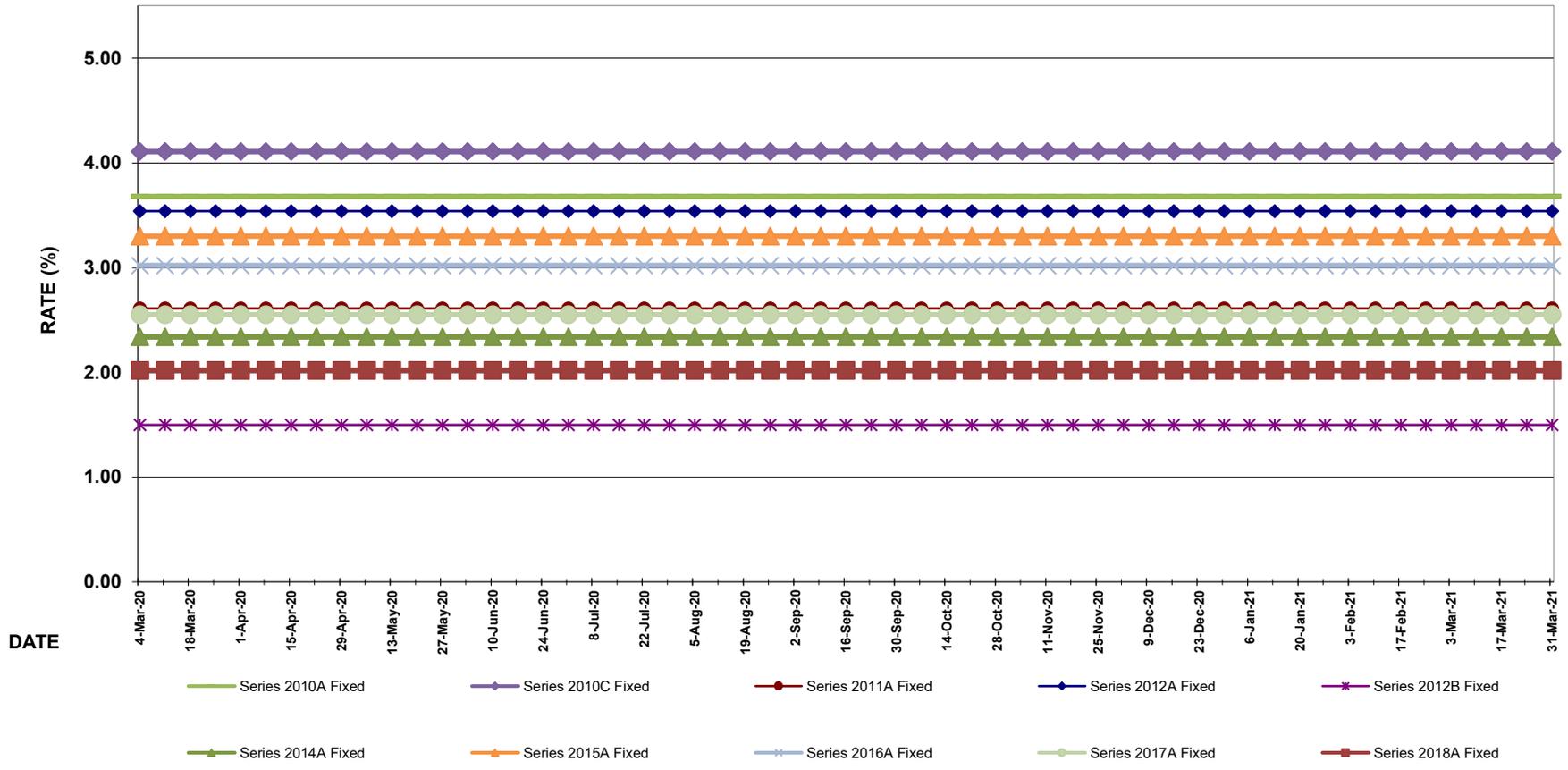
Additional Information

The graph entitled, "COP Rate History Report," shows the various fixed interest rates of the OC San's ten debt issues.

Attachment

1. Graph - COP Rate History Report

OCSD COP RATE HISTORY REPORT MARCH 2021



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**ORANGE COUNTY SANITATION DISTRICT
FINANCIAL MANAGEMENT DIVISION**

10844 Ellis Avenue
Fountain Valley, California 92708-7018
714.962.2411

www.ocsan.gov

03/31/21



ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2021-1556

Agenda Date: 5/12/2021

Agenda Item No: 3.

FROM: James D. Herberg, General Manager
Originator: Kelly A. Lore, Clerk of the Board

SUBJECT:

RECORDS MANAGEMENT PROGRAM UPDATE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OC SAN 21-XX entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Adopting the Records Management Program Procedures and Records Retention Schedule, Authorizing Destruction of Obsolete Records, and Repealing Resolution No. OCSD 20-10".

BACKGROUND

The Orange County Sanitation District's (OC San) Records Management Program is being updated to meet new statutory regulations and agency changes to better serve the operational needs of OC San. General Counsel's Office, departmental subject matter experts, the Clerk of the Board, and Assistant Clerk of the Board/Acting Records Management Specialist have reviewed the minor updates and recommend the proposed changes.

OC San's Records Management Program documents how long various types of information are to be kept, as dictated by the legal, fiscal, operational, and audit needs of OC San. As a public agency, there is an obligation to effectively manage and maintain OC San's information, most of which is classified as public information.

RELEVANT STANDARDS

- Maintain and adhere to appropriate internal planning documents: Resolution No. OCSD 20-10 (Current Records Retention Schedule)
- Comply with Government Code §60200 through 60204
- Comply with Government Code §6250 et seq.

PROBLEM

There are current legal regulatory requirements that are not reflected in OC San's existing Records Management Program Procedures and Records Retention Schedule.

PROPOSED SOLUTION

Adopt the updated OC San Records Management Program Procedures and updated Records Retention Schedule to reflect the current legal regulatory requirements.

TIMING CONCERNS

Destruction of some records may not be authorized until the updated Records Retention Schedule is approved.

RAMIFICATIONS OF NOT TAKING ACTION

Records will be kept longer than legally required which will impact compliance with the current retention regulations as well as the need and cost associated with additional storage space.

PRIOR COMMITTEE/BOARD ACTIONS

September 2020 - Adopted Resolution No. OCSD 20-10 Adopting the Records Management Program Procedures and Records Retention Schedule, Authorizing Destruction of Obsolete Records, and Repealing Resolution No. OCSD 18-22.

ADDITIONAL INFORMATION

As dictated by the current legal, audit, business, and operational needs of OC San, changes were made to existing record types, which include the retention length, record descriptions, and legal citations.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Resolution No. OC SAN 21-XX
- Records Management Procedure Manual Redline
- Records Retention Schedule Redline

RESOLUTION NO. OC SAN 21-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE ORANGE COUNTY SANITATION DISTRICT
ADOPTING THE RECORDS MANAGEMENT PROGRAM
PROCEDURES & RECORDS RETENTION SCHEDULE,
AUTHORIZING DESTRUCTION OF OBSOLETE
RECORDS, AND REPEALING RESOLUTION NO. OCSD
20-10

WHEREAS, it is necessary to establish a policy to maintain a Records Management Program (“Program”) that provides for the identification, access, and protection of all records generated or received by the Orange County Sanitation District; and

WHEREAS, said Program ensures that all the Orange County Sanitation District records are created, received, maintained, and destroyed in a legal and cost-effective manner, in accordance with operating requirements for Sanitation District business and applicable statutes and regulations; and

WHEREAS, the Board of Directors of the Orange County Sanitation District are authorized, by the provisions of California Government Code Sections 60200 through 60204, inclusive to destroy records under certain conditions, and

WHEREAS, it is described and appropriate to authorize the destruction of the records on a routine basis; that have been retained for a defined period of time, that are copies of originals on file with the Orange County Sanitation District, or that have been preserved in conformance with all applicable statutes.

NOW, THEREFORE, the Board of Directors of Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

Section 1: Adoption of the Current Records Management Procedures. The Board of Directors of the Orange County Sanitation District hereby adopts the currently established Records Management Procedure Manual.

Section 2: Adoption of Updated Records Retention Schedule. The Board of Directors of the Orange County Sanitation District hereby adopts changes to the Records Retention Schedule, set forth in Appendix “A” incorporated herein by reference.

Section 3: Authorization for Destruction of Records. The destruction of records, papers, and documents is hereby authorized, pursuant to California Government Code Sections 60200 et seq., after such records have been retained for the minimum time set forth in the Records Retention Schedule.

Section 4: Destruction of Records After Preservation. Any record not expressly required by law to be filed and preserved may be destroyed at any time after it is

preserved in conformance with the requirements of California Government Code Section 60203.

Section 5: Destruction of Duplicates. Pursuant to California Government Code Section 60200, any duplicate record, paper, or document (the original or a permanent copy of which is in the files of any office or Department of the Orange County Sanitation District) may be destroyed after confirmation with Records Management that such original or permanent copy remains on file in the Orange County Sanitation District.

Section 6: Retention of Records Not Mentioned. All records, papers, and documents not mentioned in this Resolution shall be retained.

Section 7: Resolution No. OCSD 20-10 is hereby repealed.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Orange County Sanitation District held May 26, 2021.

David John Shawver
Board Chairman

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) ss

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OC SAN 21-XX was passed and adopted at a regular meeting of said Board on the 26th day of May 2021, by the following vote, to wit:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 26th day of May 2021.

Kelly A. Lore, MMC
Clerk of the Board of Directors
Orange County Sanitation District



RECORDS MANAGEMENT PROCEDURE MANUAL

MAY 2021



Adopted

May 26, 2021

Resolution OC SAN 21-XX

| | | |
|--|--|---|
|  OCASAN <small>ORANGE COUNTY SANITATION DISTRICT</small> | Orange County Sanitation District | Procedure Number: 00 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: 7/28/2010 |
| SUBJECT: TABLE OF CONTENTS | | Approved by: OCSD Board of Directors |

POLICY CONTACT:

Clerk of the Board (Custodian of Records)

REGULATORY REFERENCES:

Resolution No. OCSD 20-10

California Government Code §34090 (How Long Records are Held-Records Retention)

California Government Code §6250 (California Public Records Act)

| SECTION | TITLE |
|----------------|---|
| 1.0 | RECORDS MANAGEMENT PROGRAM POLICY |
| 2.0 | PROGRAM GUIDELINES |
| 3.0 | STAFF RESPONSIBILITIES |
| 4.0 | RECORDS RETENTION |
| 4.0 Exhibit A | Records Retention Change Form |
| 4.0 Exhibit B | Records Retention Schedule |
| 4.0 Exhibit C | Records Retention Schedule Definitions |
| 5.0 | RECORDS DISPOSITION & CONFIDENTIALITY |
| 6.0 | VITAL RECORDS |
| 7.0 | HISTORICAL RECORDS |
| 8.0 | RECORDS MANAGEMENT PROGRAM AUDIT & COMPLIANCE REVIEW |
| 9.0 | RECORD HOLD AND RELEASE |
| 10.0 | PUBLIC RECORDS ACT – RELEASE OF RECORDS TO THE PUBLIC |

| | | |
|---|---|---------------------------|
|  | Orange County Sanitation District | Procedure Number: 00 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: 7/28/2010 |
| SUBJECT: TABLE OF CONTENTS | Approved by: OCSD Board of Directors | |

| SECTION | TITLE |
|----------------|----------------------------------|
| 11.0 | ELECTRONIC COMMUNICATIONS POLICY |
| 12.0 | ESCROW OF BID DOCUMENTS |

| | | |
|---|---|---|
|  | Orange County Sanitation District | Procedure Number: 1.0 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: 7/28/2010 |
| SUBJECT: RECORDS MANAGEMENT PROGRAM POLICY | | Approved by: OCSD Board of Directors |

1.0 POLICY STATEMENT

- 1.1 The Board of Directors shall annually adopt a Resolution updating the Records Management Procedure Manual as presented by the Custodian of Records (Clerk of the Board). The Orange County Sanitation District (Sanitation District) is committed to effective records management including but not limited to:
- A. Meeting legal requirements for records retention,
 - B. Identifying and protecting all records,
 - C. Managing record holds,
 - D. Protecting privacy,
 - E. Optimizing the use of space,
 - F. Minimizing the cost of records retention,
 - G. Providing open access to public records, and
 - H. Disposing of outdated records properly.

2.0 PURPOSE

- 2.1 The purpose of the Records Management Program Policy is to establish a Records Management Program (the Program) that will develop a systematic method for managing the Sanitation District records. The Program ensures that all Sanitation District records are created, received, maintained, and dispositioned in a cost-effective manner, in accordance with operating requirements for Sanitation District business and applicable statutes and regulations. Failure to follow the Records Management Program may result in excessive costs, litigation, loss of productivity, etc.

3.0 PROGRAM RESPONSIBILITY

- 3.1 Under the authority of the Sanitation District's Board of Directors, the General Manager and the Executive Management Team oversee the Records Management Program. The Clerk of the Board is responsible for oversight, implementation, administration, and operation of the Sanitation District's Records Management Program.
- 3.2 A Record Retention Schedule Review Committee (RRSRC), made up of the Sanitation District's Assistant General Managers, Administration Manager, Clerk of the Board, Risk Manager, IT Manager and Records

| | | |
|---|---|---|
|  | Orange County Sanitation District | Procedure Number: 1.0 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: 7/28/2010 |
| SUBJECT: | RECORDS MANAGEMENT PROGRAM POLICY | Approved by: OCSD Board of Directors |

Management Specialist will meet as needed to review Record Retention Schedule change requests and approve changes which are then presented to the Board of Directors.

3.3 Departments/Divisions that maintain Agency records are responsible for understanding appropriate records management procedures and practices. Each Department/Division Manager, or a designee must:

- A. Ensure compliance with the approved Record Retention Schedule.
- B. Be familiar with the Agency’s Records Management Policy;
- C. Develop the department’s procedures and practices, consistent with this policy;
- D. Educate staff within the department about sound record management practices;
- E. Coordinate the disposition of records as provided in the Sanitation District’s Retention Schedule; and
- F. Restrict access to confidential records and information appropriately.

4.0 APPLICABILITY

4.1 This Policy applies to all Sanitation District and Contract staff who create, receive, or maintain Sanitation District records. The Sanitation District requires the maintenance of Agency records in a consistent and logical manner so that the Agency:

- A. Meets legal standards for public examination, protection, storage and retrieval;
- B. Protects the privacy of customers, ratepayers and staff;
- C. Optimizes the use of space;
- D. Minimizes the cost of record retention; and
- E. Disposes of outdated records in accordance with the Agency’s Retention Schedule applicable statutes.

4.2 Record policies apply to all records, whether they are maintained in hard (paper) copy, electronically, or in some other fashion. Each Department/Division shall appoint a Records Coordinator/s who serves as a liaison to Records Management to assist in the development, implementation, maintenance, and adherence to a records management

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|---|---|---|
|  | Orange County Sanitation District | Procedure Number: 1.0 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: 7/28/2010 |
| SUBJECT: | RECORDS MANAGEMENT PROGRAM POLICY | Approved by: OCSD Board of Directors |

plan appropriate for the particular records it maintains, in cooperation with the Clerk of the Board.

- 4.3 The Division Records Coordinator facilitates program compliance within their respective Divisions in applying the Records Management Program policy.
- 4.4 The Sanitation District is subject to a range of statutes and rules regarding record retention and disclosure. All Sanitation District employees are responsible for complying with the requirements of the Records Management Program policy and the Sanitation District’s Record Retention Schedule.

4.0 HISTORY OF PROGRAM

- 4.1 The Sanitation District, through an outside consultant, conducted the initial records inventory from February through August of 2000. The inventory consisted of a physical inventory of records stored in active office work areas and various storage areas within the Plant No. 1 and Plant No. 2 facilities. The purpose of the inventory was to describe, identify, locate, and quantify Sanitation District records. To supplement the data gathered during the physical inventory, the consultant conducted interviews with staff members from each Division who were most familiar with records creation and maintenance.
- 4.2 Based on the physical inventory of records and the data gathered during the interviews, the initial RRS was developed. Files were identified by their record titles and classified into record series based on having similar business functions (purposes) and retention requirements.
- 4.3 Extensive legal research was performed to ensure that all legal requirements were met in assigning the records retention periods to each records series. Other attributes were also assigned to each records series to ensure that vital, historical, and confidential records are properly protected and processed for retention.

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1.0 INTRODUCTION

- 1.1 The Orange County Sanitation District-wide Records Management Program (the Program) is intended to effectively identify, manage, store, and destroy records that have been created and received by the Sanitation District.
- 1.2 Records received and created by the Sanitation District in fulfillment of its responsibility to the public and in compliance with government regulations are identified in the Record Retention Schedule (RRS), and accurate retention periods are assigned.
- 1.3 Sanitation District records that are no longer needed to be in the immediate office of each Division for convenient access, are processed for storage, retrieval, or disposition in accordance with the guidelines established by the Program.
- 1.4 Records that have met the retention requirements identified in the RRS are processed for destruction in accordance with this Program.
- 1.5 Historical and vital records are identified and processed in accordance with the guidelines established by the Program.
- 1.6 Records management activities are completed in a cost-effective manner.
- 1.7 The Program promotes an increase in productivity by decreasing the volume of obsolete records stored; thus, reducing the amount of time necessary for document retrieval.
- 1.8 The Program contributes to industry best practices by ensuring accountability, efficiency, and compliance in a cost-effective manner.

2.0 PURPOSE

- 2.1 Identify Sanitation District records to facilitate access to information required to conduct Sanitation District business and to provide appropriate access by the public.

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- 2.2 Maintain Sanitation District records for the duration of the approved retention period.
- 2.3 Provide access to Sanitation District records for operational, legal or public access requirements.
- 2.4 Protect Sanitation District records.
- 2.5 Ensure compliance with legal statutes and governmental regulations regarding recordkeeping and public access requirements.
- 2.6 Destroy Sanitation District records in accordance with the approved RRS or process those deemed historical records for long-term retention.

3.0 SCOPE

- 3.1 Create, receive, maintain, and dispose of Sanitation District Records.
- 3.2 Maintain approved RRS.
- 3.3 Ensure use of appropriate technology in facilitating records and information storage and retrieval.
- 3.4 Provide systematic control of all Sanitation District records through processing, distribution, maintenance, retrieval, and disposition.

4.0 RECORDS

- 4.1 Sanitation District records must be managed throughout their “life cycle”.
- 4.2 The life cycle of a record is the time period from the creation or receipt of a record to its final disposition.
- 4.3 Final disposition can be either destruction or perpetual retention.
- 4.4 Life cycle of a record is inclusive of five (5) stages:

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- Stage 1 – Creation or receipt of records
- Stage 2 – Use or distribution
- Stage 3 – Storage or maintenance
- Stage 4 – Retention or disposition
- Stage 5 – Archival preservation

4.5 Some records do not require managing throughout their “life cycle”. Such records are termed “transitory records”. The value of transitory records is limited to a very short time, i.e., a day, a week, or no more than three months.

4.6 Transitory records do not carry the requirement to retain the documentation of any transaction. Transitory records include:

- Extra copies of publications, pamphlets, blank forms. These are considered “supplies” rather than records.
- Reference materials not produced by the District.
- Working copies of documents used solely until the finished record is declared or declined.
- Notices of meetings, events, office or holiday gatherings, or employee meetings which do not relate directly to the functional responsibility of the organization.
- Informational copies of widely distributed District materials.
- Preliminary drafts of documents such as letters, memoranda, reports, and worksheets, which do not represent significant steps in the preparation of District records, and **which do not record decisions**. Once the completed record is included in the filing system (in the appropriate medium), the working materials (drafts) are considered transitory records.
- Catalogs, trade journals, and other published materials received from other organizations, commercial firms, vendors, or private institutions, which require no action and are not needed for documentary purposes. These materials are usually considered “reference materials” and should be controlled as such but **are not Sanitation District records**.
- Incorrect versions of documents, forms, or reports that had to be regenerated in order to correct errors in typing, data entry, spelling, grammar, or format.

5.0 RECORD RETENTION SCHEDULE

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- 5.1 The Record Retention Schedule (RRS) is a list of Sanitation District records organized by record series to which are assigned retention periods and other attributes.
- 5.2 The retention periods identified in the RRS have been established after extensive legal research of all government regulations applicable to the Sanitation District.
- 5.3 The RRS has been reviewed and has received concurrence of the various Sanitation District Divisions, Clerk of the Board, Records Management Specialist, Executive Management, Legal Counsel, (Review Team) and the Administrative Committee, as well as the approval of the District Board of Directors for implementation.
- 5.4 The RRS has been developed to ensure that each Department maintains its records for the duration of the period legally required by applicable legal statutes and government regulations, and until all the operational business functions are met.

6.0 HISTORICAL RECORDS

- 6.1 Historical records are identified and preserved.
- 6.2 The program ensures that records with permanent historical value are identified, documented, and preserved for the life of the Sanitation District.
- 6.3 The Records Management Specialist, prior to processing records for destruction, shall identify records having historical significance.
- 6.4 Historical records are retrieved, prepared, and processed for preservation in accordance with Procedure 7.0.

7.0 VITAL RECORDS

- 7.1 Vital records are those documents identified by each Division as necessary to enable the Sanitation District to continue vital operations in the event of a disaster or major interruption to business.
- 7.2 Vital records enable the Sanitation District to reconstruct its legal obligations and rights.

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- 7.3 Vital records enable the Sanitation District to reconstruct its financial position.
- 7.4 Vital records enable the Sanitation District to satisfy the District's obligations to its employees.
- 7.5 Vital records enable the Sanitation District to protect employee and public health and safety.
- 7.6 Vital records enable the Sanitation District to reconstruct its assets and ownership.

8.0 CONFIDENTIAL RECORDS

- 8.1 Records containing proprietary or sensitive information to which access must be restricted are considered confidential.
- 8.2 Confidential information must be protected and preserved to avoid unauthorized disclosure that could be harmful to a person, to the Sanitation District, or to a Sanitation District business process.
- 8.3 Confidential records shall be managed, controlled, and disposed of separately from records containing non-confidential information.
- 8.4 Confidentiality of information shall be protected until it is destroyed or until the Sanitation District has changed the status of the confidentiality of information.

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1.0 INTRODUCTION

1.1 The Records Management Program is a decentralized administrative program. As such, Program activities are carried out by the Sanitation District Clerk of the Board (Custodian of Records); Records Management Specialist; and by Sanitation District staff in each Division. The Sanitation District Records Management Specialist is responsible for coordinating and managing the Program and Program procedures, and Division staff is responsible for complying with the Program requirements for records in their respective Divisions. In the procedures that follow, the individual responsible for running the daily operations of the Program is identified as the Records Management Specialist.

2.0 PURPOSE:

The purpose of this procedure is to describe the roles and responsibilities of Records Management and Sanitation Division Staff.

3.0 STAFFING AND RESPONSIBILITIES

| Responsibility | Action |
|-------------------------------------|---|
| CLERK OF THE BOARD | Custodian of Records of the Sanitation District |
| ASSISTANT CLERK OF THE BOARD | <p>Under the direction of the Clerk of the Board:</p> <ul style="list-style-type: none"> • Serve as the Public Records / Freedom of Information Officer and coordinate public requests for information. Maintain Public Records Act Log and PRA information in the Records Management Software. |

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| Responsibility | Action |
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| RECORDS MANAGEMENT SPECIALIST | <p>Under the direction of the Clerk of the Board:</p> <ul style="list-style-type: none"> • Oversee the Records Management Program and act as a liaison between Division Records Coordinators, the Record Retention Schedule Review Committee, General Counsel, and the Sanitation District’s Board of Directors. • Act as an advisor on all records and information management issues and related projects. • Maintain the Record Retention Schedule. • Develop and conduct training sessions on appropriate Records Management Program activities, including the Records Management Software. • Maintain the Records Management Procedure Manual and update as needed. • Coordinate record destruction suspension (“holds”) and destruction resumption (“releases”) with legal counsel, auditors, and the Office of Record to ensure that records are available as required. • Manage the record retention, offsite transfer, and destruction activities of the Program. • Conduct periodic audits of the Program to ensure compliance. |

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| Responsibility | Action |
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| | <ul style="list-style-type: none"> • Coordinate Vital Record protection and ensure that the Vital Records Program supports the Integrated Emergency Response Plan. • Serve as Administrator for the Record Management Software, manage the program database and content for the Intranet site. |
| <p>DIVISION RECORDS COORDINATORS</p> <p>A list of Division Records Coordinators can be found in the above link.</p> | <ul style="list-style-type: none"> • Review Division records and the Record Retention Schedule periodically to ensure compliance with the Program. Forward any requests for changes to the Record Retention Schedule to the Records Management Specialist. • Ensure that records are maintained and protected in compliance with the Program. • Coordinate preparation of records for transfer to offsite storage. • Coordinate managing pertinent records after receipt of a Records Hold or Records Release. • Coordinate records disposition activities, including the preparation of a Records Disposition Form and obtaining approvals to destroy records in any format (hard copy or digital). |

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1.0 INTRODUCTION

1.1 Record retention activities of the Records Management Program (RMP) control the maintenance and storage of Orange County Sanitation District records. Following the retention procedures ensures compliance with pertinent statutory, regulatory, operating, and administrative recordkeeping requirements. In addition, it ensures that records needed to conduct Sanitation District business are protected and accessible. The Record Retention Schedule (RRS) is the foundation of the Program and defines the period required to maintain Sanitation District records.

1.2 Record Management Terms:

| Term | Definition |
|-----------------------------|--|
| Active | Records that are required for current day-to-day business and are subject to frequent use; generally located near the user (if hardcopy); can easily be accessible on a networked server (if electronic); generally referred to more than once per month. |
| Administrative Value | A record that assists in the operation of the business, and ensures administrative consistency and continuity, serving a particular purpose for that office at that particular time. In appraisal, the usefulness of records for the conduct of current or future administrative business needs. |
| Appraisal | The process of determining the value and thus the disposition of records based on their current administrative, fiscal, and legal value; their evidential and informational value; their arrangement and condition; their intrinsic value; and their relationship to other records. |
| Archival Records | Records identified as having archival value or potential archival value and designated as Historical on the OCSD Records Retention Schedule. |
| Audit | Review for acceptance of records relating to operations, policies and procedures, financial documentation, and historical documents by regulating agencies. |
| Closed / Completed | A file or record on which action has been completed and to which an audit or further action is not likely to occur. |
| Copy | A reproduction of the contents of an original document which is not the official file copy of the agency. Copies are usually identified by their function, i.e., action copy, reading file copy, tickler file copy, etc. In most instances, copies will have a shorter retention than the |

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| | official file copy (see Official Copy) of a record series. |
| Current | When specified as the “minimum retention period” means that superseded, rescinded, expired, or no longer useful records may be removed from the files and may be destroyed. |
| Disposition | The predetermined action taken with regard to inactive records including form of retention (hardcopy or image), period of time retained (archive or destroy), where to store (on-site or off-site), and method of destruction (recycle, burn, or shred). |
| Duplicate | A document that is a copy of the original or official version of a record. A duplicate may be a paper version or an electronic version of the official record. |
| Evidential Value | In appraisal, the value of a record that documents the activities of an organization or agency. |
| File Integrity | Accuracy and completeness of the file or records collection. |
| Fiscal Value | Documents and accounts for receipt of or expenditure of public funds; such as budget, ledgers of accounts receivable and payable, payrolls and vouchers. Documents availability of funds for operational purposes. In appraisal, records required until a financial audit is completed, or financial obligations are fulfilled. |
| Historical Value | In appraisal, the value attributed to a record which preserves documentation on significant historical events including the City's operations, origin, policies, authorities, functions, and organizations, as well as significant administrative decisions. |
| Legal Value | In appraisal, value attributed to a record series which documents business ownership, agreements, and transactions. |
| Life | The retention period assigned to a record that has continuing value to the organization throughout its existence. |
| Minimum Retention Period | The least amount of time a record must be kept determined by assessment of administrative, legal, fiscal, and historical values. |
| Office of Record | The Division that created or is responsible for retaining the official copy until it is dispositioned. |
| Official Copy | The original or official copy of a record maintained by the Office of Record |
| Record | Any documentary material, regardless of physical form or characteristic, made, or received by an organization in pursuance of law or in connection with the transaction of business and used by that organization as evidence of activities or because of informational value. |
| Records Retrieval | Locating records and delivering them for use. |

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| Retention Period | The period of time that records must be kept according to legal or organizational requirements. |
| Retention Schedule | A list describing the record series, the length of time records are retained (may include active and inactive storage detail), the Office of Record, and the final disposition. |
| Supersede | The replacement of an existing document. |
| Termination | Designates the end of a specific term, e.g., appointed, elected official's terms; employment; training, course, program; use or ownership. |
| Transitory Records | Documents retained for a short time having no long-term administrative, fiscal, legal, or archival value. These records are kept for a very short time and are not necessary to document the completion of a business transaction. |
| Vital Records | Those records containing information necessary to continue the operation of government, affirm the powers and duties of government and to protect the rights and interest of persons. |

1.3 Event Codes

The records retention schedule provides information to guide the organization in maintenance of business records. Some retention periods are assigned a number representing the length of time (stated in years) for which the records must be maintained and accessible (retrievable). Others are based on the occurrence of an event or a transaction, or a combination of both. The following table describes the meaning of each **event** as it pertains to records retention and disposition.

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| Event Code | Event | Definition |
|------------|-----------------------------------|---|
| AR | Annual Review | Maintain records for at least one year. At the end of that and each subsequent year, review the records to determine whether or not they have continuing value to the organization. If so, retain the records for one more year. If not, destroy the records in accordance with procedures. |
| AA | After Audit | Maintain records until the audit, inspection, examination, or investigation is complete. Then destroy in accordance with procedures. |
| CL | Closed, Complete | Maintain records until the transaction or the terms of the activity, the project, assignment, contract, etc. is closed or completed. Then destroy in accordance with procedures. |
| CL + A | Closed plus Term of the Agreement | Certain agreements, particularly grants, have a specified retention time built into the agreement. Keep according to term of the agreement. |
| EX | Expired | Maintain records until the term, period, permit, or license is expired. Then destroy in accordance with procedures. |
| LO LP | Life of Organization Project | Maintain records for the "life" of the organization, project, physical plant or building, a building system or sub-system, asset, piece of equipment, or component. Then destroy in accordance with procedures. |
| RE | Revised | Maintain records until the record is changed or modified. Then destroy in accordance with procedures. |
| SU | Superseded | Maintain records until record is superseded or made obsolete by a newer version or edition. Then destroy in accordance with procedures. |
| TE | Terminated | Maintain records until activity is concluded or employee is terminated, retires, or otherwise leaves the employ of the organization. Then destroy in accordance with procedures. |

1.4 Characteristic Codes

Some retention periods are assigned a "characteristic" to identify any special handling required for documents classified in that records series. The following table describes the meaning of each "**characteristic**" as it pertains to records retention and disposition.

| Code | Characteristics | Definition |
|------|-----------------|---|
| V | Vital | Vital Records are required to be available in the event of an emergency or major interruption to normal business operations to continue to provide safe treatment of wastewater during the event. |

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| | | Vital Records may protect the Sanitation District's rights and interests, ensure that it can continue to effectively protect the environment, the public, and meet its obligation to its employees. Identifying records as "vital records" ensures that they are handled in a manner that protects them and makes them readily accessible during the time period that the information is vital. This characteristic does not affect the length of the retention period. |
| H | Historical | Historical Records potentially have historical significance. Records may document the formation of OCSD, annexations, consolidation, major projects, and strategic direction. Historical Records may have intrinsic value due to their age, author, or special nature. Identifying records as "historical records" ensures that they are handled in a manner that protects them and preserves them for long-term storage and research purposes. This characteristic may affect the length of the retention period as historical records are usually maintained for the life of the Sanitation District. |
| C | Confidential | Confidential Records contain confidential, sensitive, or proprietary information that would be harmful to an employee or would harm the District's business if assessed by unauthorized individuals. Confidential Records may be confidential throughout their useful life, or only during a portion of their useful life. Identifying records as "confidential records" ensures that they are handled in a manner that protects them from unauthorized access. This characteristic does not affect the length of the retention period. |

2.0 RECORDS CLASSIFICATION

- 2.1 Records are classified into Records Series to facilitate assignment of retention times, legal citations, and the overall maintenance of Sanitation District records.
- 2.2 Classifications contain like records grouped together based on similar business function, usage, and retention time.

3.0 RECORDS RETENTION SCHEDULE MAINTENANCE

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- 3.1 The Record Retention Schedule is a list of Sanitation District records organized by record series to which are assigned retention periods and other attributes.
- 3.2 A record series is comprised of similar or related record titles that have a similar business function (purpose), are normally used and filed as a unit, and are retained for a similar time period.
- 3.3 Following the retention standards of the schedule ensures that the Sanitation District maintains appropriate records of Sanitation District transactions and meets its legal obligations cost effectively, by storing records as long as is operationally and legally required. The RRS shall be reviewed, evaluated, and updated periodically by Clerk of the Board, Records Management Specialist, OCSD Management, and General Counsel (RRS Review Team).
- 3.4 The retention periods assigned to each record series shall be maintained and updated as needed, to meet changing business, legal, and regulatory requirements.

| Responsibility | Action |
|-------------------------------|--|
| Records Management Specialist | <ul style="list-style-type: none"> • Coordinate the periodic update of the Record Retention Schedule and Record Series Definitions. Provide training on RRS use and maintenance. |
| Division Records Coordinator | <ul style="list-style-type: none"> • Periodically (but not less than annually) review the RRS associated with records in the Division. • Match the RRS against records stored in the office, shop, field, and other storage locations. • Mark for deletion any records that are no longer maintained by the Division. |

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- Note any new records that are not represented. Include a description of the record, the business function, the operating record retention requirements, and special records characteristics (vital, historical, or confidential).
- Using a Record Retention Schedule Change Form (Exhibit A), identify any updates or changes requested and forward to the Records Management Specialist for presentation to the Record Retention Schedule Review Committee.
- Review the Record Retention Schedule Change Form completed by the Division Records Coordinators. Determine in which records series the record titles logically belong.
- Create a new Record Series if the record title does not logically belong to an existing series. In cooperation with the requesting Division, develop a definition for the Records Series.
- Assign to the new Record Series the applicable characteristics (if any): vital, historical, or confidential, as indicated by the Division Records Coordinator.
- Determine legal retention requirements by reviewing pertinent legal citations.
- Provide direction to the Division Records Coordinators for proper management of historical, vital, and confidential records.

Records
Management Specialist

4.0 RECORD RETENTION SCHEDULE CHANGES

- 4.1 The Division Records Coordinator may request a change to the RRS at any time.

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4.2 Examples of changes that may initiate a change to the RRS include:

- Change in the assigned Office of Record due to reorganization.
- Change in the characteristics associated with the records: vital, historical, or confidential.
- Change in the retention event associated with the records, for example: closed, complete, expired, or superseded.
- Change in the legal and administrative requirements.
- New record types that are generated or used in performing business functions.
- Change in the definition of the record series that applies to Division records.

| Responsibility | Action |
|-------------------------------|---|
| Division Records Coordinator | <ul style="list-style-type: none"> • Complete Record Retention Schedule Change Request Form (Exhibit A). Use one form for each records series to be amended. For a change to the legal retention period, provide the text of the applicable statute or regulation. • Secure the Division Manager's approval. • Forward the approved Record Retention Schedule Change Request Form to Records Management. |
| Records Management Specialist | <ul style="list-style-type: none"> • Review the completed and Division-approved Record Retention Schedule Change Request Form and ensure that required information is provided. • For a change to the legal retention period of an existing record series, ensure that the legal retention requirements of the record series are met and secure the approval of Legal |

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| | <p>Counsel.</p> <ul style="list-style-type: none"> • If management does not agree with the change request, return the change request to the Division Records Coordinator with an explanation. • For a change to add a new Record Series, ensure that an appropriate definition of the Record Series is provided, that the retention periods are identified, and that an applicable legal citation is identified, if applicable. • For a change to the official or duplicate retention periods, ensure that the change is in accordance with the District's RMP policies and applicable legal requirements. • Update the RRS and prepare a revised RRS for approval by the RRS Review Team at their next meeting. • When approved by the RRS Review Team, annually send a copy of the newly revised RRS for review and concurrence by the Administrative Committee and Board of Directors. • Periodically review the text of the statutes and regulations governing recordkeeping requirements of the District and update the RRS as required. • Update the Program database and intranet site as required. • Distribute the updated Record Retention Schedule (RRS). |

5.0 RECORDS PURGE

- 5.1 Eliminate records from active files and facilitate their timely destruction after all legal and business requirements have been met.

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- 5.2 Only records that are useful in current business activities are retained, enabling timely retrieval of frequently used records.
- 5.3 Records with research or historical value are preserved in a controlled environment.
- 5.4 Records stored offsite are reviewed semi-annually and a list of retention expired records prepared by the Records Management Specialist for each Division.

| Responsibility | Action |
|-------------------------------|--|
| Records Management Specialist | <ul style="list-style-type: none"> • Issue a report of records stored offsite that are eligible for destruction to all Division Records Coordinators with the following information specific to each Division: <ul style="list-style-type: none"> • Records Series & Definitions • Retention Period |
| Division Records Coordinator | <ul style="list-style-type: none"> • Review the report received from the Records Management Specialist. • Match the active (in office) files with the record definitions listed in the report and the Records Series assigned to it. • If there are records identified that have met their established retention periods, these are now considered obsolete records. Follow the instructions described in Procedures 5.0 for disposition of obsolete records. |

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- If there are records identified that have not met their retention period but are no longer required to be maintained in the immediate office area, complete Disposition form for transfer to the offsite storage facility.
- Records may be transferred to offsite storage at any time during their mandated retention period. Determining when, if ever, to transfer records, is based on the amount of storage area in the office or work area, and the type and frequency of access required.

6.0 INACTIVE RECORDS TRANSFER AND STORAGE

- 6.1 Inactive records are those records that have not met their required retention periods but are no longer current or frequently referenced.
- 6.2 Inactive files management standards are established by the District to ensure that District records remain accessible and protected throughout the duration of their required retention periods.
- 6.3 Active files are periodically reviewed to identify those records that are inactive.
- 6.4 Inactive records that are identified during the review are purged from active file areas and processed for offsite storage.
- 6.4 Systematic control of inactive records consists of:
 - Properly packing the records in records storage boxes obtained from the warehouse, that are properly labeled
 - Preparing an index of the contents of the box using a Disposition Form.
 - Contacting the Records Management Specialist for a barcode.
 - Follow the guidelines below when packing the records:

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- Each box shall only contain official inactive records. **Non-records and duplicate records should not be transferred to offsite storage.** They are destroyed in the active office area as appropriate.

Do not pack different record series in the same box. Record series packed together should have the same destruction date.

Schedule the pick-up and transfer of the box(s) to the offsite storage by contacting the Records Management Specialist.

7.0 PURGING TRANSITORY RECORDS

- 7.1 Transitory records can be purged from file storage equipment and destroyed as soon as their usefulness in the performance of business functions are met.
- 7.2 **Do not send transitory records to offsite storage.**

8.0 RETRIEVING BOXES FROM OFFSITE STORAGE

- 8.1 Inactive records may be retrieved from the offsite storage center at any time by contacting [Records Management](#).
- 8.2 Records may be retrieved only by staff from the Division designated as “owner” of the records.
- 8.3 In the event that staff from a Division other than the owner, requires access to the records, the retrieval request shall be approved by the Records Management Specialist and the Division that owns the records.

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- 8.4 Boxes retrieved from the offsite storage center shall be returned to the center with the same records and in the same order as when they were received.
- 8.5 Records should not be removed, nor should additional records be added.
- 8.6 If the box contents must be altered, complete a new Disposition Form, and contact the Records Management Specialist.

Procedure 4.0.1

Records Retention Schedule Change Form

Exhibit A

OCSD Record Retention Schedule Change Request Form

Date: _____ Submitted by: _____

Division # & Name: _____ Approved by: _____

Check One: Add Change Delete

Approved by: _____ Manager
Approved by: _____ Dept Head

Record Series Number: _____ Name: _____

Definition: _____

Official Retention: _____ Office of Record: _____

Format: _____ Confidential: _____ Vital: _____ Historical: _____

REASON FOR ADDITION OR CHANGE:

.....

ACTION TAKEN:

Date of Action: _____

Approved: _____

New Record Series Number and Name : _____

New Definition : _____

New Official Retention: _____ New Office of Record: _____

Modified Approval: _____

Explain Change : _____

Denied: _____

Reason for Denial: _____

Record Retention Review Committee:

Added to RRS: _____ (Date)

Clerk of the Board: _____ Records Management: _____ Board Approval: _____ (Date)

AGM: _____ Risk Management: _____ Legal: _____

Procedure 4.0.2

Records Retention Schedule Exhibit B

Procedure 4.0.3

Records Retention Schedule Definitions

Exhibit C

PLACEHOLDER

| | | |
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1.0 INTRODUCTION

- 1.1 Records disposition is specific set of actions taken with regard to inactive records as determined through records appraisal.
- 1.2 Records disposition includes determining whether Sanitation District records are eligible for destruction (records have been determined to be retention expired) or for long-term preservation (records have been determined to be historical records).

2.0 PURPOSE

- 2.1 The purpose of this procedure is to describe the procedures for dispositioning retention expired and historical Sanitation District records in an organized and efficient manner.
- 2.2 This procedure ensures that appropriate review and approval are completed prior to destruction or long-term storage of Sanitation District records.
- 2.3 This procedure ensures that records that have been designated retention expired but that are subject to legal or audit holds, are maintained until resolution of the legal matter or conclusion of the audit.

3.0 PROCEDURES

- 3.1 Records are periodically reviewed in order to identify those records that have met the required retention periods established in the Records Retention Schedule (RRS).
- 3.2 The review activity usually groups records into three disposition groups:
 - 3.2.1 Retention Expired Records: Records that have met the required retention are considered obsolete and are processed for destruction.
 - 3.2.2 Inactive Records: Records that have not met their retention periods but are no longer required to be in the immediate

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office area, are considered inactive and are processed for offsite storage. See Procedure 4.0.

3.2.3 Historical Records: Records that have met their business function retention requirements, but have historical or intrinsic value, are considered historical records, and are processed for long-term storage. See Procedure 7.0.

4.0 PROCESSING OFFICIAL DISTRICT RECORDS FOR DESTRUCTION

4.1 Destruction of the official version of District records requires the approval of the following:

- Records Coordinator
- Division Manager
- Records Management Specialist
- Legal Counsel

4.2 Procedures to process retention expired records for destruction are included in the following chart:

| Responsibility | Action |
|-------------------------------|--|
| Records Management Specialist | <ul style="list-style-type: none"> • Semi-annually, at the start of the calendar year and the fiscal year, issue a call to all Records Coordinators requesting a review and purge of their active records |
| Division Records Coordinators | <ul style="list-style-type: none"> • Review existing records currently maintained in the office area or stored offsite. Check the definitions for the Records Series listed in the RRS. Calculate destruction dates using the example in the chart below. Cross-reference records with any Requests for Record Hold on file. |
| | <ul style="list-style-type: none"> • Purge the files in accordance with Procedure 4.0. Do not |

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| Responsibility | Action |
|-------------------------------|--|
| | <p>purge any documents subject to a Record Hold.</p> <ul style="list-style-type: none"> If there are records identified that have met the required retention periods, and are not subject to a Record Hold, complete a Request for Authorization to Destroy Records (Exhibit A). Note: If the volume of records to be destroyed requires a multi-page listing, use Request for Authorization to Destroy Records as an approval coversheet and attach the listing to the coversheet. Approval signatures are required only on the coversheet. Secure the approval of the Division Manager. |
| Division Manager | <ul style="list-style-type: none"> Review the completed forms and authorize approval to destroy District records by signing the forms. If you do not approve, state the reason, and return the forms to Division Records Coordinator. |
| Division Records Coordinator | <ul style="list-style-type: none"> If the request for destruction has been authorized by Division management, return the approved Request for Authorization to Destroy Records to Records Management for further processing. If the request for destruction has not been approved, contact the Records Management Specialist. Reasons for postponing scheduled destruction may include ongoing or pending audits, investigations, or litigation. |
| Records Management Specialist | <ul style="list-style-type: none"> Review the approved forms and determine if these records have historical value or are subject to an existing Record Hold. If there are records identified that contain historical value to the District, process the records as detailed in RMP Procedure 7.0, Historical Records Program. If there are no historical records identified, and none of the |

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| Responsibility | Action |
|-------------------------------|---|
| | <p>records are subject to an existing Record Hold, sign the forms approving destruction.</p> |
| Legal Counsel | <ul style="list-style-type: none"> • Provide to Legal Counsel for review and approval. • Determine whether to approve or disapprove the request for destruction of records. • If approved, sign and return the form to the Records Management Specialist. • If not approved due to a Legal Hold: <ul style="list-style-type: none"> • State the reason for the Legal Hold (pending audit, investigation, or litigation) • Provide an estimated length of time to hold the records • Complete "Request for Record Hold" portion of Record Hold and Release Form. • Return the completed forms, along with any special instructions, to the Records Management Specialist. |
| Records Management Specialist | <ul style="list-style-type: none"> • If approved, send a signed copy of the approved forms to the Division Records Coordinator. • If the request for destruction of records is disapproved: <ul style="list-style-type: none"> • Advise the Division of the decision. • Resolve any problems. |
| Division Records Coordinator | <ul style="list-style-type: none"> • If approved, proceed with destruction procedures. • If not approved due to Legal Hold, maintain records until notification of the release of the records from Legal Hold is received. • If not approved due to Historical Records designation, box records and transfer to the Records Management Specialist. |

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| Responsibility | Action |
|--------------------------------------|---|
| Records Management Specialist | <ul style="list-style-type: none"> • Coordinate destruction of records. If the records are confidential, arrange for destruction that will protect the confidentiality of the information. • After destruction, ensure that a Certificate of Destruction is properly completed and signed. • Maintain the Certificate of Destruction in the appropriate files. • Update the RMP database if applicable. |

5.0 PROCESSING DUPLICATE RECORDS FOR DESTRUCTION

- 5.1 Duplicate records are the record series maintained by Divisions that are **not** identified as the Office of Record in the RRS.
- 5.2 Retention periods of duplicate files are identified in the RRS. These are the **maximum** retention periods allowed for the duplicate records.
- 5.3 Duplicate records may be destroyed at any time during and up to the end of the assigned duplicate retention time.
- 5.4 Duplicate records should **not** be transferred or stored offsite. They are destroyed when the retention requirements of these records are met as established in the RRS.
- 5.5 Duplicate records are destroyed in the office or work area.
- 5.6 No formal destruction authorization is required to destroy duplicate records.
- 5.7 If the records contain confidential information, they should be shredded to protect the confidentiality of the information. If the records are not confidential, they may be recycled or discarded.

6.0 PRESERVATION, PROTECTION AND DESTRUCTION OF

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CONFIDENTIAL RECORDS

- 6.1 Confidential records are those records containing information that is proprietary or sensitive, and to which access must be restricted. This includes recorded information about an identifiable individual including:
- The individual's name, home, or business address or home or business telephone
 - The individual's race, national or ethnic origin, color or religious or political beliefs or associations
 - The individual's age, sex, marital status, or family status
 - An identifying number or symbol assigned to the individual
 - The individual's fingerprints, other biometric information, blood type, or genetic information
 - Information about the individual's health and health care history, including information about a physical or mental disability
 - Information about the individual's educational, financial, employment or criminal history, including criminal records where a pardon has been given
- 6.2 Confidential information must be protected and preserved to avoid unauthorized disclosure that could be harmful to a person, to the Sanitation District, or to a Sanitation District business process.
- 6.3 Confidential records shall be managed, controlled, and disposed of separately from records containing non-confidential information. All confidential records disposed of by the District must be shredded.
- 6.4 The Office of Record for records designated as confidential shall destroy the official copy of confidential records following the approved destruction procedures. The Records Disposition Form

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(Exhibit B) should be clearly marked as confidential records. Any duplicate copies of records designated as confidential will also be shredded, when these records are no longer needed, to ensure their confidentiality.

6.5 Confidentiality of information shall be protected until it is destroyed or until the Sanitation District has changed the status of the confidentiality of information. It is suggested that:

- Active confidential records should be maintained in Red folders.
- Confidential records should be distributed in sealed Red Envelopes or those that specify confidential material.
- Confidential records sent to offsite storage must be in securely taped boxes, or safes, and designated as confidential on the Records Disposition Form. Red Confidential labels should be placed on the outside of the box.
- The Disposition Form should also indicate **who** is allowed to retrieve and review the confidential boxes. Escrow records usually require that both parties to the escrow are present when the material is reviewed. Both parties must also sign off on the destruction notice.

2019 Records Management Disposition Form Board Services

Please send completed form to: recordsmanagement@ocsd.com

*SAVE FORM TO YOUR COMPUTER BEFORE ENTERING DATA

*Document prints on **legal** size paper

These Fields Are For Reference Only
Auto-population is Based on Record Type, "To Year" and Trigger Date

| Required Fields | | | | | | | | | | | If Applicable | | Retention Information | | | |
|-----------------|--------------|--|--|---|---|---|--|--|----------------|--|--|--|-----------------------|------------------|--|--|
| Division Number | Media Format | Record Type <small>(Select the Applicable Category From the List)</small> | Record Description <small>(Project Number, Name, Specific Date Ranges, Specific Record Type, Any Details to Aid in Clear identification of Records)</small> | From Year <small>(xxxx-Do Not Leave Blank)</small> | To Year <small>(xxxx-Do Not Leave Blank)</small> | Trigger Date <small>(If Applicable) Year Terminated, Superseded, Expired, Closed, etc.</small> | User Box Number <small>(1, 2, 3, or 1 of 2, 2 of 2, etc.)</small> | Submitted By <small>(First and Last Name)</small> | Date Submitted | Disposition <small>(Select From List Below)</small> | Historical <small>(Select Yes/No)</small> | Confidential <small>(Select Yes/No)</small> | GRM Barcode | Retention Number | Retention Length <small>(Years)</small> | Eligible for Destruction <small>(January 1)</small> |
| | | | | | | | | | | | | | | | | |
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| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: 7/28/2010 |
| SUBJECT: VITAL RECORDS | | Approved by: OCSD Board of Directors |

1.0 INTRODUCTION

- 1.1 Vital records are those documents that contain information that enables the Orange County Sanitation District (Sanitation District) to continue vital and critical operations in the event of a major interruption to business.
- 1.2 Such interruptions could be natural disasters (for example, earthquake, pandemic, sudden and severe energy shortage, or flood) or man-made disasters (for example, accidental fire, cyberterrorism, arson, or civil unrest) which result in the loss of the normal means of access to vital records.
- 1.3 In most organizations, vital records comprise between two and five percent of the total record volume. During the initial records inventory, vital records titles were identified and assigned to Records Series. Vital records are identified with a “V” on the Record Retention Schedule.

2.0 PURPOSE

- 2.1 The purpose of the vital records management is to ensure that vital records are identified, protected, and accessible during or shortly following a disaster or major interruption to business.

3.0 SCOPE

- 3.1 Vital records are either irreplaceable or very difficult to replace.
- 3.2 Absence of vital records, or the inability to locate or translate vital records (in the case of machine-readable or digital records) means that the Sanitation District could not provide critical services to the public and its employees during a disaster or shortly thereafter.

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3.3 Vital records are maintained and protected in the format (paper, digital, Bold Planning, etc.) that is most appropriate for efficient retrieval.

3.4 Vital records include records that enable the Sanitation District to:

3.4.1 Provide required Sanitation District safety and health services during and immediately following a disaster or other major interruption to business.

3.4.2 Meet the obligations to Sanitation District employees and retirees.

3.4.3 Reconstruct legal obligations and rights.

3.4.4 Establish the financial position of the Sanitation District.

3.4.5 Reconstruct the Sanitation District's assets and ownership.

4.0 PROCEDURES

| <u>Responsibility</u> | <u>Action</u> |
|-----------------------|---------------|
|-----------------------|---------------|

**Clerk of the Board/
Records
Management
Specialist**

Develop procedures for protecting vital records, either by storing them onsite in fire-resistive equipment or by sending copies offsite.

Identify viable onsite or remote storage sites for records protection.

Coordinate vital records protection procedures with the Sanitation District's Integrated Emergency Response Plan.

Develop procedures for retrieving vital records within the identified time requirements following a disaster.

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Coordinate, identify, and develop agreements with vendors to provide records retrieval or recovery services required following a disaster.

Work with the Risk Manager to ensure the Vital Records Management Program meets the Sanitation District needs.

Risk Manager

Review the vital records procedures to ensure that the Sanitation District interests are protected and to ensure minimum exposure to risk in the event of a disaster.

Division Records Coordinator

Identify vital records based on an evaluation of division business functions.

Comply with procedures that protect vital records.

Determine the frequency with which vital records must be stored both onsite and offsite.

Routinely copy and forward vital records to onsite or offsite protective storage facilities.

5.0 VITAL RECORDS CATEGORIES

5.1 The following is a list of the record categories that are usually considered vital. The Records Series containing vital records are identified as such on the Records Retention Schedule.

Financial

- Accounts Receivable
- Fixed Asset Inventories
- General Ledger
- Loan Payments
- Registers Proving Payment
- Statements
- Stock Certificates
- Tax Returns

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**Negotiable
Instruments**

- Benefits
- Bonds
- Checks
- Claims
- Notes
- Payroll
- Retiree Benefits

Ownership

- Capital Investments
- Deeds
- District Charter
or Formation Records
- Leases
- Titles

**District
Administration**

- Board Meeting Minutes
- Delegation of Authority
- Ordinances
- Resolutions

**Contracts/
Agreements**

- Major capital improvements or construction contracts
or other major agreements

Insurance

- Policies and Endorsements

Engineering

- Drawings
- Maps
- Specifications

**Computer
Software
Applications**

- Code
- Manuals (if created by District)
- Software Licenses

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6.0 VITAL RECORDS FORMAT

- 6.1 Select the format for protecting and maintaining vital records that ensures accessibility and usability during a disaster or emergency response:
 - 6.1.1 Source document (original or designated official version, regardless of format).
 - 6.1.2 Distributed copy (copy of record that is routinely distributed).
 - 6.1.3 Reproduced copy (hard copy of record that is copied for Vital Records Program needs).
 - 6.1.4 Scan (Scanned for Vital Records Program needs).
 - 6.1.5 Magnetic Tape (digital version of vital record).

- 6.2 Select Vital Records Protection Methods
 - 6.2.1 Select the method most appropriate to protect the vital record.
 - 6.2.2 Verify existing dispersal of record, ensure that vital records are available in multiple, geographically separate locations as part of normal business activities.
 - 6.2.3 Improve dispersal by initiating distribution of copies of vital records to a secure location at the time of document creation.
 - 6.2.4 Duplicate records by reproducing copies of vital records in a medium appropriate to efficient storage and use and send to a secure location.

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6.2.5 Move vital records from active use areas when no longer needed for active reference and send to a secure location.

6.2.6 Store vital records onsite in a secure location, such as the vault, that meets NFPA standards for fire-resistance.

6.3 Select Vital Records Update Frequency

6.3.1 Determine how often it is necessary to update vital records to ensure that the information is current.

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| SUBJECT: HISTORICAL RECORDS | | Approved by: OCSD Board of Directors |

1.0 INTRODUCTION

- 1.1 It is the policy of the Orange County Sanitation District (Sanitation District) to identify and preserve records that have historical significance for the Sanitation District.

2.0 PURPOSE

- 2.1 The purpose is to ensure that all Sanitation District records are reviewed for historical value prior to destruction through the application of well-accepted appraisal criteria.
- 2.2 Historical records are processed according to standard archival practice to ensure their preservation.

3.0 RESPONSIBILITY

- 3.1 The identification and review of Historical Records is administered under the authority of the Sanitation District's Records Management Program.
- 3.2 Both the Office of Record and the District's Records Management Specialist have a direct role in the implementation of identifying Historical Records.

4.0 OBJECTIVES

- 4.1 The objectives are:
- 4.1.1 Identify Sanitation District records of historical value.
 - 4.1.2 Process Sanitation District records of historical value in a manner that will ensure that they are properly preserved.
 - 4.1.3 Prepare a finding guide to the Sanitation District's historical records to facilitate access to the records by Sanitation District staff and outside researchers.

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- 4.1.4 Promote the use of the Sanitation District’s historical records in such areas as agency planning, management, development, public relations, and litigation support.

5.0 SCOPE

- 5.1 The scope includes the identification of records designated as historical on the retention schedule, the application of standard appraisal criteria at the end of the official retention period, and the processing and arrangement of historical records.

- 5.1.1 Processing and arrangement for paper records include:

- 5.1.1.1 Removal of hardware (staples, brads, and other fasteners)
- 5.1.1.2 Placing documents in acid free folders and boxes that meet the standards for archival preservation.
- 5.1.1.3 Preparation of inventories and finding guides to the historical records.

6.0 PROCEDURE

- 6.1 The policy applies to all Sanitation District and contract staff who create, receive, or maintain Sanitation District records.

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| | RECORDS MANAGEMENT PROCEDURE MANUAL | Effective Date: 9/23/2020 |
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| SUBJECT: RECORDS MANAGEMENT PROGRAM AUDIT AND COMPLIANCE REVIEW | Approved by: OCSD Board of Directors | |

1.0 INTRODUCTION

- 1.1 The Records Management Program Compliance Audit reviews and monitors compliance with the Orange County Sanitation District's (Sanitation District) Records Management Program.
- 1.2 Periodically, the Records Management Specialist conducts a compliance audit with several Divisions.
- 1.3 All Divisions should complete the audit process every two years.

2.0 PURPOSE

- 2.1 The purpose of the Records Management Program Compliance Audit is to ensure that all Sanitation District records are created, received, maintained, and disposed of in accordance with the Board of Directors approved Records Management Policy and Procedure.

3.0 PROGRAM PROCEDURES

| <u>Responsibility</u> | <u>Action</u> |
|--------------------------------------|--|
| Records Management Specialist | <p>Review how Division records are kept, where they are located, in what format (hardcopy or electronic), and security (who has access).</p> <p>Compare records eligible to be destroyed with those actually destroyed by the Division. Note any records series destroyed prematurely or that have been retained beyond the approved destruction date.</p> <p>Review with staff, their knowledge and understanding of the Sanitation District Records Management Program, particularly the Records Retention Schedule and Records Disposition Policy.</p> <p>Write a summary report of findings with recommended corrective action, if necessary, such as additional training or revisions to existing documentation. Submit the report to the Division Manager and Department Head.</p> |

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**Division
Records
Coordinator**

Assist Records Management Specialist in conducting the records compliance review in the designated Divisions.

Respond to the summary audit report findings by identifying which corrective actions are planned or have been completed.

Inform Records Management of changes within the Division and business practices that potentially may have an effect on the Records Management Program.

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| SUBJECT: RECORD HOLD AND RELEASE | | Approved by: OCSD Board of Directors |

1.0 INTRODUCTION

- 1.1 At any time during the life of a record or record series, there may be circumstances that require the “holding” or suspension of destruction of certain record series or types of records from being disposed of due to reasons specified by the legal counsel, auditors, or department managers.
- 1.2 Destruction suspension is a hold placed on the scheduled destruction of records that may be relevant to foreseeable or pending litigation, governmental investigation, audit, special organizational requirements, or other business needs not contemplated when the records were originally scheduled for disposal.
- 1.21 The five types of holds are:
- A. RIM Hold – used when there is cause for Records Management to research records for inconsistent, missing or incorrect information
 - B. Legal/Regulatory Hold - Financial Audits and Anticipated or Pending Litigation
 - C. Department Hold – Request from a department with justification
 - D. Historical Hold – Preservation with justification
 - E. Retention Schedule Change Hold – used when a change, addition, or deletion is required until the time the RRS can be changed
- 1.3 Depending upon the circumstances, a “Record Hold” may require the retention of all documents of a certain kind, whether they are hard copy records, electronic records, or non-records, as defined in Procedure 4.0.

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- 1.4 Once a “Record Hold” has been placed on particular records or record series, the records will not be disposed of until a “Record Release” has been issued by a Record Hold Requestor.

2.0 PURPOSE

- 2.1 The purpose of this procedure is to describe the procedures for suspending destruction or placing a hold on the destruction of records that may be relevant to foreseeable or pending litigation, governmental investigations, audits, or other special Sanitation District requirements, and for releasing the hold when it is no longer necessary.
- 2.2 This procedure requires that the Clerk of the Board, Records Management Specialist, and Division Records Coordinators be notified when holds on the destruction of certain records are necessary.
- 2.3 This procedure ensures that records subject to holds for any purpose, are maintained until resolution or conclusion of the matter.

3.0 SCOPE

- 3.1 This Procedure documents the process of suspending destruction or placing a hold on the destruction of records.
- 3.2 This Procedure applies to **any record, non-record, or transitory record, in any format, at any time** during the life of the record or transitory record.

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4.0 PROCEDURES FOR REQUESTING RECORDS DESTRUCTION HOLD

| Responsibility | Action |
|--|--|
| Legal Counsel Division Managers | <ul style="list-style-type: none"> Upon becoming aware of the need for the suspension of destruction of certain Sanitation District records that may be relevant to <u>foreseeable</u> or <u>pending</u> litigation, governmental investigations, audits, other special District requirements, or other business reasons, notify the Clerk of the Board. |
| Clerk of the Board/Records Management Specialist | <ul style="list-style-type: none"> Review all documentation submitted by Record Hold Requestor. Contact Record Hold Requestor to clarify scope of requested Hold if necessary. Upload all information to GovQA Legal Holds to reflect the Hold and the Estimated Date of Release. Route Legal Hold to EMT, IT, Manager, and Records Coordinators in <u>all</u> affected Divisions along with any specific instructions. |
| Division Records Coordinators | <ul style="list-style-type: none"> Review and file all Record Hold & Release Forms forwarded by GovQA portal. Prior to purging files in accordance with Procedure 4.0 or completing a Request for Authorization to Destroy Records, cross-reference records identified to be purged or destroyed against Record Hold Requests on file. Identify documents subject to a Record Hold. Do not purge or request destruction of any documents subject to a Record Hold. The EDMS Administrator (IT) will place a Legal Hold on relevant records in the EDMS System. |

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5.0 PROCEDURES FOR REQUESTING RELEASE OF RECORDS DESTRUCTION HOLD

| Responsibility | Action |
|--|--|
| Clerk of the Board/Records Management Specialist | <ul style="list-style-type: none"> Periodically review Record Hold & Release GovQA portal and identify Estimated Dates of Release for previously placed Records Destruction Holds. If the Estimated Date of Release on a Record Hold has passed, contact the Record Hold Requestor to inquire whether release of the Hold is appropriate. If the Record Hold Requestor indicates that release of the Hold is appropriate, route a Release Form through GovQA to the Record Hold Requestor and request completion. If the Record Hold Requestor indicates that release of the Hold is not yet appropriate, obtain and note the new Estimated Date of Release. |
| Legal Counsel and Division Managers | <ul style="list-style-type: none"> Upon determining that a Hold on the destruction of certain District records is no longer needed, the originator of the Record Hold shall notify the Clerk of the Board and route an "Authorization for Release" through the GovQA portal with any specific instructions. |
| Records Management Specialist | <ul style="list-style-type: none"> Review Authorization for Release and update GovQA. Route release to Records Coordinators in all affected Divisions, along with any specific instructions. |

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| Responsibility | Action |
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| Division Records Coordinators | <ul style="list-style-type: none"> • Review Authorization for Release forwarded by the Records Management Specialist. • Identify documents within scope of Authorization for Release and remove any notation of prior Hold. Any transitory records or records falling within the scope of the Authorization for Release may be purged or destroyed in accordance with Procedures 4.0 and 5.0, respectively. • The EDMS Administrator will manually release the Administrative Hold in the EDMS System. |

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1.0 STATEMENT OF POLICY AND LAW

The California Public Records Act (Government Code §6250 et seq.) (the “CPRA” or “Act”) declares that access to information concerning the conduct of the people’s business is a fundamental and necessary right of every person. In furtherance of that policy, the Act mandates, with specified exceptions, that public records are open to inspection at all times during the office hours of state and local agencies. The Act, however, recognizes a number of specific statutory exemptions to the general rule of public disclosure. The Act also authorizes local agencies to adopt procedures for making records available and for recovering the direct costs of duplicating those records.

The spirit of the Act, and the policy of the Orange County Sanitation District (Sanitation District), is to permit access to all disclosable public records in the possession of the Sanitation District, unless doing so would constitute an unwarranted invasion of personal privacy or the request calls for the production of records that are exempt from disclosure under the Act. Other records may be kept confidential on a case-by-case basis only after a Sanitation District determination that the public interest served by non-disclosure clearly outweighs the public interest served by disclosure. An example of that type of record would be preliminary drafts of agreements prepared to facilitate discussion and/or negotiations, if disclosure prior to final agreement would have an adverse effect on the negotiation process. However, such analysis will usually involve the assistance of General Counsel.

In addition, California courts have also recognized that certain records need not be disclosed if disclosure would reveal the public agency’s decision-making process in such a way as to discourage candid discussion within the agency, which would thereby undermine the agency’s ability to perform its functions.

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2.0 PROCEDURE

- 1.1 The Clerk of the Board/Custodian of Records (PRA Team) receives and processes all Public Records requests in accordance with Government Code Section 6250 - 6270.7. California Public Records Act and Sanitation District Board approved Policy Resolution No. OCSD 18-22. The PRA Team interprets each public record request in accordance with Government Code Section 6253.1 and attempts to assist members of the public to identify the record that contains the information they request.
- 1.2 The Sanitation District uses the GovQA Public Records Request Management Software (GovQA) to receive, correspond, route, track, and respond to Public Records requests.
- 1.3 To ensure consistency with the process of records requests, if a Department/Division receives a request from the public or agency to provide public records, the Department/Division should direct the requestor to the [OCSD Public Records Portal](#) on the OCSD.com website so that the request may be routed and tracked in the GovQA portal for response. The PRA team should be notified and will be able to assist.

2.0 PROCESS

- 2.1 Requests are received by the Sanitation District and placed in GovQA by either the requestor or in a few cases the PRA Team; and the Sanitation District Staff users/approvers enter the portal to respond or upload documents to fulfill the request.
- 2.2 When a request is initially received, the PRA Team immediately responds to the requestor, via GovQA, with an email receipt of request that provides a legal explanation of the PRA process. The PRA Team determines if the request is complete or requires clarification (e.g., too broad; apparent typographical errors; etc.). If necessary, the PRA Team contacts the requestor for clarification.

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If the PRA Team and Department Head believe that employee rights or significant interests of the Sanitation District could be compromised by the requested disclosure, the PRA team and Department Head shall discuss the request with General Counsel prior to making such disclosure.

2.3 TIMELINESS.

Although Sanitation District policy encourages a quicker response, the CPRA requires that the person requesting copies of Sanitation District records be notified within ten (10) calendar days of the Sanitation District's determination as to whether the request, in whole or in part, calls for the production of disclosable, non-privileged records that are in the possession of the Sanitation District. Occasionally, where assistance of General Counsel is appropriate for example, the full ten (10) calendar days may be required in order to make the requisite determination. Under the Act, the Sanitation District may also be entitled to an additional fourteen (14) calendar days in which to make its initial determination under the following four (4) circumstances:

- 2.3.1. There is a need to search for and collect the requested documents from other offices, or offsite storage, separate from the office processing the request;
- 2.3.2. There is a need to search for, collect, and examine a voluminous amount of separate and distinct records which are demanded in a single request; or
- 2.3.3. There is a need to consult with another Agency or Department having a substantial interest in the determination of the request. This includes requests for Certified Payrolls from a Sanitation District Contractor or Sub-Contractor.
- 2.3.4. In the case of electronic records, there is a need to compile data, write programming language or a computer program, or to construct a computer report to extract data.

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If the additional fourteen (14) calendar days are needed, either the General Counsel or PRA Team must notify the Requestor, in writing, of the reason or reasons for the fourteen (14) day extension and the date on which the determination is expected.

If the final determination is to deny a request to inspect or copy Sanitation District records, the General Counsel or the PRA Team shall notify the Requestor, in writing, of the reasons for the denial.

2.4 PARTIAL DISCLOSURE.

If portions of the requested record(s) are determined to be exempt from disclosure and those portions can be reasonably segregated from the rest of the record(s) by deletion, redaction or other means, the non-exempt portion shall be provided to the Requestor.

