

Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the Library, 251 South "A" Street and the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Any materials to be presented at this meeting will be made available electronically 24 hours prior to the meeting, at the end of this agenda. The agenda reports are on the City of Oxnard web site at www.oxnard.org.



AGENDA
OXNARD CITY COUNCIL
OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY
OXNARD FINANCING AUTHORITY
OXNARD HOUSING AUTHORITY
Council Chambers, 305 West Third Street
December 12, 2017
Regular Meeting - 5:00 PM
Appointment Item - 5:00 PM

A. ROLL CALL/POSTING OF AGENDA

THE FOLLOWING LEGISLATIVE BODIES ARE MEETING: City Council, Financing Authority.

B. OPENING CEREMONIES

Pledge of allegiance to the flag of the United States.

C. CEREMONIAL CALENDAR

1. SUBJECT: Congratulations to the City Treasurer's Staff for Receiving the Coveted Certification for the City of Oxnard's Investment Policy from California Municipal Treasurers Association (CMTA).
2. SUBJECT: Visitor from the North Pole.

D. APPOINTMENT ITEMS (5:00 PM)

Finance Department

1. SUBJECT: Substitution of Letter of Credit Provider, Appointment of New Remarketing Agent, and Remarketing of City of Oxnard Financing Authority Variable Rate Demand Wastewater Bonds, 2004 Series B (10/10/10)
RECOMMENDATION: That City Council:
 1. Adopt a resolution authorizing the provision of a new Letter of Credit for the City of Oxnard Financing Authority's outstanding Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, the remarketing of such bonds in connection therewith, and the amendment of certain documents in connection therewith, and approving certain documents and authorizing certain actions in

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

City of Oxnard internet address: www.oxnard.org.

connection therewith; and

2. Approve an appropriation of \$225,000 from the Wastewater Collection Operating Fund (611) and Wastewater Treatment Operating Fund (621) to pay the upfront cost of remarketing the 2004 bonds.

That the City of Oxnard Financing Authority:

3. Adopt a resolution authorizing the provision of a new Letter of Credit for its outstanding Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, the remarketing of such bonds in connection therewith, and the amendment of certain documents in connection therewith, and approving certain documents and authorizing certain actions in connection therewith.

Legislative Body: CC, FA

Contact: Jim Throop

Phone: 385-7475

E. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of thirty minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker cards will not be accepted after the beginning of the general public comment period. Based on the number of speaker cards submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to three minutes, but shorter time may be established as deemed necessary. A person not able to address the legislative body at this time because the thirty minutes expires may do so just prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager/ Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on public hearing items should do so at the time of the hearing.

F. REPORT OF CITY MANAGER/EXECUTIVE DIRECTOR/SECRETARY

The City Manager/Executive Director/Secretary shall report on items of interest to the legislative body occurring since the last meeting. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. Such items may only be referred to the City Manager/Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion.

City Manager Department

1. SUBJECT: Resolution of the City Manager of the City of Oxnard Declaring an Emergency (For Public Bidding Purposes Only) Due to the Thomas Fire Throughout the County of Ventura, Making Findings Therefor, and Ordering that All City Facilities be Immediately Repaired And/Or Replaced as Needed. (5/5/5)

RECOMMENDATION: That City Council:

1. Receive and file an oral report from the City Manager; and
2. Approve the need to continue the emergency bidding action if the City Manager has not already terminated it.

Legislative Body: CC

Contact: Greg Nyhoff

Phone: 385-7430

G. CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY/FINANCING
AUTHORITY BUSINESS/COMMITTEE REPORTS

At this time, a member of the legislative body may make a brief announcement, or make a brief report on his or her activities. Further, members of the legislative body may request to schedule consideration of whether to place an item on a future agenda. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. The member's report shall not exceed three minutes, unless additional time is granted by the presiding officer.

H. REVIEW OF INFORMATION/CONSENT AGENDA

The members of the legislative body will consider whether to remove Information/Consent Agenda items for discussion later during the meeting.

I. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

At this time, a person may address the legislative body only on matters appearing on the information/consent agenda. The presiding officer shall limit public comments to three minutes.

J. INFORMATION CONSENT AGENDA

City Clerk Department

1. SUBJECT: Minutes of the November 7, 2017 Regular Meeting, November 14, 2017 Regular Meeting, November 27, 2017 Special Meeting, and the November 28, 2018 Regular Meeting.
RECOMMENDATION: That the City Council approve the Minutes as presented.
Legislative Body: CC Contact: Michelle Ascencion Phone: 385-7805

City Manager Department

2. SUBJECT: Agreements for City Council Review
RECOMMENDATION: That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the following agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000:
 - A. Safety-Kleen Systems, Incorporated (A-7988) for removal, transportation and recycling of household hazardous waste material such as antifreeze, used oil, batteries and water based paint (\$100,000).
 - B. Atkinson, Andelson, Loya, Ruud, & Romo (7866-17-HR) as needed-employee investigative consulting services (\$225,000).
 - C. Tri County Office Furniture (Purchase Order No. 6609) for the purchase of tables and chairs for two training/briefing rooms at the Police Department's Sturgis Building (\$39,820).Legislative Body: CC Contact: Greg Nyhoff Phone: 385-7430

Cultural and Community Service Department

3. **SUBJECT:** Continuing Development Incorporated Lease Agreement at South Oxnard Center.

RECOMMENDATION: That City Council

1. Authorize the City Manager to execute a lease agreement with Continuing Development, Incorporated (CDI) for a portion of South Oxnard Community Center, 200 East Bard Road and

2. Approve a budget appropriation recognizing the net increase of rental income in the amount of \$1,148 to Recreation Lease Revenue Account.

Legislative Body: CC

Contact: Ingrid Hardy

Phone: 385-7993

Police Department

4. **SUBJECT:** Supplemental Law Enforcement Services Fund

RECOMMENDATION: That City Council:

1. Recognize \$317,892 in grant revenue from the State Supplemental Law Enforcement Services Fund (SLESF) for Citizens Option for Public Safety (COPS) Program.

2. Approve a budget appropriation in the amount of \$317,892 for a Force Option Simulator (FOS) training system, FOS room remodel, Word Processing remodel and Body Worn Camera agreement.

3. Authorize the Chief Financial Officer or designee to approve additional budget appropriations if awarded.

Legislative Body: CC

Contact: Scott Whitney

Phone: 385-7624

K. **PUBLIC HEARINGS**

Development Services Department

1. **SUBJECT:** Planning and Zoning Permit Nos. 17-620-03 (General Plan Amendment); 17-560-03 (Pre-Zoning); and 17-610-03 (Annexation). Property Located at 4600 Olds Road (APN: 232-0-010-06) Ocean View Annexation (10/5/10)

RECOMMENDATION: That the City Council:

1. Adopt a resolution to approve Planning and Zoning Permit No. 17-620-03 (General Plan Amendment), subject to certain findings and conditions; and

2. Introduce for first reading by title only (and waive further reading) an Ordinance approving Planning and Zoning Permit No. 17-560-03 (Pre-zoning), subject to certain findings and conditions; and

3. Approve Planning and Zoning Permit No. 17-610-03 (Annexation), subject to certain findings and conditions.

Legislative Body: CC

Contact: Ashley Golden

Phone: 385-7882

City Attorney Department

2. **SUBJECT:** First Public Hearing Regarding Composition of Possible City Council Districts (30/30/30)

RECOMMENDATION: That City Council hold a public hearing to review the districting process for City Council elections and receive public input regarding the composition of potential City Council districts.

Legislative Body: CC

Contact: Stephen M. Fischer

Phone: 385-7483

L. ADJOURNMENT

(This page is intentionally blank.)



**CITY COUNCIL
AGENDA REPORT**

**TYPE OF ITEM: Appointment
Item**

AGENDA ITEM NO.: 1

DATE: December 12, 2017

TO: City Council
Finance Authority

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Jim Throop
Chief Financial Officer

Jim Throop

SUBJECT: Substitution of Letter of Credit Provider, Appointment of New Remarketing Agent, and Remarketing of City of Oxnard Financing Authority Variable Rate Demand Wastewater Bonds, 2004 Series B (10/10/10)

CONTACT: Jim Throop, Chief Financial Officer
Jim.Throop@oxnard.org, 385-7475

RECOMMENDATION:

That City Council:

1. Adopt a resolution authorizing the provision of a new Letter of Credit for the City of Oxnard Financing Authority's outstanding Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, the remarketing of such bonds in connection therewith, and the amendment of certain documents in connection therewith, and approving certain documents and authorizing certain actions in connection therewith; and
2. Approve an appropriation of \$225,000 from the Wastewater Collection Operating Fund (611) and Wastewater Treatment Operating Fund (621) to pay the upfront cost of remarketing the 2004 bonds.

That the City of Oxnard Financing Authority:

3. Adopt a resolution authorizing the provision of a new Letter of Credit for its outstanding Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, the remarketing of such bonds in connection therewith, and the amendment of certain documents in connection therewith, and approving certain documents and authorizing certain actions in connection therewith.

New Letter of Credit (LOC) (10/10/10)

December 12, 2017

Page 2

BACKGROUND

In 2004, the City of Oxnard Financing Authority (“COFA”) issued its Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B (the “2004 Bonds”). The 2004 Bonds were issued to finance the construction of the Headworks Project and the Septic System Conversion Project and were secured by net revenues of the Wastewater Enterprise Fund.

The 2004 Bonds were issued as variable rate debt. The interest rate on the 2004 Bonds resets each week depending on then-current market conditions. To achieve the lowest possible interest rates, COFA issued the 2004 Bonds with a feature granting investors the right to a return of their entire bond principal on a week’s notice to the bond trustee. When the investor tenders its bonds to the bond trustee, the remarketing agent sells the bonds to a new purchaser at the then-market rate for weekly short-term municipal obligations. If there is no new purchaser, then the bond trustee pays the investor with a drawing on a bank letter of credit, which the net revenues of the Wastewater Enterprise then repay. This weekly short-term liquidity feature, with credit support from a highly-rated institution, yields among the lowest interest rates available to municipal borrowers.

The 2004 Bonds were originally issued with Ambac Assurance Corporation (“Ambac”) bond insurance, with liquidity support provided by Dexia Credit Local (“Dexia”). As a result of the global credit crisis and fallout from sub-prime mortgage lending practices, both Ambac and Dexia were no longer of requisite creditworthiness as reflected in their respective ratings to generate favorable short-term interest rates for the 2004 Bonds. In 2008, the City procured a new credit and liquidity facility to replace Dexia in the form of a Letter of Credit (“LC”) from MUFG Union Bank, N.A. (“MUFG”) (formerly known as Union Bank of California, N.A.). Since 2008, MUFG has provided an LC for the 2004 Bonds; in addition to two other General Fund secured variable rate lease revenue bonds. Given certain changes in MUFG’s credit standards and relatively recent financial challenges faced by the City’s Wastewater Enterprise Fund, MUFG no longer wishes to extend the term of its LC for the 2004 Bonds. MUFG has, however, provided a number of short-term LC extensions to accommodate the City’s efforts of procuring a replacement LC for the 2004 Bonds.

City staff has secured a commitment from JPMorgan Chase Bank, N.A. (JPM) for the issuance of a three-year LC for the 2004 Bonds, replacing the existing LC from MUFG. The annual cost of the JPM LC is 2.50% of the total credit commitment (no change from the current MUFG LC fee). The remarketing of the 2004 Bonds will not include the Ambac bond insurance. All of Ambac’s credit ratings have been withdrawn and thus provide no credit benefit resulting in lower interest rates on the 2004 Bonds.

New Letter of Credit (LOC) (10/10/10)

December 12, 2017

Page 3

Under the JPM Reimbursement Agreement a number of provisions were added in comparison with the previous MUFG Union Bank reimbursement agreement. Most notably are two changes that provide JPM with additional credit protections:

1. If the City's Wastewater Fund S&P credit rating drops to "BBB-", it will enable JPM to terminate the LC. A similar provision is currently held by Royal Bank of Canada ("RBC") as the swap counterparty under the 2004 swap agreement.
2. If wastewater service rates below those prescribed in the service rates approved by City Council on May 23, 2017 become effective, it will constitute as an Event of Default and enable JPM to terminate the LC.

The foregoing provisions were required by JPM to receive credit approval. JPM is seeking assurance that the credit quality of the Wastewater Fund will not be negatively impacted by the outcome of potential City Council recall elections.

To substitute the JPM LC for the existing MUFG LC, the 2004 Bonds need to be remarketed to investors. All current 2004 Bonds will be purchased by MUFG and subsequently sold to investors secured by the new JPM LC. The Reoffering Memorandum (Attachments No. 5) will be circulated to potential investors of the bonds backed by the JPM LC. In addition, J.P. Morgan Securities LLC will replace MUFG Securities Americas, Inc. as remarketing agent of the 2004 Bonds at a reduced cost.

The attached City resolution (Attachment No. 1) accomplishes the following with respect to the Bonds:

- Approves the form of the Reimbursement Agreement (Attachment No. 3)
- Approves the form of the Amended/Restated Indenture (Attachment No. 4)
- Approves the form of the Reoffering Memorandum (Attachment No. 5)
- Approves the form of the Remarketing Agreement (Attachment No. 6)
- Authorizes the Mayor, Mayor Pro Tem, City Clerk, and Chief Financial Officer to execute the Reimbursement Agreement, Trust Indenture, Reoffering Memorandum, Remarketing Agreement, and any other miscellaneous certificate and/or document necessary to complete the transaction.

The attached COFA resolution (Attachment No. 2) accomplishes the following with respect to the Bonds:

- Approves the form of the Reimbursement Agreement (Attachment No. 3)
- Approves the form of the Amended/Restated Indenture (Attachment No. 4)
- Approves the form of the Reoffering Memorandum (Attachment No. 5)
- Approves the form of the Remarketing Agreement (Attachment No. 6)
- Authorizes the Chairman, Vice Chairman, Secretary, and the Controller to execute the Reimbursement Agreement, Trust Agreement, Reoffering Memorandum, Remarketing

New Letter of Credit (LOC) (10/10/10)

December 12, 2017

Page 4

Agreement, and any other miscellaneous certificate and/or document necessary to complete the transaction.

FINANCIAL IMPACT

Approval of this action will require an appropriation of \$225,000 from the City's Wastewater Operating Funds (611 & 621) to pay the estimated upfront cost of remarketing the 2004 Bonds. The unaudited FY16-17 estimated undesignated fund balance for Wastewater Operating Funds is \$10.4 Million.

ATTACHMENTS:

Attachment A: Council Final Draft of Amended Indenture for 2018 Trust for LC Replacement for Prior Indenture (HEADWORKS AND SEPTIC SYSTEM CONVERSION PROJECTS), 2004 SERIES B[1][1][1]

Attachment B: Council Final Draft of REOFFERING MEMORANDUM

Attachment C: Form of Oxnard Fee Letter[1]

Attachment D: Form of Oxnard Reimbursement Agreement (Without Insurance Provisions)

Attachment E: Substantially Final Draft --JP Morgan Securities LLC Remarketing Agreement Current July 2014[2]

Attachment F: Clean Final City Resolution of Approval for City of Oxnard WW Bonds 2004 12-1-2017[2][1][1][1][1]

Attachment G: Final Authority Resolution of Approval for City of Oxnard WW Bonds 2004 12-1-2017[2]

Attachment H: Budget Appropriation

AMENDED AND RESTATED INDENTURE

by and between

CITY OF OXNARD FINANCING AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE

Dated January 1, 2018

RELATING TO

\$15,725,000

CITY OF OXNARD FINANCING AUTHORITY

VARIABLE RATE DEMAND

WASTEWATER REVENUE BONDS

(HEADWORKS AND SEPTIC SYSTEM CONVERSION PROJECTS),

2004 SERIES B

Table of Contents

ARTICLE I**DEFINITIONS; EQUAL SECURITY**

SECTION 1.01	Definitions	3
SECTION 1.02	Equal Security	12

ARTICLE II**ISSUANCE OF BONDS;
REGISTRATION AND TRANSFER OF BONDS**

SECTION 2.01	Authorization; Designation; Form of Bonds	13
SECTION 2.02	Description of Bonds	13
SECTION 2.03	Payment Dates of Bonds; Interest	14
SECTION 2.04	Execution	17
SECTION 2.05	Transfer and Exchange	17
SECTION 2.06	Bonds Mutilated, Lost, Destroyed, or Stolen	18
SECTION 2.07	Temporary Bonds	18
SECTION 2.08	Execution of Documents and Proof of Ownership	18
SECTION 2.09	Bond Register	19
SECTION 2.10	Nonpresentment of Bonds	19
SECTION 2.11	Unclaimed Money	19
SECTION 2.12	Book-Entry System; Limited Obligation	20
SECTION 2.13	Representation Letter	21
SECTION 2.14	Transfers Outside Book-Entry System	21
SECTION 2.15	Payments and Notices to the Nominee	21
SECTION 2.16	Initial Depository and Nominee	21
SECTION 2.17	Owner's Optional Demand for Purchase	22
SECTION 2.18	Mandatory Tender for Purchase on Fixed Rate Date	22
SECTION 2.19	Mandatory Tender for Purchase upon Expiration Date or Certain Events of Default under the Liquidity Facility or the Credit Facility, Provision of Substitute Liquidity Facility or Substitute Credit Facility, Termination of Credit Facility, or Event of Default under this Indenture	24

SECTION 2.20	Purchase and Remarketing Upon Tender for Purchase	28
SECTION 2.21	Delivery of Bonds; Delivery of Proceeds of Sale	30
SECTION 2.22	Purchase Fund	30
SECTION 2.23	Delivery of Proceeds of Sale of Bank Bonds	31
SECTION 2.24	No Remarketing After Default	31
SECTION 2.25	Best Efforts Conversion to Fixed Rate	31

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01	Redemption	32
SECTION 3.02	Selection of Bonds for Redemption	34
SECTION 3.03	Notice of Redemption	34
SECTION 3.04	Partial Redemption of Bonds	35
SECTION 3.05	Effect of Notice of Redemption	35
SECTION 3.06	Bonds No Longer Outstanding	36

ARTICLE IV

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF PROCEEDS

SECTION 4.01	Establishment of Funds	36
SECTION 4.02	Procedure for the Issuance of Bonds	37
SECTION 4.03	Application of Proceeds and Other Amounts	37
SECTION 4.04	Use of Moneys in the Costs of Issuance Fund	37
SECTION 4.05	Use of Moneys in the Project Fund	37

ARTICLE V

REVENUES

SECTION 5.01	Pledge of Revenues	38
SECTION 5.02	Receipt and Deposit of Revenues in the Payment Fund; Use of Money in the Payment Fund	38
SECTION 5.03	[Reserved]	39
SECTION 5.04	Investment of Moneys in Funds	41
SECTION 5.05	[Reserved]	42
SECTION 5.06	Draws Under Credit Facility; Credit Facility Fund	44

SECTION 5.07	Credit Facility	44
SECTION 5.08	Substitute Credit Facility	45

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01	Punctual Payment and Performance	45
SECTION 6.02	Tax Covenants; Rebate Fund	45
SECTION 6.03	Accounting Records and Reports	48
SECTION 6.04	Installment Purchase Agreement and Other Documents	48
SECTION 6.05	Other Liens	48
SECTION 6.06	Prosecution and Defense of Suits	49
SECTION 6.07	Further Assurances	49
SECTION 6.08	Acquisition of the Project and Sale of the Project	49
SECTION 6.09	Continuing Disclosure	49

ARTICLE VII

THE TRUSTEE, THE REMARKETING AGENT, AND THE TENDER AGENT

SECTION 7.01	Appointment and Acceptance of Duties	49
SECTION 7.02	Duties, Immunities, and Liabilities of Trustee	49
SECTION 7.03	Merger or Consolidation	52
SECTION 7.04	Compensation and Indemnification	52
SECTION 7.05	Liability of Trustee	52
SECTION 7.06	Right to Rely on Documents	53
SECTION 7.07	Preservation and Inspection of Documents	54
SECTION 7.08	Paying Agents	54
SECTION 7.09	Appointment of Co-Trustee or Agent	54
SECTION 7.10	The Remarketing Agent	55
SECTION 7.11	Qualifications of Remarketing Agent: Removal of Remarketing Agent	55
SECTION 7.12	Remarketing Agent Report	55
SECTION 7.13	The Tender Agent	55
SECTION 7.14	Resignation and Removal of Tender Agent.	56

ARTICLE VIII

AMENDMENT OF THE INDENTURE

SECTION 8.01	Amendment of the Indenture.....	56
SECTION 8.02	Disqualified Bonds.....	58
SECTION 8.03	Endorsement or Replacement of Bonds after Amendment.	58
SECTION 8.04	Amendment by Mutual Consent.	58

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

SECTION 9.01	Events of Default and Acceleration of Maturities	58
SECTION 9.02	Proceedings by Trustee	60
SECTION 9.03	Effect of Discontinuance or Abandonment.	61
SECTION 9.04	Rights of Owners.....	61
SECTION 9.05	Restriction on Owners' Action.....	61
SECTION 9.06	Power of Trustee to Enforce.....	62
SECTION 9.07	Remedies Not Exclusive	62
SECTION 9.08	Waiver of Events of Default; Effect of Waiver	62
SECTION 9.09	Application of Moneys	62

ARTICLE X

DEFEASANCE

SECTION 10.01	Discharge of Bonds	63
---------------	--------------------------	----

ARTICLE XI

MISCELLANEOUS

SECTION 11.01	Liability of Authority Limited to Revenues	65
SECTION 11.02	Benefits of the Indenture Limited to Parties	66
SECTION 11.03	Successor is Deemed Included in All References to Predecessor	66
SECTION 11.04	Execution of Documents by Owners.....	66
SECTION 11.05	Waiver of Personal Liability	66
SECTION 11.06	Acquisition of Bonds by Authority	66
SECTION 11.07	Destruction of Cancelled Bonds.....	67
SECTION 11.08	Funds	67

SECTION 11.09	Article and Section Headings and References.....	67
SECTION 11.10	Partial Invalidity.....	67
SECTION 11.11	Execution in Several Counterparts.....	67
SECTION 11.12	Law Governing	67
SECTION 11.13	Notices	67
SECTION 11.14	Bond Insurer, Liquidity Provider, Credit Provider and City as Third-Party Beneficiaries	69
SECTION 11.15	Additional Covenants of the Authority to Bond Insurer.	69
EXHIBIT A	FORM OF BOND	A-1
EXHIBIT B	WRITTEN REQUEST OF THE AUTHORITY FOR DISBURSEMENT OF COSTS OF ISSUANCE	B-1
EXHIBIT C	WRITTEN REQUEST OF THE CITY FOR DISBURSEMENT OF PROJECT COSTS	C-1
EXHIBIT D	DESCRIPTION OF PROJECT.....	D-1
EXHIBIT E	FORM OF TENDER NOTICE	E-1
EXHIBIT F-1	FORM OF NON-TENDER NOTICE	F-1-1
EXHIBIT F-2	FORM OF NON-TENDER NOTICE	F-2-1
EXHIBIT G	PERMITTED INVESTMENTS	G-1

AMENDED AND RESTATED INDENTURE

THIS AMENDED AND RESTATED INDENTURE, made and entered into as of January 1, 2018 (this "**Indenture**"), by and between the CITY OF OXNARD FINANCING AUTHORITY, a California joint exercise of powers entity, (the "**Authority**") and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association existing under the laws of the United States of America, as trustee (the "**Trustee**"), amends and restates in its entirety that certain Indenture, dated as of August 1, 2008 (the "**Original Indenture**"), by and between the Authority and the Trustee;

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority organized and existing pursuant to Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California to provide financial assistance to the City of Oxnard (the "**City**") and has the authority to issue bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (times and

WHEREAS, the Authority assisted the City in the financing of the construction, acquisition, and improvement of the headworks and septic system conversion projects, more particularly described in Exhibit D attached hereto (collectively, the "**Project**"); and

WHEREAS, the Authority issued and applied a portion of the proceeds of the City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B (the "**Bonds**"), to the acquisition, construction, and improvement of the Project in accordance with the terms of this Indenture and the Act; and

WHEREAS, the City transferred the Project to the Authority pursuant to a Sale Agreement, dated as of November 1, 2004 (the "**Sale Agreement**") by and between the City and the Authority; and

WHEREAS, the Authority appointed the City as its agent to complete the construction, acquisition, and improvement of the Project pursuant to an Agency Agreement, dated as of November 1, 2004 (the "**Agency Agreement**"), by and between the Authority and the City; and

WHEREAS, in connection with the execution and delivery of the Sale Agreement, the Authority transferred back the Project to the City pursuant to an Installment Purchase Agreement, dated as of November 1, 2004 (the "**Installment Purchase Agreement**"), by and between the City and the Authority, in consideration of which the City obligated itself to make installment payments to the Authority or its assignee in the amounts and on the dates set forth in Exhibit B to the Installment Purchase Agreement (collectively, the "**Installment Payments**"); and

WHEREAS, the Authority assigned and transferred to the Trustee certain rights under the Installment Purchase Agreement and the Sale Agreement pursuant to the Original Indenture, and, in consideration of such assignment and the execution of the Original Indenture, the Trustee agreed to authenticate and register the Bonds; and

WHEREAS, the Bonds are secured by the Installment Payments to be made by the City

from the Net System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement; and

WHEREAS, in connection with the issuance of the Bonds, MUFG Union Bank, N.A. (the "**Prior Bank**"), acted as the provider of a letter of credit, dated as of December 1, 2008; and

WHEREAS, payment of the Bonds is presently secured by an irrevocable direct-pay letter of credit (the "**Existing LOC**") issued by the Prior Bank; and

WHEREAS, the Authority and City desire to replace the Existing LOC with an irrevocable direct-pay letter of credit to be issued by the Bank (the "**Letter of Credit**"), and the Bank has agreed to issue such letter of credit; and

WHEREAS, J.P. Morgan Securities LLC (the "**Remarketing Agent**"), desires to be appointed as remarketing agent for the Bonds; and

WHEREAS, to effectuate the delivery of the Letter of Credit, the Authority and the Trustee propose to enter into this Indenture; and

WHEREAS, the Authority and the Trustee, with the consent of the Owners of the Bonds have determined to amend and revise in its entirety the Original Indenture by entering into this Indenture; and

WHEREAS, Section 2.19(e) of the Original Indenture provides that, in connection with the provision of a Substitute Liquidity Facility (as defined in the Original Indenture), all of the outstanding Bonds shall be subject to mandatory tender for purchase, and Section 2.20 of the Original Indenture provides that such tendered Bonds shall be purchased and remarketed; and

WHEREAS, on the date of substitution of the Substitute Liquidity Facility, the Bonds subject to mandatory tender for purchase will be purchased by the Remarketing Agent, and the Remarketing Agent will be the sole Owner of all of the Bonds then outstanding; and

WHEREAS, immediately upon the purchase of the Bonds subject to mandatory tender, the Remarketing Agent will approve this Indenture as Owner of the Bonds of a majority in aggregate principal amount of all Bonds then outstanding; and

WHEREAS, \$15,725,000 in aggregate principal amount of the Bonds are currently outstanding; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding, and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the

terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Indenture, the Installment Purchase Agreement, the Sale Agreement, and Agency Agreement, and of any certificate, opinion, request, or other document herein or therein mentioned have the meanings herein specified. To the extent that there is any conflict between the terms defined in this Section and the terms used in the Installment Purchase Agreement, the Sale Agreement, or the Agency Agreement, including, without limitation, the terms defined in the recitals thereof, the terms defined in this Section shall control. Capitalized terms that are used but are not defined herein shall, unless the context otherwise requires, have the meanings ascribed to such terms in the Installment Purchase Agreement.

"Act" means the Marks-Roos Local Bond Pooling Act of 1985, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

"Additional Funding Instrument" has the meaning given to such term in Section 5.03 hereof.

"Adjustment Date" means (i) the Closing Date and thereafter each Wednesday so long as the Bonds bear interest at a Weekly Interest Rate, or if any such Wednesday is not a Business Day, the Business Day immediately following such Wednesday; and (ii) in the case of the conversion from a Weekly Interest Rate to a Fixed Rate, this shall be a date determined by the Remarketing Agent that shall be at least one Business Day prior to the Fixed Rate Date.

"Alternate Rate" means, on any Adjustment Date, the Weekly Interest Rate in effect for the immediately preceding weekly period.

"Annual Debt Service" means, for any Bond Year, the sum of (1) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding serial Bonds are retired as scheduled and that all Outstanding term Bonds, if any, are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds), and (2) the principal amount of all Outstanding Bonds maturing by their terms in such Bond Year.

"Authority" means the City of Oxnard Financing Authority, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California.

"Authority Fiscal Year" means the fiscal year of the Authority which, as of the date hereof, is the period from July 1 to and including the following June 30.

"Authorized Denominations" means (i) \$100,000 or any integral multiple of \$5,000 in

excess thereof during any period in which the Bonds bear interest at a Weekly Interest Rate and (ii) \$5,000 or any integral multiple thereof on and after the Fixed Rate Date.

"Average Annual Debt Service" means the amount determined by dividing the sum of all Annual Debt Service amounts due in each of the Bond Years following the date of such calculation by the number of such Bond Years.

"Bank," when used in the Installment Purchase Agreement, the Sale Agreement, or the Agency Agreement, shall mean the Liquidity Provider and, if applicable, the Credit Provider.

"Bank Bonds" has the meaning ascribed thereto in the Liquidity Facility.

"Bank Purchase Account" means the account by that name established in accordance with Section 2.22 hereof.

"Beneficial Owners" means those individuals, partnerships, corporations, or other entities for which the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Register" means the registration books referred to in Section 2.09 hereof.

"Bonds" means the City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, authorized by and at any time Outstanding pursuant hereto and executed, issued, and delivered in accordance with Article IT hereof, inclusive of Bank Bonds, if any.

"Bond Year" means the period of twelve consecutive months commencing on June 2 and ending on June 1 in any year during which Bonds are or will be Outstanding; provided, however, that the first Bond Year shall commence on the Closing Date and end on June 1, 2005, and that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

"Book-Entry Bonds" means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.12 hereof.

"Business Day" means any day other than (1) a Saturday, a Sunday, or a day on which banking institutions in the State or in the city in which the principal office of the Trustee, the Credit Provider, or the Liquidity Facility is located are authorized or obligated by law or executive order to be closed, (2) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (3) a day on which commercial banks are authorized or obligated by law or executive order to be closed in the city in which the principal office of the Remarketing Agent, the Liquidity Provider, the Credit Provider, or the Trustee is located. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture, and, unless otherwise specifically provided in this Indenture, no interest shall accrue for the period from and after such nominal date.

"Certificate of the Authority" means an instrument in writing signed by the Chairman, the Vice Chairman, the Secretary, or the Controller of the Authority, or by any other officer of

the Authority duly authorized for that purpose.

"City" means the City of Oxnard, a municipal corporation duly organized and existing under the laws of the State of California.

"Closing Date" means January 25, 2018.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" has the meaning ascribed thereto in the Liquidity Facility.

"Computation Year" means with respect to the Bonds the period beginning on the Closing Date and ending on January 1, 2019, and thereafter each successive twelve-month period commencing on the following January 2 and ending on the following January 1.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the issuance, sale, and delivery of the Bonds and the execution and delivery of the Installment Purchase Agreement, the Sale Agreement, the Agency Agreement, the Liquidity Facility, the Remarketing Agreement, this Indenture, and the final official statement pertaining to the Bonds, including administrative fees, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (including legal fees), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies or credit ratings, fees for transportation and safekeeping of the Bonds, and charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Credit Facility" means any letter of credit, committed line of credit, bond purchase agreement, surety bond, bond insurance policy or other instrument, or any combination thereof (including any Substitute Credit Facility), under the terms of which the Trustee is authorized to receive payment of an amount sufficient to pay when and as due hereunder the principal of and the interest on the Bonds. The initial Credit Facility shall be the Letter of Credit issued pursuant to the Reimbursement Agreement.

"Credit Facility Fund" means the account by that name established under Section 3.18(b) hereunder.

"Credit Provider" means, initially, JPMorgan Chase Bank, N.A., acting as the provider of the Credit Facility pursuant to the Reimbursement Agreement, or any successor thereto, or the issuer of a Substitute Credit Facility, if such Substitute Credit Facility has been issued as provided in accordance with this Indenture.

"Demand for Payment" has the meaning given to such term in Section 5.03 hereof.

"Depository" means DTC and its successors and assigns or, if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the City discontinues use of the Depository pursuant to Section 2.14 hereof, any other securities depository that agrees to follow procedures required to be followed by a securities depository in connection with the

Bonds and that is selected by the City with the consent of the Trustee.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Electronic Means" means telecopy, telegraph, telex, facsimile transmission, or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

"Event of Default" has the meaning given to such term in Section 9.01 hereof.

"Expiration Date" means, as applicable, (i) the date of expiration, if any, of the Liquidity Facility or the date that the Liquidity Facility otherwise terminates; or (ii) the date of expiration, if any, of the Credit Facility or the date that the Credit Facility otherwise terminates.

"Fixed Rate" means an annual rate of interest payable with respect to the Bonds from and after the Fixed Rate Date upon conversion to a Fixed Rate, established by the Remarketing Agent pursuant to Section 2.03(c)(ii) hereof.

"Fixed Rate Date" means the date upon which the Bonds commence to bear interest payable at a Fixed Rate.

"Indenture" means the Indenture, dated as of November 1, 2004, as amended and restated in its entirety by the Amended and Restated Indenture, dated as of August 1, 2008, and the Amended and Restated Indenture, dated as of January 1, 2018, each between the Authority and the Trustee, as it may from time to time be amended or supplemented by all Supplemental Indentures executed pursuant to the provisions hereof.

"Independent Counsel" means an attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the Authority or the City.

"Information Services" means Financial Information, Inc.'s "Financial Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service "Municipal and Government," 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addressees providing information with respect to called bonds as the Authority may designate in writing to the Trustee.

"Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of November 1, 2004, by and between the Authority and the City, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions hereof and thereof.

"Interest Payment Date" means the first Business Day of each March, June, September, and December, commencing December 1, 2004, during the period that the Bonds bear interest at a Weekly Interest Rate, and, after the Fixed Rate Date, semiannually on each June 1 and December 1, except, in the case of Bank Bonds, "Interest Payment Date" shall mean the date on which any

interest with respect to Bank Bonds is due under the Liquidity Facility.

"Letter of Credit" means the letter of credit issued by the Credit Provider pursuant to the Reimbursement Agreement.

"Liquidity Facility" means any letter of credit, committed line of credit, bond purchase agreement, surety bond, bond insurance policy or other instrument, or any combination thereof (including any Substitute Liquidity Facility), under the terms of which the Trustee is authorized to receive payment of an amount sufficient to pay when and as due hereunder the purchase price of the Bonds upon the optional or mandatory tender thereof, including the principal amount and accrued interest thereon to the Purchase Date or Mandatory Purchase Date, as applicable, to the extent required to be paid hereunder. The initial Liquidity Facility shall be the Letter of Credit issued pursuant to the Reimbursement Agreement.

"Liquidity Provider" means, initially, JPMorgan Chase Bank, N.A., acting as the provider of the Liquidity Facility, or any successor thereto, or the issuer of a Substitute Liquidity Facility, if such Substitute Liquidity Facility has been issued as provided in accordance with this Indenture.

"Mandatory Purchase Date" means any date upon which Bonds have been called for mandatory tender for purchase in accordance with Section 2.18 or Section 2.19 hereof.

"Mandatory Sinking Account Payment" means the principal amount of Bonds required to be paid on the first Business Day of each June pursuant to Section 3.01(c) hereof.

"Mandatory Sinking Account Payment Date" means the first Business Day of each June of each year commencing in 2009 and terminating in 2034, as the same may be converted to a Serial Maturity Date in accordance with Sections 2.03(c)(ii) and (d) hereof.

"Maximum Annual Debt Service" means the maximum Annual Debt Service for any Bond Year prior to the maturity of the Bonds.

"Maximum Interest Rate" means, subject to applicable law, during the period in which the Liquidity Facility is effective and with respect to Bonds other than Bank Bonds, twelve percent (12%) per annum, and, with respect to Bank Bonds, the "Maximum Interest Rate" as such term is defined in the Liquidity Facility.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"Non-tender Notice" means any written notice given by an Owner to the Tender Agent directing the Tender Agent not to purchase such Owner's Bond on a Mandatory Purchase Date, as provided in Section 2.18 or Section 2.19 hereof, substantially in the form attached hereto as Exhibit F-1 or Exhibit F-2.

"Nominee" means, initially, Cede & Co., as nominee of the Depository, as determined from time to time pursuant hereto.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02 hereof) all Bonds theretofore or thereupon executed by the Authority and authenticated and delivered by the Trustee pursuant hereto except --

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 10.01 hereof; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the Authority and authenticated and delivered pursuant hereto.

