



135 Main Street, Suite 1700
San Francisco, CA 94105

Transacts Business on All Principal Exchanges, Member SIPC

November 1, 2024

Chester Public Utility District
251 Chester Airport Road
Chester, CA 96020

Attn: Adam Cox, General Manager

Re: Disclosures by Sole Underwriter
Pursuant to MSRB Rule G-17
Revenue Bonds

Dear Adam Cox:

We are writing to provide you, as General Manager of the Chester Public Utility District (Issuer), and an official of the Issuer with the authority to bind the Issuer by contract, with certain disclosures relating to the captioned bond issue (Bonds) to:

- i. Confirm and engage Oppenheimer & Co. Inc. (Oppenheimer), to serve as underwriter, and not as a financial advisor or municipal advisor, pursuant to the Securities and Exchange Commission's Municipal Advisor Rule in connection with the issuance of the Bonds, and;
- ii. Provide certain underwriting disclosures as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019).¹

As part of our services as underwriter, we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

The following G-17 conflict of interest disclosures are now broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures.

I. Dealer-Specific Conflicts of Interest Disclosures

Oppenheimer has identified the following actual or potential² material conflicts of interest:

- o In the ordinary course of its various business activities, Oppenheimer and its affiliates, officers, directors, and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities,

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

² When we refer to *potential* material conflicts throughout this letter, we refer to ones that are reasonably likely to mature into *actual* material conflicts during the course of the transaction, which is the standard required by MSRB Rule G-17.

and/or instruments of the Issuer (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. Oppenheimer and its affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

II. Transaction-Specific Disclosures

- Disclosures Concerning Complex Municipal Securities Financing:
 - Since we have not recommended a “complex municipal securities financing” to the Issuer or Obligor, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

III. Standard Disclosures

- Disclosures Concerning the Underwriter’s Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - The primary role of the underwriter is to purchase the Bonds with a view to distribution in an arm’s-length commercial transaction with the Issuer. The underwriter has financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer’s interest in this transaction.
 - The underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
 - The underwriter will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.³
- Disclosures Concerning the Underwriter’s Compensation:
 - The underwriter will be compensated by an underwriter’s discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with

³ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriter is solely for purposes of satisfying the underwriter’s obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

November 1, 2024

the issuance of the Bonds. Payment or receipt of the underwriter's discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

Please note that nothing in this letter should be viewed as a commitment by the underwriter to purchase or sell all the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

Under SEC and MSRB Rules, we are required to confirm our role as underwriter, and seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect or sign and return the enclosed copy of this letter to me via email as a PDF attachment. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgment that you received these disclosures. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer in connection with the issuance of the Bonds. Thank you.

Sincerely,



Jeff Land, Executive Director
Oppenheimer & Co. Inc.

November 1, 2024

Acknowledgment:

Adam Cox, General Manager
Chester Public Utility District

Date: _____