2.5 COST OF COPIES.

Under the Act, the Sanitation District is entitled to be reimbursed by the Requestor for the direct costs of duplication. The Sanitation District has, however, made a policy determination to not charge the Requestor for the first ten (10) pages. If a Public Records Act request calls for the production of records in excess of ten (10) pages, then the Requestor shall be required to pay twenty-five cents per page for each additional page, which shall be reimbursement of the Sanitation District's direct costs for duplication. The reimbursement rate shall not include recovery of costs for staff time spent searching for, retrieving, reviewing, evaluating and/or handling of responsive records. At the sole discretion of the Sanitation District, the Sanitation District may require the Requestor to submit, in advance, a check based on the estimated direct duplication costs.

Electronic records, which can easily be transmitted to the Requestor via GovQA will not be subject to the twenty-five cents per page copying charge.

At the sole discretion of the Sanitation District, and depending on the estimated number of responsive records, the Requestor or the

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Sanitation District may retain the professional reprographic services of a bonded copy service. The Requestor shall be required to pay for or reimburse the Sanitation District for the direct costs of duplication associated with the use of a bonded copying service. In the event the Sanitation District approves of the use of a bonded copying service, the Requestor may select and retain a bonded copying service; however, such selection shall be subject to the Sanitation District's approval.

2.6 COST OF VIDEOTAPES, AUDIOTAPES, COMPACT DISCS OR THUMB DRIVE.

The charge to the Requestor for copies of videotapes, audiotapes, compact disc, DVD recordings, or thumb drives shall be at the District's actual cost of reproduction.

2.7. MEDIA CONTACTS.

Employees are encouraged to refer all media contacts and media inquiries to the PAO Officer/Administration Manager. All information requests requiring production of records shall be processed in accordance with the terms of this Policy, and upon completion of the preparation of the copies, shall be delivered to the requesting media representative by the Administration Manager. Department Heads shall report any and all media contacts to the Administration Manager as soon as possible. The Administration Manager shall coordinate any action required by such contact with the Clerk and keep the appropriate Department Head, General Manager, and General Counsel informed.

2.8. FORMS.

GovQA generated forms and letters shall be used by Sanitation District staff for purposes of complying with this administrative policy.

2.9 ACCESS TO FILES.

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No member of the public and no Sanitation District employee, other than an employee of the Department processing records, shall enter GovQA or any file cabinets, record storage areas or containers that hold Sanitation District records, except when authorized by the PRA Team or Department head.

When a requestor is reviewing physical files, a member of the Sanitation District staff must be present during the entire file review. This may be the Clerk or staff member of the Department that owns the records. The Requestor may not remove any records during the file review.

2.10. REMOVAL OF RECORDS.

The unauthorized removal of any record of the Sanitation District is a violation of California Government Code Section 6201, and is punishable by imprisonment, or fine, or both.

2.11 LITIGATION DOCUMENTS.

The charge for all copies of any Sanitation District document or record produced pursuant to a subpoena or request for production of documents issued by a Court or an authorized administrative or regulatory agency or tribunal, shall be twenty-five (\$.25) cents per page to reimburse the Sanitation District for its costs of research, retrieval, examination, handling, copying, and certification of the documents.

In the event, due to size or volume of the responsive records, special reproduction services are required, the person making the request shall pay the actual charges incurred for either the Sanitation District's in-house copy service, or an outside copy service.

For large records request, the Sanitation District shall require an advance deposit based on the estimated direct copying costs. Said deposit shall be paid by the Requestor prior to the Sanitation District commencing any work to obtain and copy the requested records.

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Litigation document requests shall be handled by the General Counsel and the Clerk of the Board.

3.0 ROUTINE REQUESTS

3.1 If the PRA Team determines the nature of the request to be routine (e.g., Site Assessments, stale check data requests, contract documents etc.), the team will then determine which Department should receive the request and route it accordingly via GovQA. The following types of requests route directly to the staff liaison that has been pre-designated by the Manager or Department head:

- A. Contracts and Purchasing If a request is made to either division, the entire division including the Supervisor and Manager are notified. The request is fulfilled, and the Supervisor or Manager approves prior to release. This prevents delays in turn around due to absenteeism. Routine requests include RFP/RFQ bidder information; cumulative purchase order lists; and contract compliance.
- B. Environmental Services requests for Site Assessment data are routed to a designated staff member in Environmental Services and is only escalated to a Supervisor or Manager when there is an underlying issue with the property or a permittee.
- C. Finance Department routine requests for stale check data and Sewer Service Fees/Rebate requests automatically route to a designated staff member as determined by the Assistant General Manager/Director of Finance and Administrative Services.
- D. Planning/Engineering requests for Sewer connection/lateral maps and requests for Certified Payroll route to a designated staff member as determined by Assistant General Manager/Director of Operations and Maintenance.

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E. Human Resources requests are sent to a designated staff member as determined by the Human Resources Manager.

4.0 NON-ROUTINE REQUESTS:

- 4.1 Non-routine requests consist of a variety of things. Examples of these are: All emails/correspondence for a certain staff member, which requires IT assistance for E-Discovery, requests from law offices, or any request that the Clerk of the Board believes or determines is related to anticipated or current litigation.
- 4.2 Non-routine requests are sent to the affected Manager, Executive Management and/or General Counsel before beginning the process. Each department will assist with the process for research and retrieval and approval of what is released to the public.

5.0 COMPLETION

- 5.1 Once a request has been completed by the affected department/division, the request routes back to the PRA Team for final review before release. The review consists of checks for accuracy, confidentiality, or personal information, and redaction prior to its release.
- 5.2 The Clerk of the Board will provide a weekly summary containing the number of PRA's received and processed with assigned department detail to the Administration Manager and/or General Manager.

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| SUBJECT: | ELECTRONIC COMMUNICATIONS POLICY | Approved by: OCSD Board of Directors |

1.0 INTRODUCTION

1.1 The Electronic Communications Policy of the Records Management Program controls the maintenance and storage of Orange County Sanitation District (Sanitation District) electronic mail records, text messages, instant messages, voicemail, and social media. Following the retention procedures ensures compliance with pertinent statutory, regulatory, operating, and administrative recordkeeping requirements. In addition, it ensures that records needed to conduct Sanitation District business are protected and accessible. The Records Retention Schedule (RRS) is the foundation of the Program and defines the periods required to maintain Sanitation District records, including all electronic communications. See Records Management Policy No. 4.0 for Records Classification.

2.0 PURPOSE

2.1 POLICY OBJECTIVES:

- 2.1.1 Provide clear and concise direction regarding use and retention of the Sanitation District's electronic communications systems, including electronic mail (email), text messaging, instant messages, and voicemail.
- 2.1.2 Comply with all applicable State and Federal laws and Sanitation District Personnel Policy 5.10 related to the use of email and all other forms of electronic communication.
- 2.1.3 Address the California Supreme Court's 2017 decision in *City of San Jose v. Superior Court of Santa Clara County*, holding that a Public Agency employee's communications related to the conduct of public business are subject to the California Public Records Act, even if they were sent or received using a personal account or personal device.

3.0 SCOPE/BACKGROUND

3.1 This policy applies to all persons (including employees, appointed officials, interns, and contractors) who are permitted to use the Sanitation District's

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computing or network resources, particularly the email functions of the system ("**Authorized Users**"). "**Email**" means any electronic communication to or from any Authorized Users using the Email System, including all information, data, and attachments to the electronic communication. "**Email System**" means the system of devices (including hardware, software, and other equipment) owned and controlled by the Sanitation District or the Authorized User for the purpose of facilitating the electronic transmission. "**Electronic Communications**" includes any and all electronic transmission, and every other means of recording upon any tangible thing in any form of communication or representation, including letters, words, pictures, sounds, symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored. Without limiting the nature of the foregoing, electronic communications include email, texts, instant messages, voicemails, and include communications on or within applications (apps) such as Facebook Messenger, Twitter, Microsoft Teams, etc.

4.0 POLICY

4.1 ROLES AND RESPONSIBILITIES

4.1.1 The Board Services and Information Technology (IT) divisions are responsible for administering this policy and procedure.

4.1.2 The Sanitation District Clerk of the Board and/or the Records Management Specialist or Designee (Clerk), with the advice of General Counsel, will monitor compliance and make the final determination of official records of the Sanitation District.

4.1.3 All Authorized Users are responsible for compliance with this policy and procedure.

4.2 DEFINITION OF "OFFICIAL SANITATION DISTRICT RECORD":

Under this Policy, the definition of "**Official Sanitation District Record**" is the same as the definition provided in the California Public Records Act (Cal. Gov. Code § 6250 et seq.) (Public Records Act) for "public records" and "writing":

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"... 'Public records' include any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics ..."

"... 'Writing' means any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored."

4.3 ELECTRONIC COMMUNICATION RELATED TO SANITATION DISTRICT BUSINESS IS AN OFFICIAL SANITATION DISTRICT RECORD

4.3.1 Email and other forms of electronic communication, such as voicemail, texts, instant messaging and social media posts, generate correspondence and other types of records that can be recognized as Official Sanitation District Records and may be subject to disclosure under the Public Records Act. In addition, any Official Sanitation District Record created through email and other forms of electronic communication must be protected and retained in accordance with records retention laws.

4.3.2 Messages transmitted using the Sanitation District's Email System or Sanitation District-owned equipment with capabilities for text messaging and/or voicemail, should be messages which involve Sanitation District business activities and contain information essential to accomplishment of business-related tasks, or can otherwise be recognized as Official Sanitation District Records. Any incidental (personal) email, text, instant message, or voice messages are not considered public records but may still be discoverable. All electronic communications are the property of the Sanitation District.

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4.4 SANITATION DISTRICT EMAIL SYSTEM IS NOT FOR STORAGE

The Sanitation District reserves the right to retrieve and make proper and lawful use of any and all electronic communications transmitted through the Sanitation District's Email System and any Sanitation District-owned and subsidized equipment. Although the use of electronic communications is considered official Sanitation District business, the Sanitation District's communications systems, including email, text messaging, instant messaging, and voicemail, are intended as a medium of communication only. Therefore, the Email System and any Sanitation District-owned or subsidized equipment such as cell phones should not be used for the electronic storage or maintenance of documentation, including, but not limited to, Official Sanitation District Records. Regarding email, the system administrator performs regular electronic back-up of the Sanitation District's Email System; however, the back-up is not a copy of all Sanitation District email activity that occurred during any given period.

5.0 GUIDELINES FOR PROPER EMAIL USAGE

5.1 Authorized Users are responsible for managing their mailboxes, including organizing and deleting any non-Sanitation District related messages that do not constitute Official Sanitation District Records. Authorized Users are responsible for determining if emails contain substantive information regarding Sanitation District business or may later be important or useful for carrying out Sanitation District business, and thus could be considered as Official Sanitation District Records.

6.0 USE OF SANITATION DISTRICT ELECTRONIC COMMUNICATIONS VIA PERSONAL ACCOUNTS

6.1 Sanitation District accounts shall be used to conduct Sanitation District business. Authorized Users should not use personal accounts for the creation, transmission, or storage of electronic communications regarding Sanitation District business.

6.2 All Authorized Users shall, within 90 days following the adoption of this updated policy, search all private, non-governmental electronic messaging accounts to

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which they have user access and locate any electronic communications that might constitute an Official Sanitation District Record. All such communications shall be forwarded to the Authorized User's Sanitation District-provided account. To the extent the Authorized User believes that any part of such communications contains personal matter not related to the conduct of the public's business, the Authorized User shall provide a declaration, as set forth in Exhibit A.

6.3 If an Authorized User receives an electronic message regarding Sanitation District business on his/her non-Sanitation District electronic messaging account, or circumstances require such person to conduct Sanitation District business on a non-Sanitation District account, the Authorized User shall either: (a) copy ("**cc**") any communication from an Authorized User's personal electronic messaging account to his/her Sanitation District electronic messaging account; or (b) forward the associated electronic communication to his/her Sanitation District account no later than 10 days after the original creation or transmission of the electronic communication.

6.4 Authorized Users shall endeavor to ask persons sending electronic communications regarding Sanitation District business to a personal account to instead utilize the Authorized User's business account and, likewise, shall endeavor to ask a person sending an electronic communication regarding non-Sanitation District business to use the Authorized User's personal or non-Sanitation District electronic messaging account.

7.0 ELECTRONIC COMMUNICATIONS AND PRIVACY

7.1 NO EXPECTATION OF PRIVACY

7.1.1 Personnel Policy 5.10 states that Sanitation District Electronic Communication devices are the exclusive property of the Sanitation District. Authorized Users have no right or expectation of privacy or confidentiality in any message created, sent, received, deleted, or stored using the Sanitation District Email System or any Sanitation District-owned or subsidized communication devices. All messages and any attachments on the Sanitation District's computer network, Email System, Sanitation District-owned system or device, or Sanitation

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District subsidized communication device are subject to Sanitation District review and disclosure of electronic communications regarding Sanitation District business.

7.1.2 Electronic communications regarding Sanitation District business that are created, sent, received, or stored on an electronic messaging account may be subject to the Public Records Act, even if created, sent, received, or stored on a personal account or personal device. Most communications that include Authorized Users are not confidential communications; however, certain communications such as investigations, personnel records, or attorney-client communications may be confidential or contain confidential information. Questions about whether communications are confidential, and how they are to be preserved, should be discussed with the Clerk.

7.2 USE CAUTION WITH CONFIDENTIAL INFORMATION

All Authorized Users must exercise a greater degree of caution in sending confidential information on the Sanitation District's electronic communications systems than they take with other media because of the risk that such information may be copied and/or retransmitted. All email correspondence containing confidential information should be tagged as such and stored in a clearly labeled confidential folder to protect and preserve the privacy and confidentiality of the record. When in doubt, do not use email, text messaging, instant messaging, or voicemail as a means of confidential communication.

8.0 PUBLIC RECORDS REQUESTS, RETENTION, AND DESTRUCTION

Electronic communications are a business tool which shall be used in accordance with generally accepted business practices and all Federal and State laws, including the California Public Records Act, to provide an efficient and effective means of intra-agency and interagency communication. Under most circumstances, communications sent electronically are public records, subject to disclosure under the California Public Records Act and subject to records retention laws applicable to a variety of government agencies.

8.1 PRESERVING ELECTRONIC MESSAGES - PUBLIC RECORDS ACT

| | | |
|---|---|---|
|  | Orange County Sanitation District | Procedure Number: 11.0 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: None |
| SUBJECT: | ELECTRONIC COMMUNICATIONS POLICY | Approved by: OCSD Board of Directors |

REQUESTS, SUBPOENAS, CLAIMS, AND POTENTIAL CLAIMS AGAINST THE SANITATION DISTRICT

The Sanitation District receives requests for inspection or production of documents pursuant to the Public Records Act, as well as subpoenas or court orders for documents. In the event such a request or demand includes electronic messages, Authorized Users who have control over or access to any such messages, once they become aware of the request or demand, shall use their best efforts, by reasonable means available, to temporarily preserve any such message until it is determined whether the message is subject to preservation, public inspection, or disclosure. Authorized Users shall contact the Clerk regarding any such messages that are within their control.

8.2 CALIFORNIA PUBLIC RECORDS ACT

8.2.1 In the event a Public Records Act request is received by the Sanitation District seeking electronic communications of Authorized Users, the Clerk shall promptly transmit the request to the applicable Authorized User whose electronic communications are sought. The Clerk shall communicate the scope of the information requested to the applicable Authorized User, and an estimate of the time within which the Clerk intends to provide any responsive electronic communications to the requesting party.

8.2.2 It shall be the duty of each Authorized User receiving such a request from the Clerk to promptly conduct a good faith and diligent search of all Business and Personal electronic messaging accounts and devices for responsive electronic communications. The Authorized User shall then promptly transmit any responsive electronic communications to the Clerk. Such transmission shall be provided in sufficient time to enable the Clerk to adequately review and provide the disclosable electronic communications to the requesting party. If the Authorized User is unable to transmit the responsive communications, the IT division has the ability to extract the pertinent communications and ensure the appropriate metadata is preserved.

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|---|---|---|
|  <small>ORANGE COUNTY SANITATION DISTRICT</small> | Orange County Sanitation District | Procedure Number: 11.0 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/2020 |
| | | Supersedes: None |
| SUBJECT: ELECTRONIC COMMUNICATIONS POLICY | | Approved by: OCSD Board of Directors |

8.2.3 Based on the nature of the Public Records Act request, the Clerk may also request an eDiscovery of all electronic email records and instant messages through the IT division.

8.2.4 In the event an Authorized User does not possess responsive electronic communications from the Sanitation District's owned or subsidized electronic messaging account, the Authorized User shall so notify the Clerk by way of a written declaration (Exhibit A).

8.3 AUTOMATIC DELETION OF EMAIL

The Sanitation District's email system automatically deletes Sanitation District emails, including any text messages that become emails, which are more than **24 months** old from "Inbox" and "Sent" email folders of each Sanitation District email user. Email in "Deleted" folders will be automatically removed after **ninety (90)** days.

8.4 EMAIL FOLDER MANAGEMENT

8.4.1 Authorized Users are responsible for the daily management of their email boxes and associated folders. To ensure maximum efficiency in the operation of the Email System, Authorized Users are directed to delete email messages that are NOT Official Sanitation District Records from their inboxes on a weekly basis. These Transitory email records, based on the content of the information which only have a retention value of a few days or weeks, can be deleted from the Email Inbox upon review and determination when the purpose of the information has been fulfilled - which can be any time up to 90 days. **All email records moved to Deleted will be automatically purged by IT after 90 days.** Examples of such messages are personal emails, solicitations, email advertisements/announcements, or newsletters.

8.4.2 If email messages that are not Official Sanitation District Records are necessary for transitory work, preliminary drafts, or preparation of work product or personal notes, Authorized Users should either move the record to a dedicated email (working) folder, print the email and maintain the paper copy, or create a PDF version of the email

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|---|---|---|
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(save as PDF) and store the file in an electronic folder on the Sanitation District's network drive (OneDrive, SharePoint and SharePoint Online) to be deleted when no longer needed.

8.4.3 Attachments to email messages should be retained or disposed of according to the content of the attachment itself, not according to the email transmitting the attachment. Many email attachments are duplicates of existing documents or are draft versions of documents that might not be retained by the Sanitation District after the final version of the document is complete. If you need help in determining whether an attachment to an email message must be retained, please contact the Clerk.

8.5 DETERMINATION OF RECORD

In accordance with Records Management Policy 4.0, it is the responsibility of Authorized Users to determine if an electronic communication is an Official Sanitation District Record which must be retained in accordance with the Sanitation District's Records Retention Policy. Electronic communication messages (including any attachments) that are deemed to be Official Sanitation District Records shall be preserved. Authorized Users shall consider the content of an electronic communication when determining if it is an Official Sanitation District Record. The Clerk can assist in making such a determination. In addition, following is a general guideline for determining whether an electronic communication is an Official Sanitation District Record:

| Electronic Communications that are generally considered as Public Records | Electronic Communications that are generally NOT considered as Public Records |
|--|--|
| (Retention time is 2 years or more) | (Retention time is no more than 90 days) |
| | |

| | | |
|---|---|---|
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| SUBJECT: | ELECTRONIC COMMUNICATIONS POLICY | Approved by: OCSD Board of Directors |

| | |
|--|---|
| Electronic Communication that is created or received in connection with official Sanitation District business. | Personal messages and announcements not related to official Sanitation District business. |
| Electronic Communication that shows how a Sanitation District policy was created or how a decision was made by Sanitation District staff and/or the Sanitation District Board of Directors. | Duplicate documents (copies or excerpts) distributed for convenience or reference. |
| Electronic Communication that begins, authorizes, or completes an item or a transaction of official Sanitation District business. | Transmittal messages that merely assist the flow of work. |
| Electronic Communication that documents significant official decisions or commitments reached verbally (person-to-person, by phone, or in conference) and not otherwise documented in Sanitation District files. | Electronic Communications containing preliminary drafts, notes, or interagency or intra-agency memos that are not retained in the ordinary course of business. Gov. Code § 6254(a). Records that are normally retained do not qualify for this exemption. |

8.6 ELECTRONIC COMMUNICATIONS UPON TERMINATION

Upon an Authorized User's retirement or termination, IT will forward the user's Electronic communications to the immediate supervisor for review. In accordance with the policy herein, it is the Supervisor's duty to review and determine which email/text messages, voicemails etc. should be preserved, retained, or

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|---|---|---|
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disposed of according to the content of the email and following the approved Sanitation District's Records Retention Schedule.

Once determined, the Supervisor should either transfer the records to a dedicated email (working) folder in their email inbox, print the communication and maintain the paper copy, or create a PDF version of the email (save as PDF) and store the file in an electronic folder on the Sanitation District's network drive (OneDrive, SharePoint and SharePoint Online) to be retained or to be deleted when no longer needed. Once completed, IT will dispose of the entire mailbox after 90 days unless otherwise requested by supervisor.

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|---|---|---|
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Exhibit "A"

| | |
|---|--|
| <p>In the matter of:</p> <p>California Public Records Act Request Pursuant to Gov. Code § 6250 <i>et seq.</i></p> <p>Re:</p> <p>_____</p> <p>_____</p> <p>Insert name of record request</p> <p>Request #: _____</p> | <p>Declaration of:</p> <p>_____</p> <p>Print or type name of user</p> <p>DECLARATION REGARDING SEARCH OF PERSONAL ELECTRONIC MESSAGING ACCOUNTS</p> |
|---|--|

STATE OF CALIFORNIA
COUNTY OF ORANGE
ORANGE COUNTY SANITATION DISTRICT

I, _____ declare:
Print name

1. I received notice of a California Public Records Act ("CPRA") request regarding a search of my personal electronic messaging account(s).
2. I understand that the CPRA request seeks:

Insert text of CPRA request.

| | | |
|---|---|---|
|  | Orange County Sanitation District | Procedure Number: 11.0 |
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3. I am the owner or authorized user of the following personal electronic messaging account and have the authority to certify the records:

Insert description of personal electronic messaging account(s).

4. I have made a good faith, diligent, thorough, and complete search of the above mentioned personal electronic messaging account(s) for all electronic communications potentially responsive to the above mentioned CPRA request.
5. Any responsive electronic communications discovered, and referenced below, were prepared, or used by me in the ordinary course of business at or near the time of the act, condition, or event.
6. Any responsive electronic communications discovered, and referenced below, are true copies of all records described in the above mentioned CPRA request.

Check the applicable box:

- I certify that I do not possess responsive electronic communications.
- I certify that I cannot reasonably recover responsive electronic communications without technical assistance.

Explain efforts to retrieve responsive electronic communications and why you were unable to recover responsive electronic communications. Add technical assistance required.

- I certify that I discovered potentially responsive electronic communications from my personal electronic messaging account, but I am withholding that information because the information is “personal” business. This is for the following reasons:

| | | |
|---|---|---|
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Describe with sufficient facts why the contested information is personal business and not subject to the CPRA. Attach additional pages, if necessary.

- I certify that I discovered potentially responsive electronic communications from my personal electronic messaging account. I am providing all responsive information. However, some information is non-responsive, and I am withholding that information, because the information is personal business. This is for the following reasons:

Describe with sufficient facts why the contested information is personal business and not subject to the CPRA. Attach additional pages, if necessary.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that I have personal knowledge of the facts set forth above.

Executed this ____ day of _____ 20____, in _____, California.

By: _____

Print Name: _____

| | | |
|---|---|--|
|  | Orange County Sanitation District | Procedure Number: 12.0 |
| | RECORDS MANAGEMENT POLICY & PROCEDURE MANUAL | Effective Date: 9/23/202 <u>05/26/2021</u> |
| | | Supersedes: 9/13/2006 |
| SUBJECT: ESCROW OF BID DOCUMENTS | | Approved by: OCSD Board of Directors |

This Procedure applies only to Invitation for Bids (IFBs) with an award amount of \$10,000,000 or more, to the lowest responsive, responsible bidder.

1.0 PRE-BID

- 1.1 If Escrow of Bid Documents (Escrow) is required (per Bid Requirements Form), Contracts Administrator (CA) will notify Records Management the need for escrow and will establish a time and date for Bidders to submit their Bid Documents for escrow as specified in the Special Provisions, “Escrow of Bid Documents.”
 - a. This date and time of submission will be within the date and time set forth in the Contract’s Special Provisions.
 - b. The date must also be coordinated with Records Management’s schedule (e.g., check to see that if the Escrow Bid Document submission date is on a Friday, Records Management is available).
- 1.2 CA submits a Meeting Planner to reserve a room in the Administration Building for receipt of the Bid Documents for escrow.
- 1.3 CA schedules a meeting with Records Management, via Outlook Calendar, on the date and time scheduled for receipt of Bid Documents for escrow.
- 1.4 Upon receipt of the Outlook meeting request, Records Management schedules the date for Offsite Storage (GRM) to transfer the Escrow Bid Documents to offsite storage.
- 1.5 GRM requires 24 hours’ notice for pick-up, and usually picks up between 11:00 a.m. and 2:00 p.m. (Therefore, it is best to schedule receipt of the Bid Documents in the morning)

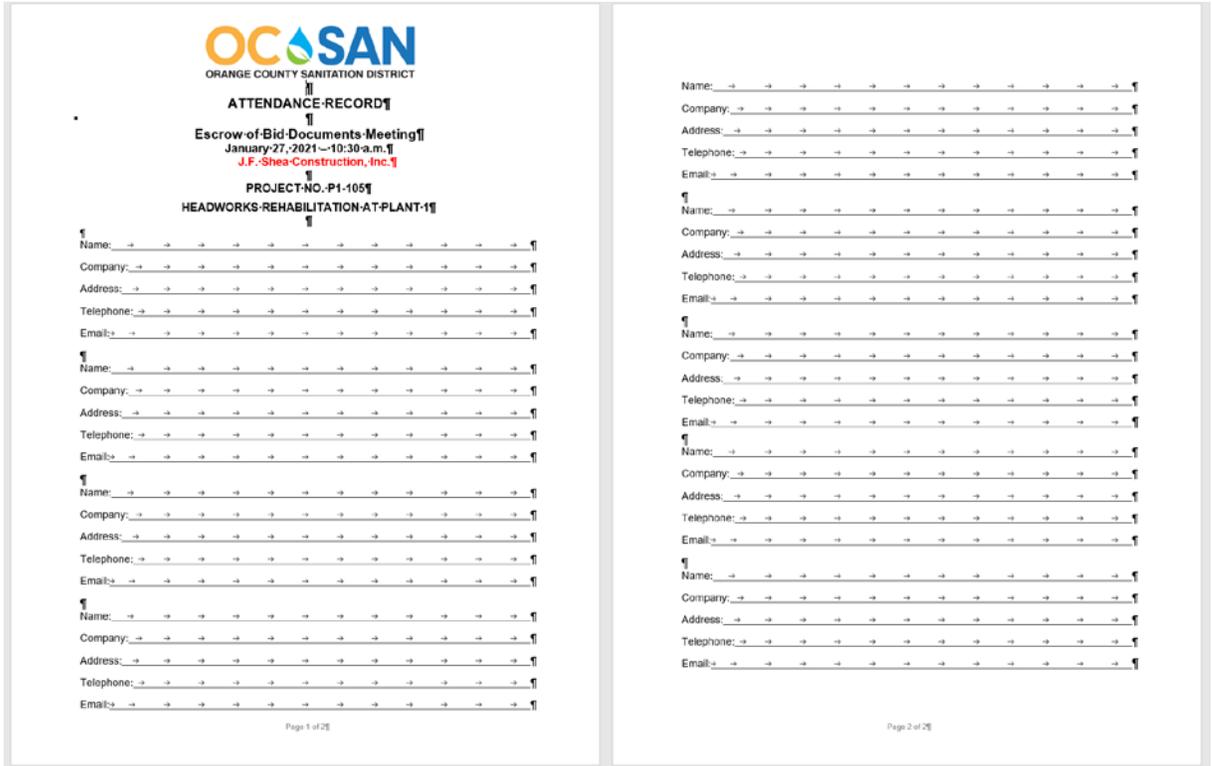
2.0 BID OPENING

- 2.1 At Bid ~~O~~opening, ~~OC Santhe Sanitation District~~ announces the two (2) lowest Bidders who will be required to submit ~~their~~ Bid Documents for escrow within the date and time set forth in the Special Provisions.
- 2.2 At the Bid Opening, Bidders shall be reminded that:

| | | |
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| | | Supersedes: 9/13/2006 |
| SUBJECT: ESCROW OF BID DOCUMENTS | | Approved by: OCSD Board of Directors |

3.2 In preparation for the arrival of Bidders on the date set for receipt of Escrowed Bid Documents, the CA shall prepare an attendance sign-in record form for record of attendance. The representative of each company and all the ~~Sanitation District~~ OC San staff in attendance must fill out. A copy should be made and provided to each representative of the company delivering documents and the original kept on file with Record Management.

3.3



3.4 At the time and date for submission of Bid Documents for escrow, the two lowest Bidders will hand deliver their Bid Documents to OC San Sanitation District Records Management and the CA. ~~The Sanitation District~~ OC San Staff /Contractor will open and review the contents together at ~~the Sanitation District~~ OC San.

3.5 Each Bbidder will fill out and sign an “Intake of Escrow Bid Documents” previously filled out by Records Management.

| | | |
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| | | Supersedes: 9/13/2006 |
| SUBJECT: ESCROW OF BID DOCUMENTS | | Approved by: OCSD Board of Directors |



RECORD-OF-RECEIPT-FOR: []

Intake-of-Escrow-Bid-Documents []
May-5, 2021--9:00 a.m. []
~~Swinerton-Builders~~ []

PROJECT-NO.-P1-128A []
HEADWORKS-COMPLEX-AT-PLANT-NO.-1 []

NUMBER-OF-BOXES: -- → → → → []

Documents Delivered By: []
Name: → → → → → → → → → → []
Company: → → → → → → → → → → []
Address: → → → → → → → → → → []
Telephone: → → → → → → → → → → []
Email: → → → → → → → → → → []
Signature: → → → → → → → → → → []

Documents Intake By: []
Name: → → → → → → → → → → []
Company: → Orange County Sanitation District → → → → → → []
Address: → 10844-Ellis-Avenue-Fountain-Valley-CA-92708 → → → → []
Telephone: → → → → → → → → → → []
Email: → → → → → → → → → → []
Signature: → → → → → → → → → → []

Page 1 of 15

- 3.6 After ~~OC San the Sanitation District~~ approves of the documentation in the Bidders' Bid Documents, ~~the Sanitation District~~ OC San Records Management will affix GRM bar codes and ID numbers on Records Storage Transfer form and to each Bidder's Escrowed Bid Document box. The Bidders, ~~the CA~~ and Records Management shall all sign the completed Records Storage Facility Transfer Request.
- 3.7 Each Bidder, the CA, and Records Management will receive a copy of the completed form for their records and future reference.
- 3.8 GRM will thereafter take possession of the apparent two low bidder's Escrowed Bid Documents and transfer them to its document storage facility.

4.0 AFTER CONTRACT AWARD

| | | |
|---|---|--|
|  | Orange County Sanitation District | Procedure Number: 12.0 |
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| | | Supersedes: 9/13/2006 |
| SUBJECT: ESCROW OF BID DOCUMENTS | | Approved by: OCSD Board of Directors |

4.1 Following the Award of the Contract, ~~the Sanitation District~~OC San will return the Escrowed ~~B~~bid Documents to the unsuccessful Bidder(s). The CA ~~and Records Management~~ will complete the Release of Escrow Bid Documents Record of Release Records Retrieval Form and obtain receipt signatures from the Bidder(s), ~~the CA~~ and Records Management.

5.0 EXCEPTIONS

- 5.1 In the event of a bid protest or other problem with the apparent low bid, the CA will contact the third, and perhaps fourth apparent low bidders and complete procedure numbers 9 and 10 above.
- 5.2 For Design-Build (DB) Projects, only the Proposal Documents of the successful proposer will be escrowed, after the award of contract by the Board of Directors.



Orange County Sanitation District Records Retention Schedule

| Citation Codes | | Retention Codes | |
|--------------------------------------|--------------------------------|--------------------|--------------------------------------|
| CCP | Code of Civil Procedure (CA) | CL | Closed or Completed |
| CCR | California Code of Regulations | EX | Expired or Expiration |
| CFR | Code of Federal Regulations | LF | Life of Facility, Equip. or Software |
| EC | Elections Code (CA) | LO | Life of Organization or Permanent |
| GC | Government Code (California) | MA | Maturity |
| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

General Retention Schedule Information

- This Records Retention Schedule pertains to any and all Official Records of OC San regardless of Media Type.
- Public Records Act requests, litigation, audits, claims, and investigations may suspend the stated retention periods and notification of such will be made. As stated in OC San's Records Retention Policy, authorization and proper destruction methods are required prior to destroying all Official Records, regardless of Media Type. When original records have reached their destruction term, all copies and duplicates must be destroyed, along with the original, regardless of Media Type.
- Copies, notes, preliminary drafts, and transitory records are not considered Official Records and can be destroyed when no longer needed for OC San business and do not require prior authorization.
- Official Records cannot be discarded in trash bins. They must be submitted to Records Management for secure destruction.

Districtwide

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|---|-------------------------------|------------|--|
| DW001 | Published Articles Written/Contribution by OCSD OC San Staff | LO | | | GC §60201; SOS c24 |
| DW002 | Historical Records: Photos, Slides Used by O&M, Videos, Correspondence | LO | H | | GC §60201 |
| DW003 | Non-Historical Photos & Videos | NN | | | GC §60201 |
| DW004 | Speeches and Presentations: Presentations Not Made at Board/Committee Meetings Deleted due to duplication with DW006 | NN | | | GC §60201 Some records may be kept for historical value |
| DW005 | Reference Files: Equipment Manuals, Process Workflows, Budget Planning Documents, Training Material, Standby Assignments/Stormwatch | S | | EL, P | GC §60201, GC §53161 |
| DW006 | Speeches and Non-Marketing Related Presentations & Supporting Documents (Includes PowerPoints) Presentations Not Made at Board/Committee Meetings Incorporates previous DW004 | S+2 | | | GC §60201; SOS c24 Some records may be kept for historical value |



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| Citation Codes | | Retention Codes | |
|-------------------------------|--------------------------------|--------------------|--------------------------------------|
| CCP | Code of Civil Procedure (CA) | CL | Closed or Completed |
| CCR | California Code of Regulations | EX | Expired or Expiration |
| CFR | Code of Federal Regulations | LF | Life of Facility, Equip. or Software |
| EC | Elections Code (CA) | LO | Life of Organization or Permanent |
| GC | Government Code (California) | MA | Maturity |
| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

Districtwide

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|--|-------------------------------|------------|--------------------------------|
| DW007 | Email in Outlook Inbox & Sent Folders This pertains to all email not specifically addressed or related to another Retention Number contained in the whole Records Retention Schedule | 2 | | | GC §60201 |
| DW008 | Non-Records in Email Format in Outlook Deleted Folder These records fail to meet the definition of a public record under Government Code §6252(e) | 90 Days | | | GC §60201 |
| DW009 | Various Internal Meeting Minutes Includes Minutes Not Otherwise Indicated Herein, Including Executive Management Team (EMT) Meeting Minutes, Managers Meeting Minutes, Administrative Support Meeting Minutes EMT Meeting Minutes previously GMO017 | 2 | | | GC §60201(b); SOS c24 |



Orange County Sanitation District Records Retention Schedule

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| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

Board Services

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|---|-------------------------------|------------|---|
| BSD001 | Affidavits of Publications Notices | LO | | EL, P | GC §60201, GC §54960.1(c)(1) |
| BSD002 | Board and Committee Meeting Agenda Packets and Meeting-Related Materials: Agenda, Agenda Reports & Attachments, Presentations, GM Monthly Report | LO | | EL, P | GC §34090; SOS c22, SOS c42 |
| BSD003 | Agreements & Contracts, Political & Outside Jurisdictions/Agencies: Cooperative Agreements, JPAs (Joint Powers Authorities), JFAs (Joint Finance Authorities), Interagency, Reimbursement Agreements | LO | | EL, P | GC §60201, GC §60201(d)(9), GC §60201(d)(1) |
| BSD004 | Annexation Files | LO | | EL, P | GC §34090, GC §60201(d)(1); SOS c28 |
| BSD005 | Bids - Awarded (Board Reviewed) | LO | | EL, P | GC §60201(d)(6); SOS c30, SOS c27 |
| BSD006 | Bids - Unsuccessful (Board Reviewed) | 2 | | EL, P | GC §34090, GC §60201(d)(11), GC §60201(d)(6); SOS c30 |



Orange County Sanitation District Records Retention Schedule

General Retention Schedule Information

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| GC | Government Code (California) | MA | Maturity |
| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

Board Services

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|--|-------------------------------|------------|--|
| BSD007 | Board Administration Files: Loyalty Oaths, Election Records, Directors Lists, Contact Information | T+10 | | EL, P | PC §801.5 22; 29 USC §1113; SOS c18; GC §34090(d)(1) |
| BSD008 | Conflict of Interest (FPPC Filings) | T+7 | | EL, P | GC §81009(e); SOS c18 |
| BSD009 | Purchasing, Contracts & Agreement Files - Capital Improvement Projects (CIP) & Non-CIP - Committee or Board Approved: Includes Authorization Documents; Change Orders; Amendments; Notices; Published Invitation for Bid (IFB) Documents, including Specifications & Drawings, Solicitation Addenda and Bulletins Issued; Notices of Intent to Award; Notices of Award; Notices to Proceed; Notices of Completion | LO | | EL, P | GC §60201; CCP 337; CCP 337.15; SOS c22; SOS c30 |
| BSD011 | Ethics Training: Sexual Harassment Board Only, Ethics Training Board & Employee | EX+5 | | EL, P | GC §53235.2(b) |
| BSD012 | Formation Files | LO | | EL, P | GC §60201(d)(1) |
| BSD013 | Land Records: Easements, Grant Deeds, Quit Claim Deeds, Abandonments, Condemnations, Real Estate Purchase & Sale, Property Agreements, Encroachment Permits, Etc. | LO | | EL, P | GC §60201(d)(8), GC §34090(a) |



Orange County Sanitation District Records Retention Schedule

General Retention Schedule Information

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- Official Records cannot be discarded in trash bins. They must be submitted to Records Management for secure destruction.

| Citation Codes | | Retention Codes | |
|--------------------------------------|--------------------------------|--------------------|--------------------------------------|
| CCP | Code of Civil Procedure (CA) | CL | Closed or Completed |
| CCR | California Code of Regulations | EX | Expired or Expiration |
| CFR | Code of Federal Regulations | LF | Life of Facility, Equip. or Software |
| EC | Elections Code (CA) | LO | Life of Organization or Permanent |
| GC | Government Code (California) | MA | Maturity |
| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

Board Services

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|--|-------------------------------|------------|--------------------------------|
| BSD014 | Legal Opinions | LO | | EL, P | SOS c23 |
| BSD015 | Litigation Files | CL+6 | | EL, P | GC §60201(d)(4) |
| BSD016 | Meeting Minutes: Board & Board Committees | LO | | EL, P | GC §60201(d)(3) |
| BSD017 | Ordinances | LO | | EL, P | GC §60201(d)(2) |
| BSD018 | Recorded Project Documents: Notices of Completion, Easements, Deeds | LO | | EL, P | GC §60201(d)(8); SOS c26 |
| BSD019 | Resolutions | LO | | EL, P | GC §60201(d)(2), GC §34090 |



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| OMB | Office of Management & Budget | Media Types | |
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Board Services

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|--|-------------------------------|------------|--|
| BSD020 | Tapes & Digital Recordings (Audio & Video): Board or Committee Meetings | LO | | EL | GC §54953.5(b) Minimum retention 30 days or until adoption of the minutes Per Brown Act |
| BSD021 | Director Communications: General Board Correspondence | 3 | | EL, P | PC 801.5 22; 29 USC §1113 |
| BSD023 | Public Records Act Requests | CL+2 | | EL, P | GC §60201(d)(5); SOS c23 |
| BSD024 | Grand Jury Reports/Responses | LO | | EL, P | GC §60201 |
| BSD025 | Records Retention Schedules | LO | | EL, P | CCP §343; SOS c23;-Schedules are superseded when updated. |
| BSD026 | Records Destruction Records: Approvals, Certificates, Requests | LO | | EL, P | GC §60201; SOS c23 |



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Board Services

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|------------------|--|---|-------------------------------|------------|--------------------------------|
| BSD027 | Records Management Annual Audits: Inventory, Storage, Destruction | S+3 | | EL, P | GC §60201 |



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Contracts, Purchasing, and Materials Management

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|---|-------------------------------|------------|--|
| CPM001 | Purchasing, Contracts & Agreement Files - Capital Improvement Projects (CIP) - Not Committee or Board Approved: Includes Insurance Certificates; Authorization Documents; Change Orders; Amendments; Notices; Pre-Award Bid/Proposal Package; Bid/Proposal Evaluation Materials; Protest Documents; Project Documents; Published Invitation for Bid (IFB) Documents, including Specifications & Drawings, Addenda and Bulletins Issued, Bid Requirements Form, Question & Answer Logs, Outreach Materials, Evaluator Certifications, Responsiveness & Responsibility Review Documents (Safety, Finance, Experience Requirements), Clarification Requests & Responses, and Bid/Proposal Evaluation Memorandum; Notice of Award Recommendations; Protest and Associated Documents; Determination on Protests; Appeals; Determination of Appeals; Preliminary Notices; Stop Notices; Notices of Completion For Purchasing, Contracts & Agreement Files that are Committee or Board approved, please see BSD009 | LO | | EL, P | GC §60201; CCP 337; CCP 337.15; SOS c22; SOS c30 |
| CPM002 | Purchasing, Contracts & Agreement Files - Non-CIP Projects - Not Committee or Board Approved: Includes Insurance Certificates; Authorization Documents; Change Orders; Amendments; Notices; Pre-Award Bid/Proposal Packages; Bid/Proposal Evaluation Materials; Protest Documents; Project Documents; Published Invitation for Bid (IFB) Documents, including Specifications & Drawings, Addenda and Bulletins Issued, Bid Requirements Form, Question & Answer Logs, Outreach Materials, Evaluator Certifications, Responsiveness & Responsibility Review Documents (Safety, Finance, Experience Requirements), Clarification Requests & Responses, and Bid/Proposal Evaluation Memorandum; Notice of Award Recommendations; Protest and Associated Documents; Determination on Protests; Appeals; Determination of Appeals; Preliminary Notices; Stop Notices; Notices of Completion For Purchasing, Contracts & Agreement Files that are Committee or Board approved, please see BSD009 | CL+7 | | EL, P | GC §60201; CCP 337; SOS c30 |



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| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
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| Special Storage Consideration | | TA | Tapes |
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Contracts, Purchasing, and Materials Management

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|---|-------------------------------|------------|---|
| CPM003 | Escrow Bid Documents | LF | C, V | | CCP §337.15: Unsuccessful Escrow Bid Documents are returned to Contractor after Contract is awarded. The Escrow Bid Documents for the Awarded Contractor are returned at the end of the life of the facility (business preference to retain these documents longer than required by §CCP 337.15, which indicates CL+10). OCSD-OC San acts as a temporary custodian of the documents, which remain the property of the bidders. |
| CPM005 | Purchase Order & Requisition Files (Including Committee or Board Approved): Open Annual (OA), Open Blanket (OB), Open Purchase (OP), and Open Service (OS) | LO | | EL, P | GC §60201(d)(12); CCP §337; SOS c30 |
| CPM008 | Warehouse and Materials Management Records: Sales Orders, Discrepancies, Add To Stores, Receivers, Return To Vendors (RTV), Shipping Records, Inventories, Disposal of Surplus Assets | CL+4 | | EL, P | GC §60201; GC §34090; CCP §337; SOS c29 |
| CPM009 | Procurement Card Documentation Reconciliation, Requisition Credit Card Purchases, Reports, Agreement, Correspondence | CL+1 | | | GC §60201 |
| CPM019 | Certificates of Insurance | LO | | EL, P | CCP §337.15; SOS c24 |



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| OMB | Office of Management & Budget | Media Types | |
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| SOS | Secretary of State | EL | Electronic |
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Contracts, Purchasing, and Materials Management

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|---|-------------------------------|------------|--|
| CPM020 | Purchasing & Contracts Support Documents - CIP & Non-CIP - Committee or Board Approved: Includes Pre-Award Bid/Proposal Packages; Bid/Proposal Evaluation Materials; Project Documents; Bid Requirements Forms; Question & Answer Logs; Outreach Materials; Evaluator Certifications; Responsiveness & Responsibility Review Documents (Safety, Finance, Experience Requirements), Clarification Requests and Responses; Bid/Proposal Evaluation Memorandum; Notice of Award Recommendations; Protest and Associated Documents, Determination of Protests; Appeals; Determination of Appeals; Preliminary Notices; Stop Notices | LO | | EL, P | GC §60201; CCP 337; CCP 337.15; SOS c22; SOS c30 |



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Engineering

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|------------------|---|---|-------------------------------|------------|---|
| ENG001 | CEQA Documents: Includes Environmental Impact Reports and Addenda, Negative Declarations, Notices of Completion and Determination, Comments on Environmental Documents, Statements of Overriding Considerations, Exemptions, Technical Studies, Initial Studies, Mitigation and Monitoring Reports | LO | | | 14 CCR §15095©, 14 CCR§ 15208, 14 CCR §15075, 15094, 14 CCR §15062, 14 CCR §15112; GC §60201, GC §60201(d)(10); SOS c27 |
| ENG002 | CEQA-General Correspondence with Outside-Cities/Agencies: Includes Written and Electronic Correspondence Combined with ENG019 per direction from Legal Counsel | 25 | | | 14 CCR §15095(c), 14 CCR§ 15208, 14 CCR- §15075, 15094, 14 CCR §15062, 14 CCR- §15112; GC §60201(d)(10); SOS c27 |
| ENG003 | City or County Plans: Specific Plan, Master Plan | 20 | | | SOS c28, SOS c27, SOS c26, GC §60201(d)(10) |
| ENG004 | Utility Requests: Received Plans, OCSD-OC San Response | CL+2 | | | GC §60201; SOS c29 |
| ENG005 | General Correspondence: Internal and/or Project-Related Meeting Discussions, Correspondence, Meeting Minutes | CL+10 | | | GC §60201; CCP §337.15 |
| ENG006 | Agreements, Annexations, Land Records, Connection Permits, Encroachment Permit Supporting Documentation: Letters, Meeting Minutes | LO | | | GC §60201(d)(8) |



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Engineering

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|------------------|--|--|-------------------------------|------------|--------------------------------|
| ENG007 | Project Development: Correspondence, Feasibility Study, Gate Review, Meeting Agendas and Minutes, Project Photos, Handoff Documents, Consultant Monthly Report | CL+10 | | | GC §60201 |
| ENG008 | Preliminary Design: Correspondence, Design Submittal, Gate Review, Meeting Agendas and Minutes, PDR Documentation, Project Photos, Public Outreach, Consultant Monthly Report | CL+10 | | | GC §60201 |
| ENG009 | Design: Consultant Monthly Report, Correspondence, Design Submittal, FDS, Gate Review, Meeting Agendas and Minutes, Project Photos, Public Outreach, Handoff Documents, ETAP Documents | CL+10 | | | GC §60201 |
| ENG010 | Construction and Installation: Consultant Monthly Report, Contract Submittal, Correspondence, Gate Review, Inspection Documentation, Meeting Agendas and Minutes, Project Photos, Public Outreach, Requests and Changes (Bulletin, Contractor Cost Proposal, Delay and Schedule Analysis, Field Change Order, Request for Change, Request for Information, Request for Proposal, Time and Materials Report), Safety Documentation, ETAP Documents | CL+10 | | | CCP §337.15 |
| ENG011 | Commissioning: Correspondence, Gate Review, Meeting Agendas and Minutes, Project Photos, Substantial Completion-Beneficial Use, Use Prior to Completion, Substantial Completion, Final Completion, Testing Documentation | CL+10 | | | CCP §337.15 |
| ENG012 | Closeout: Correspondence, Gate Review, Meeting Agendas and Minutes, Project Photos, Final Acceptance and Release of Retention, Warranty Documentation | CL+10 | | | GC §60201(d)(12); CCP §337.15 |



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Engineering

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|------------------|---|--|-------------------------------|------------|--------------------------------|
| ENG013 | Professional Service Agreement: Solicitation (Addendum and Question Answer Document, Award Document, Meeting Agendas and Minutes, Proposal and Evaluation, Protest Document, Request for Proposal, Request for Qualification, Scope of Work, Sole Source, Statement of Qualification and Evaluation), Contract Administration (Agreement Closeout, Amendment and Reallocation, Conformed Agreement Package, Consultant Invoice) | CL+10 | | | GC §60201(d)(12); CCP §337.15 |
| ENG014 | Professional Design Service Agreement: Solicitation (Addendum and Question Answer Document, Award Document, Meeting Agendas and Minutes, Proposal and Evaluation, Protest Document, Request for Proposal, Request for Qualification, Scope of Work, Sole Source, Statement of Qualification and Evaluation), Contract Administration (Agreement Closeout, Amendment and Reallocation, Conformed Agreement Package, Consultant Invoice) | CL+10 | | | GC §60201(d)(12); CCP §337.15 |
| ENG015 | Professional Construction Service Agreement: Solicitation (Addendum and Question Answer Document, Award Document, Meeting Agendas and Minutes, Proposal and Evaluation, Protest Document, Request for Proposal, Request for Qualification, Scope of Work, Sole Source, Statement of Qualification and Evaluation), Contract Administration (Agreement Closeout, Amendment and Reallocation, Conformed Agreement Package, Consultant Invoice) | CL+10 | | | GC §60201(d)(12); CCP §337.15 |
| ENG016 | Construction Agreement: Solicitation (Addendum and Question Answer Document, Award Document, Bid and Evaluation, Invitation for Bid Document, Meeting Agendas and Minutes, Protect Document, Sole Source) Contract Administration (Certified Payroll, Change Order, Claims Documentation, Conformed Contract Package, Contract Closeout, Contractor Progress Payment, Other Agreement, Stop Notice Request-Release) | CL+10 | | | GC §60201(d)(12); CCP §337.15 |



Orange County Sanitation District Records Retention Schedule

| Citation Codes | | Retention Codes | |
|--------------------------------------|--------------------------------|--------------------|--------------------------------------|
| CCP | Code of Civil Procedure (CA) | CL | Closed or Completed |
| CCR | California Code of Regulations | EX | Expired or Expiration |
| CFR | Code of Federal Regulations | LF | Life of Facility, Equip. or Software |
| EC | Elections Code (CA) | LO | Life of Organization or Permanent |
| GC | Government Code (California) | MA | Maturity |
| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

General Retention Schedule Information

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Engineering

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|---|-------------------------------|------------|---|
| ENG017 | Task Order: Solicitation (Addendum and Question Answer Document, Award Document, Meeting Agendas and Minutes, Proposal and Evaluation, Protest Document, Request for Proposal, Request for Qualification, Scope of Work, Sole Source, Statement of Qualification and Evaluation), Contract Administration (Agreement Closeout, Amendment and Reallocation, Conformed Agreement Package, Consultant Invoice) | CL+10 | | | GC §60201(d)(12); CCP §337.15 |
| ENG018 | Budget Documentation: Budget Table and Schedule Documentation (Construction Schedule Documentation) | CL+10 | | | GC §60201; CCP §337.15 |
| ENG019 | CEQA Correspondence, Including Correspondence with Outside Cities/Agencies: Includes Written and Electronic Correspondence Incorporates previous ENG002 at the direction of Legal Counsel | CL+10 | | | 14 CCR §15095(c), 14 CCR §15208, 14 CCR §15075, 14 CCR §15094, 14 CCR §15062, 14 CCR §15112; GC §60201(d)(10); SOS c27; Public Resource Code §21167.6 |
| ENG020 | Project-Related Permit Documentation: AQMD, Army Corps of Engineers, CEQA Permits, Certification of Environmental Compliance, Contaminated Soil Manifest, Dewatering Data, Encroachment/Right of Way, Mitigation Measure Monitoring Reporting, Permit for Construction, RWQCB, Storm Water Compliance Reporting, City/County Permits, CalTrans Permits, OSHA Excavation Permits, EPA, CA Dept. of Fish & Game, OCFCD Permit for Construction, Railway Permit for Construction | CL+5 | | | GC §60201 |
| ENG021 | Engineering Drawing: Conformed Set Drawings Conformed Set Drawings are superseded by Record Drawings & retained pursuant to ENG031 | S | | | GC §60201 |



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| GC | Government Code (California) | MA | Maturity |
| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
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Engineering

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|--|-------------------------------|------------|--------------------------------|
| ENG023 | Code and Standards | S+10 | | | GC §60201; CCP §337.15 |
| ENG024 | Design Documentation: Engineering Study and Analysis, Final Planning Study Report, Preliminary Design Report/Technical Memoranda, Engineering Calculations, Geotechnical and Geophysical Reports, Hazardous Materials Report, Hydrogeologic Report, Seismic Report | LF | | | GC §60201 |
| ENG025 | Construction Specialty: Electrical Test Report, Geotechnical Report, Instrumentation Testing, Materials Testing Report, Mechanical Testing, Other Test Report, Soil Report, Structural Testing, Survey Report, Commissioning Procedure, Inspection Daily Report and Construction Photo | LF | | | GC §60201 |
| ENG027 | Facility Reports: CIP Annual Report, OCSD-OC San Master Plan (Generated by Eng. Dept.), Strategic or Facility-Wide Planning Study Report (Seismic, Climate, Capacity, etc.) | LO | | | SOS c27 |
| ENG028 | Specification Conformed | LO | | | GC §60201 |
| ENG029 | Connection Permit: Trunk Sewer Connection Permit | S+2 | | | GC §60201; SOS c29, SOS c44 |



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Engineering

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|------------------|--|--|-------------------------------|------------|--------------------------------|
| ENG030 | Facility Permits: AQMD, Permit to Operate, CA Coastal Commission/Coastal Development, Building Permit, Fire Department Permit | LF+5 | | | GC §60201 |
| ENG031 | Engineering Drawing: Record Drawings (Tunnel Cross-Section, Vault Detail) | LO | | | GC §60201 |
| ENG032 | Shop Drawings | LO | | | GC §60201 |
| ENG033 | CEQA Related Documentation Pertaining to Meeting Agendas and Meeting Minutes | LO | | | GC §60201(d)(3) |



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Environmental Services

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|-------------------|--|---|-------------------------------|------------|---|
| ESD001 | Air Emissions Permitting Files (AQMD, CARB, Other): Final Permit, Testing Reports, Permit Applications, Correspondence | LO | | | CCP §338(k); SOS c27, SOS c17 |
| ESD002 | Asset Specific Emission Records: Various Equipment and Operational Information, Including Logs <i>Please see OMD014 & OMD016 for retention of some records within ESD002</i> | OB+7 | | | GC §60201; SOS c26 |
| ESD003 | Biosolids Management Records: Biosolids Hauling, Use, EMS Activities | LO | | | 40 CFR §503.17, 40 CFR §122.41(j)(2), 40 CFR §122.21; SOS c47 |
| ESD004 | Chain of Custody - Laboratory | 7 | | | GC §60201; SOS c22; 40 CFR 403.12(o), 40 CFR 503.17(a)(3)(i), (a)(4), 40 CFR 122.41(j)(2), 122.21(j)(4)-(6) |
| ESD005 | Collection Systems Records: Problem Reports and Customer Complaints Deleted due to duplication with OMD002 | 6 | | | GC §60201; SOS c33, SOS c43 |
| ESD006 | Compliance Program Documentation: Storm Water, SSO, Post Construction Mitigation, SSMP (WDR) | LO | | | SOS c25, SOS c27, SOS c45; 40 CFR 141.33, 40 CFR Part 141, 40 CFR 122.41 |



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| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
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| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
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Environmental Services

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|---|-------------------------------|------------|--------------------------------------|
| ESD009 | Environmental Audit Records: Conducted By OCSD -OC San | LO | | | GC §60201 |
| ESD010 | Environmental Audit Records: Conducted By Outside Parties | LO | | | GC §60201; SOS c27; SOS c17 |
| ESD011 | Interagency (Outside) Agreements and Documentation MOU | LO | | | GC §60201; GC §60201(d)(1); SOS c-24 |
| ESD012 | Lab SOP's | LO | | | GC §60201 |
| ESD013 | Laboratory Records: Sample Preparation Records, Raw Data, Data Logs, Data Packets, QA/QC Reports, Final Processed Data, LIMS Reports, Lab Equipment Maintenance and Sterilization | 7 | | | GC §60201; SOS c22, SOS c33 |
| ESD014 | Non Permittee Files: Inspection Reports Data, Correspondence | 6 | | | GC §60201 |



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Environmental Services

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|------------------|--|---|-------------------------------|------------|---|
| ESD015 | OMP Field Datasheets: Field Data and Collection Documentation, Animal Counts, Fish Collection Observations | LO | | | GC §60201; SOS c46; 40 CFR 141.33 |
| ESD016 | NPDES Permitting Files: Final Permit, Permit Applications, Special Studies & Reports, Correspondence <i>See Special Note in ESD020</i> | LO | | EL | 40 CFR §122.41(j)(2), 40 CFR §403.12(o) |
| ESD017 | Permittee Files: Discharge Permits and Urban Runoff | EX+6 | | | 40 §CFR 122.41(j)(2), §403.12(o) |
| ESD019 | Cleanup, Abatement, and Remediation of Underground Storage Tanks | LO | | | 23 CCR §2772; SOS c33 |
| ESD020 | Compliance and Annual Reports: Discharge Monitoring Reports (DMR), Marine Monitoring Annual Report (MMAR), Biosolids Annual Report <i>Special Note: The MMAR contains information from NPDES permits so should be used as a resource to ESD016</i> | LO | | P | GC §60201; 40 CFR § 122.41(j) |
| ESD021 | Non-Hazardous Waste Waste Hauler Manifests | 40 3 | | | 40 CFR §403.12(o)(v)(2); SOS c33 GC §60201; SOS c42 |



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Environmental Services

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|------------------|---|---|-------------------------------|------------|--------------------------------|
| ESD022 | Unprocessed Instrumentation Files & Lab Reports | LO | H, V | | GC §60201; 40 CFR § 122.41(j) |



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Financial Management and Administrative Services

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|---|-------------------------------|------------|--|
| FAD001 | Accounting Reports: Quarterly and Monthly Reports | 4 | | | GC §60201; SOS a1 |
| FAD002 | Accounts Payable Files: Vendor and Contractor Invoices, Bills, Statements, Any Non-Discharged Debt | CL+7 | | | GC §60201(d)(12); SOS c29; CL refers to final payment Freeze on all FAD002 records for the timeframe of 1/1/2010 through 12/31/2013. Freeze until 1/1/2048 for the purposes of fulfilling Build America Bonds IRS requirements. OCSD-OC San issued Build America Bonds in 2010 (outstanding through 2044) for which we are receiving a federal subsidy to offset our interest costs. The IRS guidance found states that all issuers should have records retention policies that maintain bond documents & related records (including documents supporting the disposition of funds) for at least the life of the bonds plus three years (through 2047). |
| FAD003 | Accounts Receivable Files | CL+7 | | | GC §60201(d)(12); CCP §337 et seq.; SOS c29; CL refers to final payment |



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Financial Management and Administrative Services

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|------------------|---|--|-------------------------------|------------|---|
| FAD004 | Annual Report - Financial | LO | H | | GC §60201; SOS c30 |
| FAD005 | Audit Records: Financial Statements, Audit Management Letters, Comprehensive Annual Financial Report (CAFR) | LO | H | | GC §60201 et seq.; SOS c30 |
| FAD006 | Bank Signature Cards | S+5 | | | GC §60201 |
| FAD007 | Banking Records: Deposit Receipts, Bank Statements, Checking Account Reconciliation, Cash Transfer Report (LAIF, Wire Transfers, and IntraBank Transfers), Adjustments - Returned Checks (NSF), ACH Returns, Positive Pay Exceptions | 6 | | | GC §60201; SOS c29; SOS c30 |
| FAD008 | Bonds: Certificates of Participation, Transcripts, Disclosure Reports, Registers, Issue Records, Determination of Allocation | LO | | | CCP §336(a), §337.5; GC §43900 et seq.; GC §60201 et seq. |
| FAD009 | Budgets (Adopted) | LO | H, V during current FY | | GC §60200; SOS c29 |



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| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | | |
| | | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
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Financial Management and Administrative Services

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|---|-------------------------------|------------|--|
| FAD010 | Budgets vs. Actual: Supporting Documentation Summaries, Worksheets, Goals and Objectives, Milestones | 5 | | | GC §60201; §34090; SOS c29 |
| FAD011 | Check Records: Cancelled Payroll Checks, Voided Copies For Automatic Deposits, Registers, Requests for Hand Checks & Interim Payroll Checks | 7 | | | GC §60201(d)(12); CCP §337; SOS c29 |
| FAD012 | Capital Facility Capacity Charges (CFCC) | LO | H | EL, P | GC §60201(d)(12); CCP §337; SOS c29 Changed to LO as it is beneficial for OCSD OC San to maintain copies of permits for fee calculations in the future and historical reference for fees paid for parcels. |
| FAD013 | Expense Reports | 7 | | | GC §60201(d)(12); CCP §337, SOS a1 |
| FAD014 | Financial Statements | 10 | | | SOS c39 |
| FAD015 | Financial System: ERP Database, Access Database, Utility Billing Data is interrelated across platforms | LO | | | GC §60201 |



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|------------------|---|---|-------------------------------|------------|---|
| FAD016 | Fixed Asset Records | LF | | | GC §60201; SOS c29; Life of Asset |
| FAD017 | General Ledger | LO | | | SOS c29, GC §60201(d)(12) |
| FAD018 | Investment Records: Investment Policy, Custodian Bank Transaction Records, Asset Detail, Asset Summary, Yield, Statements, LAIF Withdrawals/Deposits, Portfolio Withdrawals/Deposits, Treasurer's Report, GASB 40 Report, GASB 72 Report | LO | | | GC §34090; CCP §337; GC §53607; SOS c30 |
| FAD019 | Journal Entries | LO | | | GC §60201; CCP §337; SOS c29 |
| FAD020 | Local Resources Program Reports (LRP)/Water Certifications | LO | | | GC §60201; 40 CFR 141.91 |
| FAD021 | OCERS Files: Copies of OCERS Payments, Statements | CL+7 | | | GC §60201(d)(12); 29 CFR §516.6(a)(1); CL refers to final payment |



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|------------------|--|---|-------------------------------|------------|--|
| FAD022 | OCERS Retirement Report | LO | | | GC §60201(d)(12); 29 CFR §516.6(a)(1); Business Value |
| FAD023 | Payroll Records (Generated from Payroll Taxes): Timesheets; Payroll Registers and Reports; Unemployment Claims; Garnishments; Payment of Labor Costs Including Salaries, Wages, Compensation, and Deductions For Employees, Board Members, and Contractors (DE-6 & 941 Forms - Quarterly and Annual Payroll Tax Returns) | T+7 | | | GC §60201(d)(12); CCP §337; 29 CFR §§516.5, 516.6(a)(1); IRS Reg. §31.6001-1(e)(2); 26 CFR §1.6001-1; R&T §19530; 29 CFR 516.5(a)-(b); SOS c30 |
| FAD024 | Petty Cash Records | 7 | | | GC §60201(d)(12); CCP §337; SOS a1 |
| FAD025 | Rate Studies | 10 | | | GC §60201; Business Value |
| FAD026 | Rebates and Refunds: Sewer Service Fees | 7 | | | GC §60201 |
| FAD027 | State Controller's Reports | LO | | | GC §60201; SOS c30 |



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|------------------|---|---|-------------------------------|------------|--|
| FAD028 | Tax Records - Employee & Retirees: W-2's, 1099R, Annual Information Returns for Employees and Retirees | 7 | | | 29 CFR §516.5; SOS c30; IRS Reg. §31.6001-1(e)(2); R&TC §19530; 29 CFR §516.5 - 516.6; 29 USC §436; GC §60201(d)(12); 29 CFR §31.605-1, §31.600-1(d) |
| FAD029 | Tax Records (Generated From A/P & Vendor Files): Vendor | 7 | | | GC §60201 |
| FAD030 | Trial Balance Records | 7 | | | SOS c22; GC §60201(d)(12); GC §60201(d)(4) |
| FAD031 | Claims (Excluding Workers Comp Claims): Claims Against OCSD/OCSD-OC San/OC San Employees (Wrongdoing by OCSD/OCSD-OC San/OC San Employees, Project Related Injury), Employment Claims (Wrongful Termination, Harassment, Discrimination) | LO | | | GC §60201 |
| FAD032 | Redevelopment Agency (RDA) Records: Records Regarding Member Agency RDA Required Payment to OCSD-OC San | LO | | | GC §60201; SOS c29 |



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General Manager's Office

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|--|-------------------------------|------------|--------------------------------|
| GMO001 | Annual OCSD-OC San Reports: OCSD-OC San Strategic Plan | LO | H | | GC §60201 |
| GMO007 | GM Monthly Reports <i>LO in BSD002 as part of Board agenda packet distribution/retention</i> | 2 | | | GC §60201 |
| GMO009 | Executive Management Team (EMT) Meeting Files: Agenda, Agenda Report, Handouts | 2 | | | GC §60201; SOS a2 |
| GMO016 | Travel Records | 7 | | | GC §60201 |
| GMO017 | Executive Management Team (EMT) Meeting Minutes <i>Moved to Districtwide (DW009) & incorporated additional minutes like these</i> | LO-2 | | | GC §60201(b); SOS c24-SOS a2 |



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Human Resources

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|------------------|---|---|-------------------------------|------------|--|
| HRD001 | Classification & Compensation: Class & Comp Studies, Class Specifications, Salary Surveys, Salary Schedules, Pay Types, Reclass Requests, Desk Audits | LO | | | 29 CFR §1627.3; GC §12946; GC §60201; SOS c21 |
| HRD002 | Temporary Employees: Hiring Documents, Tracking Spreadsheet, Request Forms | CL+7 | | | CCP §§336(a), 337 et seq.; GC §60201; SOS c22, CCP §343 |
| HRD003 | Deferred Compensation Records: Participation Agreements | LO | | | 26 CFR §31.6001-1(e)(2); 26 CFR §16001-1; 29 CFR §1627.3; SOS c30 |
| HRD004 | District Benefit Contracts: Health, Dental, Vision, Other Benefit Contracts | LO | | | 29 CFR §1627.3(b)(2); -29 USC §1027; 11 CCR §560; 28 CCR §1300.85.1; GC §60201 |
| HRD005 | EEO-4 Reports and Files: Documents Required to Generate EEO-4 Report | CL+3 | | | 29 CFR §1602.30 |
| HRD006 | Employee & Labor Relations Files: Memorandums of Understanding (MOU), Arbitration, Grievances, Union Requests, Employee Rights, Appeals, Investigations, Performance Improvement Plans (PIP), Disciplinary Actions and Complaints, Sexual Harassment, Civil Rights | LO | | | 29 CFR §516.5; GC §12946; SOS c20; GC §60201; 29 CFR §1602.31; 29 CFR §1627.3(b)(1)(ii); SOS c20 |



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Human Resources

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|------------------|--|---|-------------------------------|------------|---|
| HRD007 | Employee Benefit Plans and Programs: Health Insurance, Supplemental Life Insurance, Beneficiary Designations, Records, Repayment Agreements, Eligibility Changes, Development Pay, Rideshare | T+7 Retirees: Death+7 | | | GC §12946; GC §60201(d)(12); 29 CFR §1627.3(b)(2); 29 CFR §§1602.30, 32; LC §1197.5 |
| HRD009 | Human Resources/ERP Database: Electronic Records Management - JDE, Cornerstone, Workterra (Data Shared Across These Systems/Feed Into Each Other) | LO | | | GC §60201 |
| HRD010 | I-9 Forms & Self-Identification Forms | T+3 | | | 8 USC §1324a(b)(3)(B); 8 CFR §1274a.2(b)(2)(i)(A) |
| HRD011 | Medical Files: Fitness for Duty, Leaves of Absence, Interactive Process, Workers Comp Medical Files are excluded from Personnel Files which are retained in HRD013 | T+30 Retirees: Death+30 | | | 8 CCR §3204(d)(1) et seq., GC §§12946, 60201 |
| HRD012 | Organization Charts | S+2 | | | GC §60201(d)(1) et seq. |
| HRD013 | Personnel Files: Includes Application, Awards, Disciplinary Actions, Certifications, Commendations, Employment Verifications, (pre-2011) Evaluations, Licenses, Status Change Forms, Policy Acknowledgements, Waiver of Responsibility for Voluntary Activities, Training Records, Pay Docs, Emergency Contacts, Change of Address, Outside Employment, Resignation Excludes Medical Records which are retained in HRD011 | T+7 | V until separation | | 29 CFR §§1602.31, 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 60201; 29 USC §1113 |