"Owner" means the registered owner, as indicated in the Bond Register, of any Bond.

"Participant" means each broker-dealer, bank, and other financial institution from time to time for which the Depository holds Book-Entry Bonds as securities depository.

"Payment Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Permitted Investments" means any of the investments listed in Exhibit G attached hereto and incorporated herein by this reference, provided at the time of investment the investment is a legal investment under the laws of the State of California for the moneys proposed to be invested therein.

"Principal Office of the Trustee" means the principal corporate trust office of the Trustee located in Los Angeles, California, or such other or additional offices as the Trustee may designate in writing.

"Principal Payment Date" means, prior to the Fixed Rate Date, June 1, 2034, and, after the Fixed Rate Date, June 1, 2034, and Serial Maturity Dates, if any.

"Project" means the headworks and septic system conversion projects more particularly described in Exhibit D hereto.

"Project Costs" means the contract prices paid or to be paid for the acquisition, construction, or improvement of any portion of the Project and related facilities in accordance with a purchase or construction contract or contracts therefor. Project Costs include any other administrative, engineering, legal, financial, and other costs incurred by the City in connection with the construction of the Project.

"Project Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Purchase Date" means the Business Day specified in a Tender Notice as the date on which a Bond or portion thereof in an Authorized Denomination or any integral multiple thereof is to be purchased pursuant to Section 2.17 hereof.

"Purchase Fund" means the fund by that name established in accordance with Section 2.22 hereof.

"Rating Agency" means an agency that has provided a credit rating on the Bonds. As of the Closing Date, only S&P has provided such credit rating.

"Rebatable Arbitrage" has the meaning given to such term in Section 6.02(8)(a) hereof.

"Rebate Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Record Date" means (i) the close of business on the Business Day immediately preceding any Interest Payment Date so long as the Bonds bear interest at a Weekly Interest Rate and (ii) the fifteenth (15th) day of the month immediately preceding any Interest Payment Date after the Fixed Rate Date, whether or not such day is a Business Day.

hereof.

"Redemption Notice" shall have the meaning assigned to such term in Section 3.03

"Reimbursement Agreement" means the Letter of Credit and Reimbursement Agreement, dated as of January __, 2018, by and among the City, the Authority, and the Credit Provider, providing for the issuance of the Letter of Credit, as such agreement is originally executed or as it may from time to time be supplemented, modified, or amended in accordance with its terms. "Reimbursement Agreement" shall also mean and include, to the extent required by context herein, any agreement providing for the issuance of a Substitute Credit Facility or a Substitute Liquidity Facility, as applicable.

"Remarketing Agent" means J.P. Morgan Securities LLC, or any successor remarketing agent appointed by the Authority in accordance with the terms of the Remarketing Agreement.

"Remarketing Agreement" means the Remarketing Agent Agreement, dated as January 1, 2018, by and between the Remarketing Agent and the Authority and acknowledged by the Trustee and the Tender Agent, including any amendments or supplements thereto made or entered into in accordance with the terms thereof.

"Remarketing Proceeds Account" means the account by that name established in accordance with Section 2.22 hereof.

"Representation Letter" shall have the meaning assigned to such term in Section 2.13 hereof.

"Revenues" means all Installment Payments made pursuant to the Installment Purchase Agreement and the interest or profits from the investment of money in the funds established hereunder (other than the Rebate Fund), subject to the provisions of Article V hereof.

"Rule" means Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"Securities Depositories" means the following registered securities depositories: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Authority may indicate in a Certificate of the Authority delivered to the Trustee.

"Serial Bonds" means the Bonds maturing on the Serial Maturity Dates, as determined pursuant to Sections 2.03(c)(ii) and (d) hereof.

"Serial Maturity Dates" means the dates on which the Serial Bonds mature, as determined pursuant to Sections 2.03(c)(ii) and (d) hereof.

"Standby Bond Purchase Agreement," when used in the Installment Purchase Agreement, the Sale Agreement, or the Agency Agreement, shall mean the Liquidity Facility

and, if applicable, the Credit Facility.

"State" means the State of California.

"Substitute Credit Facility" means any letter of credit, committed line of credit, bond purchase agreement, surety bond, bond insurance policy or other instrument, or any combination thereof, under the terms of which the Trustee is authorized to receive payment of an amount sufficient to pay when and as due hereunder the purchase price of the Bonds upon the optional or mandatory tender thereof, including the principal amount and accrued interest thereon to the Purchase Date or Mandatory Purchase Date, as applicable, to the extent required to be paid hereunder, substituted for the Liquidity Facility in accordance with the provisions of Section 2.19(e) hereof.

"Substitute Liquidity Facility" means any letter of credit, committed line of credit, bond purchase agreement, surety bond, bond insurance policy or other instrument, or any combination thereof, under the terms of which the Trustee is authorized to receive payment of an amount sufficient to pay when and as due hereunder the purchase price of the Bonds upon the optional or mandatory tender thereof, including the principal amount and accrued interest thereon to the Purchase Date or Mandatory Purchase Date, as applicable, to the extent required to be paid hereunder, substituted for the Liquidity Facility in accordance with the provisions of Section 2.19(e) hereof.

"Supplemental Indenture" means any indenture then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Certificate" means the Tax Certificate delivered by the Authority and the City on the Closing Date, as the same may be amended or supplemented in accordance with its terms.

"Tender Agent" means Wells Fargo Bank, National Association, a national banking association existing under the laws of the United States of America, or any successor tender agent appointed by the Authority pursuant to the terms hereof; provided, however, that during all times that any of the Bonds remain Outstanding hereunder, the Tender Agent shall also be the Trustee.

"Tender Notice" means a notice in substantially the form set forth in Exhibit E hereto and delivered to the Tender Agent in connection with any optional tender for purchase of Bonds pursuant to Section 2.17 hereof.

"Trustee" means Wells Fargo Bank, National Association, a national banking association existing under the laws of the United States of America, and its successors or assigns, or any other association or corporation that may at any time be substituted in its place as provided in Section 7.02 hereof, and its successors or assigns.

"Weekly Interest Rate" means a rate of interest payable with respect to the Bonds determined by the Remarketing Agent on a weekly basis in accordance with Section 2.03(c)(i) hereof.

"Written Request of the Authority" means an instrument in writing signed by the

Chairman, the Vice Chairman, the Secretary, or the Controller of the Authority (or by the designee of any of the foregoing), or by any other officer of the Authority duly authorized for that purpose.

"Written Request of the City" means an instrument in writing signed by the Treasurer (or his or her designee) or the Chief Financial Officer (or his or her designee) of the City, or by any other official of the City duly authorized for that purpose.

SECTION 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Trustee for the benefit of the Owners from time to time of all Bonds authorized, executed, issued, and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued, and delivered hereunder, subject to the agreements, conditions, covenants, and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection, and security of all Owners of the Bonds without distinction, preference, or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance, or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

ISSUANCE OF BONDS; REGISTRATION AND TRANSFER OF BONDS

SECTION 2.01 Authorization; Designation; Form of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in the issuance of the Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law, and that the Authority is now duly authorized to issue the Bonds in the form and manner provided herein for the purpose of providing funds to finance the costs of construction, acquisition, and improvement of the Project, and that the Bonds shall be entitled to the benefit, protection, and security of the provisions hereof. The Bonds shall be issued under and shall be equally and ratably secured and entitled to the protection given by the Indenture and the provisions of the Act.

The Bonds shall be executed in the name of the Authority. The Trustee is hereby authorized and directed to authenticate and deliver the Bonds to the original purchaser or purchasers thereof. The Bonds shall be designated "City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B." The Bonds shall be issued and delivered in the aggregate principal amount of \$23,975,000. No additional Bonds may be issued hereunder.

The Bonds shall be substantially in the form set forth in Exhibit A attached hereto and incorporated herein by this reference, with necessary or appropriate insertions, omissions, and variations as permitted or required hereby. After the Fixed Rate Date, a new form of Bonds shall

be prepared, which form contains the terms of the Bonds applicable when the Bonds bear interest at a Fixed Rate.

SECTION 2.02 Description of Bonds. Each Bond shall be dated the Closing Date and shall be executed and delivered in fully registered form numbered as the Trustee shall determine. The Bonds shall be dated by the Trustee as of their date of authentication and shall be issued and delivered in Authorized Denominations (not exceeding the principal amount of Bonds maturing in any one year).

Prior to their conversion to a Fixed Rate (in which case Serial Maturity Dates may be established), all of the Bonds shall mature on June 1, 2034, and shall bear interest at a Weekly Interest Rate.

Interest with respect to each Bond shall accrue from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is after a Record Date and on or prior to the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date, or, unless such date of authentication is on or prior to the first Record Date, in which event interest with respect thereto shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond, interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment.

SECTION 2.03 Payment Dates of Bonds; Interest.

(a) Method and Place of Payment. The principal of the Bonds shall be payable, subject to prior optional and mandatory redemption, including, without limitation, Mandatory Sinking Account Payments and conversion to a Fixed Rate (in which case Serial Maturity Dates may be established), on each Principal Payment Date. The principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender thereof on maturity or on redemption prior thereto at the Principal Office of the Trustee.

Interest with respect to any Bond shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date. Interest shall be paid by check or draft of the Trustee, sent to the Owner by first-class mail, postage prepaid, at his address as it appears on the Bond Register; provided, however, that the Owner of One Million Dollars (\$1,000,000) or more in aggregate principal amount represented by the Bonds may request in writing that the Trustee pay the interest represented by such Bonds by wire transfer to a designated account in the United States and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request. Payments of defaulted interest shall be paid by check or draft to the Owners as of a special record date to be fixed by the Trustee, notice of which special record date shall be mailed to the Owners not less than ten (10) days prior thereto.

The principal, premium, if any, and interest with respect to the Bonds shall be payable in lawful money of the United States of America.

(b) Computation of Interest. The interest on the Bonds shall be payable on each Interest Payment Date to and including their Principal Payment Date(s) or redemption prior

thereto, and shall be payable from portions of the Installment Payments coming due on the Interest Payment Dates in each year (at the applicable interest rate determined pursuant to subsection (c) hereof). The principal of the Bonds shall be payable on their Principal Payment Date(s) and Mandatory Sinking Account Payment Dates in each year and shall be payable from portions of the Installment Payments coming due on the Principal Payment Date(s) and Mandatory Sinking Account Payment Dates in each year.

During the period in which the Bonds bear interest at a Weekly Interest Rate, interest with respect thereto shall be calculated on the basis of a 365/366-day year, as applicable, for the actual days elapsed. After the Fixed Rate Date, interest with respect to the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Notwithstanding anything herein to the contrary, Bank Bonds shall bear interest at the rates specified in the Liquidity Facility and shall be calculated on the basis set forth and payable on such dates as set forth in the Liquidity Facility. During the period in which the Bonds bear interest at a Weekly Interest Rate, payment shall be made on each Interest Payment Date for unpaid interest accrued from and including the first day of the preceding three-month quarter, through and including the last day of the preceding three-month quarter, except that payment shall be made on the initial Interest Payment Date for the Bonds for interest accrued from and including the Closing Date. After the Fixed Rate Date, payment shall be made with respect to the Bonds on each Interest Payment Date for unpaid interest accrued to but not including such Interest Payment Date.

(c) Determination of Interest Rates for Bonds. On the Closing Date, the Bonds shall bear interest at a Weekly Interest Rate. The Authority may, at any time, in its sole discretion, designate that the Bonds shall bear interest at a Fixed Rate in accordance with subsection (d) hereof and thereafter the interest rate payable with respect to the Bonds shall be determined by the Remarketing Agent as set forth in this Section 2.03(c).

(i) On and after the Closing Date but prior to the Fixed Rate Date, the Bonds shall bear interest at a Weekly Interest Rate and the Remarketing Agent, having due regard for prevailing financial market conditions, shall determine, on each Adjustment Date, the interest rate payable with respect to the Bonds as that rate of interest that, if payable with respect of the Bonds during the next weekly period, would be the interest rate, but not in excess of the interest rate, which would enable the Remarketing Agent to remarket the Bonds on the Adjustment Date at one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, thereon, and the interest rate so determined shall be the interest rate payable with respect to the Bonds for the weekly period immediately succeeding such Adjustment Date. The Remarketing Agent shall promptly give telephonic notice to the Authority, the City, the Liquidity Provider, the Credit Provider, the Trustee, and the Tender Agent of the Weekly Interest Rate.

(ii) On and after the Fixed Rate Date, the Bonds shall bear interest at the Fixed Rate. At least one Business Day prior to the Fixed Rate Date, the Remarketing Agent, having due regard for prevailing financial market conditions, shall determine the interest rate or rates payable with respect to the Bonds as the rate or rates or interest that, if payable with respect to the Bonds until their Principal Payment Date(s), including Serial Maturity Dates, or Mandatory Sinking Account Payment Dates would be the interest rate or rates, but not in excess of the interest rate or rates, that would enable the Remarketing Agent to remarket the Bonds on the Fixed Rate Date at one hundred percent (100%) of the

principal amount thereof plus accrued interest, if any, thereon. In connection with the foregoing, the Remarketing Agent, having due regard for prevailing financial market conditions, shall determine the portion, if any, of the Bonds that shall become Serial Bonds, the Serial Maturity Dates for that shall be June 1 in each year that such Serial Bonds shall mature. The Bonds to become Serial Bonds on the Fixed Rate Date shall be selected by lot from all Outstanding Bonds, as directed in writing by the Authority. The aggregate principal amount of Serial Bonds for each Serial Maturity Date shall be the amount specified in the table set forth in Section 3.01(c) hereof under the caption "Principal Amount" for the year that corresponds to such Serial Maturity Date, as such amount has been adjusted pursuant to Section 3.01(c) hereof. All Bonds that are not designated as Serial Bonds shall retain their original Principal Payment Date and shall continue to be subject to Mandatory Sinking Account Payments in accordance with Section 3.01(c) hereof. Upon conversion to a Fixed Rate, new forms of Bonds shall be prepared pursuant to Section 2.04 hereof, which Bonds shall indicate the Serial Maturity Dates, if any. The Remarketing Agent shall promptly give telephonic notice to the Authority, the City, Liquidity Provider, the Credit Provider, the Trustee, and the Tender Agent of the Fixed Rate.

(d) Designation of Fixed Rate for Bonds. Upon the written direction of the Authority to convert to a Fixed Rate, the Remarketing Agent shall designate the Fixed Rate to be in effect for the Bonds by delivering written notice to the Authority, the City, the Trustee, the Tender Agent, Liquidity Provider, and the Credit Provider, at least thirty-five (35) days prior to the Fixed Rate Date that states (A) the Fixed Rate Date, (B) when the Fixed Rate will be determined, (C) whether the Fixed Rate will consist of one interest rate payable with respect to the Bonds until their Principal Payment Date(s) or several interest rates payable with respect to the Bonds until their Principal Payment Date(s) and (D) the optional prepayment provisions applicable to the Bonds on and after the Fixed Rate Date. Such notice from the Remarketing Agent shall be accompanied by an opinion of Independent Counsel to the effect that the designation of the Fixed Rate will not materially adversely affect the enforceability of the Installment Purchase Agreement or the Sale Agreement or the ability of an Owner to treat interest payable with respect to the Bonds as interest excludable from gross income for Federal income tax purposes.

Within five (5) days of receipt of such written notice from the Remarketing Agent, the Trustee shall give written notice, by first class mail, postage prepaid, to all Owners of Bonds that states (Y) the Fixed Rate Date, and (Z) that all Bonds shall be called for mandatory tender for purchase on the Fixed Rate Date and shall be purchased on the Fixed Rate Date.

The Remarketing Agent shall cancel the designation of the Fixed Rate at the Written Request of the Authority received at least twelve (12) Business Days prior to the Fixed Rate Date and the interest rate payable with respect to the Bonds shall not be converted to the Fixed Rate, provided, however, that the Bonds shall be subject to mandatory tender for purchase pursuant to Section 2.18 hereof on the date specified by the Remarketing Agent as the Fixed Rate Date notwithstanding that the Remarketing Agent has caused the cancellation of the conversion of the interest rate payable with respect to the Bonds to the Fixed Rate.

(e) Failure of Remarketing Agent. In the event (a) the Remarketing Agent fails or is unable to determine the interest rate(s) with respect to the Bonds, or (b) the method of determining the interest rate(s) with respect to the Bonds shall be held to be unenforceable by a court of law of competent jurisdiction, the Bonds shall thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered an opinion of

Independent Counsel to the effect that the method of determining such rate is enforceable, bear interest from the last date on which such rate was determined in the case of clause (a) and on which interest was legally paid in the case of clause (b), at the Alternate Rate.

(f) **Binding Determination.** The determination by the Remarketing Agent in accordance with Section 2.03(c) or (d) hereof, or the determination in accordance with Section 2.03(e) hereof, of the interest rate payable with respect to the Bonds shall be conclusive and binding on the Authority, the City, the Trustee, the Tender Agent, Liquidity Provider, the Credit Provider, and the Owners of the Bonds.

(g) **Maximum Interest Rate.** Notwithstanding anything to the contrary contained herein, in no event shall the interest rate payable with respect to any Bond (exclusive of any Bank Bonds) at any time exceed the Maximum Interest Rate. This subsection (g) shall not contravene the right of the Liquidity Provider to receive interest with respect to Bank Bonds calculated at the "Maximum Interest Rate" as such term is defined in the Liquidity Facility.

SECTION 2.04 Execution. All of the Bonds shall be executed in the name of and on behalf of the Authority with the signature of the Chairman (or, in his or her absence, the Vice Chairman of the Authority) and the countersignature of the Secretary of the Authority. Each such signature may be manually affixed, printed, lithographed, or facsimile engraved.

In case any such officer whose signature or countersignature appears on the Bonds shall cease to be such officer before the Bonds so signed shall have been delivered, such signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until the delivery of the Bonds, and such Bonds shall be issued and Outstanding hereunder and shall be as binding upon the Authority as though the person who signed such Bonds had been such official on the date borne by the Bonds and on the date of delivery. In addition, any Bond may be signed on behalf of the Authority by such person as at the actual date of execution of such Bond shall be the Chairman or Vice Chairman or Secretary of the Authority, as the case may be, although on the date borne by such Bond such person shall not have been such official.

No Bond issued pursuant to this Indenture shall be valid and entitled to the benefits, security, and protection of this Indenture unless the Certificate of Authentication on such Bond has been manually executed by the Trustee.

SECTION 2.05 Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Trustee. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit A hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Trustee may establish. Upon such registration of transfer, a new Bond or Bonds, of Authorized Denominations, for the same aggregate principal amount, maturity, and interest rate shall be executed and delivered to the transferee in exchange therefor. All such Bonds surrendered to the Trustee shall thereupon be cancelled by the Trustee and destroyed with a certificate of destruction delivered to the Authority upon its order.

The Authority and the Trustee shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute Owner of such Bond, whether or not the principal of or interest on such Bond shall be overdue, for the purpose

of receiving payment of principal and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of other Authorized Denominations of the same maturity and interest rate. All Bonds surrendered in any such exchange shall thereupon be canceled by the Trustee and either destroyed or delivered to the Authority upon its order. The Trustee may 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 register the transfer or exchange of any Bond during a period beginning at the opening of business fifteen (15) days before the date such Bonds are selected for redemption and the date any Bonds are to be redeemed or any Bond selected for redemption, except for the portion of any Bond redeemed only in part that remains Outstanding.

SECTION 2.06 Bonds Mutilated, Lost, Destroyed, or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of such Bond, shall execute and the Trustee shall deliver a new Bond of like denomination, maturity, and interest rate in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed. If any Bond 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, has been given, the Authority shall, at the expense of the Owner, execute and the Trustee shall authenticate and deliver a new Bond of like denomination, maturity, and interest rate in lieu of and in substitution for the Bond so lost, destroyed, or stolen. The Trustee may require payment of an appropriate fee for each new Bond delivered under this Section 2.06 and of the expenses that may be incurred by the Trustee in carrying out its duties under this Section 2.06. Any Bond executed and delivered under the provisions of this Section 2.06 in lieu of any Bond claimed to be lost, destroyed, or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds. Notwithstanding any other provision of this Section 2.06, in lieu of delivering a new Bond for one that has been mutilated, lost, destroyed, or stolen, and that has matured, or has been called for redemption, the Trustee may make payment of the principal of or interest with respect to such Bond upon receipt of indemnity satisfactory to it.

SECTION 2.07 Temporary Bonds. Until definitive Bonds shall be prepared, the Authority may cause to be executed and delivered in lieu of such definitive Bonds and subject to the same provisions, limitations, and conditions as are applicable in the case of definitive Bonds, except that they may be in any denominations authorized by the Authority, one or more temporary typed, printed, lithographed, or engraved Bonds in fully registered form, as may be authorized by the Authority, substantially of the same tenor and, until exchanged for definitive Bonds, entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds. If the Authority issues temporary Bonds, it shall execute and furnish definitive Bonds without unnecessary delay and thereupon the temporary Bonds may be surrendered to the Principal Office of the Trustee, without expense to the Owner in exchange for such definitive Bonds. All temporary Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

SECTION 2.08 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, shall be sufficient for any purpose of this Indenture (except as otherwise herein provided) if made in the following manner. The fact and date of the execution by any Owner or his attorney or agent of any such instrument, and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the person signing such instrument acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such certificate shall also constitute sufficient proof of his authority.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated that it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

SECTION 2.09 Bond Register. The Trustee shall keep or cause to be kept at the Principal Office of the Trustee sufficient books for the registration and registration of transfer of the Bonds, which books shall at all times during regular business hours be open to inspection by the City. Upon presentation for registration of transfer, the Trustee shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register, or register the transfer of, the Bonds, or cause the same to be registered or cause the transfer of the same to be registered, on such books.

SECTION 2.10 Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such Bond shall be held by the Trustee for the benefit of the Owner thereof, all liability of the Authority to the Owner thereof for the payment of the principal amount of such Bond shall forthwith cease, determine, and be completely discharged and thereupon it shall be the duty of the Trustee to hold such funds (subject to Section 2.11 hereof), without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on, or with respect to, such Bond.

SECTION 2.11 Unclaimed Money. Anything contained herein to the contrary notwithstanding, the Trustee shall notify the Authority of any money held by the Trustee in trust for the payment and discharge of any of the Bonds which has remained unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee. The Trustee shall at the Written Request of the Authority repay such money to the Authority 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 Authority for the

payment of such Bonds.

SECTION 2.12 Book-Entry System; Limited Obligation. Bonds of each maturity shall be initially issued and delivered in the Book-Entry Bond form of a separate single fully registered Bond (which may be typewritten). Upon initial issuance and delivery, the ownership of each such Book-Entry Bond shall be registered in the Bond Register in the name of the Nominee of the Depository. Except as provided in Section 2.14 hereof, all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Authority, the City, and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Authority, the City, and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, beneficial owner, or any other person, other than the Depository, of any notice with respect to the Bonds, including any Redemption Notice, (c) the selection by the Depository and the Participants of the beneficial interest in the Bonds to be redeemed in part, or (d) the payment to any Participant, beneficial owner, or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Authority, the City, and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bond Owners, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee, the Authority, and the City 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 Indenture shall refer to such new nominee of the Depository.

Notwithstanding the foregoing, in the event any Bond is tendered but not remarketed, with the result that such Bond becomes a Bank Bond, the Trustee and the Authority shall, if requested by the Liquidity Provider, take all such actions as shall be necessary to remove such Bank Bond from the book-entry system of DTC and to register such tendered but not remarketed Bond in the name of the Liquidity Provider. Bank Bonds not in the book-entry system of DTC shall be held by the Liquidity Provider, or, at the option of the Liquidity Provider, by the Trustee on behalf and for the benefit of the Liquidity Provider. At such time as all Bank Bonds have been remarketed such that no Bank Bonds remain Outstanding and the Liquidity Facility has been reinstated in full, the Trustee and the Authority shall take all such actions as shall be necessary to return such Bonds to the full book-entry system of DTC.

SECTION 2.13 Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority Representative is hereby authorized to execute, countersign, and deliver on behalf of the Authority to such Depository a letter from the Authority representing such matters as shall be necessary to so qualify the Bonds (the "**Representation Letter**"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 hereof or in any other way impose upon the Authority any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Trustee in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the Authority Representative and all other officers of the Authority, and their respective designees, each are hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

SECTION 2.14 Transfers Outside Book-Entry System. If at any time the Depository notifies the Authority, the Trustee, and the City that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Depository is not appointed by the Authority, at the direction of the City, within ninety (90) days after the Authority receives notice or becomes aware of such condition, as the case may be, Section 2.12 hereof shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver the Bonds as provided below. In addition, the Authority, upon receipt of written directions from the City, may determine at any time that the Bonds shall no longer be represented by Book-Entry Bonds and that the provisions of Section 2.12 hereof shall no longer apply to the Bonds. In any such event, the Authority shall execute and the Trustee shall authenticate and deliver the Bonds as provided below. Bonds authenticated and delivered in exchange for Book-Entry Bonds pursuant to this Section 2.14 shall be registered in such names and delivered in such Authorized Denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such Bonds to the persons in whose names such Bonds are so registered.

If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or cause to be prepared a new fully-registered Book-Entry Bond for each maturity of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Authority, the Trustee, and such securities depository and not inconsistent with the terms of this Indenture.

SECTION 2.15 Payments and Notices to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

SECTION 2.16 Initial Depository and Nominee. The initial Depository under this Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

SECTION 2.17 Owner's Optional Demand for Purchase. During the period in which the Bonds bear interest at a Weekly Interest Rate, so long as a Liquidity Facility is in effect, any Bond (or portion thereof in a principal amount equal to an Authorized Denomination), including any Bond for which a Redemption Notice has been given pursuant to Section 3.03 hereof, shall be purchased, on the demand of the Owner thereof, on any Purchase Date at a purchase price equal to one hundred percent (100%) of the principal amount thereof or portion thereof to be purchased, plus accrued interest, if any, thereon to the Purchase Date, upon presentation to the Tender Agent at its principal corporate trust office in Los Angeles, California, Minneapolis, Minnesota, or at such other location as may be designated by the Tender Agent and approved by the Authority, of a properly completed Tender Notice at or before 10:00 a.m., California time, on or prior to the seventh (7th) day next preceding the Purchase Date, and delivery to the Tender Agent at or prior to 10:00 a.m., California time, on the Purchase Date of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Tender Agent).

Such presentation shall be deemed made on the day of receipt of the Tender Notice by the Tender Agent if received not later than 10:00 a.m., California time, on that day and if received after 10:00 a.m., California time, such presentation shall be deemed made on the following Business Day. Any Tender Notice once given hereunder shall be irrevocable whether or not Bonds are thereafter delivered.

Promptly upon receipt by the Tender Agent of a Tender Notice delivered to it in accordance with this Section 2.17 or such notice of demand for purchase as may be required by the Representation Letter, the Tender Agent shall give notice by Electronic Means, promptly confirmed in writing, to the Remarketing Agent, the Authority, the City, the Liquidity Provider, and the Trustee specifying the principal amount of Bonds to be purchased pursuant to said notice, and specifying the Purchase Date. By 9:30 a.m., California time, on the Business Day immediately preceding the Purchase Date, the Remarketing Agent shall give notice by Electronic Means, promptly confirmed in writing, to the Authority, the City, the Tender Agent, the Trustee, and the Liquidity Provider specifying the principal amount represented by the Bonds (including Bank Bonds) sold by it and the proceeds of such Bonds received by it pursuant to Section 2.20 hereof, including any registration information supplied by the purchaser, and the principal amount of Bonds required to be purchased on behalf of the Liquidity Provider pursuant to moneys drawn by the Trustee under the Liquidity Facility.

SECTION 2.18 Mandatory Tender for Purchase on Fixed Rate Date. On the Fixed Rate Date, all Bonds (except Bank Bonds) shall be purchased from the Owners thereof at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, thereon in accordance with and from the sources of funds specified in Section 2.20 hereof; except that Bonds with respect to which the Tender Agent shall have received Non-tender Notices from the Owners thereof in accordance with this Section 2.18 shall not be purchased.

Subsequent to the giving by the Trustee of the notice specified in Section 2.03(d) hereof, any Owner may direct the Tender Agent not to effect the purchase on such Mandatory Purchase Date of any Bonds owned by such Owner by delivering to the Tender Agent on or before the fifteenth (15th) day preceding the Mandatory Purchase Date a Non-tender Notice that shall

(i) state that such person is the Owner of the Bonds and specify the numbers and denominations

of the Bonds so owned, (ii) acknowledge that the interest rate for such Bonds shall be changed on the Fixed Rate Date, (iii) accept the new interest rate or rates, Interest Payment Dates, Record Dates, and method of establishing the interest rate or rates, for such Bonds, (iv) acknowledge that no Liquidity Facility will be in effect after the Fixed Rate Date, which may result in a reduction or withdrawal of the Rating Agency's rating of the Bonds from the rating that then prevails, acknowledge that such Owner has no right to exercise his optional demand for purchase of such Bonds between the date of such Non-tender Notice and the Fixed Rate Date, and (vi) direct the Tender Agent not to effect the purchase of the Bonds for which such Owner has delivered the Non-tender Notice. Any Non-Tender Notice delivered to the Tender Agent in accordance with this Section 2.18 shall be irrevocable with respect to the Bonds for which such Non-Tender Notice is delivered; but any such Non-tender Notice shall have no effect upon any subsequent redemption of Bonds.

Promptly upon receipt by the Tender Agent of a Non-tender Notice delivered to it in accordance with this Section 2.18, the Tender Agent shall give notice by Electronic Means, promptly confirmed in writing, to the Remarketing Agent, the Authority, the City, the Liquidity Provider, and the Trustee specifying the principal amount of Bonds for which it has received a Non-tender Notice, and the principal amount of Bonds for which it has not received a Non-tender Notice. By 9:30 a.m., California time, on the Business Day immediately preceding the Mandatory Purchase Date, the Remarketing Agent shall give notice by Electronic Means, promptly confirmed in writing, to the Authority, the City, the Tender Agent, the Trustee, and the Liquidity Provider specifying the principal amount represented by Bonds (including Bank Bonds) sold by it and the proceeds of such Bonds received by it pursuant to Section 2.20 hereof, including any registration information supplied by the purchaser and the principal amount of Bonds required to be purchased by the Liquidity Provider pursuant to a moneys drawn by the Trustee under the Liquidity Facility. Any Owner who delivers a Non-tender Notice shall not have the right to exercise the optional demand for purchase of such Bonds between the date of the Non-tender Notice and the Mandatory Purchase Date, and the Tender Agent shall not accept any optional tender of such Bonds. Owners not providing the Tender Agent with a Non-tender Notice as described above shall be deemed to have tendered their Bonds as of the Mandatory Purchase Date to the Tender Agent. From and after the Mandatory Purchase Date, said Owners shall not be entitled to any payment (including any interest to accrue from and after the Mandatory Purchase Date) other than the purchase price for such Bonds calculated as of the Mandatory Purchase Date. Such Bonds shall no longer otherwise be entitled to the benefits of this Indenture.

Subject to the provisions of Section 2.12 hereof, Bonds delivered to the Tender Agent and sold by the Remarketing Agent pursuant to Section 2.20 hereof shall be registered and delivered, upon payment therefor, at the principal corporate trust office of the Tender Agent to the Remarketing Agent for redelivery. Bonds delivered to the Tender Agent and purchased with moneys drawn under the Liquidity Facility to purchase and retire Bonds on behalf of the Authority shall be canceled. Bonds delivered to the Tender Agent and purchased with moneys drawn under the Liquidity Facility to purchase Bonds on behalf of the Liquidity Provider shall be registered in the name of the Liquidity Provider or its designee and delivered to the Tender Agent, as custodian for the Liquidity Provider.

SECTION 2.19 Mandatory Tender for Purchase upon Expiration Date or Certain Events of Default under the Liquidity Facility or the Credit Facility, Provision of Substitute Liquidity Facility or Substitute Credit Facility, Termination of Credit Facility, or Event of Default under this Indenture.

(a) All Bonds (except Bank Bonds) shall be purchased from the Owners thereof on the tenth (10th) day prior to the Expiration Date, or if such day is not a Business Day, then the Business Day immediately preceding, at a purchase price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest, if any, thereon, in accordance with and from the sources of funds specified in Section 2.20 hereof, except that Bonds with respect to which the Tender Agent shall have received a Non-tender Notice from the Owners thereof in accordance with this Section 2.19, shall not be purchased.

(b) (i) The Trustee shall give written notice, by first class mail, postage prepaid, of mandatory purchase prior to the Expiration Date of the Liquidity Facility to all Owners of Bonds at least thirty (30) days prior to the date fixed as the Mandatory Purchase Date. Such notice shall state (A) the Mandatory Purchase Date, (B) that the Liquidity Facility shall expire on the Expiration Date and that from and after such date no liquidity support in respect of Installment Payments or the Bonds will be in effect, (C) that any rating of the Bonds by the Rating Agency may be withdrawn or reduced from such ratings as then prevail, (D) that all Outstanding Bonds will be purchased on the tenth (10th) day prior to the Expiration Date, or if such day is not a Business Day, then the Business Day immediately preceding, except Bonds with respect to which the Owner has delivered a Non-tender Notice in accordance with this Section 2.19 and the required contents and the due date of such Non-tender Notice, (E) that any Owner delivering a Non-tender Notice waives the right to exercise his optional demand for purchase of such Bonds between the date of such Non-tender Notice and the Mandatory Purchase Date, (F) that from and after the Expiration Date, no optional demand for purchase may be made until and unless a Substitute Liquidity Facility is obtained, and (G) that lack of response to such notice shall be deemed a consent to such purchase.

(ii) The Trustee shall give written notice, by first class mail, postage prepaid, of mandatory purchase prior to the Expiration Date of the Credit Facility to all Owners of Bonds at least thirty (30) days prior to the date fixed as the Mandatory Purchase Date. Such notice shall state (A) the Mandatory Purchase Date, (B) that the Credit Facility shall expire on the Expiration Date and that from and after such date no Credit Facility credit support in respect of Base Rental payments or the Bonds will be in effect, (C) that any rating of the Bonds by the Rating Agency may be withdrawn or reduced from such ratings as then prevail, (D) that all Outstanding Bonds will be purchased on the tenth (10th) day prior to the Expiration Date, or if such day is not a Business Day, then the Business Day immediately preceding, (E) that lack of response to such notice shall be deemed a consent to such purchase, and (F) that no Owner may deliver a Non-tender Notice.

(c) Any Owner may direct the Tender Agent not to effect the purchase of any Bonds owned by him and required to be purchased pursuant to Section 2.19(b)(i) hereof in connection with the Expiration Date by delivering to the Tender Agent on or before the fifteenth (15th) day preceding the Mandatory Purchase Date a Non-tender Notice that shall (i) state that such person is the Owner and specify the numbers and denominations of the Bonds so owned, (ii) acknowledge that no liquidity support in respect of the Bonds will be in effect following the

Expiration Date, which may result in a reduction or withdrawal of the Rating Agency's rating of the Bonds from those that then prevail, (iii) acknowledge that such Owner has no right to exercise his optional demand for purchase of such Bonds between the date of the Non-tender Notice and the Mandatory Purchase Date, (iv) acknowledge that from and after the Expiration Date, no optional demand for purchase may be made until such time, if ever, as a Substitute Liquidity Facility is obtained, and (v) direct the Tender Agent not to effect the purchase of the Bonds for which such Owner has delivered the Non-tender Notice. Any Non-tender Notice delivered to the Tender Agent in accordance with this Section 2.19 shall be irrevocable with respect to the Bonds for which such Non-tender Notice is delivered; but any such Non-tender Notice shall have no effect upon any subsequent redemption of Bonds. Promptly upon receipt by the Tender Agent of a Non-tender Notice delivered to it in accordance with this Section 2.19, the Tender Agent shall give notice by Electronic Means, promptly confirmed in writing, to the Remarketing Agent, the Authority, the City, the Liquidity Provider, and the Trustee specifying the principal amount of Bonds for which it has received a Non-tender Notice, and the principal amount of Bonds for which it has not received a Non-tender Notice. By 9:30 a.m., California time, on the Business Day immediately preceding the Mandatory Purchase Date, the Remarketing Agent shall give notice by Electronic Means, promptly confirmed in writing, to the Authority, the City, the Tender Agent, the Trustee, and the Liquidity Provider specifying the principal amount represented by Bonds (including Bank Bonds) sold by it and the proceeds of such Bond received by it pursuant to Section 2.20 hereof, including any registration information supplied by the purchaser and the principal amount represented by the Bonds required to be purchased by the Liquidity Provider pursuant to moneys drawn by the Trustee under the Liquidity Facility. Any Owner who delivers a Non-tender Notice shall not have the right to exercise the optional demand for purchase of such Bonds, if applicable, between the date of the Non-tender Notice and the Mandatory Purchase Date and the Tender Agent shall not accept any optional tender of such Bonds. Owners not providing the Tender Agent with a Non-tender Notice as described above shall be deemed to have tendered their Bonds as of the Mandatory Purchase Date to the Tender Agent. From and after such Mandatory Purchase Date, said owners shall not be entitled to any payment (including any interest to accrue from and after such date) other than the purchase price for such Bonds calculated as of the Mandatory Purchase Date. Such Bonds shall no longer otherwise be entitled to the benefits of this Indenture.

