

## **BANKING SERVICES AGREEMENT**

This Agreement for the provision of banking services is entered into to be effective May 1, 2018, by and between the **Orange County Sanitation District**, (“OCSD”), and **Banc of California, National Association** (“Bank”) (herein collectively referred to as the “Parties” or individually as a “Party”).

### **RECITALS**

WHEREAS, OCSD desires to retain Bank to act as depository of OCSD funds and as provider of banking services in the manner provided in the “Request For Proposal For General Banking Services” (Exhibit “A”) and the “Proposal for General Banking Services” dated August 18, 2017, as submitted by Bank to OCSD (Exhibit “B”), both attached hereto and incorporated herein;

WHEREAS, OCSD wishes to contract with a bank having experience in the receipt, safekeeping, and management of municipal funds; and

WHEREAS, Bank is willing to enter into a contract with OCSD to provide professional banking services in accordance with this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

### **ARTICLE I - SCOPE OF SERVICES**

#### **1.1. Bank’s Specified Services**

Bank shall perform those services, when requested by OCSD, and at the times and in the manner so requested, described in Exhibits “A” and “B.” In the event of an apparent discrepancy between the terms of Exhibits “A” and “B,” the terms of Exhibit “B” shall control.

The services provided by Bank shall be governed by this Agreement, and to the extent not contradicted by this Agreement, by the Bank’s standard terms and disclosures, including but not limited to the Bank’s Deposit Account Agreement.

#### **1.2. Additional Services**

Bank may perform services in addition to those listed in Section 1.1 when requested to do so by OCSD and when agreed by Bank. Compensation for any additional services performed by Bank shall be negotiated between Bank and OCSD and incorporated into this Agreement or other mutually executed writings prior to Bank performing such additional services.

1.3. Cooperation with OCSD

In the performance of the aforementioned services, Bank shall work closely with OCSD's Director of Finance, Controller, and all other OCSD officers and agents having responsibility for the deposit, withdrawal, and investment of OCSD funds.

1.4. Satisfactory Performance

Bank agrees to perform all services to the reasonable satisfaction of OCSD and within the time specified in Exhibits "A" and "B." Evaluations of the work will be done by OCSD staff or a designated individual. If the quality of the work is not satisfactory, OCSD, in its discretion, shall have the right to: 1) meet with Bank to review the quality of or manner in which the services are being performed and resolve matters of concern; and/or 2) terminate the Agreement as hereinafter set forth.

1.5. Compliance with Law

All services rendered hereunder shall be provided in accordance with the requirements of applicable local, state, and federal law.

1.6. Familiarity with Work

By execution of this Agreement, Bank warrants that: 1) it has thoroughly investigated and considered the services to be performed; 2) it has examined the applicable provisions of local, state, and federal law regarding the deposit, and withdrawal of OCSD funds; and 3) it has carefully considered how the services should be performed.

## ARTICLE II - TERM

2.1. Termination

This Agreement will continue until either Party to this Agreement terminates its obligations under this Agreement, which may occur at any time by providing at least sixty (60) days advance written notice of such intent to terminate, to the other Party. Either Party may terminate its obligations under this Agreement for any reason. The 60-day period following the delivery of notice shall be called the "Termination Period." Notwithstanding the foregoing, OCSD or Bank may terminate this Agreement on less than sixty (60) days' notice if OCSD or Bank is required to do so under law, regulation, or regulatory authority.

2.2. Effect of Termination

In the event of termination of this Agreement, OCSD shall be liable to Bank for all services performed and compensation due to Bank for those services rendered up to the date that Bank ceases performance of those services.

If OCSD serves notice of termination upon Bank, Bank shall stop rendering services under this Agreement by the end of the Termination Period, unless directed to stop rendering services earlier than the end of the Termination Period by OCSD, and Bank shall deliver to OCSD all money, negotiable instruments, funds, and other property of OCSD's currently on deposit with or held by Bank. Upon request of OCSD, Bank shall also deliver to OCSD copies of any regular reports or documents relating to services performed for OCSD under this Agreement.

### **ARTICLE III - COMPENSATION**

#### **3.1. Amount and Manner of Compensation**

Except as provided below, for the provision of all services rendered in accordance with Exhibits "A" and "B," during the term of this Agreement thereof, OCSD shall compensate Bank in the amounts and manner provided for therein.