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Human Resources

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|------------------|--|---|-------------------------------|------------|---|
| HRD014 | Recruitment Records: Advertisements, Job Brochures, Test Data, Rating Sheets, Questions, Eligibility Lists, Electronic/NEOGOV Records Retention begins after hiring decision | CL+3 | | | 29 CFR §1602 et seq. & §1627.3(a)(b), 2 CCR §7287.0(c)(2), 8 CCR §11040, GC §12946; SOS c21 |
| HRD015 | Training Program Records: Class Attendance Sheets, Schedules, Classes Offered, Curriculum or Syllabus, Training Materials Development (Data Shared Across These Systems/Feed Into Each Other) | T+7 | | | GC §60201; SOS c21 |
| HRD016 | Background Checks: Candidate Background Checks | T+7 | | | GC §60201; SOS c21 |
| HRD017 | Human Resources Programs: Rideshare, Tuition Reimbursement, Computer Loan, Development Pay | CL+3 | | EL | GC §12946; SOS c20 |
| HRD018 | District Benefit Plans: Benefits Summary Plan Descriptions (Health, Dental, Vision, Other) | EX+5 | | | GC §60201; SOS c21 |
| HRD019 | OCSD-U OC San U (Formerly Known as BLAST & OCSD U) Development Records: Research Material, Timeline | LO | H | EL | GC §60201; SOSc28 |



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| HRD021 | OCSD -U-OC San U (Formerly Known as BLAST & OCSD U) Professional Development Articles From External Sources | NN | | EL | GC §60201 |
| HRD022 | OCSD -U-OC San U (Formerly Known as BLAST & OCSD U) Program Files: Minutes, Marketing Material, Program/Training Evaluations, Quarterly Reports | S+2 | | EL | GC §60201; SOS c19 |
| HRD023 | OCSD -U-OC San U (Formerly Known as BLAST & OCSD U) Working Documents: Member Rosters - Active & Inactive | S | | EL | GC §60201 |
| HRD024 | Workers Compensation Files, Including Claims | LO | | | CCR §14311; §15400.2; LC §110-139.6; SOS c24 |



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| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
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Information Technology

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|---|-------------------------------|------------|--|
| ITD001 | Access Authorization Forms: Email Access Requests, Internet Access Requests, Mobile Devices Access | T+3 | | | GC §60201 |
| ITD002 | Wiring Specs and Test Results - Loop Drawings Active until revised/rescinded/superseded | LF+2 | | | GC §60201; SOS c22; SOS a1 |
| ITD003 | System and Software Documentation: Network Design, Instruction, Licenses, License Codes, Agreements, Systems List, Permission to Directories, SharePoint Lists, Hardware and Software Documentation, Source Code, IT Manuals | S+2 | | | SOS c22; GC §60201; GC §34090 et seq.; GC §34090 et seq. |
| ITD004 | GIS (Geographic Information System) Database: Layers Data is interrelated across platforms | S | | | GC §60200; GC §60201 et seq. |
| ITD005 | Information/Activity Logs: Internet, Phone, Badge, Visitors | 2 | | | GC §60201 |
| ITD006 | IT Help Desk System: Service Tickets, Change Requests and Releases | CL+3 | | | GC §60201 |



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| Citation Codes | | Retention Codes | |
|-------------------------------|--------------------------------|--------------------|--------------------------------------|
| CCP | Code of Civil Procedure (CA) | CL | Closed or Completed |
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|------------------|---|---|-------------------------------|------------|---|
| ITD007 | Network Diagrams/System Configurations/Maps/Plans | 4 | | | GC §60201; GC §34090 et seq.; SOS c22 |
| ITD008 | IT Asset Inventory Database: IT Assets, Printers, Hardware, SCCM, Server Lists, Asset Explorer | S+2 | | | GC §60201; GC §34090 et seq. |
| ITD013 | System Log (Database): Transaction Logs, Error Logs | S+2 | | | SOS c22 |
| ITD015 | Video Surveillance Files and System Security Database | 1 | | | Recordings of routine video surveillance must be retained for at least one (1) year. Recordings of telephone and radio communications must be retained for at least 100 days. In the event that the recordings are evidence in any claim filed or any pending litigation, they shall be preserved until pending litigation is resolved. Notwithstanding the foregoing, if written minutes or an audio recording of the video surveillance is taken, the video surveillance can be destroyed after 90 days. The written minutes and audio recording can be destroyed after two (2) years. GC §§53160, 53161. |



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|------------------|---|---|-------------------------------|------------|--------------------------------|
| ITD016 | Two-Way Radio Licensing and Information | EX+2 | | | GC §60201; GC §34090 |
| ITD018 | Virtual Computer Files: Replication for Disaster Recovery Purposes | NN | | | GC §34090.7; SOS c22 |
| ITD023 | DigSmart/DigAlert Database/Tickets (Formerly Known as USA Tickets) | 3 | | | GC §60201 |



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Operations & Maintenance

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|--|-------------------------------|------------|--|
| OMD001 | Chemical Inventory Records (OPERATIONS): Delivery, Transfer, Usage, Manifest Worksheet, Inventory Logs | 2 | | | GC §60201; 49 CFR 172.704 (d), 49 CFR 199.117; SOS c33 |
| OMD002 | Complaint Files and Problem Reports (OPERATIONS): Related to Organization's Operations - Odor, Noise, Call Center Complaints | 2 | | EL | GC §60201; SOS c42 |
| OMD004 | Flow Records (OPERATIONS) | LO | | | GC §60201 |
| OMD005 | Logs (OPERATIONS): Control Center Plant Operations | 30 | | | GC §60201 |
| OMD006 | Logs (OPERATIONS): Operations Monthly Logs, Inspector Diaries, Control Center Visitor Logs | 3 | | | GC §60201; 40 CFR 122.41(j)(2) |
| OMD007 | Monthly Reports: Operating and Status Reports, Key Performance Indicator Reports (Generated by 810) | 2 | | EL | GC §60201 |



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Operations & Maintenance

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|------------------|--|--|-------------------------------|------------|---|
| OMD008 | O&M Policies & Procedures: Guidelines, Checklists, Standard Operating Procedures | S+5 | | EL | GC §60201; SOS c19 |
| OMD009 | Operating Journals (OPERATIONS): Alarm Summary (EL), Operations Round Sheets (EL, P), Midnight Readings (EL) | 2 | | EL, P | GC §60201; GC §53161 |
| OMD010 | Operating Records (OPERATIONS): Activated Sludge (AS) Plant Reports (EL, P), Operator Schedules (P), Biosolids Hauling Tickets (P), Grit & Screening Tickets (P) | 5 | | EL, P | GC §60201; 40 CFR 122.41 (j)(2) |
| OMD011 | Process Data (OPERATIONS): Monthly Summary of Operations (MSOs) [EL], Treatment Plant Operational Data (TPODs) [EL] | LO | | EL | GC §60201 |
| OMD014 | AQMD: 1-Cengen Emissions Reports, 2-AQMD Round Sheets, 3-Flare Reports Some of these records are key records to be retained for ESD002, please forward to ES if storage becomes burdensome | OB+7 | | P | GC §60201; SOS c27, CCP §338(k); Cengen Emissions Reports are used as part of Title V permitting, which is addressed in ESD002; OMD014 needs to match ESD002 for retention as these provide adherence to existing AQMD permit conditions. |
| OMD015 | Facility Maintenance & Repair (MAINTENANCE): LOTO Audits, Underground Storage Tank Permits, Assessment & Testing Results - Data, Corrective & Preventative Maintenance Records (Job Plans, Work Orders) | LF+2 | | EL, P | GC §60201; SOS c47 |



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Operations & Maintenance

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|--|-------------------------------|------------|---|
| OMD016 | Generator Operation Logs (OPERATIONS): Fixed or Stationary <i>Some of these records are key records to be retained for ESD002, please forward to ES if storage becomes burdensome</i> | OB+7 | | P | GC §34090; logs are used as part of AQMD Title V permitting, which is addressed in ESD002; OMD016 needs to match ESD002 for retention |
| OMD017 | Pressure Vehicle CNG Tank Inspection Certification (FLEET) | LF+2 | | EL, P | GC §34090 et. seq.; SOS c47, SOS c47; DMV & State Requirement |
| OMD018 | Vehicle Smog Check Inspection Report (FLEET) | LF+2 | | EL, P | GC §60201; DMV & State Requirement |
| OMD019 | CHP Commercial Inspection: Bit Inspection (CHP Commercial Vehicle Inspection), CHP Safety Maintenance Inspection | LF+2 | | P | 49 CFR §396.11(c)(2); GC §60201; CHP, DMV & State Requirement |
| OMD020 | Certifications: Mobile Crane, Vehicles, Equipment Calibration Certification | LF+2 | | EL, P | 8 CCR §14300.33(a); GC §60201 et seq.; LC §6429c; DMV & State Requirement |
| OMD021 | Chain of Custody: Source Control, Split Sample | 5 | | | 8 CCR §14300.33(a); GC §60201 et seq.; SOS c21 |



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Operations & Maintenance

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|------------------|--|---|-------------------------------|------------|---|
| OMD022 | Collection System Process Data (COLLECTIONS): Pump Station, CRISP | LO | | | GC §60201 |
| OMD023 | Inspection Reports & Photos (COLLECTIONS): Manhole | 10 | | | GC §60201; SOS c45 |
| OMD024 | Sewer Line Maintenance Files (COLLECTIONS) | 10 | | | GC §60201 |
| OMD026 | Vehicle Records (FLEET): Equipment Files, Maintenance, Registrations, Vehicle Titles ("Pink Slips"), Vehicle Citations Vehicle Titles/Pink Slips are transferred to new owner upon sale of vehicle; all other records are retained until Disposal of Vehicle or Equipment + 2 years | LF+2 | | | 8 CCR § 3203(b)(1), 49 CFR §396.21(b)(1), 49 CFR §396.3(c); CCP §337 et seq.; GC §34090 |



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Public Affairs

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|------------------|--|---|-------------------------------|------------|---|
| PAO001 | Education Curriculum: Sewer Science, Water Festival, Other | S+2 | | | GC §60201; SOS c24 |
| PAO002 | Outreach/Event File: Tour Documentation, RSVP's, Sign-in Sheets, Other Related Information | S+5 | | | GC §60201; SOS c24 |
| PAO003 | Marketing Material: Flyers, General Brochure, Marketing Brochures, Newsletters, Email Blasts, Marketing Related Presentations/PowerPoints | S+7 | | | GC §60201; SOS c19 |
| PAO006 | Press/Media Releases | LO | H | | GC §60201; SOS c40 SOS allows S+2; however, based on business needs, preferred retention is LO |
| PAO007 | Publication Proofs (Non-Board and/or CPM Related): General Marketing | S+2 | | | GC §60201; SOS c24 |
| PAO008 | Website Content Archiving PageFreezer provides services; Board Services manages | S+2 | | | GC §60201 |



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|------------------|--|--|-------------------------------|------------|--|
| PAO009 | Employee Events: Agency Awards, Recognitions, Announcements | LO | H | | GC §60201 Legal advice is S+2; however, based on business needs, preferred retention is LO |
| PAO010 | Legislative Files: Letters of Support, Opposition | LO | | | GC §60201; SOS c28 Legal advice is S+2; however, based on business needs, preferred retention is LO |
| PAO011 | Social Media Archiving: Facebook, Twitter, YouTube, Instagram <i>PageFreezer provides services; Board Services manages</i> | S+2 | | | GC §60201 |
| PAO012 | Annual Reports: OCSD-OC San Annual Report, Public Affairs Strategic Plan, Legislative Plan <i>All items taken to the Board for approval (annually, every two years)</i> | LO | H | | GC §60201 |



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Risk Management and Safety

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|------------------|---|---|-------------------------------|------------|---|
| RMS002 | DOT Random Drug & Alcohol Test Records | 5 | C | | 29 CFR §1627.3(b)(v); 49 CFR §382.401 et seq.; GC §12946, GC §60201 |
| RMS003 | Emergency Exercises & Drills, After Action Reports | NN | | | GC §60201; 29 CFR 1910.119(g), 29 CFR §1910.120(q) |
| RMS004 | Emergency Response: Response & Disaster Recovery Files, Emergency Operations Center Activation Notifications & Records | LO | | | GC §60201; 29 CFR 1910.119(g), 29 CFR §1910.120(q) |
| RMS006 | Industrial Hygiene & Safety Files - Location: Hazard Assessments, Site Assessments, Industrial Hygiene Reports, Surveys, Audits | LF | | | 8 CCR §3204; 29 CFR §1910 |
| RMS007 | Medical Files - Occupational: Fit Testing | T+30 | C | | 8 CCR §3204; 29 CFR §1910 |
| RMS008 | OSHA Compliance Records: Citations, Appeals Related, Correspondence OSHA 300 & 301 Logs retained in RMS012 | LO | | | OMB 1220-0029; 29 CFR §1904.4; SOS a2 |



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| Citation Codes | | Retention Codes | |
|-------------------------------|--------------------------------|-----------------|--------------------------------------|
| CCP | Code of Civil Procedure (CA) | CL | Closed or Completed |
| CCR | California Code of Regulations | EX | Expired or Expiration |
| CFR | Code of Federal Regulations | LF | Life of Facility, Equip. or Software |
| EC | Elections Code (CA) | LO | Life of Organization or Permanent |
| GC | Government Code (California) | MA | Maturity |
| H&S | Health & Safety Code | NN | When No Longer Needed |
| IRC | Internal Revenue Code | OB | Obsolete |
| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | | |
| | | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| | | TA | Tapes |
| Special Storage Consideration | | | |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

Risk Management and Safety

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|--|-------------------------------|------------|---|
| RMS010 | Risk & Safety Committee and Meeting Documents | 4 | | | 8 CCR §3203 et seq.; GC §60201 et seq. Retention aligns with Voluntary Protection Program (VPP) |
| RMS012 | OSHA Logs: 300 & 301 Logs | 7 | | | 8 CCR §14300.33(a), 29 CFR §1904.33, 29 CFR §1904.44; GC §60201 et seq.; LC §6429c |
| RMS014 | Accident & Incident Records | CL+7 | | | GC §60201; CCP §338; CFR §1904.6; SOS c24 |
| RMS015 | Asbestos & Lead Abatement Records | LO | | | GC §60201; CCR §1529(n)6 |
| RMS016 | Hazardous Materials Records: Business Plans, Hazardous Materials Inventory, Disclosures | 5 | | | GC §60201; 40 CFR §122.21(p), 40 CFR §122.41 |
| RMS017 | Calibration Gas Detectors Annual Recertification | 5 | | P | 8 CCR §14300.33(a), 29 CFR §1904.33, 29 CFR §1904.44; GC §60201 et seq.; LC §6429c |



Orange County Sanitation District Records Retention Schedule

General Retention Schedule Information

- This Records Retention Schedule pertains to any and all Official Records of OC San regardless of Media Type.
- Public Records Act requests, litigation, audits, claims, and investigations may suspend the stated retention periods and notification of such will be made. As stated in OC San's Records Retention Policy, authorization and proper destruction methods are required prior to destroying all Official Records, regardless of Media Type. When original records have reached their destruction term, all copies and duplicates must be destroyed, along with the original, regardless of Media Type.
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| IRS | Internal Revenue Service | S | Superseded |
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| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
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| H | Historical | | |
| V | Vital | | |

Risk Management and Safety

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|--|---|-------------------------------|------------|---|
| RMS018 | Confined Space Records & Entries | 4 | | | 5157(e)(6); 5157(d)(14); 29 CFR 1910.146(e)(6); 40 CFR §122.41(j)(2); GC 3400, 53161; SOS c42 Retention aligns with VPP |
| RMS019 | Hazardous Waste Records: Manifests, Disposals, Recyclable Non Hazardous Waste Material, Batteries, etc. | LO | | | 8 CCR §3204(d)(1) et seq., 40 CFR §122.41(j)(2), 40 CFR §141.33(b), 26 CCR §22-64470(a); GC §12946, §60201; CCR §66262.40(a), §66264.71(b)(6); SOS c47; SOS c33 |
| RMS020 | HazMat Permits, Environmental Health Permits: Bulk Chemicals, Fire, Battery Storage | LO | | | GC §60201 |
| RMS021 | Safety Data Sheets (SDS) | LO | | | 8 CCR §5194; 29 CFR §1910 |
| RMS024 | Training Records - Safety: Rosters, Syllabus, Schedule, Curriculum Material Only | 7 | | | GC §60201; SOS c21; Applies to Paper Records |
| RMS025 | Training Database | LO | | | GC §60201 |



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| H&S | Health & Safety Code | NN | When No Longer Needed |
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| IRS | Internal Revenue Service | S | Superseded |
| LC | Labor Code (CA) | SP | Separated |
| PC | Penal Code (CA) | T | Terminated |
| OMB | Office of Management & Budget | Media Types | |
| R&TC | Revenue & Taxation Code | CD | CD |
| SOS | Secretary of State | EL | Electronic |
| USC | United States Code | FD | Floppy Disk |
| WC | Water Code | P | Paper |
| Special Storage Consideration | | TA | Tapes |
| C | Confidential | | |
| H | Historical | | |
| V | Vital | | |

Risk Management and Safety

| Retention Number | Record Type | Retention Length (Years Unless Specified) | Special Storage Consideration | Media Type | Retention Citations / Comments |
|------------------|---|--|-------------------------------|------------|--|
| RMS026 | Radiation License & Disposal Records | LO | | | GC §60201 |
| RMS027 | Job Site Safety Analysis (JSSA), Job Hazard Analysis (JHA), Hot Work Permits | 4 | | | GC §60201; 29 CFR 1910.252, 29 CFR 1910.132, 29 CFR 1904.6; O.M.B. No. 1218-0176 Retention aligns with VPP |
| RMS028 | PPE Assessments | S | | | GC §60201; 29 CFR 1910.132 |
| RMS029 | Lock Out Tag Out Audits (LOTO) | 4 | | | GC §60201; 29 CFR 1910.147 (c)(7), (f)(2), (c)(6) Retention aligns with VPP |
| RMS030 | Industrial Hygiene & Safety Files - Personnel: Industrial Hygiene Reports - Air Sampling, Noise Testing and Workplace Contaminants | T+30 | | | GC §60201; 3204 - (d)(1)(B); 29 CFR 1910.1020 |
| RMS032 | Vehicle Inspection & Equipment Checks Files: Daily Safety Checks, Pre-Starts, Commercial Vehicle Pre-Starts and Forklift Inspections, Pre-Trip Inspections, CHP Inspections, Daily Vehicle Inspections, Daily Equipment Checks | 4 | | | 49 CFR §396.11 (c)(2), 49 CFR §396.21(b)(1); GC §60201 |



ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2021-1620

Agenda Date: 5/12/2021

Agenda Item No: 4.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

GENERAL MANAGER APPROVED PURCHASES AND ADDITIONS TO THE PRE-APPROVED OEM SOLE SOURCE LIST

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Receive and file Orange County Sanitation District purchases made under the General Manager's authority for the period of January 1, 2021 to March 31, 2021; and
- B. Approve the following additions to the pre-approved OEM Sole Source List for the period of January 1, 2021 to March 31, 2021:
 - ALTRONIC - CenGen Engine Ignition Subsystem Components
 - CECO FYBROC - Pumps and Parts
 - FLUKE ELECTRONICS CORPORATION / PRUFTECHNIK - Rotalign Touch Laser Shaft Alignment System
 - KURZ INSTRUMENTS - Gas Flow Meters
 - METTLER TOLEDO, LLC - Truck Loading Scale Controller Replacement
 - SDT ULTRASOUND SOLUTIONS - SDT Ultrasound Instruments, Hardware, and Software
 - SWAGELOK - Parts, Tools, and Service

BACKGROUND

Staff provides the Orange County Sanitation District (OC San) Administration Committee and the Board of Directors quarterly reports of General Manager approved and executed purchases between \$50,000 and \$100,000; maintenance and repair Services Task Orders between \$50,000 and \$300,000; and additions to the pre-approved OEM Sole Source List.

The list of additions to the pre-approved OEM Sole Source List displays the original equipment manufacturers (OEM) added this quarter that require sole source procurement to maintain, service, or replace equipment currently in operation at the OC San facilities because the parts and/or service (s) can only be provided by the OEM or their designated representative.

RELEVANT STANDARDS

- Quarterly financial reporting
- Ensure the public's money is wisely spent

PRIOR COMMITTEE/BOARD ACTIONS

December 2016 - Minute Order 12(b) authorized the General Manager to ratify additions or deletions to the OEM Sole Source list on the General Manager's quarterly approved purchases agenda report.

ADDITIONAL INFORMATION

In accordance with Board purchasing policies, Ordinance No. OCSD-52, the General Manager has authority to approve and execute purchases between \$50,000 and \$100,000. Below is a summary of General Manager approved purchases, in amounts exceeding \$50,000, for the third quarter of fiscal year 2020-21:

| Vendor Name | Amount | Department | Description/Discussion |
|-------------------------------|-------------|--------------------------|--|
| ARC | \$90,000.00 | Administrative Services | Reprographics and Document Management Services County of Orange Contract #RCA MA-017-16010366 and County's Amendment No. 2 dated 7/7/2020, in Accordance with Ordinance OCSD-52 Section 2.03 (B) Cooperative Purchases |
| CHARLES KING CO INC | \$59,825.00 | Operations & Maintenance | Plant 2 Stormwater Pump Station Bypass, Including Rental and Maintenance Cost of Equipment for up to Three (3) Additional Months Specification No. S-2020-1218BD |
| CORNERSTONE ONDEMAND, INC. | \$77,084.00 | Administrative Services | Annual Renewal for Maintenance with Cornerstone OnDemand 6/20/21 - 6/19/22 Board Approved OEM Sole Source List M.O. 12/14/16, Item 12 |
| CORTECH ENGINEERING | \$58,075.00 | Administrative Services | Stock Item Purchase of Flowserve Pump Board Approved OEM Sole Source List M.O. 5/27/20, Item 14 |
| DANIEL MECHANICAL SERVICE CO. | \$90,000.00 | Operations & Maintenance | Inspect four (4) Vessels and Replace Media for One (1) Vessel (TL Biotower #3) Sole Source Justification 2369 Reason: OEM Parts/Materials Available from Only One Source |
| DEF PRODUCTS, LLC | \$85,000.00 | Operations & Maintenance | Blanket PO for the Purchase and Delivery of Urea Solution 32.5% (reagent grade) Formaldehyde Free to Support Co-Gen & Cen-Gen SCR Emissions Systems 7/1/21 - 6/30/22 with 4 Optional Renewal Periods Specification No. C-2021-1220 |

| | | | |
|--|-------------|--------------------------|--|
| JAMISON ENGINEERING CONTRACTORS INC | \$88,080.00 | Operations & Maintenance | Blanket PO for On-Call Odor Control Services including Installation and Upgrade of Gas Flaps and Storm Drains 7/1/21 - 6/30/22 with 4 Optional Renewal Periods Specification No. S-2021-1219 |
| LABWARE INC | \$52,600.00 | Administrative Services | Labware Implementation Consulting for New Functionality of LIMS including Testing and Documentation Board Approved OEM Sole Source List M.O. 12/14/16, Item 12 |
| NEXT LEVEL FIRE & SAFETY INC | \$59,710.31 | Operations & Maintenance | Fire Hydrant Deficiency and Cosmetic Repairs Sole Source Justification 2389 Reason: Time Limitations to Address Fire Codes and Standards |
| OVIVO USA, LLC | \$55,048.47 | Administrative Services | Stock Purchase of Four (4) Stabilizer Bearing Assemblies and Parts for Tricking Filters Board Approved OEM Sole Source List M.O. 2/28/18, Item 13 |
| PARAGON PARTNERS LTD | \$90,000.00 | Administrative Services | Professional Right of Way Services 3/1/21 - 2/28/22 with 4 Optional Renewal Periods Specification No. CS-2020-1183 |
| PFT-ALEXANDER, INC. | \$59,800.00 | Operations & Maintenance | Purchase of Dresser Roots Model 6 Prover, Instruments, and Test Equipment Sole Source Justification 2406 Reason: Unique Product/Service |
| PUMPACTION CORP - SHG USA | \$69,190.00 | Operations & Maintenance | Commissioning/Start-up and Training for the Phase 2 of the Truckloading Auger Installation MP-585 Board Approved OEM Sole Source List M.O. 5/27/20, Item 14 |
| R.F. MACDONALD CO. | \$51,250.00 | Operations & Maintenance | Retubing of Boiler #1 at Plant 2 (Project FR2-0021) Specification No. CS-2020-1183 |
| SMARTCOVER SYSTEMS | \$60,041.75 | Operations & Maintenance | SmartCover Sewer Monitoring Systems to Provide and Install 10 (Ten) H2Scents Smart Covers and Components Board Approved OEM Sole Source List M.O. 2/24/21, Item 10 |
| SMS PIPELINE dba LIBERTY ENERGY-REMIT TO | \$84,000.00 | Operations & Maintenance | Blanket PO to Provide a OQ Damage Prevention Specialist for the Interplant Digester Gas Pipeline located in Fountain Valley Sole Source Justification 2413 Reason: Unique Product/Service |
| SPYDERCRANE SALES | \$86,150.00 | Operations & Maintenance | Purchase of SPYDERCRANE, Battery Powered Equipment, Part No: URW295CP3UBRS Sole Source Justification 2396 Reason: Unique Product/Service |
| WESTAIR GASES & EQUIPMENT INC | \$95,000.00 | Operations & Maintenance | Blanket PO for the Purchase of Bulk Liquid Oxygen (LOX) 2/2/21 - 8/20/21 Sole Source Justification 2396 Reason: Emergency |

Additionally, in accordance with Board purchasing policies, Ordinance No. OCSD-52, the General Manager has authority to approve and execute maintenance and repair Services Task Orders between \$50,000 and \$300,000. Below is a summary of General Manager approved maintenance and repair Services Task Orders, in amounts exceeding \$50,000, for the third quarter of fiscal year 2020-21:

| Vendor Name | Amount | Department | Description/Discussion |
|--|---------------|--------------------------|---|
| INNOVATIVE ENGINEERING AND MAINTENANCE | \$192,985.00 | Operations & Maintenance | Truck Loading Silo A Screw Conveyor Installation at Plant 2 (MP-585 Part 2) Specification No. TOB-2020-1213 of Master Service Contract S-2018-942BD-3 |
| J R FILANC CONSTRUCTION | \$193,250.00 | Operations & Maintenance | Chiller Building Feeder Cables Repair at Plant 1 Specification No. TOB-2021-1223 of Master Service Contract S-2018-942BD-4 |
| J R FILANC CONSTRUCTION | \$88,283.00 | Operations & Maintenance | Laboratory Building Roof Rehabilitation at Plant 1 Specification No. TOB-2020-1215 of Master Service Contract S-2018-942BD-4 |
| SHIMMICK CONSTRUCTION CO INC | \$114,800.00 | Operations & Maintenance | Junction Box A Overflow Pipes Repair at Plant 2 Specification No. TOB-2020-1205 of Master Service Contract S-2018-942BD-1 |

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

N/A



ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2021-1609

Agenda Date: 5/12/2021

Agenda Item No: 5.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OC SAN 21-XX entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing the execution and delivery by the District of an Installment Purchase Agreement, a Trust Agreement, a Continuing Disclosure Agreement and Escrow Agreements in connection with the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, authorizing the execution and delivery of such Revenue Obligations evidencing principal in an aggregate amount of not to exceed \$163,775,000, approving a Notice of Intention to Sell, authorizing the distribution of an Official Notice Inviting Bids and an Official Statement in connection with the offering and sale of such Revenue Obligations and authorizing the execution of necessary documents and related actions"; and
- B. That the Orange County Sanitation District Financing Corporation approve the documents supporting and authorizing the Revenue Obligations in an aggregate amount not to exceed \$163,775,000.

BACKGROUND

Outstanding Revenue Refunding Certificate Anticipation Notes, Series 2018A

The borrowing cost on the current outstanding Revenue Refunding Certificate Anticipation Notes, Series 2018A (2018A CANs), is fixed for 33.5 months and the entire \$102,200,000 plus interest becomes due and payable on August 15, 2021. The Orange County Sanitation District (OC San) is responsible for a total repayment, including interest due of \$104,755,000 or OC San could choose to refinance the 2018A CANs.

In March 2006, OC San issued \$200 million of variable rate Certificates of Participation (COP), Series 2006 (2006 COPs). Alternatively, OC San could have issued debt, at an estimated cost of 4.54%, on a fixed rate basis in 2006 ("2006 Fixed Rate"). For the initial 27 months through August 2008, the average variable rate on the 2006 COPs was 2.95% or 0.22% less than the SIFMA index (weekly market index of tax-exempt variable rate obligations). As the global financial crisis took hold

of the markets in the late summer of 2008, there was a significant increase in the variable rate borrowing cost to OC San, including many other municipal variable rate borrowers, with the 2006 COPs averaging 4.29% (or 1.56% above the SIFMA index) for the period between September 2008 and December 2008. The amount of the variable rate cost increase above the SIFMA index can be attributed to the weakened financial strength of the bank, DEPFA Bank plc, that was providing liquidity support on the 2006 COPs. Even with the increase in interest rates during this period of unprecedented stress, the 4.29% average cost was still lower than the 2006 Fixed Rate of 4.54%.

In December 2008, OC San proactively refunded the 2006 COPs with the fixed rate Refunding COP Series 2008C Certificate Anticipation Notes (2008C CANs) yielding 0.98% for a one-year period to reduce its exposure to then higher and more volatile variable rate costs and to avoid relying on liquidity support from weakening banks. The issuance of the 2008C CANs allowed OC San to redeem the 2006 COPs at an all-in cost of less than 1.25% and avoid paying a bank rate of 4.75% which would have been effective starting a month later. Since the 2008C CANs issuance, OC San completed five additional one-year refinancings at progressively lower yields, followed by two 25-month refinancings starting in 2014, and with the most recent 33.5-month refinancing in 2018, as summarized below:

| Series | Principal Amount | Maturity | Yield | All-in Cost |
|--------|------------------|-------------|--------|-------------|
| 2009B | \$ 165,865,000 | 1 Year | 0.370% | 0.559% |
| 2010B | 154,665,000 | 1 Year | 0.360 | 0.525 |
| 2011B | 143,205,000 | 1 Year | 0.225 | 0.399 |
| 2012C | 131,700,000 | 1 Year | 0.210 | 0.410 |
| 2013A | 129,625,000 | 1 Year | 0.170 | 0.390 |
| 2014B | 120,850,000 | 25.0 months | 0.320 | 0.523 |
| 2016B | 109,875,000 | 25.5 months | 0.840 | 1.002 |
| 2018A | 102,200,000 | 33.5 months | 1.940 | 2.134 |

Outstanding Wastewater Refunding Revenue Obligations, Series 2011A

In October 2011, OC San issued \$147,595,000 of fixed rate Wastewater Refunding Revenue Obligations, Series 2011A (2011A Revenue Obligations) to refund outstanding debt. With current tax-exempt interest rates lower than the coupons on the 2011A Revenue Obligations, a refunding could provide attractive savings to OC San. The current outstanding amount of the 2011A Revenue Obligations is \$75,370,000, of which \$61,575,000 maturing on and after February 1, 2022 are callable on August 1, 2021.

New Wastewater Refunding Revenue Obligations, Series 2021A

On March 24, 2021, the Board of Directors authorized the General Manager to pursue a fixed rate refunding of the 2018A CANs and 2011A Revenue Obligations. Approval of the recommended actions and the associated documents will enable the staff to complete the refundings.

RELEVANT STANDARDS

- OC San District Debt Policy - Financial Management Policy and Procedure 201-3-1; restructuring outstanding debt is desirable and refunding to achieve debt service savings
- Easy access to low-cost credit

PROBLEM

2018A CANs

The 2018A CANs are due and payable on August 15, 2021 in the amount of \$104,755,000. The 2018A CANs were issued with a short-term 33.5-month rate with the expectation that upon maturity the issue would be refinanced.

2011A Revenue Obligations

The interest rates payable on the 2011A Revenue Obligations are higher than current market yields.

PROPOSED SOLUTION

The issuance of up to \$163,775,000 of Wastewater Refunding Revenue Obligations, Series 2021A would allow OC San to (1) repay the 2018A CANs while restructuring the amortization to result in level annual repayments through 2036 (the final maturity of the original 2006 COPs) at a low cost (1.42% based on market conditions as of April 23, 2021) and avoids using \$105 million of reserves for such purpose and (2) refund up to \$61,575,000 of the 2011A Revenue Obligations with a matching refunding amortization structure for net present value debt service savings of approximately \$7.51 million (equal to 12.2% of refunded principal), based on market conditions as of April 23, 2021.

TIMING CONCERNS

2018A CANs

The OC San must complete a refinancing by no later than August 15, 2021; otherwise, \$105 million of reserves will be required to repay the 2018A CANs.

2011A Revenue Obligations

OC San can optionally early redeem the 2011A Revenue Obligations on August 1, 2021. If the 2011A Revenue Obligations remain outstanding past August 1, 2021, OC San would pay interest costs above current market yields.

RAMIFICATIONS OF NOT TAKING ACTION

2018A CANs

Not taking action by August 15, 2021 would require OC San to use its reserves to repay the 2018A CANs or result in an "Event of Default" due to the non-repayment to lenders. The economic

ramification of an Event of Default would result in a downgrade in credit ratings, reduced access to capital and higher costs of borrowing.

2011A Revenue Obligations

Not refunding the 2011A Revenue Obligations would result in OC San continuing to pay above market interest costs.

PRIOR COMMITTEE/BOARD ACTIONS

March 2021 - The Board of Directors authorized the General Manager to issue new fixed rate Certificates of Participation, to be referred to as Wastewater Refunding Revenue Obligations, in (1) an amount sufficient to refund \$102,200,000 of Revenue Refunding Certificate Anticipation Notes, Series 2018A maturing on August 15, 2021 and (2) an additional amount sufficient to refund, subject to market conditions, up to \$61,575,000 of Wastewater Refunding Revenue Obligations, Series 2011A.

September 2018 - The Board of Directors adopted Resolution No. OCSD 18-17, authorizing the execution and delivery by the Sanitation District on an Installment Purchase Agreement, a Trust Agreement and a Continuing Disclosure Agreement in connection with the execution and delivery of OC San Revenue Refunding Certificate Anticipation Notes, Series 2018A, such notes evidencing principal in an aggregate amount of not to exceed \$109,875,000, approving a Notice of Intention to Sell, authorizing the distribution of an Official Notice Inviting Bids and an Official Statement in connection with the offering and sale of such notes and authorizing the execution of other necessary documents and related actions.

ADDITIONAL INFORMATION

Since this is a fixed-rate debt issuance, staff is proposing to issue the refunding through a competitive sale because it is the most expeditious way to access the market and it is expected to provide the lowest costs for this given structure. All costs involved with the refunding, including costs for Public Resources Advisory Group (Municipal Advisor) and Norton Rose Fulbright US LLP (Special Counsel and Disclosure Counsel) will be paid from the proceeds of the new refunding issue.

Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) requires that the governing body of a public body obtain prior to authorizing the issuance of bonds with a term of greater than 13 months (which includes the 2021A Revenue Obligations), good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds. For the anticipated issuance of 2021A Revenue Obligations, OC San's Municipal Advisor, Public Resources Advisory Group, estimates, based on market conditions as of April 23, 2021 and subject to changing market conditions which may result in the figures being higher or lower, the following:

- a) true interest cost of 1.22%;
- b) sum of all fees and charges paid to third parties of \$795,662;
- c) net proceeds of \$163,865,000; and
- d) total payments of \$175,555,171

Legal Authorization and Approvals

The Board of Directors of OC San and the Financing Corporation will each be required to adopt separate Resolutions to complete this refunding. A Financing Corporation is required by the structure of the Revenue Obligations and was formed in April 2000 solely to satisfy this need. The Board of Directors of the Corporation is the same as the Board of Directors of OC San and the Corporation meets after an adjournment of the OC San Board.

The OC San Resolution authorizes the execution and delivery of certain legal documents and the execution and delivery of Wastewater Refunding Revenue Obligations, Series 2021A, evidencing principal in an aggregate amount of not to exceed \$163,775,000 all as spelled out in the title as follows:

“A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE AGREEMENT, A TRUST AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND ESCROW AGREEMENTS IN CONNECTION WITH THE ORANGE COUNTY SANITATION DISTRICT WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH REVENUE OBLIGATIONS EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$163,775,000, APPROVING A NOTICE OF INTENTION TO SELL, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL NOTICE INVITING BIDS AND AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH REVENUE OBLIGATIONS AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND RELATED ACTIONS.”

The Resolution of the Corporation is somewhat shorter and simpler. It authorizes three actions that are similarly enumerated in the title as follows:

“A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION AUTHORIZING THE EXECUTION AND DELIVERY BY THE CORPORATION OF AN INSTALLMENT PURCHASE AGREEMENT AND A TRUST AGREEMENT IN CONNECTION WITH THE ORANGE COUNTY SANITATION DISTRICT WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH REVENUE OBLIGATIONS EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$163,775,000 AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND RELATED ACTIONS.”

Following is a list of the remaining steps to be completed for the issuance of the Wastewater Refunding Revenue Obligations, Series 2021A debt issuance:

May:

- Board of Directors approval of legal and disclosure documents
- Financing Corporation approval of legal and disclosure documents

June:

- Request ratings from bond rating agencies
- Rating agency discussions

July:

- Receive ratings from rating agencies
- Marketing and sale through a competitive sale process
- Closing
- Begin debt administration

CEQA

N/A

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Resolution No. OC SAN No. 21-XX
- Financing Corporation Resolution No. FC-XX
- Draft Installment Purchase Agreement
- Draft Trust Agreement
- Draft Notice of Intention to Sell
- Draft Official Notice Inviting Bids
- Draft Preliminary Official Statement
- Draft Continuing Disclosure Agreement
- Draft 2011A Revenue Obligations Escrow Agreement
- Draft 2018A CANs Escrow Agreement

RESOLUTION NO. OC SAN 21-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE AGREEMENT, A TRUST AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND ESCROW AGREEMENTS IN CONNECTION WITH THE ORANGE COUNTY SANITATION DISTRICT WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH REVENUE OBLIGATIONS EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$163,775,000, APPROVING A NOTICE OF INTENTION TO SELL, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL NOTICE INVITING BIDS AND AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH REVENUE OBLIGATIONS AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND RELATED ACTIONS

WHEREAS, to refinance the acquisition, construction and installation of certain improvements to its wastewater system (the "2011 Prior Project"), the Orange County Sanitation District (the "District") has heretofore purchased the 2011 Prior Project from the Orange County Sanitation District Financing Corporation (the "Corporation"), and the Corporation has heretofore sold the 2011 Prior Project to the District, for the installment payments (the "2011 Prior Installment Payments") made by the District pursuant to the Installment Purchase Agreement, dated as of October 1, 2011 (the "2011 Prior Installment Purchase Agreement"), by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2011 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2011A (the "2011 Prior Obligations"), evidencing direct, undivided fractional interests in the 2011 Prior Installment Payments;

WHEREAS, to refinance certain improvements to its wastewater system (the "2018 Prior Project" and, together with the 2011 Prior Project, the "Prior Projects"), the District has heretofore purchased the 2018 Prior Project from the Corporation, and the Corporation has heretofore sold the 2018 Prior Project to the District, for the installment payments (the "2018 Prior Installment Payments" and, together with the 2011 Prior Installment Payments, the "Prior Installment Payments") made by the District pursuant to the Installment Purchase Agreement, dated as of November 1, 2018 (the "2018 Prior Installment Purchase Agreement" and, together with the 2011 Prior Installment Purchase Agreement, the "Prior Installment Purchase Agreement"), by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2018 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Revenue Refunding Certificate Anticipation Notes, Series 2018A (the “2018 Prior Notes”), evidencing direct, undivided fractional interests in the 2018 Prior Installment Payments;

WHEREAS, the District desires to refinance all or a portion of the Prior Projects by prepaying all or a portion of the remaining Prior Installment Payments, and the interest thereon to the date of prepayment, thereby causing all or a portion of the remaining 2011 Prior Obligations maturing on February 1, 2023 through 2026, inclusive, and 2018 Prior Notes to be prepaid;

WHEREAS, to provide the funds necessary to prepay a portion of the remaining Prior Installment Payments, the District and the Corporation desire that the Corporation purchase the Prior Projects from the District and the District sell the Prior Projects to the Corporation, and that the District then purchase the Prior Projects from the Corporation and the Corporation sell the Prior Projects to the District, for the installment payments (the “Installment Payments”) to be made by the District pursuant to an Installment Purchase Agreement by and between the District and the Corporation (such Installment Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Installment Purchase Agreement”);

WHEREAS, the Corporation intends to assign without recourse certain of its rights under and pursuant to the Installment Purchase Agreement to U.S. Bank National Association, as trustee (the “Trustee”), pursuant to a Trust Agreement by and among the Trustee, the Corporation and the District (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Trust Agreement”);

WHEREAS, in consideration of such assignment and the execution and delivery of the Trust Agreement, the Trustee intends to execute and deliver the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon;

WHEREAS, the District desires to provide for the public sale of the Revenue Obligations;

WHEREAS, a form of the Notice of Intention to Sell to be published in connection with the public offering and sale of the Revenue Obligations has been prepared (such Notice of Intention to Sell, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Notice of Intention to Sell”);

WHEREAS, a form of the Official Notice Inviting Bids to be distributed in connection with the public offering and sale of the Revenue Obligations has been prepared (such Official Notice Inviting Bids, in the form presented to this meeting, with

such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Notice Inviting Bids”);

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Revenue Obligations has been prepared (such Preliminary Official Statement in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Preliminary Official Statement”);

WHEREAS, Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), requires that the underwriter thereof must have reasonably determined that the District has undertaken in a written agreement or contract for the benefit of the holders of the Revenue Obligations to provide disclosure of certain financial information and certain material events on an ongoing basis;

WHEREAS, to cause such requirement to be satisfied, the District desires to enter into a Continuing Disclosure Agreement with Digital Assurance Certification, LLC (such Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Agreement”);

WHEREAS, there have been prepared and submitted to this meeting forms of:

- (a) the Installment Purchase Agreement;
- (b) the Trust Agreement;
- (c) the Notice of Intention to Sell;
- (d) the Notice Inviting Bids;
- (e) the Preliminary Official Statement;
- (f) the Continuing Disclosure Agreement;
- (g) the Escrow Agreement relating to the 2011 Prior Obligations to be prepaid (the “2011 Escrow Agreement”); and
- (h) the Escrow Agreement relating to the 2018 Prior Notes to be prepaid (the “2018 Escrow Agreement” and, together with the 2011 Escrow Agreement, the “Escrow Agreements”).

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered,

pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District DOES HEREBY RESOLVE, DETERMINE AND ORDER:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors of the District (the "Board") so finds.

Section 2. The Installment Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. The Chair of the Board, and such other member of the Board as the Chair may designate, the General Manager of the District, the Assistant General Manager, Director of Finance and Administrative Services of the District, and such other officers of the District as the Assistant General Manager, Director of Finance and Administrative Services may designate (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Installment Purchase Agreement in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Installment Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate principal amount of Installment Payments in excess of \$163,775,000.00, shall not result in a true interest cost for the Installment Payments in excess of 3.0% and shall not result in a final Installment Payment later than February 1, 2036.

Section 3. The Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer.

Section 4. The execution and delivery of Revenue Obligations evidencing principal in an aggregate amount not to exceed \$163,775,000.00, payable in the years and in the amounts, and evidencing principal of and interest on the Installment Payments as specified in the Trust Agreement as finally executed, are hereby authorized and approved.

Section 5. The prepayment of all or a portion of the remaining principal components of the Prior Installment Payments, and the interest components thereof to the dates of prepayment, and the 2011 Prior Obligations maturing on February 1, 2023 through 2026, inclusive, and the 2018 Prior Notes evidencing interests therein, as determined by any Authorized Officer, is hereby authorized, and approved.

Section 6. The form of Notice of Intention to Sell, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Notice of Intention to Sell in connection with the offering and sale of the Revenue Obligations is hereby approved. The Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to cause the Notice of Intention to Sell to be published once in *The Bond Buyer* (or in such other financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the Revenue Obligations as an Authorized Officer shall approve as being in the best interests of the District) at least five days prior to the date set for the opening of bids in the Notice Inviting Bids, with such changes, insertions and omissions therein as an Authorized Officer may require or approve, such requirement or approval to be conclusively evidenced by such publishing of the Notice of Intention to Sell.

Section 7. The Notice Inviting Bids, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Notice Inviting Bids in connection with the offering and sale of the Revenue Obligations is hereby authorized and approved. The terms and conditions of the offering and sale of the Revenue Obligations shall be as specified in the Notice Inviting Bids. Bids for the purchase of the Revenue Obligations shall be received at the time and place set forth in the Notice Inviting Bids. The Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to accept the bid for the Revenue Obligations with the lowest true interest cost, or to reject all bids therefor, in accordance with the terms of the Notice Inviting Bids.

Section 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Revenue Obligations is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain information permitted by Rule 15c2-12 to be omitted). The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Revenue Obligations a reasonable number of copies of the Preliminary Official Statement.

Section 9. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Revenue Obligations, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them is, hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the District.

Section 10. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Continuing Disclosure Agreement in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by such Authorized Officer.

Section 11. The Escrow Agreements, in substantially the forms submitted to this meeting and made a part hereof as though set forth herein, be and the same are hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Escrow Agreements in the forms submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Escrow Agreements by such Authorized Officer.

Section 12. The Authorized Officers are, and each of them hereby 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 for carrying out the execution and delivery of the Revenue Obligations and the transactions contemplated by the notices, agreements and documents referenced in this Resolution.

Section 13. All actions heretofore taken by the officers and employees of the District with respect to the execution, delivery and sale of the Revenue Obligations, or in connection with or related to any of the agreements or documents referenced in this Resolution, are hereby approved, confirmed and ratified.

Section 14. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Orange County Sanitation District held May 26, 2021.

David John Shawver
Board Chair

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

APPROVED:

Bradley R. Hogin
General Counsel

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OC SAN 21-XX was passed and adopted at a regular meeting of said Board on the 26th day of May 2021, by the following vote, to wit:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 26th day of May 2021.

Kelly A. Lore, MMC
Clerk of the Board of Directors
Orange County Sanitation District

RESOLUTION NO. FC-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION AUTHORIZING THE EXECUTION AND DELIVERY BY THE CORPORATION OF AN INSTALLMENT PURCHASE AGREEMENT AND A TRUST AGREEMENT IN CONNECTION WITH THE ORANGE COUNTY SANITATION DISTRICT WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH REVENUE OBLIGATIONS EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$163,775,000 AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND RELATED ACTIONS

WHEREAS, to refinance the acquisition, construction and installation of certain improvements to its wastewater system (the "2011 Prior Project"), the Orange County Sanitation District (the "District") has heretofore purchased the 2011 Prior Project from the Orange County Sanitation District Financing Corporation (the "Corporation"), and the Corporation has heretofore sold the 2011 Prior Project to the District, for the installment payments (the "2011 Prior Installment Payments") made by the District pursuant to the Installment Purchase Agreement, dated as of October 1, 2011 (the "2011 Prior Installment Purchase Agreement"), by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2011 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2011A (the "2011 Prior Obligations"), evidencing direct, undivided fractional interests in the 2011 Prior Installment Payments;

WHEREAS, to refinance certain improvements to its wastewater system (the "2018 Prior Project" and, together with the 2011 Prior Project, the "Prior Projects"), the District has heretofore purchased the 2018 Prior Project from the Corporation, and the Corporation has heretofore sold the 2018 Prior Project to the District, for the installment payments (the "2018 Prior Installment Payments" and, together with the 2011 Prior Installment Payments, the "Prior Installment Payments") made by the District pursuant to the Installment Purchase Agreement, dated as of November 1, 2018 (the "2018 Prior Installment Purchase Agreement" and, together with the 2011 Prior Installment Purchase Agreement, the "Prior Installment Purchase Agreement"), by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2018 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Revenue Refunding Certificate Anticipation Notes, Series 2018A (the "2018 Prior Notes"), evidencing direct, undivided fractional interests in the 2018 Prior Installment Payments;

WHEREAS, the District desires to refinance all or a portion of the Prior Projects by prepaying all or a portion of the remaining Prior Installment Payments, and the interest thereon to the date of prepayment, thereby causing all or a portion of the remaining 2011 Prior Obligations, maturing on February 1, 2023 through 2026, inclusive, and 2018 Prior Notes to be prepaid;

WHEREAS, to provide the funds necessary to prepay a portion of the remaining Prior Installment Payments, the District and the Corporation desire that the Corporation purchase the Prior Projects from the District and the District sell the Prior Projects to the Corporation, and that the District then purchase the Prior Projects from the Corporation and the Corporation sell the Prior Projects to the District, for the installment payments (the "Installment Payments") to be made by the District pursuant to an Installment Purchase Agreement by and between the District and the Corporation (such Installment Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Installment Purchase Agreement");

WHEREAS, the Corporation intends to assign without recourse certain of its rights under and pursuant to the Installment Purchase Agreement to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement by and among the Trustee, the Corporation, and the District (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement");

WHEREAS, in consideration of such assignment and the execution and delivery of the Trust Agreement, the Trustee intends to execute and deliver the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the "Revenue Obligations"), evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon;

WHEREAS, there have been prepared and submitted to this meeting forms of:

- (a) the Installment Purchase Agreement; and
- (b) the Trust Agreement;

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Corporation is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, the Board of Directors of the Corporation DOES HEREBY RESOLVE, DETERMINE AND ORDER:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors of the Corporation (the "Board") so finds.

Section 2. The Installment Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. The President of the Corporation, the Vice-President of the Corporation, the Treasurer of the Corporation and the Secretary of the Corporation, and such other officers of the Corporation as the President may designate (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the Corporation, to execute and deliver the Installment Purchase Agreement in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Installment Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate principal amount of Installment Payments in excess of \$163,775,000, shall not result in a true interest cost for the Installment Payments in excess of 3.0% and shall not result in a final Installment Payment later than February 1, 2036.

Section 3. The Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Corporation, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer.

Section 4. The execution and delivery of Revenue Obligations evidencing principal in an aggregate amount of not to exceed \$163,775,000, payable in the years and in the amounts, and evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon, as specified in the Trust Agreement as finally executed, are hereby authorized, and approved.

Section 5. The officers and agents of the Corporation are, and each of them hereby 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 for carrying out the execution and delivery of the Revenue Obligations and the transactions contemplated by the agreements or documents referenced in this Resolution.

Section 6. All actions heretofore taken by the officers and agents of the Corporation with respect to the execution, delivery, and sale of the Revenue Obligations,

or in connection with or related to any of the agreements or documents referenced in this Resolution, are hereby approved, confirmed and ratified.

Section 7. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Orange County Sanitation District
Financing Corporation held on May 26, 2021.

David John Shawver
President, Orange County Sanitation
District Financing Corporation

ATTEST:

Kelly A. Lore, MMC
Secretary, Orange County Sanitation
District Financing Corporation

APPROVED:

Bradley R. Hogin
General Counsel, Orange County
Sanitation District Financing Corporation

INSTALLMENT PURCHASE AGREEMENT

by and between

ORANGE COUNTY SANITATION DISTRICT

and

ORANGE COUNTY SANITATION DISTRICT
FINANCING CORPORATION

Dated as of July 1, 2021

Relating to

[\$Par Amount]
Orange County Sanitation District
Wastewater Refunding Revenue Obligations
Series 2021A

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INSTALLMENT PURCHASE AGREEMENT

THIS INSTALLMENT PURCHASE AGREEMENT (this “Installment Purchase Agreement”), dated as of July 1, 2021, is by and between the ORANGE COUNTY SANITATION DISTRICT, a county sanitation district organized and existing under the laws of the State of California (the “District”), and the ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”).

WITNESSETH:

WHEREAS, to refinance the acquisition, construction and installation of certain improvements to its wastewater system (the “2011 Prior Project”), the Orange County Sanitation District (the “District”) has heretofore purchased the 2011 Prior Project from the Orange County Sanitation District Financing Corporation (the “Corporation”), and the Corporation has heretofore sold the 2011 Prior Project to the District, for the installment payments (the “2011 Prior Installment Payments”) made by the District pursuant to the Installment Purchase Agreement, dated as of October 1, 2011, by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2011 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2011A, maturing on February 1, 2023 through 2026, inclusive (the “2011 Prior Obligations”), evidencing direct, undivided fractional interests in the 2011 Prior Installment Payments;

WHEREAS, the District has determined to refinance a portion of the 2011 Prior Project by prepaying a portion of the remaining principal components of the 2011 Prior Installment Payments (the “2011 Refunded Installment Payments”), and the interest components thereof to the date of prepayment, thereby causing to be prepaid a portion of the currently outstanding 2011 Prior Obligations maturing on February 1 in the years 2023 through 2026, inclusive, in the aggregate principal amount of \$61,575,000 (the “2011 Refunded Obligations”);

WHEREAS, to refinance certain improvements to its wastewater system (the “2018 Prior Project”), the District has heretofore purchased the 2018 Prior Project from the Corporation, and the Corporation has heretofore sold the 2018 Prior Project to the District, for the installment payments (the “2018 Prior Installment Payments”) made by the District pursuant to the Installment Purchase Agreement, dated as of November 1, 2018, by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2018 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Revenue Refunding Certificate Anticipation Notes, Series 2018A (the “2018 Prior Notes” and together with the 2011 Prior Obligations, the “Prior Obligations”), evidencing direct, undivided fractional interests in the 2018 Prior Installment Payments;

WHEREAS, the District has determined to refinance the 2018 Prior Project by prepaying the remaining principal components of the 2018 Prior Installment Payments (the “2018 Refunded Installment Payments” and, together with the 2011 Refunded Installment Payments, the “Refunded Installment Payments”), and the interest components thereof to the date of prepayment, thereby causing to be prepaid the currently outstanding 2018 Prior Notes in the aggregate principal amount of \$102,200,000 (the “2018 Refunded Notes”);

WHEREAS, to provide the funds necessary to prepay a portion of the remaining Prior Installment Payments, the District and the Corporation desire that the Corporation purchase the Project from the District and the District sell the Project to the Corporation, and that the District then purchase the Project from the Corporation and the Corporation sell the Project to the District, for the installment payments (the “Installment Payments”) to be made by the District pursuant to this Installment Purchase Agreement;

WHEREAS, pursuant to the Master Agreement for District Obligations, dated as of August 1, 2000, by and between the District and the Corporation, the District has established and declared the conditions and terms upon which obligations such as this Installment Purchase Agreement, and the Installment Payments, and the interest thereon, are to be incurred and secured;

WHEREAS, the Corporation proposes to assign without recourse certain of its rights under and pursuant to this Installment Purchase Agreement to U.S. Bank National Association, as trustee (the “Trustee”);

WHEREAS, in consideration of such assignment and the execution and delivery of the Trust Agreement, dated as of the date hereof, by and among the Trustee, the Corporation and the District, the Trustee has agreed to execute and deliver the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon, payable hereunder;

WHEREAS, a portion of the proceeds of the Revenue Obligations will be used to prepay a the Refunded Installment Payments; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Except as provided in Section 1.02 hereof or unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

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

“Closing Date” means _____, 2021.

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

“District” means the Orange County Sanitation District, a county sanitation district organized and existing under and by virtue of the laws of the State, and any successor thereto.

“Event of Default” means an event described in Section 6.01 hereof.

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

“Installment Payment Dates” means each February 1, commencing February 1, 2022.

“Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of July 1, 2021, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms hereof.

“Interest Payment Date” means February 1 and August 1 of each year, commencing February 1, 2022.

“Master Agreement” means the Master Agreement for District Obligations, dated as of August 1, 2000, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

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

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

“**Revenue Obligations**” means the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, executed and delivered by the Trustee, which are certificates of participation, evidencing direct, undivided fractional interests in the Installment Payments, and the interest thereon, executed and delivered under and pursuant to the Trust Agreement.

“**Trust Agreement**” means the Trust Agreement, dated as of July 1, 2021, by and among the Trustee, the Corporation and the District, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“**Trustee**” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or any other bank or trust company which may at any time be substituted in its place as provided in the Trust Agreement.

Section 1.02. Definitions in Master Agreement and Trust Agreement. Except as otherwise herein defined and unless the context otherwise requires, the terms defined in the Master Agreement or the Trust Agreement shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein have the meanings defined therein, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined therein. With respect to any defined term which is given a different meaning under this Installment Purchase Agreement than under the Master Agreement or the Trust Agreement, as used herein it shall have the meaning given herein.

ARTICLE II

PURCHASE OF PROJECT BY, AND SALE THEREOF TO, THE CORPORATION; PAYMENT OF PURCHASE PRICE

Section 2.01. Acquisition of the Project. The District represents and warrants that it is the sole and exclusive owner of the Project. The Corporation hereby purchases from the District, and the District hereby sells to the Corporation, a portion of the Project equal to \$ _____ as described in Exhibit A hereto in accordance with the provisions of this Installment Purchase Agreement. All right, title and interest in and to such portion of the Project shall immediately vest in the Corporation on the Closing Date without further action on the part of the Corporation or the District.

Section 2.02. Payment of Purchase Price. On the Closing Date, the Corporation shall pay to the District, as the purchase price of the applicable portion of the Project specified in Section 2.01, the amount of \$ _____, which amount shall be paid from the proceeds of the Revenue Obligations.

ARTICLE III

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

Section 3.01. Purchase and Sale of Project. The District hereby purchases from the Corporation, and the Corporation hereby sells to the District, the Project in accordance with the provisions of this Installment Purchase Agreement. All right, title and interest in and to the Project shall immediately vest in the District on the Closing Date without further action on the part of the District or the Corporation.

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

| Payment Date | Installment Payment | Interest on Installment Payment | Total | Interest Rate |
|-----------------|------------------------|---------------------------------------|-------|------------------|
|-----------------|------------------------|---------------------------------------|-------|------------------|

Total

The Installment Payments shall accrue interest from the Closing Date, at the rates set forth above, payable on the Interest Payment Dates in each year. Such interest shall accrue on the basis of a 360-day year consisting of twelve 30-day months. Each Installment Payment, and each payment of interest thereon, shall be deposited with the Trustee, as assignee of the Corporation, no later than the Business Day next preceding the Installment Payment Date or Interest Payment Date on which such Installment Payment or payment of interest is due, in lawful money of the United States of America, in immediately available funds. If and to the extent that, on any such date, there are amounts on deposit in the Installment Payment Fund established under the Trust Agreement, or in any of the accounts therein, which amounts are not being held for the payment of specific Revenue Obligations, such amounts shall be credited against the Installment Payment, or payment of interest thereon, as applicable, due on such date.

Section 3.03. Reserved.

Section 3.04. Obligation Absolute. The obligation of the District to make the Installment Payments, and payments of interest thereon, and other payments required to be made by it under this Article, solely from Net Revenues, is absolute and unconditional, and until such time as the Installment Payments, payments of interest thereon, and such other payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IV), the District shall not discontinue or suspend any Installment Payments, or payments of interest thereon, or other payments required to be made by it hereunder when due, whether or not the Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments, payments of interest thereon, and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Section 3.05. Nature of Agreement. This Installment Purchase Agreement constitutes a Senior Obligation and, as such, shall be subject to the provisions of the Master Agreement and shall be afforded all of the advantages, benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement.

ARTICLE IV

PREPAYMENT OF INSTALLMENT PAYMENTS

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

(b) The District may prepay, from any source of available funds, all or any portion of the Installment Payments by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Article X of the Trust Agreement sufficient to pay such Installment Payments, and the interest thereon, when due or to pay such Installment Payments, and the interest thereon, through a specified date on which the District has a right to prepay such Installment Payments pursuant to subsection (a) of this Section, and to prepay such

Installment Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) of this Section.

(c) If less than all of the Installment Payments are prepaid then, as of the date of such prepayment pursuant to subsection (a) of this Section, or the date of a deposit pursuant to subsection (b) of this Section, the schedule of Installment Payments shall be recalculated to take such prepayment into account.

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

Section 4.03. Discharge of Obligations. If all Installment Payments, and the interest thereon, shall be paid as and when due in accordance with the terms hereof, or prepaid in accordance with Section 4.01 hereof, and if all Revenue Obligations shall be fully paid, or provision therefor made in accordance with Article X of the Trust Agreement, and the Trust Agreement shall be discharged by its terms, then all agreements, covenants and other obligations of the District hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE V

COVENANTS

Section 5.01. Compliance with Master Agreement. The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Master Agreement required to be observed and performed by it and will not cause, suffer or permit any default to occur thereunder.

Section 5.02. Compliance with Installment Purchase Agreement. The District will punctually pay the Installment Payments, and interest thereon, and other payments required to be made by it hereunder in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, will not cause, suffer or permit any default to occur hereunder and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any *force majeure*, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Section 5.03. Protection of Security and Rights. The District will preserve and protect the security hereof and the rights of the Trustee, as assignee of the Corporation, to the Installment Payments, and interest thereon, and other payments required to be made by the District hereunder and will warrant and defend such rights against all claims and demands of all Persons.

Section 5.04. Indemnification of Corporation. To the extent permitted by law, the District hereby agrees to indemnify and hold the Corporation and its members and officers harmless against any and all liabilities which might arise out of or are related to the Project, this Installment Purchase Agreement or the Revenue Obligations, and the District further agrees to defend the Corporation and its members and officers in any action arising out of or related to the Project, this Installment Purchase Agreement or the Revenue Obligations.

Section 5.05. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation, or unto the Trustee, as assignee of the Corporation, the rights and benefits provided herein to the Corporation, or to the Trustee, as assignee of the Corporation.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 6.01. Events of Default. The following shall be Events of Default under this Installment Purchase Agreement, and “Event of Default” shall mean any one or more of the following events:

(a) if default shall be made by the District in the due and punctual payment of or on account of any Senior Obligation as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any of the agreements or covenants required herein, in the Trust Agreement or in the Master Agreement to be performed by it (other than as specified in (a) above), and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Corporation or the Trustee; provided, however, that the party or parties giving such notice may agree in writing to a reasonable extension of such period prior to the expiration of such 30 day period and, provided further, that if the District shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within such a period of 30 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the District to diligently complete such curative action and such default shall not become an Event of Default for so long as shall be necessary to diligently complete such curative action; or

(c) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or

without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

Section 6.02. Remedies on Default. Upon the occurrence of an Event of Default, the Trustee, as assignee of the Corporation, shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District and to compel the District to perform and carry out its duties under applicable law and the agreements and covenants required to be performed herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee, as assignee of the Corporation;

(c) by suit in equity to require the District to account as the trustee of an express trust; and to have a receiver or receivers appointed for the Wastewater System and of the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 6.03. Non-Waiver. Nothing in this Article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments, and the interest thereon, to the Trustee, as assignee of the Corporation, at the respective due dates from the Net Revenues and the other funds herein committed for such payment, or shall affect or impair the right of the Trustee, as assignee of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Trustee, as assignee of the Corporation, shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee, as assignee of the Corporation, to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee, as assignee of the Corporation, by applicable law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee, as assignee of the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Trustee, as assignee of the Corporation, the District and the Trustee, as assignee of the Corporation, shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee, as assignee of the Corporation, is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VII

AMENDMENTS

Section 7.01. Amendments. (a) This Installment Purchase Agreement and the rights and obligations of the District, the Corporation and the Trustee, as assignee of the Corporation, may be amended or modified from time to time and at any time by a written amendment hereto executed by the District, the Corporation and the Trustee, as assignee of the Corporation, with the written consent of the Owners of a majority of the aggregate principal evidenced by Revenue Obligations then Outstanding. No such amendment shall (i) extend the payment date of any Installment Payment or reduce the amount of any Installment Payment, or the interest rate applicable thereto, without the prior written consent of the Owner of each affected Revenue Obligation, or (ii) reduce the percentage of Owners of the Revenue Obligations whose consent is required to effect any such amendment or modification, without the prior written consent of the Owners of all Revenue Obligations then Outstanding.

(b) This Installment Purchase Agreement and the rights and obligations of the District, the Corporation and the Trustee, as assignee of the Corporation, may be amended or modified from time to time and at any time by a written amendment hereto executed by the District, the Corporation and the Trustee, as assignee of the Corporation, without the written consents of any Owners of the Revenue Obligations, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the District, the Corporation or the Trustee, as assignee of the Corporation, to be observed or performed herein other agreements, conditions, covenants and terms thereafter to be observed or performed by the District, the Corporation or the Trustee, as assignee of the Corporation, or to surrender any right or power reserved herein to or conferred herein on the District, the Corporation or the Trustee, as assignee of the Corporation;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District, the Corporation or the Trustee, as assignee of the Corporation, may deem desirable or necessary and not inconsistent herewith; and

(iii) to make such other changes herein or modifications hereto as the District, the Corporation or the Trustee, as assignee of the Corporation, may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners of the Revenue Obligations.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Liability of District Limited. Notwithstanding anything contained herein to the contrary, the District shall not be required to advance any moneys derived from any source of income other than Net Revenues and the other funds provided herein for the payment of the Installment Payments, and the interest thereon, and other payments required to be made by it hereunder, or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, but in no event shall be obligated to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to pay the Installment Payments, and the interest thereon, and other payments required to be made by it hereunder is a special obligation of the District payable, in the manner provided herein, solely from Net Revenues and other funds provided for herein, and does not constitute a debt of the District or of the State, or of any political subdivision thereof, in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the District or the State, or any political subdivision thereof, is pledged to the payment of the Installment Payments, or the interest thereon, or other payments required to be made hereunder.

Section 8.02. Limitation of Rights. Nothing in this Installment Purchase Agreement expressed or implied is intended or shall be construed to give to any Person other than the District, the Corporation and the Trustee, as assignee of the Corporation, any legal or equitable right, remedy or claim under or in respect of this Installment Purchase Agreement or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Corporation and the Trustee, as assignee of the Corporation.

Section 8.03. Assignment. The District and the Corporation hereby acknowledge the transfer, conveyance and assignment by the Corporation to the Trustee of all of the Corporation's rights, title and interest in and to this Installment Purchase Agreement (excepting its rights to indemnification hereunder), including the right to receive Installment Payments, and the interest thereon, from the District, pursuant to the Trust Agreement.

Section 8.04. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District: Orange County Sanitation District
 10844 Ellis Avenue
 Fountain Valley, California 92708
 Attention: Assistant General Manager, Director of Finance and
 Administrative Services

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

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

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by facsimile or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 8.05. Successor Is Deemed Included in all References to Predecessor.

Whenever the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 8.06. Waiver of Personal Liability. No official, officer or employee of the District shall be individually or personally liable for the payment of the Installment Payments, or the interest thereon, or other payments required to be made by the District hereunder, but nothing contained herein shall relieve any official, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.07. Article and Section Headings, Gender and References. The headings or titles of the several Articles and Sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subsections or clauses are to the corresponding articles, sections, subsections or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Installment Purchase Agreement as a whole and not to any particular Article, Section, subdivision or clause hereof.

Section 8.08. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or

covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants and portions thereof and shall in no way affect the validity hereof.

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

Section 8.10. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

ORANGE COUNTY SANITATION DISTRICT

By: _____
Chair of the Board of Directors

(S E A L)

Attest:

By: _____
Clerk of the Board of Directors

**ORANGE COUNTY SANITATION
DISTRICT FINANCING CORPORATION**

By: _____
Treasurer

EXHIBIT A

DESCRIPTION OF PROJECT

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

The Project includes in general refinancing of the acquisition, construction and installation of certain improvements to the wastewater collection, treatment and disposal facilities of the District and in particular including, without limitation, the financing of improvements to the Wastewater System including particularly, but without limitation, the District's collection system, two wastewater treatment plants, and Ocean Outfall, and further as follows: the acquisition, construction, installation, rehabilitation, replacement, or repair of the North County Yard, Bushard Trunk Sewer, Gisler-Redhill Trunk Sewer, Magnolia Trunk Sewer, Bay Bridget Pump Station, Bitter Point Pump Station, Ellis Avenue Pumps Station, Rocky Point Pump Station, Headworks at Plant 2, Primary Clarifiers at Plant 1, Primary Treatment System at Plant 2 Secondary Treatment System at Plant 1, Activated Sludge at Plant 1, Trickling Filters at Plant 1 and 2; Sludge Digester at Plant 1, Sludge Dewatering at Plant 1 and 2, Truck Wash and Dewatering Beds at Plant 1, Primary sludge Feed System at Plant 2, Digester at Plant 2, Effluent Pump Station Annex, Groundwater Replenishment System, and Odor Control Facilities.