(d) (i) The Bonds are subject to mandatory purchase at one hundred percent (100%) of the principal amount thereof, plus interest accrued thereon to the date of purchase from the Owners thereof, in whole, on any date, from amounts drawn under the Liquidity Facility, in the event that the Liquidity Provider notifies the Trustee in writing of the occurrence of an event of default under the Liquidity Facility by delivering a notice of such mandatory tender. Notwithstanding any other provisions of this Indenture to the contrary, the Bonds tendered or deemed tendered for purchase pursuant to this Section 2.19(d)(i) shall not be remarketed after such mandatory purchase unless and until the Liquidity Provider notifies the Trustee in writing that such event of default under the Liquidity Facility has been cured and that the Liquidity Provider's obligations thereunder have been reinstated. The Trustee shall give written notice, by first class mail, postage prepaid, of mandatory purchase within two (2) Business Days after receiving the foregoing notice of mandatory tender from the Liquidity Provider to all Owners of Bonds. Such notice shall state (A) the Mandatory Purchase Date (that shall be not later than five (5) Business Days later than the date on which such notice is mailed); (B) that all Outstanding Bonds will be purchased or deemed purchased on the Mandatory Purchase Date, regardless of whether such Bonds are physically tendered for purchase; (C) that no Bonds will

be remarketed after the Mandatory Purchase Date, and (D) that no Owner may deliver a Non-tender Notice in accordance with this Section 2.19(d)(i).

(ii) The Bonds are subject to mandatory purchase at one hundred percent (100%) of the principal amount thereof, plus interest accrued thereon to the date of purchase from the Owners thereof, in whole, on any date, from amounts drawn under the Liquidity Facility, in the event that the Credit Provider notifies the Trustee in writing of the occurrence of an event of default under the Credit Facility or that the Bank will not be reinstating the interest component of the Credit Facility after a drawing thereunder by delivering a notice of such mandatory tender. Notwithstanding any other provisions of this Indenture to the contrary, the Bonds tendered or deemed tendered for purchase pursuant to this Section 2.19(d)(ii) shall not be remarketed after such mandatory purchase unless and until the Credit Provider notifies the Trustee in writing that such event of default under the Credit Facility has been cured and that the Credit Provider's obligations thereunder have been reinstated; provided, however, that after such event of default has been cured the Authority may determine that the Bonds shall be remarketed without being secured by any Credit Facility. The Trustee shall give written notice, by first class mail, postage prepaid, of mandatory purchase within two (2) Business Days after receiving the foregoing notice of mandatory tender from the Credit Provider to all Owners of Bonds. Such notice shall state (A) the Mandatory Purchase Date (that shall be a Business Day not later than five (5) days later than the date on which such notice is mailed), (B) that all Outstanding Bonds will be purchased or deemed purchased on the Mandatory Purchase Date, regardless of whether such Bonds are physically tendered for purchase; (C) that no Bonds will be remarketed after the Mandatory Purchase Date, subject to the cure and remarketing provisions set forth above, and (D) that no Owner may deliver a Non-tender Notice in accordance with this Section 2.19(d)(ii).

(e) (i) The Authority shall be permitted to provide the Trustee with a Substitute Liquidity Facility, upon giving written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider, the Credit Provider, and the City forty-five (45) days prior to the proposed effective date of such Substitute Liquidity Facility. The Trustee shall provide notice to each Owner not less than thirty (30) days prior to the effective date of such Substitute Liquidity Facility, by first class mail, postage prepaid, of a Mandatory Purchase Date, which date shall be the effective date of such Substitute Liquidity Facility (unless such date is not a Business Day, in which case such Mandatory Purchase Date shall be on the next preceding Business Day), and requiring each Owner to tender his Bonds to the Tender Agent for purchase on such Mandatory Purchase Date. All Bonds, whether or not tendered for purchase on or prior to the effective date of such Substitute Liquidity Facility, shall be deemed purchased on the Mandatory Purchase Date, at a price of one hundred percent (100%) of the principal amount thereof, plus accrued and unpaid interest to such Mandatory Purchase Date. The Trustee shall cancel Bonds on its records not tendered by Owners as required pursuant to the aforesaid notice and prepare a revised form of Bond, with the advice of Independent Counsel and consistent with the terms of this Indenture; provided that the Trustee shall receive an opinion of Independent Counsel that such cancellation of Bonds and preparation of a new Bond form will not result in the interest payable with respect to the Bonds becoming includable in the gross income of the owners thereof for federal income tax purposes. No Owner may deliver a Non-tender Notice in accordance with this Section 2.19(e)(i).

(ii) The Authority shall be permitted to provide the Trustee with a Substitute Credit Facility, upon giving written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider, the Credit Provider, and the City forty-five (45) days prior to the proposed effective date of such Substitute Credit Facility. The Trustee shall provide notice to each Owner not less than thirty (30) days prior to the effective date of such Substitute Credit Facility, by first class mail, postage prepaid, of a Mandatory Purchase Date, which date shall be the effective date of such Substitute Credit Facility (unless such date is not a Business Day, in which case such Mandatory Purchase Date shall be on the next preceding Business Day), and requiring each Owner to tender his Bonds to the Tender Agent for purchase on such Mandatory Purchase Date. All Bonds, whether or not tendered for purchase on or prior to the effective date of such Substitute Credit Facility, shall be deemed purchased on the Mandatory Purchase Date, at a price of one hundred percent (100%) of the principal amount thereof, plus accrued and unpaid interest to such Mandatory Purchase Date. The Trustee shall cancel Bonds on its records not tendered by Owners as required pursuant to the aforesaid notice and prepare a revised form of Bond, with the advice of Independent Counsel and consistent with the terms of this Indenture; provided that the Trustee shall receive an opinion of Independent Counsel that such cancellation of Bonds and preparation of a new Bond form will not result in the interest payable with respect to the Bonds becoming includable in the gross income of the Owners thereof for federal income tax purposes. No Owner may deliver a Non-tender Notice in accordance with this Section 2.19(e)(ii).

(iii) The Authority shall be permitted to terminate the Credit Facility without providing any Substitute Credit Facility in substitution therefor upon giving written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider, the Credit Provider, and the City forty-five (45) days prior to the proposed effective date of such termination. The Trustee shall provide notice to each Owner not less than thirty (30) days prior to the termination date of the Credit Facility, by first class mail, postage prepaid, of a Mandatory Purchase Date, which date shall be the date of termination of the Credit Facility (unless such date is not a Business Day, in which case such Mandatory Purchase Date shall be on the next preceding Business Day), and requiring each Owner to tender his Bonds to the Tender Agent for purchase on such Mandatory Purchase Date. All Bonds, whether or not tendered for purchase on or prior to the termination date of the Credit Facility, shall be deemed purchased on the Mandatory Purchase Date, at a price of one hundred percent (100%) of the principal amount thereof, plus accrued and unpaid interest to such Mandatory Purchase Date. The Trustee shall cancel Bonds on its records not tendered by Owners as required pursuant to the aforesaid notice and prepare a revised form of Bond, with the advice of Independent Counsel and consistent with the terms of this Indenture; provided that the Trustee shall receive an opinion of Independent Counsel that such cancellation of Bonds and preparation of a new Bond form will not result in the interest payable with respect to the Bonds becoming includable in the gross income of the Owners thereof for federal income tax purposes. No Owner may deliver a Non-tender Notice in accordance with this Section 2.19(e)(iii).

(f) [RESERVED].

(g) Upon the occurrence and continuation of an Event of Default hereunder, the Bonds shall be subject to mandatory tender for purchase at par, without premium, plus accrued interest to the date of tender, upon receipt by the Trustee of a written request therefor from the

Credit Provider. Upon receipt of such notice, the Trustee shall mail a notice by first class mail, postage prepaid, to each Owner stating that (i) the Bonds shall be purchased and the date on which the purchase shall take place (that shall be no sooner than thirty (30) days after the mailing of such notice), (ii) from and after the Mandatory Purchase Date, such Owners shall not be entitled to any rights under this Indenture, and (iii) on the Mandatory Purchase Date, the Bonds must be presented to the Trustee, accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by an eligible guarantor institution. Payment of the purchase price of any Bond pursuant to this Section 2.19(g) shall be made by 3:00 p.m. (Los Angeles time) on the Mandatory Purchase Date, but only if and to the extent the Credit Provider has deposited the aggregate purchase price with the Trustee prior to such time that the Trustee mails notice of such mandatory tender to the Owners, upon delivery of such Bonds to the Trustee at the Principal Office of the Trustee accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by an eligible guarantor institution (provided, however, that while the Bonds are in the book-entry system, the Bonds shall be presented to the Trustee according to the normal and customary practice between DTC and the Trustee). No Owner may deliver a Non-tender Notice in accordance with this Section 2.19(g). Amounts shall not be drawn under the Liquidity Facility for any tender of Bonds for purchase under this Section 2.19(g).

SECTION 2.20 Purchase and Remarketing Upon Tender for Purchase. All Bonds tendered for purchase pursuant to Sections 2.17, 2.18, and 2.19 hereof (except (a) Bonds tendered for purchase pursuant to Section 2.19(d)(i) or (ii) hereof, that shall be purchased solely from funds furnished to the Tender Agent representing moneys drawn under the Liquidity Facility to purchase Bonds on behalf of the Liquidity Provider, and (b) Bonds, if any, tendered for purchase pursuant to Section 2.19(g) hereof, that shall be purchased solely from funds furnished by the Credit Provider) shall be purchased from the Owners thereof solely from the following sources of funds in the order of priority indicated:

- (i) Proceeds from the remarketing of such Bonds; and
- (ii) Funds furnished to the Tender Agent representing moneys drawn by the Trustee under the Liquidity Facility to purchase Bonds on behalf of the Liquidity Provider.

On the Business Day immediately preceding the Purchase Date or the Mandatory Purchase Date, as the case may be, for any Bonds, the Trustee shall, unless otherwise provided in the Representation Letter, by 10:00 a.m., Los Angeles time, without making any prior claim or demand upon the Authority, submit documents to the Liquidity Provider in accordance with the Liquidity Facility so as to receive money thereunder by 10:00 a.m., California time, on the Purchase Date or the Mandatory Purchase Date, as the case may be, which will be sufficient to pay the principal of and accrued interest, if any, on the Bonds, to the Purchase Date or the Mandatory Purchase Date, as the case may be, with respect to the Bonds optionally tendered or called for mandatory tender for purchase and for which the Trustee has not received notice from the Remarketing Agent pursuant to Section 2.17, 2.18 or 2.19(c) hereof of the successful remarketing thereof. The Trustee shall also draw an amount sufficient to pay the principal of and accrued interest on the Bonds to be purchased for retirement on behalf of the Authority. Amounts drawn under the Liquidity Facility shall be transferred to the Tender Agent and the Tender Agent shall

register the Bonds to be purchased with amounts drawn under the Liquidity Facility pursuant to clause (ii) above in the name of the Liquidity Provider or its designee. Such Bonds shall be held by the Tender Agent as custodian for the Liquidity Provider or transferred as instructed in writing by the Liquidity Provider. The Tender Agent shall hold all amounts drawn under the Liquidity Facility in accordance with this subsection (a) and Section 2.22 hereof and shall promptly transfer to the Liquidity Provider, at such account as the Liquidity Provider shall designate in writing to the Tender Agent, any amounts not necessary to pay the purchase price of Bonds on such Purchase Date or Mandatory Purchase Date, as the case may be.

The Trustee shall, on the Business Day immediately preceding each Purchase Date and each Mandatory Purchase Date, give notice to the Authority by Electronic Means, promptly confirmed in writing, specifying the amounts drawn under the Liquidity Facility required to pay the purchase price of Bonds or portions thereof on such date.

The Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds for which a Tender Notice has been delivered to the Tender Agent in accordance with Section 2.17 hereof or the Bonds called for mandatory tender for purchase pursuant to Sections 2.18 and 2.19 hereof (except for those Bonds for which any Owner delivers a Non-tender Notice) and subject to being remarketed hereunder, at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, thereon to the Purchase Date or the Mandatory Purchase Date, as the case may be. The Remarketing Agent shall not remarket any Bonds to the Authority, the City, the Credit Provider, any of their respective affiliates, or any guarantors of the aforementioned parties. The Remarketing Agent shall not, however, remarket Bonds for which it receives written notice from the Authority at least six (6) days prior to the Purchase Date or the Mandatory Purchase Date stating that the Authority will purchase such Bonds for retirement with moneys drawn under the Liquidity Facility. By 9:30 a.m., California time, on the Business Day immediately preceding each Purchase Date and each Mandatory Purchase Date, the Remarketing Agent shall give notice by Electronic Means, promptly confirmed in writing, to the Tender Agent, the Trustee, and the Liquidity Provider specifying the principal amount of Bonds sold by it, the proceeds of such remarketing received by it which proceeds shall not be invested prior to deposit with the Tender Agent in accordance with the immediately succeeding sentence and the principal amount represented by the Bonds required to be purchased by the Liquidity Provider from moneys drawn under the Liquidity Facility. Not later than 11:00 a.m., California time, on each Purchase Date and each Mandatory Purchase Date, the Remarketing Agent shall deposit or cause to be deposited with the Tender Agent, in immediately available funds, proceeds from the sale of Bonds remarketed by it pursuant to this Section 2.20; provided, however, that the obligation of the Remarketing Agent to provide such payment and the obligation of the Tender Agent to effect the purchase of Bonds on a Purchase Date shall be absolute and unconditional only as to remarketed Bonds for which the Tender Agent received a properly completed Tender Notice by 10:00 a.m., California time, on or prior to the seventh (7th) day prior to such Purchase Date. The Tender Agent shall, by the close of business on the Purchase Date or the Mandatory Purchase Date, as the case may be, pay the above moneys to the Owners.

The Remarketing Agent shall offer for sale and use its best efforts to sell all Bank Bonds first in connection with any remarketing and shall deliver such remarketed Bank Bonds to the purchasers thereof only upon satisfaction of all conditions precedent to the reinstatement of the Liquidity Facility to cover the purchase price of such Bonds. The Remarketing Agent shall give notice to the Tender Agent, the Trustee, the Authority, the City, and the Liquidity Provider prior to delivering such remarketed Bank Bonds to the purchasers thereof.

SECTION 2.21 Delivery of Bonds; Delivery of Proceeds of Sale. Subject to the provisions of Section 2.12 hereof, Bonds delivered to the Tender Agent and sold by the Remarketing Agent pursuant to Section 2.20 hereof shall be registered and delivered, upon payment therefor, at the principal corporate trust office of the Tender Agent to the Remarketing Agent for redelivery. Bonds delivered to the Tender Agent and purchased with moneys drawn under the Liquidity Facility to purchase and retire Bonds on behalf of the Authority shall be canceled. Bonds delivered to the Tender Agent and purchased with moneys drawn under the Liquidity Facility to purchase Bonds on behalf of the Liquidity Provider shall be registered in the name of the Liquidity Provider or its designee and delivered to the Tender Agent, as custodian for the Liquidity Provider, or transferred as instructed in writing by the Liquidity Provider.

SECTION 2.22 Purchase Fund. There is hereby established and there shall be maintained with the Tender Agent, as agent for the Trustee, a separate fund to be known as the "**Purchase Fund.**" The Tender Agent shall further establish separate accounts within the Purchase Fund to be known as the "**Bank Purchase Account**" and the "**Remarketing Proceeds Account.**"

(a) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of Bonds on a Purchase Date or Mandatory Purchase Date, the Tender Agent shall deposit such proceeds in the Remarketing Proceeds Account, to be held in trust for the benefit of the Owners that have tendered their Bonds for purchase, for application to the Purchase Price of the Bonds. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Bank Bonds, the Tender Agent shall hold such proceeds in trust for the Liquidity Provider and shall immediately pay such proceeds to the Liquidity Provider to the extent of any amount owing to the Liquidity Provider.

(b) Bank Purchase Account. Upon receipt from the Trustee of the immediately available funds transferred to the Tender Agent pursuant to Section 2.20 hereof, the Tender Agent shall deposit such money in the Bank Purchase Account for application to the Purchase Price or Mandatory Purchase Price of the Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Bank Purchase Account and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any Bonds shall be immediately returned to the Liquidity Provider.

(c) Investment. Amounts held in the Bank Purchase Account and the Remarketing Proceeds Account by the Tender Agent shall be held uninvested and separate and apart from all other funds and accounts.

SECTION 2.23 Delivery of Proceeds of Sale of Bank Bonds. The proceeds of the sale by the Remarketing Agent of any Bank Bonds shall be deposited in the Purchase Fund. On the settlement date for such purchase, the Tender Agent shall pay the Liquidity Provider, simultaneously with the receipt of telephonic notice by the Liquidity Provider to the Trustee, promptly confirmed in writing, of the reinstatement of the Commitment under the Liquidity Facility in an amount equal to the principal amount of Bonds Outstanding (other than Bank Bonds that have not been remarketed) plus interest for ninety-seven (97) days at the Maximum Interest Rate, from the proceeds of the remarketing of the Bank Bonds as are required to fully reimburse the Liquidity Provider for moneys drawn under the Liquidity Facility with respect to the Bonds being purchased, and shall thereafter receive the Liquidity Provider's release of the

Bank Bonds pursuant to the Liquidity Facility. No release of Bank Bonds shall occur until the Trustee and the Tender Agent shall have received written notice of such reinstatement of the Liquidity Facility. The Trustee shall thereupon register such Bonds in such names and deliver them to such new Owners as shall have been specified to the Tender Agent by the Remarketing Agent or the Authority.

SECTION 2.24 No Remarketing After Default. Notwithstanding anything in this Indenture to the contrary, the Remarketing Agent shall not remarket Bonds pursuant to this Article II or the Remarketing Agreement without the Liquidity Provider's prior written consent if there shall have occurred and be continuing an Event of Default as described in Section 9.01 hereof that shall cause a failure of the payment of principal of or interest on the Bonds or if any event shall have occurred that with the giving of notice or the passing of time would constitute an Event of Default as described in Section 9.01 hereof that shall cause a failure of the payment of principal of or interest on the Bonds.

SECTION 2.25 Best Efforts Conversion to Fixed Rate. If the Authority has not already redeemed the Bonds, the Authority shall use its best efforts to convert interest payable with respect to the Bonds from a Weekly Interest Rate to a Fixed Rate in accordance with the provisions of this Article II within forty-five (45) days after receiving notice that the Liquidity Provider has declined to renew or extend the Liquidity Facility or if the Authority has not received an irrevocable commitment from the provider of a Substitute Liquidity Facility to deliver such Substitute Liquidity Facility to the Trustee within such time period and, under certain circumstances, pursuant to the terms set forth in the Liquidity Facility. Notwithstanding the foregoing, the Liquidity Facility shall not be released by the Trustee to the Liquidity Provider until the Substitute Liquidity Facility is delivered and is in full force and effect or the Bonds have been converted to a Fixed Interest Rate, whichever first occurs, and no Bonds have been tendered for purchase on the Mandatory Purchase Date pursuant to Section 2.19 hereof.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01 Redemption. The Bonds shall be subject to redemption prior to their stated maturities only as set forth below:

(a) Mandatory Redemption from Excess Moneys in Project Fund. The Bonds are subject to mandatory redemption prior to their stated Principal Payment Date in whole or in part on any date, in Authorized Denominations, of such maturities or portions of maturities as shall be directed by the Authority, at the direction of the City, and by lot within any such maturity if less than all of the Bonds of such maturity are to be redeemed, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from moneys transferred from the Project Fund to the Payment Fund pursuant to Section 4.05 hereof.

(b) Optional Redemption. So long as the Bonds bear interest at a Weekly Interest Rate, the Bonds are subject to redemption prior to their stated Principal Payment Date, upon the exercise by the City of its right to cause the redemption of Bonds in accordance with Section 7.1 of the Installment Purchase Agreement, from and to the extent of any source of available funds, as a whole or in part on any Business Day, at the principal amount thereof as shall be directed by

the City in accordance with Section 7.2 of the Installment Purchase Agreement if less than all of the Bonds are to be called for prior redemption, at the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

(c) Mandatory Sinking Account Redemption. The Bonds are subject to redemption prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on the first Business Day of each June, commencing June 1, 2009, at the principal thereof plus accrued interest thereon to the date fixed for redemption, without premium. The principal amount of such Bonds to be so prepaid and the dates therefor shall be as follows:

First Business Day of June of the Year	Principal Amount
2018	\$1,050,000
2019	1,085,000
2020	1,110,000
2021	735,000
2022	760,000
2023	780,000
2024	805,000
2025	825,000
2026	850,000
2027	870,000
2028	900,000
2029	925,000
2030	950,000
2031	980,000
2032	1,005,000
2033	1,035,000
2034	1,060,000

The amount of each redemption required by this subsection (c) shall be reduced proportionately in the event and to the extent of any and all redemptions of Bonds pursuant to this Section 3.01 other than this subsection (c). After the Fixed Rate Date, Bonds shall not be prepaid pursuant to this subsection (c) in any year which, as a result of the conversion to a Fixed Rate, contains a Serial Maturity Date.

(d) Optional Redemption after Fixed Rate Date. After the Fixed Rate Date, the Bonds are subject to optional redemption by the Authority, or upon the exercise by the City of its right to cause the redemption of Bonds in accordance with Sections 7.1 and 7.2 of the Installment Purchase Agreement, from and to the extent of any source of available funds, in whole or in part in Authorized Denominations, on any Business Day, upon expiration of the applicable call protection period described below, at the redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed) set forth below, declining by one percent (1%) on every second Interest Payment Date after the initial redemption date set forth below until the redemption price equals 100%, plus accrued interest thereon to the date fixed for redemption:

Years Remaining to Maturity as of Fixed Rate Date	Initial Redemption Dates (anniversary of Fixed Rate Date)	Initial Redemption Prices
Equal to or greater than 15 years	Tenth anniversary	102%
Equal to or greater than 10 years but less than 15 years	Seventh anniversary	102%
Equal to or greater than 5 years but less than 10 years	Third anniversary	101%
Less than 5 years	Non-callable	

SECTION 3.02 Selection of Bonds for Redemption. Whenever provision (other than Section 3.01(c)) is made in this Indenture for the redemption of Bonds and less than all Outstanding Bonds shall be called for redemption, the Trustee shall select Bank Bonds first and thereafter the Trustee shall select Bonds for redemption in any manner that the Trustee deems fair and appropriate, or as shall be specified by the Authority, such that substantially equal Bond debt service results for the remaining term of the Installment Purchase Agreement and such that Installment Payments payable in each remaining year of the term of the Installment Purchase Agreement shall be as nearly equal as possible to Installment Payments payable in every other such year.

For the purposes of determining the redemption of Bonds pursuant to this Section 3.02, the Bonds shall be deemed to mature in the amounts and on the dates set forth in the tables in Section 3.01(c) hereof. The principal amount of the Bonds subject to Mandatory Sinking Account Payments pursuant to Section 3.01(c) hereof shall be reduced in each of the years by the principal amount of the Bonds required to be redeemed in such years pursuant to Section 3.01(a), 3.01(b), or 3.01(d) hereof, as applicable.

The Trustee shall select Bonds within each maturity for redemption by lot. The Trustee shall promptly notify the City, the Authority, and the Remarketing Agent in writing of the Bonds so selected for redemption. Redemption by lot shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Bond to be redeemed shall be in an Authorized Denomination.

SECTION 3.03 Notice of Redemption. When redemption is authorized or required pursuant to Section 3.01 hereof, the Trustee shall give notice (the "**Redemption Notice**"), at the expense of the City, of the redemption of the Bonds; provided, however, that neither failure of any Owner to receive a Redemption Notice nor any defect in a Redemption Notice shall affect the sufficiency of the proceedings for the redemption of Bonds. Notice (which may be given as a conditional notice) of the optional or extraordinary redemption of Bonds, other than any notice that refers to Bonds that are to be redeemed from proceeds of a refunding bond issue or from amounts to be provided by the Credit Provider,

in its discretion, may be given only if the Authority reasonably expects that sufficient funds will have been deposited with the Trustee on the date of redemption to pay the applicable redemption price of the Bonds to be redeemed. The Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) if less than all Outstanding Bonds are to be redeemed, the numbers of the Bonds of the maturities to be redeemed in whole or in part and, in any case, the principal amount of Bonds of each maturity to be redeemed in whole or in part, and (g) the original issue date, interest rate, and stated maturity date of each Bond to be redeemed in whole or in part. The Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued thereon to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

The Trustee shall take the following actions with respect to each Redemption Notice:

- (a) At least thirty (30) but not more than sixty (60) days prior to the redemption date, the Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register as of the close of business on the day before the Redemption Notice is given. Copies of such Redemption Notice shall be given to the Credit Provider, and the Liquidity Provider. The Remarketing Agent shall not remarket Bonds called for redemption.
- (b) At least thirty (30) but not more than sixty (60) days before the redemption date, the Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.
- (c) At least thirty (30) but not more than sixty (60) days before the redemption date, the Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

After the Fixed Rate Date, to the extent required under the Rule, upon the occurrence of any contingent or other unscheduled Bond redemption hereunder, notice thereof shall be given to the applicable municipal securities information repositories.

SECTION 3.04 Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same maturity date and interest rate and of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the Authority and the Trustee shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 3.05 Effect of Notice of Redemption. Notice of redemption having been given as provided in Section 3.03 hereof, and the money for the redemption (including

accrued interest to the redemption date) having been set aside in the Payment Fund or in any other fund or account established for such purpose prior to the giving of such notice as provided in Section 3.03 hereof (except as otherwise permitted under Section 3.03 hereof), the Bonds to be redeemed shall become due and payable on such redemption date.

If, on such redemption date, money for the redemption of all of the Bonds to be redeemed, together with accrued interest to such redemption date, shall be held by the Trustee so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given to the Owners as provided in Section 3.03 hereof, then from and after such redemption date interest with respect to the Bonds to be redeemed shall cease to accrue and become payable and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. All money held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust, without liability for interest thereon, for the account of the Owners of the Bonds to be redeemed.

Any redemption of Bonds pursuant to Section 3.01 hereof shall cause the schedule of Installment Payments set forth in Exhibit B to the Installment Purchase Agreement to be recalculated by the City in accordance with Section 4.2 of the Installment Purchase Agreement. Such schedule shall be furnished by the City to the Trustee. All Bonds redeemed, or purchased in lieu of redemption, pursuant to the provisions of this Article shall be cancelled by the Trustee and shall be delivered to, or upon the order of, the Authority and shall not be reissued.

SECTION 3.06 Bonds No Longer Outstanding. When any Bond (or portion thereof), which has been duly called for redemption prior to maturity under the provisions of this Indenture, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Trustee, in form satisfactory to it, and sufficient money shall be held by the Trustee irrevocably in trust for the payment of the redemption price of such Bond, or portion thereof, and accrued interest with respect thereto to the date fixed for redemption, all as provided in this Indenture, then such Bond (or portion thereof) shall no longer be deemed Outstanding under the provisions of this Indenture. If the Authority shall otherwise acquire any Bond by purchase or otherwise, such Bond shall no longer be deemed Outstanding and shall be surrendered to the Trustee for cancellation.

ARTICLE IV

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF PROCEEDS

SECTION 4.01 Establishment of Funds. The Trustee shall establish and maintain the following special trust funds to be held by the Trustee: (i) the "City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B Costs of Issuance Fund" (the "**Costs of Issuance Fund**"), (ii) the "City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B Project Fund" (the "**Project Fund**"), (iii) the "City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B Payment Fund" (the "**Payment Fund**"), and (iv) the "City of Oxnard Financing

Authority Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B Rebate Fund" (the "**Rebate Fund**").

SECTION 4.02 Procedure for the Issuance of Bonds. The Authority may, at any time, execute the Bonds for issuance hereunder and deliver them to the Trustee, and thereupon the Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Authority and upon receipt of payment therefor from the purchaser thereof.

SECTION 4.03 Application of Proceeds and Other Amounts. Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply the purchase price of the Bonds (representing \$15,725,000 of aggregate principal amount, plus \$_____ to be paid directly to the Remarketing Agent and to pay costs of reoffering the Bonds):

(a) The Trustee shall deposit \$_____ of the proceeds of the Bonds into the Costs of Issuance Fund, to be disbursed as provided herein; and

(b) The Trustee shall deposit \$_____ of the proceeds of the Bonds into the Payment Fund, to be disbursed as provided herein.

SECTION 4.04 Use of Moneys in the Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon receipt by the Trustee of a Written Request of the Authority in the form attached hereto as Exhibit B.

The Trustee shall hold the moneys in the Costs of Issuance Fund and disburse such moneys therefrom in accordance with this Section. If, on the date that is six (6) months after the Closing Date (unless such date is extended pursuant to an opinion of Independent Counsel delivered to the Trustee), there shall remain any balance of money in the Costs of Issuance Fund, all moneys so remaining, after the Trustee shall have duly notified the Authority and the City thereof, shall be transferred to the Payment Fund and applied to the payment of interest on the Bonds on the next succeeding Interest Payment Date on which interest on of the Bonds is payable.

SECTION 4.05 Use of Moneys in the Project Fund. The moneys in the Project Fund shall be disbursed from time to time to pay Project Costs. The Trustee shall disburse moneys in the Project Fund from time to time to pay Project Costs upon receipt by the Trustee of a Written Request of the City in the form attached hereto as Exhibit C, with invoices therefor.

The Trustee shall hold the moneys in the Project Fund and disburse such moneys therefrom in accordance with this Section. Any amounts remaining in the Project Fund (exclusive of amounts certified by the City as necessary to pay future Project Costs) on the earlier of (i) three (3) years after the Closing Date (unless such date is extended pursuant to an opinion of Independent Counsel delivered to the Trustee), or (ii) the date on which the City has notified the Trustee in writing that all Project Costs have been paid, shall be transferred to the Payment Fund for the payment of principal of and interest on the Bonds in accordance with Section 3.01(a) hereof. Notwithstanding the foregoing, if an Event of Default under Section 9.01(a) or (b) shall have occurred and be continuing, the Trustee shall, to the extent that there are

no other available moneys held under this Indenture, use any moneys remaining in the Project Fund to pay principal or interest on the Bonds.

ARTICLE V

REVENUES

SECTION 5.01 Pledge of Revenues. All Revenues and amounts on deposit in the funds established hereunder (other than amounts on deposit in the Rebate Fund and the Costs of Issuance Fund) are hereby irrevocably pledged to the payment of the interest on, principal of, and premium, if any, on the Bonds as provided herein, and the Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues there may be allocated such sums for such purposes as are expressly permitted by Sections 5.02, 5.03, and 5.04 hereof.

To secure the pledge of the Revenues contained in this Section 5.01, the Authority hereby transfers, conveys, and assigns to the Trustee, for the benefit of the Owners, all of the Authority's rights under the Installment Purchase Agreement (excepting its right to indemnification thereunder) and the Sale Agreement, including the right to receive Installment Payments from the City, the right to receive any payments made by the City pursuant to Section 7.1 of the Installment Purchase Agreement, and the right to exercise any remedies provided therein in the event of a default by the City thereunder. The Trustee hereby accepts said assignment for the benefit of the Owners, subject to the provisions of this Indenture.

The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

SECTION 5.02 Receipt and Deposit of Revenues in the Payment Fund; Use of Money in the Payment Fund.

(a) To carry out and effectuate the pledge contained herein, the Authority agrees and covenants that all Revenues (subject to the provisions of Sections 5.03 and 5.04 hereof) when and as received shall be received in trust hereunder for the benefit of the Owners and shall be deposited when and as received in the Payment Fund, and all such Revenues shall be accounted for through and held in trust in the Payment Fund. The Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues, whether received by the Authority in trust or deposited with the Trustee-as herein provided, shall nevertheless be allocated, applied, and disbursed solely to the purposes and uses hereinafter in

this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money, or other resources of the Authority.

(b) If no Credit Facility is in effect, or if a Credit Facility is in effect but the Credit Provider is in default thereunder, money in the Payment Fund shall be used and withdrawn by the Trustee for the purpose of paying (i) the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity), and (ii) the principal of and redemption premium, if any, on the Bonds as they shall become due and payable, whether at maturity or through prior redemption or purchase. Notwithstanding the preceding sentence, so long as a Credit Facility is in effect and the Credit Provider is not in default thereunder, money in the Payment Fund shall be used and withdrawn by the Trustee for the purpose of reimbursing the Credit Provider for any drawings under the Credit Facility used to pay interest on or the principal of the Bonds pursuant to Section 5.06 hereof, which reimbursement shall be made after receipt by the Trustee of funds from a drawing under the Credit Facility.

(c) If no Credit Facility is in effect, or if a Credit Facility is in effect but the Credit Provider is in default thereunder, any moneys that, pursuant to Section 7.1 of the Installment Purchase Agreement, are to be used to redeem Bonds pursuant to Section 3.01 hereof shall be deposited by the Trustee in the Payment Fund. The Trustee shall, on the scheduled redemption date, withdraw from the Payment Fund and pay to the Owners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed on such date plus interest accrued on such Bonds to the redemption date. Notwithstanding the preceding sentence, so long as a Credit Facility is in effect and the Credit Provider is not in default thereunder, money in the Payment Fund shall be used and withdrawn by the Trustee for the purpose of reimbursing the Credit Provider for any drawings under the Credit Facility used to pay interest on or the principal of the Bonds pursuant to Section 5.06 hereof, which reimbursement shall be made after receipt by the Trustee of funds from a drawing under the Credit Facility.

(d) Any delinquent Installment Payments shall be applied to the Payment Fund for the immediate payment of interest payments past due and principal payments past due according to the tenor of any Bond; provided, however, that, so long as a Credit Facility is in effect and the Credit Provider is not in default thereunder, any delinquent Installment Payments shall be applied first to reimburse the Credit Provider for any unreimbursed drawings on the Credit Facility to pay principal of or interest on the Bonds pursuant to Section 5.06 hereof. Any remaining money representing delinquent Installment Payments shall be deposited in the Payment Fund to be applied in the manner provided herein.

SECTION 5.03 [RESERVED].

SECTION 5.04 Investment of Moneys in Funds. Moneys in the funds established hereunder shall, in accordance with a Written Request of the City, be invested by the Trustee in Permitted Investments. The Trustee may conclusively rely on any direction contained in a Written Request of the City to invest in investments that such investments are Permitted Investments. In the absence of a Written Request of the City, the Trustee shall invest moneys in interest bearing demand or time deposit accounts with the Trustee or in accordance with clause (15) of the definition of Permitted Investments. The obligations in which moneys in the said funds are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out hereunder. The Trustee shall sell at the best price obtainable or present

for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment required under this Indenture. Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales, or transfers undertaken in accordance with this Indenture. Any interest, income, or profits from the deposits or investments of all funds (except the Rebate) shall be transferred as follows: (1) prior to completion of the Project, to the Project Fund; and (2) thereafter, to the Payment Fund for the payment of principal of and/or interest on the Bonds on the next Interest Payment Date. For purposes of determining the amount of deposit in any fund held hereunder, all Permitted Investments credited to such fund shall be valued at the cost thereof. Investments shall be valued as frequently as deemed necessary by the Credit Provider, but not less often than, on or about June 30 of each year commencing on June 30, 2005, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Except as otherwise provided in this Section, Permitted Investments representing an investment of moneys attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of said fund.

The Trustee may act as principal or agent in the acquisition or disposition of investments and may commingle moneys in funds and accounts for the purpose of investment.

SECTION 5.05 [RESERVED].

SECTION 5.06 Draws Under Credit Facility; Credit Facility Fund.

Notwithstanding anything in this Indenture to the contrary, so long as a Credit Facility is in effect with respect to the Bonds, prior to the Expiration Date or earlier termination of the Credit Facility pursuant to its terms, the Trustee shall draw on the Credit Facility in such amounts and at such times (as such times shall be set forth in the Credit Facility) as shall be required to pay in full when due, from such drawing, the principal of and interest on the Bonds (excluding any Bank Bonds) on each Interest Payment Date, on each Mandatory Sinking Account Payment Date, and on all redemption dates, if any.