### **ARTICLE IV - COORDINATION OF WORK**

#### **4.1. Coordination of Work**

The following officer positions of Bank are authorized to act on Bank's behalf with respect to the services specified in this Agreement and to make all decisions in connection therewith:

Chief Executive Officer  
Executive Vice President, Deposits and Treasury Management  
Senior Vice President, Specialty Markets and Products  
Senior Vice President, Operations  
Senior Director, Senior Relationship Manager, Deposits and Treasury Management

#### **4.2. Notices**

All notices hereunder must be in writing. Any notice required or permitted by this Agreement shall be valid if personally delivered (hand receipt) to the party for whom it is intended, at the address set forth below, or if sent to such party at the same address by registered or certified mail, postage prepaid. If sent by personal delivery or registered or certified mail, notice shall be effective upon receipt, as reflected on the hand receipt or postal receipt. If sent by any other means, notice shall be effective upon receipt after written confirmation of the same.

Notice shall be given at the following addresses:

To OCSD:

Orange County Sanitation District

P.O. Box 8127  
10844 Ellis Avenue  
Fountain Valley, California 92728-8127  
Attn: Clerk of the Board  
Attn: Director of Finance and Administration  
Facsimile: (714) 968-8851  
Telephone: (714) 962-4211

To Bank:

Banc of California,  
National Association  
Government Banking  
Attn: Veronica Villaseñor, MPP, CTP  
Senior Director, Senior Relationship Manager  
3 MacArthur Place  
Santa Ana, CA 92707  
Office: (949) 265-4022  
Cell: (949) 333-9726  
Facsimile: (855) 325-3949  
Email: Veronica.Villasenor@bancofcal.com

Either party may change the name and/or address for notice upon written notice to the other party given in accordance with this Section 4.2.

## **ARTICLE V - INDEPENDENT CONTRACTOR**

### **5.1. Bank's Status**

Bank is an independent contractor and not an employee of OCSD. Neither OCSD nor its employees shall have any control over the conduct of the Bank or its employees except as herein set forth, and Bank expressly warrants not to, at any time or in any manner, represent that Bank, or its officers, employees, or agent, are in any manner officers, employees, or agents of OCSD. It is distinctly understood that Bank is and shall at all times remain, as to OCSD, a wholly independent contractor, and that Bank's obligations to OCSD are solely as prescribed by this Agreement and its incorporated Exhibits.

### **5.2. Bank's Personal Services -Inducement**

This Agreement contemplates that the Bank's personal services and those of its officers, employees, and agents are a substantial inducement to OCSD for entering to this Agreement. Bank may not assign any interest in this Agreement nor shall Bank subcontract any portion of the performance contemplated under this Agreement without prior written approval by OCSD, such approval shall not be unreasonably withheld. Nothing in this Agreement shall be construed as preventing Bank from employing as many employees as Bank deems necessary for the proper and efficient execution of this Agreement.

## ARTICLE VI - INDEMNITY AND INSURANCE

### 6.1. Indemnification

Each Party shall indemnify, defend, and hold free and harmless the other Party and its directors, officers, employees, shareholders, insurers and agents from and against any and all loss or liability for third party claims that occur or arise as a result of any gross negligence of such Party, its directors, officers, employees, and agents in performing any and all services rendered pursuant to this Agreement provided, however, such Party's obligation to defend, indemnify, and hold free and harmless shall not arise as a result of that portion of any claim that may occur as a result of the other Party's gross negligence. The Parties understand and agree that Bank shall be free of any indemnity obligation so long as Bank materially complies with the terms of this Agreement and the Deposit Account Agreement governing the account(s) at issue.

Neither OCSD nor Bank shall be responsible, under any circumstances, for any punitive, consequential or indirect damages which are incurred in connection with this Agreement or the Services, even if the Parties are aware of the possible for such damages.

### 6.2. Insurance

During the term of this Agreement, Bank at its sole cost and expense, shall carry and maintain the following insurance coverage:

A. Employee Dishonesty Insurance or Fidelity Bond. Coverage in an amount not less than \$15,000,000.00.

B. Standard Industry Form Comprehensive General Liability Insurance. Coverage in an amount not less than two million dollars (\$2,000,000.00) per claim or occurrence, which commercial general liability policy shall name the Orange County Sanitation District as an additional insured.