In addition, the Project includes refinancing for the following:

- Six digesters, sludge mixing systems and insulation; interplant utilities, including a 10-foot diameter line from the Fountain Valley plant to the Ocean Outfall Booster Station, a digester gas line, a reclaimed water line and a communications cable; operations/control center; Personnel building; Huntington Beach plant rehabilitation; electric drives and pumps; in-plant power generation facility; and trunk sewer lines.
- Six sludge digesters, rehabilitation of two digesters, and insulation; line from the Fountain Valley plant to the Ocean outfall Booster station in Huntington Beach, a digester gas line, a reclaimed water line and a communications cable; an in-plant power generation facility; electric motors; operations center upgrade at Treatment Plant No. 2; and sewer trunks and pump stations.
- Improvements to the Wastewater System including the District's two wastewater treatment plants, the Ocean Outfall and Back Bay Sewer, and the acquisition, construction, installation, rehabilitation or repair of the Orange Western Subtrunk Relief Sewer, the Bushard Trunk Sewer, Headworks Improvements at Plant 2; Rehab Trickling Filters at Plant 1; Solids Storage and Truck Loading Facility; Effluent Pump Station Annex; Standby Power and Reliability Modifications; Groundwater Replenishment System; Bacteria Reduction Facilities; Rehabilitate Digesters at Plant 2; Ocean Outfall Rehabilitation; Replace Back Bay Sewer; Chemical Facility Modifications at Plant 1; Replace Outfall Flow Meter; Odor Scrubber Monitoring and Control; and Replace HVAC Equipment at Plants 1 and 2.

TRUST AGREEMENT

by and among

U.S. BANK NATIONAL ASSOCIATION,
as Trustee,

ORANGE COUNTY SANITATION DISTRICT
FINANCING CORPORATION

and

ORANGE COUNTY SANITATION DISTRICT

Dated as of July 1, 2021

Relating to

[\$Par Amount]
Orange County Sanitation District
Wastewater Refunding Revenue Obligations
Series 2021A

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EXHIBIT A – FORM OF REVENUE OBLIGATION

TRUST AGREEMENT

THIS TRUST AGREEMENT (this “Trust Agreement”), dated as of July 1, 2021, is made by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), the ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”), and the ORANGE COUNTY SANITATION DISTRICT, a county sanitation district organized and existing under the laws of the State of California (the “District”).

WITNESSETH:

WHEREAS, to refinance the acquisition, construction and installation of certain improvements to its wastewater system (the “2011 Prior Project”), the Orange County Sanitation District (the “District”) has heretofore purchased the 2011 Prior Project from the Orange County Sanitation District Financing Corporation (the “Corporation”), and the Corporation has heretofore sold the 2011 Prior Project to the District, for the installment payments (the “2011 Prior Installment Payments”) made by the District pursuant to the Installment Purchase Agreement, dated as of October 1, 2011, by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2011 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2011A, maturing on February 1, 2023 through 2026, inclusive (the “2011 Prior Obligations”), evidencing direct, undivided fractional interests in the 2011 Prior Installment Payments;

WHEREAS, the District has determined to refinance a portion of the 2011 Prior Project by prepaying a portion of the remaining principal components of the 2011 Prior Installment Payments (the “2011 Refunded Installment Payments”), and the interest components thereof to the date of prepayment, thereby causing to be prepaid a portion of the currently outstanding 2011 Prior Obligations maturing on February 1 in the years 2023 through 2026, inclusive, in the aggregate principal amount of \$61,575,000 (the “2011 Refunded Obligations”);

WHEREAS, to refinance certain improvements to its wastewater system (the “2018 Prior Project”), the District has heretofore purchased the 2018 Prior Project from the Corporation, and the Corporation has heretofore sold the 2018 Prior Project to the District, for the installment payments (the “2018 Prior Installment Payments”) made by the District pursuant to the Installment Purchase Agreement, dated as of November 1, 2018, by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the 2018 Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Revenue Refunding Certificate Anticipation Notes, Series 2018A (the “2018 Prior Notes” and together with the 2011 Prior Obligations, the “Prior Obligations”), evidencing direct, undivided fractional interests in the 2018 Prior Installment Payments;

WHEREAS, the District has determined to refinance the 2018 Prior Project by prepaying the remaining principal components of the 2018 Prior Installment Payments (the “2018 Refunded Installment Payments” and, together with the 2011 Refunded Installment Payments, the “Refunded Installment Payments”), and the interest components thereof to the date of prepayment, thereby causing to be prepaid the currently outstanding 2018 Prior Notes in the aggregate principal amount of \$102,200,000 (the “2018 Refunded Notes”);

WHEREAS, to provide the funds necessary to prepay a portion of the Refunded Installment Payments, the District and the Corporation desire that the Corporation purchase the Project (as defined herein) from the District and the District sell the Project to the Corporation, and that the District then purchase the Project from the Corporation and the Corporation sell the Projects to the District, for the installment payments (the “Installment Payments”) to be made by the District pursuant to the Installment Purchase Agreement, dated the date hereof (the “Installment Purchase Agreement”);

WHEREAS, the Corporation proposes to assign without recourse certain of its rights under and pursuant to the Installment Purchase Agreement to the Trustee;

WHEREAS, in consideration of such assignment and the execution and delivery of this Trust Agreement, the Trustee has agreed to execute and deliver Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), which are certificates of participation, evidencing direct, undivided fractional interests in the Installment Purchase Agreement and the related Installment Payments, and the interest thereon;

WHEREAS, a portion of the proceeds of the Revenue Obligations will be used to prepay a portion of the Refunded Installment Payments; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Trust Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and deliver this Trust Agreement;

NOW, THEREFORE, in consideration of the promises and of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Except as provided in Section 1.02 hereof or unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Revenue Obligations and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“2011 Escrow Agent” means U.S. Bank National Association and its successor or assign.

“2011 Escrow Agreement” means the Escrow Agreement, dated as of July 1, 2021, between the 2011 Escrow Agent and the District, related to the 2011 Refunded Obligations.

“2011 Escrow Fund” means the escrow fund established under the 2011 Escrow Agreement and held by the 2011 Escrow Agent.

“2011 Prior Trust Agreement” means the Trust Agreement, dated as of October 1, 2011, by and among the U.S. Bank National Association, as successor trustee, the Corporation and the District, as amended and supplemented, pursuant to which the 2011 Prior Obligations were executed and delivered.

“2011 Refunded Obligations” has the meaning ascribed thereto in the recitals hereto.

“2018 Escrow Agent” means U.S. Bank National Association and its successor or assign.

“2018 Escrow Agreement” means the Escrow Agreement, dated as of July 1, 2021, between the 2018 Escrow Agent and the District, related to the 2018 Refunded Notes.

“2018 Escrow Fund” means the escrow fund established under the 2018 Escrow Agreement and held by the 2018 Escrow Agent.

“2018 Prior Trust Agreement” means the Trust Agreement, dated as of November 1, 2018, by and among the U.S. Bank National Association, as trustee, the Corporation and the District, as amended and supplemented, pursuant to which the 2018 Prior Notes were executed and delivered.

“2018 Refunded Notes” has the meaning ascribed thereto in the recitals hereto.

“Authorized Corporation Representative” means the President, the Vice President, the Treasurer and the Secretary of the Corporation, and any other Person authorized by the President of the Corporation to act on behalf of the Corporation under or with respect to this Trust Agreement.

“Authorized Denominations” means \$5,000 and integral multiples thereof.

“Authorized District Representative” means the General Manager of the District, the Assistant General Manager, Director of Finance and Administrative Services of the District, the Controller of the District and any other Person authorized by the Assistant General Manager, Director of Finance and Administrative Services of the District to act on behalf of the District under or with respect to this Trust Agreement.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for which the Participants have caused the Depository to hold Book-Entry Certificates.

“Book-Entry Certificates” means the Revenue Obligations registered in the name of the nominee of DTC, or any successor securities depository for the Revenue Obligations, as the Owner thereof pursuant to the terms and provisions of Section 2.10 hereof.

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

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Revenue Obligations.

“Certificate Year” means each twelve-month period beginning on February 2 in each year and extending to the next succeeding February 1, both dates inclusive.

“Closing Date” means _____, 2021.

“Code” means the Internal Revenue Code of 1986.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of the date hereof, by and between the District and Digital Assurance Certification L.L.C., as originally executed and as it may from time to time be amended in accordance with the terms thereof.

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

“Costs of Issuance” means all the costs of executing and delivering the Revenue Obligations, including, but not limited to, all printing and document preparation expenses in connection with this Trust Agreement, the Installment Purchase Agreement, the Revenue Obligations and any preliminary official statement and final official statement pertaining to the Revenue Obligations, fees of a municipal advisor, rating agency fees, market study fees, legal fees and expenses of counsel with respect to the execution and delivery of the Revenue Obligations, the initial fees and expenses of the Trustee and its counsel and other fees and expenses incurred in connection with the execution and delivery of the Revenue Obligations, to the extent such fees and expenses are approved by the District.

“Costs of Issuance Fund” means the fund by that name established in accordance with Section 3.03 hereof.

“Depository” means the securities depository acting as Depository pursuant to Section 2.10 hereof.

“District” means the Orange County Sanitation District, a county sanitation district organized and existing under the laws of the State, and any successor thereto.

“DTC” means The Depository Trust Company, New York, New York and its successors.

“Event of Default” shall have the meaning set forth in Section 6.01 of the Installment Purchase Agreement.

“Fitch” means Fitch Ratings, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Government Obligations” means any of the following which are noncallable by the issuer thereof except to the extent not permitted by the laws of the State as an investment for the moneys to be invested therein at the time of investment:

(i) (a) direct general obligations of the United States of America, (b) obligations the payment of the principal of and interest on which are unconditionally guaranteed as to the full and timely payment by the United States of America, or (c) any fund or other pooling arrangement whose assets consist exclusively of the obligations listed in clause (a) or (b) of this clause (i) and which is rated at least “P-1” by Moody’s; provided that, such obligations shall not include unit investment trusts or mutual fund obligations;

(ii) advance refunded tax-exempt obligations that (a) are rated by Moody’s and S&P, (b) are secured by obligations specified in clause (i), (c) are tax-exempt because they are secured by obligations specified in clause (i), and (d) have the same ratings as the obligations specified in clause (i);

(iii) bonds, debentures or notes issued by any of the following federal agencies: Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation or Fannie Mae; provided, that such bonds, debentures or notes shall be the senior obligations of such agencies (including participation certificates) and have the same ratings by Moody’s and S&P as the obligations specified in clause (i); and

(iv) bonds, debentures or notes issued by any Federal agency hereafter created by an act of Congress, the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America as to the full and timely payment; provided, that, such obligations shall not include unit investment trusts or mutual fund obligations.

“Installment Payment Fund” means the fund by that name established in accordance with Section 5.02 hereof.

“Installment Payments” means the Installment Payments required to be made by the District pursuant to Section 3.02 of the Installment Purchase Agreement.

“Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of the date hereof, by and between the District and the Corporation, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Interest Account” means the account by that name within the Installment Payment Fund established in accordance with Section 5.02 hereof.

“Interest Payment Date” means February 1 and August 1 of each year, commencing February 1, 2022.

“Letter of Representations” means the letter of the District delivered to and accepted by the Depository on or prior to the delivery of the Revenue Obligations as Book-Entry Certificates setting forth the basis on which the Depository serves as depository for such Book-Entry Certificates, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

“Master Agreement” means the Master Agreement for District Obligations, dated as of August 1, 2000, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

“Moody’s” means Moody’s Investors Service, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

“Opinion of Counsel” means a written opinion of Norton Rose Fulbright US LLP or any other counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“Outstanding,” when used as of any particular time with reference to Revenue Obligations, means (subject to the provisions of Section 9.02 hereof) all Revenue Obligations except (a) Revenue Obligations previously canceled by the Trustee or delivered to the Trustee for cancellation, (b) Revenue Obligations paid or deemed to have been paid within the meaning of Section 10.01 hereof, and (c) Revenue Obligations in lieu of or in substitution for which other Revenue Obligations shall have been executed and delivered by the Trustee pursuant to Section 2.09 hereof.

“Owner” means any Person who shall be the registered owner of any Outstanding Revenue Obligation as indicated in the registration books of the Trustee required to be maintained pursuant to Section 2.07 hereof.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Certificates as securities depository.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” means any of the following, except to the extent not permitted by the laws of the State as an investment for the moneys to be invested therein at the time of investment:

- (1) Government Obligations;
- (2) Bonds, debentures, notes, participation certificates or other evidences of indebtedness issued, or the principal of and interest on which are unconditionally guaranteed, by the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Government National Mortgage Association or any other agency or instrumentality of or corporation wholly owned by the United States of America when such obligations are backed by the full faith and credit of the United States for the full and timely payment of principal and interest;
- (3) Obligations of any state of the United States or any political subdivision thereof, which at the time of investment are rated “Aa3” or higher by Moody’s or “AA-” or higher by S&P or Fitch; or which are rated “VMIG 1” or better by Moody’s, “A-1” or better by S&P, or “F1” or better by Fitch with respect to commercial paper, or “VMIG 1,” “SP-1,” or “F1,” respectively, with respect to municipal notes;
- (4) Unsecured certificates of deposit, time deposits and bankers' acceptance (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated on the date of purchase “A-1+” or better by S&P, “F1” or better by Fitch and “P-1” by Moody’s and/or certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase “A-1” or better by S&P, “F1” or better by Fitch or “P-1” by Moody’s and investment in any interest bearing deposits/interest bearing money market deposit account, time deposit account, including such accounts with the Trustee;
- (5) Repurchase agreements with any bank, trust company or national banking association insured by the Federal Deposit Insurance Corporation (including the Trustee), with subsidiaries (of a parent company), provided the obligations of the subsidiary under the agreement are unconditionally guaranteed by the parent, or with any government bond dealer recognized as a primary dealer by the Federal Reserve Bank of New York, which agreements are fully and continuously secured by a valid and perfected first priority security interest in obligations described in paragraph (1) or (2) of this definition, provided that either such bank, trust company or national banking association which (or senior debt or claims paying ability of the financial entity’s guarantor) is rated, at the time of investment, at least “A1” or “A+” by any two Rating Agencies;
- (6) Repurchase agreements with maturities of not more than one year entered into with financial institutions such as banks or trust companies organized under state law or national banks or banking associations (including the Trustee), insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer

by, the Federal Reserve Bank of New York and a member of the Securities Investor Protection Corporation or with a dealer or parent holding company that is rated, at the time of investment, or whose long-term debt obligations (or senior debt or claims paying ability of the financial entity's guarantor) are rated, at the time of investment, at least "A1" or "A+" by any two Rating Agencies; provided, that such repurchase agreements are in writing, secured by obligations described in paragraphs (1) and (2) of this definition having a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements and in which the Trustee has a perfected first lien in, and retains possession of, such obligations free from all third party claims;

(7) Investment agreements, forward purchase agreements and reserve fund put agreements with any corporation, including banking or financial institutions, or agreements entered into with subsidiaries (of a parent company), provided the obligations of the subsidiary under the agreement are unconditionally guaranteed by the parent, the corporate debt of which (or senior debt or claims paying ability of the financial entity's guarantor) is rated, at the time of investment, at least "A1" or "A+" by any two Rating Agencies;

(8) Guaranteed investment contracts or similar funding agreements issued by insurance companies, provided that either the long term corporate debt of such insurance company, at the time of investment, is rated, at the time of investment, at least "A1" or "A+" by any two Rating Agencies or which agreements are fully and continuously secured by a valid and perfected first priority security interest in obligations described in paragraph (1) or (2) of this definition, or that the following conditions are met: (a) the market value of the collateral is maintained at levels acceptable to Moody's and S&P or Fitch, (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral, (c) the Trustee has a perfected first priority security interest in the collateral, (d) the collateral is free and clear of third-party liens, and (e) failure to maintain the requisite collateral level will require the Trustee to liquidate collateral;

(9) Corporate commercial paper which are rated at least "P-1," "A-1" or "F1" by any two Rating Agencies at the time of investment;

(10) Taxable government money market portfolios which are rated at least "AAM" or "AAM-G" or "Aaa-mf" or "AAMmf" by any two Rating Agencies (including funds for which the Trustee or an affiliate provides investment advice or similar services); and

(11) Deposits with the Local Agency Investment Fund of the State, as may otherwise be permitted by law.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Prepayment Account" means the account by that name within the Installment Payment Fund established in accordance with Section 5.02 hereof.

“Principal Account” means the account by that name within the Installment Payment Fund established in accordance with Section 5.02 hereof.

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

“Principal Payment Date” means a date on which an Installment Payment evidenced by the Revenue Obligations becomes due and payable.

“Prior Obligations” has the meaning ascribed thereto in the recitals hereto.

“Project” has the meaning ascribed thereto in the Installment Purchase Agreement.

“Rating Agency” means Fitch, Moody’s or S&P.

“Record Date” means, with respect to the interest payable on any Interest Payment Date, the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Revenue Obligations” means the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, executed and delivered by the Trustee pursuant hereto, which are certificates of participation, evidencing direct, undivided fractional interests in the Installment Purchase Agreement and the related Installment Payments, and the interest thereon.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“State” means the State of California.

“Trust Agreement” means this Trust Agreement, dated as of July 1, 2021, by and among the Trustee, the Corporation and the District, as originally executed and delivered and as it may from time to time be amended or supplemented in accordance with the provisions hereof.

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or any other bank or trust company which may at any time be substituted in its place as provided in Section 8.02 hereof.

“Written Certificate” and **“Written Request”** mean (a) with respect to the Corporation, a written certificate or written request, respectively, signed in the name of the Corporation by an Authorized Corporation Representative, and (b) with respect to the District, a written certificate or written request, respectively, signed in the name of the District by an Authorized District Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Definitions in Installment Purchase Agreement. Except as otherwise herein defined and unless the context otherwise requires, the terms defined in the Installment Purchase Agreement shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein have the meanings defined therein, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined therein. With respect to any defined term which is given a different meaning under this Trust Agreement than under the Installment Purchase Agreement, as used herein it shall have the meaning given herein.

Section 1.03. Equal Security. In consideration of the acceptance of the Revenue Obligations by the Owners, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest and principal evidenced by the Revenue Obligations which may be executed and delivered hereunder, subject to each of the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Revenue Obligations over any other Revenue Obligations by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

TERMS AND CONDITIONS OF REVENUE OBLIGATIONS

Section 2.01. Preparation and Delivery of Revenue Obligations. The Trustee is hereby authorized, upon the Written Request of the District, to execute and deliver the Revenue Obligations in the aggregate principal amount of \$[Par Amount] evidencing the aggregate principal amount of the Installment Payments and each evidencing a direct, fractional undivided interest in the Installment Payments, and the interest thereon. The Installment Payments evidenced by each Revenue Obligation shall constitute the principal evidenced thereby and the interest on such Installment Payments shall constitute the interest evidenced thereby. The Revenue Obligations shall be numbered, with or without prefixes, as directed by the Trustee.

Section 2.02. Denomination, Medium and Dating of Revenue Obligations. The Revenue Obligations shall be designated “Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A” and shall be prepared in the form of fully registered Revenue Obligations, without coupons, in Authorized Denominations and shall be payable in lawful money of the United States of America.

The Revenue Obligations shall be dated as of the Closing Date. Each Revenue Obligation shall evidence interest from the Interest Payment Date next preceding its date of execution to which interest has been paid in full, unless such date of execution shall be after a Record Date and on or prior to the following Interest Payment Date, in which case such Revenue Obligation shall evidence interest from such Interest Payment Date, or unless such date of execution shall be on or prior to _____ 15, 20__, in which case such Revenue Obligation shall represent interest from the Closing Date. Notwithstanding, the foregoing, if, as shown by the records of the

Trustee, interest evidenced by the Revenue Obligations shall be in default, each Revenue Obligation shall evidence interest from the last Interest Payment Date to which such interest has been paid in full or duly provided for.

Section 2.03. Payment Dates of Revenue Obligations; Interest Computation.

(a) *Method and Place of Payment.* The principal evidenced by the Revenue Obligations shall become due and payable, subject to prior prepayment, on February 1 of the years, in the amounts, and shall evidence interest accruing at the rates per annum set forth below:

| Principal Payment Date (February 1) | Principal Component | Interest Rate |
|---|------------------------|------------------|
|---|------------------------|------------------|

Except as otherwise provided in the Letter of Representations, payments of interest evidenced by the Revenue Obligations shall be made to the Owners thereof (as determined at the close of business on the Record Date next preceding the related Interest Payment Date) by check or draft of the Trustee mailed to the address of each such Owner as it appears on the registration books maintained by the Trustee pursuant to Section 2.07 hereof, or to such other address as may be furnished in writing to the Trustee by each such Owner. Except as otherwise provided in the Letter of Representations, payment of principal and prepayment premium, if any, evidenced by the Revenue Obligations, on their stated Principal Payment Dates or on prepayment in whole or in part prior thereto, shall be made only upon presentation and surrender of the Revenue Obligations at the Principal Office.

(b) *Computation of Interest.* The interest evidenced by the Revenue Obligations shall be payable on each Interest Payment Date to and including their respective Principal Payment Dates or prepayment prior thereto, and shall represent the sum of the interest on the Installment Payments coming due on the Interest Payment Dates in each year. The principal evidenced by the Revenue Obligations shall be payable on their respective Principal Payment Dates in each year and shall represent the Installment Payments coming due on the Principal Payment Dates in each year. Interest evidenced by the Revenue Obligations shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.04. Form of Revenue Obligations. The Revenue Obligations shall be in substantially the form of Exhibit A hereto, with necessary or appropriate insertions, omissions and variations as permitted or required hereby.

Section 2.05. Execution of Revenue Obligations and Replacement Revenue Obligations. The Revenue Obligations shall be executed by the Trustee by the manual signature of an authorized signatory of the Trustee. The Trustee shall deliver replacement Revenue

Obligations in the manner and as contemplated by this Article. Such replacement Revenue Obligations shall be executed as herein provided and shall be in Authorized Denominations.

Section 2.06. Transfer and Payment, Exchange or Cancellation of Revenue Obligations. Each Revenue Obligation is transferable by the Owner thereof, in person or by his attorney duly authorized in writing, at the Principal Office, on the registration books maintained by the Trustee pursuant to the provisions of Section 2.07 hereof, upon surrender of such Revenue Obligation for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. The Trustee may treat the Owner of any Revenue Obligation as the absolute owner of such Revenue Obligation for all purposes, whether or not the principal or interest evidenced by such Revenue Obligation shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced by such Revenue Obligation shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability evidenced by such Revenue Obligation to the extent of the sum or sums so paid. Whenever any Revenue Obligation shall be surrendered for transfer, the Trustee shall execute and deliver a new Revenue Obligation or Revenue Obligations evidencing principal in the same aggregate amount and having the same stated Principal Payment Date. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Each Revenue Obligation may be exchanged at the Principal Office for Revenue Obligations evidencing principal in a like aggregate principal amount having the same stated Principal Payment Date in such Authorized Denominations as the Owner thereof may request. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Whenever in this Trust Agreement provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the District.

Section 2.07. Revenue Obligation Registration Books. The Trustee shall keep at its Principal Office sufficient books for the registration and transfer of the Revenue Obligations, which books shall be available for inspection and copying by the District at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Revenue Obligations on such books as hereinabove provided.

Section 2.08. Temporary Revenue Obligations. The Revenue Obligations may be initially delivered in temporary form exchangeable for definitive Revenue Obligations when ready for delivery, which temporary Revenue Obligations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Revenue Obligation shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Revenue Obligations. If the Trustee executes and delivers temporary Revenue Obligations, it shall prepare and execute definitive Revenue Obligations without delay, and thereupon the temporary Revenue Obligations may be surrendered at the Principal Office in exchange for such definitive Revenue Obligations, and until so exchanged such temporary Revenue Obligations shall be entitled to the same benefits hereunder as definitive Revenue Obligations executed and delivered hereunder.

Section 2.09. Revenue Obligations Mutilated, Lost, Destroyed or Stolen. If any Revenue Obligation shall become mutilated, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Revenue Obligation evidencing a like principal amount and having the same stated Principal Payment Date and number in exchange and substitution for the Revenue Obligation so mutilated, but only upon surrender to the Trustee of the Revenue Obligation so mutilated. Every mutilated Revenue Obligation so surrendered to the Trustee shall be canceled by it. If any Revenue Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Revenue Obligation evidencing a like principal amount and having the same stated Principal Payment Date, numbered as the Trustee shall determine, in lieu of and in substitution for the Revenue Obligation so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Revenue Obligation executed and delivered by it under this Section and of the expenses which may be incurred by it under this Section. Any Revenue Obligation executed and delivered under the provisions of this Section in lieu of any Revenue Obligation alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Revenue Obligations executed and delivered hereunder, and the Trustee shall not be required to treat both the original Revenue Obligation and any replacement Revenue Obligation as being Outstanding for the purpose of determining the amount of Revenue Obligations which may be executed and delivered hereunder or for the purpose of determining any percentage of Revenue Obligations Outstanding hereunder, but both the original and replacement Revenue Obligation shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of executing and delivering a new Revenue Obligation for a Revenue Obligation which has been lost, destroyed or stolen and which evidences principal that is then payable, the Trustee may make payment of such Revenue Obligation to the Owner thereof if so instructed by the District.

Section 2.10. Book-Entry System. (a) The Revenue Obligations shall be initially executed and delivered as Book-Entry Certificates, and the Revenue Obligations for each stated Principal Payment Date shall be in the form of a separate single fully registered Revenue Obligation (which may be typewritten). Upon initial execution and delivery, the ownership of each Revenue Obligation shall be registered in the registration books maintained by the Trustee in the name of the Nominee, as nominee of the Depository. Payment of principal or interest evidenced by any Book-Entry Certificate registered in the name of the Nominee shall be made on the applicable Interest Payment Date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the registration books maintained by the Trustee.

(b) With respect to Book-Entry Certificates, the District, the Corporation and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Certificates. Without limiting the immediately preceding sentence, the District, the Corporation and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Certificates, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the

registration books maintained by the Trustee, of any notice with respect to Book-Entry Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Certificates to be prepaid in the event Revenue Obligations are prepaid in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books maintained by the Trustee, of any amount with respect to principal, premium, if any, or interest evidenced by Book-Entry Certificates, or (v) any consent given or other action taken by the Depository as Owner.

(c) The District, the Corporation and the Trustee may treat and consider the Person in whose name each Book-Entry Certificate is registered in the registration books maintained by the Trustee as the absolute Owner of such Book-Entry Certificate for the purpose of payment of principal, prepayment premium, if any, and interest evidenced by such Revenue Obligation, for the purpose of selecting any Revenue Obligations, or portions thereof, to be prepaid, for the purpose of giving notices of prepayment and other matters with respect to such Revenue Obligation, for the purpose of registering transfers with respect to such Revenue Obligation, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

(d) Reserved.

(e) The Trustee shall pay all principal, premium, if any, and interest evidenced by the Revenue Obligations to the respective Owner, as shown in the registration books maintained by the Trustee, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the Revenue Obligations to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books maintained by the Trustee, shall receive a Revenue Obligation evidencing principal, premium, if any, and interest evidenced by the Revenue Obligations. Upon delivery by the Depository to the Owners, the Trustee and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Trust Agreement shall refer to such nominee of the Depository.

(f) To qualify the Book-Entry Certificates for the Depository's book-entry system, the District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Corporation, the District or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Certificates other than the Owners, as shown on the registration books maintained by the Trustee. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the District, the District, the Corporation and the Trustee shall take such other actions, not inconsistent with this Trust Agreement, as are reasonably necessary to qualify Book-Entry Certificates for the Depository's book-entry program.

(g) If the District determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Revenue Obligations and that such Revenue Obligations should therefore be made available and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Revenue Obligations. In such event, the Trustee shall transfer and exchange certificated Revenue Obligations as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Certificates, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the District shall discontinue the Book-Entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Revenue Obligation for each stated Principal Payment Date of such Book-Entry Certificates, registered in the name of such successor or substitute qualified securities depository or its nominee. If the District fails to identify another qualified securities depository to replace the Depository, then the Revenue Obligations shall no longer be restricted to being registered in the registration books maintained by the Trustee in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Revenue Obligations shall designate, in accordance with the provisions of Sections 2.06 and 2.09 hereof. Whenever the Depository requests the District to do so, the District will cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Certificates to any Participant having Book-Entry Certificates credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Certificates.

(h) Notwithstanding any other provision of this Trust Agreement to the contrary, if DTC is the sole Owner of the Revenue Obligations, so long as any Book-Entry Certificate is registered in the name of the Nominee, all payments of principal, premium, if any, and interest evidenced by such Revenue Obligation and all notices with respect to such Revenue Obligation shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to the Trust Agreement by the District, the Corporation or the Trustee, with respect to any consent or other action to be taken by Owners, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to the Depository shall be given only when DTC is the sole Owner of the Revenue Obligations.

ARTICLE III

PROCEEDS OF REVENUE OBLIGATIONS

Section 3.01. Delivery of Revenue Obligations. The Trustee is hereby authorized to execute the Revenue Obligations and deliver the Revenue Obligations to the original purchaser thereof upon receipt of a Written Request of the District and upon receipt of the net proceeds of sale thereof.

Section 3.02. Deposit of Proceeds of Revenue Obligations. The net proceeds received by the Trustee from the sale of the Revenue Obligations in the amount of \$_____ (which amount includes the security deposit for the Revenue Obligations in the amount of \$_____ on deposit with the Trustee) shall be deposited or transferred by the Trustee as follows:

(a) the Trustee shall deposit in the Costs of Issuance Fund the amount of \$_____;
and

(b) the Trustee shall transfer to the 2011 Escrow Agent for deposit in the 2011 Escrow Fund established under the 2011 Escrow Agreement the amount of \$_____ from the proceeds of the Revenue Obligations, to apply, together with other available monies, to the prepayment of the installment payments related to the 2011 Refunded Obligations as provided in the 2011 Escrow Agreement; and

(c) the Trustee shall transfer to the 2018 Escrow Agent for deposit in the 2018 Escrow Fund established under the 2018 Escrow Agreement the amount of \$_____ from the proceeds of the Revenue Obligations, to apply, together with other available monies, to the prepayment of the installment payments related to the 2018 Refunded Notes as provided in the 2018 Escrow Agreement.

The Trustee may establish a temporary fund or funds to facilitate the foregoing transfers.

Section 3.03. Costs of Issuance Fund. The Trustee shall establish and maintain a separate special fund to be held by the Trustee known as the Costs of Issuance Fund. There shall be deposited in the Costs of Issuance Fund on the Closing Date the amount required to be deposited therein pursuant to Section 3.02 hereof. The Trustee shall disburse moneys from the Costs of Issuance Fund on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case upon the Written Request of the District stating the Person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Costs of Issuance Fund. On the date that is six months after the Closing Date, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund to the Installment Payment Fund. Upon such transfer, the Costs of Issuance Fund shall be closed.

ARTICLE IV

PREPAYMENT OF REVENUE OBLIGATIONS

Section 4.01. Optional Prepayment. The Revenue Obligations maturing on or after February 1, 20__ are subject to optional prepayment prior to their stated Principal Payment Dates, on any date on or after February 1, 20__, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Installment Payments paid pursuant to the Installment Purchase Agreement or from any other source of available funds, any such prepayment to be at a price equal to the principal evidenced by the Revenue Obligations to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

Section 4.02. Reserved.

Section 4.03. Selection of Revenue Obligations for Optional Prepayment. Whenever less than all the Outstanding Revenue Obligations are to be prepaid on any one date pursuant to Section 4.01 hereof, with respect to optional prepayment of Revenue Obligations, the Trustee shall select the Revenue Obligations to be prepaid among Revenue Obligations with different Principal Payment Dates as directed in a Written Request of the District. Whenever less than all the Outstanding Revenue Obligations with the same stated Principal Payment Date are to be prepaid on any one date pursuant to Section 4.01 hereof, the Trustee shall select the Revenue Obligations with such Principal Payment Date to be prepaid as directed in a Written Request of the District, or at the discretion of the District by lot in any manner that the Trustee deems fair and appropriate, which decision shall be final and binding upon the District and the Owners. The Trustee shall promptly notify the District in writing of the numbers of the Revenue Obligations so selected for prepayment on such date. For purposes of such selection, any Revenue Obligation may be prepaid in part in Authorized Denominations.

Section 4.04. Notice of Prepayment. When prepayment of Revenue Obligations is authorized pursuant to Section 4.01, the Trustee shall give notice, at the expense of the District, of the prepayment of the Revenue Obligations. The notice of prepayment shall specify (a) the Revenue Obligations or designated portions thereof (in the case of prepayment of the Revenue Obligations in part but not in whole) which are to be prepaid, (b) the date of prepayment, (c) the place or places where the prepayment will be made, including the name and address of any paying agent, (d) the prepayment price, (e) the CUSIP numbers assigned to the Revenue Obligations to be prepaid, (f) the numbers of the Revenue Obligations to be prepaid in whole or in part and, in the case of any Revenue Obligation to be prepaid in part only, the principal evidenced by such Revenue Obligation to be prepaid, and (g) the interest rate and stated Principal Payment Date of each Revenue Obligation to be prepaid in whole or in part. Such notice of prepayment shall further state that on the specified date there shall become due and payable upon each Revenue Obligation or portion thereof being prepaid the prepayment price and that from and after such date interest evidenced thereby shall cease to accrue and be payable. With respect to any notice of prepayment of Revenue Obligations pursuant to Section 4.01 hereof, unless at the time such notice is given the Revenue Obligations to be prepaid shall be deemed to have been paid within the meaning of Section 10.01 hereof, such notice shall state that such prepayment is conditional upon receipt by the Trustee, on or prior to the date fixed for such prepayment, of moneys sufficient to pay for the prepayment price of the Revenue Obligations to be prepaid, and that if such moneys shall not have been so received said notice shall be of no force and effect and the District shall not be required to prepay such Revenue Obligations. If a notice of prepayment of Revenue Obligations contains such a condition and such moneys are not so received, the prepayment of Revenue Obligations as described in the conditional notice of prepayment shall not be made and the Trustee shall, within a reasonable time after the date on which such prepayment was to occur, give notice to the persons and in the manner in which the notice of prepayment was given, that such moneys were not so received and that there shall be no prepayment of Revenue Obligations pursuant to such notice of prepayment.

The Trustee shall, at least 20 but not more than 60 days prior to any prepayment date, give notice of prepayment to the respective Owners of Revenue Obligations designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the registration books maintained by the Trustee as of the close of business on the day before such notice of prepayment is given.

The actual receipt by the Owner of any notice of such prepayment shall not be a condition precedent to prepayment, and neither failure to receive such notice nor any defect therein shall affect the validity of the proceedings for the prepayment of such Revenue Obligations or the cessation of interest evidenced thereby on the date fixed for prepayment.

A certificate by the Trustee that notice of prepayment has been given to Owners as herein provided shall be conclusive as against all parties, and no Owner whose Revenue Obligation is called for prepayment may object thereto or object to the cessation of interest evidenced thereby on the fixed prepayment date by any claim or showing that said Owner failed to actually receive such notice of prepayment.

Section 4.05. Partial Prepayment of Revenue Obligations. Upon surrender of any Revenue Obligation prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new Revenue Obligation or Revenue Obligations evidencing the unpaid principal with respect to the Revenue Obligation surrendered.

Section 4.06. Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and moneys for the payment of the prepayment price of the Revenue Obligations to be prepaid are held by the Trustee, then on the prepayment date designated in such notice, the Revenue Obligations so called for prepayment shall become payable at the prepayment price specified in such notice; and from and after the date so designated, interest evidenced by the Revenue Obligations so called for prepayment shall cease to accrue, such Revenue Obligations shall cease to be entitled to any benefit or security hereunder and the Owners of such Revenue Obligations shall have no rights in respect thereof except to receive payment of the prepayment price thereof. The Trustee shall, upon surrender for payment of any of the Revenue Obligations to be prepaid, pay such Revenue Obligations at the prepayment price thereof, and such moneys shall be pledged to such payment. All Revenue Obligations prepaid pursuant to the provisions of this Article shall be canceled by the Trustee and shall not be redelivered.

ARTICLE V

ASSIGNMENT AND PLEDGE; FUNDS AND ACCOUNTS

Section 5.01. Assignment and Pledge. The Corporation hereby transfers, conveys and assigns to the Trustee, for the benefit of the Owners, all of the Corporation's rights, title and interest in and to the Installment Purchase Agreement (excepting its rights to indemnification thereunder), including the right to receive Installment Payments, and the interest thereon, from the District and the right to exercise any remedies provided therein in the event of a default by the District thereunder. The Trustee hereby accepts said transfer, conveyance and assignment, solely in its capacity as Trustee, for the benefit of the Owners, subject to the provisions of this Trust Agreement. All Installment Payments, and the interest thereon, shall be paid directly by the District to the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee immediately upon the receipt thereof.

To secure the respective rights of the Owners to the payments required to be made thereto as provided herein, the Corporation and the District hereby irrevocably pledge to the Trustee, for the benefit of the Owners, all of their right, title and interest, if any, in and to all amounts on

deposit from time to time in the funds and accounts established hereunder. This pledge shall constitute a first lien on the amounts on deposit in such funds and accounts.

Section 5.02. Installment Payment Fund. (a) The Trustee shall establish and maintain the Installment Payment Fund until all required Installment Payments, and the interest thereon, are paid in full pursuant to the Installment Purchase Agreement and until the first date upon which the Revenue Obligations are no longer Outstanding. The Trustee shall deposit in the Installment Payment Fund all Installment Payments, and the interest thereon, paid by the District and received by the Trustee. The moneys in the Installment Payment Fund shall be held in trust by the Trustee for the benefit of the Owners and shall be used and disbursed only for the purposes and uses herein authorized.

(b) The Trustee shall transfer the amounts on deposit in the Installment Payment Fund, at the times and in the manner hereinafter provided, to the following respective accounts within the Installment Payment Fund, each of which the Trustee hereby agrees to establish and maintain (provided the Prepayment Account need not be established in the records of the Trustee until deposit is required to be made to the Prepayment Account) until all required Installment Payments, and the interest thereon, are paid in full pursuant to the Installment Purchase Agreement and until the first date upon which the Revenue Obligations are no longer Outstanding. The moneys in each of such accounts shall be held in trust by the Trustee for the benefit of the Owners and shall be used and disbursed only for the purposes and uses herein authorized.

(i) *Interest Account.* The Trustee, on each Interest Payment Date, shall deposit in the Interest Account that amount of moneys representing the interest on the Installment Payments coming due on such Interest Payment Date. Moneys in the Interest Account shall be used by the Trustee for the purpose of paying the interest evidenced by the Revenue Obligations when due and payable.

(ii) *Principal Account.* The Trustee, on each Principal Payment Date, shall deposit in the Principal Account that amount of moneys representing the Installment Payments coming due on such Principal Payment Date. Moneys in the Principal Account shall be used by the Trustee for the purpose of paying the principal evidenced by the Revenue Obligations when due and payable.

(iii) *Prepayment Account.* The Trustee, on the prepayment date specified in the Written Request of the District filed with the Trustee at the time that any prepaid Installment Payment is paid to the Trustee pursuant to the Installment Purchase Agreement, shall deposit in the Prepayment Account that amount of moneys representing such prepaid Installment Payment, the accrued interest thereon to the prepayment date and any premium payable with respect thereto. The Trustee shall deposit in the Prepayment Account any other amounts made available by the District that the District, pursuant to a Written Request of the District, instructs the Trustee to apply to the prepayment of Revenue Obligations pursuant to Section 4.01 hereof. Moneys in the Prepayment Account shall be used by the Trustee for the purpose of paying the interest, premium, if any, and principal evidenced by the Revenue Obligations to be prepaid pursuant to Section 4.01 hereof.

Section 5.03. Reserved.

Section 5.04. Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Trust Agreement shall be invested by the Trustee solely in Permitted Investments, as directed by the District pursuant to a Written Request of the District at least two (2) Business Days prior to the making of such investment. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Trust Agreement. Absent timely written direction from the District, the Trustee shall invest any funds held by it in Permitted Investments described in clause (10) of the definition thereof. Permitted Investments that are registerable securities shall be registered in the name of the Trustee. All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Trust Agreement shall be retained therein.

Permitted Investments acquired as an investment of moneys in any fund or account established under this Trust Agreement shall be credited to such fund or account. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each January 15 and July 15. The Trustee may use securities pricing services available to it in making such valuations, including those within the accounting system used by the Trustee, and conclusively rely on thereon.

The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment. The Trustee shall sell or present for redemption any Permitted Investment 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 Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether or not such affiliate is acting as an agent of the Trustee or for any third Person or dealing as principal for its own account.

Section 5.05. Brokerage Confirmations. The Trustee shall furnish the District periodic cash transaction statements which shall include detail for all investment transactions effected by the Trustee or brokers selected by the District. Upon the District's election and request, the Trustee shall provide the District online access to such statements. The District waives the right to receive brokerage confirmations of securities transactions effected by the Trustee as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker

ARTICLE VI

COVENANTS

Section 6.01. Compliance with Trust Agreement. The Trustee will not execute or deliver any Revenue Obligations in any manner other than in accordance with the provisions hereof, and the Corporation and the District will not suffer or permit any default by them to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by them.

Section 6.02. Compliance with Installment Purchase Agreement. The Corporation and the District will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Installment Purchase Agreement against the other party thereto in accordance with its terms.

Section 6.03. Compliance with Master Agreement. The Corporation and the District will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Master Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Master Agreement against the other party thereto in accordance with its terms.

Section 6.04. Observance of Laws and Regulations. The Corporation and the District will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 6.05. Other Liens. None of the Trustee, the Corporation or the District shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created hereunder, other than the pledge and lien hereof.

Section 6.06. Prosecution and Defense of Suits. The District will defend against every action, suit or other proceeding at any time brought against the Trustee or any Owner upon any claim arising out of the receipt, deposit or disbursement of any of the Installment Payments, or the interest thereon, or involving the rights of the Trustee or any Owner hereunder; provided, however, that the Trustee or any Owner at its or his election may appear in and defend any such action, suit or other proceeding.

Section 6.07. Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, deposit and disbursement of the Installment Payments, and

the interest thereon, and such accounting records shall be available for inspection by the Corporation and the District at reasonable hours and under reasonable conditions. The Trustee shall not be obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date. The Trustee will, upon written request, make copies of the foregoing available to any Owner (at the expense of such Owner).

Section 6.08. Tax Covenants.

(a) Special Definitions. When used in this Section, the following terms shall have the following meanings:

“*Computation Date*” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“*Computation Period*” means, initially, that period commencing on the date of the execution and delivery of the Revenue Obligations and concluding on the initial Computation Date and, thereafter, each period commencing on the day next following a Computation Date and concluding on the immediately succeeding Computation Date.

“*Gross Proceeds*” of any issue of governmental obligations means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds) of that issue, and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of that issue.

“*Investment*” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of an issue are invested and that is not acquired to carry out the governmental purposes of that issue.

“*Opinion of Special Counsel*” means a written opinion of Norton Rose Fulbright US LLP or any other counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“*Prior Issue*” shall refer, collectively, to the Prior Obligations (but in the case of any of the foregoing executed and delivered for multiple purposes, only to the portion thereof allocable pursuant to section 1.148-9(h)(4) of the Tax Regulations to other than refunding purposes).

“*Proceeds*,” with respect to an issue of governmental obligations, has the meaning set forth in has the meaning set forth in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds, but not replacement proceeds).

“*Rebate Amount*” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“*Special Counsel*” means Norton Rose Fulbright US LLP or any other counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“*Tax Regulations*” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

“*Yield*” of (i) any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations and (ii) in respect of the Revenue Obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(a) Exclusion of Interest from Gross Income. The District will take all actions necessary to establish and maintain the exclusion pursuant to section 103(a) of the Code of interest on the Revenue Obligations from the gross income of the owners thereof for federal income tax purposes, and will not use, permit the use of, or omit to use Gross Proceeds of the Revenue Obligations or any other amounts (or any property the acquisition, construction or improvement of which is to be refinanced directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, would cause the interest on any Revenue Obligation to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives an Opinion of Special Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion pursuant to section 103(a) of the Code of interest on any Revenue Obligation from the gross income of the owner thereof, the District shall comply with this covenant and each of the specific covenants in this Section.

(b) No Private Use or Private Payments. Except as would not cause any Revenue Obligation to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the District shall at all times prior to the payment and cancellation of the last of the Revenue Obligations to be retired:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Revenue Obligations and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds or the Gross Proceeds of the Prior Issue in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) does not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Revenue Obligations or of the Prior Issue, or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the jurisdiction of the District or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(c) No Private Loan. Except as would not cause any Revenue Obligation to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the District shall not use of Gross Proceeds of the Revenue Obligations to

make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan. For purposes of this covenant, the District will treat any transaction constituting a loan of Gross Proceeds of the Prior Issue as resulting in a loan of Gross Proceeds of the Revenue Obligations.

(d) Not to Invest at Higher Yield. Except as would not cause any Revenue Obligation to become an “arbitrage bond” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the District will not, at any time prior to the final cancellation of the last Revenue Obligation to be retired, directly or indirectly invest Gross Proceeds of the Revenue Obligations in any Investment, if as a result of that investment the yield of any Investment acquired with Gross Proceeds of the Revenue Obligations, whether then held or previously disposed of, would materially exceed the yield of the Revenue Obligations within the meaning of said section 148.

(e) Not Federally Guaranteed. Except to the extent such action or failure to act would not pursuant to section 149(b) of the Code and the Tax Regulations and rulings thereunder, adversely affect the exclusion pursuant to section 103(a) of interest on the Revenue Obligations from the gross income of the owners thereof for federal income tax purposes, the District will not take or omit to take any action that would cause any Revenue Obligation to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(f) Information Report. The District will timely file any information necessary to the exclusion pursuant to section 103(a) of the Code of interest on the Revenue Obligations required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary of the Treasury may prescribe.

(g) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the District will not at any time prior to the final cancellation of the last of the Revenue Obligations to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to section 148(f) of the Code because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm’s length and had the yield on the Revenue Obligations not been relevant to either party.

(h) Revenue Obligations Satisfy Section 149(g). The District represents that neither the Prior Issue nor the Revenue Obligations are or will become “hedge bonds” within the meaning of section 149(g) of the Code. Without limitation of the foregoing, with respect to the Prior Issue, (i)(A) on the date of execution and delivery of that issue the District reasonably expected (based upon its own knowledge and upon representations made by other governmental

persons upon the issuance of those obligations) that within the three-year period commencing on such date no less than 85% of the spendable proceeds of that issue would be expended for the governmental purposes thereof and (B) the District believes and represents that at no time has more than 50% of the proceeds of that issue been invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more, and with respect to the application of Proceeds of the Revenue Obligations other than for refunding purposes, (ii)(A) the District will not deliver the Revenue Obligations unless on the date of the issuance of the Revenue Obligations it reasonably expects that within the three-year period commencing on such date of issuance at least 85% of such spendable proceeds of the Revenue Obligations will be expended for the governmental purpose of the Revenue Obligations and (B) at no time will more than 50% of such spendable proceeds of the Revenue Obligations be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(i) Elections. The District hereby directs and authorizes any Authorized Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Authorized Representative (after consultation with Special Counsel) deems necessary or appropriate in connection with the Revenue Obligations, in the Tax Certificate (as defined below) or similar or other appropriate certificate, form or document.

(j) Tax Certificate. The District agrees to execute and deliver in connection with the execution and delivery of the Revenue Obligations a *Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986*, or similar document containing additional representations and covenants pertaining to the exclusion of interest with respect to the Revenue Obligations from the gross income of the owners thereof for federal income tax purposes (the "Tax Certificate"), which representations and covenants are incorporated as though expressly set forth herein.

Section 6.09. Continuing Disclosure. The District will comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Trust Agreement, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, the Trustee at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Revenue Obligations and upon being indemnified to its reasonable satisfaction, shall, or any Owner or Beneficial Owner of Revenue Obligations may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order. The Trustee is authorized and directed to execute the acceptance and acknowledgement of the Continuing Disclosure Agreement.

Section 6.10. Further Assurances. The District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to carry out the purposes and intentions of this Trust Agreement and for preserving and protecting the rights and interests of the Owners.

ARTICLE VII

DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01. Action upon Event of Default. An Event of Default under the Installment Purchase Agreement shall constitute an Event of Default hereunder and an Event of Default under the Master Agreement shall constitute an Event of Default hereunder. The Trustee may give notice, as assignee of the Corporation, of an Event of Default under the Installment Purchase Agreement to the District, and shall do so if directed to do so by the Owners of not less than 5% of the aggregate principal evidenced by Revenue Obligations then Outstanding. In each and every case during the continuance of an Event of Default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal evidenced by Revenue Obligations then Outstanding, shall, upon notice in writing to the District and the Corporation (a) exercise any of the remedies granted to the Corporation under the Installment Purchase Agreement, (b) exercise any of the remedies granted to the Trustee under the Master Agreement, and (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights pursuant to this Trust Agreement, the Installment Purchase Agreement or the Master Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by this Trust Agreement, the Revenue Obligations, the Installment Purchase Agreement or the Master Agreement, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.02 hereof.

Section 7.02. Other Remedies of the Trustee. Subject to the provisions of Section 7.01 hereof, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Corporation or the District or any member, director, officer or employee thereof, and to compel the Corporation or the District or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any Event of Default hereunder to require the Corporation and the District to account as the trustee of an express trust.

Section 7.03. Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by this Article may be enforced and exercised from time to time and as often as the Trustee shall deem expedient.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then subject to any adverse determination, the Trustee, such Owner, the Corporation and the District shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.04. Remedies Not Exclusive. Subject to the provisions of Section 7.01 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent or subsequent assertion or employment of any other appropriate right or remedy.

Section 7.05. Application of Amounts After Default. All damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under this Article shall be deposited into the Installment Payment Fund and as soon as practicable and thereafter applied:

- (a) to the payment of all amounts due the Trustee under Section 8.03 hereof;
- (b) unless the unpaid Installment Payments, and the interest thereon, shall have become, and shall remain, immediately due and payable pursuant to the Master Agreement:
 - (i) to the payment of all amounts then due for interest evidenced by the Revenue Obligations, in respect of which, or for the benefit of which, money has been collected (other than Revenue Obligations which have become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest evidenced by such Revenue Obligations due and payable; and
 - (ii) to the payment of all amounts then due for principal evidenced by the Revenue Obligations, in respect of which, or for the benefit of which, money has been collected (other than Revenue Obligations which have become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal evidenced by such Revenue Obligations due and payable.
- (c) if the unpaid Installment Payments, and the interest thereon, shall have become, and shall remain, immediately due and payable pursuant to the Master Agreement, to the payment of all amounts then due for principal and interest evidenced by the Revenue Obligations and, if the amount available therefor shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Revenue Obligation over any other Revenue Obligation, to the persons entitled thereto without any discrimination or preference.

Section 7.06. Trustee May Enforce Claims Without Possession of Revenue Obligations. All rights of action and claims under this Trust Agreement or the Revenue Obligations may be prosecuted and enforced by the Trustee without the possession of any of the Revenue Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Revenue Obligations in respect of which such judgment has been recovered.

Section 7.07. Limitation on Suits. No Owner shall have any right to institute any proceeding, judicial or otherwise, with respect to this Trust Agreement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing Event of Default hereunder, (b) the Owners of not less than a majority of the aggregate principal evidenced by Revenue Obligations then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal evidenced by Revenue Obligations then Outstanding; it being understood and intended that no one or more Owners of Revenue Obligations shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Trust Agreement to affect, disturb or prejudice the rights of any other Owner of Revenue Obligations, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under this Trust Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Owners of Revenue Obligations.

Section 7.08. No Liability by the Corporation to the Owners. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments, and the interest thereon, by the District, or with respect to the performance by the District of the other agreements and covenants required to be performed by it contained in the Installment Purchase Agreement, the Master Agreement or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.09. No Liability by the District to the Owners. Except for the payment when due of the Installment Payments, and the interest thereon, and the performance of the other agreements and covenants required to be performed by it contained in the Installment Purchase Agreement, the Master Agreement or herein, the District shall not have any obligation or liability to the Owners with respect to this Trust Agreement or the preparation, execution, delivery or transfer of the Revenue Obligations or the disbursement of the Installment Payments, and the interest thereon, by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.10. No Liability of the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Installment Payments, and the interest thereon, by the District, or with respect to the performance by the Corporation or the District of the other agreements and covenants required to be performed by them, respectively contained in the Installment Purchase Agreement or herein.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Employment of the Trustee; Duties. The Corporation and the District hereby appoint and employ the Trustee to receive, deposit and disburse the Installment Payments, and the interest thereon, to register, execute, deliver and transfer the Revenue Obligations and to perform the other functions contained herein, all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Trust Agreement, the Trustee accepts the appointment and employment hereinabove referred to and accepts the rights and obligations of the Trustee provided herein, subject to the conditions and terms hereof. Other than when an Event of Default hereunder has occurred and is continuing, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 8.02. Removal and Resignation of the Trustee. The Corporation and the District may, by an instrument in writing, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal evidenced by the Revenue Obligations at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee shall be a bank having trust powers or a trust company in good standing in or incorporated under the laws of the United States or any state thereof, having (or if such bank or trust company is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and be subject to supervision or examination by federal or state banking authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Corporation and the District and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the registration books maintained by

the Trustee. Upon receiving such notice of resignation, the Corporation and the District shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the District and the Corporation do not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the District, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Any successor Trustee appointed under this Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the District and the Corporation and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the written request of the District or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth.

Any corporation, association or agency 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 corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of this Section, *ipso facto*, shall be and become successor trustee under this Trust Agreement and vested with all the trusts, powers, discretions, immunities, privileges and all 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.

Section 8.03. Compensation and Indemnification of the Trustee. The District shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered hereunder and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include “overhead expenses” except as such expenses are included as a component of the Trustee’s stated annual fees or disclosed transaction fees) hereunder, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations hereunder; provided, however, that the Trustee shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds or accounts established hereunder. The Trustee may take whatever legal actions are lawfully available to it directly against the Corporation or the District.

Except as otherwise expressly provided herein, no provision of this Trust Agreement 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 rights or powers hereunder.

The District, to the extent permitted by law, agrees to indemnify and save the Trustee, its directors, officers, employees and agents harmless from and against any costs, expenses, claims and liabilities which it may incur in the exercise and performance of its powers and duties hereunder or any other document related to this Trust Agreement, including but not limited to costs and expenses incurred in defending against any claim or liability, which are not due to its negligence or willful misconduct. The obligations of the District under this Section shall survive the resignation or removal of the Trustee and the termination of this Trust Agreement.

Section 8.04. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Owners of the Revenue Obligations pursuant to this Trust Agreement, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Corporation or the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Revenue Obligations or the Installment Purchase Agreement, or of the assignment made to it hereunder, or for statements made in the preliminary or final official statement relating to the Revenue Obligations.

The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder, except failure of any of the payments to be made to the Trustee required to be made hereunder or under the Installment Purchase Agreement, unless the Trustee shall be specifically notified in writing of such default or Event of Default by the District, the Corporation or the Owners of not less than 5% of the aggregate principal evidenced by the Revenue Obligations then Outstanding.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the District or a Written Certificate of the Corporation, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Revenue Obligations and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Corporation or the District, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Corporation or the District as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall diligently pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct, negligence or breach of an obligation hereunder.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Corporation or the District is a party and which, in the opinion of the Trustee and its counsel, affects the Revenue Obligations or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal evidenced by Revenue Obligations then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other parties, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to any project refinanced with the proceeds of the Revenue Obligations, malicious mischief, condemnation, and unusually severe weather or any similar event and/or occurrences beyond the control of the Trustee.

ARTICLE IX

AMENDMENT OF OR SUPPLEMENT TO TRUST AGREEMENT

Section 9.01. Amendment or Supplement. This Trust Agreement and the rights and obligations of the Corporation, the District, the Owners and the Trustee hereunder may be

amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the prior written consents of the Owners of a majority of the aggregate principal evidenced by the Revenue Obligations then Outstanding, exclusive of Revenue Obligations disqualified as provided in Section 9.02 hereof, are filed with the Trustee. No such amendment or supplement shall (i) extend the stated Principal Payment Date of any Revenue Obligation or reduce the rate of interest evidenced thereby or extend the time of payment of such interest or reduce the amount of principal evidenced thereby or change the prepayment terms and provisions or the provisions regarding delivery of notice of prepayment without the prior written consent of the Owner of each Revenue Obligation so affected, (ii) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto without the prior written consent of the Owners of all Revenue Obligations then Outstanding, (iii) modify any of the rights or obligations of the Trustee without the prior written consent of the Trustee, or (iv) amend this Section without the prior written consent of the Owners of all Revenue Obligations then Outstanding.

(a) This Trust Agreement and the rights and obligations of the Corporation, the District, the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Corporation or the District to be observed or performed herein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation or the District, or to surrender any right or power reserved herein to or conferred herein on the Corporation or the District;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Corporation or the District may deem desirable or necessary and not inconsistent herewith; or

(iii) for any other reason, provided such amendment or supplement does not adversely affect the rights or interests of the Owners.

Section 9.02. Disqualified Revenue Obligations. Revenue Obligations owned or held by or for the account of the District (but excluding Revenue Obligations held in any pension or retirement fund of the District) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Revenue Obligations provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for herein shall be deemed effective, to reveal if the Revenue Obligations as to which such consent is given are disqualified as provided in this Section.

Section 9.03. Endorsement or Replacement of Revenue Obligations After Amendment or Supplement. After the effective date of any action taken as hereinabove provided in this Article, the Trustee may determine that the Revenue Obligations may bear a

notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Revenue Obligation and presentation of such Revenue Obligation for such purpose at the Principal Office a suitable notation as to such action shall be made on such Revenue Obligation. If the Trustee shall receive an Opinion of Counsel advising that new Revenue Obligations modified to conform to such action are necessary, modified Revenue Obligations shall be prepared, and in that case upon demand of the Owner of any Outstanding Revenue Obligations such new Revenue Obligations shall be exchanged at the Principal Office without cost to each Owner for Revenue Obligations then Outstanding upon surrender of such Outstanding Revenue Obligations.

Section 9.04. Amendment by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Revenue Obligations owned by such Owner, provided that due notation thereof is made on such Revenue Obligations.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Revenue Obligations and Trust Agreement. (a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid (i) to the Owners of all Outstanding Revenue Obligations the interest and principal evidenced thereby at the times and in the manner stipulated herein and therein, and (ii) all other amounts due hereunder and under the Installment Purchase Agreement, then such Owners shall cease to be entitled to the pledge of and lien on the amounts on deposit in the funds and accounts established hereunder, as provided herein, and all agreements and covenants of the Corporation, the District, and the Trustee to such Owners hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Revenue Obligation shall be deemed to have been paid within the meaning and with the effect expressed in this Section when the whole amount of the principal, premium, if any, and interest evidenced by such Revenue Obligation shall have been paid or when (i) in case said Revenue Obligation or portion thereof has been selected for prepayment in accordance with Section 4.03 hereof prior to its stated Principal Payment Date, the District shall have given to the Trustee irrevocable instructions to give, in accordance with the provisions of Section 4.03 hereof, notice of prepayment of such Revenue Obligation, or portion thereof, (ii) there shall be on deposit with the Trustee, moneys, or Government Obligations, or any combination thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the principal, premium, if any, and interest evidenced by such Revenue Obligation and due and to become due on or prior to the prepayment date or its stated Principal Payment Date, as the case may be, and (iii) in the event the stated Principal Payment Date of such Revenue Obligation will not occur, and said Revenue Obligation is not to be prepaid, within the next succeeding 60 days, the District shall have given the Trustee irrevocable instructions to give notice, as soon as practicable in the same manner as a notice of prepayment given pursuant to Section 4.03 hereof, to the Owner of such Revenue Obligation, or portion thereof, stating that the deposit of moneys or Government Obligations required by clause (ii) of this subsection has been made with the Trustee and that said Revenue Obligation, or portion thereof, is deemed to have been paid in

accordance with this Section and stating such Principal Payment Date or prepayment date upon which moneys are to be available for the payment of the principal, premium, if any, and interest evidenced by said Revenue Obligation, or portion thereof.

Neither the moneys nor the Government Obligations deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal, premium, if any, and interest evidenced by said Revenue Obligation, or portions thereof. If payment of less than all of the Revenue Obligations is to be provided for in the manner and with the effect expressed in this Section, the Trustee or the District, as applicable, shall select such Revenue Obligations, or portions thereof, in the manner specified in Section 4.03 hereof for selection for prepayment of less than all of the Revenue Obligations, in the principal amounts designated to the Trustee by the District.

(c) After the payment of all the interest, prepayment premium, if any, and principal evidenced by all Outstanding Revenue Obligations and all other amounts due hereunder and under the Installment Purchase Agreement as provided in this Section, the Trustee shall execute and deliver to the Corporation and the District all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of this Trust Agreement, the Trustee shall pay over or deliver to the District all moneys or securities held by it pursuant hereto which are not required for the payment of the interest, prepayment premium, if any, and principal evidenced by such Revenue Obligations and all other amounts due hereunder and under the Installment Purchase Agreement.

(d) Prior to any defeasance becoming effective under this Article, the District shall cause to be delivered (i) an executed copy of a report, addressed to the Trustee and the District, in form and in substance acceptable to the District, of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Government Obligations and cash, if any, satisfy the requirements of clause (ii) of subsection (b) of this Section (a "Verification"), (ii) if such moneys to be deposited with the Trustee will be invested, a copy of the escrow deposit agreement entered into in connection with such defeasance, which escrow deposit agreement shall provide that no substitution of Government Obligations shall be permitted except with other Government Obligations and upon delivery of a new Verification and no reinvestment of Government Obligations shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) a copy of an Opinion of Counsel, dated the date of such defeasance and addressed to the Trustee and the District, in form and in substance acceptable to the District, to the effect that such Revenue Obligations have been paid within the meaning and with the effect expressed in this Trust Agreement, and all agreements and covenants of the Corporation, the District and the Trustee to the Owners of such Revenue Obligations under this Trust Agreement have ceased, terminated and become void and have been discharged and satisfied.

Section 10.02. Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the interest or principal evidenced by any of the Revenue Obligations which remain unclaimed for two years after the date when such interest or principal evidenced by such Revenue Obligations have become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee

after the date when the interest and principal evidenced by such Revenue Obligations have become payable, shall be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the interest and principal evidenced by such Revenue Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Benefits of Trust Agreement. Nothing contained herein, expressed or implied, is intended to give to any Person other than the Corporation, the District, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein 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 Trustee and the Owners.

Section 11.02. Successor Deemed Included in all References to Predecessor. Whenever the Corporation, the District or the Trustee, 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 Corporation, the District or the Trustee, or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Corporation, the District or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03. 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 his 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 he purports to act that the Person signing such declaration, request or other instrument or writing acknowledged to him 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 Trustee may accept which it may deem sufficient. The ownership of any Revenue Obligations and the amount, payment date, number and date of owning the same may be proved by the registration books maintained by the Trustee pursuant to the provisions of Section 2.07 hereof. Any declaration, request or other instrument in writing of the Owner of any Revenue Obligation shall bind all future Owners of such Revenue Obligation with respect to anything done or suffered to be done by the Corporation, the District or the Trustee in good faith and in accordance therewith.

Section 11.04. Waiver of Personal Liability. Notwithstanding anything contained herein to the contrary, no member, officer or employee of the District or the Corporation shall be individually or personally liable for the payment of any moneys, including without limitation, the interest or principal evidenced by the Revenue Obligations, but nothing contained herein shall

relieve any member, officer or employee of the District or the Corporation from the performance of any official duty provided by any applicable provisions of law, by the Installment Purchase Agreement or hereby.

Section 11.05. Acquisition of Revenue Obligations by District. All Revenue Obligations acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 11.06. Content of Certificates. Every Written Certificate of the District and every Written Certificate of the Corporation with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the Person making or giving such certificate has read such agreement, condition, covenant or term and the definitions herein relating thereto, (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based, (c) a statement that, in the opinion of the signer, the signer has made or caused to be made such examination or investigation as is necessary to enable the signer to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with, and (d) a statement as to whether, in the opinion of the signer, such agreement, condition, covenant or term has been complied with.

Any Written Certificate of the District and any Written Certificate of the Corporation may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless the Person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which each Person's certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon information which is in the possession of the District or the Corporation upon a representation by an officer or officers of the District or the Corporation, as the case may be, unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which such counsel's opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 11.07. Funds and Accounts. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes 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 and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Revenue Obligations and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder.

Trustee may commingle any of the moneys held by it hereunder for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to this Trust Agreement.

Section 11.08. Article and Section Headings, Gender and References. The singular form of any word used herein, including the terms defined in Section 1.01 hereof, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. The headings or titles of the several Articles and Sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to “Articles,” “Sections,” subsections or clauses are to the corresponding Articles, Sections, subsections or clauses hereof, and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section, subsection or clause thereof.

Section 11.09. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Corporation, the District or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Revenue Obligations, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Corporation, the District and the Trustee hereby declare that they would have executed this Trust Agreement, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Revenue Obligations pursuant hereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases hereof or the application thereof to any Person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.10. California Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.11. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District: Orange County Sanitation District
 10844 Ellis Avenue
 Fountain Valley, California 92708
 Attention: Assistant General Manager, Director of Finance and
 Administrative Services

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

If to the Trustee: U.S. Bank National Association

633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, e.g. facsimile or telecopier or e-mail (with a PDF attachment, if applicable), upon the sender's receipt of an appropriate written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 11.12. Effective Date. This Trust Agreement shall become effective upon its execution and delivery.

Section 11.13. Execution in Counterparts. This Trust Agreement may be simultaneously executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

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

**ORANGE COUNTY SANITATION DISTRICT
FINANCING CORPORATION**

By: _____
Treasurer

ORANGE COUNTY SANITATION DISTRICT

By: _____
Chair of the Board of Directors

(S E A L)

Attest:

By: _____
Clerk of the Board of Directors

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____
Authorized Officer

EXHIBIT A

FORM OF REVENUE OBLIGATION

No. R-__

§

Unless this Revenue Obligation is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Revenue Obligation executed and delivered is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

**ORANGE COUNTY SANITATION DISTRICT
WASTEWATER REFUNDING REVENUE OBLIGATION
SERIES 2021A**

Such revenue obligations are certificates of participation evidencing direct, undivided fractional interests in the Installment Purchase Agreement, dated as of July 1, 2021, by and between the Orange County Sanitation District and the Orange County Sanitation District Financing Corporation and the related Installment Payments, and the interest thereon.

| PRINCIPAL PAYMENT DATE | INTEREST RATE | DATED DATE | CUSIP |
|-----------------------------------|----------------------|-------------------|--------------|
| February 1, ____ | | February 1, 20__ | |

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner of this Revenue Obligation (this “Revenue Obligation”), as identified above, is the owner of a direct, fractional undivided interest in certain installment payments (“Installment Payments”), and the interest thereon, payable under and pursuant to the Installment Purchase Agreement, dated as of July 1, 2021 (the “Installment Purchase Agreement”), by and between the Orange County Sanitation District (the “District”), a county sanitation district organized and existing under the laws of the State of California, and the Orange County Sanitation District Financing Corporation (the “Corporation”), a nonprofit public benefit corporation organized and existing under the laws of the State of California. Certain of the rights of the Corporation under the Installment Purchase Agreement, including the right to receive the Installment Payments, and the interest thereon, have been assigned without recourse by the Corporation to U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”) under the Trust Agreement, dated as of July 1, 2021 (the “Trust Agreement”), by and among the Trustee, the District and the Corporation. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement.

The District has executed and delivered the Master Agreement for District Obligations, dated as of August 1, 2000 (the “Master Agreement”), by and between the District and the Corporation, pursuant to which the District establishes and declares the conditions and terms upon which obligations such as the Installment Purchase Agreement, and the Installment Payments and the interest thereon, will be incurred and secured.

This Revenue Obligation is one of the duly authorized Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”) evidencing principal in the aggregate amount of \$[Par Amount], executed pursuant to the terms of the Trust Agreement. The Revenue Obligations evidence direct, fractional undivided interests in the Installment Payments, and the interest thereon, payable under the Installment Purchase Agreement. The Revenue Obligations are executed and delivered to refinance certain improvements to the wastewater collection, treatment and disposal facilities of the District (the “Wastewater System”) and to pay the costs of issuance incurred in connection therewith and to pay certain other related costs.