(a) So long as a Credit Facility is in effect with respect to the Bonds, prior to the Expiration Date or earlier termination of the Credit Facility pursuant to its terms, the Trustee shall pay the principal of and interest on the Bonds (excluding any Bank Bonds) when due and payable solely from moneys drawn under the Credit Facility. Pending application as aforesaid, moneys drawn under the Credit Facility shall be deposited in a special fund held by the Trustee and designated the "**Credit Facility Fund.**" The Credit Facility Fund shall be established and maintained by the Trustee and held in trust apart from all other moneys and securities held under this Indenture or otherwise, and the Trustee shall have the exclusive and sole right of withdrawal from the Credit Facility Fund for the exclusive benefit of the Owners of the Bonds (excluding any Bank Bonds) with respect to which such drawing was made. Moneys in the Credit Facility Fund shall be used only to pay debt service on the Bonds (excluding any Bank Bonds). Moneys in the Credit Facility Fund shall be held in cash and shall not be invested. Any amounts remaining on deposit in the Credit Facility Fund and not required for the purpose for which drawn shall be promptly repaid to the Credit Provider.

(b) If the principal or redemption price of, and interest on, the Bonds have been paid in full when due and all payments required to be made under the Credit Facility have been made, the Trustee shall reimburse the Credit Provider for such draw from available amounts, if any, in

the Payment Fund.

SECTION 5.07 Credit Facility. So long as a Credit Facility is in effect with respect to the Bonds, the Trustee shall hold and maintain such Credit Facility for the benefit of the Owners until the Credit Facility terminates in accordance with its terms. The Trustee shall, subject to the provisions of this Indenture, enforce all terms, covenants, and conditions of the Credit Facility, including payment when due of any draws on the Credit Facility, and will not consent to, agree to, or permit any amendment or modification thereof that would materially adversely affect the rights or security of the Owners of the Bonds. The Trustee may rely on an opinion of Independent Counsel in determining whether any such modification or amendment materially adversely affects the rights or security of the Owners of the Bonds. If at any time during the term of the Credit Facility any successor Trustee shall be appointed and qualified under this Indenture, the resigning or removed Trustee shall request that the Credit Provider transfer the Credit Facility to the successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. Upon the occurrence of one of the following events, the Trustee shall immediately surrender the Credit Facility to the Credit Provider for cancellation: (i) the Expiration Date, (ii) the date that there are no longer any Bonds Outstanding under this Indenture, (iii) the date of issuance of a Substitute Credit Facility (unless the Credit Facility is to remain in effect with respect to any Bonds), or (iv) the date that all of the Bonds are defeased and this Indenture is discharged in accordance with its terms.

SECTION 5.08 Substitute Credit Facility. The Authority may, at its option, provide for the delivery to the Trustee of a Substitute Credit Facility in substitution for a Credit Facility then in effect at any time with respect to the Bonds. The Authority shall give written notice of its intention to exercise such option in the manner and method of the notice for a Substitute Credit Facility under Section 2.19(e)(ii) hereof. On or before the date of the delivery of a Substitute Credit Facility to the Trustee, the Authority shall furnish to the Trustee (i) an opinion of Independent Counsel addressed to the Trustee and substantially to the effect that (A) the delivery of such Substitute Credit Facility to the Trustee is authorized under this Indenture and complies with the terms hereof, and (B) the delivery of such Substitute Credit Facility will not adversely affect the exemption of the Bonds from registration under the Securities Act of 1933, as amended, or that the Bonds have been so registered; (ii) an opinion of counsel addressed to the Trustee to substantially the same effect as the opinion delivered by counsel to the Credit Provider in connection with the delivery of the Credit Facility being replaced; and (iii) written direction to the Trustee to give notice to the Owners of such Bonds of mandatory tender on the proposed date of delivery of the Substitute Credit Facility in accordance with the procedures specified in Section 2.19(e)(ii). Such substitution may be made only if the Credit Provider shall have agreed that the Credit Facility may be drawn upon, or if the Credit Facility by its terms may be drawn upon, to pay the purchase price of the Bonds that will be tendered. The Purchase Price of the Bonds tendered pursuant to a mandatory tender in connection with any such substitution shall be paid from proceeds of a draw or draws on the Credit Facility being replaced, which Credit Facility shall not be surrendered until such draw or draws, the proceeds of which are to be applied to pay such purchase price, has or have been honored.

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01 Punctual Payment and Performance. The Authority shall punctually pay the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and shall faithfully observe and perform all the agreements and covenants contained herein and in the Bonds.

SECTION 6.02 Tax Covenants; Rebate Fund. The Authority shall contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest received by the Owners is includable in gross income of such recipients under federal income tax laws. Notwithstanding any other provision of this Indenture, absent an opinion of Independent Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Authority shall comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and the Authority specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority shall take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(b) Arbitrage. The Authority shall make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guaranty. The Authority shall make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Authority shall take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(e) Hedge Bonds. The Authority shall make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the Authority takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

(f) Miscellaneous. The Authority shall take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the Authority and the City in connection with the issuance of the Bonds and shall comply with the covenants and requirements stated therein and incorporated by reference herein.

(g) Rebate Fund. The Trustee shall establish the Rebate Fund and the Authority shall comply with the requirements below and in the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the

Tax Certificate, unless the Authority obtains an opinion of Independent Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(h) Excess Investment Earnings.

(i) Computation. Prior to the end of the fifth Computation Year with respect to the Bonds, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-2 of the Treasury Regulations promulgated thereunder (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), for this purpose treating the last day of said Computation Year as a computation date, within the meaning of Section 1.148-S(b) of the Treasury Regulations promulgated thereunder (the **"Rebatable Arbitrage"**). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section and the Tax Certificate.

(ii) Transfer. Prior to the end of the fifth Computation Year with respect to the Bonds, upon the Authority's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (h)(i) above of this Section 6.02. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Authority, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Payment Fund.

(iii) Payment to the Treasury. Upon receipt of a Written Request of the Authority, the Trustee shall pay to the United States Treasury, out of amounts in the Rebate Fund:

(X) Not later than sixty (60) days after the end of (A) the fifth Computation Year with respect to the Bonds, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least ninety percent (90%) of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than sixty (60) days after the payment of all the Bonds, an amount equal to one hundred percent (100%) of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the

Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Section 6.02(h)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201-0027 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(i) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in Section 6.02(h)(iii) hereof may be transferred by the Trustee to the Authority at the written direction of the Treasurer and utilized in any manner by the Authority.

(j) Survival of Defeasance. Notwithstanding anything in Section 6.02(h) or this Indenture to the contrary, the obligation to comply with the requirements of Section 6.02(h) shall survive the defeasance of the Bonds.

(k) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of the Chief Financial Officer (or his or her designee) of the City.

SECTION 6.03 Accounting Records and Reports. The Authority shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation, and application of the Revenues, and such books shall be available for inspection by the Trustee and the Credit Provider, at reasonable hours and under reasonable conditions. Not more than two hundred seventy (270) days after the close of each Authority Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee, the Credit Provider, and the Liquidity Provider, complete financial statements showing receipts, disbursements, allocations, and applications of Revenues for such Authority Fiscal Year, and including a profit and loss statement and balance sheet. The Authority shall also keep or cause to be kept such other information as is required under the Tax Certificate. The Trustee shall have no duty to inspect such records.

SECTION 6.04 Installment Purchase Agreement and Other Documents. The Authority shall at all times maintain and vigorously enforce all of its rights under the Installment Purchase Agreement and shall promptly collect all Installment Payments as the same become due under the Installment Purchase Agreement, and shall promptly and vigorously enforce its rights against the City if it does not pay such Installment Payments as they become due under the Installment Purchase Agreement. The Authority shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Purchase Agreement by the City.

SECTION 6.05 Other Liens. The Authority shall keep the Project free from judgments, mechanics' liens, and materialmen's liens (except those arising from the acquisition, construction, and installation of the Project) and free from all liens, claims, demands, and encumbrances of whatsoever prior nature or character to the end that the security for the Bonds provided herein will at all times be maintained and preserved free from any claim or liability that might hamper the Authority in conducting its business or interfere with the City's operation

of the Project, and the Trustee at its option (after first giving the Authority thirty (30) days written notice to comply therewith and failure of the Authority to so comply within such period) may (but shall not be obligated to) defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such action or proceeding: provided, however, that in defending such actions or proceedings or in paying or compromising such claims or demands the Trustee shall not in any event be deemed to have waived or released the Authority from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder to defend the validity hereof and the pledge of the Revenues made herein and to perform such agreements and covenants.

SECTION 6.06 Prosecution and Defense of Suits. The Authority shall promptly from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing, and shall prosecute or cause to be prosecuted all such suits, actions, and other proceedings as may be appropriate for such purpose and shall indemnify and hold the Trustee harmless from all loss, cost, damage, and expense, including attorney's fees, which the Trustee may incur by reason of any such defect, cloud, suit, action, or proceeding.

The Authority shall defend against every suit, action, or proceeding at any time brought against the Trustee upon any claim arising out of the receipt, application, or disbursement of any of the Revenues or involving the rights of the Trustee hereunder; provided that the Trustee at its election may appear in and defend any such suit, action, or proceeding.

SECTION 6.07 Further Assurances. Whenever and so often as may be necessary, the Authority shall 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 further and more fully vest in the Owners, the Credit Provider, or the Liquidity Provider, as applicable, all rights, interests, powers, benefits, privileges, and advantages conferred or intended to be conferred upon them hereby.

SECTION 6.08 Acquisition of the Project and Sale of the Project. The Authority has acquired the Project, or caused the Project to be acquired, pursuant to the Sale Agreement. The Authority shall sell the Project to the City pursuant to the Installment Purchase Agreement.

SECTION 6.09 Continuing Disclosure. The Authority and the Trustee hereby covenant and agree that, on and after the Fixed Rate Date and at any other time that the Rule requires that continuing disclosure and notices of significant events be provided to the applicable municipal securities information repositories, they shall each comply with and carry out their respective obligations under all applicable provisions of the Rule, including, if necessary, executing and delivering a continuing disclosure agreement. Notwithstanding the foregoing, the Authority, the City, and the Trustee acknowledge and agree that, while the Bonds bear interest at a Weekly Interest Rate, provision of continuing disclosure and notices of significant events requirements with respect to the Bonds is not required under the Rule.

ARTICLE VII

THE TRUSTEE, THE REMARKETING AGENT, AND THE TENDER AGENT

SECTION 7.01 Appointment and Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created to all of which the Authority agrees and the respective Owners of the Bonds, by their purchase and acceptance thereof, agree.

SECTION 7.02 Duties, Immunities, and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default that has not been cured, exercise such of the rights and powers vested in it by this Indenture, 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 his own affairs.

(b) So long as no Event of Default has occurred and is continuing, upon thirty (30) days' written notice to the Trustee, the Authority, with the written consent of the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, may remove the Trustee at any time and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, or the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency, or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may resign by giving written notice of such resignation to the Authority, the Liquidity Provider, and the Credit Provider, and by giving notice of such resignation by first class mail, postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Authority, with the written consent of the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, and the Liquidity Provider, so long as the Liquidity Provider is not in default under the Liquidity Facility, shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee acceptable to the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, and the Liquidity Provider, so long as the Liquidity Provider is not in default under the Liquidity Facility. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of the Authority, or any Owner (on behalf of himself and all other Owners) may petition any court of

competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority, the Liquidity Provider, and the Credit Provider and 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 Authority 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 Indenture 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. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

(e) Any Trustee appointed under the provisions of this Indenture shall be a bank or trust company in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and which is acting in its fiduciary capacity, having (or be a member of a bank holding company system with a bank holding company which has) a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, shall be subject to supervision or examination by federal or state banking authority, shall be subject to regulations regarding fiduciary funds on deposit, and shall otherwise be acceptable to the Liquidity Provider and the Credit Provider. 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 purpose of this subsection 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. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

(g) The Trustee shall not be responsible for the sufficiency, timeliness, or enforceability of the Revenues, the maintenance of insurance as required by the Installment Purchase Agreement, or the reviewing of any report or certificate required to be provided hereunder or under the Installment Purchase Agreement.

(h) The Trustee shall not be accountable for the use or application by the Authority, the City, or any other party of any funds which the Trustee has released under this Indenture.

(i) The Trustee may employ attorneys, agents, or receivers in the performance of any of its duties hereunder and shall not be answerable for the misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(j) The Trustee shall notify the Credit Provider and the Liquidity Provider of any failure by the Authority and the City to provide relevant notices, certificates, or other documents required by this Indenture or the Installment Purchase Agreement.

SECTION 7.03 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 7.02 hereof, shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 7.04 Compensation and Indemnification. The Authority shall pay the Trustee, or cause the Trustee to be paid, reasonable compensation for its services rendered hereunder and shall reimburse the Trustee for reasonable expenses (including reasonable fees and expenses of its attorneys) incurred by the Trustee in the performance of its obligations hereunder.

The Authority shall, to the extent permitted by law, indemnify the Trustee and its respective officers, directors, members, and employees for, and hold them harmless against, any loss, liability, or expense incurred without negligence or willful misconduct on their part arising out of or in connection with the acceptance or administration of the trusts imposed by this Indenture, including performance of their duties hereunder, including the costs and expenses of defending themselves against any claims or liability in connection with the exercise or performance of any of their powers or duties hereunder; provided, however, that no such indemnification shall be made with respect to drawings under the Liquidity Facility or the Credit Facility or acceleration of the Bonds. Such indemnity shall survive the termination or discharge of this Indenture and resignation or removal of the Trustee.

SECTION 7.05 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture, the Installment Purchase Agreement, or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee, however, shall be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner with the same rights it would have if it were not Trustee or and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the gross negligence or intentional misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at the Principal Office of the Trustee. Except as otherwise expressly provided herein, and subject to Section 7.02 hereof, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants, or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

SECTION 7.06 Right to Rely on Documents. The Trustee shall be protected in acting, and may conclusively rely, upon any notice, resolution, request, requisition, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and need not conduct any independent investigation of the matters covered therein. The Trustee may consult with counsel, who may be, but need not be, counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture 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 Certificate of the Authority, and such Certificate of the Authority shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate of the Authority, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 7.07 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority and any Owner, and their respective agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

SECTION 7.08 Paying Agents. The Trustee is hereby appointed as paying agent for the Bonds. The Trustee, upon written consent of the Authority, the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, and the Liquidity Provider, so long as the Liquidity Provider is not in default in its payment obligations

under the Liquidity Facility, may appoint such other paying agents with respect to the Bonds as it may deem advisable. Any paying agent appointed shall be a bank or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000 and shall be subject to supervision by federal or state banking authorities.

SECTION 7.09 Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 7.09 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee, but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights, and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties, and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged, and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign, or be removed, all the estates, properties, rights, powers, trusts, duties, and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

In addition to the appointment of a co-trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Authority, appoint any agent of the Trustee in Los Angeles, California, Minneapolis, Minnesota, or at such other location as may be designated by the Trustee and approved by the Authority, for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

SECTION 7.10 The Remarketing Agent. JPMorgan Chase Bank, N.A. is hereby appointed as the initial Remarketing Agent for the Bonds. The Remarketing Agent shall designate its principal office and signify its acceptance of all of the duties and obligations imposed upon it hereunder by executing and delivering to the Authority the Remarketing Agreement.

SECTION 7.11 Qualifications of Remarketing Agent: Removal of Remarketing Agent. The Remarketing Agent shall be a member of the New York Stock Exchange, in compliance with all of the rules and regulations thereof or shall be a dealer bank or

a member of the National Association of Securities Dealers, Inc. The Remarketing Agent shall maintain such qualifications throughout the term of the Remarketing Agreement.

The Remarketing Agent may at any time be discharged of the duties and obligations created by this Indenture with or without cause, but after consultation with the Liquidity Provider, in accordance with the Remarketing Agreement. If the Remarketing Agent is removed, such Remarketing Agent shall pay over, assign, and deliver any moneys and Bonds held by it in such capacity to its successor. The Authority shall promptly give notice to each Rating Agency, the Liquidity Provider, the Trustee, the Tender Agent, the Remarketing Agent, and the City, of any removal of the Remarketing Agent and the appointment of any successor Remarketing Agent, which appointment shall be approved by the Liquidity Provider.

SECTION 7.12 Remarketing Agent Report. During any period in which the Bonds bear interest at a Weekly Interest Rate, the Remarketing Agent shall, on or before the fifteenth (15th) day of each month, provide the City, the Authority, the Trustee, the Tender Agent, the Credit Provider, and the Liquidity Provider with a report that shall disclose, in addition to such other matters as the Authority may from time to time request: (i) the interest rate in effect for the Bonds for each week of the preceding month; and (ii) the aggregate principal amount of Bonds for which the Tender Agent has given notices to the Remarketing Agent pursuant to Section 2.18 hereof on each day of the preceding month.

SECTION 7.13 The Tender Agent. Wells Fargo Bank, National Association is hereby appointed Tender Agent pursuant to the terms of this Indenture. The Tender Agent may act as paying agent for purposes of paying principal, premium, if any, and interest with respect to the Bonds and shall act as paying agent for purposes of paying the purchase price of any Bonds tendered or deemed tendered for purchase pursuant to Article IT hereof and as registrar for purposes of optional or mandatory purchase of Bonds pursuant to Article II hereof. The Tender Agent shall designate its principal office and signify its acceptance of all of the duties and obligations imposed upon it hereunder by executing and delivering a written instrument signifying its acceptance hereof to the Authority, with copies delivered to the City, the Trustee, the Remarketing Agent, the Credit Provider, and the Liquidity Provider. The Authority shall from time to time, on demand, pay to the Tender Agent reasonable compensation for its services and shall reimburse the Tender Agent for all its advances and expenditures, including but not limited to advances and expenditures, including but not limited to advances to and reasonable fees and expenses of counsel and other experts employed by it in the exercise and performance of its powers and duties hereunder.

Except as otherwise expressly provided herein, no provision of this Indenture shall require the Tender Agent 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 Tender Agent shall be afforded the same indemnification and protective provisions in the performance of its duties as specified in Sections 7.05 and 7.06 hereof with respect to the Trustee. Notwithstanding anything to the contrary herein contained, the Tender Agent shall not be entitled to seek indemnity from the Authority as a condition precedent to paying Owners of Bonds from funds drawn under the Liquidity Facility or effecting mandatory purchases of Bonds on any Mandatory Purchase Date.

SECTION 7.14 Resignation and Removal of Tender Agent. The Tender Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least thirty (30) days' written notice to the City, the Authority, the Trustee, the Credit Provider, the Liquidity Provider, and the Remarketing Agent. The Tender Agent may be removed at any time by an instrument filed with the Tender Agent, the Remarketing Agent, the Liquidity Provider, and the Trustee and signed by an authorized officer of the City, the Authority, and the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, provided a successor Tender Agent shall have been appointed by the Authority. Any successor Tender Agent shall be appointed by the Authority with the approval of the Trustee, the Remarketing Agent, the City, the Credit Provider, and the Liquidity Provider and shall be a commercial bank with trust powers or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$50,000,000 and cage facilities in Los Angeles, California, Minneapolis, Minnesota, or at such other location as may be approved by the Authority, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Any resignation or removal of a Tender Agent and appointment of a successor Tender Agent shall become effective only upon acceptance of appointment by the successor Tender Agent. In the event of the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign, and deliver any moneys held by it as Tender Agent to its successor and shall thereafter be discharged of any further obligations and duties hereunder.

ARTICLE VIII

AMENDMENT OF THE INDENTURE

SECTION 8.01 Amendment of the Indenture. This Indenture and the rights and obligations of the Authority and of the Owners, as applicable, may be amended at any time by a Supplemental Indenture, that shall become binding with the written consent of the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, the Liquidity Provider, so long as the Liquidity Provider is not in default under the Liquidity Facility, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02 hereof, are filed with the Trustee. Each Rating Agency shall receive notice of each amendment of this Indenture and shall receive a copy thereof at least fifteen (15) days in advance of the execution or adoption of such amendment. In addition, Credit Provider and the Liquidity Provider shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture. No such amendment shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Authority to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency provided herein without the express written consent of the Owner of such Bond, reduce the percentage of principal amount of Bonds owned by Owners whose consent is required for the execution of any Supplemental Indenture, (3) permit the creation by the Authority of any pledge of the Revenues as provided herein superior to or on a parity with the pledge created hereby for the benefit of the Bonds, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

This Indenture and the rights and obligations of the Authority and of the Owners, as applicable, may also be amended at any time by a Supplemental Indenture, that shall become

binding upon adoption without the consent of any Owners but with the prior written consent of the Credit Provider, so long as the Credit Provider is not in default in its payment obligations under the Credit Facility, and the Liquidity Provider, so long as the Liquidity Provider is not in default under the Liquidity Facility, but only to the extent permitted by law and after receipt of an approving opinion of Independent Counsel and only for any one or more of the following purposes:

(a) to add to the conditions, covenants, and terms contained herein required to be observed or performed by the Authority other conditions, covenants, and terms thereafter to be observed or performed by the Authority, or to surrender any right reserved herein to or conferred herein on the Authority, and which in either case shall not adversely affect the interests of the Owners provided, that the Trustee shall not take the Credit Facility into consideration in determining whether the rights of the Owners of the Bonds are adversely affected by actions of the Trustee hereunder;

(b) 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 Authority may deem desirable or necessary and not inconsistent herewith or which may be required by S&P for a rating on the Bonds, and that shall not adversely affect the interests of the Owners; or

(c) to prescribe further limitations and procedures regarding the use of the proceeds of the Bonds and the moneys held hereunder in order to comply with any United States Treasury Regulations and any amendments thereto or any federal legislation now pending or hereafter enacted governing the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds.

SECTION 8.02 Disqualified Bonds. Bonds owned or held by or for the account of the Authority or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article.

SECTION 8.03 Endorsement or Replacement of Bonds after Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of his Bond for such purpose at the Principal Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond such new Bonds shall be exchanged at the Principal Office of the Trustee without cost to each Owner for Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 8.04 Amendment by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds owned by him, provided that due notation thereof is made on such Bonds. Copies of any modification or amendment to this Indenture, the Installment Purchase Agreement, the Sale Agreement, or the Liquidity Facility shall also be sent to the Rating Agency at least fifteen (15) days prior to the effective date hereof.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

SECTION 9.01 Events of Default and Acceleration of Maturities. If one or more of the following events (each, an "**Event of Default**") shall happen, that is to say:

- (a) if default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;
- (b) if default shall be made in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;
- (c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of sixty (60) days after the Authority shall have been given notice in writing of such default by the Trustee, the Credit Provider, or the Liquidity Provider;
- (d) if any Event of Default (as defined in the Installment Purchase Agreement) shall have occurred and be continuing under the Installment Purchase Agreement; or
- (e) if the Authority 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 Authority 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 Authority or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default the Trustee may, and, upon the written direction of the Credit Provider (solely to the extent that there remain any unreimbursed drawings under the Credit Facility) or the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, or the Credit Provider (solely to the extent that there remain any unreimbursed drawings under the Credit Facility), shall, by notice in writing to the Authority or the Credit Provider, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding. This subsection, however, is subject to the condition that if at any time after the Bonds have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the Bonds due prior to such declaration and the accrued interest on those of such Bonds as are Bonds, with interest on such overdue installments at the rate or rates applicable thereto in accordance with their terms, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Authority (other than in the

payment of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the City, may rescind and annul declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon. In the event of payment default as provided in subsection (a) or (b) above, the Trustee shall notify the Credit Provider immediately of such default and in the event of all other Events of Default as provided in this Section, the Trustee shall notify the Credit Provider within thirty (30) days of the Trustee's actual knowledge thereof.

Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Credit Provider (solely to the extent that there remain any unreimbursed drawings under the Credit), shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Bonds or the Trustee for the benefit of the Owners of such Bonds under this Indenture, including, without limitation, the right to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, as well as the right to rescind and annul such declaration and its consequences. The Credit Provider (solely to the extent that there remain any unreimbursed drawings under the Credit Facility), shall be entitled to notify the Authority, the Trustee, or any applicable receiver of the occurrence of an Event of Default with respect to the Bonds and request the Trustee or such receiver to intervene in judicial proceedings that affect such Bonds or the security therefor. The Trustee or such receiver shall be required to accept such notice of Event of Default from the Credit Provider.

SECTION 9.02 Proceedings by Trustee. Upon the happening and continuance of any Event of Default, the Trustee shall immediately notify the Credit Provider, and, in its discretion, the Trustee may, and, at the written direction of the Credit Provider (solely to the extent that there remain any unreimbursed drawings under the Credit Facility), or at the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall (but only to the extent indemnified to its satisfaction from fees and expenses, including attorneys' fees; provided, however, that no such indemnification shall be made with respect to drawings under the Liquidity Facility or acceleration of the Bonds), do the following with respect to the Bonds:

- (a) by mandamus, or other suit, action, or proceeding at law or in equity, enforce all rights of the Owners and require the Authority to enforce all rights of the Owners, including the right to require the Authority to receive and collect Revenues and to enforce its rights under the Installment Purchase Agreement and to require the Authority to carry out any other covenant or agreement with the Owners and to perform its duties hereunder;
- (b) bring suit upon the Bonds;
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; and
- (d) as a matter of right, have a receiver or receivers appointed for the Revenues and the issues, earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 9.03 Effect of Discontinuance or Abandonment. In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, the Credit Provider, and the Owners shall be restored to their former positions and rights under this Indenture, respectively, and all rights, remedies, and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 9.04 Rights of Owners. Anything in this Indenture to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in Sections 9.01, 9.02, and 9.05 hereof, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture with respect to such Bonds.

The Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability.

SECTION 9.05 Restriction on Owners' Action. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this Article IX, no Owner of any of the Bonds shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of any trust under this Indenture, or any other remedy under this Indenture or on said Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding, or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in this Indenture granted, or to institute such action, suit, or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request, and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy under this Indenture; it being understood and intended that no one or more Owners of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of this Indenture, or to enforce any right under this Indenture or under the Bonds, except in the manner in this Indenture provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner in this Indenture provided, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of this Section.

SECTION 9.06 Power of Trustee to Enforce. All rights of action under this Indenture or under any of the Bonds secured by this Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action, or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

SECTION 9.07 Remedies Not Exclusive. No remedy in this Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

SECTION 9.08 Waiver of Events of Default; Effect of Waiver. The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration upon the written direction of the Credit Provider (solely to the extent that there remain any unreimbursed drawings under the Credit), or the written request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding. If any Event of Default shall have been waived as herein provided, the Trustee shall promptly give written notice of such waiver to the Authority and the Credit Provider, and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission, and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

No delay or omission of the Trustee, the Credit Provider, or of any Owner of the Bonds to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein; and every power and remedy given by this Article IX to the Trustee, and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.09 Application of Moneys. Any moneys received by the Trustee pursuant to this Article IX, together with any moneys which upon the occurrence of an Event of Default are held by the Trustee in any of the funds hereunder (other than the Rebate Fund and the Costs of Issuance Fund and other than moneys held for Bonds not presented for payment) shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel, be applied to the payment of the whole amount then owing and unpaid on the Outstanding Bonds for principal, and premium, if any, and interest, and, in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid on the Bonds, to the payment of the principal, and premium, if any, and interest then due and unpaid upon the Outstanding Bonds without preference or priority of any of principal, premium, or interest over the others or of any installment of interest, or of any Outstanding Bond over any other Outstanding Bond, ratably, according to the amounts due respectively for principal, premium, and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.09, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The Trustee shall give, by mailing by first class mail as it may deem appropriate, such notice of the deposit with it of any such moneys.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Bonds.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of any Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Revenues as provided herein, and all agreements, covenants, and other obligations of the Authority to the Owners of such Bonds hereunder shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto that are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Authority shall have kept, performed, and observed all the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed, and observed by the Authority or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements, and other obligations of the Authority hereunder shall cease, terminate, become void, and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost, or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture contained in Section 7.04 hereof relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Authority.

Notwithstanding anything herein to the contrary, this Indenture shall not be discharged and shall remain in effect so long as amounts are payable to the Credit Provider under the Credit Facility or the Liquidity Provider under the Liquidity Facility.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this Section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 3.03 hereof, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with Section 3.03 hereof, (2) there shall have been deposited with the Trustee either (A) money in an amount that shall be sufficient or (B) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligations or guaranteed securities the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) (or any such other obligations or securities as shall be approved in writing by the Liquidity Provider or the Credit Provider) the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds, and (4) in the case of Book-Entry Bonds, the Trustee shall give notice to the Depository of the redemption of all or part of such Book-Entry Bonds on the date proceeds or other funds are deposited in escrow with respect to such Book-Entry Bonds. In connection with clause (2)(B) above, if a forward supply contract is employed in connection with the refunding of Bonds, (x) the verification report from an independent certified public accountant (as described such clause (B)(2)) shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract and (y) the applicable escrow agreement or other authorizing document shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and such agreement or other document, the terms of such agreement or other document shall be controlling. Mandatory redemption or purchase in whole must occur no later than the earlier of the first possible tender or redemption date. Notwithstanding the foregoing, so long as a Credit Facility is in place and the Credit Provider is not in default in its payment obligations under the Credit Facility, the deposits with the Trustee under clause (2) above shall consist solely of either (A) drawings under the Credit Facility in amounts that shall be sufficient, or (B) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligations or guaranteed securities the full faith and credit of the United States of America has been pledged, or defeased municipal bonds rated AAA by S&P (or any combination of the foregoing), the interest on and principal of which when paid will provide money that shall, as verified by an

LIBD/2122933

independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds. Further notwithstanding the foregoing, while the Bonds bear interest at a Weekly Interest Rate, in connection with the making of any deposits with the Trustee under clause (2) above, either (i) interest on the Bonds shall be deemed to accrue at the Maximum Interest Rate or such deposits shall not be made unless S&P has provided written confirmation that the then- current rating on the Bonds shall not be lowered or withdrawn in connection therewith.

(c) After the payment of (i) all the interest of and principal on all Outstanding Bonds as provided in this Section and (ii) all other amounts then due hereunder and under or with respect to the Liquidity Facility, the Credit Facility, and the Surety Bond, as applicable, the Trustee shall execute and deliver to the City and the Authority all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of this Indenture, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant hereto which are not required for the payment of the interest and principal represented by such Bonds or any amounts due under or with respect to the Liquidity Facility, the Credit Facility, or the Surety Bond, as applicable. Notwithstanding the discharge and satisfaction of this Indenture, Owners of Bonds shall thereafter be entitled to payments due under the Bonds pursuant to the Installment Purchase Agreement, but only from amounts deposited pursuant to this Section 10.01 and from no other source.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Liability of Authority Limited to Revenues. Notwithstanding anything contained herein to the contrary, the Authority shall not be required to advance any money derived from any source of income other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Bonds shall be limited obligations of the Authority and shall be payable solely from the Revenues and amounts on deposit in the funds established hereunder (other than amounts on deposit in the Rebate Fund and the Costs of Issuance Fund). The Bonds do not constitute a debt or liability of the City or of the State and the faith and credit of neither the City nor the State are pledged to the payment of the principal of or interest on the Bonds.

SECTION 11.02 Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity other than the Authority, the Trustee, the City, the Credit Provider, the Liquidity Provider, and the Owners any right, remedy, or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer, or employee thereof shall be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Credit Provider, the Liquidity Provider, and the Owners.

SECTION 11.03 Successor is Deemed Included in All References to Predecessor. Whenever herein either the Authority or any member, officer, or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties, and

functions with respect to the administration, control, and management of the Project that are presently vested in the Authority or such member, officer, or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer, or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.04 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 make 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 before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number, and date of holding the same may be proved by the Bond Register relating to the Bonds at the Principal Office of the Trustee.

Any declaration, request, or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority in good faith and in accordance therewith.

SECTION 11.05 Waiver of Personal Liability. No member, officer, or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any member, officer, or employee of the Authority from the performance of any official duty provided by any applicable provisions of law or hereby.

SECTION 11.06 Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 11.07 Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions hereof, Trustee shall destroy such Bonds and furnish to the Authority a certificate of such destruction.

SECTION 11.08 Funds. Any fund required herein to be established and maintained 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 accounts and funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 11.09 Article and Section Headings 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. All references herein to "Articles," "Sections," and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby,"

"herein," "hereof," "hereto," "herewith," "hereunder," and other words of similar import refer to this Indenture as a whole and not to any particular article, section, subdivision, or clause hereof.

SECTION 11.10 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 Authority or the Trustee 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 or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection, and security afforded to them hereunder or any applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered this Indenture and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable, or invalid.

SECTION 11.11 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.12 Law Governing. This Indenture shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 11.13 Notices. All notices, requests, demands, and other communications under this Indenture by any person shall be in writing (unless otherwise specified herein) and shall be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by courier or if mailed, by first-class mail or by registered or certified mail, postage prepaid, and properly addressed as follows

If to the City:	City of Oxnard 300 West Third Street Oxnard, California 93030 Attention: Chief Financial Officer Fax: (805) 385-7466
If to the Authority:	City of Oxnard Financing Authority c/o City of Oxnard 300 West Third Street Oxnard, California 93030 Attention: Controller Fax: (805) 385-7466
If to the Trustee:	Wells Fargo Bank, National Association 707 Wilshire Blvd., 17 th Floor Los Angeles, California 90017 Attention: Corporate Trust Fax: (213) 614-3355
If to the Tender Agent:	Wells Fargo Bank, National Association 707 Wilshire Boulevard, 17th Floor Los Angeles, California 90017 Attention: Corporate Trust Department Fax: (213) 614-3355
If to the Remarketing Agent:	J.P. Morgan Securities LLC
If to the Liquidity Provider or to the Credit Provider:	JPMorgan Chase Bank, N.A. 131 South Dearborn 5 th Floor, Mail Code IL1-0236 Standby Letter of Credit Unit Chicago, IL 60603-5506 Attention: Standby Service Unit Telephone No.: (800) 634-1969 Facsimile No.: (312) 954-6163

If to S&P:

Standard & Poor's Ratings Services
55 Water Street, 38th Floor
New York, NY 10041
Attention: Public Finance Surveillance Group
Fax: (212) 438-2157
Tel: (212) 438-2054
Email:
pubfin_structured@standardandpoors.com

If to any Owner:

to its address as indicated in the Bond Register

IN WITNESS WHEREOF, the CITY OF OXNARD FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Chairman and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

CITY OF OXNARD FINANCING
AUTHORITY

By: _____

ATTEST:

By: _____
Stephen Fischer, City Attorney

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Vice President

IN WITNESS WHEREOF, the CITY OF OXNARD FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Chairman and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

CITY OF OXNARD FINANCING
AUTHORITY

By: _____

ATTEST:

Secretary

APPROVED AS TO FORM:

Stephen Fischer,
Authority General Counsel

APPROVED AS TO CONTENT:

Jim Throop,
Authority Controller

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____

EXHIBIT A

FORM OF BOND

No.: ____ _

\$_____

CITY OF OXNARD FINANCING AUTHORITY
 VARIABLE RATE DEMAND WASTEWATER REVENUE BOND
 (HEADWORKS AND SEPTIC SYSTEM CONVERSION PROJECTS)
 2004 SERIES B

Interest Rate	Maturity Date	Dated Date	CUSIP
Variable	June 1, 2034	November 18, 2004	

REGISTERED OWNER: CEDE&CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY OF OXNARD FINANCING AUTHORITY, a California joint exercise of powers entity, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the registered owner specified above, or registered assigns (each, an "Owner" and collectively with the registered owners of all of the Bonds, the "Owners"), on the maturity date identified above, the principal amount identified above.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B" (the "Bonds"), in the aggregate principal amount of twenty-three million nine hundred seventy-five thousand dollars (\$23,975,000), issued under and pursuant to the provisions of an Indenture, dated as of November 1, 2004, as amended and restated in its entirety by an Amended and Restated Indenture, dated as of August 1, 2008 (as amended and restated, the "Indenture"), each by and between the Authority and the Trustee (copies of which Indenture are on file at the corporate trust office of the Trustee in Los Angeles, California). Capitalized terms used but not defined in this Bond shall have the respective meanings assigned to such terms in the Indenture.

Interest with respect to this Bond shall be payable the first Business Day of each March, June, September, and December, commencing December 1, 2004, until the date upon which the Bonds commence to bear interest payable at a fixed interest rate (the "Fixed Rate Date"), and each June 1 and December 1 after the Fixed Rate Date (each, an "Interest Payment Date"). Interest with respect to this Bond shall be payable from the Interest Payment Date next preceding the date of authentication hereof, unless such date of authentication is after a Record Date (as hereinafter defined) and on or prior to the immediately following Interest Payment Date, in

which event interest with respect hereto shall be payable from such following Interest Payment Date or, unless such date of authentication is on or prior to the first Record Date, in which event interest shall be payable from November 18, 2004; provided, however, that if at the time of authentication of this Bond, interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available. The term "Record Date" means, prior to the Fixed Rate Date, the close of business on the Business Day immediately preceding any Interest Payment Date and, on and after the Fixed Rate Date, the close of business on the fifteenth day of the month immediately preceding any Interest Payment Date.