C. Standard industry form professional liability insurance coverage in an amount not less than two million dollars (\$2,000,000.00) per claim or occurrence.

D. Increased Insurance. In the event claims by others than OCSD reduce the available coverage and policy limits, OCSD may request Bank to obtain additional insurance in amounts that are standard in the industry for a firm of Bank's size and volume. In the event of Bank's failure to do so, OCSD may exercise their rights to terminate this Agreement.

E. Insurer Rating. Insurers must have an "A-" Policyholder's Rating, or better, and Financial Rating of at least Class VII, in accordance with the most current A.M. Best's Guide Rating.

F. Insurance Certificates. Bank shall provide to OCSD a certificate

or certificates of insurance in a form acceptable to OCSD indicating the deductible or self-retention amounts and the expiration date of said policy, and shall provide renewal certificates at expiration of each policy term.

G. Notice of Cancellation/Termination of Insurance. The above policy/policies of insurance shall not terminate, nor shall they be canceled, nor the coverage reduced, until after thirty (30) days' written notice is given to OCSD, except that ten (10) days' notice shall be given if there is a cancellation due to failure to pay a premium.

## ARTICLE VII - MISCELLANEOUS

### 7.1. Enforcement of Agreement

This Agreement shall be construed and interpreted as to both validity and performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California, or any other appropriate court in such county, and Bank covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

### 7.2. Disputes

In the event of any dispute arising under this Agreement, the injured Party shall notify the injuring Party in writing of its contentions by submitting a written claim therefore. The injured Party shall continue performing its obligations hereunder so long as the injuring Party cures any default within thirty (30) days after service of said notice, or if the cure of the default is commenced within thirty (30) days of said notice and is cured within a reasonable time after commencement, provided that if the default is an immediate danger to the health, safety, and general welfare, either Party may take immediate action under Section 7.5. Compliance with the provisions of this Section shall be a condition precedent to any legal action, and such compliance shall not be a waiver of either Party's right to take legal action in the event that the dispute is not cured

### 7.3. Waiver

No delay or omission in the exercise of any right or remedy of a nondefaulting Party on any default shall impair such right or remedy or be construed as a waiver. OCSD's consent or approval of any act by Bank requiring OCSD's consent or approval shall not be deemed to waive or render unnecessary OCSD's consent to or approval of any subsequent act of Bank. Any waiver by either Party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.4. Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

7.5. Attorney's Fees

If either Party commences an action or proceeding against the other Party arising out of or in connection with this Agreement, the prevailing Party shall be entitled to recover reasonable attorney's fees and costs of suit from the losing Party.

7.6. Integration

This Agreement represents the entire understanding of OCSD and Bank. No prior oral or written understanding shall be of any force or effect with respect to those matters covered in the Agreement. This Agreement may not be altered, amended, or modified except in writing by both Parties hereto.

7.7. Amendment

This Agreement may be amended at any time by the written mutual consent of both Parties. No amendment shall be effective unless written and signed by the Parties.

7.8. Agreement Supersedes Other Documents

To the extent that there is any conflict between this Agreement and any other relevant documents associated with Bank providing banking services to OCSD, the terms of this Agreement shall prevail. Notwithstanding this provision, the Parties agree that Section 6.1 hereof shall prevail as to this and all agreements incorporated herein by reference.

7.9. Corporate Authority

The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by doing so, the Parties hereto are formally bound to the provisions of this Agreement.


*Remainder of page intentionally left blank, signature page to follow.*

7.10. Confidential Information

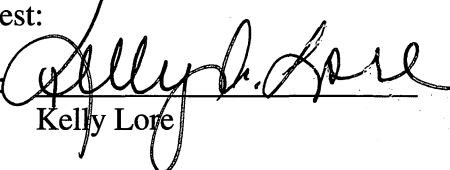
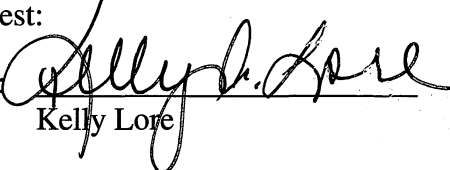
Bank shall maintain the strictest confidence regarding the business affairs of this Account. Written reports furnished by Bank to OCSD shall be treated by Bank as confidential and for the sole use and benefit of OCSD. Disclosure of said reports shall be made as required by applicable law.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed with all of the formalities required by law on the respective dates set forth opposite their signatures.