The Installment Payments, and the interest thereon, are to be paid by the District pursuant to the Installment Purchase Agreement in consideration for the purchase of certain improvements to the Wastewater System and for the other agreements and obligations undertaken by the Corporation under the Installment Purchase Agreement and the Trust Agreement.

The income and revenue received by the District from the operation of the Wastewater System remaining after the payment of maintenance and operation or ownership costs of the Wastewater System (as more fully described in the Installment Purchase Agreement, the “Net Revenues”) are, pursuant to the Master Agreement, pledged to the payment of the Senior Obligations and Reimbursement Obligations with respect to Senior Obligations (as such terms are defined in the Master Agreement).

The Installment Purchase Agreement constitutes a Senior Obligation and, as such, shall be subject to the provisions of the Master Agreement, and shall be afforded all of the advantages, benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement. The Installment Purchase Agreement is payable on a parity with the other existing Senior Obligations. The District may at any time incur Senior Obligations in addition to existing Senior Obligations and the Installment Purchase Agreement payable from Net Revenues as provided in the Master Agreement on a parity with all other Senior Obligations theretofore incurred, but only subject to the conditions and upon compliance with the procedures set forth in the Master Agreement.

The District is not required to advance any moneys derived from any source of income other than Net Revenues and the other funds provided in the Installment Purchase Agreement for the payment of the Installment Payments, and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement, or for the performance of any agreements or covenants required to be performed by it contained therein. The obligation of the District to pay the Installment Payments, and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided in the Installment Purchase Agreement, solely from such Net Revenues and other funds provided for therein, 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.

Reference is hereby made to the Master Agreement, the Installment Purchase Agreement and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms under which the District's obligation to pay the Installment Payments, and the interest thereon, is incurred, the Revenue Obligations are executed and delivered, the provisions with regard to the nature and extent of the Net Revenues, and the rights of the Owners of the Revenue Obligations. All of the terms of the Master Agreement, the Installment Purchase Agreement and the Trust Agreement are hereby incorporated herein. The Trust Agreement constitutes a contract among the District, the Corporation and the Trustee for the benefit of the Owners of the Revenue Obligations, to all the provisions of which the Owner of this Revenue Obligation, by acceptance hereof, agrees and consents.

The Registered Owner of this Revenue Obligation is entitled to receive, subject to the terms of the Trust Agreement and any right of prepayment as provided herein or therein, on the Principal Payment Date set forth above, upon presentation and surrender of this Revenue Obligation at the principal corporate trust office of the Trustee in St. Paul, Minnesota (the "Principal Office"), the Principal Amount specified above, evidencing the Owner's interest in the Installment Payments coming due on the Principal Payment Date, and to receive on February 1 and August 1 of each year, commencing on February 1, 2022 (each an "Interest Payment Date"), interest accrued thereon at the Interest Rate specified above, computed on the basis of a 360-day year consisting of twelve 30-day months, until said Principal Amount is paid in full, evidencing the Registered Owner's interest in the interest evidenced by the Installment Payments coming due on each of said dates.

This Revenue Obligation shall evidence interest from the Interest Payment Date next preceding its date of execution to which interest has been paid in full, unless such date of execution shall be after the 15th day of the month next preceding an Interest Payment Date, whether or not such day is a business day (each such date, a "Record Date"), and on or prior to the following Interest Payment Date, in which case this Revenue Obligation shall evidence interest from such Interest Payment Date, or unless such date of execution shall be on or prior to the first Record Date, in which case this Revenue Obligation shall evidence interest from the Dated Date specified above. Notwithstanding the foregoing, if, as shown by the records of the Trustee, interest evidenced by the Revenue Obligations shall be in default, this Revenue Obligation shall evidence interest from the last Interest Payment Date to which interest has been paid in full or duly provided for.

Payments of interest evidenced by the Revenue Obligations shall be made to the Owners thereof (as determined at the close of business on the Record Date next preceding the related Interest Payment Date) by check or draft of the Trustee mailed to the address of each such Owner as it appears on the registration books maintained by the Trustee pursuant to the Trust Agreement, or to such other address as may be furnished in writing to the Trustee by such Owner. Payment of principal and prepayment premium, if any, evidenced by the Revenue Obligations, on their stated principal payment dates or on prepayment in whole or in part prior thereto, shall be made only upon presentation and surrender of the Revenue Obligations at the Principal Office. All such amounts are payable in lawful money of the United States of America.

The Revenue Obligations are authorized to be executed and delivered in the form of fully registered certificates in denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”).

This Revenue Obligation may be transferred or exchanged by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement.

The Trustee shall not be required to transfer or exchange any Revenue Obligation during the period commencing on the date five days before the date of selection of Revenue Obligations for prepayment and ending on the date of mailing of notice of such prepayment, nor shall the Trustee be required to transfer or exchange any Revenue Obligation or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

The Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not the principal or interest evidenced by this Revenue Obligation shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the principal and interest evidenced by this Revenue Obligation shall be made only to such Registered Owner, which payments shall be valid and effectual to satisfy and discharge the liability evidenced by this Revenue Obligation to the extent of the sum or sums so paid.

The Revenue Obligations are subject to prepayment prior to their stated Principal Payment Dates in accordance with the Trust Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the Trust Agreement and the rights and obligations of the Corporation, the District, the Owners and the Trustee under the Trust Agreement may be amended or supplemented at any time by an amendment or supplement thereto which shall become binding when the prior written consents of the Owners of a majority of the aggregate principal evidenced by the Revenue Obligations then outstanding, exclusive of Revenue Obligations disqualified as provided under the Trust Agreement, are filed with the Trustee. No such supplement or amendment shall (a) extend the stated Principal Payment Date of any Revenue Obligation or reduce the rate of interest evidenced thereby or extend the time of payment of such interest or reduce the amount of principal evidenced thereby or change the prepayment terms and provisions or the provisions regarding delivery of notice of prepayment without the prior written consent of the Owner of each Revenue Obligation so affected, (b) reduce the percentage of Owners whose consent is required for the execution of any amendment or supplement to the Trust Agreement without the prior written consent of the Owners of all Revenue Obligations then outstanding, (c) modify any of the rights or obligations of the Trustee without the prior written consent of the Trustee, or (d) amend the amendment provisions of the Trust Agreement without the prior written consent of the Owners of all Revenue Obligations then outstanding.

To the extent and in the manner permitted by the terms of the Trust Agreement, the Trust Agreement and the rights and obligations of the Corporation, the District, the Owners and the Trustee under the Trust Agreement may also be amended or supplemented at any time by an amendment or supplement thereto which shall become binding upon execution, without the

written consents of any Owners, but only to the extent permitted by law and only (a) to add to the agreements, conditions, covenants and terms required by the Corporation or the District to be observed or performed under the Trust Agreement other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation or the District, or to surrender any right or power reserved therein to or conferred therein on the Corporation or the District, and which in either case shall not adversely affect the rights or interests of the Owners, (b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising thereunder which the Corporation or the District may deem desirable or necessary and not inconsistent therewith or (c) for any other reason, provided such amendment or supplement does not adversely affect the rights or interests of the Owners.

THE DISTRICT HAS CERTIFIED that all acts, conditions and things required by the statutes of the State of California and by the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Revenue Obligation do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Revenue Obligation.

IN WITNESS WHEREOF, this Revenue Obligation has been executed by the manual signature of an authorized signatory of the Trustee as of the date set forth below.

Date: _____, 20__

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Revenue Obligation and hereby irrevocably constitute(s) and _____ appoint(s) _____ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within registered Revenue Obligation in every particular, without alteration or enlargement or any change whatsoever.

Tax I.D. #: _____

Signature Guaranteed: _____

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Revenue Obligation in every particular without alteration or enlargement or any change whatsoever.

NOTICE OF INTENTION TO SELL

\$ _____ *

**Orange County Sanitation District
Wastewater Refunding Revenue Obligations
Series 2021A**

NOTICE IS HEREBY GIVEN that the Orange County Sanitation District (the “District”) intends to receive electronic bids until 10:45 A.M., New York time, on

July 13, 2021,

through the use of an electronic bidding service offered by Ipreo, at www.newissuehome.i-deal.com and the Parity electronic bid submission system, for the purchase of all of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), dated as of the date of initial delivery, and maturing on such dates as described in the related Official Notice Inviting Bids (the “Notice”). No bids will be accepted by facsimile. Bids for less than all of the Revenue Obligations will not be accepted. The District reserves the right to postpone the date established for the receipt of bids as more fully described under the paragraph “Cancellation or Postponement” in the Notice.

NOTICE IS HEREBY FURTHER GIVEN that electronic copies of the Notice and the Preliminary Official Statement issued in connection with the sale of the Revenue Obligations may be obtained from the District’s municipal advisor, Public Resources Advisory Group, 11500 West Olympic Boulevard, Suite 400, Los Angeles, California 90064, 310-477-7098, via e-mail: lchoi@pragadvisors.com.

Orange County Sanitation District

Dated: _____, 2021

* Preliminary, subject to change.

OFFICIAL NOTICE INVITING BIDS

\$ _____^{*}
**ORANGE COUNTY SANITATION DISTRICT
WASTEWATER REFUNDING REVENUE OBLIGATIONS
SERIES 2021A**

(Book-Entry-Only)

NOTICE IS HEREBY GIVEN that bids will be received by the Orange County Sanitation District (the “District”) for the purchase of \$ _____^{*} original principal amount of Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, Evidencing Direct, Fractional Undivided Interests of the Owners Thereof in Installment Payments to be Made by the Orange County Sanitation District to the Orange County Sanitation District Financing Corporation (the “Revenue Obligations”). Bids for less than all of the Revenue Obligations will not be accepted. The bids will be received in the form, in the manner and up to the time specified below (unless postponed as described herein):

Date: July 13, 2021
10:45 A.M., New York Time

Electronic Bids: Electronic proposals may be submitted to Ipreo, at www.newissuehome.i-deal.com and the Parity electronic bid submission system (the “Electronic Service”). The Electronic Service will act as agent of the bidder and not of the District in connection with the submission of bids and the District assumes no responsibility or liability for bids submitted through the Electronic Service. See “Information Regarding Electronic Proposals” herein.

No facsimile, hand delivery or sealed bids will be accepted.

Terms of the Revenue Obligations

The Preliminary Official Statement for the Revenue Obligations, dated July __, 2021, including the cover page and all appendices thereto (the “Preliminary Official Statement”), provides certain information concerning the sale and delivery of \$ _____^{*} aggregate principal amount of the Revenue Obligations, which are certificates of participation evidencing direct, undivided fractional interests in the Installment Payments (the “Installment Payments”), and the interest thereon, payable by the District pursuant to the Installment Purchase Agreement, dated as of July 1, 2021 (the “Installment Purchase Agreement”), by and between the District and the Orange County Sanitation District Financing Corporation (the “Corporation”). Each bidder must have obtained and reviewed the Preliminary Official Statement prior to bidding for the Revenue Obligations. This Official Notice Inviting Bids, including all exhibits and attachments, contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Revenue Obligations. Bidders must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

^{*} Preliminary, subject to change.

Pursuant to the Master Agreement for District Obligations, dated as of August 1, 2000 (the “Master Agreement”), by and between the District and the Corporation, the District has established and declared the conditions and terms upon which obligations such as the Installment Purchase Agreement, and the Installment Payments and the interest thereon, will be incurred and secured. Installment Payments under the Installment Purchase Agreement are payable solely from Net Revenues, as provided in the Master Agreement and the Installment Purchase Agreement, consisting primarily of all income and revenue received by the District from the operation or ownership of the Wastewater System of the District (the “Wastewater System”) remaining after payment of Maintenance and Operation Costs.

The Issue

The proceeds from the sale of the Revenue Obligations, together with other funds of the District, will be used to (i) prepay the District’s Wastewater Refunding Revenue Obligations, Series 2011A, maturing on February 1, 2023 through 2026, inclusive, currently outstanding in the aggregate principal amount of \$61,575,000 (the “Refunded 2011 Prior Obligations”), (ii) prepay the District’s Revenue Refunding Certificate Anticipation Notes, Series 2018A, currently outstanding in the aggregate principal amount of \$102,200,000 (the “2018 Prior Notes”), and (iii) pay the costs incurred in connection with the execution and delivery of the Revenue Obligations. The Revenue Obligations are to be executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2021 (the “Trust Agreement”), by and among the District, the Corporation and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not defined herein shall have the same definitions as used in the Trust Agreement or the Master Agreement.

Authorization

On _____, 2021, the District and the Corporation authorized the execution and delivery of the Installment Purchase Agreement, the Trust Agreement and the Revenue Obligations.

Outstanding Senior Obligations

The District has outstanding Senior Obligations payable on a parity with the Installment Payments under the Installment Purchase Agreement. The term “Existing Senior Obligations” as used in the Preliminary Official Statement refers to the 2010A Installment Purchase Agreement, the 2010C Installment Purchase Agreement, the 2011A Installment Purchase Agreement, the 2012A Installment Purchase Agreement, the 2012B Installment Purchase Agreement, the 2014A Installment Purchase Agreement, the 2015A Installment Purchase Agreement, the 2016A Installment Purchase Agreement, the 2017A Installment Purchase Agreement and 2018A Installment Purchase Agreement.

Security and Source of Payments

The Revenue Obligations are certificates of participation which evidence direct, undivided fractional interests in the Installment Payments, and the interest thereon, paid by the District pursuant to the Installment Purchase Agreement. The obligation of the District to pay the Installment Payments and the interest thereon and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided under the Installment Purchase Agreement, solely from Net Revenues and other funds as provided in the Installment Purchase Agreement. Net Revenues generally consist of all income and revenue received by the District from the operation or ownership of the Wastewater System remaining after payment of Maintenance and Operation Costs, all as further provided in the Master Agreement.

The District's obligation to make Installment Payments from Net Revenues is on a parity with the District's obligation to make payments with respect to its other outstanding obligations described as Senior Obligations and all Reimbursement Obligations, if any, with respect to Senior Obligations, as provided in the Master Agreement. The Installment Purchase Agreement constitutes a Senior Obligation and is subject to the provisions of the Master Agreement and is afforded all of the advantages, benefits, interests and security for Senior Obligations pursuant to the Master Agreement. Pursuant to the Master Agreement, the District pledges all Net Revenues to the payment of the Senior Obligations and Reimbursement Obligations with respect to Senior Obligations, and the Net Revenues will not be used for any other purpose while any of the Senior Obligations or Reimbursement Obligations with respect to Senior Obligations remain unpaid; provided, however, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted by the Master Agreement. This pledge constitutes a first lien on the Net Revenues for the payment of the Senior Obligations and Reimbursement Obligations with respect to Senior Obligations. The term Senior Obligations, generally means all revenue bonds or notes (including bond anticipation notes and commercial paper) of the District authorized, executed, issued and delivered under and pursuant to applicable law, the Installment Purchase Agreement and all other contracts (including financial contracts) or leases of the District authorized and executed by the District under and pursuant to applicable law, the installment, lease or other payments which are, in accordance with the provisions of the Master Agreement, payable from Net Revenues on a parity with the payments under the Master Agreement.

The District may at any time incur Subordinate Obligations; provided, however, that prior to incurring such Subordinate Obligations, the District will have determined that the incurrence thereof will not materially adversely affect the District's ability to comply with the requirements of the Master Agreement. The District may at any time incur Reimbursement Obligations with respect to Subordinate Obligations. Currently, there are no Subordinate Obligations outstanding. For a description of the District's outstanding Senior Obligations, see "FINANCIAL OBLIGATIONS — Existing Indebtedness" in the Preliminary Official Statement.

The District may, in connection with the incurrence of Subordinate Obligations, pledge Net Revenues to the payment of Subordinate Obligations and Reimbursement Obligations with respect to Subordinate Obligations; provided, however, that such pledge, and any lien created thereby, shall be junior and subordinate to the pledge of, and lien on, Net Revenues for the payment of Senior Obligations and Reimbursement Obligations with respect to Senior Obligations.

Pursuant to the Master Agreement, the District is required, to the extent permitted by law, to fix, prescribe and collect fees and charges for the services and facilities of the Wastewater System which will be at least sufficient to yield during each Fiscal Year (a) Net Revenues equal to 125% of Debt Service on Senior Obligations for such Fiscal Year and (b) Net Operating Revenues equal to 100% of Debt Service on all Obligations for such Fiscal Year. The District may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the fees and charges then in effect unless the Revenues and Net Revenues from such reduced fees and charges will at all times be sufficient to meet the requirements of the Master Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS — Rate Covenant" in the Preliminary Official Statement.

Additional Obligations

In addition to the Existing Senior Obligations, the District may at any time incur Obligations payable on a parity or on a subordinate basis to the payment by the District of the Installment Payments upon satisfaction of conditions provided in the Master Agreement. No Obligations payable on such a subordinate basis are currently outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR

THE REVENUE OBLIGATIONS — Limitations on Issuance of Additional Obligations” in the Preliminary Official Statement.

Book-Entry-Only

The Revenue Obligations will be executed and delivered in the form of fully registered certificates payable in lawful money of the United States of America. The Revenue Obligations will be initially delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Revenue Obligations. Individual purchases of the Revenue Obligations will be made in book-entry form only. Purchasers of Revenue Obligations will not receive physical certificates representing their ownership interests in the Revenue Obligations purchased. The Revenue Obligations will be delivered in Authorized Denominations of \$5,000 and any integral multiple thereof. Payments of principal and interest evidenced by the Revenue Obligations are payable directly to DTC by the Trustee. Upon receipt of payments of such principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Revenue Obligations. So long as the Revenue Obligations are in the DTC book-entry system, the interest, principal and prepayment premiums, if any, due with respect to the Revenue Obligations will be payable by the Trustee, or its agent, to DTC or its nominee.

Principal and Interest Payments

The Revenue Obligations will be dated as of the date of initial delivery and will evidence interest from that date (computed on the basis of a 360-day year of twelve 30-day months). Interest evidenced by the Revenue Obligations is payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2022. Payment of principal and prepayment premium, if any, evidenced by the Revenue Obligations will be paid in lawful money of the United States of America upon presentation and surrender thereof at the Principal Office of the Trustee.

Principal Amortization

The Revenue Obligations will be executed and delivered in the original principal amount of \$_____* and will be subject to principal amortization on February 1 in the years 2022* through 2036* in the amounts set forth in the Official Bid Form.

Optional Prepayment

The Revenue Obligations with stated Principal Payment Dates on or after February 1, 2032* are subject to optional prepayment prior to their stated Principal Payment Dates, on any date on or after February 1, 2031*, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Installment Payments paid pursuant to the Installment Purchase Agreement or from any other source of available funds, any such prepayment to be at a price equal to the principal evidenced by the Revenue Obligations to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

* Preliminary; subject to change.

Selection of Revenue Obligations for Prepayment

Whenever less than all the Outstanding Revenue Obligations are to be prepaid on any one date pursuant to provisions of the Trust Agreement with respect to optional prepayment of Revenue Obligations, the Trustee shall select the Revenue Obligations to be prepaid among Revenue Obligations with different Principal Payment Dates as directed in a Written Request of the District. Whenever less than all the Outstanding Revenue Obligations with the same stated Principal Payment Date are to be prepaid on any one date pursuant to the Trust Agreement, the Trustee shall select the Revenue Obligations with such Principal Payment Date to be prepaid as directed in a Written Request of the District, or at the discretion of the District by lot in any manner that the Trustee deems fair and appropriate, which decision shall be final and binding upon the District and the Owners. The Trustee shall promptly notify the District in writing of the numbers of the Revenue Obligations so selected for prepayment on such date.

Notice of Prepayment

The Trustee shall, at least 20 but not more than 60 days prior to any prepayment date, give notice of prepayment to the respective Owners of Revenue Obligations designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the registration books maintained by the Trustee as of the close of business on the day before such notice of prepayment is given. The actual receipt by the Owner of any notice of such prepayment shall not be a condition precedent to prepayment, and neither failure to receive such notice nor any defect therein shall affect the validity of the proceedings for the prepayment of such Revenue Obligations or the cessation of interest evidenced thereby on the date fixed for prepayment.

Interest Rates, Reoffering Prices, Premium or Discount Bids and Certificate of Initial Purchaser

Bidders must bid to purchase all and not part of the Revenue Obligations and must submit their bids on the Official Bid Form. Bidders must specify a rate of interest for each maturity of the Revenue Obligations. The rates of interest must be expressed in multiples of either one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), no interest rate on the Revenue Obligations may be specified at zero percent (0%), and no Revenue Obligations maturing between February 1, 2032 and February 1, 2036, inclusive, may be specified at less than five percent (5.0%) per annum. All Revenue Obligations of the same maturity must evidence interest at the same rate.

The successful bidder will, within 30 minutes after being notified of the award of the Revenue Obligations, advise the District of the initial bona fide public reoffering prices of each maturity of the Revenue Obligations on the date of award. The successful bidder will also be required to furnish to the District a certificate ("Certificate of Initial Purchaser") in the applicable form of the Certificate of Initial Purchaser attached hereto (with such modifications as may be acceptable to Special Counsel). At any time before or after delivery of the Revenue Obligations to the successful bidder, that successful bidder also may be required by the District or Special Counsel to clarify any discrepancies between the Certificate of Initial Purchaser and publicly available information relating to trades of the Revenue Obligations that might suggest that the initial sale of a substantial portion of any maturity of the Revenue Obligations to the public was at a materially higher price than the price stated for that maturity in the Certificate of Initial Purchaser.

Bidders may bid to purchase the Revenue Obligations from the District at a discount or with a premium; however, no bid will be considered if the bid is to purchase Revenue Obligations at an aggregate price less than ___% or more than ___% of the aggregate principal amount of the Revenue Obligations.

No bid will be accepted that contemplates the waiver of any interest or other concession by the bidder as substitute for payment in full of the purchase price. Bids that do not conform to the terms of this section may be rejected. See “Right to Reject Bids, Waive Irregularities” below.

Adjustment of Principal Amounts After Receipt of Bids

The principal amounts of the Revenue Obligations set forth in the Official Bid Form reflect estimates of the District as to the likely interest rates of the winning bid and the premium or discount contained in the winning bid. After selecting the winning bid, the amortization schedule for the Revenue Obligations will be adjusted in \$5,000 increments, to reflect the actual interest rates and any discount or premium in the winning bid to properly fund the purchase price of the Refunded 2011 Prior Obligations and the 2018 Prior Notes and to accommodate certain other requirements or preferences of the District. Such adjustments will not change any Revenue Obligation in any year by more than the greater of (a) [\$500,000] or (b) 10% of the principal amount for such year. The dollar amount bid for the Revenue Obligations by the winning bidder will be adjusted to reflect such adjustment in the applicable amortization schedule. Any such adjustment will change the total (but not the per Revenue Obligation) dollar amount of purchaser’s discount and original issue discount or premium, if any, provided in such bid. Any such adjustment will be communicated to the winning bidder within 24 hours after receipt of such bid by the District. Changes in the amortization schedule made as described in this paragraph will not affect the determination of the winning bidder or give the winning bidder any right to reject the Revenue Obligations.

No Insurance

THE SUCCESSFUL BIDDER SHALL NOT PURCHASE MUNICIPAL BOND INSURANCE IN CONNECTION WITH THE REVENUE OBLIGATIONS.

Form of Bid

BIDS FOR LESS THAN ALL OF THE REVENUE OBLIGATIONS WILL NOT BE ACCEPTED. Each bid must be on the Official Bid Form, submitted through the Electronic Service as specified herein. All electronic proposals shall be deemed to incorporate the provisions of the Official Bid Form and must be unconditional and irrevocable. In addition, each bidder is requested to supply an estimate of the true interest cost resulting from its bid, computed as prescribed below under the caption “Award, Delivery and Payment,” which shall be considered as informative only and not binding on either the bidder or the District. Each bid must be in accordance with the terms and conditions set forth in this Official Notice Inviting Bids.

The District will make its best efforts to accommodate electronic bids; however, the District, the Municipal Advisor (Public Resources Advisory Group) and Special Counsel assume no responsibility for any error contained in any electronic bid, or for the failure of any electronic bid to be transmitted or received at the official time for receipt of such bids. The official time for receipt of bids will be determined by the District at the place of the bid opening, and the District shall not be required to accept the time kept by Electronic Service as the official time. The District assumes no responsibility for informing any bidder prior to the deadline that its bid is incomplete, or not received.

If multiple timely bids are received from a single bidder the District shall accept the best of such bids and each bidder agrees, by submitting any bid, to be bound by its best bid.

Information Regarding Electronic Proposals

All proposals must be submitted through the Electronic Service. If any provision of this Official Notice Inviting Bids conflicts with information provided by the Electronic Service, this Official Notice Inviting Bids shall control. The District is not responsible for the proper operation of, and shall have no liability for any delays or interruptions of or any damages caused by the Electronic Service. The District is using the Electronic Service as a communication mechanism and not as the District's agent to conduct electronic bidding for the Revenue Obligations. The District is not bound by any advice of or determination by the Electronic Service to the effect that any particular bid complies with the terms of this Official Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Electronic Service are the sole responsibility of such bidders and the District is not responsible for any such costs or expenses. Further information about the Electronic Service, including any fee charged, may be obtained from Ipreo (877-588-5030). The District assumes no responsibility or liability for bids submitted through the Electronic Service. The District shall be entitled to assume that any bid submitted through the Electronic Service has been made by a duly authorized agent of the bidder.

Bid Security Deposit

Each bidder must provide with its bid a wire transfer of immediately available federal funds in the amount of \$ _____ (the "Bid Security Deposit").

Bid Security Deposit wire transfers must be received in federal funds prior to the deadline for examination of the bids. Contact the District's Municipal Advisor, Public Resources Advisory Group, 310-477-7098 or by e-mail at lchoi@pragadvisors.com, for wire instructions.

The wire transfers of unsuccessful bidders will be returned promptly on the bid date after the examination of bids. The wire transfer of the successful bidder will be retained by the District and applied to the purchase price at the time of delivery of the Revenue Obligations. The District disclaims any liability for funds sent by wire transfer, except for any willful misconduct or reckless disregard for its duties.

If after the award of the Revenue Obligations, the successful bidder fails to complete the purchase on the terms stated in its bid, unless such failure of performance shall be caused by any act or omission of the District, the Bid Security Deposit shall be retained by the District as stipulated liquidated damages. No interest will be paid upon any Bid Security Deposit.

Official Statement

The District has approved a Preliminary Official Statement for the Revenue Obligations, dated _____, 2021, which the District has "deemed final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission, as amended (the "Rule"), although subject to revision, amendment and completion in conformity with the Rule. No later than seven business days after the day the Revenue Obligations are awarded, the District will provide the successful bidder with an electronic version of the final Official Statement. The successful bidder shall file the final Official Statement with a nationally recognized municipal securities information repository on a timely basis. The successful bidder shall, by accepting the award, agree at all times to comply with the provisions of the Rule and with all applicable rules of the Municipal Securities Rulemaking Board.

Award, Delivery and Payment

If satisfactory bids are received, the Revenue Obligations will be awarded to the highest responsible bidder not later than two hours after the time established for the receipt of bids. The highest bidder shall be the bidder submitting the best price for the Revenue Obligations, which best price shall be that resulting in the lowest true interest cost with respect to the Revenue Obligations. The true interest cost shall be computed by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from their respective payment dates to the date of the Revenue Obligations and to the price bid. If two or more bidders have bid the same true interest cost, the award shall be made at the sole discretion of the District.

Delivery of the Revenue Obligations is expected to occur on or about _____, 2021. The Revenue Obligations will be delivered through the facilities of DTC, New York, New York. The successful bidder shall pay for the Revenue Obligations on the date of delivery in Los Angeles, California in immediately available federal funds. Any expenses of providing federal funds shall be borne by the purchaser. Payment on the delivery date shall be made in an amount equal to the price bid for the Revenue Obligations less the amount of the bid security deposit.

Right to Reject Bids, Waive Irregularities

The District reserves the right to reject any and all bids, and to the extent permitted by law, to waive any irregularity or informality in any bid.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Revenue Obligations, but the District will assume no obligation for the assignment or printing of such numbers on the Revenue Obligations or for the correctness of such numbers, and neither the failure to print such numbers on any Revenue Obligation nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and make payment for the Revenue Obligations. The Municipal Advisor will apply for CUSIP numbers for the Revenue Obligations and will submit the CUSIP numbers to Parity to be provided to all bidders. The cost for the assignment of CUSIP numbers to the Revenue Obligations will be the responsibility of the successful bidder.

California Debt and Investment Advisory Commission

The successful bidder will be required to pay all fees due to the California Debt and Investment Advisory Commission (“CDIAC”) under California law. CDIAC will invoice the successful bidder after the delivery of the Revenue Obligations.

Reoffering Prices, Establishment of Issue Price and Issue Price Certificate

- (a) The winning bidder for the Revenue Obligations shall assist the District in establishing the issue price of the Revenue Obligations, and shall execute and deliver to the District at or before the time of issuance and delivery of the Revenue Obligations an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public of each maturity of the Revenue Obligations, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibits A

and B, as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Special Counsel.

- (b) The District intends that Sections 1.148-1(f)(2)(iii) and 1.148-1(f)(3)(i) (providing a special rule establishing the issue price of competitively sold bonds and defining the term “competitive sale”) will apply to the initial sale of the Revenue Obligations (the “Competitive Sale Requirements”) because:
- (1) the District shall disseminate this Official Notice Inviting Bids to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
 - (2) all bidders shall have an equal opportunity to bid on the Revenue Obligations;
 - (3) the District may receive bids for the Revenue Obligations from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
 - (4) the District anticipates awarding the sale of the Revenue Obligations to the bidder that submits a firm offer to purchase the Revenue Obligations at the highest price (or lowest interest cost), as set forth in this Official Notice Inviting Bids.

Any bid submitted pursuant to this Official Notice Inviting Bids shall be considered a firm offer for the purchase of the Revenue Obligations as specified in the bid.

- (c) If the Competitive Sale Requirements set forth in subsection (b)(3) of this Section are not satisfied, the District shall so advise the winning bidder. In such event, the District intends to treat the initial offering price to the public as of the sale date of each maturity as the issue price of that maturity (the “hold-the-offering- price rule”). The District shall promptly advise the winning bidder, at or before the time of award, if the Competitive Sale Requirements set forth in subsection (b)(3) of this Section were not satisfied, in which case the hold-the-offering-price rule shall apply to the Revenue Obligations. Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not satisfied, and the hold-the-offering-price rule thus apply to any maturity of the Revenue Obligations as to which less than 10% of the maturity was sold by the winning bidder to the public at a single price. .
- (d) By submitting a bid to purchase the Revenue Obligations, , the winning bidder (i) confirms that the underwriters have offered or will offer the Revenue Obligations to the public on or before the date of award at the offering price or prices (“**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder (ii) certifies that the bidder is an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations, and (iii) agrees, on behalf of the underwriters participating in the purchase of the Revenue Obligations, that the underwriters will neither offer nor sell unsold Revenue Obligations of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:
- (1) the close of the fifth (5th) business day after the sale date; or

- (2) the date on which the underwriters have sold at least 10% of that maturity of to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District when the underwriters have sold 10% of that maturity to the public at a price that is no higher than such maturity's initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- (e) The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Revenue Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Revenue Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail or other third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to one or more maturities of the Revenue Obligations.
- (f) By submitting a bid to purchase the Revenue Obligations, the bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail or other third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Revenue Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Revenue Obligations of each maturity allotted to it and subject to the hold-the-offering-price rule until it is notified by the winning bidder that the hold-the-offering-price rule no longer applies to such maturity, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Revenue Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Revenue Obligations to the public to require each broker-dealer that is a party to such retail or other third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Revenue Obligations of each maturity allotted to it and subject to the hold-the-offering-price rule until it is notified by the winning bidder or such underwriter that the hold-the-offering-price rule no longer applies to such maturity, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

- (g) Sales of the Revenue Obligations to any person that is a related party to an underwriter of the Revenue Obligations shall not constitute sales to the public for purposes of this Official Notice inviting Bids. Further, for purposes of this Official Notice Inviting Bids:
- (1) “public” means any person other than an underwriter or a related party,
 - (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Revenue Obligations to the public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Revenue Obligations to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Revenue Obligations to the public),
 - (3) a purchaser of the Revenue Obligations is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
 - (4) “sale date” means the date on which the Revenue Obligations are awarded by the District to the winning bidder.

Legal Opinions

The District will furnish to the successful bidder at the closing of the Revenue Obligations the legal opinion of Special Counsel to the effect that, in the opinion of Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the Revenue Obligations and requirements of the Internal Revenue Code of 1986, the portion of each Installment Payment representing interest and distributed in respect of any Revenue Obligation is excluded from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and is exempt from personal income taxes of the State of California. Special Counsel will express no opinion as to any federal or state tax consequence of the ownership or disposition of the Revenue Obligations.

Closing Documents

The District will furnish to the successful bidder at the time of delivery of the Revenue Obligations: (1) a certificate certifying (i) that as of and at the time of delivery of the Revenue Obligations, there is no action, suit, proceeding or investigation, pending or, to the best knowledge of the District, threatened against or affecting the District, (A) which affects or seeks to prohibit, restrain or enjoin the execution and delivery of the Revenue Obligations or the Trust Agreement, (B) in any way contesting the validity of the Revenue Obligations, the Installation Purchase Agreement or the Trust Agreement or the powers of the District to enter into or perform its obligations under such documents to

which it is a party or the existence of the District, or (C) wherein an unfavorable decision, ruling or finding would materially and adversely affect the District, or the validity or enforceability of the Revenue Obligations, the Installation Purchase Agreement or the Trust Agreement or the ability of the District to perform its obligations under such documents to which it is a party, (ii) that the Preliminary Official Statement did not on the date of sale of the Revenue Obligations and the Official Statement does not on the date of delivery contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and (2) a receipt of the District showing that the purchase price of the Revenue Obligations has been received by the District.

Continuing Disclosure

To assist the successful bidder in complying with the Rule, the District will undertake, pursuant to the Continuing Disclosure Agreement, to provide certain annual financial information, and notices of the occurrence of certain enumerated events. A description of the Continuing Disclosure Agreement is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

Additional Information

Electronic copies of the Trust Agreement, the Installment Purchase Agreement, the Master Agreement, this Official Notice Inviting Bids, the Official Bid Form, and the Preliminary Official Statement will be furnished to any potential bidder upon request made to the District's Municipal Advisor at: Public Resources Advisory Group, 11500 West Olympic Boulevard, Suite 400, Los Angeles, CA 90064, 310-477-7098, via e-mail at lchoi@pragadvisors.com.

Right to Modify or Amend

The District reserves the right to modify or amend this Official Notice Inviting Bids, including but not limited to the right to adjust and change the principal amount of the Revenue Obligations being offered; provided, however, that such notifications or amendments shall be made not later than the business day prior to the date fixed for the receipt of bids, by 4:00 p.m., New York Time and communicated through MuniOS (available at <http://www.munios.com>) ("MuniOS") or Refinitive Municipal Market Monitor ("TM3") (available at <http://www.tm3.com>) and by facsimile transmission to any qualified bidder timely requesting such notice. Bidders are required to bid for the Revenue Obligations as so modified.

Cancellation or Postponement

The District reserves the right to cancel or postpone, from time to time, the date established for the receipt of bids for any reason at any time. Any such postponement will be announced by MuniOS or TM3. If any date fixed for the receipt of bids and the sale of the Revenue Obligations is postponed, any alternative sale date will be announced via MuniOS or TM3 at least 24 hours prior to such alternative sale date and will be provided by facsimile transmission to any qualified bidder timely requesting such notice. On any such alternative sale date, any bidder may submit a sealed bid for the purchase of the Revenue Obligations in conformity in all respects with the provisions of this Official Notice Inviting Bids except for the date of sale and except for the changes announced by MuniOS or TM3 at the time the sale date and time are announced.

Dated: _____, 2021

EXHIBIT A

FORM OF CERTIFICATE OF INITIAL PURCHASER

[IF 3 OR MORE BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED]

Orange County Sanitation District
Fountain Valley, California

Norton Rose Fulbright US LLP
Los Angeles, California

This certificate is being delivered by [Purchaser], the purchaser (“Purchaser”) in connection with the issuance by the Issuer of its Wastewater Refunding Revenue Obligations, Series 2021A, Evidencing Direct, Fractional Undivided Interests of the Owners Thereof in Installment Payments to be Made by the Orange County Sanitation District to the Orange County Sanitation District Financing Corporation (the “Revenue Obligations”).

The Purchaser hereby certifies and represents that:

1. Reasonably Expected Initial Offering Price.

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Revenue Obligations to the Public by the Purchaser are the prices listed in Schedule A (“Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Revenue Obligations used by the Purchaser in formulating its bid to purchase the Revenue Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Revenue Obligations.
- (b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Purchaser constituted a firm offer to purchase the Revenue Obligations.

2. Defined Terms.

- (a) *Issuer* means the Orange County Sanitation District.
- (b) *Maturity* means Revenue Obligations with the same credit and payment terms. Revenue Obligations with different maturity dates, or Revenue Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (d) *Related Party* means any entity if an Underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests

or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (e) *Sale Date* means the date of execution of a binding contract in writing for the sale of a Maturity of the Revenue Obligations. The Sale Date of the Revenue Obligations is _____, 2021.
- (f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Revenue Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Revenue Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Revenue Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in a tax certificate with respect to compliance with the federal income tax rules affecting the Revenue Obligations, and by Norton Rose Fulbright US LLP, Special Counsel, in connection with rendering their opinion that the interest on the Revenue Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Revenue Obligations.

Dated: [ISSUE DATE]

[INITIAL PURCHASER],
as Underwriter

By: _____
Title: _____

Schedule A

Expected Offering Prices

(See attached)

Schedule B
Copy of Purchaser Bid
(See attached)

[IF FEWER THAN 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED]

Orange County Sanitation District
Fountain Valley, California

Norton Rose Fulbright US LLP
Los Angeles, California

This certificate is being delivered by [Purchaser], the purchaser (“Purchaser”) in connection with the issuance by the Issuer of its Wastewater Refunding Revenue Obligations, Series 2021A, Evidencing Direct, Fractional Undivided Interests of the Owners Thereof in Installment Payments to be Made by the Orange County Sanitation District to the Orange County Sanitation District Financing Corporation (the “Revenue Obligations”).

1. Sale of the General Rule Maturities.

As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

- (a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (“Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Revenue Obligations is attached to this Certificate as Schedule B.
- (b) As set forth in the Official Notice Inviting Bids, the Purchaser agreed in writing on or prior to the Sale Date that, should the “competitive sale” requirements with respect to the Revenue Obligations not be satisfied, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Revenue Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (“hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer that is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer that is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Revenue Obligations during the Holding Period.

3. Defined Terms.

- (a) *Issuer* means the Orange County Sanitation District.
- (b) *General Rule Maturities* means those Maturities of the Revenue Obligations listed in Schedule A hereto as the “General Rule Maturities.”
- (c) *Hold-the-Offering-Price Maturities* means those Maturities of the Revenue Obligations listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

- (d) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Purchaser sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (e) *Maturity* means Revenue Obligations with the same credit and payment terms. Revenue Obligations with different maturity dates, or Revenue Obligations with the same maturity date but different stated interest rates, are treated as separate maturities.
- (f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (g) *Related Party* means any entity if an Underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- (h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Revenue Obligations. The Sale Date of the Revenue Obligations is _____, 2021.
- (i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Revenue Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Revenue Obligations to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Revenue Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the tax certificate with respect to the Revenue Obligations and with respect to compliance with the federal income tax rules affecting the Revenue Obligations, and by Norton Rose Fulbright US LLP, Special Counsel, in connection with rendering their opinion that the interest on the Revenue Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that they may give to the Issuer from time to time relating to the Revenue Obligations.

Dated: [ISSUE DATE]

[INITIAL PURCHASER],
as Underwriter

By: _____
Title: _____

Schedule A
Initial Offering Prices
(See attached)

Schedule B
Copy of Pricing Wire
(See attached)

OFFICIAL BID FORM

\$ _____*
ORANGE COUNTY SANITATION DISTRICT
WASTEWATER REFUNDING REVENUE OBLIGATIONS
SERIES 2021A

_____, 2021

Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley, CA 92708-7018
Attn: Lorenzo Tyner

Ladies and Gentlemen:

We hereby offer to purchase all of the \$ _____* aggregate principal amount of the Orange County Sanitation District (the “District”) Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), more particularly described in the Official Notice Inviting Bids, dated _____, 2021 (the “Official Notice Inviting Bids”), which is incorporated herein by reference, and made a part thereof, at a purchase price of \$ _____. This offer is for Revenue Obligations evidencing interest at the rates and in the form of serial maturities as set forth in the table on the following page.

The bid is subject to acceptance not later than two hours after the expiration of the time established for the final receipt of bids.

Our calculation of the true interest cost, computed in accordance with the instructions in the Official Notice Inviting Bids, and which is considered to be informative only and not a part of the bid, is ___%.

With this bid we are providing the District a wire transfer in immediately available federal funds in the amount of \$ _____ to an account specified by the District or its representative, in accordance with the Official Notice Inviting Bids.

We have noted that payment of the purchase price is to be made in immediately available Federal Funds at the time of delivery of the Revenue Obligations. If we are the successful bidder, we will (1) within 30 minutes after being notified of the verbal award of the Revenue Obligations, advise the District of the initial public offering prices of the Revenue Obligations; and (2) prior to delivery of the Revenue Obligations furnish a certificate, acceptable to Special Counsel, Norton Rose Fulbright US LLP, as to the “issue price” of the Revenue Obligations in the form specified in the Official Notice Inviting Bids.

* Preliminary, subject to change.

Maturity (February 1) Principal Amount* Interest Rate

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and the undersigned will serve as the lead manager for the group if the Revenue Obligations are awarded pursuant to this bid. We certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully Submitted,

Account Manager: _____

By: _____

Address: _____

City: _____

State: _____

Telephone: _____

Following (or attached) is a list of the members of our account on whose behalf this bid is made.

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED JULY __, 2021**NEW ISSUE—BOOK-ENTRY-ONLY****RATINGS:**

[S&P: “__”]

Fitch: “__”]

Moody’s “__”]

(See “RATINGS” herein.)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the Revenue Obligations and requirements of the Internal Revenue Code of 1986, as described herein, the portion of each Installment Payment representing interest and distributed in respect of any Revenue Obligation is excluded from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Special Counsel, the portion of each Installment Payment representing interest and distributed in respect of any Revenue Obligation is not an item of tax preference for purposes of the federal alternative minimum tax. Special Counsel is also of the opinion that, under existing law, the portion of each Installment Payment representing interest and distributed in respect of any Revenue Obligation is exempt from personal income taxes of the State of California. See “TAX MATTERS” herein.

[District Logo]

[\$[PAR AMOUNT]*

[DAC Logo]

**ORANGE COUNTY SANITATION DISTRICT
WASTEWATER REFUNDING REVENUE OBLIGATIONS
SERIES 2021A**

Dated: Date of Delivery**Due: as shown on the inside cover**

The \$[PAR AMOUNT]* Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”) are **certificates of participation that evidence direct, fractional undivided interests of the Owners thereof in certain installment payments** (the “Installment Payments”), and the interest thereon, to be made by the Orange County Sanitation District (the “District”) pursuant to the Installment Purchase Agreement, dated as of July 1, 2021 (the “Installment Purchase Agreement”), by and between the District and the Orange County Sanitation District Financing Corporation (the “Corporation”). Pursuant to the Master Agreement for District Obligations, dated as of August 1, 2000 (the “Master Agreement”), by and between the District and the Corporation, the District has established conditions and terms upon which obligations such as the Installment Payments, and the interest thereon, will be incurred and secured. Installment Payments under the Installment Purchase Agreement are payable solely from Net Revenues (as more fully described in the Master Agreement, the “Net Revenues”) as provided in the Installment Purchase Agreement, consisting primarily of all income and revenue received by the District from the operation or ownership of the Wastewater System of the District (the “Wastewater System”) remaining after payment of Maintenance and Operation Costs, as further described in “SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS” herein. The Installment Purchase Agreement provides that the obligation of the District to pay the Installment Payments, and payments of interest thereon, and certain other payments required to be made in accordance with the Installment Purchase Agreement, solely from Net Revenues, is absolute and unconditional. See “SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS” herein.

The proceeds of the Revenue Obligations, together with other funds of the District, will be used to (i) prepay the District’s Wastewater Refunding Revenue Obligations, Series 2011A, maturing on February 1, 2023 through 2026, inclusive, currently outstanding in the aggregate principal amount of \$61,575,000 (the “Refunded 2011A Obligations”), (ii) prepay the District’s Revenue Refunding Certificate Anticipation Notes, Series 2018A, currently outstanding in the aggregate principal amount of \$102,200,000 (the “Refunded 2018A Notes”), and (iii) pay the costs incurred in connection with the execution and delivery of the Revenue Obligations. See “REFUNDING PLAN” herein.

Interest evidenced by the Revenue Obligations will be payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2022. See “THE REVENUE OBLIGATIONS” herein. The Revenue Obligations initially will be delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Revenue Obligations. Individual purchases of the Revenue Obligations will be made in book-entry form

* Preliminary, subject to change.

only. Purchasers of Revenue Obligations will not receive physical certificates representing their ownership interests in the Revenue Obligations purchased. The Revenue Obligations will be delivered in denominations of \$5,000 and any integral multiple thereof. Payments of principal and interest evidenced by the Revenue Obligations are payable directly to DTC by U.S. Bank National Association, as trustee (the "Trustee"). Upon receipt of payments of such principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Revenue Obligations. See APPENDIX E — "BOOK-ENTRY SYSTEM" herein.

THE OBLIGATION OF THE DISTRICT TO PAY THE INSTALLMENT PAYMENTS, AND THE INTEREST THEREON, AND OTHER PAYMENTS REQUIRED TO BE MADE BY IT UNDER THE INSTALLMENT PURCHASE AGREEMENT IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE, IN THE MANNER PROVIDED IN THE INSTALLMENT PURCHASE AGREEMENT, SOLELY FROM NET REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INSTALLMENT PURCHASE AGREEMENT, 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. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE INSTALLMENT PAYMENTS, OR THE INTEREST THEREON, OR OTHER PAYMENTS REQUIRED TO BE MADE UNDER THE INSTALLMENT PURCHASE AGREEMENT. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS" HEREIN.

This cover page contains information intended for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

BIDS FOR THE PURCHASE OF THE REVENUE OBLIGATIONS WILL BE RECEIVED BY THE DISTRICT UNTIL 10:45 A.M. NEW YORK TIME ON JULY 13, 2021 UNLESS POSTPONED OR CANCELLED AS SET FORTH IN THE OFFICIAL NOTICE INVITING BIDS.

The Revenue Obligations are offered when, as and if executed and delivered and received by _____, as the Initial Purchaser, subject to the approval of Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel and Disclosure Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District and the Corporation by Woodruff, Spradlin & Smart, a Professional Corporation, Costa Mesa, California. Public Resources Advisory Group, Los Angeles, California, has served as municipal advisor to the District in connection with the execution and delivery of the Revenue Obligations. It is anticipated that the Revenue Obligations in definitive form will be available for delivery through the book-entry facilities of DTC on or about July __, 2021.

Dated: _____, 2021

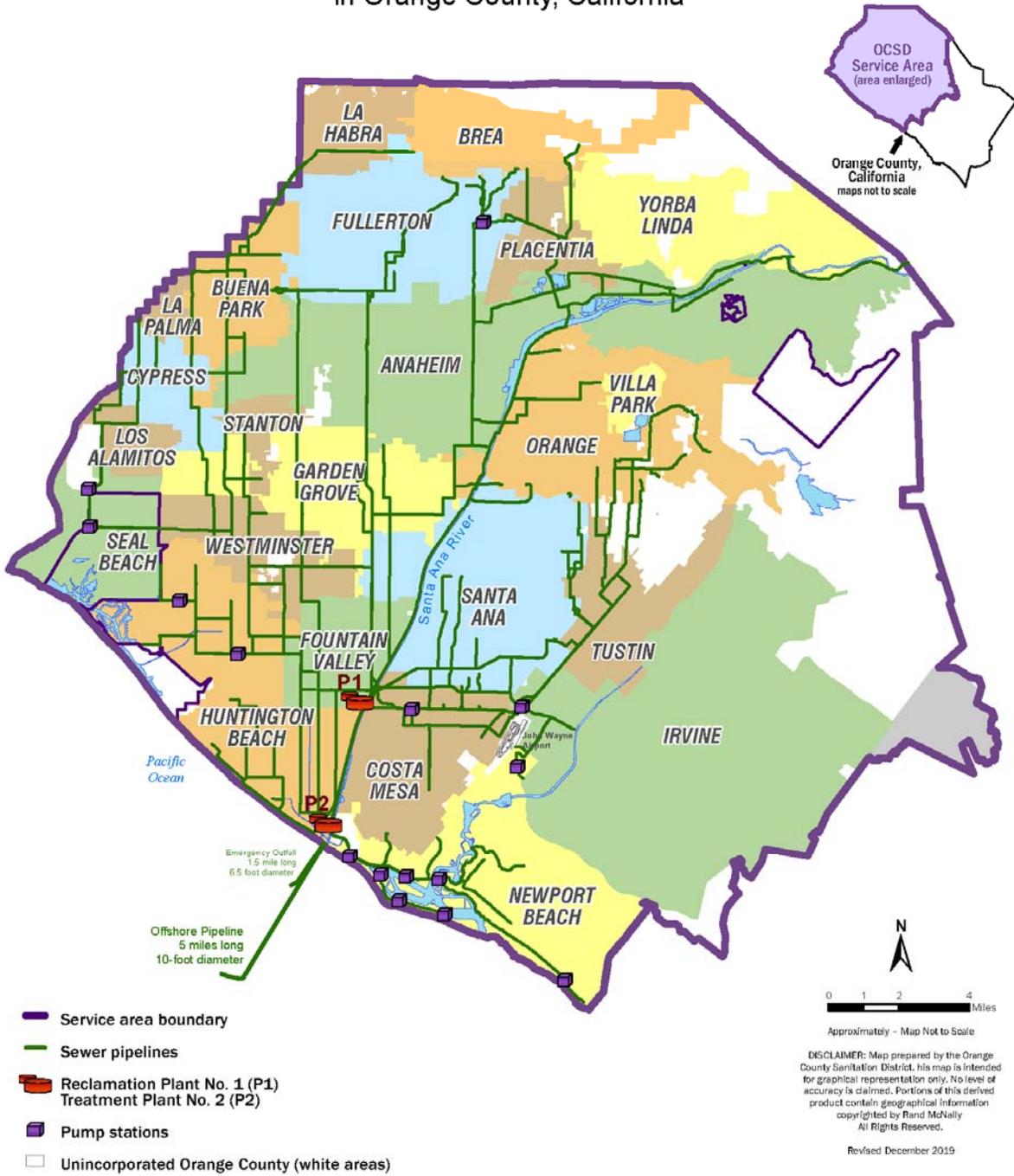
MATURITY SCHEDULE*

| <u>Maturity Date</u> <u>(February 1)</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>CUSIP[†]</u> <u>(Base No. _____)</u> |
|---|---|--|---------------------|---------------------|---|
| | \$ | % | % | | |

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2021 CUSIP Global Services. All rights reserved. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the registered owners of the Revenue Obligations. None of the District, the Initial Purchaser or the Municipal Advisor are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Revenue Obligations or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Revenue Obligations as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Revenue Obligations.

Orange County Sanitation District Service Area and Treatment Plant Locations in Orange County, California



ORANGE COUNTY SANITATION DISTRICT

Board of Directors

David Shawver — (Chairman) — *Stanton*
John Withers — (Vice Chairman) — *Irvine Ranch Water District*

| | |
|---|--|
| Stephen Faessel — <i>Anaheim</i> | Brad Avery — <i>Newport Beach</i> |
| Glenn Parker — <i>Brea</i> | Kim Nichols — <i>Orange</i> |
| Art Brown — <i>Buena Park</i> | Chad Wanke — <i>Placentia</i> |
| Stacy Berry — <i>Cypress</i> | Johnathan Ryan Hernandez — <i>Santa Ana</i> |
| Patrick Harper — <i>Fountain Valley</i> | Sandra Massa-Lavitt — <i>Seal Beach</i> |
| Jesus J. Silva — <i>Fullerton</i> | Ryan Gallagher — <i>Tustin</i> |
| Steve Jones — <i>Garden Grove</i> | Chad Zimmerman — <i>Villa Park</i> |
| Kim Carr — <i>Huntington Beach</i> | Robert Ooten — <i>Costa Mesa Sanitary District</i> |
| Anthony Kuo — <i>Irvine</i> | Andrew Nguyen — <i>Midway City Sanitary District</i> |
| Rose Espinoza — <i>La Habra</i> | Brooke Jones — <i>Yorba Linda Water District</i> |
| Marshall Goodman — <i>La Palma</i> | Doug Chaffee — <i>Member of the Orange County Board of Supervisors</i> |
| Mark Chirco — <i>Los Alamitos</i> | |

Executive Management of the District

James Herberg, *General Manager*
Robert Thompson, *Assistant General Manager, Director of Operations & Maintenance*
Lorenzo Tyner, *Assistant General Manager, Director of Finance and Administrative Services*
Kathleen T. Millea, *Director of Engineering*
Celia Chandler, *Director of Human Resources*
Lan Wiborg, *Director of Environmental Services*

Special Services

Special Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

District General Counsel

Bradley R. Hogin
Woodruff, Spradlin & Smart, a Professional Corporation
Costa Mesa, California

Municipal Advisor

Public Resources Advisory Group
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Robert Thomas CPA, LLC
Overland Park, Kansas

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Revenue Obligations by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Orange County Sanitation District (the "District") and other sources that are believed by the District to be reliable. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the District, the Corporation or the Initial Purchaser in connection with any reoffering.

This Official Statement is not to be construed as a contract with the purchasers of the Revenue Obligations. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the Corporation since the date hereof. This Official Statement is submitted with respect to the sale of the Revenue Obligations referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the District and the Corporation.

In connection with the offering of the Revenue Obligations, the Initial Purchaser in connection with any reoffering may over-allot or effect transactions which stabilize or maintain the market price of the Revenue Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Initial Purchaser in connection with any reoffering may offer and sell the Revenue Obligations to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Initial Purchaser.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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OFFICIAL STATEMENT

[\$[PAR AMOUNT]]* **ORANGE COUNTY SANITATION DISTRICT** **WASTEWATER REFUNDING REVENUE OBLIGATIONS** **SERIES 2021A**

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Revenue Obligations being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the “State”) and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Trust Agreement, the Installment Purchase Agreement and the Master Agreement (each, as hereinafter defined). See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions” herein.

General

This Official Statement, including the cover page and all appendices hereto, provides certain information concerning the sale and delivery of $[\text{PAR AMOUNT}]^*$ aggregate principal amount of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), which are **certificates of participation evidencing direct, fractional undivided interests in certain installment payments** (the “Installment Payments”) and the interest thereon, to be made by the Orange County Sanitation District (the “District”) pursuant to the Installment Purchase Agreement, dated as of July 1, 2021 (the “Installment Purchase Agreement”), by and between the District and the Orange County Sanitation District Financing Corporation (the “Corporation”). Unless the context clearly indicates to the contrary, a reference herein to either of the Installment Purchase Agreement or the Revenue Obligations is intended to refer to the corresponding interest in the Installment Purchase Agreement. Pursuant to the Master Agreement for District Obligations, dated as of August 1, 2000 (the “Master Agreement”), by and between the District and the Corporation, the District has established and declared the conditions and terms upon which obligations such as the Installment Purchase Agreement, and the Installment Payments and the interest thereon, will be incurred and secured. Installment Payments under the Installment Purchase Agreement are payable solely from Net Revenues (as defined hereinafter) as provided in the Installment Purchase Agreement, consisting primarily of all income and revenue received by the District from the operation or ownership of the Wastewater System of the District (the “Wastewater System”) remaining after payment of Maintenance and Operation Costs, as further described in “SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS” herein.

The Revenue Obligations are to be executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2021 (the “Trust Agreement”), by and among the District, the Corporation and U.S. Bank National Association, as trustee (the “Trustee”). Proceeds from the sale of the Revenue Obligations, together with other funds of the District, will be used to (i) prepay the District’s Wastewater Refunding Revenue Obligations, Series 2011A, maturing on February 1, 2023 through 2026, inclusive, currently outstanding in the aggregate principal amount of \$61,575,000 (the “Refunded 2011A Obligations”), (ii) prepay the District’s Revenue Refunding Certificate Anticipation Notes, Series 2018A, currently

* Preliminary, subject to change.

outstanding in the aggregate principal amount of \$102,200,000 (the “Refunded 2018A Notes”), and (iii) pay the costs incurred in connection with the execution and delivery of the Revenue Obligations. See “REFUNDING PLAN” herein.

The Revenue Obligations will be executed and delivered in the form of fully registered certificates of participation, dated as of the date of initial delivery thereof and will mature on February 1 in each such year as set forth on the inside cover page hereof. Interest evidenced by the Revenue Obligations will be payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2022. See “THE REVENUE OBLIGATIONS” herein. The Revenue Obligations initially will be delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Revenue Obligations. The Revenue Obligations will be delivered in denominations of \$5,000 and any integral multiple thereof. So long as the Revenue Obligations are in the DTC book-entry system, the interest, principal, purchase price and prepayment premiums, if any, due with respect to the Revenue Obligations will be payable by the Trustee, or its agent, to DTC or its nominee. DTC, in turn, will make payments pursuant to its procedures as described under APPENDIX E – “BOOK-ENTRY SYSTEM” herein.

The District

The District is a public agency responsible for regional wastewater collection, treatment and disposal. The District is the sixth largest wastewater discharger in the United States. The District provides service to an area with a population of approximately 2.6 million people in the northern and central portion of the County of Orange (the “County”), in a service area of approximately 479 square miles, treating an average of 188 million gallons per day (“mg/d”) of wastewater in Fiscal Year 2019-20. See “THE DISTRICT,” “DISTRICT REVENUES” and “FINANCIAL OBLIGATIONS” herein.

Security and Sources of Payment for the Revenue Obligations

The Revenue Obligations, which are certificates of participation, evidence direct, fractional undivided interests in the Installment Payments, and the interest thereon, paid by the District pursuant to the Installment Purchase Agreement. The obligation of the District to pay the Installment Payments and the interest thereon and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided under the Installment Purchase Agreement, solely from Net Revenues, and other funds as provided in the Installment Purchase Agreement. Net Revenues generally consist of all income and revenue received by the District from the operation or ownership of the Wastewater System remaining after payment of Maintenance and Operation Costs, all as further provided in the Master Agreement. The Installment Purchase Agreement constitutes a Senior Obligation and, as such, is subject to the provisions of the Master Agreement and is afforded all of the advantages, benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement.

The District currently has Outstanding Senior Obligations payable from Net Revenues on a parity with the Installment Payments under the Installment Purchase Agreement. See “ESTIMATED SOURCES AND USES OF FUNDS,” “FINANCIAL OBLIGATIONS – Existing Indebtedness” and “THE DISTRICT” herein and APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Master Agreement” attached hereto. The District has no Subordinate Obligations currently outstanding.

Pursuant to the Master Agreement, the District will, to the extent permitted by law, fix, prescribe and collect fees and charges for the services and facilities of the Wastewater System which will be at least sufficient to yield during each Fiscal Year (a) Net Revenues equal to 125% of Debt Service on Senior

Obligations for such Fiscal Year and (b) Net Operating Revenues equal to 100% of Debt Service on all Obligations for such Fiscal Year. The District may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the fees and charges then in effect unless the Revenues and Net Revenues from such reduced fees and charges will at all times be sufficient to meet the requirements of the Master Agreement. See “SECURITY AND SOURCE OF PAYMENT FOR THE REVENUE OBLIGATIONS – Rate Covenant” herein.

The obligation of the District to pay the Installment Payments and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided in the Installment Purchase Agreement, solely from Net Revenues and other funds provided for in the Installment Purchase Agreement, and does not constitute a debt of the District or of the State, or of any political subdivision thereof, in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the District or the State or any political subdivision thereof, is pledged to the payment of the Installment Payments, or the interest thereon, or other payments required to be made under the Installment Purchase Agreement. The Installment Purchase Agreement constitutes a Senior Obligation and, as such, is subject to the provisions of the Master Agreement and is afforded all of the advantages, benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS” herein.

COVID-19 Pandemic

The ongoing spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, may result in material adverse impacts to the Wastewater System and its finances. There can be no assurances that the spread of the virus and the related shelter in place orders and social distancing requirements imposed by the State of California, or other State or local mandates and/or other responses intended to slow its spread will not materially adversely impact the revenues received by the Wastewater System, particularly connection fees and other amounts tied to economic activity in the District’s service area.

The District is monitoring the COVID-19 pandemic but is not yet able to fully predict the effect it will have on the financial performance or operations of the Wastewater System. The COVID-19 pandemic and the governmental actions to respond to it resulted in a significant contraction of the national, state and local economies, including a dramatic increase in unemployment rates, and these economies have not fully recovered. In addition, stock markets in the U.S. and globally experienced sharp declines in market value following the onset of the outbreak that were attributed to COVID-19 concerns and, although rebounds in the market have since occurred, increased volatility in the financial markets continues. It is widely expected that global, national and local economies will continue to be negatively affected by the COVID-19 pandemic, at least for some period of time.

To date, the District and its Wastewater System have not experienced any material adverse impact from COVID-19. In light of the pandemic’s negative impacts on its service area, the District deferred a scheduled 1.2% rate increase for fiscal year 2020-21 but expects to implement the 1.2% increases scheduled in each of fiscal years 2021-22 and 2022-23 as approved. The District does not expect the deferred rate increase for fiscal year 2020-21 to have a material adverse effect on its finances or operations.

The District cannot predict (i) the duration or ultimate extent of the COVID-19 pandemic; (ii) to what extent the COVID-19 pandemic may affect the operations and revenues of the Wastewater System in the future; (iii) to what extent the COVID-19 pandemic may ultimately disrupt the local, State, national

or global economy, manufacturing or supply chain, or whether any such disruption will adversely impact Wastewater System the cost, sources of funds, schedule or implementation of any capital improvements, or other Wastewater System operations; (iv) to what extent the District may desire to, or need to, provide customer assistance measures or deferrals, forbearances, adjustments or other changes to its customers or its billing and collection procedures; (v) if and to what extent the COVID-19 pandemic may negatively impact the market value of assets held to fund the District's pension plans, requiring future unanticipated increases in required plan contributions or (vi) whether any of the foregoing may have a material adverse effect on the finances and operations of Wastewater System. Prospective investors should consider that the restrictions and limitations instituted related to COVID-19 may increase (even after they are decreased), and the upheaval to the national and global economies may continue and/or be exacerbated, at least over the near term, and the recovery may be prolonged, and therefore, COVID-19 may adversely impact Wastewater System revenues.

Future ad valorem tax revenues available to pay Installment Payments could be negatively impacted by COVID-19, including because upcoming property tax installments could be deferred, or some taxpayers may be unable to make their property tax payments. As a measure to assist certain taxpayers impacted by COVID-19, on May 6, 2020 the Governor of the State issued Executive Order N-61-20 which waives penalties and interest on property tax installments for residential property occupied by the taxpayer and certain other real property which is used for a small business, subject to certain filing requirements and proof of economic hardship due to COVID-19 or any local, state or federal response to COVID-19. The order applies to taxes not delinquent prior to March 4, 2020, and waives and forgives penalties and interest through May 6, 2021. Negative impacts on ad valorem tax revenue could be offset because the County operates under the Teeter Plan, which shields the District's ad valorem tax revenues from delinquencies; however, the County is under no legal obligation to maintain the Teeter Plan in the future.

Continuing Disclosure

The District has covenanted for the benefit of holders and beneficial owners of the Revenue Obligations (a) to provide certain financial information and operating data (the "Annual Report") relating to the District and the property in the District not later than eight months after the end of the District's Fiscal Year (which currently would be March 1), commencing with the report for the 2020-21 Fiscal Year, and (b) to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in the Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE" herein and APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

Miscellaneous

The descriptions herein of the Trust Agreement, the Master Agreement, the Installment Purchase Agreement, the Continuing Disclosure Agreement and any other agreements relating to the Revenue Obligations are qualified in their entirety by reference to such documents. Copies of the Trust Agreement, the Master Agreement and the Installment Purchase Agreement are on file and available for inspection at the corporate trust office of U.S. Bank National Association, Los Angeles, California Attention: Corporate Trust.

[Remainder of page intentionally left blank.]

REFUNDING PLAN

A portion of the net proceeds from the sale of the Revenue Obligations, together with other funds of the District, will be used to prepay on August 1, 2021 (the “Prepayment Date”) all of the installment payments to be made by the District in connection with the Refunded 2011A Obligations and the Refunded 2018A Notes. The Refunded 2011A Obligations and the Refunded 2018A Notes are further described in the respective tables below.

Under the terms of the Trust Agreement, dated as of October 1, 2011 (the “2011A Trust Agreement”), by and between the District and U.S. Bank National Association, as successor trustee (the “2011A Trustee”), pursuant to which the Refunded 2011A Obligations were executed and delivered, and an Escrow Agreement, dated as of July 1, 2021 (the “2011A Escrow Agreement”), between the District and the 2011A Trustee, the prepayment of the installment payments related to the Refunded 2011A Obligations will be effected by depositing a portion of the proceeds of the Revenue Obligations, together with other available moneys, into the Escrow Fund established under the 2011A Escrow Agreement (the “2011A Escrow Fund”).

The amounts held in the 2011A Escrow Fund will be sufficient to prepay on the Prepayment Date the unpaid installment payments, without premium, related to the Refunded 2011A Obligations, and through distribution of such prepayment to prepay the Refunded 2011A Obligations, all in accordance with the terms of the 2011A Trust Agreement and the Refunded 2011A Obligations. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein. The amounts deposited in the 2011A Escrow Fund will be held in trust solely for the Refunded 2011A Obligations and will not be available to pay the principal and interest evidenced by the Revenue Obligations or any obligations other than the Refunded 2011A Obligations. Such amounts will be will held uninvested as provided in the 2011A Escrow Agreement.

Under the terms of the Trust Agreement, dated as of November 1, 2018 (the “2018A Trust Agreement”), by and between the District and U.S. Bank National Association, as trustee (the “2018A Trustee”), pursuant to which the Refunded 2018A Notes were executed and delivered, and an Escrow Agreement, dated as of July 1, 2021 (the “2018A Escrow Agreement”), between the District and the 2018A Trustee, the prepayment of the installment payments related to the Refunded 2018A Notes will be effected by depositing a portion of the proceeds of the Revenue Obligations, together with other available moneys, into the Escrow Fund established under the 2018A Escrow Agreement (the “2018A Escrow Fund”).

The amounts held in the 2018A Escrow Fund will be sufficient to prepay on the Prepayment Date the unpaid installment payments, without premium, the unpaid installment payments related to the Refunded 2018A Notes, and through distribution of such prepayment to prepay the Refunded 2018A Notes, all in accordance with the terms of the 2018A Trust Agreement and the Refunded 2018A Notes. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein. The amounts deposited in the 2018A Escrow Fund will be held in trust solely for the Refunded 2018A Notes and will not be available to pay the principal and interest evidenced by the Revenue Obligations or any obligations other than the Refunded 2018A Notes. Such amounts will be will held uninvested as provided in the 2018A Escrow Agreement.

[Remainder of page intentionally left blank.]

Refunded 2011A Obligations
Prepayment Price: 100%
Prepayment Date: August 1, 2021

| Maturity Date (February 1) | Principal Amount Outstanding | CUSIP Number (68428T) |
|---------------------------------------|---|--------------------------------------|
| 2023 | \$14,435,000 | AM9 |
| 2024 | 15,055,000 | AN7 |
| 2025 | 15,760,000 | AP2 |
| 2026 | 16,325,000 | AQ0 |

Refunded 2018A Notes
Prepayment Price: 100%
Prepayment Date: August 1, 2021

| Maturity Date (August 15) | Principal Amount Outstanding | CUSIP Number (68428P) |
|--------------------------------------|---|--------------------------------------|
| 2021 | \$102,200,000 | FH3 |

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the execution and delivery of the Revenue Obligations are presented below.

Sources

| | |
|---|----|
| Principal Amount of Revenue Obligations | \$ |
| Premium | |
| Amounts released from 2011A Trust Agreement | |
| Amounts released from 2018A Trust Agreement | |
| Total Sources | \$ |

Uses

| | |
|----------------------------------|----|
| Deposit to 2011A Escrow Fund | \$ |
| Deposit to 2018A Escrow Fund | |
| Costs of Issuance ⁽¹⁾ | |
| Total Uses | \$ |

⁽¹⁾ Costs of Issuance include, among other things, the Initial Purchaser's discount, fees and expenses of rating agencies, verification agent, Special Counsel and Disclosure Counsel, Municipal Advisor and the initial fees of the Trustee.