The principal of this Bond shall be payable, subject to prior optional and mandatory redemption, including, without limitation, mandatory sinking account payments and conversion to a fixed rate of interest (the "Fixed Rate") payable with respect to the Bonds from and after the Fixed Rate Date (in which case Serial Maturity Dates, as hereinafter described, may be established), on June 1, 2034 (inclusive of Serial Maturity Dates, if any, each a "Principal Payment Date"). The interest on the Bonds shall be payable on each Interest Payment Date by check or draft mailed by the Trustee to the respective Owners of the Bonds as of the Record Date for such Interest Payment Date at their addresses shown on the books required to be kept by the Trustee pursuant to the provisions of the Indenture. Payments of defaulted interest with respect to any Bond shall be paid by check or draft to the Owner as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to Wells Fargo Bank, National Association (the "Tender Agent"), or any successor tender agent, and mailed to the Owner of the Bond not less than ten (10) days prior thereto. The principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender thereof at maturity or on redemption prior thereto at the corporate trust office of the Trustee in Los Angeles, California, Minneapolis, Minnesota, or at such other location as may be designated by the Trustee.

Interest with respect to this Bond shall be payable on each Interest Payment Date to the Owner hereof as of the close of business on the Record Date. Interest shall be paid by check or draft of the Trustee, sent to the Owner by first-class mail, postage prepaid, at his address as it appears on the Bond Register; provided, however, that the Owner of \$1,000,000 or more in aggregate principal amount represented by the Bonds may request in writing that the Trustee pay the interest represented by such Bonds by wire transfer to a designated account in the United States and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request. Payments of defaulted interest shall be paid by check or draft to the Owners as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the Tender Agent and mailed to the Owners not less than ten (10) days prior thereto.

During the period in which the Bonds bear interest at a Weekly Interest Rate (as defined below), interest on the Bonds shall be computed on the basis of a 365/366 day-year, as applicable, for the actual days elapsed. On and after the Fixed Rate Date, and during the period that Bank Bonds, if any, bear interest at the rates specified in the Reimbursement Agreement (as defined herein) interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30 day months. During the period in which the Bonds bear interest at a Weekly Interest Rate, payment shall be made on each Interest Payment Date for unpaid interest accrued from and including the first day of the preceding three-month quarter, through and including the last day of the

preceding three-month quarter, except that payment shall be made on the initial Interest Payment Date for the Bonds for interest accrued from and including the date on which the Bonds are issued to the initial purchasers of the Bonds (the "Closing Date"). During the period that Bank Bonds, if any, bear interest at the rates specified in the Reimbursement Agreement, interest with respect to the Bank Bonds shall be calculated on the basis and payable on each Interest Payment Date as set forth in the Reimbursement Agreement. After the Fixed Rate Date, payment shall be made on each Interest Payment Date for unpaid interest accrued to but not including such Interest Payment Date.

The payments of principal of and interest on the Bonds are supported by an irrevocable direct pay letter of credit (the "Letter of Credit") until the Expiration Date or earlier termination of such Letter of Credit, which initially is issued by JPMorgan Chase Bank, N.A. (the "Bank"), pursuant to a Letter of Credit and Reimbursement Agreement, dated as of August 1, 2008 (the "Reimbursement Agreement"), by and among the Bank, the City, and the Authority. The Letter of Credit has an Expiration Date of _____20___. The Letter of Credit shall be drawn upon by the Trustee to pay the principal of and interest on the Bonds. The Letter of Credit shall also be drawn upon to pay the purchase price thereof upon tender as hereinafter described and, as such, shall also serve as a Liquidity Facility for the Bonds.

On and after the Closing Date but prior to the Fixed Rate Date, the Bonds shall bear interest at a Weekly Interest Rate and E. J. De La Rosa & Co., Inc., or any successor, as remarketing agent (the "Remarketing Agent"), having due regard for prevailing financial market conditions, shall determine, on each Wednesday or, if any such Wednesday is not a Business Day, on the next succeeding Business Day (each an "Adjustment Date"), the interest rate payable with respect to the Bonds as that rate of interest that, if payable with respect of the Bonds during the next weekly period, would be the interest rate, but not in excess of the interest rate, which would enable the Remarketing Agent to remarket the Bonds on the Adjustment Date at 100% of the principal amount thereof plus accrued interest, if any, thereon, and the interest rate so determined shall be the interest rate payable with respect to the Bonds for the weekly period immediately succeeding such Adjustment Date (the "Weekly Interest Rate"); provided, however, that in no event shall the interest payable with respect to any Bond at any time exceed 12% per annum, subject to the terms of the Indenture (the "Maximum Interest Rate").

The Bonds may be converted to bear interest payable at a Fixed Rate at the option of the Authority. On and after the Fixed Rate Date, the Bonds shall bear interest at the Fixed Rate. At least one Business Day prior to the Fixed Rate Date, the Remarketing Agent, having due regard for prevailing financial market conditions, shall determine the interest rate or rates payable with respect to the Bonds as the rate or rates or interest that, if payable with respect to the Bonds until their Principal Payment Date(s), including Serial Maturity Dates, if any, or mandatory sinking account payment dates would be the interest rate or rates, but not in excess of the interest rate or rates, which would enable the Remarketing Agent to remarket the Bonds on the Fixed Rate Date at 100% of the principal amount thereof plus accrued interest, if any, with respect thereto.

In the event (a) the Remarketing Agent fails or is unable to determine the interest rate(s) with respect to the Bonds, or (b) the method of determining the interest rate(s) with respect to the Bonds shall be held to be unenforceable by a court of law of competent jurisdiction, the Bonds shall thereupon, until such time as the Remarketing Agent again makes such determination or

until there is delivered an opinion of Independent Counsel to the effect that the method of determining such rate is enforceable, bear interest from the last date on which such rate was determined in the case of clause (a) and on which interest was legally paid in the case of clause (b), at the Weekly Interest Rate in effect for the immediately preceding weekly period.

The determination by the Remarketing Agent of the interest rates payable with respect to the Bonds shall be conclusive and binding on the Authority, the City, the Trustee, the Tender Agent, the Bank, and the Owners of the Bonds.

In connection with the conversion of the Bonds to a Fixed Rate, the Remarketing Agent, having due regard for prevailing financial market conditions, shall determine the portion, if any, of the Bonds that shall become Serial Bonds, the Serial Maturity Dates for that shall be June 1 in each year that such Serial Bonds shall mature. The Bonds to become Serial Bonds on the Fixed Rate Date shall be selected by lot from all Outstanding Bonds, as directed in writing by the Authority. The aggregate principal amount of Serial Bonds for each Serial Maturity Date shall be the amount specified in the Indenture with respect to mandatory sinking account payments, as such amount may be adjusted pursuant to the provisions of the Indenture. All Bonds that are not designated as Serial Bonds shall retain their original Principal Payment Date and shall continue to be subject to mandatory sinking account payments in accordance with the Indenture. Upon conversion to a Fixed Rate, new forms of Bonds shall be prepared, which Bonds shall indicate the Serial Maturity Dates, if any, and shall contain the terms of the Bonds applicable in a Fixed Rate.

The Bonds are authorized to be executed and delivered in the form of fully registered Bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof during the period in which the Bonds bear interest at a Weekly Interest Rate and \$5,000 or any integral multiple thereof on and after the Fixed Rate Date (each an "Authorized Denomination").

The Bonds are issued under and are equally and ratably secured and entitled to the protection given by the Indenture and the provisions of the Marks-Roos Local Bond Pooling Act of 1985 of the State of California, Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented.

The Bonds are issued to provide funds to finance the construction, acquisition, and improvement of all or portions of certain headworks and septic system conversion projects relating to the City's Wastewater System (as described below). The Bonds are limited obligations of the Authority and are payable solely from installment payments (the "Installment Payments") paid by the City of Oxnard (the "City") pursuant to an Installment Purchase Agreement, dated as of November 1, 2004 (the "Installment Purchase Agreement"), by and between the Authority and the City, and the interest or profits from the investment of money in the funds established under the Indenture (other than the Rebate Fund), subject to their application for other purposes pursuant to the Indenture (the "Revenues"), and amounts on deposit in the funds established under the Indenture (other than amounts on deposit in the Rebate Fund and the Costs of Issuance Fund). The income and receipts derived by the City from the operation of the Wastewater System (as described in the Installment Purchase Agreement) remaining after the payment of Maintenance and Operation Costs of the

Wastewater System (as described in the Installment Purchase Agreement) (the "Net System Revenues") are, pursuant to the Installment Purchase Agreement, pledged to the payment of the Installment Payments and any Additional Obligations (as such term is defined in the Installment Purchase Agreement). The Bonds do not constitute a debt or liability of the City or of the State of California and the faith and credit of neither the City nor the State of California are pledged to the payment of the principal of or interest on the Bonds.

Additional Obligations payable from Net System Revenues have been and may be incurred by the City that will be payable on a parity with the payment by the City of the Installment Payments, but only subject to the conditions and upon compliance with the procedures set forth in the Installment Purchase Agreement. Reference is hereby made to the Installment Purchase Agreement and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms under which the Bonds are issued, the provisions with regard to the nature and extent of the Net System Revenues, and the rights of the Owners of the Bonds. All of the terms of the Installment Purchase Agreement and the Indenture are hereby incorporated herein. The Indenture constitutes a contract between the Authority and the Owner of this Bond, and, by acceptance hereof, the Owner of this Bond agrees and consents to all of the provisions of the Indenture. Each Owner hereof shall have recourse to all of the provisions of the Indenture and shall be bound by all of the terms and conditions thereof.

During the period in which the Bonds bear interest at a Weekly Interest Rate, so long as a Liquidity Facility is in effect, any Bond (or portion thereof in a principal amount equal to \$100,000 or any integral multiple thereof), including any Bond for which a notice of redemption has been given pursuant to the Indenture, shall be purchased, on the demand of the Owner thereof, on the Business Day specified in a Tender Notice (each a "Purchase Date") at a purchase price equal to 100% of the principal amount thereof or portion thereof to be purchased, plus accrued interest, if any, thereon to the Purchase Date, upon presentation to the Tender Agent at its corporate trust office in Los Angeles, California, Minneapolis, Minnesota, or at such other location as may be designated by the Tender Agent and approved by the Authority, of a properly completed Tender Notice at or before 10:00 a.m., California time, on or prior to the seventh day next preceding the Purchase Date, and delivery to the Tender Agent at or prior to 10:00 a.m., California time, on the Purchase Date of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Tender Agent). Such presentation shall be deemed made on the day of receipt of the Tender Notice by the Tender Agent if received not later than 10:00 a.m., California time, on that day and if received after 10:00 a.m., California time, such presentation shall be deemed made on the following Business Day. Any Tender Notice once given thereunder shall be irrevocable whether or not Bonds are thereafter delivered.

(a) On the Fixed Rate Date, (b)(i) on the tenth day prior to the expiration of the Liquidity Facility or (ii) on the tenth day prior to the expiration of the Credit Facility, (c)(i) in the event that the Liquidity Provider notifies the Trustee of the occurrence of an event of default under the Liquidity Facility, or (ii) in the event that the Credit Provider notifies the Trustee of the occurrence of an event of default under the Credit Facility, (d)(i) in connection with the provision of a Substitute Liquidity Facility, (ii) in connection with the provision of the Substitute Credit Facility, or (iii) in connection with the termination of the Credit Facility without providing a Substitute Credit Facility, all Bonds shall be purchased from the Owners

thereof at a purchase price equal to 100% of the principal amount represented thereby plus accrued interest, if any, represented thereby in accordance with and from the sources of funds specified in the Indenture; except that Bonds with respect to which the Tender Agent shall have received Non-tender Notices from the Owners thereof shall not be purchased. The date of such purchase is herein defined as the "Mandatory Purchase Date."

In connection with the events specified in (a) or (b) of the preceding paragraph, subsequent to the giving by the Trustee the Owners of the notice specified in the Indenture at least thirty (30) days prior to the Mandatory Purchase Date with respect to the mandatory tender for purchase of the Bonds on such date, any Owner may direct the Tender Agent not to effect the purchase on such Mandatory Purchase Date of any Bonds owned by him by delivering to the Tender Agent on or before the fifteenth day preceding the Mandatory Purchase Date a Non- tender Notice that shall (i) state that such person is the Owner and specify the numbers and denominations of the Bonds so owned, (ii) acknowledge that the interest rate for such Bonds shall be changed on the Fixed Rate Date, if applicable (iii) accept the new interest rate or rates, Interest Payment Dates, Record Dates, and method of establishing the interest rate or rates, for such Bonds on the Fixed Rate Date, if applicable, (iv) acknowledge, if applicable, that no Liquidity Facility will be in effect after the Fixed Rate Date or the Expiration Date of the Liquidity Facility, as applicable, which may result in a reduction or withdrawal of the credit rating of the Bonds from the rating that then prevails, (v) acknowledge that such Owner has no right to exercise his optional demand for purchase of such Bonds between the date of such Non- tender Notice and the Mandatory Purchase Date, (vi) acknowledge, if applicable, that from and after the Expiration Date of the Liquidity Facility, no optional demand for purchase may be made until such time, if ever, as a Substitute Liquidity Facility is obtained, and (vii) direct the Tender Agent not to effect the purchase of the Bonds for which such Owner has delivered the Non- tender Notice. Any Non-tender Notice delivered to the Tender Agent in accordance with the Indenture shall be irrevocable with respect to the Bonds for which such Non-tender Notice is delivered; but any such Non-tender Notice shall have no effect upon any subsequent redemption of Bonds. No Owner may deliver a Non-tender Notice in connection with the events specified in clause (b)(ii), (c)(i), (c)(ii), (d)(i), (d)(ii), (d)(iii), or (e) of the immediately preceding paragraph.

Upon the occurrence and continuation of an event of default under the Indenture, the Bonds are subject to mandatory tender for purchase at par, without premium, plus accrued interest to the date of tender, upon receipt by the Trustee of a written request therefor from the Liquidity Provider. Upon receipt of such notice, the Trustee shall mail a notice by first class mail, postage prepaid, to each Owner stating that (i) the Bonds shall be purchased and the date on which the purchase shall take place (that shall be no sooner than 30 days after the mailing of such notice), (ii) from and after the Mandatory Purchase Date, such Owners shall not be entitled to any rights under the Indenture, and (iii) on the Mandatory Purchase Date, the Bonds must be presented to the Trustee, accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by an eligible guarantor institution. Payment of the purchase price of any Bond pursuant to this mandatory tender shall be made by 3:00 p.m. (Los Angeles time) on the Mandatory Purchase Date, but only if and to the extent the Credit Provider has deposited the aggregate purchase price with the Trustee prior to such time, that the Trustee mails notice of such mandatory tender to the Owners, upon delivery of such Bonds to the Trustee at the corporate trust office of the Trustee accompanied by an

instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by an eligible guarantor institution (provided, however, that while the Bonds are in the book-entry system, the Bonds shall be presented to the Trustee according to the normal and customary practice between DTC and the Trustee). No Owner may deliver a Non-tender Notice in connection with the foregoing.

Any Owner who delivers a Non-tender Notice shall not have the right to exercise the optional demand for purchase of such Bonds between the date of the Non-tender Notice and the Mandatory Purchase Date, and the Tender Agent shall not accept any optional tender of such Bonds. Owners not providing the Tender Agent with a Non-tender Notice as described above shall be deemed to have tendered their Bonds as of the Mandatory Purchase Date to the Tender Agent. From and after the Mandatory Purchase Date, said Owners shall not be entitled to any payment (including any interest to accrue from and after the Mandatory Purchase Date) other than the purchase price for such Bonds calculated as of the Mandatory Purchase Date. Such Bonds shall no longer otherwise be entitled to the benefits of the Indenture.

If the Authority has not already redeemed the Bonds, the Authority shall use its best efforts to convert interest payable with respect to the Bonds from a Weekly Interest Rate to a Fixed Rate in accordance with the provisions of the Indenture within forty-five (45) days after receiving notice that the Bank has declined to renew or extend the Liquidity Facility or if the Authority has not received an irrevocable commitment from the provider of a Substitute Liquidity Facility to deliver such Substitute Liquidity Facility to the Trustee within such time period and, under certain circumstances, pursuant to the terms set forth in the Liquidity Facility. Notwithstanding the foregoing, the Liquidity Facility shall not be released by the Trustee to the Bank until the Substitute Liquidity Facility is delivered and is in full force and effect or the Bonds have been converted to a Fixed Interest Rate, whichever first occurs, and no Bonds have been tendered for purchase on the Mandatory Purchase Date pursuant to the Indenture.

So long as the Bonds bear interest at a Weekly Interest Rate, the Bonds are subject to redemption prior to their stated Principal Payment Date, upon the exercise by the City of its right to cause the redemption of Bonds in accordance with the provisions of the Installment Purchase Agreement, from and to the extent of any source of available funds, as a whole or in part on any Business Day, at the principal amount thereof as shall be directed by the City in accordance with the Installment Purchase Agreement if less than all of the Bonds are to be called for prior redemption, at the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

The Bonds are subject to mandatory redemption prior to their respective stated maturities in whole or in part on any date, in Authorized Denominations, of such maturities or portions of maturities as shall be directed by the Authority, at the direction of the City, and by lot within any such maturity if less than all of the Bonds of such maturity are to be redeemed, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from moneys transferred from the Project Fund to the Payment Fund pursuant to the Indenture.

The Bonds are subject to redemption prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on the first Business Day of each June,

commencing June 1, 2009, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the principal amounts as set forth in the Indenture. After the Fixed Rate Date, Bonds shall not be prepaid, as described in this paragraph in any year which, as a result of the conversion to a Fixed Rate, contains a Serial Maturity Date.

After the Fixed Rate Date, the Bonds are subject to optional redemption by the Authority, or upon the exercise by the City of its right to cause the redemption of Bonds in accordance with the provisions of the Installment Purchase Agreement, in whole or in part in Authorized Denominations, on any Business Day, upon expiration of the applicable call protection period described below, at the redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed) set forth below, declining by one percent (1%) on every second Interest Payment Date after the initial redemption date set forth below until the redemption price equals 100%, plus accrued interest thereon to the date fixed for redemption:

Years Remaining to Maturity as of Fixed Rate Date	Initial Redemption Dates (anniversary of Fixed Rate Date)	Initial Redemption Prices
Equal to or greater than 15 years	Tenth anniversary	102%
Equal to or greater than 10 years but less than 15 years	Seventh anniversary	102%
Equal to or greater than 5 years but less than 10 years	Third anniversary	101%
Less than 5 years	Non-callable	

Whenever less than all the Outstanding Bonds are to be prepaid on any one date, the Trustee shall select the Bonds to be prepaid according to the provisions of the Indenture, and the Trustee shall promptly notify the City, the Remarketing Agent and the Authority in writing of the numbers of the Bonds so selected for redemption on such date. For purposes of such selection, any Bond may be prepaid in part in Authorized Denominations.

Notice of any redemption shall be given to the respective Owners of Bonds designated for redemption at their addresses appearing on the registration books of the Trustee as of the close of business on the day before such notice is given. The Trustee shall give notice by first-class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date to such Owners. Such notice shall set forth, in the case of each Bond to be redeemed only in part, the portion of the principal thereof which is to be redeemed. Neither failure to receive such notice nor any defect in any notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds.

If this Bond is called for redemption and the principal amount of this Bond plus accrued interest due with respect hereto are duly provided therefor as specified in the

Indenture, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption. If an event of default under the Indenture (which includes an event of default under the Installment Purchase Agreement) shall occur, the principal of all Outstanding Bonds and may be declared due and payable upon the conditions, in the manner, and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded.

This Bond is transferable by the Owner thereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Trustee in Los Angeles, California, Minneapolis, Minnesota, or at such other location as may be designated by the Trustee, on the books required to be kept by the Trustee pursuant to the provisions of the Indenture, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture upon surrender of this Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a forth approved by the Trustee.

Whenever this Bond shall be surrendered for transfer or exchange, the Trustee shall execute and deliver a new Bond or Bonds representing the same principal amount. The Trustee shall not be required to register the transfer or exchange of any Bond during a period beginning at the opening of business fifteen (15) days before the date such Bonds are selected for redemption and the date any Bonds are to be redeemed or any Bond selected for redemption, except for the portion of any Bond redeemed only in part that remains Outstanding.

The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment hereof and for all other purposes, whether or not this Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall (i) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the Authority to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency provided herein without the express written consent of the registered Owner of this Bond, (ii) reduce the percentage of Owners whose consent is required for the execution of any supplement or amendment to the Indenture, (iii) permit the creation by the Authority of any pledge of the Revenues superior to or on a party with the pledge created by the Indenture for the benefit of the Bonds, or (iv) modify any rights or obligations of the Trustee without its prior written assent thereto, all as more fully set forth in the Indenture.

If the Authority shall pay or cause to be paid or there-shall otherwise be paid to the Owners of any Outstanding Bonds the interest thereon, the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of the Revenues as provided in the Indenture, and all agreements, covenants, and other obligations of

the Authority to the Owners of such Bonds under the Indenture shall thereupon cease, terminate, and become void and be discharged and satisfied.

This Bond shall not be entitled to any benefit, protection, or security under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually executed and dated by the Trustee.

It is hereby certified that all acts and proceedings required by law necessary to make this Bond, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding, and legal limited obligation of the Authority have been done and taken, and have been in all respects duly authorized.

IN WITNESS WHEREOF, the City of Oxnard Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman and attested to by the manual or facsimile signature of its Secretary, and has caused this Bond to be dated as of the dated date set forth above.

CITY OF OXNARD FINANCING
AUTHORITY

By: _____
Chairman

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on _____.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT TO BONDS]

For value received, the undersigned hereby sells, assigns, and transfers unto _____

(name, address, and social security number or other identifying number) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

NOTE: The signature to this Assignment must correspond with the name as written upon the face of the bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

NOTICE: The signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B

WRITTEN REQUEST OF THE AUTHORITY
FOR DISBURSEMENT OF COSTS OF ISSUANCE

Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017

SUBJECT: City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue
Bonds (Headworks and Septic System Conversion Projects), 2004 Series B

Requisition No.:

Ladies and Gentlemen:

You, as trustee (the "Trustee") for the above-referenced bonds (the "Bonds"), are hereby requested to pay from the Costs of Issuance Fund, established pursuant to that certain Indenture, dated as of November 1, 2004, as amended and restated in its entirety by that certain Amended and Restated Indenture, dated as of August 1, 2008 (collectively, the "Indenture"), each by and between the Trustee and the City of Oxnard Financing Authority ("Authority"), authorizing the issuance and sale of the Bonds, to the respective persons or entities designated on Schedule A attached hereto and by this reference incorporated herein, the respective sums set forth on said Schedule A. Each obligation, item of cost, or expense included in this Written Request is a Cost of Issuance (as defined in the Indenture), has been properly incurred, is a proper charge against the Costs of Issuance Fund, and has not been the basis of any previous withdrawal, and the payment of such obligation, cost, or expense will not cause the balance remaining in the Costs of Issuance Fund after such payment to be less than the amount necessary to pay the remaining estimated Costs of Issuance to be paid from the Costs of Issuance Fund.

Dated: _____ 2018

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Controller

EXHIBITCWRITTEN REQUEST OF THE CITY
FOR DISBURSEMENT OF PROJECT COSTS

Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017

SUBJECT: City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue
Bonds (Headworks and Septic System Conversion Projects), 2004 Series B

Requisition No.:

Ladies and Gentlemen:

You, as trustee (the "Trustee") for the above-referenced bonds (the "Bonds"), are hereby requested to pay from the Project Fund, established pursuant to that certain Indenture, dated as of November 1, 2004, as amended and restated in its entirety by that certain Amended and Restated Indenture, dated as of _____, 1, 2008 (collectively, the "Indenture"), each by and between the Trustee and the City of Oxnard Financing Authority ("Authority"), authorizing the issuance and sale of the Bonds, to the respective persons or entities designated on Schedule A attached hereto and by this reference incorporated herein, the respective sums set forth on said Schedule A. Each obligation, item of cost, or expense included in this Written Request is a Project Cost (as defined in the Indenture), has been properly incurred, is a proper charge against the Project Fund, and has not been the basis of any previous withdrawal, and the payment of such obligation, cost, or expense will not cause the balance remaining in the Project Fund after such payment to be less than the amount necessary to pay the remaining estimated Project Costs to be paid from the Project Fund. Attached hereto is a bill or statement of account for each such obligation.

The undersigned hereby certify that there has not been filed with or served upon the City notice or any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in this Written Requisition that has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by operation of law.

Dated: _____, 201_

CITY OF OXNARD

By: _____

Chief Financial Officer

EXHIBIT D

DESCRIPTION OF PROJECT

The "Project" consists of the construction, acquisition, and improvement of all or portions of (1) the Headworks Project, which generally includes (a) new headworks area; (b) new mechanical bar screen facilities; (c) new grit removal and dewatering facilities; (d) influent pump station; and (e) new odor control facilities and support facilities; (2) the Oxnard Wastewater Septic System Conversion Project, which consists of the installation of approximately 23,383 linear feet of 8 to 10 inch backbone sewer pipeline in the College Park, El Rio West, McMillan Manor, and Smith Tract neighborhoods in the City, where homes are presently served by individual wastewater disposal systems (i.e., septic tanks and leach fields); and (3) appurtenances and appurtenant work relating to the foregoing project, including right of way acquisition.

EXHIBIT E

FORM OF TENDER NOTICE

Notice of Demand for Purchase

To: Wells Fargo Bank, National Association, as Tender Agent
 707 Wilshire Boulevard, 17th Floor
 Los Angeles, California 90017
 Attention: Corporate Trust Department

The undersigned is the registered owner of City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, No(s). _____ (the "Bonds"). The undersigned hereby irrevocably demands payment of \$_____ aggregate principal amount of the Bonds (which amount is \$100,000 or any integral multiple of \$5,000 in excess thereof) and accrued interest thereon to the date of payment (the "Purchase Price").

Payment of the Purchase Price shall be made in the following manner:

[check and complete (a) or (b)]

____ (a) By check mailed to the undersigned at the following address:

 _____, or

____ (b) By wire transfer of immediately available funds to Account No. ____ at the following bank: _____

Payment shall occur on _____ (the "Purchase Date"), upon presentation to Wells Fargo Bank, National Association, as Tender Agent (the "Tender Agent"), at its corporate trust office in Los Angeles, California, Minneapolis, Minnesota, or at such other location as may be designated by the Tender Agent and approved by the Authority, of this notice properly completed at or before 10:00 a.m., California time, on or prior to the seventh day next preceding the Purchase Date, and delivery to the Tender Agent at or prior to 10:00 a.m., California time, on the Purchase Date of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Tender Agent).

Such presentation shall be deemed made on the day of receipt of this notice by the Tender Agent if received not later than 10:00 a.m., California time, on that day and if received after 10:00 a.m., California time, such presentation shall be deemed made on the following Business Day. This notice shall be irrevocable whether or not Bonds are hereafter delivered.

Promptly upon receipt by the Tender Agent of this notice or such notice of demand for purchase as may be required by the Representation Letter, the Tender Agent shall give notice by telephone, telecopy, telex, or similar telecommunication device, promptly confirmed in writing,

to the Remarketing Agent, the Liquidity Provider, and the Trustee specifying the principal amount of Bonds to be purchased pursuant to this notice, and specifying the Purchase Date. By 9:30 a.m., California time, on the Business Day immediately preceding the Purchase Date, the Remarketing Agent shall give notice by telephone, telecopy, telex, or similar telecommunication device, promptly confirmed in writing, to the Tender Agent, the Trustee, and the Liquidity Provider specifying the principal amount represented by the Bonds (including Bank Bonds) sold by it and the proceeds of such Bonds received by it, including any registration information supplied by the purchaser, and the principal amount represented by the Bonds required to be purchased on behalf of the Liquidity Provider pursuant to moneys drawn by the Trustee under the Liquidity Facility.

This notice shall not be effective unless, simultaneously with the delivery hereof to the Tender Agent, a copy hereof is sent to the Trustee at the address set forth below.

All capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Indenture, dated as of November 1, 2004, as amended and restated in its entirety by that certain Amended and Restated Indenture, dated as of _____, 1, 2018 (collectively, the "Indenture"), each by and between the City of Oxnard Financing Authority and Wells Fargo Bank, National Association, as trustee.

(Name of Registered Owner)

Authorized Signature

Date: _____

Cc: Wells Fargo Bank, N.A.
707 Wilshire Blvd., 11th Floor
Los Angeles, California 90017 Attention:
Corporate Trust

J.P. Morgan Securities LLC
[address]

EXHIBIT F-1

FORM OF NON-TENDER NOTICE

Notice of Election Not to Tender Bonds on Fixed Rate Date

To: Wells Fargo Bank, National Association, as Tender Agent
 707 Wilshire Boulevard, 17th Floor
 Los Angeles, California 90017
 Attention: Corporate Trust Department

The undersigned is the registered owner of City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, No(s). _____ (the "Bonds"), issued pursuant to the Indenture, dated as of November 1, 2004, as amended and restated in its entirety by that certain Amended and Restated Indenture, dated as of August 1, 2008 (collectively, the "Indenture"), each by and between the City of Oxnard Financing Authority and Wells Fargo Bank, National Association, as trustee. All capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Indenture. The undersigned hereby (i) acknowledges that the interest rate for the Bonds shall be changed on the Fixed Rate Date, (ii) accepts the new interest rate or rates, Interest Payment Dates, Record Dates, and method of establishing the interest rate or rates, for such Bonds, (iii) acknowledges, if applicable, that no Liquidity Facility or no Credit Facility will be in effect after the Fixed Rate Date, which may result in a reduction or withdrawal of the Rating Agency's rating of the Bonds from the rating that now prevails, and (iv) acknowledges that the undersigned has no right to exercise his/her optional demand for purchase of such Bonds between the date of this Non-tender Notice and the Fixed Rate Date.

The undersigned hereby directs the Tender Agent not to purchase \$_____ in aggregate principal amount of the Bonds, and hereby acknowledges that such direction is irrevocable and binding on subsequent owners of such principal amount of the Bonds.

The undersigned will deliver the Bonds to the Tender Agent not later than the Fixed Rate Date for exchange for the new Bonds evidencing interest payable at a Fixed Rate.

 (Name of Registered Owner)

Date: _____

 Authorized Signature

EXHIBIT F-2

FORM OF NON-TENDER NOTICE

Notice of Election Not to Tender Bonds
Prior to Expiration of Liquidity Facility

To: Wells Fargo Bank, National Association, as Tender Agent
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017
Attention: Corporate Trust Department

The undersigned is the registered owner of City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, No(s)._____ (the "Bonds"), issued pursuant to the Indenture, dated as of November 1, 2004, as amended and restated in its entirety by that certain Amended and Restated Indenture, dated as of January 1, 2018 (collectively, the "Indenture"), each by and between the City of Oxnard Financing Authority and Wells Fargo Bank, National Association, as trustee. All capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Indenture. The undersigned hereby (i) acknowledges that no liquidity support in respect of the Bonds will be in effect following the Expiration Date, which may result in a reduction or withdrawal of the Rating Agency's rating of the Bonds from those that now prevail, (ii) acknowledges that the undersigned has no right to exercise his/her optional demand for purchase of such Bonds between the date of this Non-tender Notice and the Mandatory Purchase Date, and (iii) acknowledges that from and after the Expiration Date, no optional demand for purchase may be made until such time, if ever, as a Substitute Liquidity Facility is obtained.

The undersigned hereby directs the Tender Agent not to purchase \$_____ in aggregate principal amount of the Bonds, and hereby acknowledges that such direction is irrevocable and binding on subsequent owners of such principal amount of the Bonds.

(Name of Registered Owner)

Date: _____

Authorized Signature

EXHIBIT G

PERMITTED INVESTMENTS

"Permitted Investments" mean, if and to the extent permitted by law and by any policy guidelines promulgated by the City:

- (1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("**U.S. Government Securities**").
- (2) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:
 - (a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest
 - (b) Federal Housing Administration - debentures
 - (c) General Services Administration - participation certificates
 - (d) Government National Mortgage Association ("**GNMAs**") - guaranteed mortgage-backed securities and guaranteed participation certificates
 - (e) Small Business Administration - guaranteed participation certificates and guaranteed pool certificates
 - (f) U.S. Department of Housing & Urban Development - local authority bonds
 - (g) U.S. Maritime Administration - guaranteed Title XI financings
 - (h) Washington Metropolitan Area Transit Authority - guaranteed transit bonds
- (3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:
 - (a) Federal National Mortgage Association ("**FNMAs**") - senior debt obligations rated Aaa by Moody's and AAA by S&P

* The following are explicitly excluded from the securities enumerated in clauses 2 and 3:

- (i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (ii) Obligations with a possibility of returning a zero or negative yield if held to maturity;
- (iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (iv) Collateralized Mortgage-Backed Obligations ("**CMOs**").

- (b) Federal Home Loan Mortgage Corporation ("**FHLMCs**") - participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P
 - (c) Federal Home Loan Banks - consolidated debt obligations
 - (d) Student Loan Marketing Association - debt obligations
 - (e) Resolution Funding Corporation - debt obligations
- (4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.
- (5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.
- (6) Certificates of deposit, savings accounts, deposit accounts, or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("**FDIC**"), including the Bank Insurance Fund and the Savings Association Insurance Fund.
- (7) Certificates of deposit, deposit accounts, federal funds, or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).
- (8) Investments in money-market funds rated AAAm or AAAm-G by S&P. Such money market funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.
- (9) State-sponsored investment pools rated AA- or better by S&P.
- (10) Repurchase agreements that meet the following criteria:
- (a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.
 - (b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("**SIPC**") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by

the Liquidity Provider and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

- (c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.
- (d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in clauses 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's, or FHLMC's. The repurchase agreement shall require (i) the Trustee or an independent third party acting solely as agent for the Trustee (the "**Agent**") to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) Business Days of such valuation.
- (e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.
- (f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the Authority and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.
- (g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.
- (h) The repurchase agreement shall establish the following as events of default, the occurrence of any of that shall require the immediate liquidation of the repurchase securities, unless Liquidity Provider directs otherwise:
 - (i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
 - (ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or

- (iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(11) Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

- (a) A master agreement or specific written investment agreement governs the transaction.
- (b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by the Liquidity Provider and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.
- (c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by the Liquidity Provider and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.
- (d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.
- (e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.
- (f) The investment agreement shall provide for the delivery of collateral described in clause (i) or (ii) below ("**Permitted Collateral**") that shall be maintained at the following collateralization levels at each valuation date:
 - (i) U.S. Government Securities at 104% of principal plus accrued interest; or
 - (ii) Obligations of GNMA, FNMA, or FHLMC (described in clauses 2(d), 3(a), and 3(b) above) at 105% of principal and accrued interest.

- (g) The investment agreement shall require the Trustee or the Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:
 - (i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., *The Wall Street Journal*, or Reuters;
 - (ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
 - (iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.
- (h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account, and registered in the name of the Trustee or the Agent.
- (i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause 11(f) above, the Trustee and the Liquidity Provider shall receive an opinion of counsel as to the perfection of the security interest in the collateral.
- (i) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee, or other penalty, upon not more than two (2) Business Days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:
 - (i) In the event of a deficiency in the debt service account;
 - (ii) Upon acceleration after an event of default;
 - (iii) Upon refunding of the Bonds in whole or in part;
 - (iv) Reduction of the Reserve Requirement for the Bonds; or
 - (v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the Authority's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds.

- (k) The investment agreement shall establish the following as events of default, the occurrence of any of that shall require the immediate liquidation of the investment securities, unless:
 - (i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;
 - (ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
 - (iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
 - (iv) Failure by the provider to make a payment or observe any covenant under the agreement;
 - (v) The guaranty (if any) is terminated, repudiated, or challenged; or
 - (vi) Any representation of warranty furnished to the Trustee or the Authority in connection with the agreement is false or misleading.
- (l) The investment agreement must incorporate the following general criteria:
 - (i) "Cure periods" for payment default shall not exceed two (2) Business Days;
 - (ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Liquidity Provider;
 - (iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Credit Provider;
 - (iv) [reserved];

- (v) The provider shall be required to immediately notify the Credit Provider and the Trustee of any event of default or any suspension, withdrawal, or downgrade of the provider's ratings;
 - (vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim; and
 - (vii) The agreement shall require the provider to submit information reasonably requested by the Credit Provider, including balance invested with the provider, type and market value of collateral, and other pertinent information.
- (12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service) or draw down date (construction funds) that meet the following criteria:
- (a) A specific written investment agreement governs the transaction.
 - (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Liquidity Provider and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.
 - (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.
 - (d) Permitted securities shall include the investments listed in clauses 1, 2, and 3 above.
 - (e) The forward delivery agreement shall include the following provisions:
 - (i) The permitted securities must mature at least one (1) Business Day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.
 - (ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

- (iii) Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of debt service.
- (iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency, or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and shall otherwise be acceptable to the Credit Provider.
- (v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Credit Provider.