**ORANGE COUNTY SANITATION DISTRICT**

Dated: May 23, 2018 By:   
James D. Herberg

Title: General Manager

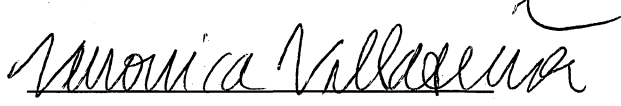
Dated: May 23, 2018 Attest:   
By:   
Kelly Lore

Title: Clerk of the Board

Dated: MAY 23, 2018 Approved as to Form:  
By:   
Bradley R. Hogan

Title: General Counsel

**BANC OF CALIFORNIA, NATIONAL ASSOCIATION**

Dated: 4/23/18 By: 

Name: Veronica Villaseñor

Title: Senior Director



## WAIVER OF SECURITY

TO WHOM IT MAY CONCERN,

Pursuant to Section 53653 of the Government Code of the State of California, a treasurer may, at his/her discretion, waive security for such portion of any deposits insured pursuant to federal law.

WHEREAS, deposits of commercial banks are insured to the amount established by the Federal Deposit Insurance Corporation ("FDIC") (as the same may change from time to time) and are backed by the full faith and credit of the United States Government.

WHEREAS, it is to the advantage of Banc of California, N.A., a financial institution, to increase the amount of its available collateral to secure the deposits of public accounts, and in so doing, without increasing the risk of the deposits of such public accounts.

NOW, THEREFORE, the authorized agent of Orange County Sanitation, Dist. a public institution, hereby agrees to waive the security required by Section 53652 of the Government Code of the State of California by Banc of California, N.A., the depository institution, equal to the amount of insurance provided by the FDIC (as the same may change from time to time). As a condition to the granting of this Waiver of Security, it is understood that Banc of California, N.A., the above named depository institution, shall continue to maintain approved collateral security for all public deposits in excess of the amount of insurance provided by the FDIC, in accordance with Section 53652 of the Government Code.

I am authorized to waive collateral security equal to the amount of insurance provided by the FDIC (as the same may change from time to time) for deposits held by Banc of California, N.A.

Dated: 5/23/18

Local Agency: DCSD

By: [Signature]

Title: Director of Finance

## CONTRACT FOR DEPOSIT OF MONEYS

THIS CONTRACT, relating to the deposit of moneys, made as of the 23 day of May, 2018, by and between Lorenzo Tyner (hereinafter designated as "Treasurer") acting in his/her official capacity as Director of Finance (hereinafter designated as "Depositor") on the one hand, and Banc of California, N.A. (hereinafter designated "Depository Bank") on the other hand.

### WITNESSETH:

WHEREAS, the Treasurer proposes to deposit in the Depository Bank from time to time, commencing on March 30, 2017 moneys in his/her custody in an aggregate amount on deposit at any one time not to exceed the total of the shareholders' equity of the Depository Bank, and said moneys will be deposited subject to Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government Code of the State of California; and

WHEREAS, said provisions of the Government Code require the Treasurer to enter into a contract with the Depository Bank setting forth the conditions upon which said moneys are deposited; and

WHEREAS, in the judgment of the Treasurer, this contract is to the public advantage;

NOW, THEREFORE, it is agreed between the parties hereto as follows:

1. This contract cancels and supersedes any previous contracts between the Treasurer and the Depository Bank relating to the method of handling and collateralization of deposits of moneys.
2. This contract, but not deposits then held hereunder, shall be subject to termination by the Treasurer or the Depository Bank at any time upon 30 days' written notice. Deposits may be withdrawn in accordance with the agreement of the parties and applicable federal and state statutes, rules and regulations. This contract is subject to modification or termination upon enactment of any statute, rule or regulation, state or federal, which, in the opinion of the Administrator of Local Agency Security, is inconsistent herewith, including any change relative to the payment of interest upon moneys so deposited by the Treasurer.
3. Interest shall accrue on any moneys so deposited as permitted by any act of the Congress of the United States or by any rule or regulation of any department or agency of the Federal Government adopted pursuant thereto. If interest may legally be paid, all

moneys deposited in accordance with this contract shall bear interest at a rate, and on such terms, as agreed upon by the Treasurer and the Depository Bank. .