THE REVENUE OBLIGATIONS

General

The Revenue Obligations will be prepared in the form of fully registered certificates of participation in denominations of \$5,000 and any integral multiple thereof. The Revenue Obligations will be dated as of the date of initial delivery thereof and will mature on February 1 in such years as set forth on the inside cover page hereof. Interest evidenced by the Revenue Obligations will be payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2022. The Revenue Obligations initially will be delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Revenue Obligations. Individual purchases of the Revenue Obligations will be made in book-entry form only. Purchasers of Revenue Obligations will not receive physical certificates representing their ownership interests in the Revenue Obligations purchased.

The interest evidenced by the Revenue Obligations shall be payable on each Interest Payment Date to and including their respective Principal Payment Dates or prepayment prior thereto, and shall represent the sum of the interest on the Installment Payments coming due on the Interest Payment Dates in each year. The principal evidenced by the Revenue Obligations shall be payable on their respective Principal Payment Dates in each year and shall represent the Installment Payments coming due on the Principal Payment Dates in each year. Each Revenue Obligation shall evidence interest from the Interest Payment Date next preceding its date of execution to which interest has been paid in full, unless such date of execution shall be after a Record Date and on or prior to the following Interest Payment Date, in which case such Revenue Obligation shall evidence interest from such Interest Payment Date, or unless such date of execution shall be on or prior to January 15, 2022, in which case such Revenue Obligation shall represent interest from its date of initial delivery. Notwithstanding, the foregoing, if, as shown by the records of the Trustee, interest evidenced by the Revenue Obligations shall be in default, each Revenue Obligation shall evidence interest from the last Interest Payment Date to which such interest has been paid in full or duly provided for. Interest evidenced by the Revenue Obligations shall be computed on the basis of a 360-day year consisting of twelve 30-day months. See APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Trust Agreement.”

Payments of principal and interest evidenced by the Revenue Obligations are payable directly to DTC by U.S. Bank National Association, as trustee. Upon receipt of payments of such principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Revenue Obligations. So long as the Revenue Obligations are held in the DTC book-entry system, the interest, principal, purchase price and prepayment premiums, if any, due with respect to the Revenue Obligations will be payable by the Trustee, or its agent, to DTC or its nominee. DTC, in turn, will make payments pursuant to its procedures as described under APPENDIX E – “BOOK-ENTRY SYSTEM” herein.

Prepayment Provisions*

Optional Prepayment. The Revenue Obligations maturing on or after February 1, 20__ are subject to optional prepayment prior to their stated Principal Payment Dates, on any date on or after February 1, 2031, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Installment Payments paid pursuant to the Installment Purchase Agreement or from any other source of available funds, any such prepayment to be at a price equal to the principal evidenced by the Revenue Obligations to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

* Preliminary, subject to change.

Selection of Revenue Obligations for Prepayment. Whenever less than all the Outstanding Revenue Obligations are to be prepaid on any one date pursuant to provisions of the Trust Agreement with respect to optional prepayment of Revenue Obligations, the Trustee shall select the Revenue Obligations to be prepaid among Revenue Obligations with different Principal Payment Dates as directed in a Written Request of the District. Whenever less than all the Outstanding Revenue Obligations with the same stated Principal Payment Date are to be prepaid on any one date in accordance with the Trust Agreement, the Trustee shall select the Revenue Obligations with such Principal Payment Date to be prepaid as directed in a Written Request of the District, or at the discretion of the District by lot in any manner that the Trustee deems fair and appropriate, which decision shall be final and binding upon the District and the Owners. The Trustee shall promptly notify the District in writing of the numbers of the Revenue Obligations so selected for prepayment on such date. For purposes of such selection, any Revenue Obligation may be prepaid in part in Authorized Denominations.

Notice of Prepayment. When prepayment of Revenue Obligations is authorized pursuant to the Trust Agreement, the Trustee shall give notice, at the expense of the District, of the prepayment of the Revenue Obligations. The notice of prepayment shall specify (a) the Revenue Obligations or designated portions thereof (in the case of prepayment of the Revenue Obligations in part but not in whole) which are to be prepaid, (b) the date of prepayment, (c) the place or places where the prepayment will be made, including the name and address of any paying agent, (d) the prepayment price, (e) the CUSIP numbers assigned to the Revenue Obligations to be prepaid, (f) the numbers of the Revenue Obligations to be prepaid in whole or in part and, in the case of any Revenue Obligation to be prepaid in part only, the principal evidenced by such Revenue Obligation to be prepaid, and (g) the interest rate and stated Principal Payment Date of each Revenue Obligation to be prepaid in whole or in part. Such notice of prepayment shall further state that on the specified date there shall become due and payable upon each Revenue Obligation or portion thereof being prepaid the prepayment price and that from and after such date interest evidenced thereby shall cease to accrue and be payable. With respect to any notice of optional prepayment of Revenue Obligations, unless at the time such notice is given the Revenue Obligations to be prepaid shall be deemed to have been paid within the meaning of the Trust Agreement, such notice shall state that such prepayment is conditional upon receipt by the Trustee, on or prior to the date fixed for such prepayment, of moneys sufficient to pay for the prepayment price of the Revenue Obligations to be prepaid, and that if such moneys shall not have been so received said notice shall be of no force and effect and the District shall not be required to prepay such Revenue Obligations. In the event a notice of prepayment of Revenue Obligations contains such a condition and such moneys are not so received, the prepayment of Revenue Obligations as described in the conditional notice of prepayment shall not be made and the Trustee shall, within a reasonable time after the date on which such prepayment was to occur, give notice to the persons and in the manner in which the notice of prepayment was given, that such moneys were not so received and that there shall be no prepayment of Revenue Obligations pursuant to such notice of prepayment.

The Trustee shall, at least 20 but not more than 60 days prior to any prepayment date, give notice of prepayment to the respective Owners of Revenue Obligations designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the registration books maintained by the Trustee as of the close of business on the day before such notice of prepayment is given.

The actual receipt by the Owner of any notice of such prepayment shall not be a condition precedent to prepayment, and neither failure to receive such notice nor any defect therein shall affect the validity of the proceedings for the prepayment of such Revenue Obligations or the cessation of interest evidenced thereby on the date fixed for prepayment.

Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and moneys for the payment of the prepayment price of the Revenue Obligations to be prepaid are held by the Trustee,

then on the prepayment date designated in such notice, the Revenue Obligations so called for prepayment shall become payable at the prepayment price specified in such notice; and from and after the date so designated, interest evidenced by the Revenue Obligations so called for prepayment shall cease to accrue, such Revenue Obligations shall cease to be entitled to any benefit or security hereunder and the Owners of such Revenue Obligations shall have no rights in respect thereof except to receive payment of the prepayment price thereof. The Trustee shall, upon surrender for payment of any of the Revenue Obligations to be prepaid, pay such Revenue Obligations at the prepayment price thereof, and such moneys shall be pledged to such payment. See “ – Notice of Prepayment” above regarding cancellation of prepayment where notice of prepayment is given but moneys for the payment of the prepayment price of the Revenue Obligations to be prepaid are not held by the Trustee on the prepayment date designated in such notice.

SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS

Installment Payments

Pursuant to the Installment Purchase Agreement, the Project will be reacquired by the District from the Corporation. The District has covenanted to, subject to any rights of prepayment under the Installment Purchase Agreement, pay to the Corporation, solely from Net Revenues and from no other sources, the Purchase Price in Installment Payments, with interest thereon, as provided in the Installment Purchase Agreement. Pursuant to the Master Agreement, the District has established and declared the conditions and terms upon which obligations such as the Installment Purchase Agreement, and the Installment Payments and the interest thereon payable under the Installment Purchase Agreement, will be incurred and secured. The obligation of the District to make the Installment Payments, and payments of interest thereon, and other payments required to be made by it under the Installment Purchase Agreement, solely from Net Revenues, is absolute and unconditional, and until such time as the Installment Payments, payments of interest thereon, and such other payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to the Installment Purchase Agreement), the District has covenanted that it will not discontinue or suspend any Installment Payments when due, whether or not the Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments, payments of interest thereon, and other payments shall not be subject to reduction whether offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or any cause whatsoever. The District’s obligation to make Installment Payments from Net Revenues is on a parity with the District’s obligation to make payments with respect to its Outstanding Senior Obligations. See “Net Revenues” below. Pursuant to the Trust Agreement, the Corporation has assigned to the Trustee for the benefit of the Owners of the Revenue Obligations substantially all of its rights, title and interest in and to the Installment Purchase Agreement, including its right to receive Installment Payments and the interest thereon.

The District has certain Existing Senior Obligations Outstanding payable from Net Revenues on a parity with the Installment Payments under the Installment Purchase Agreement. The term “Existing Senior Obligations” as used in this Official Statement refers to the Installment Purchase Agreements relating to the District’s currently Outstanding Senior Obligations, as set forth on Table 16 under the caption “FINANCIAL OBLIGATIONS – Existing Indebtedness” herein. The term “Senior Obligations” as used in this Official Statement refers to the Existing Senior Obligations and to any additional Senior Obligations, such as the Installment Purchase Agreement, that may be made payable on a parity basis to the Installment Payments as provided in the Master Agreement. Senior Obligations, together with any Subordinate Obligations payable on a subordinate basis to the Installment Payments incurred as provided in the Master Agreement, are referred to collectively as the “Obligations.” The District has no Subordinate Obligations currently outstanding. See “FINANCIAL OBLIGATIONS — Existing

Indebtedness” herein and APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master Agreement” attached hereto.

The obligation of the District to pay the Installment Payments, and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement and Master Agreement, is a special obligation of the District payable, in the manner provided in the Installment Purchase Agreement, solely from Net Revenues and other funds provided for in the Installment Purchase Agreement, and does not constitute a debt of the District, the State or any political subdivision thereof, in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the District, the State or any political subdivision thereof, is pledged to the payment of the Installment Payments, or the interest thereon, or other payments required to be made under the Installment Purchase Agreement. The Installment Purchase Agreement constitutes a Senior Obligation and, as such, is subject to the provisions of the Master Agreement and is afforded all of the advantages, benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS” herein.

Available Funds of the District

As Senior Obligations under the Master Agreement, the Installment Payments are payable from and secured by a pledge of Net Revenues. Should Net Revenues prove insufficient, the Installment Purchase Agreement further provides that the Installment Payments are payable from any other lawfully available funds of the District. The primary lawfully available funds of the District are its reserve funds, other than trustee-held amounts required to be in any Obligation Reserve Fund securing certain of the District’s Senior Obligations, as described in the Master Agreement. At June 30, 2020, the District’s Debt Service Required Reserves totaled \$94 million, of which \$0 were trustee-held amounts in Obligation Reserve Funds under the Master Agreement. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Master Agreement” attached hereto. District reserve funds are maintained in accordance with the District’s reserve policy. See “DISTRICT REVENUES – Reserves.” Available reserves at June 30, 2020 were approximately \$881 million. See “DISTRICT REVENUES — Reserves,” “— Summary of Operating Data” and “— Projected Operating Data.”

Net Revenues

The District is obligated to make Installment Payments from, among other things, Net Revenues as provided in the Master Agreement, which consist of Revenues remaining after payment of costs paid by the District for maintaining and operating the Wastewater System (“Maintenance and Operation Costs”). Revenues are defined in the Master Agreement to mean, for any period, all income and revenue received by the District during such period from the operation or ownership of the Wastewater System, determined in accordance with generally accepted accounting principles, including all fees and charges received during such period for the services of the Wastewater System, investment income received during such period (but only to the extent that such investment income is generally available to pay costs with respect to the Wastewater System, including Maintenance and Operation Costs), Net Proceeds of business interruption insurance received during such period, *ad valorem* taxes received during such period, payments under the Agreement Acquiring Ownership Interests, Assigning Rights and Establishing Obligations, entered into on February 13, 1986, and amendment No. 1 thereto dated December 10, 1986 (the “IRWD Agreement”), by and between predecessor County Sanitation District No. 14 of Orange County and the Irvine Ranch Water District (the “IRWD”) received during such period and all other money received during such period howsoever derived by the District from the operation or ownership of the Wastewater System or arising from the Wastewater System (including any standby or availability charges), but excluding (a) Capital Facilities Capacity Charges, (b) payments received under Financial

Contracts, and (c) refundable deposits made to establish credit and advances or contributions in aid of construction (which, for purposes of the Master Agreement, shall not include payments under the IRWD Agreement); provided, however, that (i) Revenues shall be increased by the amounts, if any, transferred during such period from the Rate Stabilization Account to the Revenue Account and shall be decreased by the amounts, if any, transferred during such period from the Revenue Account to the Rate Stabilization Account, and (ii) Revenues shall include Capital Facilities Capacity Charges collected during such period to the extent that such Capital Facilities Capacity Charges could be properly expended on a Capital Facilities Capacity Charge Eligible Project for which the proceeds of Senior Obligations were used or are available to be used. Any Federal Subsidy payments received by the District will constitute Revenues as defined in the Master Agreement. See “DISTRICT REVENUES — Additional Revenues” herein.

The District’s obligation to make the Installment Payments from its Net Revenues is on a parity with the District’s obligation to make payments with respect to its other outstanding obligations described as Senior Obligations and all Reimbursement Obligations with respect to Senior Obligations, as provided in the Master Agreement. The Installment Purchase Agreement constitutes a Senior Obligation and, as such, is subject to the provisions of the Master Agreement and is afforded all of the advantages, benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement. Pursuant to the Master Agreement, the District pledges all Net Revenues to the payment of the Senior Obligations and Reimbursement Obligations with respect to Senior Obligations, and the Net Revenues will not be used for any other purpose while any of the Senior Obligations or Reimbursement Obligations with respect to Senior Obligations remain unpaid; provided, however, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted by the Master Agreement. This pledge constitutes a first lien on the Net Revenues for the payment of the Senior Obligations and Reimbursement Obligations with respect to Senior Obligations. The term “Senior Obligations” generally means all revenue bonds or notes (including bond anticipation notes and commercial paper) of the District authorized, issued, executed and delivered under and pursuant to applicable law, the Installment Purchase Agreement, and all other contracts (including financial contracts) or leases of the District authorized and executed by the District under and pursuant to applicable law, including, without limitation, installment, lease or other payments which are, in accordance with the provisions of the Master Agreement, payable from Net Revenues on a parity with the payments under the Master Agreement.

The District may at any time incur Subordinate Obligations payable on a subordinate basis to the Installment Payments as provided in the Master Agreement; provided, however, that prior to incurring such Subordinate Obligations, the District shall have determined that the incurrence thereof will not materially adversely affect the District’s ability to comply with the requirements of the Master Agreement. The District may at any time incur Reimbursement Obligations with respect to Subordinate Obligations. For a description of the District’s Outstanding Senior Obligations and Subordinate Obligations, see “FINANCIAL OBLIGATIONS — Existing Indebtedness” herein. There are currently no Subordinate Obligations or Reimbursement Obligations with respect to Subordinate Obligations outstanding.

The District may, in connection with the incurrence of Subordinate Obligations, pledge Net Revenues to the payment of Subordinate Obligations and Reimbursement Obligations with respect to Subordinate Obligations; provided, however, that such pledge, and any lien created thereby, shall be junior and subordinate to the pledge of, and lien on, Net Revenues for the payment of Senior Obligations and Reimbursement Obligations with respect to Senior Obligations.

Rate Stabilization Account

To avoid fluctuations in its fees and charges of the Wastewater System, from time to time the District may deposit in the Rate Stabilization Account from Net Revenues such amounts as the District

deems necessary or appropriate. From time to time, the District may also transfer moneys from the Rate Stabilization Account to the Revenue Account to be used by the District, first to pay all Maintenance and Operations Costs as and when the same shall be due and payable. In addition, any such amount transferred from the Rate Stabilization Account to the Revenue Account by the District is included as Revenues for any period, but such transferred amount is excluded from determining Operating Revenues for any period. Revenues will be decreased by the amounts, if any, transferred from the Revenue Account to the Rate Stabilization Account. There are presently no funds in the Rate Stabilization Account.

Allocation of Revenues

To carry out and effectuate the pledge of Net Revenues under the Master Agreement as described above, the District agrees and covenants that all Operating Revenues received by the District will be deposited when and as received in the Revenue Account. Additionally, amounts may, from time to time as the District deems necessary or appropriate, be transferred from the Rate Stabilization Account and deposited in the Revenue Account, as described above under “— Rate Stabilization Account” above. The District will pay from the Revenue Account all Maintenance and Operations Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operations Costs, the payment of which is not immediately required) as and when the same shall be due and payable.

After having paid, or having made provisions for the payment of, Maintenance and Operations Costs, the District shall set aside and deposit or transfer, as the case may be, from the Revenue Account such amounts at such times as provided in the Master Agreement in the following order of priority:

- (1) Senior Obligation Payment Account;
- (2) Senior Obligation Reserve Funds (the Revenue Obligations are not secured by any Reserve Fund);
- (3) Subordinate Obligation Payment Account;
- (4) Subordinate Obligation Reserve Funds; and
- (5) Rate Stabilization Account.

Amounts required or permitted to be deposited or transferred as described in items 2, 3, 4 and 5 above, shall not be so deposited or transferred unless the District shall have determined that there will be sufficient Net Revenues available to make the required deposits or transfers on the dates on which such deposits or transfers are required to be made as described above. So long as the District has determined that Net Revenues will be sufficient to make all of the deposits or transfers required to be made pursuant to items 1, 2, 3, 4 and 5 above, on the dates on which such deposits or transfers are required to be made, Net Revenues on deposit in the Revenue Account may from time to time be used for any purpose for which the District funds may be legally applied. For additional information, see APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master Agreement.”

Rate Covenant

Pursuant to the Master Agreement, the District will, to the extent permitted by law, fix, prescribe and collect fees and charges for the services of the Wastewater System which will be at least sufficient to yield during each Fiscal Year (a) Net Revenues equal to 125% of Debt Service on Senior Obligations for such Fiscal Year and (b) Net Operating Revenues equal to 100% of Debt Service on all Obligations for such Fiscal Year. The District may make adjustments from time to time in such fees and charges and may

make such classification thereof as it deems necessary, but will not reduce the fees and charges then in effect unless the Revenues and Net Revenues from such reduced fees and charges will at all times be sufficient to meet the requirements of the Master Agreement.

In addition, the District has covenanted in the Master Agreement to prepare and adopt an annual budget for the Wastewater System for each Fiscal Year. Such budget will set forth in reasonable detail the Revenues anticipated to be derived in such Fiscal Year and the expenditures anticipated to be paid or provided for therefrom in such Fiscal Year, including, without limitation, the amounts required to pay or provide for the payment of the Obligations during such Fiscal Year, the amounts required to pay or provide for the payment of Maintenance and Operations Costs during such Fiscal Year and the amounts required to pay or provide for the payment of all other claims or obligations required to be paid from Revenues in such Fiscal Year, and will show that Revenues and Net Revenues will be at least sufficient to satisfy the requirements of the Master Agreement. On or before September 1 of each Fiscal Year, the District will file with the Trustee a copy of the adopted budget for such Fiscal Year. See APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master Agreement” for additional information.

The District has an established reserve policy with seven distinct reserve criterion which together comprise the District’s reserve fund target. Over a ten fiscal year period, these criterion requirements collectively result in a year-ending reserve total for each fiscal year projected not to fall below \$484 million as indicated in the District’s ten-year cash flow forecast for fiscal years 2020-21 through 2029-30. At its election, the District may use unrestricted reserves to help satisfy the rate covenant described above. See “DISTRICT REVENUES — Reserves” herein.

Limitations on Issuance of Additional Obligations

Senior Obligations. The District may at any time incur Senior Obligations in addition to the Existing Senior Obligations payable from Net Revenues as provided in the Master Agreement on a parity with all other Senior Obligations theretofore incurred but only subject to the following conditions under the Master Agreement:

- (1) Upon the incurrence of such Senior Obligations, no Event of Default will be continuing under the Master Agreement; and
- (2) Subject to the provisions of the Master Agreement, the District will have received either one of the following:
 - (i) A Written Certificate of the District certifying that, for a 12 consecutive calendar month period during the 24 consecutive calendar month period ending in the calendar month prior to the incurrence of such Senior Obligations (which 12 consecutive calendar month period will be specified in such certificate or certificates):
 - (A) Net Revenues, as shown by the books of the District, will have amounted to at least 125% of Maximum Annual Debt Service on all Senior Obligations to be outstanding immediately after the incurrence of such Senior Obligations, and
 - (B) Net Operating Revenues, as shown by the books of the District, will have amounted to at least 100% of Maximum Annual Debt Service on all

Obligations to be outstanding immediately after the incurrence of such Senior Obligations.

For purposes of demonstrating compliance with the foregoing, Net Revenues and Net Operating Revenues may be adjusted for (x) any changes in fees and charges for the services of the Wastewater System which have been adopted and are in effect on the date such Senior Obligations are incurred, but which, during all or any part of such 12 consecutive calendar month period, were not in effect, (y) customers added to the Wastewater System subsequent to such 12 consecutive calendar month period but prior to the date such Senior Obligations are incurred, and (z) the estimated change in available Net Revenues and Net Operating Revenues which will result from the connection of existing residences or businesses to the Wastewater System within one year following completion of any project to be funded or any system to be acquired from the proceeds of such Senior Obligations; or

- (ii) A certificate or certificates from one or more Consultants which, when taken together, project that, for each of the two Fiscal Years next succeeding the incurrence of such Senior Obligations:
 - (A) Net Revenues will amount to at least 125% of Maximum Annual Debt Service on all Senior Obligations to be outstanding immediately after the incurrence of such Senior Obligations, and
 - (B) Net Operating Revenues will amount to at least 100% of Maximum Annual Debt Service on all Obligations to be outstanding immediately after the incurrence of such Senior Obligations.

For purposes of demonstrating compliance with the foregoing, Net Revenues and Net Operating Revenues may be adjusted for (x) any changes in fees and charges for the services of the Wastewater System which have been adopted and are in effect on the date such Senior Obligations are incurred or will go into effect prior to the end of such two Fiscal Year period, (y) customers expected to be added to the Wastewater System prior to the end of such two Fiscal Year period, and (z) the estimated change in available Net Revenues and Net Operating Revenues which will result from the connection of existing residences or businesses to the Wastewater System within one year following completion of any project to be funded or any system to be acquired from the proceeds of such Senior Obligations. For purposes of preparing the certificate or certificates described above, the Consultant may rely upon financial statements prepared by the District that have not been subject to audit by an independent certified public accountant if audited financial statements for the period are not available.

See also “FINANCIAL OBLIGATIONS – Existing Indebtedness” herein. The District is not required to comply with the provisions described above in paragraph (2) if the Senior Obligations being incurred are Short-Term Obligations excluded from the calculation of Assumed Debt Service pursuant to clause (H) of the definition thereof. See APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Definitions” herein.

The determination of Net Revenues for use in the calculation described above is more fully described in APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master

Agreement — *Senior Obligations*” attached hereto. The District is not required to comply with the provisions described in paragraph (2) above for such portion of Senior Obligations incurred for the purpose of providing funds to refund or refinance Senior Obligations if (i) upon such refunding or refinancing, debt service on such refunded or refinanced Obligations, or debt service on bonds, notes or other obligations of an entity other than the District, the debt service on which is payable from Obligation Payments for such Obligations (the “Related Bonds”), will no longer be included in the calculation of Assumed Debt Service either because such Obligations, or the Related Bonds of such Obligations, will have been paid in full or because such debt service is disregarded pursuant to clause (L) of the definition of Assumed Debt Service, and (ii) Assumed Debt Service in each Fiscal Year for the portion of such Senior Obligations incurred for the purpose of providing funds to refund or refinance such Obligations is less than or equal to 105% of Assumed Debt Service in such Fiscal Year for such Obligations being refunded or refinanced (assuming for such purposes that debt service on such refunded or refinanced Obligations, or debt service on the Related Bonds of such Obligations, is not disregarded pursuant to clause (L) of the definition of Assumed Debt Service). See APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master Agreement” attached hereto for additional information. The District may at any time incur Reimbursement Obligations with respect to Senior Obligations.

Subordinate Obligations. The District may at any time incur Subordinate Obligations upon satisfaction of the conditions provided in the Master Agreement. See APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master Agreement” herein for a description of such conditions. There are currently no Subordinate Obligations outstanding.

Insurance

The District will procure and maintain or cause to be procured and maintained casualty insurance on the Wastewater System with responsible insurers, or provide self- insurance (which may be provided in the form of risk-sharing pools), in such amounts and against such risks (including accident to or destruction of the Wastewater System) as are usually covered in connection with facilities similar to the Wastewater System. The District will procure and maintain such other insurance which it will deem advisable or necessary to protect its interests and the interests of the Corporation. See “THE DISTRICT — Risk Management” and APPENDIX C — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master Agreement” herein.

Allocation of Installment Payments

Set forth in Table 1 are the principal and interest payments on the Revenue Obligations. Also set forth are the payments due on Existing Senior Obligations, including the Refunded 2011A Obligations and the Refunded 2018A Notes.

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Table 1
Payments Relating to the Revenue Obligations
and Existing Senior Obligations of the District
As of June 1, 2021

| Fiscal Year Ending June 30 | Installment Payments Relating to Revenue Obligations | | Other Senior Obligations⁽¹⁾ | | Total |
|---|---|-----------------|---|-----------------|--------------|
| | Principal | Interest | Principal | Interest | |
| 2022 | \$ | \$ | \$ | \$ | \$ |
| 2023 | | | | | |
| 2024 | | | | | |
| 2025 | | | | | |
| 2026 | | | | | |
| 2027 | | | | | |
| 2028 | | | | | |
| 2029 | | | | | |
| 2030 | | | | | |
| 2031 | | | | | |
| 2032 | | | | | |
| 2033 | | | | | |
| 2034 | | | | | |
| 2035 | | | | | |
| 2036 | | | | | |
| 2037 | | | | | |
| 2038 | | | | | |
| 2039 | | | | | |
| 2040 | | | | | |
| 2041 | | | | | |
| 2042 | | | | | |
| 2043 | | | | | |
| 2044 | | | | | |
| Total | \$ | \$ | \$ | \$ | \$ |

⁽¹⁾ Includes payments with respect to the Refunded 2011A Obligations and the Refunded 2018A Notes, all of which are to be refunded with the proceeds of the Revenue Obligations. See “REFUNDING PLAN” herein.

THE DISTRICT

Background

The District is managed by the Board of Directors, whose members are appointed by 25 member cities and agencies which are serviced by the District. The District is a public agency responsible for construction and maintenance of a major portion of the wastewater collection, treatment and disposal facilities within its boundaries and is the sixth largest wastewater collection, treatment and recycling agency in the United States of America. The District provides service to an area with a population of approximately 2.6 million people in the northern and central portion of the County by treating an average of 188 million mg/d of wastewater in Fiscal Year 2019-20. The District serves approximately 81% of the County population in approximately 479 square miles, or approximately 60% of the County’s area. Local sanitary districts, water districts and cities are responsible for local sewers in the District’s service area. The District reuses more than 65% of the total wastewater flow that it receives.

The service area which comprises the District was originally formed in 1954 pursuant to the County Sanitation District Act, as amended, Section 4700 *et seq.* of the Health and Safety Code of the State. The District's service area originally consisted of seven independent special districts in the County which were each responsible for matters relating to their individual districts. These special districts were jointly responsible for the treatment and disposal facilities which they each used. The seven independent districts were successors to the Joint Outfall Sewer Organization, which was formed in 1923 among the Cities of Anaheim, Santa Ana, Fullerton, and Orange, and the sanitary districts of Placentia, Buena Park, La Habra, and Garden Grove. The Joint Outfall Sewer Organization constructed a treatment plant and outfall in the early 1920s to serve its members. It was reorganized in 1947 and 1948 into seven county sanitation districts – District Nos. 1, 2, 3, 5, 6, 7 and 11. These prior districts were formed based on engineers' analyses of the gravity flows in the service area. District No. 13 was formed in 1985 and District No. 14 was added in 1986. These districts were co-participants in a Joint Agreement which provided for the joint construction, ownership, and operation of the prior districts' joint facilities.

In April 1998, at the request of the Board of Directors of the District (the "Board of Directors"), the Board of Supervisors of the County of Orange (the "County Board") passed Resolution No. 98-140 approving the consolidation of the then existing nine special districts into a new, single sanitation district, to be known as the Orange County Sanitation District. This action was designed to simplify governance structures, reduce the size of the Board of Directors, ease administrative processes, streamline decision-making and consolidate accounting and auditing processes. The consolidation was effective on July 1, 1998.

Pursuant to Resolution No. 98-140 and Government Code Section 57500, the prior districts transferred and assigned all of their powers, rights, duties, obligations, functions and properties to the District, and the District assumed all obligations of the prior districts which were several and not joint including, without limitation, their obligations to repay the then outstanding certificates of participation. The boundaries of the nine predecessor special districts were initially used by the District to delineate separate revenue areas (the "Revenue Areas") for budgeting and accounting purposes and in order to facilitate the imposition of fees and charges imposed by the District. See "DISTRICT REVENUES – Sewer Service Charges" herein.

Organization and Administration

The District is independent of and overlaps other political jurisdictions. There are many governmental entities, including the County, that operate within the District's jurisdiction. These entities are exclusively responsible for the administration of their own fiscal affairs, and the District is not entitled to operating surpluses of, or responsible for operating deficits of, any of the other entities.

The 25-member Board of Directors is composed of representatives from 20 cities, four special districts and a member representing the County. Several board committees, made up of members of the Board of Directors, consider topics for action by the Board of Directors and make recommendations to the Board of Directors. The Chair and the Vice Chair of the Board of Directors are elected every year by a majority of the Board of Directors, and serve at the pleasure of a majority of the Board of Directors.

The District has a general manager, outside general counsel, and administrative and operating staff, with offices located at Reclamation Plant No. 1 in Fountain Valley, California. The District currently employs an administrative and operating staff of approximately 600 under the direction of its General Manager, James Herberg.

James Herberg, P.E., is the General Manager of the District and has served in this capacity since April 2013. During his more than 29 years with the District, he has held the positions of Assistant General

Manager, Director of Engineering, and Director of Operations and Maintenance. Mr. Herberg has more than 35 years of experience in the water and wastewater industries, including six years at the Orange County Water District with whom the District has partnered on the Groundwater Replenishment System project.

Robert Thompson, P.E., is an Assistant General Manager and the Director of Operations and Maintenance. He has worked for the District since 1995. Mr. Thompson has served as manager in several departments with the District, including Information Technology, Operations and Maintenance, and Engineering. He has had a lead role in creating and maintaining engineering, programming, tagging and asset standards for the District.

Lorenzo Tyner is an Assistant General Manager and the Director of Finance and Administrative Services. Mr. Tyner joined the District in 2005 after serving as Los Angeles Unified School District Budget Director and Deputy Chief Financial Officer. Mr. Tyner has more than 25 years of public finance and budgeting experience, working in large government organizations including the City of Los Angeles and the Los Angeles County Metropolitan Transportation Authority and private sector experience with IBM Global Services and TRW Space and Defense.

Kathleen T. Millea, P.E., is the District's Director of Engineering. Ms. Millea has worked for the District since 1995. She has served in several engineering roles during her tenure there, including Operations and Maintenance Process Engineer, Resident Construction Engineer, Project Manager, Project Management Office Supervisor, and Planning Manager. Ms. Millea managed the District's Capital Improvement Program Master Plan. Ms. Millea previously worked for the City of Los Angeles, Bureau of Sanitation.

Celia Chandler is the District's Director of Human Resources. Ms. Chandler joined the District in 2015. Ms. Chandler has more than 20 years of experience in all aspects of Human Resources in both public and private sector organizations, most recently serving as the Director of Academic Labor Relations for the California State University system. Ms. Chandler previously worked in large government organizations including the City of Corona, the City of Murrieta and the County of Riverside, and with private sector company Stone & Webster Engineering Services Company.

Lan Wiborg is the District's Director of Environmental Services. Ms. Wiborg joined the District in 2019. Ms. Wiborg has more than 20 years of water and wastewater utility experience and most recently served as the City of San Diego's Deputy Public Utilities Director of Long-Range Planning and Water Resources, where she oversaw water resource development and planning, watershed protection, water conservation, climate change adaptation, and grid-scale pumped hydropower energy storage programs.

Services

The District owns and operates regional wastewater collection, treatment, and disposal facilities for the metropolitan area in the northern and central portion of the County. The District receives wastewater from the collection systems of the cities, sanitary districts and unincorporated areas of the County located within the District. See "THE DISTRICT – Service Areas" herein.

Generally, local agency systems collect wastewater from residential and industrial customers and convey the wastewater to District trunk sewer pipelines for conveyance to the District's wastewater treatment plants.

The District's staff is responsible for operating and maintaining the District's infrastructure, although some work is performed by external contractors.

Currently, the District has established supply contracts for all chemicals necessary to the operation and maintenance of the facilities of the District. The District has sufficient standby systems in the event of equipment failures or system outages.

Service Area

The map on the inside cover of this Official Statement shows the District's boundaries and selected cities located within the District. District boundaries were originally established in 1947 and 1948 based on drainage basins. As the existing cities have grown and new areas have incorporated, city limits have come to overlap District boundaries. The District currently serves an approximately 479 square-mile area including 23 of the County's 34 cities and various unincorporated areas of the County. The District serves a population of approximately 2.6 million residents.

[Remainder of page intentionally left blank.]

Set forth in Table 2 below is a list of the cities and unincorporated areas currently served by the District and their estimated populations as of January 1, 2020.

Table 2
Estimated Populations of Cities and Unincorporated Areas
Served by the Orange County Sanitation District
As of January 1, 2020

| <u>City</u> | <u>Population</u> |
|---|-------------------------|
| Anaheim | 357,325 |
| Brea | 45,629 |
| Buena Park | 81,998 |
| Costa Mesa | 114,778 |
| Cypress | 49,272 |
| Fountain Valley | 55,878 |
| Fullerton | 141,863 |
| Garden Grove | 174,801 |
| Huntington Beach | 201,281 |
| Irvine | 281,707 |
| La Habra | 63,371 |
| La Palma | 15,492 |
| Los Alamitos | 11,567 |
| Newport Beach | 85,780 |
| Orange | 140,065 |
| Placentia | 51,494 |
| Santa Ana | 335,052 |
| Seal Beach | 24,992 |
| Stanton | 39,077 |
| Tustin | 80,382 |
| Villa Park | 5,766 |
| Westminster | 92,421 |
| Yorba Linda | <u>68,650</u> |
| Cities Subtotal ⁽¹⁾ | 2,518,641 |
| Unincorporated Areas (estimated) ⁽²⁾ | <u>70,370</u> |
| Total | <u>2,589,011</u> |

⁽¹⁾ Demographic Research Unit, State of California Department of Finance.

⁽²⁾ Center for Demographic Research, California State University, Fullerton.

Employees

As of March 15, 2021, the District had a total of approximately 618 employees. The majority of the District employees are represented by recognized employee organizations, which include the following: the Orange County Employees Association (“OCEA”), representing administrative/clerical, technical services and engineering employees since 1979, the International Union of Operating Engineers – Local 501 (“Local 501”), representing operations and maintenance employees since October 1985, and the Supervisory and Professional Management Group (“SPMT/AFSCME”), representing employees within the Supervisor Group and Professional Group since 1991. The total number of represented employees as of March 15, 2021 was 575, and is broken down as follows: 97 employees represented by OCEA, 200 employees represented by Local 501, and 278 employees represented by SPMT/AFSCME. In

August 2019, the District reached final agreement with all bargaining units on the current set of labor contracts that will expire on June 30, 2022. Historically, the District has experienced positive and collaborative working relationships with each organization and has not endured any work stoppages since its formation in 1998.

Retirement Plan

The District participates in the Orange County Employees Retirement System (“OCERS”), a cost-sharing multiple-employer defined benefit pension plan, which is governed and administered by a nine-member Board of Retirement. OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937, and provides members with retirement, death, disability, and cost-of-living benefits.

All full-time and part-time District employees participate in OCERS. Contributions are based on an OCERS actuarial-determined rate structure and age at time of employment; contributions are deducted on a pre-tax basis. Most employees do not pay into Social Security with the exception of 1.45% of gross income, which is paid into the Medicare portion of Social Security. The amount of the retirement allowance is based upon the member’s age at retirement, the member’s “final compensation” as defined in Section 31462 of the Retirement Law of 1937, the total years of service under OCERS, and the employee’s classification as a Plan B, G, H or U member. Plan U applies to all full-time and part-time employees hired on or after January 1, 2013. Plan B applies to supervisor and professional employees hired on or after October 1, 2010, Local 501 employees hired on or after July 1, 2011 and OCEA employees hired on or after August 1, 2011. Plan G applies to employees hired before September 21, 1979. Plan H applies to employees hired on or after September 21, 1979 and prior to the eligibility dates for Plan B or Plan U. Plan G and H provide 2.5% of final compensation per year of service at age 55. Plan B provides 1.667% of final compensation per year of service at age 57.5, and Plan U provides 2.5% at 67. “Final compensation” is the highest consecutive 12 months of compensation for Plan G members and the highest consecutive 36 months of compensation divided by three for Plan B, H, and U members. Benefits fully vest under the OCERS retirement plan upon reaching five years of service. Employees who retire at or after age 50 with ten or more years of service are eligible to receive an annual retirement allowance, but at a reduced benefit for those employees retiring prior to age 67 for Plan U members, 57.5 for Plan B members, or prior to age 55 for Plan G and H members. OCERS also provides death and disability benefits.

As a condition of participation under the provisions of the County Employees Retirement Law of 1937, members are required to contribute a percentage of their annual compensation to OCERS. The District contributes a portion of the employee’s contribution to OCERS for members of Plans G and H based on a percentage of the covered employee’s base salary. Members of Plans U and B do not receive any contributions toward employee contribution to OCERS. As of the December 31, 2019 valuation, OCERS had an aggregate Unfunded Actuarial Accrued Liability (“UAAL”) of \$5.9 billion, and a funded ratio of 73.17 %.

Set forth in Table 3 below is a current comparison of the District’s required contributions to OCERS for Fiscal Years 2015-16 through 2019-20 and estimated actual contributions for Fiscal Year 2020-21.

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Table 3
Orange County Sanitation District
District Required Contributions to OCERS for Fiscal Years 2015-16 through 2019-20 and
Projected Required Contributions for Fiscal Year 2020-21

| <u>Fiscal Year</u> | <u>Rate</u> ⁽¹⁾ | <u>District Required Contributions</u> |
|------------------------|----------------------------|--|
| 2015-16 | 20.17% | \$12,222,849 |
| 2016-17 | 12.38 | 7,709,734 |
| 2017-18 | 11.51 | 7,525,655 |
| 2018-19 | 11.24 | 7,769,431 |
| 2019-20 | 12.54 | 8,739,661 |
| 2020-21 ⁽²⁾ | 12.08 | 8,490,385 |

⁽¹⁾ Required contribution as a percent of covered payroll. Rate includes both (1) the portion attributable to the normal contribution and (2) the portion attributable to amortization of UAAL (the “UAAL Rate”), if any. Combined rate for all Plans. Actuarial valuation as of December 31, 2019 assumed an investment return of 7.00%, net of administrative and investment expenses.

⁽²⁾ Estimated actual.

Source: Orange County Sanitation District.

As of September 4, 2019, the District’s total UAAL (excluding the normal contribution) was \$8,116,226. On September 9, 2019, the District contributed \$8,116,226 to OCERS in full satisfaction of its UAAL and accrued interest on the UAAL through the payment date that is due and payable by District to OCERS as part of its total contribution for the period July 1, 2020 through and including June 30, 2021.

As of December 31, 2018, an additional UAAL attributable to District on the books of OCERS totaled \$30,232,235 (“Deferred UAAL”), representing the District’s allocated share of OCERS’ net deferred investment losses. The Deferred UAAL is projected to be due and payable by the District in amortizing installments commencing July 2021. The amortizing installments of District’s Deferred UAAL in any future year may be more or less than the total unfunded actuarial accrued liability attributable to the District in such future year (“Actual Future UAAL”).

On November 1, 2019, the District contributed \$29,883,774 toward its Deferred UAAL, and OCERS established a UAAL deferred account on its books and records for the purpose of recording and accounting. The UAAL deferred account will offset the District’s losses, if any, as they arise in the future, to continue decreasing its UAAL Rate in those future valuations. The UAAL deferred account will not be used for the District’s normal contribution.

As of December 31, 2019, the date of the most recent actuarial valuation completed by OCERS, the District’s past UAAL was \$0. The balance in the District’s UAAL deferred account as of December 31, 2019 before any transfers out was about \$30.7 million. On December 31, 2019, a transfer of \$18.6 million was made from this account to pay off the District’s Actual Future UAAL (fully offsetting the actuarial losses during 2019). The balance in the District’s UAAL deferred account as of December 31, 2019 after the transfer out is about \$12.1 million and may be applied to the District’s Actual Future UAAL (but not normal contributions) in later periods.

The District has satisfied its past normal contributions from other funds, and currently intends to continue that practice.

For the Fiscal Year ended June 30, 2020, total payroll costs of District employees covered by OCERS was \$71,395,906.

The District's retirement program includes Additional Retiree Benefit Account ("ARBA") benefits. ARBA benefits provide a monthly payment to retirees towards the premium costs of health insurance for the retiree and eligible dependents. The retiree is not required to use this amount for health insurance premium or to remain on the OCERS medical plan. Benefits vest upon retirement. The District pays 100% of the cost for the ARBA plan and utilizes a pay-as-you-go method for funding the plan. The District paid \$888,120 in ARBA benefits during Fiscal Year 2019-20.

For more information regarding OCERS and the District's retirement plan as of June 30, 2020, see Note 5 to the Comprehensive Annual Financial Report of the Orange County Sanitation District for the Year Ended June 30, 2020 set forth in Appendix A. The Comprehensive Annual Financial Reports of the Orange County Employees Retirement System are available on the OCERS website at <http://www.ocers.org>. The information on such website is not incorporated herein by such reference or otherwise. The District cannot predict whether the OCERS investment portfolio will experience additional losses in the future; however, any future losses could result in material increases in the District's required contributions.

Other Post-Employment Benefits

In June 2015, Governmental Accounting Standards Board ("GASB") issued Statement No. 75, which requires state and local governmental employers to recognize a liability as the employees earn benefits by providing services for its post-employment benefits other than pension benefits (known as other post-employment benefits or "OPEB") and to recognize total OPEB liability if the OPEB is not administered through a trust that meets the specified criteria. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources. The statement replaces the requirements of Statement No. 45. The District adopted Statement No. 75 for the fiscal year beginning July 1, 2017, as required of GASB. According to the District's actuary, Demsey Filliger & Associates (the "Actuary"), the unfunded OPEB liability as of July 1, 2020 was approximately \$2.5 million. The District does not believe that its OPEB liability will have a material impact on its operational results.

Risk Management

As of the date hereof, the District has in force basic all risk property and casualty insurance, including theft, fire, flood, terrorism and boiler and machinery losses at its plants and pump stations. The District is self-insured for portions of workers' compensation, property damage and general liability. The self-insurance portion of workers' compensation is \$1,000,000 per person per occurrence with outside excess insurance coverage to the statutory limit. The self-insured portion for property damage covering fire and other disasters is \$500,000 per occurrence (for most perils) with outside excess insurance coverage to \$800,000,000. The self-insured portion for property damage covering flood is \$500,000 per occurrence with outside excess insurance coverage to \$100 million. The District also maintains outside comprehensive boiler and machinery insurance and business interruption insurance with \$100,000,000 limits and a \$500,000 self-insured retention.

The District is self-insured for general liability coverage up to \$750,000 per occurrence, with excess general liability coverage up to \$40 million. The District is self-insured for pollution liability coverage up to \$75,000 per loss, with outside pollution liability insurance coverage up to \$10 million. In

addition, the District has limited earthquake insurance partially covering several key structures; beyond that, the District relies on a combination of self-insurance and District reserves for all property damage from the perils of seismic activity as well as the expectation that some disaster relief funds may be available from the Federal Emergency Management Agency (“FEMA”) to address any resulting damage. See “DISTRICT REVENUES – Reserves” and “– Integrated Emergency Response Program.” There is no assurance that, in the event of a significant seismic event, a combination of self-insurance, District reserves or FEMA assistance would be available or sufficient for the repair or replacement of the affected property.

The District carries cyber liability coverage up to \$2,000,000 per occurrence, with a self-insured retention of \$100,000 per claim.

During the past five fiscal years there have been no settlements in excess of covered amounts. Claims against the District are primarily processed by outside claim administrators or the District’s General Counsel. The District believes that there are no unrecorded claims as of June 30, 2020 that would materially affect the financial position of the District.

For information regarding the District’s insurance coverage as of June 30, 2020, see Note 1 to the Comprehensive Annual Financial Report of the Orange County Sanitation District for the Year Ended June 30, 2020 set forth in Appendix A.

Existing Facilities

The Wastewater System currently consists of two wastewater plant facilities, an influent metering and diversion structure, 15 off-plant pump stations, various interplant pipelines and connections, and the ocean outfall facilities. The District’s Wastewater System includes approximately 388 miles of sewers within 12 trunk sewer systems, two discharge outfalls and two emergency weir outlets. The existing treatment plants have a rated primary treatment capacity of 376 mg/d, including standby capacity.

Reclamation Plant No. 1 (“Plant No. 1”) is located in the City of Fountain Valley, approximately four miles inland of the Pacific Ocean and adjacent to the Santa Ana River. Influent wastewater entering Plant No. 1 passes through a flow metering and diversion structure, mechanical bar screens, grit chambers, and primary basins, before going to one of two air activated sludge processes, or trickling filters, and secondary basins. Up to 135 mg/d of secondary treated effluent can be diverted to a plant owned by the Orange County Water District (the “OCWD”) for tertiary treatment prior to reclamation and groundwater recharge. See “ - Groundwater Replenishment System” below.

Solids treatment at Plant No. 1 includes co-thickening of primary and secondary sludge, followed by anaerobic digestion process and centrifuge dewatering of digested sludge to produce Class-B biosolids. Digester gas produced at Plant No. 1 is collected, cleaned, compressed, and transferred via a closed piping system, to the Central Power Generation Facility, as a renewable fuel for energy generation. In addition, Plant No. 1 includes facilities for odor control and chemical addition to support the aforementioned.

Treatment Plant No. 2 (“Plant No. 2”) is located in the City of Huntington Beach, 1,500 feet from the Pacific Ocean, at the mouth of the Santa Ana River. Raw sewage flow entering Plant No. 2 passes through a flow metering structure, mechanical bar screens, and grit removal chambers. Flow then passes through primary basins before being split between the oxygen activated sludge secondary treatment facility or the trickling filters/solids contact basins, where it is discharged directly to the ocean via the outfall pumping system.

Solids treatment at Plant No. 2 includes in-basin thickening of primary sludge, dissolved air flotation thickening of waste activated sludge and secondary sludge, anaerobic sludge digestion, and centrifuge dewatering. Plant No. 2 also has facilities for odor control and chemical addition. Digester gas produced at Plant No. 2 is collected, compressed, cleaned, and distributed to a Central Power Generation System as a renewable fuel for energy generation.

The District employs several phases in the treatment of wastewater. The first phase, preliminary treatment, removes debris such as eggshells, sand and other non-biodegradable items. See also “ - Biosolids Management” below. In the next phase, primary treatment, wastewater is pumped to large settling basins. The liquids are separated from the remaining solids which settle or float as the wastewater passes through large settling basins called clarifiers. The settled solids are sent to solids treatment facilities. All of the wastewater received by the District is sent to secondary treatment for further processing. During secondary treatment, the wastewater is treated with naturally occurring bacteria to remove most of the remaining dissolved and suspended microscopic organic solids. The treated wastewater from both plants is mixed together at Plant No. 2, where it is then pumped through the ocean outfall pipe that extends five miles offshore.

The ocean outfall system includes three discharge structures: Outfall No. 1, Outfall No. 2, and the Santa Ana River Emergency Overflow Weirs. Outfall No. 2 serves as the primary ocean outfall, discharging treated wastewater approximately five miles offshore at a depth of approximately 200 feet. It began service in 1971 and is currently undergoing planned assessment and rehabilitation activities to ensure its reliability for many years to come. Outfall No. 1 serves as an emergency outfall. It was originally constructed in 1954 and was later modified in 1965. It is located over a mile offshore at a depth of approximately 65 feet and serves as a primary backup to Outfall No. 2. This outfall can only be used in the case of an emergency or during planned maintenance activities. The Outfall System has two Santa Ana River Emergency Overflow Weirs at Plant No. 2, which discharge directly to the Santa Ana River. These weirs are for extreme emergency used only and serve as a secondary backup to the primary outfall facilities, ensuring the safety and welfare of the community at large.

Set forth in Table 4 below are the treatment plants’ approximate treatment capacities.

Table 4
Wastewater System Treatment Capacities
(mg/d)
As of June 30, 2020

| | 2019-20 <u>Actual Flows</u> | Primary Treatment <u>Capacity</u> | Secondary Treatment <u>Capacity</u> |
|---------------------|--|--|--|
| Plant No. 1 | 119 | 208 | 182 |
| Plant No. 2 | <u>69</u> | <u>168</u> | <u>150</u> |
| Aggregate Treatment | <u>188</u> | <u>376</u> | <u>332</u> |

Source: Orange County Sanitation District.

The District also has the capability to divert a portion of the influent flow from Plant No. 1 to Plant No. 2 through interplant connections. A portion of the flow destined for Plant No. 2 can also be diverted to Plant No. 1. Another interplant facility allows gas generated during solids treatment to be transported between Plant No. 1 and Plant No. 2 and allows digester gas (which is used as fuel for many

of the facilities' engines) from one plant to be used at the other to balance the supply and demand, which results in efficient gas utilization.

Permits, Licenses and Other Regulations

The District is subject to laws, rules and permits issued by federal, state, regional and local regulatory bodies. The Wastewater System is subject to regulations imposed by the 1972 Clean Water Act, as amended (the "Clean Water Act"), the California Environmental Quality Act of 1970, as amended ("CEQA") and the federal Clean Air Act. Regulatory requirements to conform with these laws are primarily administered by the United States Environmental Protection Agency (the "EPA"), the California Air Resources Board, the Santa Ana Regional Water Quality Control Board ("RWQCB"), and the South Coast Air Quality Management District ("AQMD"). These agencies regulate the standards of quality of water or air that can be discharged or emitted from the treatment plants and their processes. The Clean Water Act directs the EPA to monitor and regulate the discharge of pollutants into the waters of the United States, including a requirement that all wastewater treatment plants provide primary and secondary treatment. In 1977 Congress amended the Clean Water Act to allow modification (so-called "waivers") of secondary treatment standards for certain ocean dischargers, if they could demonstrate to the satisfaction of the EPA that no adverse environmental impacts would occur. The District currently has all applicable permits and licenses necessary to operate its facilities.

Since the passage of the Clean Water Act the District has discharged treated wastewater into the Pacific Ocean under a permit issued by the EPA and the RWQCB. The discharge permit included a modification under the Section 301(h) provisions of the Clean Water Act, allowing for less than full secondary treatment based on an ocean discharge of sufficient depth, distance, and dilution. The permit was initially issued in 1985 and was the first modified Section 301(h) permit issued to a major wastewater treatment facility. The permit was re-issued on May 6, 1998 and expired on June 8, 2003.

On July 17, 2002, the Board of Directors adopted Resolution No. OCSD 02-14, "Establishing the Policy for Level of Treatment of Wastewater Discharged into the Ocean." This resolution established the District's policy to treat all wastewater discharges into the ocean to secondary treatment standards, thereby providing for continued public safety, marine ecosystem protection, and water reclamation opportunities. To implement this policy, the District's staff was directed to immediately proceed with the planning, design, and implementation of treatment methods that will allow the District to meet Clean Water Act secondary treatment standards with the expressed purposes of eliminating the need for the permit modification received under Section 301(h). The District completed these improvements ahead of schedule in December 2012 at a total capital improvement cost of \$537.8 million.

Following the determination by the Board of Directors in July 2002 to implement full secondary treatment standards, the District withdrew the waiver that applied at that time and prepared a National Pollutant Discharge Elimination System ("NPDES") Permit Application to meet secondary treatment standards. The District submitted its application to the EPA and the RWQCB in December 2002. The NPDES permit was approved by the EPA and became effective on October 31, 2004, with the EPA requiring that the District meet secondary treatment levels in accordance with a time schedule order.

The District renewed its permit in 2009 and 2012 and met the time schedule order in 2012. The District's current NPDES permit became effective on July 20, 2012, with a July 19, 2017 expiration date. Federal regulations require permittees to apply for a new application at least 180 days prior to the then-current permit expiration date. The District timely submitted a renewal application in December 2016. Currently, the District is operating under an administrative extension of its existing NPDES permit. On February 2, 2021, EPA and RWQCB issued a public notice to comment on the District's draft NPDES permit. The District has been in frequent contact with EPA and RWQCB regarding the permit renewal

process. Delays in the renewal were attributed to EPA's backlog of permit renewals and limited resources. RWQCB is scheduled to hold a public hearing on June 18, 2021 for permit adoption. The District expects its NPDES permit to be renewed in 2021. Prior to such renewal, the existing NPDES permit remains valid.

The District is also subject to the requirements of the Federal Clean Air Act, which mandates attainment with national ambient air quality standards for criteria pollutants (ozone, particulate matter, carbon monoxide, lead, nitrogen dioxide, and sulfur dioxide). Air pollutants cause adverse effects on human health and environment. The AQMD is the local air pollution control agency charged with implementing the Federal Clean Air Act. In addition to mandated criteria pollutants, the AQMD also implements numerous federal and State requirements related to the toxic air pollutants which can cause cancer or other severe localized health effects. For example, the State's Air Toxic Hot Spots Act requires facilities to conduct health risk assessments and notify the neighboring communities if the health risk exceeds the regulatory thresholds.

Pursuant to AQMD's requirements, the District must obtain permits before sewage treatment improvement projects can be constructed and operated. Such permits are project-specific and may contain conditions that govern design criteria, operating parameters, and emissions standards. Most of the District's treatment facilities are enclosed to capture and treat emissions to ensure regulatory emissions standards are met and to minimize odor impact to the neighboring communities. The District's treatment plants are also subject to the requirements of Title V of the Federal Clean Air Act amendments. The Title V permit is a single air quality permit for a facility that consolidates and replaces all of the air permits for individual pieces of equipment previously issued by the local air quality district. The permit contains all applicable local, state, and federal requirements, including periodic self-certification of compliance and mandatory self-reporting of permit deviation.

All Title V permit-related reporting and documents submitted to the AQMD must be signed by the highest official – in this case, the General Manager. The Title V program also demands facilities to organize and conduct extensive training of the staff involved, including the field operation and maintenance staff. Another Title V important feature is a possibility of the public active participation and intervention in the cases of potential emission limits and monitoring violations. The District Title V permits did not receive any negative public responses or comments during the required public review period. The District received initial Title V permits for the treatment plants in January 2009. Title V permits are issued for a five-year period. Title V permits for both plants were re-issued on April 16, 2014, and again in September 2020 (Plant No. 1) and October 2020 (Plant No. 2).

The District is currently operating under a Regular Variance issued by AQMD in January 2021. The Regular Variance applies to the Resource Recovery System No. 1 (Central Generation Internal Combustion Engine No. 1 at Plant 1) which is currently going through an extensive rebuild and maintenance overhaul after many years of operation. Due to the length, complexity and difficulties encountered with the overhaul, the annual ammonia slip testing deadline could not be met as the engine is currently in a non-operable condition and testing cannot be conducted unless the engine is operable. The District is in the process of finalizing a contract with a new firm to take over the overhaul and refurbishment process of the subject engine. The Regular Variance has a final compliance date of no later than April 28, 2022. There are no excess emissions associated with the granting of the Regular Variance. The District does not expect the overhaul of Resource Recovery System No. 1 (Central Generation Internal Combustion Engine No. 1 at Plant 1) or compliance with the Regular Variance to have a material adverse effect on its finances or operations.

District Planning

The Board of Directors has adopted a comprehensive strategic plan regarding the District's service levels and operational needs (the "Strategic Plan"). The Strategic Plan is updated annually to continue reviewing a five-year horizon (each, a "Five-Year Strategic Plan"). See "THE DISTRICT — Five-Year Strategic Planning." In December 2017, the Board of Directors adopted a Facilities Master Plan (the "Master Plan") for the District. The Master Plan also incorporates and implements the levels of services defined by the Board of Directors that are included in the Strategic Plan.

Capital Improvement Program

The Master Plan identified a phased 20-year program of capital improvement projects ("CIP") that will allow the District to maintain reliability and accommodate future growth, as well as meet future regulatory requirements, level of service goals, and strategic initiatives. With this phased 20-year program as a starting point, the Asset Management Program within the Planning Division continues assessing the condition of the District's existing assets and systems to ensure that they can provide the necessary level of service. The District expects to accomplish the following under the CIP over the next 20 years:

- Major rehabilitation or replacement of facilities and components used in all stages of the treatment process - preliminary, primary, secondary, and solids treatment, outfall pumping and discharge system, and central generation at both treatment plants;
- Implementation of the recommendations of the Biosolids Master Plan to address seismic risks, to produce higher quality biosolids and accept food waste;
- Relocation of the District headquarters complex;
- Upgrade of the Supervisory Control and Data Acquisition ("SCADA") system and network at Plant No. 2, replacement of the process control systems, uninterruptible power supply ("UPS") system, and electrical power distribution system at both treatment plants;
- Implementation of the recommendations of the Climate Resiliency Study and Seismic Evaluation Study to withstand or adapt to adverse conditions such as heavy rains, flooding, sea level rise, earthquakes, tsunamis, extreme heat, wildfires and electrical grid interruptions;
- Replacement or rehabilitation of plant-wide infrastructures, such as buried process piping, tunnels and junction structures;
- Replacement or rehabilitation of District's outlying pumping stations, including the abandonment and/or demolition of two pump stations;
- Rehabilitation of aging trunk sewers and manholes;
- Reduction of fence line odor to levels that minimize odor complaints; and
- Safety improvements at both treatment plants.

The CIP is reviewed, validated and updated annually to ensure that the project scopes of work and cost estimates are up-to-date. Through the budget validation process, each project's schedule, staff resources, total project costs, cash flow and risks are assessed to confirm the budgetary requirements. The

most recent CIP validation effort (the “2020 CIP Validation Study”) resulted in revisions to the CIP. The CIP currently consists of includes 70 active and future capital projects, five programs, such as the Planning Studies Program and Small Construction Program, and budget for capital equipment purchases with a total CIP budget authority of \$4.18 billion. Set forth in Table 5 below is a summary of total CIP outlays, net of savings and deferrals, over the fiscal years 2020-21 through 2029-30. Of this ten-year, \$2.7 billion portion of the CIP program, \$165 million of CIP outlays is budgeted in Fiscal Year 2020-21. Also budgeted in a separate contra line item are anticipated offsetting CIP savings and deferrals of \$17 million, thereby reducing the net budgeted outlays to \$148 million for Fiscal Year 2020-21.

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Table 5
Net Capital Improvement Program Outlays
Fiscal Years 2020-21 through 2029-30

| <u>Project</u> | <u>Cost</u> |
|---|------------------------|
| Rehabilitation and Replacement | \$2,093,639,817 |
| Additional Capacity | 110,951,560 |
| Regulatory | 17,569,354 |
| Strategic Initiatives | 478,847,269 |
| Future Rehabilitation and Replacement | 346,009,000 |
| CIP Savings and Deferrals | <u>(301,001,000)</u> |
| Total Validated Capital Improvement Program | <u>\$2,746,016,000</u> |

Source: 2020 CIP Validation Study, Orange County Sanitation District.

Groundwater Replenishment System

The District has taken a multi-jurisdictional approach to planning for capital facilities because many of the methods for reducing or managing flows involve other jurisdictions. One such project is the Groundwater Replenishment System (the “GWRS”). In March 2001, the District entered into an agreement with the OCWD to design and construct the GWRS. The capital cost of this Phase was shared equally (50% shares) by each agency. The GWRS is a joint effort by the two agencies to provide reclaimed water for replenishment of the Orange County Groundwater Basin and to augment the seawater intrusion barrier. The GWRS became operational in January of 2008 producing 70 mgd of highly purified water. The Initial Expansion of the GWRS broke ground in January 2012 to add approximately 30 mgd of production capacity and was completed in June 2015, resulting in purifying 100% of the treated wastewater from the District’s Fountain Valley-based Plant No. 1. The Initial Expansion of the GWRS was funded solely by the OCWD. In 2016, the District and the OCWD completed a \$2 million joint study to explore the Final Expansion of the GWRS which would increase GWRS capacity by an additional 30 MGD. The study identified an implementation plan to convey secondary effluent from the District’s Plant No. 2 in Huntington Beach using new and existing infrastructure to support the GWRS Final Expansion. The GWRS Final Expansion will be funded solely by the OCWD. The District currently has two active projects supporting the GWRS Final Expansion. The costs of these projects will be reimbursed by the OCWD. The Final Expansion of the GWRS is expected to be online in 2023.

Biosolids Management

Through the treatment of wastewater, the District recovers and treats nutrient-rich, organic matter (solids) to produce biosolids. Consistent with the regulations of the U.S. Environmental Protection Agency (“EPA”) and the regulations in place at the end-use sites, the District’s biosolids are recycled through composting, fertilizing non-food farm fields (land application), and disposed in a landfill for methane gas recovery. The District’s goal is to ensure our biosolids management strategies align with existing market conditions and continue a sustainable, reliable and economical biosolids management program that provides environmentally-sound practices and meets federal, State and local regulatory requirements.

The District’s biosolids averaged about 550 tons per day (“tpd”) in Fiscal Year 2019-20, with a total expenditure of 92% of the \$13.2 million budgeted, at an annual average cost per ton of \$58.32 for hauling and management at offsite locations, as described in the following table. Such costs had increased during Fiscal Year 2017-18, but stabilized as new solids centrifuge facilities were fully commissioned and reduced biosolids hauling and management costs. In addition, the Irvine Ranch Water District (the

“IRWD”) is commissioning solids processing facilities that have reduced District biosolids production as those IRWD facilities have become incrementally operational. Previously, the IRWD was estimated to account for 5-10% of biosolids produced at Plant No. 1. The District estimates IRWD will account for 5% for each of fiscal year 2021-22 and fiscal year 2022-23. The IRWD facilities are expected to be fully operational in 2021. The District may experience another drop in biosolids production when the IRWD facilities become fully operational, though impacts will not be known precisely until the IRWD facilities become fully operational.

Biosolids Management Contracts

| <u>Contractor</u> | <u>Location(s)</u> | <u>Product</u> | <u>Contract Term</u> | <u>Current tons per day managed (approximate)</u> | <u>Estimated cost per ton with fuel (March 2021)</u> |
|---|--|------------------|---|---|--|
| Synagro Nursery Products | San Bernardino County, CA, and Kern County, CA | Compost | Expires 12/26/21; five (5) one-year renewal options remaining | 210 tpd ⁽¹⁾ | \$58.03 |
| Liberty Compost | Kern County, CA | Compost | Expires 12/15/21; four (4) one-year renewal options remaining | 100 tpd | \$58.56 |
| Inland Empire Regional Composting Facility (hailed by Denali Water Solutions) | Rancho Cucamonga, CA | Compost | Expires 6/30/24; two (2) one-year renewal options remaining | 30 tpd | \$75.31 |
| Tule Ranch, AgTech | Yuma County, AZ | Land application | Expires 10/31/22; with no renewal options remaining | 210 tpd | \$60.11 |

⁽¹⁾ Of this amount, on average, about 140 tpd is diverted to San Bernardino County and about 70 tpd is diverted to Kern County.

The District’s contractors provide back-up biosolids management capacity in California and Arizona that includes compost, land application, lime stabilization before land application, and landfill. Together, these options have the additional available capacity to manage more than ten times the District’s daily biosolids production to ensure sustainable, consistent and reliable operations. The District’s biosolids management contracts do not guarantee biosolids tonnage and are typically interim-term contracts with five (5) one-year renewal options, for a maximum contract term of 10 years.

In May 2017, the District completed its Biosolids Master Plan that included an evaluation of existing solids handling facilities, assessment of solids treatment alternatives, recommendations for future capital facilities’ improvements, identification of alternatives biosolids products that meet sustainable and beneficial reuse markets, and plans for a high-strength organic (food waste slurry) co-digestion facility. The Biosolids Master Plan will serve as the District’s solids roadmap through construction of new Plant No. 2 facilities over the next 15 years.

The 2019 Strategic Plan recognized several regulatory processes with potential impacts to the biosolids program including increased opportunities to manage biosolids in California, food waste management, and the potential for future regulations of constituents of emerging concern (i.e., substances that may prompt future regulations to address associated health, environmental or other concerns) limiting biosolids recycling. The District is investigating a demonstration project to thermally treat biosolids and thereby remove constituents of emerging concern in case of future regulatory requirements.

Urban Runoff

Recognizing that County beaches were being affected by pollution carried by urban runoff, the Board of Directors adopted a number of resolutions agreeing to accept dry weather urban runoff into the sewer system. In June 2002, Assembly Bill 1892 amended the District's charter to formally allow the diversion and management of dry weather urban runoff flows. Resolution No. 01-07, adopted March 28, 2001, declared that the District will initially waive fees and charges associated with authorized discharges of dry weather urban runoff to the sewer system until the total volume of all runoff discharges exceeds four million gallons per day ("mg/d") calculated on a monthly average. For the first 12 years of the Urban Runoff Program, the average monthly flow averages remained less than the four mg/d threshold, thus avoiding user fee costs being assessed to the diversion permittees. In 2012, the District received a number of diversion proposals to deal with bacteria and selenium loading to the upper Newport Bay. The discharge from the additional proposed diversions combined with the existing diversion flows would eventually exceed the four mg/d fee threshold. On June 12, 2013, the Board of Directors adopted Resolution No. 13-09 expanding the waiver of fees or charges on the treatment of dry weather urban runoff from four mg/d to ten mg/d. According to the Board of Directors, the change was necessary not only to protect the County's coastal resources, but also to provide an economic benefit to the local economy by helping to keep the County's beaches open.

The Dry Weather Urban Runoff Program is administered by the District's Resource Protection Division, which issues a discharge permit for each of the diversion structures. The permit functions as a control mechanism that specifically prohibits storm runoff and authorizes discharge only during periods of dry weather. The permit also establishes specific discharge limits, constituent monitoring, and flow metering requirements. The District conducts quarterly sampling and analysis of the urban runoff discharges to ensure discharge limit compliance with the various regulated constituents.

There are currently 21 active urban runoff diversion structures; three owned and operated by the County of Orange, 11 owned and operated by the City of Huntington Beach, three owned and operated by the City of Newport Beach, three owned and operated by the IRWD, and one owned and operated by PH Finance (present owner of the Pelican Point Resort). The Mid Big Canyon Diversion in the City of Newport Beach became the most recent addition to the urban runoff program with its completion in 2017. To control bacteria loading to the Lower Newport Bay, the City of Newport Beach is currently in the design stage on a fourth diversion in an area known as the Arches. The City of Santa Ana constructed the Delhi Channel Diversion, but an agreement and permit regarding receipt of the discharge of urban runoff from that location remains under discussion with the County of Orange. Built to control bacteria and selenium loading to the Upper Newport Bay, this diversion is projected to contribute an additional 2.0 mg/d of urban runoff. The District continues to work with the Orange County Public Works Department to prioritize existing and proposed diversion projects to ensure that the District's limited capacity is effectively utilized to improve coastal water quality.

Integrated Emergency Response Program

In recognition of the potential damage which could occur in the event of a major earthquake, flood, or other disaster, the District implemented an Integrated Emergency Response Program (the

“IERP”) in 1979. The IERP contains policies, plans and procedures preparing for, and responding to, emergencies. The District also analyzed disaster preparedness issues and policies within the Master Plan, and within a 1994 report titled Fault Rupture Hazard Investigation – Wastewater Treatment Plant No. 2 (the “1994 Report”).