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty, or other hedging arrangement, only with the prior written consent of the Credit Provider.

(14) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of the State of California or of any agency, instrumentality, or local governmental unit of the State of California which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody's.

(15) Shares in any money market mutual fund registered under the Investment Company Act of 1940 whose investment portfolio consists solely of direct obligations of the United States Government, provided that any such fund has been rated in the highest category by a nationally recognized rating agency and, provided further, that such mutual funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.

(16) The Local Agency Investment Fund ("**LAIF**").

(17) Other forms of investments approved in writing by the Liquidity Provider with notice by the Authority to S&P.

(18) Maturity of investments shall be governed by the following:

(a) Investments of monies shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

REOFFERING MEMORANDUM

REMARKETING — NOT A NEW ISSUE BOOK-ENTRY ONLY

RATINGS: S&P: A+/A-1

(See “RATINGS.”)

In connection with the original issuance of the Bonds, Pillsbury Winthrop LLP, Los Angeles, California (“Original Bond Counsel”), delivered its opinion dated November 18, 2004, to the effect that, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, compliance with certain covenants and requirements described herein, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Original Bond Counsel expressed the further opinion that interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although Original Bond Counsel observed that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Original Bond Counsel expressed no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS.” **OTHER THAN AS DESCRIBED ABOVE, NO REPRESENTATIONS ARE BEING MADE AND NO LEGAL OPINIONS ARE BEING OBTAINED OR RENDERED IN CONNECTION WITH THE REMARKETING OF THE BONDS AS TO THE PRIOR, CURRENT, OR CONTINUED EXCLUDABILITY OF INTEREST PAYABLE WITH RESPECT TO THE BONDS FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, THE EXEMPTION OF SUCH INTEREST FROM STATE OF CALIFORNIA PERSONAL INCOME TAXES, OR OTHER TAX CONSEQUENCES RELATING TO THE OWNERSHIP OR DISPOSITION OF THE BONDS.**

\$15,725,000

CITY OF OXNARD FINANCING AUTHORITY

VARIABLE RATE DEMAND WASTEWATER REVENUE BONDS (HEADWORKS AND SEPTIC SYSTEM CONVERSION PROJECTS) 2004 SERIES B (CUSIP No. 691878 AJ1⁽¹⁾)

⁽¹⁾ Copyright 2017, American Bankers Association. CUSIP data is provided by Standard & Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. (“CUSIP Service Bureau”). Such CUSIP data is provided only for the convenience of the reader and is not intended to create a database and does not serve in any way as a substitute for the services and information provided by the CUSIP Service Bureau. CUSIP is a registered trademark of the American Bankers Association. The Authority takes no responsibility for the accuracy of any CUSIP data set forth herein or for any changes or errors in such data.

Original Date of Issuance: November 18, 2004
Remarketing Date: January 25, 2018

Price: 100%

Maturity Date: June 1, 2034

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE REOFFERING MEMORANDUM TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B (the “Bonds”), were issued by the City of Oxnard Financing Authority (the “Authority”) on November 18, 2004, in the aggregate principal amount of \$23,975,000, of which \$15,725,000 principal amount is outstanding as of the date of this Reoffering Memorandum. The Bonds were issued pursuant to the provisions of an Indenture, dated as of November 1, 2004 (the “Original Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), which original Indenture was amended and restated in its entirety by an Amended and Restated Indenture, dated as of December 1, 2017 (the “Indenture”), by and between the Authority and the Trustee. The Bonds are being remarketed on December 7, 2017 (the “Remarketing Date”), in accordance with the terms of the Indenture in connection with the issuance of an irrevocable, direct-pay letter of credit (the “Letter of Credit”) by JPMorgan Chase Bank, National Association (the “Bank”), to pay the purchase price of the Bonds subject to mandatory or optional tender for purchase by the registered owners thereof (the “Owners”) and to pay the principal of and interest on the Bonds when due. Capitalized terms used on this cover page and not otherwise defined shall have the meanings ascribed to them elsewhere in this Reoffering Memorandum. See in particular “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS — Selected Definitions.”

The proceeds from the original sale of the Bonds were used to finance the cost of certain capital improvements to the wastewater system of the City of Oxnard (the “City”), as more fully described herein. See “THE PROJECT.”

The Bonds were issued in fully registered form, without coupons, and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC acts as securities depository for the Bonds. Individual purchases of Bonds may be made in book-entry form only, in the principal amount of \$100,000 and any integral multiple of \$5,000 in excess thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See “THE BONDS — Book-Entry Only System.”

Payments of interest on the Bonds are made by the Trustee to DTC, which in turn remits such interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. The Bonds currently bear interest at a Weekly Interest Rate. So long as the Bonds bear interest at a Weekly Interest Rate, such interest is payable on the first Business Day of each March, June, September, and December until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the principal corporate office of the Trustee upon maturity or the earlier redemption thereof.

The Bonds are subject to optional, mandatory, and mandatory sinking account redemption prior to their stated maturities, as described herein.

The Bonds are payable solely from (i) Revenues, consisting of Installment Payments made by the City pursuant to an Installment Purchase Agreement, dated as of November 1, 2004 (the “Installment Purchase Agreement”), by and between the Authority and the City, and the interest or profits from the investment of moneys in certain of the funds established under the Indenture, and (ii) all moneys in the funds and accounts established under the Indenture (other than amounts on deposit in the Rebate Fund and the Costs of Issuance Fund). The Installment Payments are a special limited obligation of the City, payable from and secured by a pledge of and lien on all Net System Revenues. Pursuant to the Installment Purchase Agreement, the City may incur Additional Obligations secured by Net System Revenues on a parity with the Installment Payments to the extent the City can provide evidence that the Net System Revenues will be sufficient to meet certain debt coverage requirements as described herein. See “SECURITY FOR THE BONDS — Limitations Regarding Additional Obligations.”

On and after the Remarketing Date, payment of (i) the principal of and interest on the Bonds and (ii) the purchase price of Bonds that are subject to mandatory or optional tender for purchase by the Owners thereof and that are not remarketed on or before the required purchase date will be paid from amounts drawn on the Letter of Credit issued by the Bank in accordance with the terms of a Letter of Credit and Reimbursement Agreement, dated as of January 1, 2018 (the “Reimbursement Agreement”), by and among the City, the Authority, and the Bank.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF VENTURA (THE “COUNTY”), THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT PAYMENTS CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Certain legal matters will be passed upon for the Authority and the City by the City Attorney, by Feldman Law Group LLP, Santa Monica, California, as Bond Counsel or as Disclosure Counsel, and for the Bank by McGuireWoods LLP, Century City, California. It is expected that the remarketed Bonds will be available for delivery through the DTC book-entry system on or about January 25, 2018.

J.P. Morgan (as Remarketing Agent)

Dated: January 1, 2018

No dealer, broker, salesperson, or other person has been authorized by the City, the Authority, or the Remarketing Agent to give any information or to make any representations other than those contained in this Reoffering Memorandum and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Reoffering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

This Reoffering Memorandum is not a contract with the purchasers of the Bonds. Statements contained in this Reoffering Memorandum that involve estimates, forecasts, or matters of opinion, whether or not expressly described as such herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the City, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the City or the Authority. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Reoffering Memorandum nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof.

The Remarketing Agent has provided the following sentence for inclusion in this Reoffering Memorandum: The Remarketing Agent has reviewed the information in this Reoffering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

This Reoffering Memorandum is submitted in connection with the remarketing of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN CONNECTION WITH THIS REOFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

[THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF OXNARD, CALIFORNIA

MAYOR AND CITY COUNCIL

Tim Flynn, *Mayor*
 Carmen Ramirez, Esq., *Mayor Pro Tem*
 Bryan A. MacDonald, *Councilman*
 Oscar Madrigal, *Councilman*
 Bert E. Perello, *Councilman*

GOVERNING BOARD OF THE AUTHORITY

Tim Flynn, *Chairman*
 Carmen Ramirez, Esq., *Vice Chairman*
 Bryan A. MacDonald, *Board Member*
 Oscar Madrigal, *Board Member*
 Bert E. Perello, *Board Member*

CITY OFFICIALS

Greg Nyhoff, *City Manager*
 Ruth Osuna, *Assistant City Manager*
 Jesus Nava, *Assistant City Manager*
 Michelle Ascension, *City Clerk*
 Stephen Fischer, *City Attorney*
 Phillip S. Molina, *City Treasurer*
 Jim Throop, *Chief Financial Officer*

PROFESSIONAL SERVICES

Municipal Advisor

Hilltop Securities, Inc. Los Angeles, California

Bond Counsel and Disclosure Counsel (for Remarketing Only)

Feldman Law Group LLP, Santa Monica, California

Trustee/Tender Agent

Wells Fargo Bank, National Association Los Angeles, California

Remarketing Agent

JPMorgan Securities, LLC, New York, New York

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
General	1
Authorization	1
Purpose of Original Issuance.....	1
Purpose of Remarketing	2
Registration, Maturity, and Payment of Bonds.....	2
Optional Tender and Purchase of Bonds	2
Mandatory Tender of Bonds for Purchase	2
Remarketing Agent; Determination of Weekly Interest Rate.....	3
Redemption of Bonds	3
Security for the Bonds	3
Rate Covenant	4
No Continuing Disclosure.....	5
Limited Obligations.....	5
Forward-Looking Statements.....	5
References Qualified.....	6
REMARKETING.....	6
THE BONDS.....	6
Authorization and Payment of Bonds	6
Weekly Interest Rate	6
Conversion to Fixed Rate	7
Purchase of Bonds on Demand of Owner	8
Mandatory Tender of Bonds	8
Optional Redemption of Bonds	13
Mandatory Redemption of Bonds.....	13
Notice of Redemption; Effect of Notice.....	14
Book-Entry Only System	14
DEBT SERVICE SCHEDULE	17
SECURITY FOR THE BONDS	18
Installment Payments.....	18
Net System Revenues.....	18
Rate Covenant	20
Reserve Fund	21

Surety Bond.....	21
Liquidity Facility.....	22
Substitute Liquidity Facility.....	22
Credit Facility.....	23
Substitute Credit Facility.....	23
Bond Insurance Policy.....	23
Insurance	23
Investment of Moneys	23
Limitations Regarding Additional Obligations.....	24
 THE LETTER OF CREDIT, REIMBURSEMENT AGREEMENT, AND THE BANK.....	24
The Letter of Credit	25
The Reimbursement Agreement.....	25
The Bank.....	28
 BOND INSURANCE POLICY.....	28
Payment Pursuant to Bond Insurance Policy.....	28
The Bond Insurer.....	30
Available Information	30
Incorporation of Certain Documents by Reference	30
 RISK FACTORS	32
Bonds are Limited Obligations.....	32
System Demand.....	32
Increased Regulations.....	32
Increased System Expenses	32
Seismic Activity; Flood Plain; Limited Insurance.....	33
Limited Recourse on Default.....	33
Limitations on Available Remedies.....	33
Absence of Market for the Bonds.....	34
Constitutional Limitations	34
Loss of Tax Exemption	34
Economic, Political, Social and Environmental Conditions.....	34
 CONSTITUTIONAL PROVISIONS AFFECTING WASTEWATER SYSTEM REVENUES AND EXPENDITURES	34
California Constitution Article XIII B Limitations	34
California Constitution Article XIII C and Article XIII D Limitations.....	35
Future Initiatives.....	37

THE AUTHORITY	37
THE PROJECT	37
THE WASTEWATER SYSTEM.....	38
Background and Organization	38
Service Area	39
Sources of Wastewater System Revenues	40
Wastewater Rates and Charges.....	40
Wastewater Connection Fees.....	43
Actual and Projected Operating Results	43
Fiscal Year 2008-09 Wastewater System Budget.....	45
Outstanding Debt.....	45
Plans for Future Indebtedness.....	46
TAX MATTERS	46
Original Bond Counsel Opinion.....	46
Risk of Audit by Internal Revenue Service	47
Original Issue Discount/Premium	47
No New or Updated Review or Opinions.....	48
RATINGS.....	48
NO CONTINUING DISCLOSURE.....	49
NO LITIGATION.....	49
CERTAIN LEGAL MATTERS	49
MISCELLANEOUS	49
APPENDIX A: SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.....	A-1
APPENDIX B GENERAL INFORMATION CONCERNING THE CITY OF OXNARD.....	B-1
APPENDIX C CITY OF OXNARD COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR ENDED JUNE 30, 2016	C-1
APPENDIX D FORM OF ORIGINAL BOND COUNSEL OPINION	D-1
APPENDIX E FORM OF LETTER OF CREDIT	E-1

REOFFERING MEMORANDUM

\$15,725,000

CITY OF OXNARD FINANCING AUTHORITY VARIABLE RATE DEMAND WASTEWATER REVENUE BONDS (HEADWORKS AND SEPTIC SYSTEM CONVERSION PROJECTS) 2004 SERIES B

INTRODUCTION

General

This Reoffering Memorandum, which includes the cover page, Table of Contents, and Appendices (the “Reoffering Memorandum”), provides certain information concerning the remarketing by the City of Oxnard Financing Authority (the “Authority”) of its outstanding Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Project), 2004 Series B (the “Bonds”), issued on November 18, 2004, in the aggregate principal amount of \$23,975,000, of which \$15,725,000 in principal amount is outstanding as of the date of this Reoffering Memorandum. Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and reference is made to each such document for complete details of all terms and conditions therein. All statements in this Reoffering Memorandum are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Reoffering Memorandum, and the reoffering of the Bonds to potential investors is made only by means of the entire Reoffering Memorandum. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Selected Definitions.”

Authorization

The Bonds were issued by the Authority pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the “Act”) and the provisions of an Indenture, dated as of November 1, 2004 (the “Original Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), which Original Indenture has been amended and restated in its entirety by an Amended and Restated Indenture, dated as of August 1, 2008 (the “Indenture”), by and between the Authority and the Trustee. The Bonds were issued by the Authority on November 18, 2004, in the aggregate principal amount of \$23,975,000, of which \$15,725,000 principal amount is outstanding as of the date of this Reoffering Memorandum.

Purpose of Original Issuance

The proceeds from the original sale of the Bonds were used to (i) finance certain improvements to the Wastewater System of the City of Oxnard (the “City”), as more fully described herein (the “Project”), (ii) obtain a qualified reserve fund surety bond in lieu of the required deposit to the reserve fund established for the Bonds under the Indenture (the “Reserve Fund”), and (iii) pay the costs incurred in connection with the issuance, sale, and delivery of Bonds. See “SECURITY FOR THE BONDS – Reserve Fund” and “THE PROJECT.”

Purpose of Remarketing

The Bonds are subject to mandatory redemption and are being remarketed on January 25, 2018 (the “Remarketing Date”), in accordance with the terms of the Indenture in connection with the issuance of an irrevocable, direct-pay letter of credit (the “Letter of Credit”) by JPMorgan Chase Bank, National Association (the “Bank”), to pay the purchase price of the Bonds subject to mandatory or optional tender for purchase by the registered owners thereof (each, an “Owner” and collectively, the “Owners”) and to pay the principal of and interest on the Bonds when due, which Letter of Credit constitutes and is referred to herein (when applicable) as a “Liquidity Facility” and a “Credit Facility.” The Letter of Credit is being issued by the Bank in accordance with the terms of a Letter of Credit and Reimbursement Agreement, dated as of January 1, 2018 (the “Reimbursement Agreement”), by and among the City and the Bank. The Bank is also referred to herein (when applicable) as the “Credit Provider” and the “Liquidity Provider.” See “REMARKETING,” “THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK,” and “APPENDIX E – FORM OF LETTER OF CREDIT.”

Registration, Maturity, and Payment of Bonds

The Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, which acts as securities depository for the Bonds. The Bonds mature on the date and in the principal amount set forth on the cover page hereof. The Bonds currently bear interest at a Weekly Interest Rate. So long as the Bonds bear interest at a Weekly Interest Rate, such interest is payable on the first Business Day of each March, June, September, and December, until the maturity or the earlier redemption thereof. Interest on the Bonds is paid by check, mailed by first class mail to the Owners as of the applicable Record Date; provided, however, that any Owner of \$1,000,000 or more in aggregate principal amount of Bonds may request in writing payment of such interest by wire transfer in immediately available funds to a designated account in the United States. Principal of and any redemption premium with respect to each Bond is payable upon surrender of such Bond at the principal corporate trust office of the Trustee in Los Angeles, California, upon the maturity or earlier redemption thereof. See “THE BONDS – Authorization and Payment of Bonds” and “– Weekly Interest Rate.”

Optional Tender and Purchase of Bonds

At the option of the Owner thereof and in accordance with the terms of the Indenture, on any Business Day during which interest with respect to the Bonds is payable at a Weekly Interest Rate, any Bonds will be purchased at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the date of purchase. See “THE BONDS – Purchase

of Bonds on Demand of Owner.”

Mandatory Tender of Bonds for Purchase

So long as the Bonds bear interest at a Weekly Interest Rate, the Bonds are subject to mandatory tender on any date, without premium, (i) upon the conversion of the interest thereon to a Fixed Rate at the option of the Authority in accordance with the terms of the Indenture, (ii) upon the expiration of the Liquidity Facility, (iii) upon the expiration of the Credit Facility, (iv) upon the delivery of a Substitute Liquidity Facility in substitution for the then-current Liquidity Facility, (v) upon the delivery of a Substitute Credit Facility in substitution for the then-current Credit Facility, (vi) upon the receipt by the Trustee of written notification from the Liquidity Provider of the occurrence of an event of default under the Liquidity Facility, (vii) upon the receipt by the Trustee of written notification from the Credit Provider of the occurrence of an event of default under the Credit Facility, and (viii) upon the termination of the Credit Facility by the Authority without the delivery of a Substitute Credit Facility in substitution therefor. See “THE BONDS – Mandatory Tender of Bonds.”

Remarketing Agent; Determination of Weekly Interest Rate

Pursuant to a Remarketing Agreement, dated as of January 1, 2018 (the “Remarketing Agreement”), by and between the Authority and J.P. Morgan Securities LLC, J. P. Morgan Securities LLC serves as Remarketing Agent (“the “Remarketing Agent”), in connection with the Bonds, and, among other things, determines the Weekly Interest Rate for the Bonds. The determination of the interest rate on the Bonds by the Remarketing Agent as provided in the Indenture is conclusive and binding upon the Owners, the Trustee, the Authority, the City, the Credit Provider, the Liquidity Provider, and Wells Fargo Bank, National Association, as tender agent (the “Tender Agent”).

Redemption of Bonds

Optional Redemption Prior to Fixed Rate Date. While the Bonds bear interest at a Weekly Interest Rate, the Bonds are subject to redemption in whole or in part on any Business Day, upon the exercise by the City of its right to cause the redemption of Bonds in accordance with the Installment Purchase Agreement, dated as of November 1, 2004 (the “Installment Purchase Agreement”), by and between the Authority and the City, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued interest to the date of redemption, without premium. See “THE BONDS – Optional Redemption of Bonds.”

Optional Redemption After Fixed Rate Date. After the Fixed Rate Date, the Bonds are subject to redemption in whole or in part on any Business Day, upon the exercise by the City of its right to cause the redemption of the Bonds in accordance with the Installment Purchase Agreement, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued interest to the date of redemption, plus a premium as described herein. See “THE BONDS – Optional Redemption of Bonds.”

Mandatory Redemption of Bonds from Excess Project Moneys. The Bonds are subject

to mandatory redemption prior to their stated Principal Payment Date in whole or in part on any date, in Authorized Denominations, at a redemption price equal to the principal amount thereof, plus accrued but unpaid interest to the redemption date, without premium, from unused moneys transferred from the Project Fund to the Payment Fund pursuant to the Indenture. See “THE BONDS – Mandatory Redemption of Bonds from Excess Project Fund Moneys.”

Mandatory Sinking Account Redemption of Bonds. The Bonds are subject to mandatory redemption, in part, from sinking account installments as set forth herein, without premium. See “THE BONDS – Mandatory Sinking Account Redemption of Bonds.”

Security for the Bonds

The Bonds are limited obligations of the Authority and are payable solely from Revenues received by the Trustee pursuant to the Indenture. Such Revenues are derived from the Installment Payments to be made by the City to the Authority pursuant to the Installment Purchase Agreement and the interest or profits from the investment of moneys on deposit in certain funds held under the Indenture (collectively, the “Revenues”). The Installment Payments are payable solely from Net System Revenues, which are comprised of System Revenues less Maintenance and Operation Costs of the Wastewater System. The obligation of the City to make Installment Payments is secured by a pledge of and lien on the Net System Revenues. Pursuant to the Installment Purchase Agreement, the City may incur Additional Obligations secured by the Net System Revenues on a parity with the Installment Payments to the extent the City can provide evidence that the Net System Revenues will be sufficient to meet certain debt coverage requirements as described herein. As of the date of this Reoffering Memorandum, the following Obligations will be outstanding: (i) the Bonds; (ii) the City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds Series 2014, issued by the Authority on November 25, 2014 in the original aggregate principal amount of \$71,985,000, all of which principal is currently outstanding (the “2014 Bonds”); (iii) the City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds Series 2013, issued by the Authority on October 30, 2013 in the original aggregate principal amount of \$21,384,064, of which \$9,561,265 is currently outstanding (the “2013 Bonds”); and (iv) the City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks Project), Series 2006, issued by the Authority on May 11, 2006, in the aggregate amount of \$12,575,000 (the “2006 Bonds”), of which \$9,715,000 is currently outstanding. The Bonds constitute Additional Obligations in relation to the 2006 Bonds, the 2013 Bonds, and the 2014 Bonds, and are therefore subject to certain limitations described herein. See “SECURITY FOR THE BONDS – Net System Revenues” and “ – Limitations Regarding Additional Obligations.”

The Letter of Credit (i) as the Credit Facility, provides for the payment of principal of and interest on the Bonds when due in accordance with the terms of the Indenture and the Reimbursement Agreement, and (ii) as the Liquidity Facility, provides for the purchase price of Bonds tendered for purchase by the Owners in accordance with the terms of the Indenture and the Reimbursement Agreement. See “SECURITY FOR THE BONDS – Credit Facility” and “– Liquidity Facility,” “THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK,” and “APPENDIX E – FORM OF LETTER OF CREDIT.”

Rate Covenant

The Installment Purchase Agreement provides that the City will fix, prescribe, and collect rates and charges for the Wastewater System that will be at least sufficient to yield during each Fiscal Year Net System Revenues equal to the sum of (a) 100% of the Debt Service (defined in the Installment Purchase Agreement as principal, interest, and redemption premiums) due with respect to all outstanding Obligations, which will include all outstanding Bonds, the 2014 Bonds, the 2013 Bonds, and the 2006 Bonds, and other Additional Obligations, if any, for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Wastewater Revenue Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements described above. See “SECURITY FOR THE BONDS – Rate Covenant.”

No Continuing Disclosure

So long as the Bonds bear interest at the Weekly Interest Rate and are in denominations of \$100,000 or more and may be tendered by holders at least as frequently as every nine months, the Authority is not required to provide continuing disclosure under Rule 15c2-12 of the Securities and Exchange Commission (“SEC”), promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). If and when the Authority elects to convert the interest on the Bonds to a Fixed Rate, the Authority will provide the continuing disclosure required under Rule 15c2-12. See “NO CONTINUING DISCLOSURE.”

Limited Obligations

The Bonds are limited obligations of the Authority payable solely from and secured solely by the Revenues pledged therefor under the Indenture. The Bonds do not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation or for which the Authority has levied or pledged any form of taxation. The obligation of the City to make Installment Payments under the Installment Purchase Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the full faith and credit nor the taxing power of the City, the County of Ventura (the “County”), the State of California (the “State”), or any political subdivision of the State is pledged to the payment of the principal of or interest on the Bonds. Neither the Bonds nor the obligation of the City to make Installment Payments constitute an indebtedness of the Authority, the City, the County, the State, or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction. For certain financial information with respect to the City and the Wastewater System, see “THE WASTEWATER SYSTEM.”

Forward-Looking Statements

Certain statements included or incorporated by reference in this Reoffering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange

Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “propose,” “estimate,” “project,” “budget,” “anticipate,” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the 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. No updates or revisions to these forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Reoffering Memorandum are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

References Qualified

The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

REMARKETING

The Bonds are subject to mandatory tender and are being remarketed on the Remarketing Date in accordance with the terms of the Indenture in connection with the issuance of the Letter of Credit by the Bank to pay the purchase price of the Bonds subject to mandatory or optional tender for purchase by the Owners thereof and to pay the principal of and interest on the Bonds when due, which Letter of Credit constitutes, and is referred to herein (when applicable) as, a Liquidity Facility and a Credit Facility. The Letter of Credit is being issued by the Bank in accordance with the terms of the Reimbursement Agreement. The Bank is also referred to herein (when applicable) as the Credit Provider and the Liquidity Provider. See “SECURITY FOR THE BONDS – Credit Facility” and “– Liquidity Facility,” “THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK,” and “APPENDIX E – FORM OF LETTER OF CREDIT.”

THE BONDS

Authorization and Payment of Bonds

The Bonds were issued pursuant to the Act and the provisions of the Indenture. The Bonds are dated the date of their initial delivery and mature on the date and in the principal amount set forth on the cover page hereof. The Bonds currently bear interest a Weekly Interest Rate, payable on the first Business Day of each March, June, September, and December (each, an “Interest Payment Date”), to Owners recorded in the registration books kept by the Trustee as of the close of business on the Business Day immediately preceding the applicable Interest

Payment Date (the “Record Date”). See “Weekly Interest Rate” below. In the event interest on the Bonds is converted from a Weekly Interest Rate to a Fixed Rate, interest on the Fixed Rate Bonds will be paid semiannually on each June 1 and December 1 to Owners recorded in the registration books kept by the Trustee as of the fifteenth day of the month preceding such June 1 and December 1.

The Bonds were issued as fully registered bonds in the denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof. In the event interest on the Bonds is converted from a Weekly Interest Rate to a Fixed Rate, the Bonds bearing a Fixed Rate will be in denominations of \$5,000 or any integral multiple thereof. Principal of and redemption premium, if any, on each Bond are payable upon surrender of such Bond at the principal corporate trust office of the Trustee in Los Angeles, California, upon the maturity or earlier redemption thereof. Interest is payable by check, mailed to the Owners as of the applicable Record Date at their addresses as they appear on the Bond register maintained by the Trustee; provided, however, that interest payable to an Owner of \$1,000,000 or more aggregate principal amount represented by the Bonds may request in writing that the Trustee pay the interest represented by such Bonds by wire transfer to a designated account in the United States and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth day after receipt of such request. Certain of the provisions described above will not apply as long as the Bonds are in a book-entry only system. See “THE BONDS – Book-Entry Only System.”

Weekly Interest Rate

The Weekly Interest Rate on the Bonds is determined for each Weekly Period (as defined below) by the Remarketing Agent in accordance with the Indenture and as described in the following paragraph. The Authority, in its sole discretion, may elect to have the Bonds bear interest at a Fixed Rate to be payable in accordance with the Indenture. **On the date, if any, on which the Bonds are converted from a Weekly Interest Rate to a Fixed Rate (the “Fixed Rate Date”), the Bonds will be purchased from the Owners thereof as more fully described below under the heading “Mandatory Tender of Bonds for Purchase – Conversion to Fixed Rate.”**

While the Bonds bear interest at a Weekly Interest Rate, each Weekly Period is the period commencing on the Thursday following the Wednesday on which each interest rate is determined to and including the following Wednesday (each, a “Weekly Period”). Such interest is computed on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed. The Weekly Interest Rate is the rate determined by the Remarketing Agent on the applicable Wednesday (each, an “Adjustment Date”), having due regard for prevailing financial market conditions, to be the rate (but not higher than the rate) that would be necessary to be payable with respect to the Bonds in order to enable the Remarketing Agent to remarket the Bonds at 100% of the principal amount thereof. The Remarketing Agent is required to notify the Trustee, the Tender Agent, the Credit Provider, the Liquidity Provider, the City, and the Authority of the Weekly Interest Rate on each Adjustment Date.

Except for Bank Bonds, which shall evidence interest at the rates specified in the Reimbursement Agreement, if the Remarketing Agent shall fail to determine the Weekly Interest Rate on an Adjustment Date, then the Weekly Interest Rate shall be the Weekly Interest Rate in

effect for the immediately preceding weekly period. Except for Bank Bonds, in no event shall the Weekly Interest Rate exceed the then applicable Maximum Interest Rate, defined in the Indenture (for Bonds other than Bank Bonds) to be 12% per annum.

The determination of the Weekly Interest Rate by the Remarketing Agent shall be conclusive and binding upon the Authority, the City, the Trustee, the Credit Provider, the Liquidity Provider, the Tender Agent, and the Owners.

Conversion to Fixed Rate

Upon the written direction of the Authority to convert to a Fixed Rate, the Remarketing Agent will designate the Fixed Rate to be in effect for the Bonds by delivering written notice to the Authority, the City, the Trustee, the Tender Agent, the Credit Provider, and the Liquidity Provider, at least 35 days prior to the Fixed Rate Date, in accordance with the Indenture. Such notice from the Remarketing Agent will be accompanied by an opinion of Independent Counsel to the effect that the designation of the Fixed Rate will not materially adversely affect the enforceability of the Installment Purchase Agreement or the Sale Agreement or the ability of an Owner to treat interest payable with respect to the Bonds as interest excludable from gross income for federal income tax purposes.

Within five days following receipt of such written notice from the Remarketing Agent, the Trustee is required to give written notice, by first class mail, postage prepaid, to all Owners of Bonds, which notice states (a) the Fixed Rate Date and (b) that all Bonds shall be called for mandatory tender for purchase on the Fixed Rate Date and shall be purchased on the Fixed Rate Date. The Authority may cancel the designation of the Fixed Rate by delivering to the Remarketing Agent a written request to such effect at least 12 Business Days prior to the Fixed Rate Date; provided, however, that the Bonds will be subject to mandatory tender for purchase on the date specified by the Remarketing Agent as the Fixed Rate Date notwithstanding that the Remarketing Agent has caused the cancellation of the conversion of the interest rate payable with respect to the Bonds to the Fixed Rate pursuant to such written request of the Authority.

Purchase of Bonds on Demand of Owner

During the period in which the Bonds bear interest at a Weekly Interest Rate, so long as the Letter of Credit or a Substitute Liquidity Facility is in effect, any Bond (or portion thereof in a principal amount equal to an Authorized Denomination), including any Bond for which a notice of redemption has been given pursuant to the Indenture, will be purchased, on the demand of the Owner thereof, on any designated Business Day (the "Purchase Date") at a purchase price equal to 100% of the principal amount thereof or portion thereof to be purchased, plus accrued interest, if any, thereon to the Purchase Date, upon presentation to the Tender Agent at its principal corporate trust office in Los Angeles, California, or at such other location as may be designated by the Tender Agent and approved by the Authority, of a properly completed Tender Notice at or before 1:30 p.m., California time, on or prior to the seventh day next preceding the Purchase Date, and delivery to the Tender Agent at or prior to 1:30 p.m., California time, on the Purchase Date of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Tender Agent).

Such presentation shall be deemed made on the day of receipt of the Tender Notice by the Tender Agent if received not later than 10:00 a.m., California time, on that day and if received after 10:00 a.m., California time, such presentation shall be deemed made on the following Business Day. Any Tender Notice once given as described above shall be irrevocable whether or not Bonds are thereafter delivered.

Promptly upon receipt by the Tender Agent of a Tender Notice delivered to it as described above, or such notice of demand for purchase as may be required by DTC, the Tender Agent shall give notice in accordance with the requirements of the Indenture to the Remarketing Agent, the Credit Provider, the Liquidity Provider, and the Trustee specifying the principal amount of Bonds to be purchased pursuant to said notice and specifying the Purchase Date. By 1:30 p.m., California time, on the Business Day immediately preceding the Purchase Date, the Remarketing Agent shall give notice as required under the Indenture to the Tender Agent, the Trustee, the Credit Provider, and the Liquidity Provider specifying the principal amount represented by the Bonds (including Bank Bonds) sold by it and the proceeds of such Bonds received by it pursuant to the Indenture, including any registration information supplied by the purchaser, and the principal amount of Bonds required to be purchased on behalf of the Liquidity Provider pursuant to moneys drawn by the Trustee under the Liquidity Facility or any Substitute Liquidity Facility. The Remarketing Agent shall not remarket any Bonds to the Authority, and the City, any of their respective affiliates, or any guarantors of the aforementioned parties.

Mandatory Tender of Bonds

Conversion to Fixed Rate. The Authority may elect at any time Bonds are outstanding to have the Bonds bear interest at the Fixed Rate in accordance with the Indenture. On the Fixed Rate Date, all Bonds (except Bank Bonds) are required to be purchased from the Owners thereof at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, thereon in accordance with and from the sources of funds specified in the Indenture; except that Bonds with respect to which the Tender Agent shall have received Non-tender Notices from the Owners thereof in accordance with the Indenture will not be purchased.

Expiration of Credit Facility or Liquidity Facility. All Bonds (except Bank Bonds) are required to be purchased from the Owners thereof on the tenth day prior to the expiration date of the Credit Facility or Liquidity Facility, as applicable, then in effect or, if such expiration date is not a Business Day, then the Business Day immediately preceding such date, at a purchase price equal to 100% of the principal amount thereof, plus accrued interest, if any, thereon, in accordance with and from the sources of funds specified in the Indenture, except that, in connection with the expiration of the Liquidity Facility only, Bonds with respect to which the Tender Agent shall have received a Non-tender Notice from the Owners thereof as described below will not be purchased.

Event of Default Under Liquidity Facility. The Bonds are subject to mandatory purchase at 100% of the principal amount thereof, plus interest accrued thereon to the date of purchase from the Owners thereof, in whole, on any date, from amounts drawn under the Liquidity Facility, in the event that the Liquidity Provider notifies the Trustee in writing of the occurrence of an event of default under the Liquidity Facility by delivering a notice of such mandatory tender. Notwithstanding any other provisions of the Indenture to the contrary, the Bonds

tendered or deemed tendered for purchase pursuant to the Indenture as described above shall not be remarketed after such mandatory purchase unless and until the Liquidity Provider notifies the Trustee in writing that such event of default under the Liquidity Facility has been cured and that the Liquidity Provider's obligations thereunder have been reinstated. The Trustee shall give written notice, by first class mail, postage prepaid, of mandatory purchase within two Business Days after receiving the foregoing notice of mandatory tender from the Liquidity Provider to all Owners of Bonds. Such notice shall state (A) the Mandatory Purchase Date (which shall be a Business Day not later than five days later than the date on which such notice is mailed), (B) that all Outstanding Bonds will be purchased or deemed purchased on the Mandatory Purchase Date, regardless of whether such Bonds are physically tendered for purchase, (C) that no Bonds will be remarketed after the Mandatory Purchase Date, and (D) that no Owner may deliver a Non-tender Notice in connection with such mandatory tender. See also, "THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK – The Letter of Credit" and "APPENDIX E – FORM OF LETTER OF CREDIT."

Event of Default Under Credit Facility. The Bonds are subject to mandatory purchase at 100% of the principal amount thereof, plus interest accrued thereon to the date of purchase from the Owners thereof, in whole, on any date, from amounts drawn under the Liquidity Facility, in the event that the Credit Provider notifies the Trustee in writing of the occurrence of an event of default under the Credit Facility or that the Bank will not be reinstating the interest component of the Credit Facility after a drawing thereunder by delivering a notice of such mandatory tender. Notwithstanding any other provisions of the Indenture to the contrary, the Bonds tendered or deemed tendered for purchase pursuant to the Indenture as described above shall not be remarketed after such mandatory purchase unless and until the Credit Provider notifies the Trustee in writing that such event of default under the Credit Facility has been cured and that the Credit Provider's obligations thereunder have been reinstated; provided, however, that after such event of default has been cured the Authority may determine that the Bonds shall be remarketed without being secured by any Credit Facility. The Trustee shall give written notice, by first class mail, postage prepaid, of mandatory purchase within two Business Days after receiving the foregoing notice of mandatory tender from the Credit Provider to all Owners of Bonds. Such notice shall state (A) the Mandatory Purchase Date (which shall be a Business Day not later than five days later than the date on which such notice is mailed), (B) that all Outstanding Bonds will be purchased or deemed purchased on the Mandatory Purchase Date, regardless of whether such Bonds are physically tendered for purchase, (C) that no Bonds will be remarketed after the Mandatory Purchase Date, subject to the cure and remarketing provisions set forth in the Indenture, and (D) that no Owner may deliver a Non-tender Notice in connection with such mandatory tender. See also, "THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK – The Letter of Credit" and "APPENDIX E – FORM OF LETTER OF CREDIT."