4. The Depository Bank shall issue to the Treasurer at the time of each inactive deposit a receipt on a form agreed to by the Depository Bank and the Treasurer, stating the interest to be paid, if any, the duration of the deposit, the frequency of interest payments, and the terms of withdrawal. Each such deposit receipt is by reference made a part of this contract.
5. As security for said deposit, the Depository Bank shall at all times maintain with the Agent of Depository Bank named in Paragraph Seven below, commencing forthwith, eligible securities, as listed in subdivisions (a) to (1), inclusive, and subdivision (n) of Government Code Section 53651, having a market value at least 10% in excess of the actual total amount of local agency money on deposit with the Depository Bank. Notwithstanding the provisions of subdivision (m) of Government Code Section 53651, no promissory note secured by a lien on real property will be used to secure any moneys deposited in accordance with this contract unless the Depository Bank is deemed to be an acceptable investment quality by the County Treasurer/Tax Collector as prescribed in his Official Investment Policy. If a promissory note is secured by a lien on real property, it must have a market value at least 50% in excess of the actual total amount of local agency money on deposit with the Depository Bank. If any eligible security is determined by the Administrator of Local Agency Security of the State of California in accordance with the Government Code Section 53661 to be not qualified to secure public deposits, additional security shall be substituted immediately by the Depository Bank, as necessary, to comply with the requirements of this Paragraph.
6. Eligible securities are those listed in Government Code Section 53651.
7. The Agent of Depository Bank, authorized by the Treasurer and the Depository to hold the eligible securities posted as collateral under this contract is TIB Dallas, The Independent Bankers' Bank (hereinafter designated as "Agent of Depository Bank"). Said Agent of Depository Bank has filed with the Administrator of Local Agency Security of the State of California an agreement to comply in all respect with the provisions of Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Sections 53630) of the Government Code. A copy of this agreement is available upon request.
8. Authority for placement of securities for safekeeping in accordance with Government Code Section 53659 is hereby granted to the Agent of Depository Bank, including placement with any Federal Reserve Banks or branches thereof, and the following banks, other than the Depository Bank, located in cities designated as reserve cities by the Board of Governors of the Federal Reserve System:
9. If the Depository Bank fails to pay all or part of any deposits of the Treasurer which are subject to this contract when ordered to do so in accordance with the terms of withdrawal set forth on the deposit receipt (which is by reference made a part hereof), the Treasurer will immediately notify, in writing, the Administrator of Local Agency Security. Action of the Administrator in converting the collateral required by Paragraph

5 above for the benefit of the Treasurer is governed by Government Code Section 53665.

10. The Depository Bank may add, substitute or withdraw eligible securities being used as security for deposits made hereunder in accordance with Government Code Section 53654, provided the requirements of Paragraph 5 above are met.
11. The Depository Bank shall have and hereby reserves the right to collect the interest on the securities, except in cases where the securities are liable to sale or are sold or converted in accordance with the provisions of Government Code Section 53665.
12. The Depository Bank shall bear and pay the expenses of transportation to and from the Treasurer's office of moneys so deposited and the expense of transportation of eligible securities maintained as collateral to and from the designated Agent of Depository Bank. The Depository Bank shall also handle, collect and pay all checks, drafts and other exchange without cost to Depositor.
13. This Contract, the parties hereto, and all deposits governed by this contract shall be subject in all respects to Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government Code, and all other state and federal laws, statutes, rules and regulations applicable to such deposits, whether now in force or hereafter enacted or promulgated, all of which are by this reference made a part hereof.
14. Unless contradicted by the terms of this Contract, the Depository Bank's standard deposit account agreements will govern the parties' relationship.

IN WITNESS WHEREOF, the Treasurer in his official capacity has signed this contract in duplicate and the Depository Bank has caused this contract to be executed in like number by its duly authorized officers.

TREASURER:

Orange County Sanitation Dist.

By

Lorenzo Tyner

DEPOSITORY:

Banc of California, N. A.

By

Terrin Enssle  
Terrin Enssle, SVP Corporate Treasurer  
Banc of California, N. A.

By

Veronica Villaseñor  
Veronica Villaseñor, Senior Director,  
Senior Relationship Manager  
Banc of California, N. A.