In 2020, the District updated the IERP to align with standards set by the Federal Emergency Management Agency’s National Incident Management System (NIMS). The IERP is organized into Functional and Situational Annexes which guide the District’s response to man-made and natural disasters. Functional Annexes align with the Federal Emergency Management Agency Emergency Support Functions (ESFs). Functional Annexes include logistics, communications, operations, maintenance, engineering, emergency management, cybersecurity, recovery, environmental, health and medical services, hazardous materials response, security, and public affairs. These are discipline-specific groups that develop Functional Annexes to describe goals, objectives, operational concepts, capabilities, organizational structures and replaced policies and procedures. Situational Annexes are developed for each of the hazard responses that are likely or could possibly occur at the District. Situational Annexes include earthquake, power outage, pandemic event, fire, tsunami, atmospheric hazard, hazardous materials spill or release, man-made physical disruption, man-made technological disruption, flood, landslide, coastal erosion, extreme weather, severe storm, high winds, severe thunderstorm, and drought. These Annexes stipulate certain actions to be taken by individuals at the time of the incident.

The disaster preparedness plan included in the Master Plan reviewed two possible major earthquake scenarios: an 8.3 Richter magnitude (“M”) earthquake on the southern San Andreas fault system and an M 7.0 earthquake on the Newport-Inglewood fault zone, which includes Plant No. 2. An M 8.3 earthquake on the southern San Andreas fault, while on the whole more destructive than the M 7.0 Newport-Inglewood fault, may result in less damage to the District’s service area due to the distance of the fault from most of the service area. However, the Master Plan stated that damage from such a major earthquake on the San Andreas fault would be extensive. Also, the Master Plan indicated that an M 7.0 earthquake on the Newport-Inglewood fault within five miles of the District’s sewerage facilities could cause major destruction to those facilities. The disaster preparedness plan in the Master Plan indicated that it would not be economically feasible to upgrade all of the existing sanitary sewerage facilities to survive an earthquake of this magnitude along the Newport-Inglewood fault.

The Master Plan analyzed the vulnerability of the sanitary sewerage facilities and operations of the District and planned a risk reduction program wherein the vulnerability of many of the District’s sanitary sewerage facilities to an earthquake could be reduced by recommended retrofit construction measures. The Master Plan also recommended that designs of existing major structures which were constructed prior to development of current seismic design standards be reviewed and the structures strengthened, if necessary.

Since the Master Plan and the 1994 Report, the District has completed retrofitting where deemed appropriate. Pursuant to the Master Plan, all recent and future projects have been, and will be, designed to the same high earthquake code standards as set for other essential services, such as hospitals and fire stations. Many of the older buildings analyzed in the Master Plan have been replaced by structures built after 1989.

The Army Corps of Engineers’ “All-River Plan” has mitigated any future flooding of the Santa Ana River system and potential threats to the District’s Wastewater System. Also, both Plant No. 1 and Plant No. 2 are built to federal standards.

The IERP addresses vulnerabilities from natural and man-made hazards including but not limited to floods, high flow events, tsunamis (large ocean waves generated by seismic activity), earthquakes, and

hazardous material releases. No assurance can be given that any such events would not have a material adverse impact on the Wastewater System.

The District's High Flow Emergency Response Plan is included as an Annex in the IERP. This plan is based on a color code system from blue to yellow to orange to red and then purple that identifies specific actions to be taken by staff in response to expected and actual increasing flow coming into the District's treatment plants and collection sewers. The District believes that wastewater collection, treatment and disposal systems typically undertaken in anticipation of normal wet weather should be able to withstand, for example, an "expected/average" El Nino event without significant disruption. While no assurances can be given, the District believes that the likelihood of a system failure is low due to the operational readiness of all of its equipment and the District's high level of equipment redundancy.

The Strategic Plan and IERP makes recommendations regarding fire protection of the Wastewater System. Most of the structures at Plant No. 1 and Plant No. 2 are constructed of fire-resistant materials. The IERP describes the procedures needed to respond to a possible disaster. For more information regarding emergency response policies, the disaster preparedness plan described in the IERP can be reviewed at the District's offices.

Five-Year Strategic Planning

The District maintains a Strategic Plan to address service levels and operational needs over a five-year horizon. The Strategic Plan envisions an organizational culture that adheres to the District's core values and makes efficient and effective use of all available resources. The District is committed to focusing efforts on customer service, protecting public health and the environment, fiscal responsibility, communications, partnering with others, and creating the best possible workforce.

The Strategic Plan is broken down into four broad categories with fourteen topic areas that define District responsibilities and services.

These areas are:

- **Business Principles**
 - Budget Control and Fiscal Discipline - prudently manage the public funds that the District collects
 - Asset Management - assess and manage the collection system and treatment plant systems and assets to improve resilience and reliability while lowering lifecycle costs
 - Cybersecurity - maintain adequate cybersecurity techniques that protect computer assets, networks, programs, data, and industrial control equipment from unauthorized access or attacks
 - Property Management - identify and protect all District property rights to assure that assets are not encumbered or encroached upon so that the facilities may be properly operated, maintained, upgraded, and replaced
- **Environmental Stewardship**
 - Energy Independence - strive to be a net energy exporter; maximize electrical, thermal, and methane gas generation; minimize energy utilization using sound engineering and financial principles

- Climate and Catastrophic Event Resiliency - design, maintain and operate valuable wastewater assets that withstand or adapt to adverse conditions in a reasonable manner that is both cost-effective and sustainable for present and future generations
- Food Waste Treatment - collaborate with local agencies and waste haulers to find ways to beneficially reuse food waste to assist cities in our service area in meeting their diversion requirements while increasing the District's energy production
- Water Reuse - seek to beneficially reuse all reclaimable water for potable, industrial, irrigation and environmental uses
- Environmental Water Quality, Stormwater Management and Urban Runoff - partner with storm water permittees to accept up to 10 million gallons per day of dry weather urban runoff at no charge in order to improve water quality in streams, rivers and beaches as long as the constituents within the flow do not adversely impact the District's worker safety, treatment processes, reuse initiatives, or permit compliance
- Wastewater Management
 - Chemical Sustainability - identify chemicals key to District operation, investigate the market risks for those chemicals and devise strategies to mitigate identified risks to availability and pricing
 - Biosolids Management - remain committed to a sustainable biosolids program and beneficially reuse biosolids
 - Constituents of Emerging Concern - partner with other agencies, associations, and institutions to support the use of sound science to inform policy and regulatory decisions on constituents of emerging concern at the federal, state, and regional levels
- Workplace Environment
 - Resilient Staffing - attract and retain high-quality talent to support its mission and continue to be an industry leader
 - Safety and Physical Security - ensure the safety and security of employees, contractors and visitors through standard practices, policies, and procedures that support a safe and secure environment, provide an appropriate level of security and safeguard the District's property and physical assets

Climate Issues

Numerous scientific studies on climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures, including droughts, will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Sea levels will continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Coastal and low-lying areas like portions of the District's service area and facility locations are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. Certain of these coastal areas are also at elevated risk to damage from tsunamis.

The District commissioned a study titled Climate Resiliency Study in 2018 to provide a comprehensive analysis of climate-related, site-specific risk assessments of the District's facilities using available climate predictions, industry standards, and geographical information systems. A purpose of the study was to help improve the resiliency of District facilities and incorporate adaptation strategies in the design and construction of future projects.

District policy aims to design, maintain, and operate wastewater assets that withstand or adapt to adverse conditions in a reasonable manner that is both cost-effective and sustainable for present and future generations. These adverse conditions include heavy rains, flooding, sea level rise, earthquakes, tsunamis, extreme heat and wildfires.

The vulnerability assessment identified Plant No. 2 and a few pump stations located along the coast and by flood channels to be vulnerable to tsunami and flooding due to sea-level rise. At Plant No. 2, the recommendation is to install a flood wall along Brookhurst Street and the Talbert Marsh to protect the plant against a 100-year flood (with sea-level rise projected to 2070) as well as a tsunami up to 10 feet. As for the pump stations, the recommendation is to employ building-level adaptations such as stop logs over doors and watertight hatches to protect vulnerable equipment inside the pump stations. These recommended improvements are underway, with implementation planned in phases over time. The budget for the implementation of these recommendations have been incorporated into the District's 20-year Capital Improvement Program.

While the District's efforts aim to improve the resiliency of its facilities, natural disasters and other natural forces are not entirely predictable and may, nonetheless, result in material damage to District facilities with material costs to repair.

Climate change and natural forces may damage other property in the District's service area or impose new or larger economic costs, leading to negative impacts on the local economy. As a result, the District may experience negative impacts on service revenues and ad valorem tax revenues or increased District costs that could have a material adverse effect on the business operations or financial condition of the District.

Additionally, climate change and other environmental concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations and financial condition of the District.

DISTRICT REVENUES

Sewer Service Charges

General. The District has the power to establish fees and charges for services of the Wastewater System. Such fees and charges are established by the District's Board of Directors and are not subject to review or approval by any other agencies. In Fiscal Year 1997-98, a Rate Advisory Committee (the "RAC") was established comprised of representatives from industrial, commercial and residential users. The goal of the RAC was to examine the then-current rate structure and, if needed, develop recommendations for change. The RAC analyzed the District's rate structure to determine whether its then current sewer service user fees (now known as "Sewer Service Charges") were equitable among residential and industrial customers. This review resulted in a proposal to expand the number of non-residential user categories from one to 23 and to provide for gradual rate increases in seven of the nine Revenue Areas. The Sewer Service Charges for those categories were based on the average flow and strength of wastewater discharged for each property type and remain currently in use.

The Board of Directors establishes the annual sanitary sewer service charges by ordinance. The sanitary sewer service charge ordinances are adopted by a two-thirds vote of the Board of Directors as required under law after conducting a noticed public hearing in compliance with Proposition 218. See “LIMITATIONS ON TAXES AND REVENUES – Article XIIC and Article XIID of the California Constitution.”

The District collects Sewer Service Charges from property owners through the semi-annual property tax bill distributed by the County throughout the District, except in Revenue Area No. 14. Pursuant to the IRWD Agreement, the District receives quarterly fee payments from the IRWD which directly collects fees from customers through a monthly billing procedure in Revenue Area No. 14.

The District currently participates in the County’s Teeter Plan under which the District receives annually 100% of the secured property tax levies to which it otherwise is entitled, regardless of whether the County has actually collected the levies.

The District has covenanted in the Master Agreement to fix, prescribe and collect fees and charges to satisfy certain coverage requirements as further described under “SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS – Rate Covenant” herein.

Residential and Commercial Sewer Service Charges. In December 2017, the Board of Directors authorized a Proposition 218 notice on proposed rate increases for each year over the next five years. Pursuant to the adoption of Ordinance No. OCSD-49 on March 28, 2018, the District established residential Sewer Service Charges, except within Revenue Area No. 14, based on the cost of services and facilities provided to each customer of the District. The noticed public hearing held in connection with the adoption of this ordinance considered an increase in the single family residential rate, the underlying rate for all of the District’s sewer service charges, of 1.2% for Fiscal Year 2018-19 through Fiscal Year 2022-23. These increases were approved by the Board through the adoption of Ordinance No. OCSD-49. The District deferred the approved 1.2% rate increase for fiscal year 2020-21 as a COVID-19 relief measure but expects to implement the 1.2% increases scheduled in each of fiscal years 2021-22 and 2022-23 as approved. Set forth in Table 6 below is a comparison of the past and projected Sewer Service Charge rate for single family residences (“SFRs”) for the fiscal years shown.

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Table 6
Annual Sewer Service Charges
Single Family Residence Rate
Fiscal Years 2013-14 through 2022-23

| <u>Fiscal Year</u> | <u>Sewer Service Charge</u> | <u>Percentage Change</u> |
|--------------------|-----------------------------|--------------------------|
| 2013-14 | \$308 | - |
| 2014-15 | 316 | 2.6 |
| 2015-16 | 322 | 1.9 |
| 2016-17 | 327 | 1.6 |
| 2017-18 | 331 | 1.2 |
| 2018-19 | 335 | 1.2 |
| 2019-20 | 339 | 1.2 |
| 2020-21 | 339 | 0 |
| 2021-22 | 343 | 1.2 |
| 2022-23 | 347 | 1.2 |

Source: Orange County Sanitation District.

The District expects to conduct a rate study in the first calendar quarter of 2022 for the fiscal years beginning on and after July 1, 2023.

Set forth in Table 7 below are the total average annual Sewer Service Charges for SFRs within the District, together with comparable total average annual charges for wastewater service within the jurisdictions of certain other cities and districts within the State as of July 1, 2020.

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Table 7
Comparison of Total Sewer Service Charges
For Single-Family Residences
As of July 1, 2020

| Entity | Average Dry Weather Flow (mg/d)⁽³⁾ | Annual Sewer Service Charge⁽¹⁾ | Treatment Level⁽²⁾⁽³⁾ | Collection Responsibility⁽³⁾ | Property Tax Income⁽³⁾ |
|--|--|--|---|--|--|
| City of Los Angeles | 332 | \$636 | 4 | Yes | No |
| City of San Diego | 140 | 573 | 4 | Yes | No |
| Sacramento | 99 | 444 | 4 | No | Yes |
| East Bay MUD | 53 | 439 | 4 | No | Yes |
| Orange County Sanitation District ⁽⁴⁾ | 182 | 339 | 3 | Yes | Yes |
| Los Angeles County | N/A | 213 | 4 | No | Yes |

⁽¹⁾ Source: Information obtained from respective entities listed.

⁽²⁾ Treatment Level Categories:

“1” – Primary treatment.

“2” – Advanced primary or primary with some secondary treatment.

“3” – Secondary treatment.

“4” – Advanced secondary or secondary with some tertiary treatment.

“5” – Tertiary treatment.

⁽³⁾ Source: Wastewater User Charge Survey Report by the California State Water Resources Control Board.

⁽⁴⁾ The District’s Annual Sewer Service Charge for Fiscal Year 2020-21 is \$339.

The District’s SFR rate of \$339 for Fiscal Year 2020-21 remains below the average annual sewer rate of about \$574 according to a calendar year 2018 survey (the latest available) of 547 agencies encompassing all 58 counties in California conducted by the State Water Resources Control Board.

Industrial Sewer Service Charges. The District charges industrial Sewer Service Charges to customers discharging high-strength or high-volume wastes into the sewer systems. Customers subject to industrial Sewer Service Charges are billed directly by the District. The fee charged to each customer is based on the customer’s sewage volume, the concentration of suspended solids and biochemical oxygen demand. Total industrial Sewer Service Charges in Fiscal Year 2019-20 were approximately \$12.8 million. Industrial Sewer Service Charges are applied to both operating and capital funds. The Sewer Service Charge increases described above are necessary to meet the District’s cash flow needs arising from the addition of disinfection treatment and other operating requirements.

Additional Revenues

The District has several sources of additional revenue, including property taxes, Capital Facilities Capacity Charges, capacity rights, permit and inspection fees and interest earnings.

Property Taxes. The District receives approximately 2.5% of the one percent County ad valorem property tax levy, based on the allocation procedure under State law. Property tax revenues were \$88.4 million in Fiscal Year 2015-16, \$88.3 million in Fiscal Year 2016-17, \$94.2 million in Fiscal Year 2017-18, \$99.5 million in Fiscal Year 2018-19 and \$104.5 million in Fiscal Year 2019-20. The District currently estimates that its property tax receipts will increase by approximately 2.0% each year through Fiscal Year 2023-24. The apportionment of the ad valorem tax is pursuant to the Revenue Program adopted in April 1979 to comply with regulations of the Environmental Protection Agency, the State Water Resources Control Board and Board of Directors’ policy.

Capital Facilities Capacity Charges. Capital Facilities Capacity Charges (commonly referred to as connection fees) are one-time fees with two components, paid at the time property is developed and connected to the Wastewater System. The fees are imposed by the District pursuant to Section 5471 of the California Health and Safety Code and are levied to pay a portion of the District's capital costs and for access to capacity in the Wastewater System. The District currently has Capital Facilities Capacity Charges of \$4,973 per residential unit (three-bedroom); however, under the current industrial use ordinance, additional Capital Facilities Capacity Charges can be imposed on industrial users who place larger than average demand on the Wastewater System. Member cities and sanitary districts collect Capital Facilities Capacity Charges for the District when building permits are issued. Capital Facilities Capacity Charges are reviewed annually to reflect the changes in the value of the Wastewater System to which a new customer is connecting.

On December 15, 1999, the Board of Directors approved District Ordinance No. OCSO 11 (the "1999 Ordinance") which established a comprehensive Capital Facilities Capacity Charge. The 1999 Ordinance, effective as of January 1, 2000, renamed connection fees as Capital Facilities Capacity Charges and provided a more equitable schedule of fees among industrial, commercial and residential users. Pursuant to the 1999 Ordinance, Capital Facilities Capacity Charges were revised for high demand industrial users in five incremental increases from 1999 through 2001. For a summary of historical and projected revenues derived from Capital Facilities Capacity Charges, see Table 14 and Table 15 below.

Pursuant to an agreement with the IRWD, the IRWD is not required to pay Capital Facilities Capacity Charges and, in exchange, the IRWD provides funding to the District for the construction costs of certain wastewater collection, transmission, treatment and disposal facilities to be used by the IRWD and is obligated to make certain payments to the District for certain services arising from the Wastewater System (including any standby or availability charges).

Sale of Capacity. The District has entered into agreements with the Santa Ana Watershed Project Authority ("SAWPA") whereby wastewater from Upper Santa Ana River Basin dischargers can be transported through the District's Santa Ana River Interceptor to the District's wastewater treatment facilities. This program was developed in the early 1970s. The agreements establish control mechanisms regarding the quality of wastes deposited into the Wastewater System. At the present time, SAWPA has purchased and paid for 30 mg/d of maximum regulated flow capacity rights in the District's Santa Ana River Interceptor and 17 mg/d of monthly average flow capacity in the District's wastewater treatment plants. Projected revenues from SAWPA range from \$2.6 million to \$3.0 million over the next five years. Additional treatment plant capacity can be purchased in increments at the District's current replacement cost.

Federal Subsidy Payments. In connection with the District's Revenue Obligations, Series 2010A (the "2010A Revenue Obligations") and the District's Revenue Obligations, Series 2010C (the "2010C Revenue Obligations"), issued as "Build America Bonds," the District was scheduled to receive certain federal subsidy payments of approximately \$5.1 million annually through 2031 and lesser amounts thereafter until 2044. Subsidy payments with respect to the 2010A Revenue Obligations and the 2010C Revenue Obligations constitute Revenues as defined in the Master Agreement. In its financial reports, the District accounts for subsidy payments received in connection with the 2010A Revenue Obligations and the 2010C Revenue Obligations as a reduction in interest expense with respect to such obligations.

For the 2010A Revenue Obligations and the 2010C Revenue Obligations to be and remain Build America Bonds, the District must comply with certain covenants and establish certain facts and expectations with respect to the 2010A Revenue Obligations and the 2010C Revenue Obligations, the use and investment of proceeds thereof and the use of property financed thereby. Thus, it is possible that the District may not receive the federal subsidy payments due to the District's noncompliance. The federal

subsidy payments are also subject to offset against amounts that may, for unrelated reasons, be owed by the District to any agency of the United States of America.

On March 1, 2013, the federal government announced the implementation of certain automatic spending cuts known as the sequester (the “Sequester”). As a result of the Sequester, aggregate federal subsidy payments for the 2010A Revenue Obligations and the 2010C Revenue Obligations were reduced by amounts ranging from \$220,679 to \$376,498 in each federal fiscal year ended September 30, 2013 through 2020, with annualized reduction rates ranging from 5.9% to 8.7%. The federal government has announced that the federal subsidy payments for the federal fiscal year ended September 30, 2021 through September 30, 2030 will be 5.7%.

The District is obligated to make all payments with respect to the 2010A Revenue Obligations and the 2010C Revenue Obligations from Revenues as defined in the Master Agreement, regardless of whether it receives the full amount of federal subsidy payments. The District cannot predict whether future reductions in federal subsidy payments will occur due to the Sequester. However, the District does not believe that any reduction in federal subsidy payments will have a material adverse effect on the District’s ability to pay the 2010A Revenue Obligations or the 2010C Revenue Obligations.

Wastewater Treatment History

The wastewater flows for Fiscal Year 2015-16 through Fiscal Year 2019-20 were 183 mg/d, 188 mg/d, 185 mg/d, 191 mg/d and 188 mg/d, respectively. The highest flow rate experienced was in January 2017 where peak flow of 586 mg/d was recorded. There were no sewer failures or overflows during these events. See “THE DISTRICT – Integrated Emergency Response Program.”

Customers

The historical number of customers served by the District for the Fiscal Years 2015-16 through Fiscal Year 2019-20 and the projected number of customers served by the District for the Fiscal Years 2020-21 through 2024-25, identified in equivalent dwelling units (“EDUs”), are set forth in Table 8 below. As discussed below, sewer service charges are based on the expected amount of wastewater flow for a single family dwelling.

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Table 8
Historical and Projected Equivalent Dwelling Units
Fiscal Years 2015-16 through 2024-25

| <u>Fiscal Year</u> | <u>Historical EDUs⁽¹⁾</u> | <u>Fiscal Year</u> | <u>Projected EDUs</u> |
|--------------------|--------------------------------------|--------------------|-----------------------|
| 2015-16 | 924,944 | 2020-21 | 923,730 |
| 2016-17 | 932,232 | 2021-22 | 926,501 |
| 2017-18 | 930,174 | 2022-23 | 929,281 |
| 2018-19 | 918,640 | 2023-24 | 932,069 |
| 2019-20 | 918,608 | 2024-25 | 932,069 |

Source: Orange County Sanitation District.

⁽¹⁾ Presentation in the Statistical Section of the District's Comprehensive Annual Financial Report set forth in Appendix A includes EDUs that equate to total Sewer Service Charge collections rather than levies.

Set forth in Table 9 below are the number of residential and commercial customers and industrial customers and the approximate percentages of Sewer Service Charge revenues derived from the combined residential and commercial use and industrial use for the last five fiscal years.

Table 9
Number of Accounts and Revenues by Customer Class
for the Fiscal Years 2015-16 through 2019-20
(\$ in Millions)

| <u>Fiscal Year</u> | <u>Residential/Commercial</u> | | | <u>Industrial</u> | | |
|--------------------|---|----------------------|--|------------------------------------|----------------------|--|
| | <u>Number of Equivalent Single-Family Dwellings</u> | <u>Total Revenue</u> | <u>Percentage of Sewer Service Charge Revenues</u> | <u>Number of Customer Accounts</u> | <u>Total Revenue</u> | <u>Percentage of Sewer Service Charge Revenues</u> |
| 2015-16 | 863,317 | \$278.0 | 96% | 450 | \$12.6 | 4% |
| 2016-17 | 859,869 | 281.2 | 95 | 466 | 13.8 | 5 |
| 2017-18 | 871,338 | 288.4 | 94 | 473 | 17.9 | 6 |
| 2018-19 | 871,312 | 291.9 | 97 | 476 | 9.4 | 3 |
| 2019-20 | 904,886 | 306.8 | 96 | 473 | 12.8 | 4 |

Source: Orange County Sanitation District.

The EDUs set forth in Table 9 relate to total Sewer Service Charge collections while the EDUs set forth in Table 8 relate to total Sewer Service Charge Levies.

Set forth in Table 10 below are the ten largest principal sewer service customers of the District for the Fiscal Year ended June 30, 2020.

Table 10
Largest Principal Sewer Service Customers of the District
for the Fiscal Year Ended June 30, 2020

| <u>User</u> | <u>Sewer Service Charges</u> |
|--|------------------------------|
| House Foods America Corp. (West) | \$1,595,677 |
| Stremicks Heritage Foods, LLC | 782,334 |
| Pulmuone Wildwood, Inc. | 778,107 |
| Newport Fab, LLC (TowerJazz Semiconductor) | 589,702 |
| House Foods America Corp. (East) | 415,677 |
| MCP Foods, Inc. | 408,862 |
| Nor-Cal Beverage Co. Inc. (Main) | 396,810 |
| California State University-Fullerton | 332,746 |
| Patriot Wastewater, LLC (Freedom CWT) | 313,793 |
| Van Law Food Products, Inc. | 306,275 |

Source: Orange County Sanitation District.

Assessed Valuation

The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Due to changes in assessment required under State Constitution Article XIII A, the County assessment roll no longer purports to be proportional to market value. See “LIMITATIONS ON TAXES AND REVENUES” herein. Generally, property can be reappraised upward to market value only upon a change in ownership or completion of new construction. The assessed value of property that has not incurred a change of ownership or new construction must be adjusted annually to reflect inflation at a rate not to exceed 2% per year based on the State consumer price index. In the event of declining property value caused by substantial damage, destruction, economic or other factors, the assessed value must be reduced temporarily to reflect market value. For the definition of full cash value and more information on property tax limitations and adjustments, see “LIMITATIONS ON TAXES AND REVENUES” herein.

The County Assessor determines and enrolls a value for each parcel of taxable real property in the County every year. The value review may result in a reduction in value. Taxpayers in the County also may appeal the determination of the County Assessor with respect to the assessed value of their property.

[Remainder of page intentionally left blank.]

Set forth in Table 11 below is a five-year history of assessed valuations in the District for the fiscal years shown.

Table 11
Assessed Valuations of Property in the District
Fiscal Years 2016-17 through 2020-21
(\$ in Billions)

| <u>Fiscal Year</u> | <u>Value</u> | <u>Percent Change</u> |
|--------------------|--------------|-----------------------|
| 2016-17 | \$391.8 | 5.26% |
| 2017-18 | 416.3 | 6.26 |
| 2018-19 | 443.1 | 6.44 |
| 2019-20 | 468.7 | 5.77 |
| 2020-21 | 494.2 | 5.45 |

Source: County of Orange Auditor-Controller.

Tax Levies and Delinquencies

Property taxes are based on assessed valuation which is determined as described under “DISTRICT REVENUES – Assessed Valuation” herein. In accordance with the California Revenue and Taxation Code, the County tax collector collects secured tax levies for each Fiscal Year. Property taxes on the secured roll are due in two installments, on November 1 and February 1. The District currently participates in the County’s Teeter Plan under which the District receives annually 100% of the secured property tax levies and Sewer Service Charges to which it otherwise is entitled, regardless of whether the County has actually collected the levies. This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. Under this plan, the District’s general fund receives the full amount of secured property taxes levied each year on its behalf and, for so long as such plan remains in effect, the participating entities, such as the District, no longer experience delinquent taxes. The County’s general fund is the designated recipient of future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

[Remainder of page intentionally left blank.]

Set forth in Table 12 below is a five-year history of the District’s *ad valorem* total property tax and Sewer Service Charge levies.

Table 12
Total Property Tax and Sewer Service Charge Levies
in the District for Fiscal Years 2015-16 through 2019-20
(In Thousands)

| <u>Fiscal Year</u> | <u>Total Property Tax and Sewer Service Charge Levy</u> |
|--------------------|---|
| 2015-16 | \$371,502 |
| 2016-17 | 381,226 |
| 2017-18 | 386,538 |
| 2018-19 | 394,641 |
| 2019-20 | 401,604 |

Source: County of Orange Auditor-Controller.

Budgetary Process

The District’s operating fund budget relies on revenues from Sewer Service Charges and property taxes, both of which are collected on the property tax bill, as previously described under the captions “— Sewer Service Charges” and “— Additional Revenues.” The District receives tax revenues from the County in eight allocations, with the largest receipts in December and April. The District operates on a Fiscal Year beginning each July 1. The operating fund budgets include funds to cover the dry period of each tax year, i.e., the period from the beginning of the Fiscal Year until the first taxes are received. The dry-period requirement is budgeted at one-half of the annual operating fund budgeted expenditures. The District uses the accrual method of accounting in its budgets. The District has conformed to its budgets for the last five fiscal years and is conforming to its budget for the current fiscal year.

The District’s annual budget preparation process begins in January of each year and concludes in June upon its adoption. The General Manager reviews the final operating budgets and then distributes them to the Directors and District Committees for consideration. The Board of Directors then adopts the proposed annual budgets, with any revisions, in June of each year.

Budgetary control is exercised at the individual Department level and administrative policies provide guidelines on budget transfers and the authorization necessary to implement transfers. A budget adjustment is a transfer which does not change the total appropriated amount and does not require Board of Directors action. Approval may be granted by the General Manager or the Department Head in certain circumstances. Department Heads have the discretion to reappropriation funds between certain line items within a division but may not exceed total appropriated amounts for each department. They may also transfer staff across divisional lines. The General Manager and Board of Directors must approve additional capital outlay items.

A budget amendment is an adjustment to the total appropriated amount which was not included in the original budget. These supplemental appropriations require formal action by the Board of Directors. Prior year reserves or fund balances may be appropriated to fund items not previously included in the adopted budget. Reserves or fund balances exceeding minimum amounts required by fiscal policies may be appropriated if it is determined to be in the best interest of the District. Directors may also appropriate reserves in case of emergencies or unusual circumstances.

Reserves

The District has an established reserve policy with seven distinct reserve criterion which together comprise the District’s reserve fund target. Collectively, these individual criterion requirements average \$520 million a year over the current ten-year cash flow forecast to support the operation and maintenance of the District’s \$10.8 billion in assets.

Set forth in Table 13 below are the actual reserves at June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 for each fund.

Table 13
Cash and Investment Reserves
June 30, 2017 through 2020
(In Millions)

| | 2017 | 2018 | 2019 | 2020 |
|---|------------------|------------------|------------------|------------------|
| | (June 30) | (June 30) | (June 30) | (June 30) |
| Cash Flow Requirements Reserve: | | | | |
| Operating Expenses | \$ 73 | \$ 76 | \$ 81 | \$ 84 |
| Certificates of Participation Payments | 87 | 82 | 80 | 77 |
| Operating Contingencies Reserve | 15 | 15 | 16 | 17 |
| Capital Improvement Program Reserve | 127 | 284 | 365 | 488 |
| Catastrophe and Self Insurance | 57 | 57 | 57 | 57 |
| Debt Replacement and Refurbishment | 65 | 66 | 64 | 64 |
| Debt Service Required Reserves ⁽¹⁾ | 107 | 100 | 97 | 94 |
| Rate Stabilization Reserve | - | - | - | - |
| Total | <u>\$531</u> | <u>\$680</u> | <u>\$760</u> | <u>\$881</u> |

⁽¹⁾ “Debt Service Required Reserves” constitute all amounts designated for reserves within the District’s investment management program, together with certain funds held directly by bond trustees. As of June 30, 2020, of the total Debt Service Required Reserves of \$94 million, \$0 was held by bond trustees to meet specific covenants in the District’s bond documents.

Source: Orange County Sanitation District.

The District’s reserves consist of the following components:

- Cash Flow Criterion has been established at a level to fund operations, maintenance and certificate of participation expenses for the first half of the fiscal year, prior to the receipt of the first installment of the property tax allocation and sewer service user fees which are collected as a separate line item on the property tax bill. The level of this criterion will be established as the sum of an amount equal to six months operations and maintenance expenses and the total of the annual debt or certificate of participation service payments due in August each year.
- Operating Contingency Criterion has been established to provide for non-recurring expenditures that were not anticipated when the annual budget was considered and adopted. The level of this criterion will be established at an amount equal to ten percent of the current fiscal year’s annual operating budget.
- Capital Improvement Criterion has been maintained to fund annual increments of the CIP. The target level of this criterion has been established at one half of the average annual cash outlay of

the CIP through the year 2030. Levels higher and lower than the target can be expected while the long-term financing and capital improvement programs are being finalized.

- Catastrophic Loss, or Self-Insurance Criterion has been maintained for property damage including fire, flood, and earthquake, for general liability and workers' compensation. This reserve criterion is intended to work with purchased insurance policies, FEMA and State disaster reimbursements. Based on the plant infrastructure replacement value, the level of this criterion has been set to fund the District's non-reimbursed costs, estimated to be \$100 million.
- Capital Replacement/Refurbishment Criterion has been established to provide funding to replace or refurbish the current collection, treatment and recycling facilities at the end of their useful economic lives. The current replacement value of these facilities is estimated to be approximately \$10.8 billion. The reserve criterion level had been established at \$75 million.
- Debt Service Required Reserves Criterion has been established at ten percent of the outstanding certificate of participation issues. Other debt service reserves are required to be under the control of a Trustee by the provisions of the certificate of participation issues. These funds are not available for the general needs of the District and must be maintained at specified levels.
- Accumulated Funds exceeding the targets specified by District policy will be maintained for Capital Improvement and Rate Stabilization. These funds will be applied to future years' CIP needs due to the timing of the actual CIP outlays, in order to moderate annual fluctuations. There is currently no established target for this reserve and, because the reserves of all other funds have not been exceeded, the reserve level for this reserve fund has been zero for Fiscal Years 2017-18 through 2019-20.

Summary of Operating Data

Set forth in Table 14 below is a summary of historical audited operating results for the District for Fiscal Years 2015-16 through Fiscal Year 2019-20. The information presented in the summary should be read in conjunction with the financial statements and notes. See APPENDIX A — “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ORANGE COUNTY SANITATION DISTRICT FOR THE YEAR ENDED JUNE 30, 2020.”

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Table 14
Summary of District Historical Revenues and Expenses
and Other Financial Information
For Fiscal Years 2015-16 through 2019-20
(\$ in Millions)

| | Audited | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
| Revenues: | | | | | |
| Residential & Commercial Sewer Service Charges ⁽¹⁾ | | | | | |
| Regional | \$278.0 | \$281.2 | \$288.4 | \$291.9 | \$306.8 |
| Local ⁽²⁾ | 5.7 | 1.3 | (0.1) | - | - |
| Industrial Sewer Service Charges | 12.6 | 13.8 | 17.9 | 9.4 | 12.8 |
| IRWD Assessments | 26.6 | 36.0 | 9.9 | 36.3 | 20.8 |
| SAWPA Assessments | 3.2 | 3.3 | 2.7 | 2.9 | 2.6 |
| Ad Valorem Taxes | 84.4 | 88.3 | 94.2 | 99.5 | 104.5 |
| Interest Earnings | 9.2 | 3.1 | 3.2 | 29.1 | 33.7 |
| Other Revenues | 4.0 | 5.0 | 6.4 | 8.0 | 11.2 |
| Total Revenues | <u>\$423.7</u> | <u>\$432.0</u> | <u>\$422.6</u> | <u>\$477.1</u> | <u>\$492.4</u> |
| Operations and Maintenance Expenses ⁽³⁾ | <u>\$153.5</u> | <u>\$150.3</u> | <u>\$145.6</u> | <u>\$166.6</u> | <u>\$168.3</u> |
| Net Revenues | <u>\$270.2</u> | <u>\$281.7</u> | <u>\$277.0</u> | <u>\$310.5</u> | <u>\$324.1</u> |
| Debt Service | <u>\$ 79.7</u> | <u>\$ 82.7</u> | <u>\$ 75.6</u> | <u>\$ 76.1</u> | <u>\$ 76.4</u> |
| UAAL Payment ⁽⁴⁾ | <u>\$ 50.0</u> | <u>\$ 39.1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38.0</u> |
| Coverage Ratios | 3.39x | 3.41x | 3.66x | 4.08x | 4.24x |
| CIP Outlay | <u>\$153.4</u> | <u>\$141.9</u> | <u>\$117.2</u> | <u>\$152.8</u> | <u>\$118.2</u> |
| Ending Reserves | <u>\$544.8</u> | <u>\$531.0</u> | <u>\$680.4</u> | <u>\$760.4</u> | <u>\$880.8</u> |

⁽¹⁾ Net of rebates, if any, to commercial users.

⁽²⁾ Local sewer service East Orange County Water District in Fiscal Year 2016-17.

⁽³⁾ Excludes depreciation and amortization expenses.

⁽⁴⁾ As of December 31, 2019, the District had an unfunded actuarial accrued pension liability in its defined pension benefit plan administered by the Orange County Employees Retirement System of \$0. In Fiscal Year 2015-16, Fiscal Year 2016-17, and Fiscal Year 2019-20 the District paid down \$50 million, \$39 million, and \$38 million of this liability, respectively.

Source: Orange County Sanitation District.

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Forecasted Operating Data

Set forth in Table 15 below are forecasted operating results for the District for Fiscal Years 2020-21 through 2024-25. These projections are based on assumptions reflected in the District budgets for Fiscal Years 2020-21 and 2021-22 approved on June 24, 2020. They assume the number of projects and scheduled build out set forth in the 2020 CIP Validation Study, and reflect the Board-approved deferral of the rate increase that was scheduled for Fiscal Year 2020-21 and the annual rate increases of 1.2% for Fiscal Year 2021-22 and Fiscal Year 2022-23, and assume 1.2% and 1.1% rate increases for Fiscal Years 2023-24 and 2024-25. Principal outlay components of these projections are derived from the 2020 CIP Validation Study, which identified 70 individual capital projects with projected outlay of \$2.7 billion over the fiscal years 2020-21 through 2029-30. Much of the construction is scheduled during the next five years, with average annual capital outlays of \$266.3 million. The District's net CIP cash flow budget for Fiscal Year 2020-21 is \$147.6 million, which factors in savings and deferrals. This CIP budget finances joint works treatment and disposal system improvement projects, and collection system improvement projects. The preparation of such projections was based upon certain assumptions and certain forecasts with respect to conditions that may occur in the future. While the District believes that these assumptions and forecasts are reasonable for the purposes of the projected selected operating data, it makes no representation that they will in fact occur. To the extent that actual future conditions differ from those assumed herein, the data will vary.

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Table 15
Summary of District Forecasted Revenues and Expenses
and Other Financial Information
for Fiscal Years 2020-21 through 2024-25
(\$ in Millions)⁽¹⁾

| | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> |
|--|----------------|----------------|-----------------|----------------|----------------|
| Revenues: | | | | | |
| Residential & Commercial | | | | | |
| Sewer Service Charges | \$298.1 | \$302.8 | \$307.5 | \$312.2 | \$316.9 |
| Industrial Sewer Service Charges | 12.8 | 13.0 | 13.1 | 13.3 | 13.5 |
| IRWD Assessments | 15.9 | 19.9 | 17.1 | 15.9 | 14.5 |
| SAWPA Assessments | 2.6 | 2.7 | 2.8 | 2.9 | 3.0 |
| Ad Valorem Taxes | 99.9 | 102.0 | 105.1 | 107.7 | 110.4 |
| Interest Earnings | 13.2 | 13.1 | 12.0 | 11.3 | 10.8 |
| Other Revenues | 10.9 | 8.8 | 9.2 | 9.5 | 9.9 |
| Total Revenues | <u>453.4</u> | <u>462.3</u> | <u>466.8</u> | <u>472.8</u> | <u>479.0</u> |
| Build America Bonds Federal Subsidy | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 |
| Operations and Maintenance Expenses | <u>(174.3)</u> | <u>(174.5)</u> | <u>(179.7)</u> | <u>(185.1)</u> | <u>(190.7)</u> |
| Net Revenues ⁽²⁾ | <u>283.9</u> | <u>292.6</u> | <u>291.9</u> | <u>292.5</u> | <u>293.1</u> |
| Debt Service ⁽³⁾ | <u>72.8</u> | <u>75.5</u> | <u>74.9</u> | <u>74.9</u> | <u>74.9</u> |
| Coverage Ratios ⁽²⁾ | <u>3.9</u> | <u>3.9</u> | <u>3.9</u> | <u>3.9</u> | <u>3.9</u> |
| CIP Outlays | <u>147.6</u> | <u>240.8</u> | <u>293.0</u> | <u>294.8</u> | <u>294.3</u> |
| Replacement, Refurbishment & Rehabilitation ⁽⁴⁾ | <u>-</u> | <u>-</u> | <u>1.4</u> | <u>6.3</u> | <u>10.6</u> |
| Debt Proceeds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Reserves | <u>\$927.0</u> | <u>\$924.1</u> | <u>\$ 865.4</u> | <u>\$801.3</u> | <u>\$781.9</u> |

⁽¹⁾ Assumptions:

- a) Annual growth in equivalent dwelling units is projected to average 0.3% over the next five years.
- b) The Residential, Commercial, and Industrial Sewer Service Charge forecasts are based on the total projected equivalent dwelling units, Board approved rate increases for Fiscal Years 2021-22 and 2022-23 of 1.2% per year and 1.2% and 1.1% for Fiscal Years 2023-24 and 2024-25.
- c) Revenue Area No. 14 Fees are derived based on the projected contribution of sewage flows to the District from the Irvine Ranch Water District.
- d) Ad Valorem Taxes are projected with annual increases of 2%.
- e) Interest earnings are projected to average 1.0% of annual cash balances.
- f) Operating and Maintenance Expenses are forecasted with a base increase of 3.0% per year beginning with Fiscal Year 2022-23 with adjustments for known periodic outlays that do not occur annually.
- g) Annual CIP Outlays are based on the cash flow projections developed from the 2020 CIP Validation Study, with adjustments for CIP savings and deferrals.

⁽²⁾ Calculated in accordance with the Master Agreement and the Installment Purchase Agreement.

⁽³⁾ Assumes refunding of the Refunded 2011A Obligations and the Refunded 2018A Notes with the proceeds of the Revenue Obligations as described in "REFUNDING PLAN" herein and estimated debt service on the Revenue Obligations.

⁽⁴⁾ Replacement, Refurbishment & Rehabilitation are known future capital outlays that have been identified within the District's Asset Management Program but have not yet been developed into specific proposed projects and included within the CIP Program.

Source: Orange County Sanitation District.

Management’s Discussion and Analysis of Operating Data

The District’s 2020-21 and 2021-22 operating, capital improvement, debt service, and other financing requirements budgets total \$401 million and \$591 million, respectively. The increase in the Fiscal Year 2020-21 budget over the Fiscal Year 2019-20 projected spending of \$394 million is primarily due to the timing of construction cash outlays, in addition to increases in salaries and benefits and repairs and maintenance. The increase in the Fiscal Year 2021-22 budget is primarily due to the timing of construction cash outlays as we meet our infrastructure needs.

The approved budget to operate, maintain and manage the District’s sewage collection, treatment and disposal system is \$176.3 million, a \$12.6 million (7.7%) increase above Fiscal Year 2019-20 projected expenditures. In Fiscal Year 2021-22, it is projected to increase by \$0.2 million (0.1%).

Budgeted personnel costs are \$6.3 million, a 6.5% increase over the prior year projection mainly due to cost of living adjustments included in the current Memorandums of Understanding for all employee bargaining units and increased insurance premiums and retirement contributions. There is a budgeted decrease of one full time equivalent (“FTE”) staff position bringing the total budgeted FTE count in Fiscal Year 2020-21 and Fiscal Year 2021-22 to 639.0 FTEs

Repairs and maintenance costs were approved to increase \$4.1 million or 16.9% over the prior year projection. During Fiscal Year 2020-21 major projects that contribute to the increase are the Bushard Diversion Structure Repair planned for \$1.1 million, major rehabilitation of primary basins, secondary clarifiers and overhaul of new centrifuges at both plants planned for \$6.5 million.

Professional services were budgeted to increase \$1.3 million for legal fees and technical consulting fees on projects and studies.

In preparation of the Fiscal Year 2020-21 biennium budget, District staff developed levels of service and capital projects that are included in the Strategic Plan of the District. See “THE DISTRICT - District Planning.” In addition, staff validated the active capital projects currently being executed to ensure that the scope of work on the active projects remains appropriate, and that the cost estimates have been accurately updated. The Fiscal Year 2020-21 capital related cash flow budget was approved at \$165 million. After factoring in savings and deferrals, this capital budget was reduced by \$17 million to \$148 million. The 2020 CIP Validation Study includes 70 individual capital projects with 10-year outlays totaling approximately \$2.7 billion.

The Master Plan includes a Wastewater Revenue Program Rate Study that determines the appropriate rates going forward to support the proposed 20-year CIP. In March 2018, following a Proposition 218 notice process, the Board approved sewer rate increases for each year over the next five years averaging approximately 1.2% per year. The District deferred the approved 1.2% rate increase for fiscal year 2020-21 due to coronavirus sensitivities but expects to implement the 1.2% increases scheduled in each of fiscal years 2021-22 and 2022-23 as approved. These increases are necessary to provide needed capital improvements, to meet additional treatment and disinfection requirements, and to minimize future rate increases. The impact of this five-year sewer fee schedule has increased the single-family residence user fee rate, the underlying rate for all sewer service user fees, an average of 1.0% a year from \$335 in Fiscal Year 2018-19 to \$347 in Fiscal Year 2022-23.

Investment of District Funds

State statutes authorize the District to invest in obligations of the United States Government, state and local governmental agencies, negotiable certificates of deposits, banker’s acceptances, commercial

paper, reverse repurchase agreements and a variety of other investment instruments which are allowable under California Government Code Section 53600 *et seq.*

All District funds, except for Obligation Reserve Funds controlled by a bank trustee pursuant to the provisions of Existing Senior Obligations, are managed by an external money manager, Chandler Asset Management. U.S. Bank National Association serves as the District's independent custodian bank for its investment program. Callan LLC serves as the District's independent advisor.

As of June 30, 2020, the District's externally managed fund consisted of a short-term investment portfolio of \$251.2 million with an average maturity of 146.4 days, and a long-term investment portfolio of \$620.5 million with average maturities of 2.5 years. Investments consist of United States government securities, corporate bonds and commercial paper. The District's portfolio contains no structured investment vehicles ("SIVs") or reverse repurchase agreements.

Deposits in banks are maintained in financial institutions which provide deposit protection on the bank balance from the Federal Deposit Insurance Corporation. The California Government Code requires State banks and savings and loans to secure local government deposits by pledging government securities equal to 110% of the deposits or by pledging first trust deed mortgage notes equal to 150% of the deposits.

The District's Investment Policy requires that the District invest public funds in a manner which ensures the safety and preservation of capital while meeting reasonable anticipated operating expenditure needs, achieving a reasonable rate of return and conforming to all state and local statutes governing the investment of public funds. The primary objectives, in order, of the District's investment activities are safety, liquidity and return on investment.

FINANCIAL OBLIGATIONS

Existing Indebtedness

Currently, the District has Senior Obligations Outstanding payable on a parity with the Revenue Obligations. The table below describes the District's outstanding parity certificates of participation as of July 1, 2021. The payment obligations in connection with each series of these certificates of participation constitute Senior Obligations, subject to the provisions of the Master Agreement and shall be afforded all of the benefits, interests and security afforded Senior Obligations pursuant to the Master Agreement. The District has no general obligation bonds or subordinate bonds outstanding.

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Table 16
Outstanding Senior Obligations
As of July 1, 2021

| | Original Principal Amount | Issue Date | Outstanding Balance | Final Maturity |
|--|--|-----------------------|--------------------------------|---------------------------|
| 2010A Revenue Obligations | \$ 80,000,000 | 05/18/10 | \$ 80,000,000 | 02/01/40 |
| 2010C Revenue Obligations | 157,000,000 | 12/08/10 | 157,000,000 | 02/01/44 |
| 2011A Revenue Obligations ⁽¹⁾ | 147,595,000 | 10/03/11 | 75,370,000 | 02/01/26 |
| 2012A Revenue Obligations | 100,645,000 | 03/22/12 | 100,645,000 | 02/01/33 |
| 2012B Revenue Obligations | 66,395,000 | 08/16/12 | 8,170,000 | 02/01/26 |
| 2014A Revenue Obligations | 85,090,000 | 08/07/14 | 56,080,000 | 02/01/27 |
| 2015A Revenue Obligations | 127,510,000 | 02/12/15 | 127,510,000 | 02/01/37 |
| 2016A Revenue Obligations | 145,880,000 | 03/30/16 | 136,830,000 | 02/01/39 |
| 2017A Revenue Obligations | 66,370,000 | 02/01/17 | 65,815,000 | 02/01/30 |
| 2018A Certificates ⁽²⁾ | <u>102,200,000</u> | 11/29/18 | <u>102,200,000</u> | 08/15/21 |
| Total Senior Obligations | <u>\$1,078,685,000</u> | | <u>\$909,620,000</u> | |

⁽¹⁾ A portion to be prepaid with a portion of the proceeds of the Revenue Obligations and other moneys; see “REFUNDING PLAN” herein.

⁽²⁾ To be prepaid with a portion of the proceeds of the Revenue Obligations and other moneys; see “REFUNDING PLAN” herein.

In connection with the execution and delivery of the above-referenced outstanding certificates of participation, the District entered into certain installment purchase agreements, or equivalent documents, providing for the payment of installment payments or similar payments.

Anticipated Financings

From time to time the District may incur other obligations to finance portions of the CIP and to prepay the Revenue Obligations. Over the next five years, however, the District does not expect to issue any additional debt, other than refunding debt. The District expects to refund outstanding obligations from time to time. See “SECURITY AND SOURCES OF PAYMENT FOR THE REVENUE OBLIGATIONS – Sale Proceeds of Future Obligations.”

THE CORPORATION

The Corporation was organized on June 19, 2000 as a nonprofit public benefit corporation pursuant to the Nonprofit Public Corporation law of the State. The Corporation’s purpose is to render assistance to the District in its acquisition of equipment, real property and improvements on behalf of the District. Under its articles of incorporation, the Corporation has all powers conferred upon nonprofit public benefit corporations by the laws of the State, provided that it will not engage in any activity other than that which is necessary or convenient for, or incidental to the purposes for which it was formed.

The Corporation is a separate legal entity from the District. It is governed by a twenty-five member Board of Directors. The Corporation has no employees. All staff work is performed by employees of the District. The members of the Corporation’s Board of Directors are the Board of Directors of the District.

The District’s Assistant General Manager, Director of Finance and Administrative Services and other District employees are available to provide staff support to the Corporation.

The Corporation has not entered into any material financing arrangements other than those referred to in this Official Statement. Further information concerning the Corporation may be obtained from the Orange County Sanitation District office at 10844 Ellis Avenue, Fountain Valley, California, 92708-7018.

LIMITATIONS ON TAXES AND REVENUES

Article XIII A of the California Constitution

On June 6, 1978, California voters approved Proposition 13 (“Proposition 13”), which added Article XIII A to the State Constitution (“Article XIII A”). Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-third of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year or to reflect a reduction in the consumer price index or comparable data for the area under the taxing jurisdiction, or reduced in the event of declining property values caused by substantial damage, destruction, or other factors. Amendments to the California Constitution have implemented and modified limits on reassessment of property value upon transfers. Most recently, Proposition 19 limits people who inherit family properties from keeping a low property tax base resulting from the 2% restriction on increases, unless they use the home as their primary residence. It also allows homeowners who are over 55 years of age, disabled, or victims of a wildfire or natural disaster to transfer their assessed value of their primary home to a newly purchased or newly constructed replacement primary residence up to three times. Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is

expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B, the State and each local governmental entity has an annual “appropriations limit” and is not permitted to spend certain moneys that are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriations of moneys that are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

“Appropriations subject to limitation” are authorizations to spend “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service,” but “proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on appropriations of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Not included in the Article XIII B limit are appropriations for the debt service costs of bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government and appropriations for qualified capital outlay projects. The appropriations limit may also be exceeded in certain cases of emergency.

The appropriations limit for the District in each year is based on the District’s limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the District’s option, either (1) the percentage change in State per capita personal income, or (2) the percentage change in the local assessment roll on nonresidential property. Either test is likely to be greater than the change in the cost of living index, which was used prior to Proposition 111. Change in population is to be measured either within the jurisdiction of the District or the County as a whole.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by a District over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. As originally enacted in 1979, the District’s appropriations limit was based on 1978-79 authorizations to expend proceeds of taxes and was adjusted annually to reflect changes in cost of living and population (using different definitions, which were modified by Proposition 111). Starting with Fiscal Year 1990-91, the District’s appropriations limit was recalculated by taking the actual Fiscal Year 1986-87 limit, and applying the annual adjustments as if Proposition 111 had been in effect. The District does not anticipate that any such appropriations

limitations will impair its ability to make Installment Payments as required by the Installment Purchase Agreement.

Proposition 1A and Proposition 22

Proposition 1A (“Proposition 1A”), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in Fiscal Years 2004-05 and 2005-06. Proposition 1A provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. Such a shift may not occur more than twice in any ten-year period. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as Proposition 22 (“Proposition 22”). The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government or from temporarily shifting property taxes from cities, counties and special districts to schools. This is intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in fiscal year 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs. Approximately \$5 million of the District’s property tax revenues were diverted to the State as a result of this Proposition 1A suspension. The District participated in a Proposition 1A Securitization Program (the “Program”) sponsored by the California Statewide Communities Development Authority. The Program allowed the District to exchange its anticipated State property tax receivable for an equal amount of cash. In addition, the State’s adopted 2009-10 budget included a \$1.7 billion diversion in local property tax revenues from local redevelopment agencies. Many California Redevelopment Association members are actively engaged in litigation to block such diversion and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as “ABX4 26.”

Proposition 1A also provides that if the State reduces the vehicle license fee (“VLF”) rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Article XIII C and Article XIII D of the California Constitution

Proposition 218, a State ballot initiative known as the “Right to Vote on Taxes Act,” was approved by the voters on November 5, 1996. The initiative added Articles XIII C and XIII D to the California Constitution, creating additional requirements for the imposition by most local governments of “general taxes,” “special taxes,” “assessments,” “fees,” and “charges.” Proposition 218 became effective, pursuant to its terms, as of November 6, 1996, although compliance with some of its provisions was deferred until July 1, 1997, and certain of its provisions purport to apply to any tax imposed for general governmental purposes (*i.e.*, “general taxes”) imposed, extended or increased on or after January 1, 1995 and prior to November 6, 1996.

Article XIII D imposes substantive and procedural requirements on the imposition, extension or increase of any “fee” or “charge” subject to its provisions. A “fee” or “charge” subject to Article XIII D includes any levy, other than an *ad valorem* tax, special tax or assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership. Article XIII D prohibits, among other things, the imposition of any proposed fee or charge, and, possibly, the increase of any existing fee or charge, in the event written protests against the proposed fee or charge are presented at a required public hearing on the fee or charge by a majority of owners of the parcels upon which the fee or charge is to be imposed. Except for fees and charges for water, sewer and refuse collection services, the approval of a majority of the property owners subject to the fee or charge, or at the option of the agency, by a two-thirds vote of the electorate residing in the affected area, is required within 45 days following the public hearing on any such proposed new or increased fee or charge. The California Supreme Court decisions in *Richmond v. Shasta Community Services District*, 32 Cal.4th 409 (2004) (“*Richmond*”), and *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) (“*Bighorn*”) have clarified some of the uncertainty surrounding the applicability of Section 6 of Article XIII D to service fees and charges. In *Richmond*, the Shasta Community Services District charged a water connection fee, which included a capacity charge for capital improvements to the water system and a fire suppression charge. The Court held that both the capacity charge and the fire suppression charge were not subject to Article XIII D because a water connection fee is not a property-related fee or charge because it results from the property owner’s voluntary decision to apply for the connection. In both *Richmond* and *Bighorn*, however, the Court stated that a fee for ongoing water service through an existing connection is imposed “as an incident of property ownership” within the meaning of Article XIII D, rejecting, in *Bighorn*, the water agency’s argument that consumption-based water charges are not imposed “as an incident of property ownership” but as a result of the voluntary decisions of customers as to how much water to use.

Article XIII D also provides that “standby charges” are considered “assessments” and must follow the procedures required for “assessments” under Article XIII D and imposes several procedural requirements for the imposition of any assessment, which may include (1) various notice requirements, including the requirement to mail a ballot to owners of the affected property; (2) the substitution of a property owner ballot procedure for the traditional written protest procedure, and providing that “majority protest” exists when ballots (weighted according to proportional financial obligation) submitted in opposition exceed ballots in favor of the assessments; and (3) the requirement that the levying entity “separate the general benefits from the special benefits conferred on a parcel” of land. Article XIII D also precludes standby charges for services that are not immediately available to the parcel being charged.

Article XIII D provides that all existing, new or increased assessments are to comply with its provisions beginning July 1, 1997. Existing assessments imposed on or before November 5, 1996, and “imposed exclusively to finance the capital costs or maintenance and operations expenses for [among other things] water” are exempted from some of the provisions of Article XIII D applicable to assessments.

Article XIII C extends the people's initiative power to reduce or repeal existing local taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIII C to fees, taxes, assessment fees and charges imposed after November 6, 1996 and absent other authority could result in retroactive reduction in any existing taxes, assessments, fees or charges. In *Bighorn*, the Court concluded that under Article XIII C local voters by initiative may reduce a public agency's water rates and delivery charges. The Court noted, however, that it was not holding that the authorized initiative power is free of all limitations, stating that it was not determining whether the electorate's initiative power is subject to the public agency's statutory obligation to set water service charges at a level that will "pay the operating expenses of the agency, . . . provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due."

Under Ordinance No. OCSD-49 adopted on March 28, 2018, the District established residential Sewer Service Charges, except within Revenue Area No. 14 (for which service is billed directly to the IRWD), based on the cost of services and facilities provided to each customer of the District. The noticed public hearing held in connection with the adoption of this ordinance considered an increase in the single family residential rate, the underlying rate for all of the District's sewer service charges, of 1.2% for Fiscal Year 2018-19 through Fiscal Year 2022-23. These increases were approved by the Board through the adoption of Ordinance No. OCSD-49. The District deferred the approved 1.2% rate increase for fiscal year 2020-21 due to coronavirus sensitivities but expects to implement the 1.2% increases scheduled in each of fiscal years 2021-22 and 2022-23 as approved.

Pursuant to the Master Agreement, the District will, to the extent permitted by law, fix, prescribe and collect fees and charges for the services of the Wastewater System which will be at least sufficient to yield during each Fiscal Year (a) Net Revenues equal to 125% of Debt Service on Senior Obligations for such Fiscal Year, and (b) Net Operating Revenues equal to 100% of Debt Service on all Obligations for such Fiscal Year. The District may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but will not reduce the fees and charges then in effect unless the Revenues and Net Revenues from such reduced fees and charges will at all times be sufficient to meet the requirements of the Master Agreement. If service charges are determined to be subject to Article XIII D, and proposed increased service charges cannot be imposed as a result of a majority protest, such circumstances may adversely affect the ability of the District to generate revenues in the amounts required by the Master Agreement, and to make Installment Payments as provided in the Installment Purchase Agreement. No assurance may be given that Articles XIII C and XIII D will not have a material adverse impact on Net Revenues.

Other Initiative Measures

Articles XIII A, XIII B, XIII C and XIII D were adopted pursuant to California's constitutional initiative process. From time to time other initiative measures could be adopted by California voters, placing additional limitations on the ability of the District to increase revenues.

LEGAL MATTERS

The validity of the Revenue Obligations and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel to the District. A complete copy of the proposed form of Special Counsel opinion is attached as Appendix F hereto. Special Counsel, in its capacity as Special Counsel to the District, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed on for the District and the Corporation by Woodruff, Spradlin & Smart, a Professional Corporation, Costa

Mesa, California, and for the District by Norton Rose Fulbright US LLP, Disclosure Counsel to the District.

MUNICIPAL ADVISOR

The District has retained Public Resources Advisory Group as an independent registered municipal advisor (the “Municipal Advisor”) in connection with the execution and delivery of the Revenue Obligations. The Municipal Advisor has not been engaged, nor have they undertaken, to audit, authenticate or otherwise verify the information set forth in the Official Statement, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor has reviewed this Official Statement but makes no guaranty, warranty or other representation respecting accuracy and completeness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent on the issuance and delivery of the Revenue Obligations.

ABSENCE OF LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the best knowledge of the District, threatened against the District affecting the existence of the District or the titles of its directors or officers to their offices or seeking to restrain or to enjoin the sale or delivery of the Revenue Obligations, the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Revenue Obligations, the Trust Agreement, the Master Agreement, the Installment Purchase Agreement or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement, or contesting the powers of the District or its authority with respect to the Revenue Obligations or any action of the District contemplated by any of said documents, nor, to the knowledge of the District is there any basis therefor.

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the District, threatened against the District contesting or affecting the ability of the District to collect amounts from which Installment Payments are payable, or which would have a material adverse effect on the District’s ability to make Installment Payments.

FINANCIAL STATEMENTS

The basic financial statements of the District included in Appendix A to this Official Statement have been audited by Macias Gini & O’Connell LLP, independent certified public accountants. See APPENDIX A – “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ORANGE COUNTY SANITATION DISTRICT FOR THE YEAR ENDED JUNE 30, 2020” herein. The District has received the Government Finance Officers Association Certificate of Achievement for “Excellence in Financial Reporting” for 25 consecutive years. The audited financial statements, including the footnotes thereto, should be reviewed in their entirety. Macias Gini & O’Connell LLP, the District’s independent auditor, has not been engaged to perform, and has not performed, since the date of its report included in Appendix A, any procedures on the financial statements addressed in that report. Macias Gini & O’Connell LLP also has not performed any procedures relating to this Official Statement.

TAX MATTERS

Federal Tax Exemption

In the opinion of Norton Rose Fulbright US LLP, San Francisco, California, Special Counsel to the District, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Trust Agreement, the Tax Certificate and other documents pertaining to the Revenue Obligations and requirements of the Internal Revenue Code of 1986 (the “Code”) regarding the use, expenditure and investment of proceeds of the Revenue Obligations and the timely payment of certain investment earnings to the United States, the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation is not included in the gross income of the owners of the Revenue Obligations for federal income tax purposes. Failure to comply with such covenants and requirements may cause the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation to be included in gross income retroactive to the date of execution and delivery of the Revenue Obligations.

In the further opinion of Special Counsel, the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Special Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Revenue Obligations should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Tax Certificate or other documents pertaining to the Revenue Obligations may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Special Counsel expresses no opinion as to the effect of any change to any document pertaining to the Revenue Obligations or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation for federal income tax purposes.

Special Counsel’s opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Special Counsel, and Special Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the Revenue Obligations is commenced, under current procedures the IRS is likely to treat the District as the “taxpayer,” and the owners of the Revenue Obligations would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation, the District may

have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the Revenue Obligations could adversely affect the value and liquidity of the Revenue Obligations during the pendency of the examination, regardless of its ultimate outcome.

Tax Accounting Treatment of Bond Premium and Original Issue Discount

Bond Premium. To the extent a purchaser acquires a Revenue Obligation at a price in excess of the amount payable at its maturity, such excess will constitute “bond premium” under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Special Counsel is not opining on the accounting for bond premium or the consequence to a Revenue Obligation purchaser of purchasing a Revenue Obligation with bond premium. Accordingly, persons considering the purchase of Revenue Obligations with bond premium should consult with their own tax advisors with respect to the determination of bond premium on such Revenue Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Revenue Obligations.

Original Issue Discount. The excess, if any, of the stated redemption price at maturity of Revenue Obligations of a particular maturity over the initial offering price to the public of the Revenue Obligations of that maturity at which a substantial amount of the Revenue Obligations of that maturity is sold to the public is “original issue discount.” Original issue discount accruing on a Revenue Obligation is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such Revenue Obligation. Original issue discount on a Revenue Obligation or a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the Revenue Obligations of that maturity is sold to the public accrues on a semiannual basis over the term of the Revenue Obligation on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a Revenue Obligation accruing during each period is added to the adjusted basis of such Revenue Obligation, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such Revenue Obligation. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase Revenue Obligations other than at the initial offering price. Special Counsel is not opining on the accounting for or consequence to a Revenue Obligation purchaser of purchasing a Revenue Obligation with original issue discount. Accordingly, persons considering the purchase of Revenue Obligations with original issue discount should consult with their own tax advisors with respect to the determination of original issue discount on such Revenue Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Revenue Obligations.

Information Reporting and Backup Withholding

Interest paid on the Revenue Obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation to be subject to backup withholding if such interest

is paid to beneficial owners who (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Special Counsel, the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation is exempt from personal income taxes imposed by the State of California.

Future Developments

Existing law may change to reduce or eliminate the benefit to owners of the Revenue Obligations of the exclusion of the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation from gross income for federal income tax purposes or of the exemption of the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Revenue Obligations. Prospective purchasers of the Revenue Obligations should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Special Counsel relating to the Revenue Obligations is included in APPENDIX F hereto.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, a firm of independent certified public accountants, will verify the accuracy of mathematical computations concerning the adequacy of the amounts deposited in the Escrow Funds to provide for payment of the prepayment prices (including accrued interest) of the Refunded 2011A Obligations and the Refunded 2018A Notes, respectively, on the Prepayment Date.

The report of such firm of independent certified public accountants will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Revenue Obligations (a) to provide certain financial information and operating data (the “Annual Report”) relating to the District and the property in the District not later than eight months after the end of the District’s Fiscal Year (which currently would be March 1), commencing with the report for the 2020-21 Fiscal Year, and (b) to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the District, or the Dissemination Agent on behalf of the District, with the Municipal Securities Rulemaking Board. The notices of enumerated events will be filed by or on behalf of the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be

contained in the Annual Report or the notices of enumerated events is set forth in the Continuing Disclosure Agreement. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Initial Purchaser in complying with S.E.C. Rule 15c2-12, as amended (the “Rule”).

RATINGS

The Revenue Obligations will be rated “___” by [S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “___” by Moody’s Investors Service, Inc. (“Moody’s”), and “___” by Fitch Ratings (“Fitch”)]. Such ratings reflect only the views of the rating agencies, and do not constitute a recommendation to buy, sell or hold the Revenue Obligations. Explanation of the significance of such ratings may be obtained only from the respective organizations at: S&P Global Ratings, 55 Water Street, New York, New York 10041, Moody’s Investors Service, Inc. 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and Fitch Ratings, One State Street Plaza, New York, New York 10004. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Revenue Obligations.

PURCHASE AND REOFFERING

_____ (the “Initial Purchaser”) has purchased the Revenue Obligations from the District at a competitive sale for a purchase price of \$_____ (representing the aggregate principal amount of the Revenue Obligations, plus a premium of \$_____, and less an Initial Purchaser’s discount of \$_____). The public offering prices may be changed from time to time by the Initial Purchaser. The Initial Purchaser may offer and sell Revenue Obligations to certain dealers and others at prices lower than the offering prices shown on the inside cover page hereof.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Revenue Obligations.

The execution and delivery of this Official Statement has been duly authorized by the District.

ORANGE COUNTY SANITATION DISTRICT

By: _____
Chair of the Board of Directors

APPENDIX A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ORANGE COUNTY
SANITATION DISTRICT FOR THE YEAR ENDED JUNE 30, 2020**

[INSERT APPENDIX B]

[INSERT APPENDIX C]

[INSERT APPENDIX D]

APPENDIX E

BOOK-ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Revenue Obligations, payment of principal and interest evidenced by the Revenue Obligations to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Revenue Obligations, and other Revenue Obligation-related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the District and the Corporation each believes to be reliable, but the District and the Corporation take no responsibility for the completeness or accuracy thereof.

The Depository Trust Company – Book-Entry System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Revenue Obligations”). The Revenue Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Revenue Obligations in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by such reference or otherwise.

Purchases of Revenue Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Revenue Obligations on DTC’s records. The ownership interest of each actual purchaser of each Revenue Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Revenue Obligations are to be accomplished by entries made on

the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Revenue Obligations, except in the event that use of the book-entry system for the Revenue Obligations is discontinued.

To facilitate subsequent transfers, all Revenue Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Revenue Obligations with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Revenue Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Revenue Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Revenue Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Revenue Obligations, such as prepayments, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Revenue Obligations may wish to ascertain that the nominee holding the Revenue Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Revenue Obligations within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Revenue Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Revenue Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayments with respect to the Revenue Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Revenue Obligations at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Revenue Obligations are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Revenue Obligations will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuance of DTC Services

In the event (i) DTC determines not to continue to act as securities depository for the Revenue Obligations, (ii) DTC shall no longer act and give notice to the Trustee of such determination or (iii) the District determines that it is in the best interest of the Beneficial Owners that they be able to obtain Revenue Obligations and delivers a written certificate to the Trustee to that effect, DTC services will be discontinued. If the District determines to replace DTC with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Revenue Obligation for each of the maturities of the Revenue Obligations, registered in the name of such successor or substitute qualified securities depository or its nominee. If the District fails to identify another qualified securities depository to replace DTC then the Revenue Obligations shall no longer be restricted to being registered in the certificate registration books in the name of Cede & Co., but shall be registered in such names as are requested in a certificate of the District, in accordance with the Trust Agreement.

All Revenue Obligations may be presented for transfer by the Owner thereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, on the books required to be kept by the Trustee pursuant to the provisions of the Trust Agreement, upon surrender of such Certifications for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. The Trustee may treat the Owner of any Revenue Obligation as the absolute owner of such Revenue Obligation for all purposes, whether or not such Revenue Obligation shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced by such Revenue Obligation shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability evidenced by such Revenue Obligation to the extent of the sum or sums so paid.