Substitute Liquidity Facility. The Authority may provide the Trustee with a Substitute Liquidity Facility upon giving written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider, the Credit Provider, and the City 45 days prior to the proposed effective date of such Substitute Liquidity Facility. The Trustee is required to provide notice to each Owner not less than 30 days prior to the effective date of such Substitute Liquidity

Facility, by first class mail, postage prepaid, of a Mandatory Purchase Date, which date shall be the effective date of such Substitute Liquidity Facility (unless such date is not a Business Day, in which case such Mandatory Purchase Date shall be on the next preceding Business Day), and requiring each Owner to tender his Bonds to the Tender Agent for purchase on such Mandatory Purchase Date. All Bonds, whether or not tendered for purchase on or prior to the effective date of such Substitute Liquidity Facility, shall be deemed purchased on the Mandatory Purchase Date, at a price of 100% of the principal amount thereof, plus accrued and unpaid interest to such Mandatory Purchase Date. The Trustee is required to cancel Bonds on its records not tendered by Owners as required pursuant to the aforesaid notice and prepare a revised form of Bond, with the advice of Independent Counsel and consistent with the terms of the Indenture; provided that the Trustee shall receive an opinion of Independent Counsel that such cancellation of Bonds and preparation of a new Bond form will not result in the interest payable with respect to the Bonds becoming includable in the gross income of the Owners thereof for federal income tax purposes. No Owner may deliver a Non-tender Notice in accordance with the provision of a Substitute Liquidity Facility.

Substitute Credit Facility. The Authority may provide the Trustee with a Substitute Credit Facility upon giving written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, the Credit Provider, and the City 45 days prior to the proposed effective date of such Substitute Credit Facility. The Trustee is required to provide notice to each Owner not less than 30 days prior to the effective date of such Substitute Credit Facility, by first class mail, postage prepaid, of a Mandatory Purchase Date, which date shall be the effective date of such Substitute Credit Facility (unless such date is not a Business Day, in which case such Mandatory Purchase Date shall be on the next preceding Business Day), and requiring each Owner to tender his Bonds to the Tender Agent for purchase on such Mandatory Purchase Date. All Bonds, whether or not tendered for purchase on or prior to the effective date of such Substitute Credit Facility, shall be deemed purchased on the Mandatory Purchase Date, at a price of 100% of the principal amount thereof, plus accrued and unpaid interest to such Mandatory Purchase Date. The Trustee is required to cancel Bonds on its records not tendered by Owners as required pursuant to the aforesaid notice and prepare a revised form of Bond, with the advice of Independent Counsel and consistent with the terms of the Indenture; provided that the Trustee shall receive an opinion of Independent Counsel that such cancellation of Bonds and preparation of a new Bond form will not result in the interest payable with respect to the Bonds becoming includable in the gross income of the Owners thereof for federal income tax purposes. No Owner may deliver a Non-tender Notice in accordance with the provision of a Substitute Credit Facility.

Termination of Credit Facility. The Authority may terminate the Credit Facility without providing any Substitute Credit Facility in substitution therefor upon giving written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider, the Credit Provider, and the City 45 days prior to the proposed effective date of such termination. The Trustee shall provide notice to each Owner not less than 30 days prior to the termination date of the Credit Facility by first class mail, postage prepaid, of a Mandatory Purchase Date, which date shall be the date of termination of the Credit Facility (unless such date is not a Business Day, in which case such Mandatory Purchase Date shall be on the next preceding Business Day), and requiring each Owner to tender his Bonds to the Tender Agent for purchase on such Mandatory Purchase Date. All Bonds, whether or not tendered for purchase on or prior to the termination date of the Credit Facility, shall be deemed purchased on the Mandatory

Purchase Date, at a price of 100% of the principal amount thereof, plus accrued and unpaid interest to such Mandatory Purchase Date. The Trustee is required to cancel Bonds on its records not tendered by Owners as required pursuant to the aforesaid notice and prepare a revised form of Bond, with the advice of Independent Counsel and consistent with the terms of the Indenture; provided that the Trustee shall receive an opinion of Independent Counsel that such cancellation of Bonds and preparation of a new Bond form will not result in the interest payable with respect to the Bonds becoming includable in the gross income of the Owners thereof for federal income tax purposes. No Owner may deliver a Non-tender Notice in connection with the termination of the Credit Facility.

Termination of Bond Insurance Policy. If, for any reason, the Bond Insurance Policy is or will be terminated or no longer outstanding, the Authority shall give written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, and the City. If no Credit Facility is otherwise in effect, the Authority shall request in writing that the Trustee give notice to the Owners that the Bonds shall be subject to mandatory tender and purchase on a Mandatory Tender Date determined by the Authority. Upon receipt of such written request, the Trustee shall provide notice to each Owner not less than 30 days prior to the Mandatory Tender Date, by first class mail, postage prepaid, of a Mandatory Purchase Date, which date shall be, to the extent practicable, the effective date of such termination (unless such date is not a Business Day, in which case such Mandatory Purchase Date shall be on the next preceding Business Day), and requiring each Owner to tender his Bonds to the Tender Agent for purchase on such Mandatory Purchase Date. All Bonds, whether or not tendered for purchase on or prior to the effective date of such termination of the Bond Insurance Policy, shall be deemed purchased on the Mandatory Purchase Date, at a price of 100% of the principal amount thereof, plus accrued and unpaid interest to such Mandatory Purchase Date. The Trustee shall cancel Bonds on its records not tendered by Owners as required pursuant to the aforesaid notice and prepare a revised form of Bond, with the advice of Independent Counsel and consistent with the terms of the Indenture; provided that the Trustee shall receive an opinion of Independent Counsel that such cancellation of Bonds and preparation of a new Bond form will not result in the interest payable with respect to the Bonds becoming includable in the gross income of the Owners thereof for federal income tax purposes. No Owner may deliver a Non-tender Notice in accordance with the termination of the Bond Insurance Policy.

Notice and Payment of Bonds Upon Mandatory Tender. Upon receipt of a written request of the Authority, the Credit Provider, or the Liquidity Provider, as applicable, for the mandatory tender of Bonds, the Trustee will mail each Owner notice of such mandatory tender at least 30 days prior to the required tender date for the Bonds, in form and substance as required under the Indenture.

Payment of the purchase price of the Bonds so tendered shall be made on the Mandatory Purchase Date, but only from (i) proceeds from the remarketing of such Bonds or (ii) funds deposited with the Trustee by the Liquidity Provider for such purpose prior to such time; provided, however, that Bonds tendered pursuant to a notice from the Liquidity Provider or the Credit Provider, as applicable, regarding an event of default under the Liquidity Facility or the Credit Facility, as applicable, shall be purchased from funds derived from a draw under the Liquidity Facility. Such payment will be made to the applicable Owners upon the presentment of Bonds, together with valid instruments of transfer, as required by the Indenture. So long as the

Bonds are held in the book-entry system, the Bonds shall be tendered to the Trustee according to the normal and customary practices of DTC.

Right to Retain Bonds; Non-tender Notice. In connection with a mandatory tender of Bonds due to the substitution or termination of the Liquidity Facility or the Credit Facility then in effect, or certain events of default under the Liquidity Facility or Credit Facility then in effect, the Owners of Bonds called for such tender will be required to tender their Bonds and will not have the right to retain such Bonds.

In connection with a mandatory tender of Bonds due to the conversion of interest on the Bonds to a Fixed Rate, subsequent to the giving by the Trustee of the notice described above, any Owner may direct the Tender Agent not to effect the purchase on the designated Mandatory Purchase Date of any Bonds owned by such Owner by delivering to the Tender Agent on or before the fifteenth day preceding the Mandatory Purchase Date a Non-tender Notice which shall (i) state that such person is the Owner of the Bonds and specify the numbers and denominations of the Bonds so owned, (ii) acknowledge that the interest rate for such Bonds shall be changed on the Fixed Rate Date, (iii) accept the new interest rate or rates, Interest Payment Dates, Record Dates, and method of establishing the interest rate or rates, for such Bonds, (iv) acknowledge that no Liquidity Facility will be in effect after the Fixed Rate Date, which may result in a reduction or withdrawal of the rating of the Bonds that then prevails, (v) acknowledge that such Owner has no right to exercise his optional demand for purchase of such Bonds between the date of such Non-tender Notice and the Fixed Rate Date, and (vi) direct the Tender Agent not to effect the purchase of the Bonds for which such Owner has delivered the Non-tender Notice. Any Non-tender Notice delivered to the Tender Agent as described herein will be irrevocable with respect to the Bonds for which such Non-tender Notice is delivered; but any such Non-tender Notice will have no effect upon any subsequent redemption of Bonds.

In connection with a mandatory tender of Bonds in connection with the expiration of the Liquidity Facility then in effect, any Owner may direct the Tender Agent not to effect the purchase of any Bonds owned by such Owner and required to be purchased by delivering to the Tender Agent on or before the fifteenth day preceding the Mandatory Purchase Date a Non-tender Notice which shall (i) state that such person is the Owner of Bonds and specify the numbers and denominations of the Bonds so owned, (ii) acknowledge that no liquidity support in respect of the Bonds will be in effect following the expiration date of the Liquidity Facility then in effect, which may result in a reduction or withdrawal of the rating of the Bonds from those that then prevail, (iii) acknowledge that such Owner has no right to exercise his optional demand for purchase of such Bonds between the date of the Non-tender Notice and the Mandatory Purchase Date, (iv) acknowledge that from and after the expiration date of the Liquidity Facility then in effect, no optional demand for purchase may be made until such time, if ever, as a Substitute Liquidity Facility is obtained, and (v) direct the Tender Agent not to effect the purchase of the Bonds for which such Owner has delivered the Non-tender Notice. Any Non-tender Notice delivered to the Tender Agent as described above will be irrevocable with respect to the Bonds for which such Non-tender Notice is delivered; but any such Non-tender Notice will have no effect upon any subsequent redemption of Bonds. Owners not providing the Tender Agent with a Non-tender Notice as described above will be deemed to have tendered their Bonds as of the Mandatory Purchase Date to the Tender Agent.

From and after any such Mandatory Purchase Date, all Owners who are not required to tender their Bonds and who either do not have the right to retain such Bonds or have not provided a Non-tender Notice, as applicable, will not be entitled to any payment (including any interest to accrue from and after such date) other than the purchase price for such Bonds calculated as of the Mandatory Purchase Date. Such Bonds shall no longer otherwise be entitled to the benefits of the Indenture.

Optional Redemption of Bonds

Optional Redemption Prior to Fixed Rate Date. So long as the Bonds bear interest at a Weekly Interest Rate, the Bonds are subject to redemption, in whole or in part, on any Business Day, upon the exercise by the City of its right to cause redemption of Bonds in accordance with the Installment Purchase Agreement, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued interest to the date of redemption, without premium.

Optional Redemption After Fixed Rate Date. After the Fixed Rate Date, the Bonds are subject to redemption in whole or in part on any Business Day, at a redemption price equal to the principal amount of the Bonds called for redemption, plus a premium as set forth below, declining by 1% on every second Interest Payment Date after the initial redemption date set forth below until the redemption price equals 100% of the principal amount of the Bonds called for redemption, plus accrued interest to the date of redemption.

<u>Years Remaining to Maturity as of Fixed Rate Date</u>	<u>Initial Redemption Date (Anniversary of Fixed Rate Date)</u>	<u>Initial Redemption Price</u>
Equal to or greater than 15 years	Tenth Anniversary	102%
Equal to or greater than 10 years but less than 15 years	Seventh Anniversary	102
Equal to or greater than 5 years but less than 10 years	Third Anniversary	101
Less than 5 years	Non-Callable	N/A

Mandatory Redemption of Bonds from Excess Project Fund Moneys. The Bonds are subject to mandatory redemption prior to their stated Principal Payment Date in whole or in part on any date, in Authorized Denominations, of such maturities or portions of maturities as shall be directed by the Authority, at the direction of the City, and by lot within any such maturity if less than all of the Bonds of such maturity are to be redeemed, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from unused moneys transferred from the Project Fund to the Payment Fund pursuant to the Indenture.

Mandatory Sinking Account Redemption. The Bonds are subject to mandatory redemption, in

part, from Mandatory Sinking Account Payments on the first Business Day of June each year until maturity in the principal amounts set forth below (except as such amounts may be reduced by prior optional redemptions in accordance with the Indenture), together with accrued interest, without premium:

Redemption Date (First Business Day of June)	<u>Principal Amount</u>
2018	\$1,050,000
2019	1,085,000
2020	1,110,000
2021	735,000
2022	760,000
2023	780,000
2024	805,000
2025	825,000
2026	850,000
2027	870,000
2028	900,000
2029	925,000
2030	950,000
2031	980,000
2032	1,005,000
2033	1,035,000
2034 (Maturity)	1,060,000

Notice of Redemption; Effect of Notice

Whenever redemption is authorized or required and, if required under the Indenture, sufficient funds are deposited with the Trustee for such purposes as provided in the Indenture, the Trustee will mail a notice of such redemption to affected Owners not less than 30 days nor more than 60 days prior to the date of such redemption. Neither failure to receive notice nor any defect in notice will affect the sufficiency of the proceedings for the redemption of Bonds. From and after any such redemption date, interest on the Bonds to be redeemed will cease to accrue.

Book-Entry Only System

The following description of DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the City or the Authority, and neither the City nor the Authority shall have any liability with respect thereto. Neither the City nor the Authority shall have any responsibility or liability for any aspects of the records maintained by DTC relating to or payments made on account of beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.

DTC currently acts as securities depository for the Bonds. The Bonds were 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 Bond certificate was issued for the Bonds, in the aggregate principal amount of such issue, and was deposited with DTC.

DTC, the world's largest depository, 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 2.2 million issues of U.S. and non-U.S. equity, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. 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 S&P's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Authority 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 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Bonds 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 City or the Trustee, on the 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 City or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time.

time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City, the Authority, or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the terms of the Indenture.

The Authority or the City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC in accordance with the terms of the Indenture.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE AUTHORITY BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE AUTHORITY TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE CITY NOR THE AUTHORITY GIVES ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY REDEMPTION NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS REOFFERING MEMORANDUM.

DEBT SERVICE SCHEDULE

Principal of and interest on all Obligations outstanding as of the date of this Reoffering Memorandum, which include the Bonds, the 2006 Bonds, the 2004 Series A Bonds, and the 2003 Bonds, are scheduled to be paid as follows:

Table 2
Debt Service Schedule
(Bonds and Outstanding Parity Obligations)

Year Ending June 1	Principal of Bonds	Interest on Bonds (1)	Principal of 2006 Bonds	Interest on 2006 Bonds	Principal of 2013 Refunding Bonds	Interest on 2013 Refunding Bonds	Principal of 2014 Bonds	Interest on 2014 Bonds	Total Debt Service
2018	\$1,050,000	\$883,273	\$330,000	\$466,943	\$3,101,192	\$265,803		\$3,599,250	\$9,696,461
2019	1,085,000	824,295	345,000	452,753	3,183,905	179,590		3,599,250	9,669,793
2020	1,110,000	763,350	360,000	437,745	3,276,168	91,077		3,599,250	9,637,590
2021	735,000	701,002	375,000	421,905			\$3,675,000	3,599,250	9,507,157
2022	760,000	659,717	390,000	405,218			3,855,000	3,415,500	9,485,435
2023	780,000	617,027	410,000	387,668			4,050,000	3,222,750	9,467,445
2024	805,000	573,215	430,000	369,218			4,250,000	3,020,250	9,447,683
2025	825,000	527,998	445,000	349,868			4,465,000	2,807,750	9,420,616
2026	850,000	481,658	470,000	329,620			4,690,000	2,584,500	9,405,778
2027	870,000	433,913	490,000	308,000			4,925,000	2,350,000	9,376,913
2028	900,000	385,045	515,000	283,500			5,165,000	2,103,750	9,352,295
2029	925,000	334,492	540,000	257,750			5,425,000	1,845,500	9,327,742
2030	950,000	282,535	565,000	230,750			5,700,000	1,574,250	9,302,535
2031	980,000	229,174	595,000	202,500			5,985,000	1,289,250	9,280,924
2032	1,005,000	174,127	625,000	172,750			6,280,000	990,000	9,246,877
2033	1,035,000	117,676	655,000	141,500			6,595,000	676,000	9,220,176
2034	<u>1,060,000</u>	<u>59,540</u>	690,000	108,750			<u>6,925,000</u>	<u>346,250</u>	9,189,540
2035			725,000	74,250					799,250
2036			<u>760,000</u>	<u>38,000</u>					<u>798,000</u>
Totals ⁽²⁾	\$15,725,000	\$8,048,037	\$9,715,000	\$5,438,688	\$9,561,265	\$536,470	\$71,985,000	\$40,622,750	\$161,632,210

(1) Estimated at an average interest rate of 6.577%. The 2004 Series B Bonds are variable rate bonds and bear interest at a weekly rate. In June 2007, the City entered into a floating-to-fixed interest rate swap with Royal Bank of Canada in the original notional amount of \$23,975,000 with respect to the outstanding 2004 Series B Bonds. Pursuant to such swap, the City pays a fixed rate of 4.017% and receives variable payments computed as 68% of the one-month LIBOR. The 2004 Series B Bonds and the related swap agreement mature on June 1, 2034, and, as of June 30, 2017, the swap's notional amount of \$15,725,000 matches the \$15,725,000 in variable-rate bonds. The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the 2004 Series B Bonds. The 6.577% interest rate also includes aggregate annual letter of credit and remarketing agent fees payable by the City in an amount equal to 2.57% of the outstanding principal amount of the 2004 Series B Bonds.

(2) Totals may not add due to rounding.

Source: Municipal Advisor.

SECURITY FOR THE BONDS

Pursuant to the Installment Purchase Agreement, the City has covenanted to pay the

Authority, solely from Net System Revenues and from no other sources, the Purchase Price for the Project in Installment Payments in the amounts and on the dates as set forth in the Installment Purchase Agreement. The obligation of the City to make the Installment Payments solely from Net System Revenues is absolute and unconditional (subject to the parity lien of any Additional Obligations; see “– Net System Revenues” and “– Limitations Regarding Additional Obligations” below) and, until such time as the Purchase Price shall have been paid in full, the City shall not discontinue or suspend any Installment Payments required to be made by the Installment Purchase Agreement.

The Bonds are limited obligations of the Authority, issued pursuant to the Indenture, and payable solely from (i) Revenues, consisting of Installment Payments to be made by the City pursuant to the Installment Purchase Agreement and the interest or profits from the investment of moneys in certain of the funds established under the Indenture, and (ii) all moneys in the funds and accounts established under the Indenture (other than amounts on deposit in the Rebate Fund and the Costs of Issuance Fund). Pursuant to the Indenture, the Installment Payments are required to be made in amounts that are sufficient, but no more than sufficient, to pay the scheduled payments of principal of and interest on the outstanding Bonds. The Installment Payments are secured by a pledge, charge, and lien upon, and are payable solely from, the Net System Revenues of the City’s Wastewater System. **Neither the full faith and credit nor the taxing power of the City, the County, the State, or any political subdivision of the State is pledged to the payment of the Bonds.**

Net System Revenues

The City’s obligation to make Installment Payments under the Installment Purchase Agreement is secured by a pledge of and lien on the Net System Revenues. In order to carry out and effectuate its pledge of Net System Revenues, the City has agreed and covenanted in the Installment Purchase Agreement to deposit all System Revenues when and as received into the Wastewater Revenue Fund, which fund the City agrees and covenants to maintain so long as any Installment Payments remain unpaid. All moneys in the Wastewater Revenue Fund will be held in trust and applied and used solely as provided in the Installment Purchase Agreement.

The Installment Purchase Agreement includes the following definitions:

“Net System Revenues” means System Revenues less the Maintenance and Operations Costs of the Wastewater System.

“System Revenues” means, for any Fiscal Year or other period, all rates, fees, and charges received for, and all other income and receipts derived by the City from, the operation of the Wastewater System or arising from the Wastewater System, including all proceeds of insurance covering business interruption loss relating to the Wastewater System, investment earnings on such amounts and all other money howsoever derived by the City from the operation of the Wastewater System or arising from the Wastewater System; provided, however, that System Revenues includes fees and charges collected during such Fiscal Year or other period, but only to the extent such fees and charges could be properly expended on a Wastewater System Project (*i.e.*, any additions, betterments, extensions, or improvements to the Wastewater System), for which the proceeds were used or are available to be used. Notwithstanding the foregoing,

“System Revenues” shall not include any Wastewater System-related “development fees” or “connection fees” payable by the applicable developer to the City in connection with the development of the following development projects: (i) the “SeaBridge” project (approximate aggregate fees payable: \$2,651,460), or (ii) the “El Rio Neighborhood” project (approximate aggregate fees payable: \$7,000,000).

“Maintenance and Operation Costs of the Wastewater System” means, for any Fiscal Year or other period, the reasonable and necessary costs spent or incurred by the City for maintaining and operating the Wastewater System, calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including Administrative Costs (as defined below), salaries and wages of employees, payments to employee retirement systems (to the extent paid from System Revenues), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers, insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the Bonds, the Installment Purchase Agreement, or any Additional Obligations, including any amounts required to be deposited in the Rebate Fund pursuant to the Tax Certificate, but excluding in all cases (i) depreciation and replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions, or improvements to the Wastewater System, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation, (iv) charges for the payment of principal of and interest on any general obligation bond heretofore or hereafter issued for Wastewater System purposes, and (v) charges for the payment of any debt service on the Obligations or on any obligation subordinate to the Obligations.

“Additional Obligations” means Obligations other than the Installment Payments.

“Administrative Costs” means the ordinary and necessary administrative costs and incidental expenses related to the Bonds, the Indenture, the Installment Purchase Agreement, and any Additional Obligations, including, but not limited to Trustee fees (including any fees and expenses of its counsel) and indemnification payable by the Authority pursuant to the Indenture, and fees incurred in connection with the calculation of arbitrage rebate due to the federal government with respect to the Bonds.

“Obligations” means City Bonds and Contract Payments.

“Contract Payments” means the Installment Payments due and payable under the Installment Purchase Agreement or the installment or lease payments of interest and principal or, if there are no separate payments of interest and principal, the installment or lease payments, scheduled to be paid by the City under and pursuant to the Contracts. Contract Payments shall also include, without limitation, all fees, costs, expenses, and other amounts due to the Liquidity Provider under the Liquidity Facility and the Credit Provider under the Credit Facility.

“Contracts” means the Installment Purchase Agreement and all contracts or leases of the City, the installment or lease payments under which are payable from the Net System Revenues and

secured on a parity with the Installment Payments.

“City Bonds” means all revenue bonds or notes of the City that are payable from the Net System Revenues and secured on a parity with the Installment Payments.

All Net System Revenues are pledged on a parity and pro rata basis to the payment of the principal of and interest on the Bonds and on all Additional Obligations. Upon the issuance of the Bonds, the following Obligations will be outstanding: (i) the Bonds, (ii) the 2014 Bonds, (iii) the 2013 Bonds, and (iv) the 2006 Bonds. The Bonds constitute Additional Obligations in relation to the 2014 Bonds, the 2013 Bonds, and the 2006 Bonds, and are therefore subject to the limitations described herein. See “Limitations Regarding Additional Obligations” below.

The City shall not be required to advance any moneys derived from any source of income other than Net System Revenues and the other funds provided in the Installment Purchase Agreement for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained in the Installment Purchase Agreement. The City may, however, but in no event shall it be obligated to, advance moneys for any such purpose so long as such moneys are derived from a source legally available therefor. See “Limitations Regarding Additional Obligations” below and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Installment Purchase Agreement.”

The obligation of the City to make the Installment Payments is a limited obligation of the City payable solely from Net System Revenues and other funds provided for in the Installment Purchase Agreement, and does not constitute a debt of the Authority, the City, the County, the State, or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction.

Rate Covenant

The City has covenanted in the Installment Purchase Agreement to fix, prescribe, and collect fees, rates, and charges for the Wastewater System that will be at least sufficient to yield, during each Fiscal Year, Net System Revenues equal to the sum of (a) 100% of the Debt Service for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Wastewater Revenue Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in the rates and charges described above and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements described in this paragraph. See “APPENDIX A SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Installment Purchase Agreement.”

The Installment Purchase Agreement includes the following definitions:

“Debt Service” means, for any Fiscal Year or other period, the sum of (i) the interest payable during such Fiscal Year or other period on all outstanding City Bonds, assuming that all outstanding serial City Bonds are retired as scheduled and that all outstanding term City Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such

interest is to be paid from the proceeds of sale of any City Bonds), (ii) that portion of the principal amount of all outstanding serial City Bonds maturing on any principal payment date that falls in such Fiscal Year or other period, (iii) that portion of the principal amount of all outstanding term City Bonds required to be redeemed or paid on any redemption date that falls in such Fiscal Year or other period (together with the redemption premiums, if any, thereon), and (iv) that portion of the Contract Payments required to be made in such Fiscal Year or other period (all subject to certain assumptions set forth in the Installment Purchase Agreement).

“Maximum Annual Debt Service” means, at any point in time, with respect to Obligations then outstanding, the maximum amount of Debt Service on the Obligations in the then current or any future Fiscal Year or other period, calculated by the City or by an Independent Certified Public Account and provided to the Trustee.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the City.

Liquidity Facility

Payment of the purchase price of Bonds subject to mandatory or optional tender for purchase by the Owners thereof will be supported by amounts made available under the Letter of Credit, as Liquidity Facility for the Bonds. Under the Letter of Credit, the Liquidity Provider agrees to purchase any Bonds that are subject to mandatory or optional tender for purchase and that are not remarketed on or before the required purchase date. See “THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK” and “APPENDIX E – FORM OF LETTER OF CREDIT.”

Substitute Liquidity Facility

The Authority may provide the Trustee with a Substitute Liquidity Facility in accordance with and subject to certain conditions set forth in the Indenture, upon giving written notice thereof to the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider, and the Credit Provider 45 days prior to the proposed effective date of such Substitute Liquidity Facility.

In the event the Authority provides the Trustee with a Substitute Liquidity Facility, the Bonds will be subject to mandatory tender as described under the section of this Reoffering Memorandum entitled “THE BONDS – Mandatory Tender of Bonds – Substitute Liquidity Facility.”

Credit Facility

Payment of the principal of and interest on the Bonds when due will be paid from amounts drawn under the Letter of Credit, as Credit Facility for the Bonds. The Trustee will be permitted to draw an aggregate amount not to exceed the Available Amount (as defined herein), subject to reductions and reinstatements as provided in the Letter of Credit. See “THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK” and “APPENDIX E – FORM OF LETTER OF CREDIT.”

Substitute Credit Facility

In the event the Authority provides the Trustee with a Substitute Credit Facility, the Bonds will be subject to mandatory tender as described under the section of this Reoffering Memorandum entitled “THE BONDS – Mandatory Tender of Bonds – Substitute Credit Facility.”

Investment of Moneys

Amounts held in any fund or account held under the Indenture will be invested in Permitted Investments, subject to the conditions provided for in the Indenture. All investment earnings on moneys on deposit in any fund or account held under the Indenture will be transferred to the Payment Fund, subject to the obligation of the City and/or the Authority to maintain the Reserve Fund at the Reserve Requirement and to rebate certain amounts to the United States government as required under the Internal Revenue Code of 1986, as amended. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Indenture.”

Limitations Regarding Additional Obligations

The City may at any time incur Additional Obligations payable from Net System Revenues and secured on a parity with the payment by the City of the Installment Payments; provided:

- (1) There shall not have occurred and be continuing an Event of Default under and as defined in the Installment Purchase Agreement or the Indenture; and
- (2) The City obtains or provides a certificate or certificates prepared by a Consultant showing that (i) the Net System Revenues as shown by the books of the City for the 12 calendar months ending prior to the incurring of such Additional Obligations shall have amounted to at least 100% of Debt Service for such 12 calendar month period, plus the amount by which the amount on deposit in the Wastewater Revenue Fund on the date prior to the first day of such 12 calendar month period was less than 25% of Maximum Annual Debt Service; (ii) the estimated Net System Revenues for the 12 calendar months following the date of incurring such Additional Obligations will be at least equal to 100% of Debt Service on all Obligations to be outstanding immediately after the incurring of such Additional Obligations; and (iii) the amount on deposit in the Wastewater Revenue Fund on the date of incurring such Additional Obligations is at least equal to 25% of Maximum Annual Debt Service as of the date of incurring of such Additional Obligations.

The determination of Net System Revenues for use in the calculation described above is more fully described in the Installment Purchase Agreement and in “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Installment Purchase Agreement – Additional Obligations.”

The certificate or certificates described above shall not be required if the Additional Obligations being incurred are for the purpose of refunding then outstanding Obligations and at the time of the incurring of such Additional Obligations a certificate of an Authorized City

Representative shall be delivered showing that Maximum Annual Debt Service on all outstanding Obligations after the incurring of such Additional Obligations will not exceed Maximum Annual Debt Service on all Obligations outstanding prior to the incurring of such Additional Obligations.

THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND THE BANK

The following is a summary of certain provisions of the Letter of Credit, as Credit Facility and Liquidity Facility for the Bonds, as well as the Reimbursement Agreement and certain organizational and statistical information concerning the Bank. This summary does not purport to be comprehensive and investors are encouraged to review the Letter of Credit and the Reimbursement Agreement in their entirety. Capitalized terms used in this summary and not otherwise defined in this Reoffering Memorandum shall have the meanings ascribed to them in the Letter of Credit or the Reimbursement Agreement, as applicable.

The Letter of Credit

The principal of and interest on, and the purchase price of, the Bonds (other than Bank Bonds or Bonds owned by the City or the Authority) will be payable from amounts available to be drawn by the Trustee under the Letter of Credit issued by the Bank. See “The Bank” below for a description of the Bank.

Concurrently with the remarketing of the Bonds as described in this Reoffering Memorandum, the Bank will deliver the Letter of Credit to the Trustee. The Trustee will be permitted to draw an aggregate amount not to exceed the outstanding principal amount of the Bonds, plus interest calculated at an assumed rate of 12% for 111 days (collectively, the “Available Amount”), based upon a 365-day year, subject to reductions and reinstatements as provided in the Letter of Credit.

The Letter of Credit provides that the Trustee may draw upon the Letter of Credit up to the Available Amount (subject to reduction as provided in the Letter of Credit) for any of the following purposes:

- (a) “Payment Drawing” in the form of (i) an “Interest Drawing,” representing the payment of interest due with respect to the Bonds; (ii) a “Partial Prepayment Drawing,” representing the payment of principal plus accrued and unpaid interest upon redemption or prepayment of less than all of the Bonds Outstanding (as defined in the Indenture) and (iii) a “Final Drawing,” representing the payment of the unpaid principal of and interest due on the Bonds either at a stated maturity, or as a result of prepayment, redemption, or mandatory tender of the Bonds (other than Bonds presently held of record by the City or the Authority, or by the Trustee for the account of the City or the Authority), which Bonds are not to be remarketed again with the support of the Letter of Credit; and
- (b) “Tender Draft” representing the payment of unpaid principal and interest due with respect to all or less than all of the Bonds Outstanding upon tender to the Trustee for purchase pursuant to the Indenture (other than Bonds presently held of record by the City or the Authority, or by the Trustee for the account of the City or the Authority).

The Letter of Credit shall terminate (the “Stated Termination Date”) upon the earliest to occur of:

- (i) the date on which the Bank receives written notice from the City that there are no longer any Bonds Outstanding,
- (ii) at the end of business on the date on which the Bank receives written notice from the City that a Substitute Liquidity Facility has been issued,
- (iii) the date on which the Bank honors a Final Draft (as defined in the Letter of Credit, and
- (iv) the expiration date of the Letter of Credit.

THE LETTER OF CREDIT, THE REIMBURSEMENT AGREEMENT, AND JPMC BANK

The following is a summary of certain provisions of the Letter of Credit, as Credit Facility and Liquidity Facility for the Bonds, as well as the Reimbursement Agreement and certain organizational and statistical information concerning the Bank. This summary does not purport to be comprehensive and investors are encouraged to review the Letter of Credit and the Reimbursement Agreement in their entirety. Capitalized terms used in this summary and not otherwise defined in this Reoffering Memorandum shall have the meanings ascribed to them in the Letter of Credit or the Reimbursement Agreement, as applicable.

The Letter of Credit

The principal of and interest on, and the redemption price and purchase price of, the Bonds (other than Bank Bonds or Bonds owned by the City or the Authority) will be payable from amounts available to be drawn by the Trustee under the Letter of Credit issued by Bank. Under the terms of the Letter of Credit, the Bank is solely liable for payments thereunder.

The Trustee will be permitted to draw under the Letter of Credit an aggregate amount not to exceed the outstanding principal amount of the Bonds, plus interest calculated at an assumed rate of 12% for days based upon a 365-day year, subject to reductions and reinstatements as provided in the Letter of Credit (such amount as reduced and reinstated from time to time, the “Available Amount”).

The Letter of Credit provides that the Trustee may draw upon the Letter of Credit up to the Available Amount (subject to reduction as provided in the Letter of Credit) for any of the following (each, a Drawing”): (i) an “Interest Drawing,” representing the payment of interest due with respect to the Bonds; (ii) a “Redemption Drawing,” representing the payment of principal plus accrued and unpaid interest upon redemption of Bonds; (iii) a “Stated Maturity Drawing” representing the payment of the principal of the Bonds at stated maturity; and (iv) a “Purchase Drawing,” representing the payment of unpaid principal and interest due with respect to the purchase of all or less than all of the Bonds upon tender **(or deemed tender)** for purchase

pursuant to the Indenture including, tender for purchase at the option of the holder of Bonds following a failure or inability to remarket such Bonds, a purchase upon mandatory conversion of the Bonds from a Weekly Interest Rate to a Fixed Rate, a substitution of a Credit Facility and/or a Liquidity Facility for the Letter of Credit, the occurrence of an “event of default” under the Reimbursement Agreement and a direction by the Bank to the Trustee to purchase all outstanding eligible Bonds and the expiration of the Letter of the Credit). No Drawing may be made to pay the principal of, interest on, redemption price of or purchase price of Bonds held of record by the Bank, the City or the Authority or by the Trustee for the account of the Bank, the City or the Authority).

The Letter of Credit shall terminate upon the earliest to occur of: including the earliest to occur of our close of business on: (i) January 25, 2021 (as extended from time to time, the “Stated Expiration Date”), (ii) the earlier of (A) the date which is two business days following the date the Bonds are converted from a Weekly Interest Rate to a Fixed Rate (such date, the “Conversion Date”) or (B) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date, (iii) the date the Bank receives from the Trustee a certificate certifying that (A) no Bonds are Outstanding (as defined in the Indenture), (B) all drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored or (C) a substitute Credit Facility and/or Liquidity Facility has been issued to replace the Letter of Credit pursuant to the Indenture, and (iv) the earlier of (A) the date which is ten (10) calendar days following the date the Bank gives notice to the Trust of the occurrence of an “Event of Default” under the Reimbursement Agreement, dated as of January 1, 2018, between the Bank and the City (as the same may be amended, modified, supplemented and restated from time to time, the “Reimbursement Agreement”), and directing the Trustee to cause a mandatory purchase the Bonds (the “Default Purchase Drawing”), or (B) the date on which the Bank honors the Default Purchase Drawing.

Written request for extension of the Letter of Credit must be received by the Bank not less than 120 days preceding the then current Stated Expiration Date and the Bank Provider in its sole discretion shall notify the City within forty five (45) days of the Bank’s decision with respect to such request. If the Bank does not respond to the City’s request, the Bank will be deemed to deny such request.

The City has agreed in the Reimbursement Agreement that any termination of the Letter of Credit as a result of the provision of an substitute Credit Facility and/or Liquidity Facility will require, as a condition thereto, that the City or the provider of the alternate Credit Facility and/or Liquidity Facility, as the case may be, will provide immediately available funds on the date of such termination or provision, which funds will be sufficient to ensure the payment of all amounts due to the Bank under the Reimbursement Agreement, the fee agreement described in the Reimbursement Agreement (the “Fee Agreement”) and the Bank Bonds (if any) owned by the Bank.