Whenever any Revenue Obligations shall be surrendered for transfer, the Trustee shall execute and deliver new Revenue Obligations representing the same principal amount in Authorized Denominations. The Trustee shall require the payment of any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Revenue Obligations may be presented for exchange at the Principal Office of the Trustee for a like aggregate principal amount of Revenue Obligations of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to transfer or exchange any Revenue Obligation during the period in which the Trustee is selecting Revenue Obligations for prepayment, nor shall the Trustee be required to transfer or exchange any Revenue Obligation or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

APPENDIX F

FORM OF APPROVING OPINION OF SPECIAL COUNSEL

Upon the execution and delivery of the Revenue Obligations, Norton Rose Fulbright US LLP, Los Angeles, California, Special Counsel to the District, will render its final approving opinion with respect to the Revenue Obligations in substantially the following form:

[Date of Delivery]

Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley, California 92708-7018

§ _____
Orange County Sanitation District
Wastewater Refunding Revenue Obligations
Series 2021A

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the \$ _____ aggregate principal amount of Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”) which are certificates of participation that evidence direct, fractional undivided interests of the Owners thereof in the installment payments (the “Installment Payments”), and the interest thereon, to be made by the Orange County Sanitation District (the “District”) pursuant to the Installment Purchase Agreement, dated as of July 1, 2021 (the “Installment Purchase Agreement”), by and between the District and the Orange County Sanitation District Financing Corporation (the “Corporation”). Pursuant to the Master Agreement for District Obligations, dated as of August 1, 2000 (the “Master Agreement”), by and between the District and the Corporation, the District has established conditions and terms upon which obligations such as the Installment Payments, and the interest thereon, will be incurred and secured. Installment Payments under the Installment Purchase Agreement are payable solely from Net Revenues as provided in the Installment Purchase Agreement, consisting primarily of all income and revenue received by the District from the operation or ownership of the Wastewater System of the District (the “Wastewater System”) remaining after payment of Maintenance and Operation Costs. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Installment Purchase Agreement.

The Revenue Obligations are to be executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2021 (the “Trust Agreement”), by and among the District, the Corporation and U.S. Bank National Association, as trustee (the “Trustee”). Proceeds from the sale of the Revenue Obligations, together with other funds of the District, will be used to (i) prepay the District’s Wastewater Refunding Revenue Obligations, Series 2011A, maturing on February 1, 2023 through 2026, inclusive, currently outstanding in the aggregate principal amount of \$61,575,000, (ii) prepay the District’s Revenue Refunding Certificate Anticipation Notes, Series 2018A, currently outstanding in the aggregate principal amount of \$102,200,000, and (iii) pay the costs incurred in connection with the execution and delivery of the Revenue Obligations.

As Special Counsel, we have examined copies certified to us as being true and complete copies of the Master Agreement, the Trust Agreement and the Installment Purchase Agreement and the proceedings of the District in connection with the execution and delivery of the Revenue Obligations. We have also

examined such certificates of officers of the District, the Corporation and others as we have considered necessary for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Master Agreement, the Installment Purchase Agreement and the Trust Agreement each has been duly and validly authorized, executed and delivered by the District and, assuming the Master Agreement, the Installment Purchase Agreement and the Trust Agreement each constitutes the legally valid and binding obligation of the other parties thereto, each constitutes the legally valid and binding obligation of the District, enforceable against the District in accordance with its respective terms.

2. The obligation of the District to pay the Installment Payments, and the interest thereon, and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided in the Installment Purchase Agreement, solely from Net Revenues and other funds provided for in the Installment Purchase Agreement lawfully available therefor.

3. Assuming due authorization, execution and delivery of the Trust Agreement and the Revenue Obligations by the Trustee, the Revenue Obligations are entitled to the benefits of the Trust Agreement.

4. Under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Trust Agreement, the Tax Certificate and other documents pertaining to the Revenue Obligations and requirements of the Internal Revenue Code of 1986 regarding the use, expenditure and investment of proceeds of the Revenue Obligations and the timely payment of certain investment earnings to the United States, the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation is not includable in the gross income of the owners of the Revenue Obligations for federal income tax purposes. Failure to comply with such covenants and requirements may cause the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation to be included in gross income retroactive to the date of execution and delivery of the Revenue Obligations.

5. Under existing law, the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

6. Under existing law, the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation is exempt from personal income taxes imposed by the State of California.

Except as stated in paragraphs 4, 5 and 6 above, we express no opinion as to any federal or state tax consequence of the ownership or disposition of the Revenue Obligations. Further, certain requirements and procedures contained or referred to in the Trust Agreement, the Installment Purchase Agreement or in other documents pertaining to the Revenue Obligations may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect of any change to any document pertaining to the Revenue Obligations or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves

with respect to the exclusion from gross income of the portion of each Installment Payment representing interest and distributable in respect of any Revenue Obligation for federal income tax purposes.

The rights of the owners of the Revenue Obligations and the enforceability of the Revenue Obligations, the Master Agreement, the Trust Agreement and the Installment Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases. The enforceability of the Revenue Obligations, the Master Agreement, the Trust Agreement and the Installment Purchase Agreement is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Revenue Obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of July 1, 2021, is by and between the ORANGE COUNTY SANITATION DISTRICT, a county sanitation district organized and existing under the laws of the State of California (the “District”), and DIGITAL ASSURANCE CERTIFICATION, LLC, as Dissemination Agent (the “Dissemination Agent”).

WITNESSETH:

WHEREAS, the District has caused to be executed and delivered the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), evidencing principal in the aggregate amount of \$ _____, pursuant to a Trust Agreement, dated as of the date hereof (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the Orange County Sanitation District Financing Corporation (the “Corporation”) and the District; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the owners and beneficial owners of the Revenue Obligations and in order to assist the purchaser of the Revenue Obligations in complying with the Rule (as defined herein);

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined therein, in the Master Agreement, dated as of August 1, 2000, by and between the District and the Corporation. In addition, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the District pursuant to, and as described in, Sections 2 and 3 hereof.

“**Annual Report Date**” means the date in each year that is eight months after the end of the Fiscal Year, which date, as of the date of this Disclosure Agreement, is March 1.

“**Disclosure Representative**” means the Director of Finance and Administrative Services of the District, or such other officer or employee of the District as the District shall designate in writing to the Dissemination Agent and the Trustee from time to time.

“**Dissemination Agent**” means an entity selected and retained by the District, or any successor thereto selected by the District. The initial Dissemination Agent shall be Digital Assurance Certification, LLC.

“**EMMA**” shall mean Electronic Municipal Market Access system, maintained on the internet at <http://emma.msrb.org> by the MSRB.

“**Financial Obligation**” shall have the meaning ascribed to it in the Rule, any other applicable federal securities laws and guidance provided by the SEC in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

“**Fiscal Year**” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the District, with notice of such selection or change in fiscal year to be provided as set forth herein.

“**Listed Events**” means any of the events listed in Section 4 hereof and any other event legally required to be reported pursuant to the Rule.

“**MSRB**” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through EMMA.

“**Official Statement**” means the Official Statement, dated _____, 2021, relating to the Revenue Obligations.

“**Participating Underwriter**” means any of the original purchaser(s) of the Revenue Obligations required to comply with the Rule in connection with the offering of the Revenue Obligations.

“**Repository**” means, until otherwise designated by the SEC, EMMA.

“**Rule**” means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same has been or may be amended from time to time.

“**SEC**” shall mean the United States Securities and Exchange Commission.

Section 2. Provision of Annual Reports.

(a) The District shall provide, or shall cause the Dissemination Agent to provide, to MSRB, through EMMA, not later than 15 days prior to the Annual Report Date, an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as provided by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 of this Disclosure Agreement. Not later than 15 Business Days prior to such date, the District shall provide the Annual Report to the Dissemination Agent. If the Fiscal Year changes for the District, the District shall give notice of such change in the manner provided under Section 4(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, through EMMA, the Dissemination Agent has not received a copy of the Annual Report the Dissemination Agent shall contact the District to determine if the District is in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and

(ii) to the extent appropriate information is available to it, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

Section 3. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The principal evidenced by the Revenue Obligations Outstanding as of the June 30 next preceding the Annual Report Date and the principal amount of other Senior Obligations outstanding as of the June 30 next preceding the Annual Report Date.

(c) Updated information (not to include projections), for the Fiscal Year ended the June 30 next preceding the Annual Report Date, comparable to the information contained in the Official Statement in Table Nos. 2, 4, 6 (only with respect to information on 6 under the headings Fiscal Year and Sewer Service Charge), 8, 9, 10, 11, 12, 13, 14 and 16.

(d) In addition to any of the information expressly required to be provided under subsections (a), (b) and (c) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the District is an "obligated person" (as defined by the Rule), which are available to the public on EMMA or filed with the SEC. The District shall clearly identify each such document to be included by reference.

Section 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Revenue Obligations, in a timely manner not more than ten (10) Business Days after the event:

- (1) principal and interest payment delinquencies;
- (2) defeasances;
- (3) tender offers;
- (4) rating changes;

- (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Revenue Obligations, or other material events affecting the tax status of the Revenue Obligations;
- (6) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (7) unscheduled draws on credit enhancements reflecting financial difficulties;
- (8) substitution of credit or liquidity providers or their failure to perform;
- (9) bankruptcy, insolvency, receivership or similar proceedings; or
- (10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 4, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Revenue Obligations, if material:

- (1) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (2) appointment of a successor or additional Trustee or the change of the name of a Trustee;
- (3) nonpayment related defaults;
- (4) modifications to the rights of Owners;
- (5) a notices of prepayment;
- (6) release, substitution or sale of property securing repayment of the Revenue Obligations; or

(7) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Revenue Obligation holders.

(c) Whenever the District obtains knowledge of the occurrence of an event, described in subsection (b) of this Section 4, the District shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the District determines that knowledge of the occurrence of an event described in subsection (b) of this Section 4 would be material under applicable federal securities law, the District shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to the Repository in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 5. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Revenue Obligations. If such termination occurs prior to the final maturity of the Revenue Obligations, the District shall give notice of such termination in the same manner as for a Listed Event under Section 4 hereof.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage another Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Notwithstanding any other provision to this Disclosure Agreement to the contrary, the District may provide any Annual Report to Beneficial Owners by means of posting such Annual Report on an internet site that provides open access to Beneficial Owners.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the District and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal evidenced by Outstanding Revenue Obligations and upon being indemnified to its reasonable satisfaction, shall, or any holder or beneficial owner of the Revenue Obligations may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's respective negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Revenue Obligations. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, any holder of a Revenue Obligation or any other party.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Revenue Obligations, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

ORANGE COUNTY SANITATION DISTRICT

By: _____
Lorenzo Tyner
Assistant General Manager & Director of Finance
and Administrative Services

DIGITAL ASSURANCE CERTIFICATION, LLC,
as Dissemination Agent

By: _____
Authorized Representative

Acknowledged and Accepted:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE
TO FILE ANNUAL REPORT**

Name of Obligor: Orange County Sanitation District

Name of Issue: \$ _____ Orange County Sanitation District
Wastewater Refunding Revenue Obligations, Series 2021A (the "Revenue
Obligations")

Date of Execution and Delivery: _____, 2021

NOTICE IS HEREBY GIVEN that the Orange County Sanitation District (the "District") has not provided an Annual Report with respect to the above-captioned Revenue Obligations as required by Section 6.09 of the Trust Agreement, dated as of July 1, 2021, by and among U.S. Bank National Association, as Trustee, the Orange County Sanitation District Financing Corporation and the District. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

ORANGE COUNTY SANITATION DISTRICT

By: _____
Title: _____

cc: Trustee
Dissemination Agent

ESCROW AGREEMENT

by and between

ORANGE COUNTY SANITATION DISTRICT

and

**U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Prior Trustee**

Dated as of July 1, 2021

**Orange County Sanitation District
Wastewater Refunding Revenue Obligations, Series 2011A**

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Escrow Agreement”), dated as of July 1, 2021, is by and between the ORANGE COUNTY SANITATION DISTRICT, a county sanitation district organized and existing under the laws of the State of California (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow agent (the “Escrow Agent”) and as successor trustee under the Prior Trust Agreement referenced below (the “Prior Trustee”).

WITNESSETH:

WHEREAS, to refinance the acquisition, construction and installation of certain improvements to its wastewater system (the “Prior Project”), the District has heretofore purchased the Prior Project from the Orange County Sanitation District Financing Corporation (the “Corporation”), and the Corporation has heretofore sold the Prior Project to the District, for the installment payments (the “Prior Installment Payments”) to be made by the District pursuant to the Installment Purchase Agreement, dated as of October 1, 2011 (the “Prior Installment Purchase Agreement”), by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2011A (the “Prior Obligations”), evidencing direct, undivided fractional interests in the related Prior Installment Payments, pursuant to the Trust Agreement, dated as of October 1, 2011 (the “Prior Trust Agreement”), by and among the Prior Trustee, the Corporation and the District;

WHEREAS, the District has determined to refinance a portion of the Prior Project by paying and prepaying a portion of the remaining principal components of the Prior Installment Payments (the “Refunded Installment Payments”), and the interest components thereof to the date of prepayment, thereby causing to be prepaid a portion of the currently outstanding Prior Obligations maturing on February 1 in the years 2023 through 2026, inclusive, in the aggregate principal amount of \$61,575,000 (the “Refunded Obligations”);

WHEREAS, to provide the funds necessary to pay and prepay the Refunded Installment Payments and for certain other purposes, the District has caused to be executed and delivered the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), evidencing principal in the aggregate amount of \$ _____, pursuant to the Trust Agreement, dated as of July 1, 2021, by and among U.S. Bank National Association, as trustee, the Corporation and the District;

WHEREAS, in accordance with the Prior Trust Agreement, the prepayment of the Refunded Installment Payments will be applied to the prepayment of the outstanding Refunded Obligations on August 1, 2021 (the “Prepayment Date”) at a prepayment price equal to the principal amount thereof plus accrued interest thereon, without premium (the “Prepayment Price”), pursuant to this Escrow Agreement;

NOW THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Prior Trust Agreement.

Section 2. The Escrow Fund. (a) There is hereby established a fund (the “Escrow Fund”) to be held as an irrevocably pledged escrow by the Escrow Agent, which the Escrow Agent shall keep separate and apart from all other funds of the District and the Escrow Agent and to be applied solely as provided in this Escrow Agreement. Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby pledged solely to the payment of the interest evidenced by the Refunded Obligations to and including the Prepayment Date and the payment of the Prepayment Price on the Prepayment Date, which amounts shall be held in trust by the Escrow Agent for the Owners of the Refunded Obligations.

(b) The Prior Trustee is hereby instructed to release \$_____ (the “Prior Debt Service Release”) held in the Installment Payment Fund established under the Prior Trust Agreement for deposit in the Escrow Fund. As reflected in the report of [_____], a nationally recognized firm of independent certified public accountants, delivered in connection herewith, upon the execution and delivery of the Revenue Obligations, there shall be deposited in the Escrow Fund \$_____ received from the proceeds of the sale of the Revenue Obligations and \$_____ from the Prior Debt Service Release, for a total of \$_____ (the “Escrow Deposit”).

(c) The District has determined or caused to be determined that upon the deposit of the Escrow Deposit pursuant to Section 2(b) hereof, the moneys on deposit in the Escrow Fund will be sufficient to make the payments required by Section 4 hereof.

Section 3. Use of Moneys in Escrow Fund. (a) The Escrow Agent hereby acknowledges deposit of the moneys described in Section 2(b) hereof. The Escrow Agent shall hold moneys credited to the Escrow Fund uninvested.

(b) The Owners of the Refunded Obligations shall have a first and exclusive lien on the moneys credited to the Escrow Fund until such moneys are used and applied as provided in this Escrow Agreement and the Prior Trust Agreement to prepay in full then outstanding Refunded Obligations on the Prepayment Date.

(c) Without limiting subsection (a) of this Section, as required by Section 10.01(d) of the Prior Trust Agreement, no substitution of Government Obligations shall be permitted except with other Government Obligations and upon delivery of a new Verification and no reinvestment of Government Obligations shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification.

Section 4. Payment of Refunded Obligations. From the money held in the Escrow Fund, the Escrow Agent shall apply such amounts to the payment of the interest evidenced by the Refunded Obligations to and including the Prepayment Date and to the payment of the Prepayment Price of the Refunded Obligations on the Prepayment Date, all as set forth in Schedule I hereto. To the extent that the amount on deposit in the Escrow Fund on the Prepayment Date is in excess of the amount necessary to make the required payments with respect to the Refunded Obligations, such excess shall be transferred to the Trustee for deposit in the Installment Payment Fund established under the Prior Trust Agreement.

Section 5. Irrevocable Instructions to Mail Defeasance Notice; Delivery of Prepayment Notice. The District hereby irrevocably instructs the Prior Trustee to give notice on the date of delivery of the Revenue Obligations of defeasance of the Refunded Obligations to the Owners thereof, substantially in the form set forth in Exhibit A hereto. The District hereby confirms designation of the Refunded Obligations for prepayment on the Prepayment Date. The Prior Trustee certifies that on July ___, 2021, in accordance with the provisions of the Prior Trust Agreement and the written request of the District, the Prior Trustee gave notice of prepayment of such Refunded Obligations to the Owners thereof and a true and correct copy of the notice is attached as Exhibit B.

Section 6. Performance of Duties; Acknowledgement with Respect to Irrevocable Instructions. The Escrow Agent hereby agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it.

Section 7. Reserved.

Section 8. Escrow Agent's Authority to Transfer or Dispose of Funds. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided herein.

Section 9. Indemnity. To the extent permitted by law, the District hereby assumes liability for, and hereby agrees to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the moneys deposited therein, and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

Section 10. Responsibilities of Escrow Agent. The Escrow Agent makes no representation as to the sufficiency of the funds deposited in accordance with Section 2(b) to accomplish the prepayment of the Refunded Obligations pursuant to the Prior Trust Agreement or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds) may be deemed to be conclusively established by a written certification of the District.

The Escrow Agent shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. Nothing in this paragraph limits Section 3.1(a).

The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent.

The Escrow Agent may resign by giving written notice to the District, and upon receipt of such notice the District shall promptly appoint a successor Escrow Agent. If the District does not appoint a successor Escrow Agent within thirty (30) days of receipt of such notice, the resigning Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, upon such notice as it shall deem proper, appoint a successor Escrow Agent. Upon acceptance of appointment by a successor Escrow Agent, the resigning Escrow Agent shall transfer all amounts held by it in the Escrow Fund to such successor Escrow Agent and be discharged of any further obligation or responsibility hereunder.

Section 11. Amendments. The District and the Escrow Agent may (but only with the consent of the Owners of all of the Refunded Obligations) amend this Escrow Agreement or enter into agreements supplemental to this Escrow Agreement.

Section 12. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the date upon which the Refunded Obligations have been paid in accordance with this Escrow Agreement.

Section 13. Compensation. The District shall from time to time pay or cause to be paid to the Escrow Agent the agreed upon compensation for its services to be rendered hereunder, and reimburse the Escrow Agent for all of its reasonable advances in the exercise and performance of its duties hereunder; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement or otherwise.

Section 14. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 15. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 16. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Prior Trustee

By: _____
Authorized Officer

ORANGE COUNTY SANITATION DISTRICT

By: _____
Lorenzo Tyner, Assistant General Manager,
Director of Finance and Administrative Services

SCHEDULE I

PAYMENT REQUIREMENTS OF THE REFUNDED OBLIGATIONS

| <u>Payment Date</u> | <u>Interest</u> | <u>Principal Prepaid</u> | <u>Total</u> |
|--------------------------------|------------------------|-------------------------------------|---------------------|
| 8/1/2021 | \$1,329,300.00 | \$61,575,000.00 | \$62,904,300.00 |

EXHIBIT A

NOTICE OF DEFEASANCE

ORANGE COUNTY SANITATION DISTRICT
WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2011A
MATURING ON FEBRUARY 1 IN THE YEARS 2023 THROUGH 2026, INCLUSIVE

| Maturity Date (February 1) | Principal Amount Outstanding | CUSIP Number* (68428T) |
|---------------------------------------|---|---------------------------------------|
| 2023 | \$14,435,000 | AM9 |
| 2024 | 15,055,000 | AN7 |
| 2025 | 15,760,000 | AP2 |
| 2026 | 16,325,000 | AQ0 |

NOTICE IS HEREBY GIVEN that on July __, 2021, the Orange County Sanitation District (the “District”) caused to be deposited with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), pursuant to an Escrow Agreement, dated as of July 1, 2021, by and between the District and the Escrow Agent, proceeds of its Wastewater Refunding Revenue Obligations, Series 2021A, together with other available monies, which will be sufficient to prepay on August 1, 2021 (the “Prepayment Date”) all of the principal evidenced by the District’s Wastewater Refunding Revenue Obligations, Series 2011A, maturing on February 1, 2023 through 2026, inclusive (the “Refunded Obligations”), plus accrued interest evidenced thereby to the Prepayment Date, without premium (the “Prepayment Price”). The Escrow Agent is obligated to pay or cause to be paid to the Owners of the Refunded Obligations all sums due thereon, but only from moneys deposited with the Escrow Agent as described in this paragraph. As a result of such deposit, the Refunded Obligations are deemed to have been paid in accordance with the applicable provisions of the Trust Agreement, dated as of October 1, 2011, by and amount U.S. Bank National Association, as Trustee, the Orange County Sanitation District Financing Corporation and the District, pursuant to which the Refunded Obligations were executed and delivered.

Dated: _____, 2021

By: U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Escrow Agent on behalf of the Orange
County Sanitation District

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Neither the District nor the Trustee/Escrow Agent shall have any responsibility for any defect in the CUSIP numbers that appear in this defeasance notice. The CUSIP numbers have been assigned by an independent service for convenience of reference, and neither the District nor the Trustee/Escrow Agent shall not be liable for any inaccuracy in such number.

EXHIBIT B
COPY OF NOTICE OF PREPAYMENT
(Attached.)

ESCROW AGREEMENT

by and between

ORANGE COUNTY SANITATION DISTRICT

and

**U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Prior Trustee**

Dated as of July 1, 2021

**Orange County Sanitation District
Revenue Refunding Certificate Anticipation Notes, Series 2018A**

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Escrow Agreement”), dated as of July 1, 2021, is by and between the ORANGE COUNTY SANITATION DISTRICT, a county sanitation district organized and existing under the laws of the State of California (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow agent (the “Escrow Agent”) and as trustee under the Prior Trust Agreement referenced below (the “Prior Trustee”).

WITNESSETH:

WHEREAS, to refinance certain improvements to its wastewater system (the “Prior Project”), the District has heretofore purchased the Prior Project from the Orange County Sanitation District Financing Corporation (the “Corporation”), and the Corporation has heretofore sold the Prior Project to the District, for the installment payments (the “Prior Installment Payments”) to be made by the District pursuant to the Installment Purchase Agreement, dated as of November 1, 2018 (the “Prior Installment Purchase Agreement”), by and between the District and the Corporation;

WHEREAS, to provide the funds necessary to refinance the Prior Project, the District caused the execution and delivery of the Orange County Sanitation District Revenue Refunding Certificate Anticipation Notes, Series 2018A (the “Prior Notes”), evidencing direct, undivided fractional interests in the related Prior Installment Payments, pursuant to the Trust Agreement, dated as of November 1, 2018 (the “Prior Trust Agreement”), by and among the Prior Trustee, the Corporation and the District;

WHEREAS, the District has determined to refinance the Prior Project by paying and prepaying the principal components of the Prior Installment Payments (the “Refunded Installment Payments”), and the interest components thereof to the date of prepayment, thereby causing to be prepaid the currently outstanding Prior Notes in the aggregate principal amount of \$102,200,000 (the “Refunded Notes”);

WHEREAS, to provide the funds necessary to pay and prepay the Refunded Installment Payments and for certain other purposes, the District has caused to be executed and delivered the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A (the “Revenue Obligations”), evidencing principal in the aggregate amount of \$_____, pursuant to the Trust Agreement, dated as of July 1, 2021, by and among U.S. Bank National Association, as trustee, the Corporation and the District;

WHEREAS, in accordance with the Prior Trust Agreement, the prepayment of the Refunded Installment Payments will be applied to the prepayment of the outstanding Refunded Notes on August 1, 2021 (the “Prepayment Date”) at a prepayment price equal to the principal amount thereof plus accrued interest thereon, without premium (the “Prepayment Price”), pursuant to this Escrow Agreement;

NOW THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Prior Trust Agreement.

Section 2. The Escrow Fund. (a) There is hereby established a fund (the “Escrow Fund”) to be held as an irrevocably pledged escrow by the Escrow Agent, which the Escrow Agent shall keep separate and apart from all other funds of the District and the Escrow Agent and to be applied solely as provided in this Escrow Agreement. Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby pledged solely to the payment of the interest evidenced by the Refunded Notes to and including the Prepayment Date and the payment of the Prepayment Price on the Prepayment Date, which amounts shall be held in trust by the Escrow Agent for the Owners of the Refunded Notes.

(b) The Prior Trustee is hereby instructed to release \$ _____ (the “Prior Debt Service Release”) held in the Installment Payment Fund established under the Prior Trust Agreement for deposit in the Escrow Fund. As reflected in the report of [_____] , a nationally recognized firm of independent certified public accountants, delivered in connection herewith, upon the execution and delivery of the Revenue Obligations, there shall be deposited in the Escrow Fund \$ _____ received from the proceeds of the sale of the Revenue Obligations and \$ _____ from the Prior Debt Service Release, for a total of \$ _____ (the “Escrow Deposit”).

(c) The District has determined or caused to be determined that upon the deposit of the Escrow Deposit pursuant to Section 2(b) hereof, the moneys on deposit in the Escrow Fund will be sufficient to make the payments required by Section 4 hereof.

Section 3. Use of Moneys in Escrow Fund. (a) The Escrow Agent hereby acknowledges deposit of the moneys described in Section 2(b) hereof. The Escrow Agent shall hold moneys credited to the Escrow Fund uninvested.

(b) The Owners of the Refunded Notes shall have a first and exclusive lien on the moneys credited to the Escrow Fund until such moneys are used and applied as provided in this Escrow Agreement and the Prior Trust Agreement to prepay in full then outstanding Refunded Notes on the Prepayment Date.

(c) Without limiting subsection (a) of this Section, as required by Section 10.01(d) of the Prior Trust Agreement, no substitution of Government Obligations shall be permitted except with other Government Obligations and upon delivery of a new Verification and no reinvestment of Government Obligations shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification.

Section 4. Payment of Refunded Notes. From the money held in the Escrow Fund, the Escrow Agent shall apply such amounts to the payment of the interest evidenced by the Refunded Notes to and including the Prepayment Date and to the payment of the Prepayment Price of the Refunded Notes on the Prepayment Date, all as set forth in Schedule I hereto. To the extent that the amount on deposit in the Escrow Fund on the Prepayment Date is in excess of the amount necessary to make the required payments with respect to the Refunded Notes, such excess shall be transferred to the Trustee for deposit in the Installment Payment Fund established under the Prior Trust Agreement.

Section 5. Irrevocable Instructions to Mail Defeasance Notice; Delivery of Prepayment Notice. The District hereby irrevocably instructs the Prior Trustee to give notice on the date of delivery of the Revenue Obligations of defeasance of the Refunded Notes to the Owners thereof, substantially in the form set forth in Exhibit A hereto. The District hereby confirms designation of the Refunded Notes for prepayment on the Prepayment Date. The Prior Trustee certifies that on July ___, 2021, in accordance with the provisions of the Prior Trust Agreement and the written request of the District, the Prior Trustee gave notice of prepayment of such Refunded Notes to the Owners thereof and a true and correct copy of the notice is attached as Exhibit B.

Section 6. Performance of Duties; Acknowledgement with Respect to Irrevocable Instructions. The Escrow Agent hereby agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it.

Section 7. Reserved.

Section 8. Escrow Agent's Authority to Transfer or Dispose of Funds. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided herein.

Section 9. Indemnity. To the extent permitted by law, the District hereby assumes liability for, and hereby agrees to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the moneys deposited therein, and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

Section 10. Responsibilities of Escrow Agent. The Escrow Agent makes no representation as to the sufficiency of the funds deposited in accordance with Section 2(b) to accomplish the prepayment of the Refunded Notes pursuant to the Prior Trust Agreement or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds) may be deemed to be conclusively established by a written certification of the District.

The Escrow Agent shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. Nothing in this paragraph limits Section 3.1(a).

The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent.

The Escrow Agent may resign by giving written notice to the District, and upon receipt of such notice the District shall promptly appoint a successor Escrow Agent. If the District does not appoint a successor Escrow Agent within thirty (30) days of receipt of such notice, the resigning Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, upon such notice as it shall deem proper, appoint a successor Escrow Agent. Upon acceptance of appointment by a successor Escrow Agent, the resigning Escrow Agent shall transfer all amounts held by it in the Escrow Fund to such successor Escrow Agent and be discharged of any further obligation or responsibility hereunder.

Section 11. Amendments. The District and the Escrow Agent may (but only with the consent of the Owners of all of the Refunded Notes) amend this Escrow Agreement or enter into agreements supplemental to this Escrow Agreement.

Section 12. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the date upon which the Refunded Notes have been paid in accordance with this Escrow Agreement.

Section 13. Compensation. The District shall from time to time pay or cause to be paid to the Escrow Agent the agreed upon compensation for its services to be rendered hereunder, and reimburse the Escrow Agent for all of its reasonable advances in the exercise and performance of its duties hereunder; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement or otherwise.

Section 14. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 15. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 16. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Prior Trustee

By: _____
Authorized Officer

ORANGE COUNTY SANITATION DISTRICT

By: _____
Lorenzo Tyner, Assistant General Manager,
Director of Finance and Administrative Services

SCHEDULE I

PAYMENT REQUIREMENTS OF THE REFUNDED NOTES

| Payment Date | <u>Interest</u> | Principal <u>Prepaid</u> | <u>Total</u> |
|-------------------------|------------------------|-------------------------------------|---------------------|
| 8/1/2021 | \$2,356,277.78 | \$102,200,000.00 | \$104,556,277.78 |

EXHIBIT A

NOTICE OF DEFEASANCE

ORANGE COUNTY SANITATION DISTRICT
REVENUE REFUNDING CERTIFICATE ANTICIPATION NOTES, SERIES 2018A

| <u>Maturity Date (August 15)</u> | <u>Principal Amount Outstanding</u> | <u>CUSIP Number* (68428P)</u> |
|--------------------------------------|---|---------------------------------------|
| 2021 | \$102,200,000 | FH3 |

NOTICE IS HEREBY GIVEN that on July __, 2021, the Orange County Sanitation District (the “District”) caused to be deposited with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), pursuant to an Escrow Agreement, dated as of July 1, 2021, by and between the District and the Escrow Agent, proceeds of its Wastewater Refunding Revenue Obligations, Series 2021A, together with other available monies, which will be sufficient to prepay on August 1, 2021 (the “Prepayment Date”) all of the principal evidenced by the District’s Revenue Refunding Certificate Anticipation Notes, Series 2018A (the “Refunded Notes”), plus accrued interest evidenced thereby to the Prepayment Date, without premium (the “Prepayment Price”). The Escrow Agent is obligated to pay or cause to be paid to the Owners of the Refunded Notes all sums due thereon, but only from moneys deposited with the Escrow Agent as described in this paragraph. As a result of such deposit, the Refunded Notes are deemed to have been paid in accordance with the applicable provisions of the Trust Agreement, dated as of November 1, 2018, by and amount U.S. Bank National Association, as Trustee, the Orange County Sanitation District Financing Corporation and the District, pursuant to which the Refunded Notes were executed and delivered.

Dated: _____, 2021

By: U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Escrow Agent on behalf of the Orange
County Sanitation District

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Neither the District nor the Trustee/Escrow Agent shall have any responsibility for any defect in the CUSIP numbers that appear in this defeasance notice. The CUSIP numbers have been assigned by an independent service for convenience of reference, and neither the District nor the Trustee/Escrow Agent shall not be liable for any inaccuracy in such number.

EXHIBIT B

COPY OF NOTICE OF PREPAYMENT

(Attached.)



ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2021-1606

Agenda Date: 5/12/2021

Agenda Item No: 6.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

INSURANCE RENEWAL MARKET OVERVIEW

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information Item.

BACKGROUND

Alliant Insurance Services is the broker for the Orange County Sanitation District (OC San) and is working on the 2021-22 insurance renewal. Alliant is in the process soliciting quotes for the various types of insurance carried by OC San and evaluating the market. They will provide an update and presentation of the current market conditions at the May Committee meeting with final quotes being presented at the June Committee meeting.

PRIOR COMMITTEE/BOARD ACTION

At the March 2021 Administration Committee meeting, staff provided an informational presentation on OC San's major insurance policies which included the following:

OC San's budget provides funds for the renewal of the following four (4) major insurances for OC San operations:

1) **Excess General Liability Insurance**

The OC San Excess General Liability Insurance Program is currently provided through the Alliant National Municipal Liability Program (ANML). OC San has participated in the ANML, and its predecessor namesake, the California Municipal Excess Liability Program (CAMEL) since FY 1996-97.

This program currently provides OC San with a \$40 million dollar limit of comprehensive coverage for municipal liability, bodily injury and property damage, and personal injury. The program was structured to also include Employment Practices and Public Officials Errors & Omissions coverage. The \$40 million dollar coverage has a self-insured deductible of \$750,000. Since 1997, the Employment Practices portion of coverage has been enhanced from a \$2 million dollar sub-limit to the full policy limit of \$40 million dollars.

As part of the renewal process, OC San will look at various retention and coverage levels for the Excess General Liability Program that will provide the most effective coverage at the best value to OC San.

2) **Excess Workers' Compensation**

The Excess Workers' Compensation insurance coverage is with the Public Risk Innovation, Solutions, and Management (PRISM). OC San has participated in this program or its predecessor since 2003. The Excess Workers' Compensation program currently provides "Statutory" (unlimited) coverage with a self-insured retention (SIR), or deductible, of \$1 million dollars. The use of Excess Workers' Compensation Insurance dates back to the late 1980's.

3) **All-Risk Property and Flood Insurance (Includes Boiler & Machinery Insurance)**

The All-Risk Property and Flood Insurance Program (Property Insurance) provides comprehensive coverage for much of OC San's real and personal property and business interruption from perils including fire and flood. The most significant peril excluded is earthquake (insured separately), as is the peril of pandemic.

To obtain property insurance, OC San participates in the Alliant Public Entity Property Insurance Program (APIP), a group purchase insurance program with thousands of public entity participants. In operation since the '90s, the program provides extreme buying power for public agencies with a breadth of coverage not found in the open commercial insurance market. For OC San, current Property Insurance limits are \$800 million dollars for most perils other than flood, and \$125 million dollars for flood, with many sub-limits for various situations. Earthquake coverage is purchased separately for specific buildings. In order to reach \$800 million dollars in limits, the broker had to arrange for more than a dozen different insurers. The SIR is \$500,000 per occurrence for most types of losses.

The Boiler & Machinery Insurance Program, part of the property insurance, provides comprehensive coverage for loss caused by machinery breakdown and explosion of steam boilers or other covered process equipment, including damage to the equipment itself and damage to other property caused by covered accidents. The current Boiler & Machinery Insurance Program provides coverage of \$100 million dollars per occurrence with deductibles ranging from \$25,000 to \$350,000 for losses caused by covered machinery breakdown (e.g., motors, steam turbines, digesters, co-gen engines). Damages to the equipment, as well as damages to other property and improvements caused by the machinery breakdown, are covered by the Boiler & Machinery Insurance. This program augments OC San's All-Risk Property Insurance that covers perils such as fire and flood.

As part of the renewal process, OC San will look at various retention and coverage levels for the All-Risk Property and Flood Insurance that will provide the most effective coverage at the best value to OC San.

4) **Earthquake Insurance**

OC San purchases a separate earthquake policy with limits of \$25MM on specific buildings valued at ~\$160MM deemed to be important to the operations of the Sanitation District. The goal of the purchase is to provide limited cover for the peril of earthquake in a manner that is relatively inexpensive so as to not put an excessive burden on the budget. From time to time OC San considers adding structures to the earthquake insurance schedule.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Stable rates, no large foreseen rate increases

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

N/A



ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2021-1628

Agenda Date: 5/12/2021

Agenda Item No: 7.

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

CAPITAL IMPROVEMENT PROGRAM PROPOSED BUDGET FOR FY2021-22

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information Item.

BACKGROUND

Staff will present the proposed Capital Improvement Program (CIP) Budget to be included in the upcoming Fiscal Year 2021-22 budget book update.

RELEVANT STANDARDS

- Protect OC San assets
- Ensure the public's money is wisely spent

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Presentation

AN:sa

Capital Improvement Program (CIP) Proposed Budget for FY2021-22

Presented by:

Eros Yong

*Engineering
Manager*

*Administration
Committee*

May 12, 2021



1

FY 2021-22 Budget Update

Board Presentations:

February – Budget Assumptions

March – Revenue, Reserves, Insurance Overview

April – Operational Expenditures

May – Capital Improvement Program

June – Board adopts FY 2021-22 Budget Update

2

2

FY 2020-21 – Full Steam Ahead!

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PROJECTS

| Project Name | Construction Cost |
|---|-------------------|
| Electrical Works Rehabilitation at Plant 1 | \$222,405,000 |
| Inside Primary Clarifiers Replacement at Plant 2 | \$111,415,730 |
| Administrators Complex at Plant No. 1 | \$102,545,000 |
| San Ramon Trunk Sewer Rehabilitation | \$17,775,000 |
| North Perimeter Security and Utility Improvements at Plant No.1 | \$5,143,000 |
| Overflow and Rod Hill Interceptor Repairs | \$4,777,000 |
| Overflow Pump Replacement at Plant No. 1 | \$4,500,000 |
| Perimeter Food Waste Receiving Facility | \$3,149,537 |
| Secondary Treatment VFD Replacements at Plant No. 2 | \$1,830,000 |
| Pump Station Portable Generator Connectors | \$1,562,000 |
| Plant Water Pipe Replacement at Plant No. 1 | \$1,494,000 |
| Plant Water Pipeline Replacement in Kinnison, Lindstrom, and Scott Tunnels at Plant No. 2 | \$1,134,000 |
| MP-307 Bushard Diversion Structure Repair | \$1,024,000 |
| FE19-06 EPSR Motor Cooling Improvements at Plant No. 2 | \$650,000 |
| PI-135 Digester Ferric Chloride Piping Replacement at Plant No. 1 | \$515,000 |
| FRC-0004 Seal Beach Pump Station Isolation Valve Replacement | \$466,830 |
| 02 Craig Regional Park Manhole Improvements | \$438,800 |
| Whipple - Placenta Trunk Grade Separation Replacement Repairs | \$298,850 |
| Wegen Supply Air Fan Support Replacement at Plant No. 2 | \$298,850 |
| Control Center Offices and Day Training Room Remodeling at Plant No. 1 | \$297,000 |
| Plant Boiler System Relief at Plant No. 2 | \$256,790 |
| Electrical Works 480V Cable Replacement at Plant No. 2 | \$230,000 |
| North Coast Highway Trunk Repair | \$230,000 |
| Wald Shop Fume Extractor Installation at Plant No 1 | \$228,000 |
| Master O Repairs at Plant No. 2 | \$226,620 |
| Trickling Filter Sludge Pump Room Exhaust Fan Relocation at Plant No.2 | \$210,000 |
| Deck Loading Basement Drain Modifications at Plant No. 1 | \$209,600 |
| San Lido Forcemain Repair | \$184,000 |
| Building B Floor Replacement, Jib Crane, and Forklift Pad | \$150,000 |
| Station Control at Santa Ana River and Hamilton Ave | \$129,721 |
| Operatory Building Roof Repair at Plant No 1 | \$108,000 |
| Waters Retubing at Plant 2 | \$102,000 |
| | \$88,283 |
| | \$51,250 |

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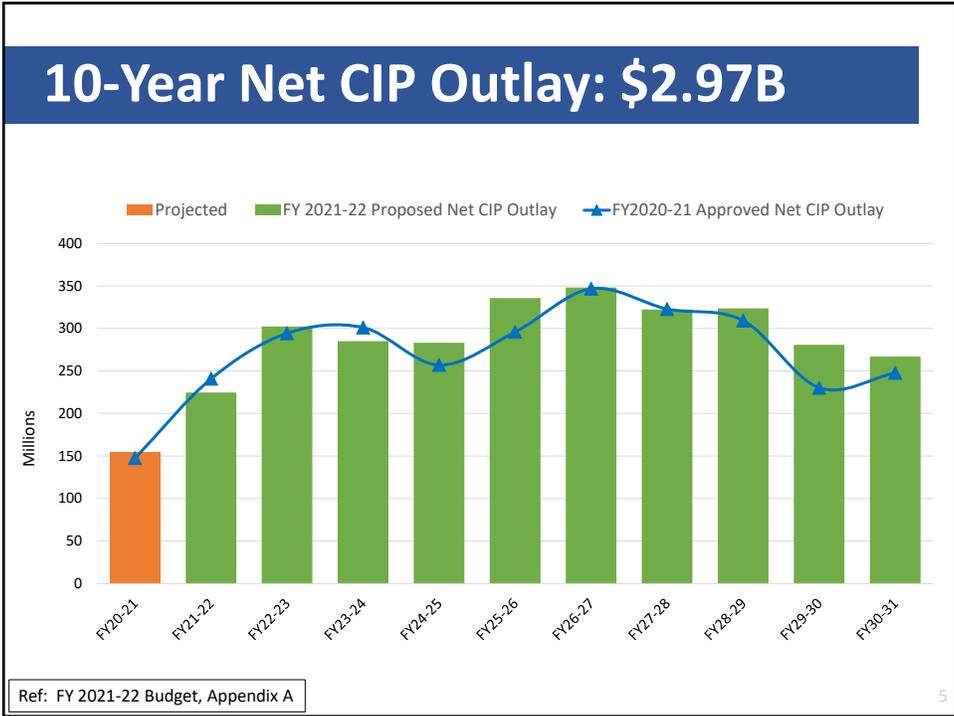
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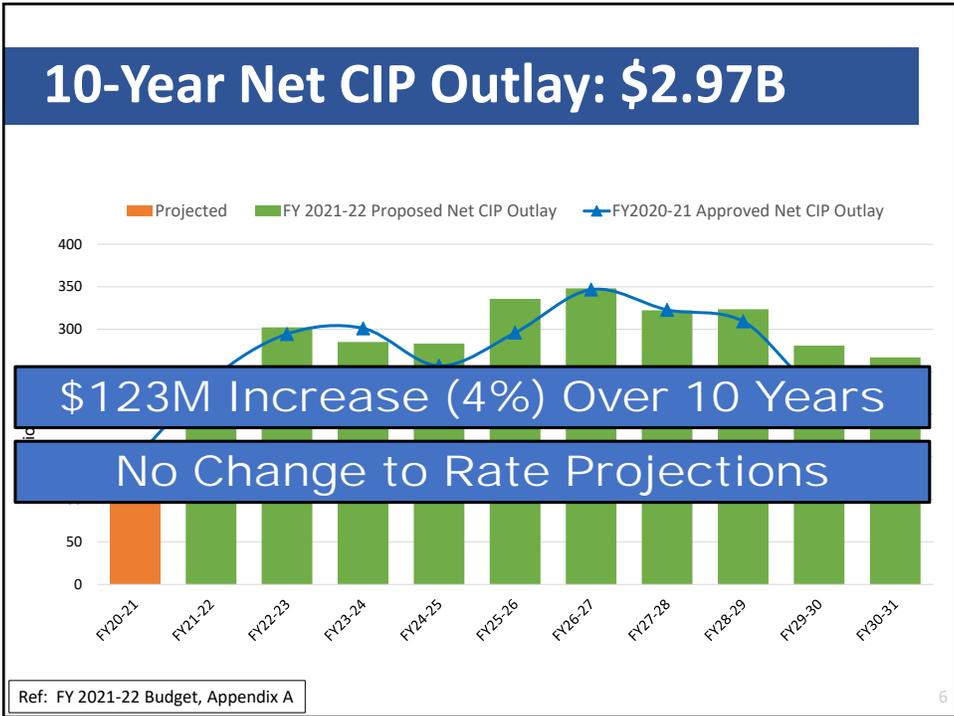
FY 2020-21 CIP Performance

| Performance Measure | Goal | Performance Projection |
|--|-------------------------------|------------------------|
| Net CIP Outlay | 85% - 105% (\$125M-\$155M) | 104% (\$154M) |
| Non-Construction Cost (% of Construction Costs) | < 37.5% | 35.6% |
| Cumulative Change Order Rate | < 5% | 5.8% |

4



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Total CIP Budget Authority

| Total CIP Budget Authority | Budget |
|--|----------------------------|
| FY 21-22 Proposed Total CIP Budget Authority | \$4.254 billion |
| FY 20-21 Approved Total CIP Budget Authority | \$4.179 billion |
| Net Change | \$75 million (1.8%) |

Ref: FY 2021-22 Budget, Appendix A 7

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Total CIP Budget Authority

| Net Change | \$75 million |
|---|----------------|
| Proposed New Projects | \$294 million |
| Proposed Project Budget Increases | \$160 million |
| Proposed Projects Budget Decreases | -\$117 million |
| Proposed Project Cancellations/Closures | -\$262 million |

\$454M ↑

-\$379M ↓

Ref: FY 2021-22 Budget, Appendix A 8

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New Projects

| Project No. | Project Name | Proposed Budget | Start Date |
|-------------|---|-----------------|------------|
| 6-20 | Fairview Trunk Rehabilitation | \$17 M | 2021 |
| P1-140 | Activated Sludge-1 and Secondary Clarifier Rehabilitation | \$140 M | 2022 |
| P2-139 | Emergency Overflow Wingwalls Rehabilitation at Plant No. 2 | \$4 M | 2022 |
| P1-139 | Standby Generator Feeders for Plant No. 1 Secondary Systems | \$3 M | 2023 |

Ref: FY 2021-22 Budget, Appendix A

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Top Budget Increases

| Project No. | Project Name | Budget Increase | Proposed Budget | Phase |
|-------------|---|-----------------|-----------------|--------------|
| 3-68 | Los Alamitos Sub-Trunk Extension | \$33 M | \$117 M | Future |
| P1-138 | Industrial Control System and IT Data Center Relocation at Plant No. 1 | \$10 M | \$13 M | Future |
| 11-34 | Slater Pump Station Rehabilitation | \$4.4 M | \$31 M | Future |
| 11-33 | Edinger Pump Station Replacement | \$3.3 M | \$14 M | Future |
| P1-136 | 12.47 kV Switchgear Replacement at Central Generation at Plant No. 1 | \$2.2 M | \$17 M | Future |
| P1-126 | Primary Sedimentation Basins No. 3-5 Replacement at Plant No. 1 | \$9.3 M | \$127 M | Proj Develop |
| J-120 | Process Control Systems Upgrades | \$4.0 M | \$37 M | Proj Develop |
| 7-68 | MacArthur Force Main Improvements | \$1.0 M | \$3.5 M | Proj Develop |
| 7-65 | Gisler - Red Hill Interceptor Rehabilitation | \$18 M | \$39 M | Pre-Design |
| J-135 | Central Generation Engine Overhauls at Plant No. 1 and 2 | \$18 M | \$44 M | Pre-Design |
| 2-49 | Taft Branch Improvements | \$2.8 M | \$17 M | Pre-Design |
| 3-67 | Seal Beach Pump Station Replacement | \$8.1 M | \$87 M | Design |
| P1-133 | Primary Sedimentation Basins No. 6-31 Reliability Improvements at Plant No. 1 | \$3.9 M | \$14 M | Design |
| 3-64 | Rehabilitation of Western Regional Sewers | \$12 M | \$82 M | Design/Bid |
| 7-66 | Sunflower and Red Hill Interceptor Repairs | \$2.3 M | \$7 M | Design/Bid |
| SP-100 | EAM Software and Process Implementation | \$1.7 M | \$9.2 M | Construction |
| M-FE | Small Construction Projects Program | \$25 M | \$90 M | All |

Ref: FY 2021-22 Budget, Appendix A

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Top Budget Decreases

| Project No. | Project Name | Budget Decrease | Proposed Budget | Phase |
|-------------|--|-----------------|-----------------|--------------|
| 2-73 | Yorba Linda Pumping Station Removal and Dosing Station Installation | -\$3 M | \$11 M | Future |
| 7-64 | Main Street Pump Station Rehabilitation | -\$2 M | \$37 M | Future |
| J-136 | Power Building Structural Seismic Improvements at Plant No. 1 and 2 | -\$2 M | \$5 M | Future |
| P1-105 | Headworks Rehabilitation at Plant 1 | -\$66 M | \$340 M | Construction |
| P2-98 | Primary Treatment Rehabilitation at Plant No. 2 | -\$42 M | \$195 M | Construction |
| P2-123 | Return Activated Sludge Piping Replacement at Plant 2 | -\$0.8 M | \$10 M | Construction |
| P1-129 | Return Activated Sludge Piping Replacement at Activated Sludge Plant No. 1 | -\$1 M | \$9 M | Close Out |

Ref: FY 2021-22 Budget, Appendix A
11

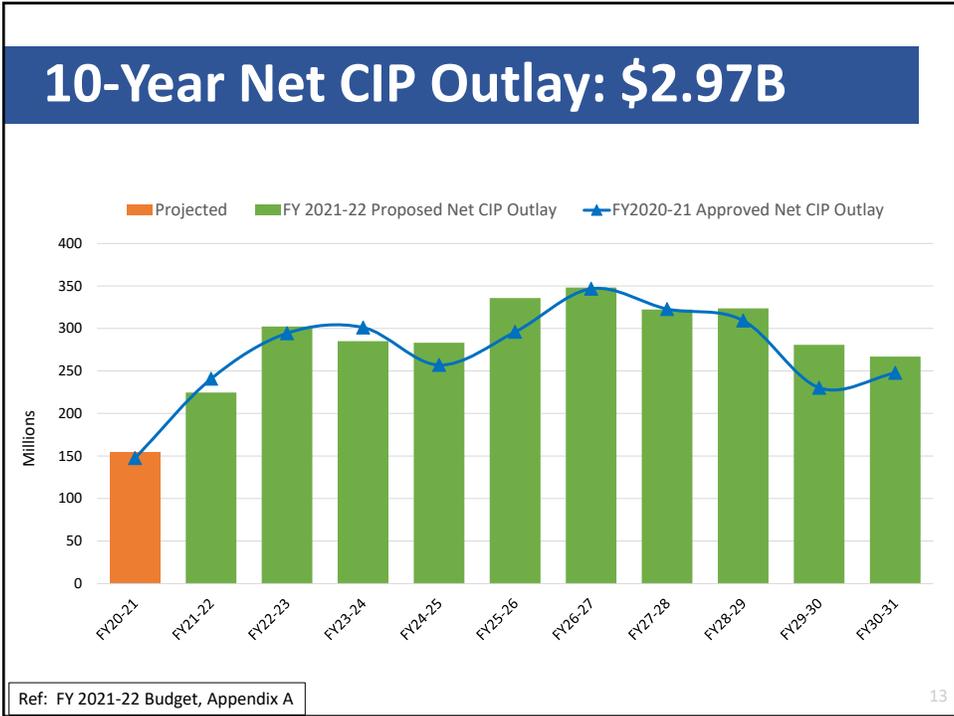
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Project Closures

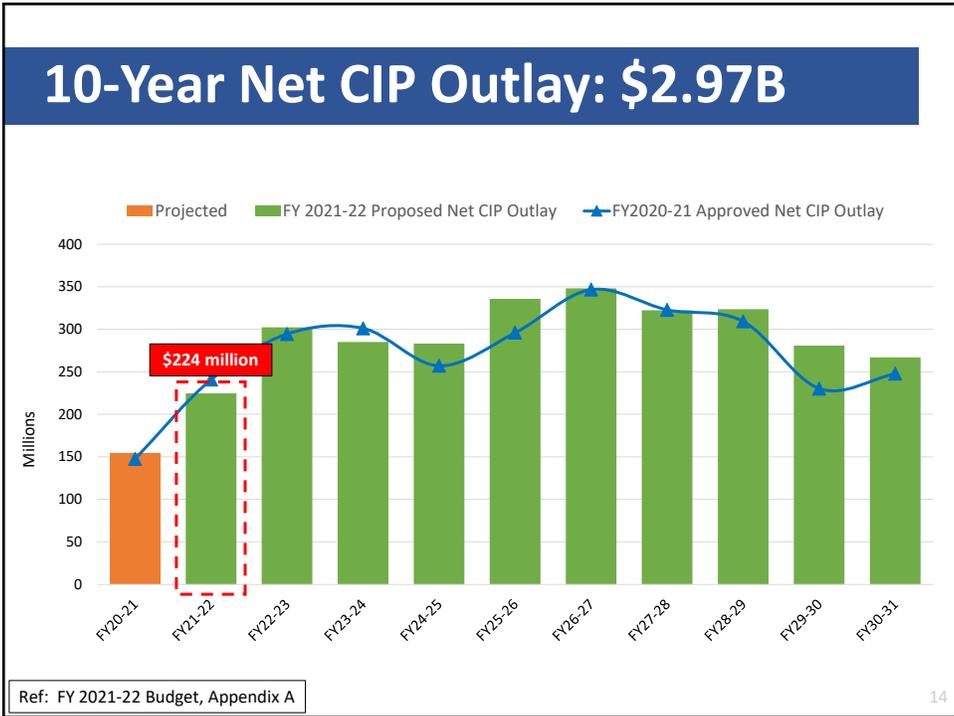
| Project No. | Project Name | Current Approved Budget | Unused Budget | Status |
|-------------|--|-------------------------|---------------|--------|
| 2-41-8 | SARI Rock Stabilizers Removal | \$5 M | \$1 M | Closed |
| 2-65 | Newhope - Placentia Trunk Grade Separation Replacement | \$4 M | \$0.1 M | Closed |
| 6-17 | District 6 Trunk Sewer Relief | \$7 M | \$0.1 M | Closed |
| P1-101 | Sludge Dewatering and Odor Control at Plant 1 | \$197 M | \$0.7 M | Closed |
| P1-115 | Title 24 Access Compliance and Building Rehabilitation Project | \$18 M | \$0.6 M | Closed |
| P2-110 | Consolidated Demolition and Utility Improvements at Plant 2 | \$30 M | \$0.5 M | Closed |

Ref: FY 2021-22 Budget, Appendix A
12

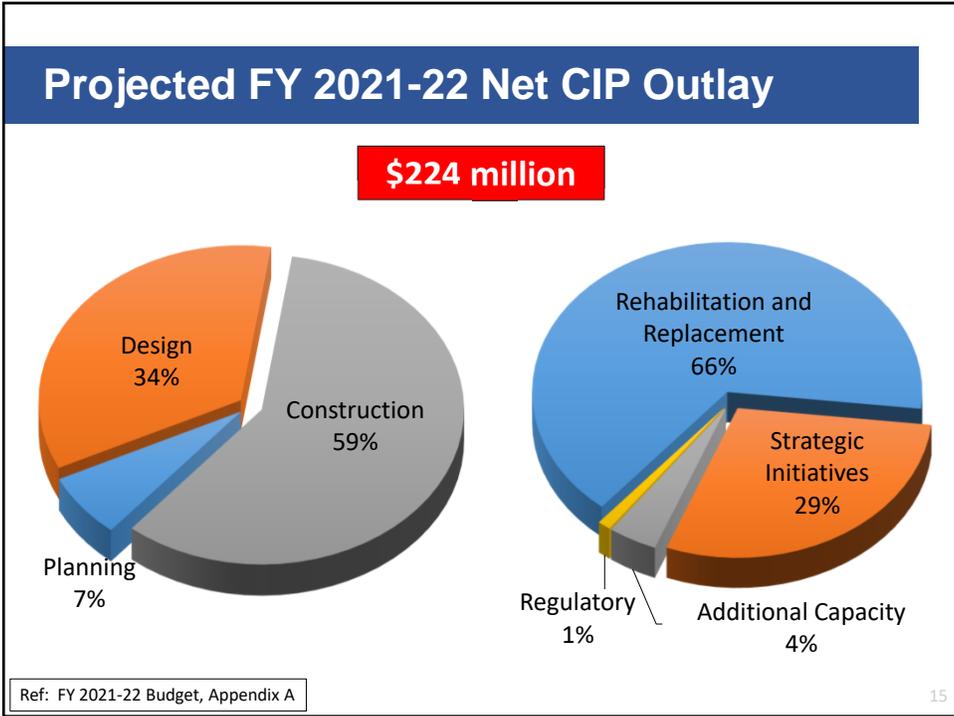
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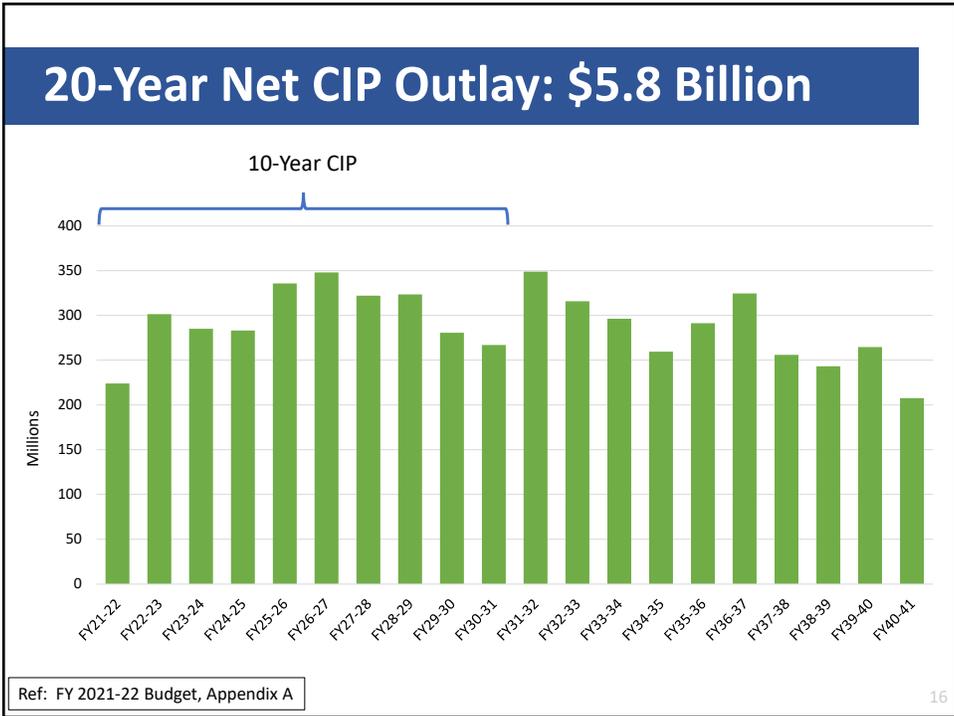
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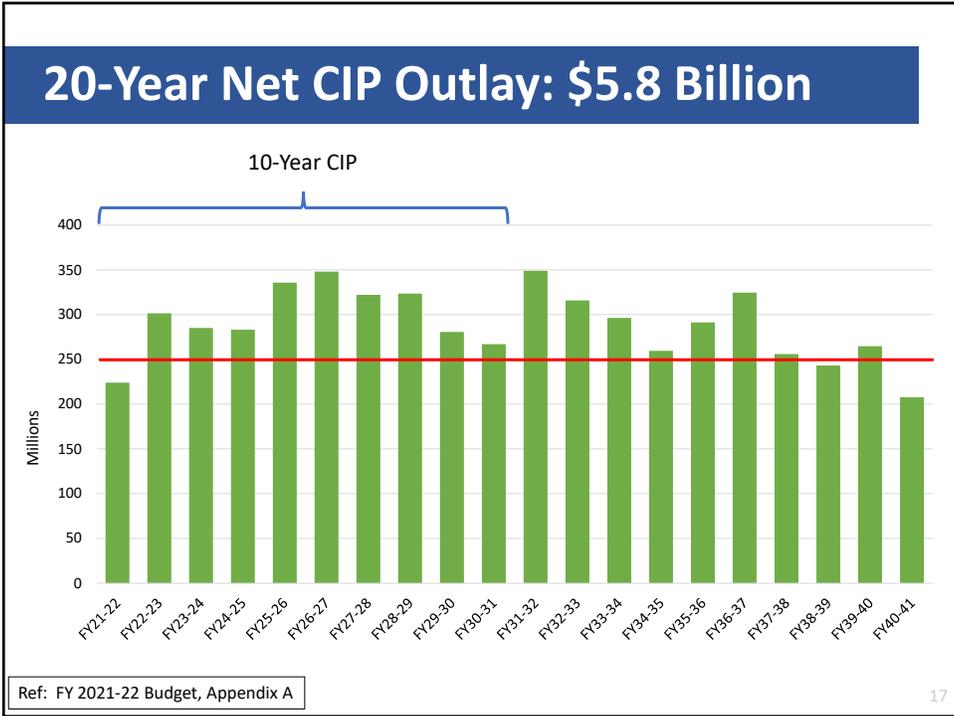
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Questions





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ORANGE COUNTY SANITATION DISTRICT COMMON ACRONYMS

| | | | | | |
|---------------|---|------------------|---|----------------|--|
| ACWA | Association of California Water Agencies | LOS | Level Of Service | RFP | Request For Proposal |
| APWA | American Public Works Association | MGD | Million Gallons Per Day | RWQCB | Regional Water Quality Control Board |
| AQMD | Air Quality Management District | MOU | Memorandum of Understanding | SARFPA | Santa Ana River Flood Protection Agency |
| ASCE | American Society of Civil Engineers | NACWA | National Association of Clean Water Agencies | SARI | Santa Ana River Interceptor |
| BOD | Biochemical Oxygen Demand | NEPA | National Environmental Policy Act | SARWQCB | Santa Ana Regional Water Quality Control Board |
| CARB | California Air Resources Board | NGOs | Non-Governmental Organizations | SAWPA | Santa Ana Watershed Project Authority |
| CASA | California Association of Sanitation Agencies | NPDES | National Pollutant Discharge Elimination System | SCADA | Supervisory Control And Data Acquisition |
| CCTV | Closed Circuit Television | NWRI | National Water Research Institute | SCAP | Southern California Alliance of Publicly Owned Treatment Works |
| CEQA | California Environmental Quality Act | O & M | Operations & Maintenance | SCAQMD | South Coast Air Quality Management District |
| CIP | Capital Improvement Program | OCCOG | Orange County Council of Governments | SOCWA | South Orange County Wastewater Authority |
| CRWQCB | California Regional Water Quality Control Board | OCHCA | Orange County Health Care Agency | SRF | Clean Water State Revolving Fund |
| CWA | Clean Water Act | OCSD | Orange County Sanitation District | SSMP | Sewer System Management Plan |
| CWEA | California Water Environment Association | OCWD | Orange County Water District | SSO | Sanitary Sewer Overflow |
| EIR | Environmental Impact Report | OOBS | Ocean Outfall Booster Station | SWRCB | State Water Resources Control Board |
| EMT | Executive Management Team | OSHA | Occupational Safety and Health Administration | TDS | Total Dissolved Solids |
| EPA | US Environmental Protection Agency | PCSA | Professional Consultant/Construction Services Agreement | TMDL | Total Maximum Daily Load |
| FOG | Fats, Oils, and Grease | PDSA | Professional Design Services Agreement | TSS | Total Suspended Solids |
| gpd | gallons per day | PFAS | Per- and Polyfluoroalkyl Substances | WDR | Waste Discharge Requirements |
| GWRS | Groundwater Replenishment System | PFOA | Perfluorooctanoic Acid | WEF | Water Environment Federation |
| ICS | Incident Command System | PFOS | Perfluorooctanesulfonic Acid | WERF | Water Environment & Reuse Foundation |
| IERP | Integrated Emergency Response Plan | POTW | Publicly Owned Treatment Works | WIFIA | Water Infrastructure Finance and Innovation Act |
| JPA | Joint Powers Authority | ppm | parts per million | WIIN | Water Infrastructure Improvements for the Nation Act |
| LAFCO | Local Agency Formation Commission | PSA | Professional Services Agreement | WRDA | Water Resources Development Act |

ORANGE COUNTY SANITATION DISTRICT GLOSSARY OF TERMS

ACTIVATED SLUDGE PROCESS – A secondary biological wastewater treatment process where bacteria reproduce at a high rate with the introduction of excess air or oxygen and consume dissolved nutrients in the wastewater.

BENTHOS – The community of organisms, such as sea stars, worms, and shrimp, which live on, in, or near the seabed, also known as the benthic zone.

BIOCHEMICAL OXYGEN DEMAND (BOD) – The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

BIOGAS – A gas that is produced by the action of anaerobic bacteria on organic waste matter in a digester tank that can be used as a fuel.

BIOSOLIDS – Biosolids are nutrient rich organic and highly treated solid materials produced by the wastewater treatment process. This high-quality product can be recycled as a soil amendment on farmland or further processed as an earth-like product for commercial and home gardens to improve and maintain fertile soil and stimulate plant growth.

CAPITAL IMPROVEMENT PROGRAM (CIP) – Projects for repair, rehabilitation, and replacement of assets. Also includes treatment improvements, additional capacity, and projects for the support facilities.

COLIFORM BACTERIA – A group of bacteria found in the intestines of humans and other animals, but also occasionally found elsewhere, used as indicators of sewage pollution. E. coli are the most common bacteria in wastewater.

COLLECTIONS SYSTEM – In wastewater, it is the system of typically underground pipes that receive and convey sanitary wastewater or storm water.

CERTIFICATE OF PARTICIPATION (COP) – A type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues.

CONTAMINANTS OF POTENTIAL CONCERN (CPC) – Pharmaceuticals, hormones, and other organic wastewater contaminants.

DILUTION TO THRESHOLD (D/T) – The dilution at which the majority of people detect the odor becomes the D/T for that air sample.

GREENHOUSE GASES (GHG) – In the order of relative abundance water vapor, carbon dioxide, methane, nitrous oxide, and ozone gases that are considered the cause of global warming (“greenhouse effect”).

GROUNDWATER REPLENISHMENT SYSTEM (GWRS) – A joint water reclamation project that proactively responds to Southern California’s current and future water needs. This joint project between the Orange County Water District and OCSD provides 70 million gallons per day of drinking quality water to replenish the local groundwater supply.

LEVEL OF SERVICE (LOS) – Goals to support environmental and public expectations for performance.

N-NITROSODIMETHYLAMINE (NDMA) – A N-nitrosamine suspected cancer-causing agent. It has been found in the GWRS process and is eliminated using hydrogen peroxide with extra ultra-violet treatment.

NATIONAL BIOSOLIDS PARTNERSHIP (NBP) – An alliance of the NACWA and WEF, with advisory support from the EPA. NBP is committed to developing and advancing environmentally sound and sustainable biosolids management practices that go beyond regulatory compliance and promote public participation to enhance the credibility of local agency biosolids programs and improved communications that lead to public acceptance.

PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS) – A large group (over 6,000) of human-made compounds that are resistant to heat, water, and oil and used for a variety of applications including firefighting foam, stain and water-resistant clothing, cosmetics, and food packaging. Two PFAS compounds, perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA) have been the focus of increasing regulatory scrutiny in drinking water and may result in adverse health effects including developmental effects to fetuses during pregnancy, cancer, liver damage, immunosuppression, thyroid effects, and other effects.

PERFLUOROCTANOIC ACID (PFOA) – An ingredient for several industrial applications including carpeting, upholstery, apparel, floor wax, textiles, sealants, food packaging, and cookware (Teflon).

PERFLUOROCTANESULFONIC ACID (PFOS) – A key ingredient in Scotchgard, a fabric protector made by 3M, and used in numerous stain repellents.

PLUME – A visible or measurable concentration of discharge from a stationary source or fixed facility.

PUBLICLY OWNED TREATMENT WORKS (POTW) – A municipal wastewater treatment plant.

SANTA ANA RIVER INTERCEPTOR (SARI) LINE – A regional brine line designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River basin to the ocean for disposal, after treatment.

SANITARY SEWER – Separate sewer systems specifically for the carrying of domestic and industrial wastewater.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCAQMD) – Regional regulatory agency that develops plans and regulations designed to achieve public health standards by reducing emissions from business and industry.

SECONDARY TREATMENT – Biological wastewater treatment, particularly the activated sludge process, where bacteria and other microorganisms consume dissolved nutrients in wastewater.

SLUDGE – Untreated solid material created by the treatment of wastewater.

TOTAL SUSPENDED SOLIDS (TSS) – The amount of solids floating and in suspension in wastewater.

ORANGE COUNTY SANITATION DISTRICT GLOSSARY OF TERMS

TRICKLING FILTER – A biological secondary treatment process in which bacteria and other microorganisms, growing as slime on the surface of rocks or plastic media, consume nutrients in wastewater as it trickles over them.

URBAN RUNOFF – Water from city streets and domestic properties that carry pollutants into the storm drains, rivers, lakes, and oceans.

WASTEWATER – Any water that enters the sanitary sewer.

WATERSHED – A land area from which water drains to a particular water body. OCSD's service area is in the Santa Ana River Watershed.