The Reimbursement Agreement

The Reimbursement Agreement, among other things, sets forth the terms and conditions whereby City is required to repay to ~~JPMC~~ Bank any amounts drawn by the Trustee under the Letter of Credit. ~~JPMC~~The Bank has certain rights and the City has certain obligations under the

Reimbursement Agreement. These rights of ~~JPMC~~the Bank do not extend to the Owners of the Bonds. In addition, the City's ~~or the Authority's~~ compliance with its obligations under the Reimbursement Agreement can be waived only with the approval of ~~JPMC~~ Bank.

Although certain aspects of the Reimbursement Agreement are summarized below and elsewhere in this Reoffering Memorandum, such summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Reimbursement Agreement.

The occurrence of any of the following events shall constitute an "Event of Default" under the Reimbursement Agreement:

(a) (i) any representation or warranty made by the City in the Reimbursement Agreement (or incorporated herein by reference) or in any other "Related Document" (defined in the Reimbursement Agreement as, collectively, the Bonds, the Indenture, the Installment Agreement, the Remarketing Agreement, the Sale Agreement, dated as of November 1, 2004, between City, as seller, and the Authority, as purchaser, the Master Swap Agreement, dated June 21, 2007, between the City and Royal Bank of Canada, together with all schedules and confirmations thereto (collectively, the "Swap Agreement), the financial guaranty insurance policy issued by Ambac Assurance Corporation and that insures City's payments under the Swap Agreement, the Reimbursement Agreement, the Letter of Credit, Fee Agreement and the Custody Agreement, dated as of January 1, 2018, among the City, the Trustee (as custodian) and the Bank relating to Bank Bonds) to which the City is a party (each, a "City Related Document") or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the Reimbursement Agreement or with any of the other City Related Documents that is not qualified by "material," "materiality," "Material Adverse Effect" (defined as a materially adverse effect upon (A) the business, assets, liabilities, financial condition, results of operations or business prospects of the Wastewater System, and (B) the binding nature, validity or enforceability of the City's obligations under the City Related Documents, or City's ability to timely perform its material obligations under the City Related Documents) or similar qualifier, shall prove to have been incorrect, incomplete or misleading in any material respect; or (ii) any representation or warranty made by City in the Reimbursement Agreement or in any of the other City Related Documents or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the Reimbursement Agreement or with any of the other City Related Documents that is qualified by "material," "materiality," "Material Adverse Effect" or similar qualifier, shall prove to have been incorrect, incomplete or misleading in any respect; or

(b) any "event of default" shall have occurred under any of the Related Documents (as defined respectively therein) other than the Reimbursement Agreement; or

(c) failure to pay to the Bank any "Obligations" (defined as the fees relating to the Letter of Credit, any and all obligations of the City to reimburse the Bank for any drawings under the Letter of Credit, and all other obligations of the City or the Authority to the Bank arising under or in relation to the Related Documents) when and as due under the Reimbursement Agreement; or

(d) default in the due observance or performance by City of certain covenants set forth the Reimbursement Agreement; or

(e) default in the due observance or performance by City of any other covenant set forth in the Reimbursement Agreement and the continuance of such default for thirty (30) days after the occurrence thereof; or

(f) any material provision of the Reimbursement Agreement or any of the other ~~City~~ Related Documents shall cease to be valid and binding, or the City or a senior officer of the City shall contest any such provision, or the City or a senior officer of the City or any agent or trustee on behalf of the City shall deny that it has any or further liability under the Reimbursement Agreement or any of the other Related Documents; or

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

(h) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the City or any substantial part of its property, or a proceeding described in paragraph (g) (v) shall be instituted against the City and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days; or dissolution or termination of the existence of the City; or

(i) a default shall occur under any evidence of "Indebtedness" (defined in the Reimbursement Agreement) issued, assumed, or guaranteed by the City or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness (whether or not such maturity is in fact accelerated) or any such Indebtedness shall not be paid when and as due (whether by lapse of time, acceleration or otherwise); or

(j) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of \$2,000,000 shall be entered or filed against City or against any of its property that is payable from System Revenues or Net System Revenues and remain undismissed, unvacated, unbonded or unstayed for a period of thirty (30) days; or

(k) there shall be appointed or designated with respect to the City an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to the City, or there shall be declared by the City or by any legislative or regulatory body with competent jurisdiction over the City, the existence of a state of financial emergency or similar state of financial distress in respect of the City; or

(l) the Trustee shall cease to have an effective security interest to the extent and priority created or purported to be created by the Indenture; or

(m) Standard & Poor's Ratings Services shall withdraw or suspend its underlying unenhanced long-term rating of the Bonds or any other indebtedness of the City that is secured by System Revenues or Net System Revenues and then rated by Standard & Poor's Ratings Services ("Parity Debt"); or Standard & Poor's Ratings Services shall downgrade its underlying unenhanced long-term rating of the Bonds or any Parity Debt below "BBB"; or

(n) a "Tax Event" (defined as a determination (whether by entry of any decree or judgment by a court of competent jurisdiction, the taking of any official action by the Internal Revenue Service or the delivery to the City, the Authority, the Trustee and the Bank of an opinion of nationally recognized bond counsel acceptable to City and the Bank) that interest with respect to any of the Bonds is includable in the gross income of the owners thereof for federal income tax purposes (including by reason of such Bonds being declared invalid, illegal or unenforceable by a court of competent jurisdiction, whether or not such declaration is appealable or deemed to be final under applicable procedural law, or by operation of law) shall have occurred; or

(o) the City Council shall approve and adopt an ordinance or resolution or otherwise take binding action that reduces Rates and Charges (defined as future rates, fees, and charges established, or approved, by the City Council in respect of the operation and use of the Wastewater System) to a level that is lower than the then current Rates and Charges or shall repeal an ordinance or resolution that approved Rates and Charges or amend or modify an ordinance or resolution that approved Rates and Charges so that the Rates and Charges in effect after such amendment or modification are less than the Rates and Charges in effect immediately prior to such amendment or modification; or

(p) the City Council shall approve for submission to the City's voters an initiative that if passed would result in a reduction or repeal of the then current Rates and Charges; or

(q) there is placed on a City election ballot a measure that if passed would result in a reduction or repeal of the then current Rates and Charges.

Upon the occurrence and continuance of an Event of Default, the Bank may exercise any one or more of the following rights and remedies:

- by notice to the City, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by City, provided that upon

the occurrence of an Event of Default described in paragraph (g) or (h) above such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing);

- give notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to cause a mandatory purchase the Bonds, thereby causing the Letter of Credit to expire ten (10) days thereafter;
- pursue any rights and remedies it may have under the Related Documents; or
- pursue any other action available at law or in equity.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

The following information has been provided by the Bank and has not been independently verified by the City, the Authority, or the Trustee, and none of such entities assumes any responsibility for the accuracy, completeness, or adequacy of such information.

JPMorgan Chase Bank, National Association, a national banking association (“JPMorgan Chase Bank, N.A.”), is one of the principal bank subsidiaries of JPMorgan Chase & Co. JPMorgan Chase Bank, N.A. offers a wide range of banking services to its customers both in the United States and internationally, including investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. JPMorgan Chase Bank, N.A. is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency, a bureau of the U.S. Department of the Treasury. As of December 31, 2016, JPMorgan Chase Bank, N.A. had total assets of \$2.1 trillion and total stockholder’s equity of \$205.1 billion. JPMorgan Chase Bank, N.A. files quarterly Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices (“Call Reports”) with the Federal Financial Institutions Examinations Council (the “FFIEC”). The non-confidential portions of the Call Reports can be viewed on the FFIEC’s website at <https://cdr.ffiec.gov/public>. The Call Reports are prepared in accordance with regulatory instructions issued by the FFIEC and do not in all cases conform to U.S. generally accepted accounting principles (“GAAP”). Additional information concerning JPMorgan Chase Bank, N.A., including the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed by JPMorgan Chase & Co. with the Securities and Exchange Commission (the “SEC”), as they become available, can be viewed on the SEC’s website at www.sec.gov. Those reports and additional information concerning JPMorgan Chase Bank, N.A. can also be viewed on JPMorgan Chase & Co.’s investor relations website at <http://investor.shareholder.com/jpmorganchase>.

The information contained in this Reoffering Memorandum regarding JPMorgan Chase Bank, N. A., relates to and has been provided by JPMorgan Chase Bank, N.A. The delivery of the Reoffering Memorandum shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank, N.A. since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.

RISK FACTORS

Investment in the Bonds involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Bonds for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Bonds are Limited Obligations

The Bonds are payable solely from Revenues and amounts held in certain funds and accounts established under the Indenture. Consequently, the payment of principal of and interest on the Bonds will be dependent upon the availability and sufficiency of such Revenues. The Bonds do not constitute an obligation of the Authority for which the Authority must levy or pledge any form of taxation or for which the Authority has levied or pledged any form of taxation. The Installment Payments do not constitute an obligation of the City for which the City must levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the Installment Payments constitute a debt or indebtedness of the Authority, the City, the County, the State, or any political subdivision of the State, within the meaning of any constitutional or statutory debt limitation or restriction.

System Demand

There can be no assurance that the local demand for the services provided by the Wastewater System will be maintained at levels described in this Reoffering Memorandum. Because of changes in demographics within the boundaries of the City, it is possible for the demand for wastewater services to decline over the term of the Bonds. A significant decline in demand might create a situation in which the City could not increase rates sufficiently to offset the decrease in subscribers or usage. This would reduce the City's ability to make Installment Payments, which could in turn adversely impact the Authority's ability to make repayments of the principal or interest on the Bonds.

Increased Regulations

The adoption by federal or state agencies of more regulations could adversely affect Net System Revenues. A significant change in effluent standards for wastewater treatment imposed by law or regulation might cause the City to incur greater expenses of operation, thus creating a temporary or permanent inability to support the Installment Payments due under the Installment

Purchase Agreement, which would in turn adversely impact the Authority's ability to pay the principal of and interest on the Bonds when due. It is not possible to predict the timing or nature of more stringent operating standards that may be imposed upon the City over the term of the Bonds.

Increased System Expenses

Changes in technology, increases in the cost of energy, chemicals, or other expenses could reduce Net System Revenues, which could in turn require substantial increases in rates or charges in order to comply with the rate covenant in the Installment Purchase Agreement. The City's ability to make its required Installment Payments may be adversely affected until such time as the City is able to increase rates and charges to pay for such increased costs.

Seismic Activity; Flood Plain; Limited Insurance

The Installment Purchase Agreement does not require the City to maintain earthquake or flood insurance on the Wastewater System. The City, along with much of the State of California, shares a history of seismic activity and is thus listed as a "Zone 4" earthquake area in the Uniform Building Code. A Zone 4 designation has the most restrictive design requirements for new construction. The City standards for development, to which the components of the Wastewater System were subject, have been designed to reduce the risk to the public and adequately mitigate seismic hazards.

There are no known major earthquake faults within the City; however, there are several active faults located within a radius of approximately 50 miles from the City, including the San Andreas Fault and the San Gabriel Fault. Activity along these faults could potentially result in damage to the buildings, roads, bridges, and property within the City in the event of a major earthquake.

If a major earthquake were to occur, it may substantially damage or destroy the Wastewater System or portions of it. In such a case, under certain circumstances, the Net System Revenues could possibly be reduced or eliminated if the City was unable to provide wastewater services to its customers, or if large amounts of System Revenues were required to be applied to make extensive repairs to the Wastewater System. Such a reduction or elimination of Net System Revenues could impair the ability of the City to make Installment Payments, which in turn would impair the ability of the Authority to make payments of principal of and interest on the Bonds when due.

The chance that the occurrence of severe seismic activity in the area of the Wastewater System could result in substantial damage and interference with the City's right to use all or a portion of the Wastewater System, and thereby result in a reduction or elimination of Net System Revenues, is mitigated by the City's standards for development.

The components of the Wastewater System are located in a flood insurance rate zone designated by the Federal Emergency Management Agency ("FEMA") as "Zone B." According to FEMA, Zones B, C, and X refer to flood insurance rate zones that are not within the 100-year floodplain and are therefore not considered to pose a flood hazard. The term "100-year flood" refers to the flood elevation that has a one percent chance of being equaled or exceeded in any

given year. A base flood may also be referred to as a “100-year storm” and the area inundated during the base flood is sometimes called the “100-year floodplain.” The 100-year flood, which is the standard used by most federal and state agencies, is used by the National Flood Insurance Program as the standard for floodplain management and to determine the need for flood insurance.

Limited Recourse on Default

If the City defaults on its obligation to make Installment Payments, the Trustee, as assignee of the Authority, has the right to accelerate the total unpaid principal amount of the Installment Payments. However, in the event of a default and such acceleration, neither the Bond Insurance Policy nor the Surety Bond guarantee the payment of any accelerated amounts and there can be no assurance that the City will have sufficient Net System Revenues to pay the accelerated Installment Payments.

Limitations on Available Remedies

The enforceability of the obligations of the City and the rights and remedies of the Owners of the Bonds may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equitable principles that may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Absence of Market for the Bonds

There can be no assurance that there will continue to be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions and the financial condition or market position of firms who may make the secondary market.

Constitutional Limitations

California law imposes various taxing, revenue, and appropriations limitations on public agencies such as the City. See “CONSTITUTIONAL PROVISIONS AFFECTING WASTEWATER SYSTEM REVENUES AND EXPENDITURES” below for a discussion of these limitations.

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date such Bonds were originally issued as a result of future acts or omissions of the Authority or the City in violation of its covenants in the Indenture, the Installment Purchase Agreement, and the Tax Certificate. Should such a violation occur and result in a loss of tax exemption with respect to the Bonds, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under the provisions contained in the Indenture.

Economic, Political, Social and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

CONSTITUTIONAL PROVISIONS AFFECTING WASTEWATER SYSTEM REVENUES AND EXPENDITURES

California Constitution Article XIII B Limitations

Article XIII B of the California Constitution (“Article XIII B”) limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the government entity. The “base year” for establishing this appropriations limit is the 1978-79 fiscal year, and the limit is adjusted annually to reflect changes in population, consumer prices, and increases or decreases in the cost of services provided by these public agencies.

Appropriations of an entity of local government subject to Article XIII B include generally authorizations to expend during a fiscal year the proceeds of taxes levied by or for the entity and the proceeds of State subventions, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance, and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues, most State subventions, and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost reasonably borne by such entity), and (2) the investment of tax revenues. Article XIII B provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness

thereafter approved by the voters and payments required to comply with court or federal mandates that without discretion require an expenditure for additional services or that unavoidably make the providing of existing services costlier. The City believes that its charges for sewer service and wastewater treatment do not exceed the costs it reasonably bears in providing such services and, therefore, are not subject to the limitations of Article XIIB. The City has covenanted in the Installment Purchase Agreement that it will, in each year, prescribe rates and charges sufficient to provide for payments of the Bonds each year.

California Constitution Article XIIC and Article XIID Limitations

On November 5, 1996, the voters of the State approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees, and charges. These provisions could adversely affect the financial condition of the City, its ability to comply with its covenants under the Installment Purchase Agreement, and/or the Authority’s ability to pay principal of or interest on the Bonds. In such event, there can be no assurance that remedies will be available to fully protect the interests of the holders of the Bonds. See “RISK FACTORS – Limitations on Available Remedies” above.

Article XIID contains several new provisions affecting the ability of local governments to impose or increase “fees” and “charges,” defined for purposes of Article XIID to mean “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by [a local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service”; provided, however, that Article XIID specifically provides that it shall not be construed to “affect existing laws relating to the imposition of fees or charges as a condition of property development.” The City believes that its connection fee charges related to the Wastewater System is a fee or charge as a condition of property development within the meaning of Article XIID, although no assurance can be given that a court would not determine otherwise. “Property related service” means a public service having a direct relationship to property ownership (which term may include tenancies). All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Although the City believes that its sewer service charges are not property related fees or charges within the meaning of Article XIID, the City further believes that its sewer service charges, if determined to be such property related fees or charges, would satisfy all of these requirements. However, in any legal action contesting the validity of a fee or charge, the City will have the burden of proving exemption from or compliance with Article XIID and no assurance can be given that a court would not determine otherwise. Before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase,

and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. The City is unable to predict whether the imposition or increase of any fee and charge, including any increase in its sewer service charge, will be prevented by such a majority protest.

Moreover, Article XIID also provides that, except for fees or charges for sewer, water, and refuse collection services (or fees for electrical and gas service, which are not treated as property related for purposes of Article XIID), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The City believes that its sewer service charges are charges for sewer service within the meaning of Article XIID, although no assurance can be given that a court would not determine otherwise.

Article XIID states that, beginning July 1, 1997, all “fees” or “charges” must comply with its provisions. It is unclear how the provisions of Article XIID will be applied to fees or charges established prior to such date. The City does not plan to conduct any new hearings, elections, or other proceedings with respect to any of its existing sewer-related fees or charges.

In addition to the provisions described above, Article XIIC removes limitations on the initiative power in matters of local taxes, assessments, fees, and charges. Consequently, the voters of the City could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any local tax, assessment, fee, or charge. “Assessment,” “fee,” and “charge” are not defined in Article XIIC and it is unclear whether the definitions of such terms contained in Article XIID (which are generally property-related as described above) apply with respect to Article XIIC. No assurance can be given that the voters of the City will not, in the future, approve initiatives that repeal, reduce, or prohibit the future imposition or increase of assessments, fees, or charges. The City believes that the initiative power cannot be used to alter covenants in the Installment Purchase Agreement concerning the imposition of the City’s charges or reduce or repeal such charges to the extent that the City could not meet its obligation to make Installment Payments. In addition to the foregoing, the City’s general financial condition may be affected by other provisions of Article XIIC and Article XIID, including (A) provisions of Article XIIC (i) requiring taxes for general governmental purposes to be approved by a majority vote and taxes for specific purposes, even if deposited into general fund, to be approved by a two-thirds vote, (ii) subjecting all taxes, assessments, fees, and charges to reduction or repeal at any time through the initiative process (as mentioned above), and (iii) provisions of Article XIID that could reduce the ability of the City to fund certain services or programs that it may be required or choose to fund from its general fund, such as provisions (1) adding requirements making it generally more difficult to levy and maintain “assessments,” defined to mean a levy or charge upon real property for a particular and distinct benefit to the property over and above general benefits conveyed to property located in the district or to the public at large, (2) requiring any imposition or increase of property related fees or charges other than for sewer, water, and refuse collection services or fees for electrical or gas service (which are not treated as property related for purposes of Article XIID) to be approved by “majority of the property owners” subject to the fee or charge or, at the option of the local government, two-thirds vote of the electorate residing in the affected area.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Future Initiatives

Articles XIII B, XIII C, and XIII D of the Constitution were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Wastewater System revenues or the City's ability to generate or expend revenues.

THE AUTHORITY

The Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California pursuant to a Joint Exercise of Powers Agreement, dated as of October 8, 1991 (the "JPA"), by and among the City, the Oxnard Community Development Commission (as successor to the Redevelopment Agency of the City of Oxnard), and the Housing Authority of the City of Oxnard. The Authority was created on October 8, 1991, to finance the cost of any capital improvement, working capital, or liability and other insurance needs, or projects wherever there are significant public benefits, as determined by the City.

The Authority is governed by a five-member Governing Board. The current members of the Board, who are the members of the City Council, are listed below:

Tim Flynn, *Chairman*
Carmen Ramirez, Esq., *Vice Chairman*
Bryan A. MacDonald, *Board Member*
Oscar Madrigal, *Board Member*
Bert E. Perello, *Board Member*

The Authority is also served by the officers listed below who, in the case of the Controller and General Counsel, serve in these capacities by virtue of their duties as Chief Financial Officer and City Attorney, respectively or, in the case of the Secretary, is appointed by the Board and serves at the pleasure of the Board. The officers are:

Michelle Ascencion, *Secretary*
Jim Throop, *Controller*
Stephen Fischer, *General Counsel*

Neither the Authority nor its Board members have any obligations or liability to the Owners of the Bonds with respect to the payment of Installment Payments by the City under the Installment Purchase Agreement, or with respect to the performance of the City of other covenants made by it in the Installment Purchase Agreement.

THE PROJECT

The City is purchasing the Project from the Authority with Installment Payments pursuant to the Installment Purchase Agreement. A portion of the proceeds from the sale of the 2004 Series A Bonds was previously applied to the payment of certain of the costs associated with the Headworks Project (as defined below). A portion of the proceeds from the sale of the Bonds was deposited into the Project Fund and applied to the payment of the remaining costs associated with the Headworks Project, as well as certain of the costs associated with the Septic System Conversion Project.

The Project is comprised of (i) the Oxnard Wastewater Treatment Plant Headworks Project (the “Headworks Project”), which was implemented to address master-planned increases in sewer capacity needs, to meet the City’s commitment to serve these needs in the north and northwest portions of the City, and to correct existing Wastewater System deficiencies, (ii) the Oxnard Wastewater Septic System Conversion Project (the “Septic System Conversion Project”), which was implemented to install a backbone wastewater collection system in areas of the City where homes are serviced by individual wastewater disposal systems (i.e., septic tanks and leach fields), and (iii) appurtenances and appurtenant work relating to the foregoing, including right-of-way acquisition. The Headworks Project was completed in 2007 and the Septic System Conversion Project was completed in 2006.

The Headworks Project

The Oxnard Wastewater Treatment Plant (“OWTP”) is a secondary treatment plant located at southwest portion of the City. The OWTP has an average dry weather flow (“ADWF”) design capacity of 31.7 million gallons per day (“MGD”) with provision for an ultimate ADWF design capacity of 39.7 MGD and corresponding ultimate peak weather flow of 75.4 MGD.

The Headworks Project was completed in 2007 and is located on the City property north of the OWTP. The Headworks Project facilities were designed to meet the City's ultimate average dry weather flow of 39.7 MGD and ultimate peak weather flow of 75.4 MGD. The Headworks Project is expected to maintain the OWTP capacity while substantially enhancing process reliability, performance, and operability. These improvements have been attained by providing process and mechanical equipment redundancy throughout key elements of the new Headworks Project facility, and upgrading stand-by power and odor control support systems.

The Septic System Conversion Project

The Septic System Conversion is comprised of the installation of approximately 23,383 linear feet of 8- to 10-inch backbone sewer pipeline in four neighborhoods located within the City, which were previously utilizing onsite wastewater disposal systems (i.e., septic systems and leach fields) to meet their wastewater disposal needs.

THE WASTEWATER SYSTEM

Background and Organization

The City's Wastewater System provides wastewater collection and treatment services for the residents of Oxnard, the neighboring City of Port Hueneme, the Channel Island Beach Community Services District, Las Posas Estates, the Naval Base Ventura County (Port Hueneme and Point Mugu), and other smaller unincorporated areas of Ventura County. Its principal facilities consist of the Treatment Plant, an ocean outfall, and approximately 430 miles of sewer pipelines and 15 wastewater pump stations.

The City maintains two accounting funds for the Wastewater System: a Wastewater Conveyance Fund, the primary sources of revenue for which are comprised of the monthly user charges paid by the existing residents of the City and connection fee income generated by new development within the City, and a Wastewater Treatment Plant Fund, the primary revenue sources for which are comprised of regional user charges and connection fee income generated by new development within the City. The Wastewater Conveyance Fund and the Wastewater Treatment Plant Fund together comprise the Wastewater Revenue Fund, as defined in the Installment Purchase Agreement. Amounts in the Wastewater Revenue Fund are invested in accordance with the City's investment policy (the "Investment Policy"), as described in Appendix D.

Prior to 1977, the City had owned and operated a local sewage treatment and disposal system, financing the acquisition and construction of a collection system, treatment plant and ocean outfall through various bond issues commencing in 1905. In 1976, following an action by the Los Angeles Regional Water Quality Control Board calling for the regional consolidation of wastewater treatment at the City's treatment plant, the City and the City of Port Hueneme formed the Oxnard - Port Hueneme Regional Wastewater Treatment Authority ("OPHRWTA") by means of a Joint Exercise of Powers Agreement dated August 17, 1976. OPHRWTA, through a combination of Federal and State grants and an issue of lease revenue bonds, undertook a major reconstruction and expansion of the Oxnard Wastewater Treatment Plant that resulted in the Treatment Plant's then reported design capacity of 22.6 MGD.

In 1976, the City entered into a contract whereby the Treatment Plant was to be operated by the Ventura County Regional Sanitation District. In 1986, the City cancelled that contract and established an organization for direct City operation of the facility. Following the defeasance of the lease revenue bonds, OPHRWTA was dissolved.

In 1991, the City completed the Treatment Plant Expansion Project which included the addition of a new secondary treatment system and several improvements to the existing treatment processes. This project increased the Treatment Plant's design capacity from 22.6 MGD to 31.7 MGD.

In 2007, the City completed the New Headworks Project. The New Headworks Project consists of barscreens, aerated grit chambers, pump stations, and an odor control facility.

Service Area

The Treatment Plant currently serves a population of over 230,000 with an average flow of about 19 MGD. The following table shows the history of flow through the Treatment Plant, broken down according to its three major user groups, for fiscal years 2008-09 through 2012-13.

TABLE 3
OXNARD WASTEWATER TREATMENT PLANT
AVERAGE DAILY FLOW (MILLIONS OF GALLONS PER DAY)

<u>Fiscal</u> <u>Year</u>	<u>Oxnard</u>	<u>Port</u> <u>Hueneme</u>	<u>Channel</u> <u>Island</u> <u>Beach</u> <u>CSD</u>	<u>Las</u> <u>Posas</u> <u>Estates</u>	<u>Naval</u> <u>Base</u> <u>Ventura</u> <u>County</u>	<u>Other</u> <u>Unincorporated</u>	<u>Total</u>
2011-12	20.61	2.25	0.92	0.16	0.84	0.48	25.26
2012-13	20.13	1.19	0.92	0.16	0.71	0.49	23.60
2013-14	19.67	1.23	0.92	0.16	0.67	0.49	23.14
2014-15	18.64	1.26	0.92	0.16	0.65	0.44	22.07
2015-16	16.78	1.19	0.92	0.16	0.61	0.43	20.09

Source: City of Oxnard.

As of May 31, 2017, the Wastewater System has 39,385 active service accounts, of which 36,855 are residential, 2,506 are commercial, and 24 are industrial. The following table shows the annual growth in the number of the Wastewater System's active service accounts since December 31, 2012.

TABLE 4
WASTEWATER SYSTEM
ACTIVE SERVICE ACCOUNTS

<u>Date</u>	<u>Residential</u> <u>Accounts</u>	<u>Commercial</u> <u>Accounts</u>	<u>Industrial</u> <u>Accounts</u>	<u>Total</u> <u>Accounts</u>	<u>Percentage</u> <u>Increase</u>
12/31/12	36,027	2,460	25	38,512	0.5
12/31/13	36,378	2,503	25	38,906	1.8
12/31/14	36,636	2,496	24	39,156	0.6
12/31/15	36,745	2,488	33	39,266	0.3
12/31/16	36,969	2,491	31	39,491	0.6

Source: City of Oxnard, Treasury Department, Billing Division.

The Wastewater System's 10 largest wastewater customers in order of billing for the twelve-month period ending December 31, 2016, are listed in the following table:

**WASTEWATER SYSTEM
TEN LARGEST CUSTOMERS BY ORDER OF BILLING
FOR TWELVE-MONTH PERIOD ENDING DECEMBER 31, 2016**

<u>Customer Name</u>	<u>Twelve-Month Billing Through December 31, 2016</u>	<u>Percent of Total Revenue</u>
City of Port Hueneme	\$945,852.00	2.92%
Procter & Gamble	849,113.41	2.27%
City of Oxnard Desalter	660,399.79	1.28%
Boskovich Farms	371,429.22	0.98%
New Indy-International Paper	283,453.18	0.93%
CBC Naval Base -Port Hueneme	271,658.70	0.61%
Puretec	176,429.35	0.58%
Coastal Green Vegetable Co	167,165.22	0.50%
J M Smucker Company	151,390.66	0.49%
Gills Onions	146,308.55	0.50%
Total:	\$4,023,200.08	13.83%

Source: City of Oxnard, Treasury Department, Billing Division.

Sources of Wastewater System Revenues

The Wastewater System has two main sources of revenues: (i) monthly wastewater user charges billed and paid according to separate rate schedules for residential, commercial and industrial accounts and (ii) wastewater connection fees billed and paid prior to the issuance of any building permit for the construction of new residential, commercial or industrial structures in the City.

Wastewater Rates and Charges

The Wastewater System's monthly wastewater usage rates and charges are adopted by the City Council of the City and are not subject to review by any state or local governmental agency. On May 23, 2017, the City Council adopted annual wastewater rates fiscal years 2017-18 through FY 2021-22. Through Ordinance No. 2917, the adopted rates provide for 5.25% annual increases commencing on July 1, 2017. The adopted wastewater rates were set based on the findings and projections provided in the Cost of Service Study completed in March 2017.

Residential usage rates are levied on the basis of a flat monthly fee, currently \$29.95 per month for single family detached residential units and variable rate fees based on 60% or 90% of metered potable water consumption depending on lot size. Similarly, multi-family customers are charged a flat monthly fee of \$21.91 per unit for one to six units and \$10.92 per unit for seven or more units. Residents of Las Posas are located outside of the City limit and are not charged additional rate fees. Only fixed charges are levied to Las Posas residents. Single-family residential dwelling units located in Las Posas are charged a flat monthly fee of \$79.72. Multi-family residential dwelling units located in Las Posas are charged a flat monthly fee of \$55.66. As of July 1, 2017, variable rate fees are as follows:

TABLE 6
CITY OF OXNARD MONTHLY WASTEWATER USAGE RATES
RESIDENTIAL CUSTOMERS
(Rate Per Hundred Cubic Feet)

<u>Type of Customer</u>	<u>Usage Rate</u>
Single Family Residential	
0 to 9 HCF/Mo.	\$1.95
>9 to 18 HCF/Mo.	2.17
>18 HCF/Mo.	3.03
Single Family Residential (Large Lots) ⁽¹⁾	
0 to 16 HCF/Mo.	\$1.95
>17 to 25 HCF/Mo.	2.17
>25 HCF/Mo.	3.03
Multifamily, Multi-Unit Residential	
0 to 6 HCF/Mo. ⁽²⁾	\$1.58
>6 to 12 HCF/Mo. ⁽²⁾	1.77
>12 HCF/Mo. ⁽²⁾	2.47

(1) Rate per hundred cubic feet.

(2) Tiers for multifamily/multi-unit residential wastewater rates are variable and are determined by multiplying each tier by the number of units.

Source: City Public Works Department

Commercial and industrial customers are billed on either a formula basis that includes both flow and water quality characteristics or a non-formula basis determined by a percentage of metered potable consumption.

TABLE 7
CITY OF OXNARD MONTHLY WASTEWATER USAGE RATES
COMMERCIAL AND INDUSTRIAL CUSTOMERS

INDUSTRIAL FORMULA

<u>Category</u>	<u>Rate</u>
Flow Rate	\$3,061.50 per Million Gallons
BOD Rate	697.59 per Thousand Pounds
SS Rate	551.70 per Thousand Pounds

COMMERCIAL FORMULA

Rate Per Hundred Cubic Feet

<u>Type of Customer</u>	<u>Usage Rate</u>
Commercial/School	
0 to 50 HCF/Mo.	\$3.49
>50 to 930 HCF/Mo.	4.36
> 930 HCF/Mo.	8.72
Restaurant	
0 to 20 HCF/Mo.	\$3.49
>20 to 160 HCF/Mo.	4.36
>160 HCF/Mo.	8.72
Laundry/Laundromat	
0 to 105 HCF/Mo.	\$3.49
>105 to 525 HCF/Mo.	3.86
> 525 HCF/Mo.	4.81
Los Posas	
Commercial/Institutional	
0 to 50 HCF/Mo.	\$6.57
>50 to 930 HCF/Mo.	8.21
> 930 HCF/Mo.	16.42

Source: City Public Works Department.

A minimum monthly fee is charged to commercial customers and schools as follows:

<u>Type of Customer</u>	<u>Fee</u>
Commercial	\$19.90
Restaurant	18.46
Laundry	91.57
School	69.85

Source: City Public Works Department.

The following table shows how the City's 2016-17 monthly wastewater usage charges for single family detached-unit residential customers compared with the monthly rates of some of its neighboring cities as of May 16, 2017:

TABLE 8
WASTEWATER SYSTEM
COMPARABLE MONTHLY WASTEWATER USAGE CHARGE FOR
AVERAGE SINGLE FAMILY DETACHED-UNIT RESIDENTIAL CUSTOMER

<u>City</u>	<u>Rate</u>
Moorpark (VC District)	\$26.00
Simi Valley	28.58
Thousand Oaks	28.78
Port Hueneme	36.00
<i>Oxnard</i>	<i>43.99</i>
Ventura (City of)	46.84
Camarillo	51.04
Ojai Valley Sanitation Distr.	57.91
Channel Islands	59.86
Santa Paula	83.66
Fillmore	103.36

Source: City of Oxnard, Public Works Department.

The average residential customer wastewater charge for the City is within the range of charges by neighboring cities. The differences in average charges can be attributed to the level of capital improvements to the Wastewater System's facilities, including the Treatment Plant, and the flatness of the terrain which impacts the frequency sewer cleaning and the need for pump stations.

Wastewater Connection Fees

The City Council of the City also periodically establishes wastewater connection fees which are also not subject to review by any state or local government agency. These fees consist of a wastewater treatment plant component (Treatment Facility Related Infrastructure Fee) and a wastewater conveyance system component (Conveyance Facility Related Connection Fee). Ordinance No. 2709 (read on November 22, 2005 and adopted on December 6, 2005) permitted the City Council to adopt the following schedule of wastewater connection fees, which have not been revised since their effective date:

TABLE 9
WASTEWATER SYSTEM
SCHEDULE OF CONNECTION FEES
METER EQUIVALENCY FACTORS

<u>Meter Size</u>	<u>Meter Equivalency Factor</u>
5/8", 3/4"	1
1"	2
1-1/2"	3
2"	5
3"	11
4"	17
6"	33
7"	53
10"	113
12"	180

Source: City of Oxnard, Public Works Department.

- A. Treatment Facility Related Infrastructure Fee shall be paid which shall be the sum of the Flow, Biological Oxygen Demand (BOD) and Suspended Solid (SS) charges, based upon the following schedule:

1. Flow Charges (Utilizing Equivalency Factors for Water Meter Size)

<u>Volume</u>	<u>Rate</u>
All Users Meter Equivalency Factor X	\$1,627.00

2. Biological Oxygen Demand (BOD) Charges (Utilizing Equivalency Factors for Strength and Meter Size)

	<u>Strength</u>	<u>Rate</u>
Single Family Residential	1 X Meter Equiv. Factor X	\$1,235.00
Non-Formula Commercial Class Users:		
Other	1 X Meter Equiv. Factor X	\$1,235.00
Laundries	1.6 X Meter Equiv. Factor X	\$1,235.00
Restaurants	2 X Meter Equiv. Factor X	\$1,235.00
All Formula Users	2 X Meter Equiv. Factor X	\$1,235.00

3. Suspended Solids (SS) Charges (Utilizing Equivalency Factors For Strength and Meter Size)

	<u>Strength</u>	<u>Rate</u>
Single Family Residential	1 X Meter Equiv. Factor X	\$936.00
Non-Formula Commercial Class Users:		
Other	1.3 X Meter Equiv. Factor X	\$936.00
Laundries	1 X Meter Equiv. Factor X	\$936.00
Restaurants	3.2 X Meter Equiv. Factor X	\$936.00
All Formula Users	3.4 X Meter Equiv. Factor X	\$936.00

4. Meter Equivalency Factors for Residential Other Than Detached Single Family Dwellings for Which a Common Meter is Permissible

For residential units which can be serviced with a common meter, the fees shall be according to an average occupancy factor as follows.

Mobile Home Parks - 1.9/3.3 X number of mobile home spaces plus equivalency factor for meter that would be required for common facilities that require wastewater service.

Apartments - 2.4/3.3 X number of service connections plus equivalency factor for meter that would be required for common facilities that require wastewater service.

- B. In addition to the above, the Conveyance Facility Related Connection Fee shall be charged as follows:

For All Connections

For any connection to the wastewater conveyance system, the fee shall be determined by the size of the water meter needed to serve the development, based on a charge of \$936.00 per water meter equivalency factor as described in Section A and as noted below for all but mobile homes, and apartments:

Meter Equivalency Factors for Residential Other than Detached Single-Family Dwellings for Which a Common Meter is Permissible

For residential units which can be serviced with a common meter the fees shall be according to a calculated factor as follows.

Mobile Home Parks - $1.9/3.3$ X number of mobile home spaces plus equivalency factor for meter that would be required for common facilities that require wastewater service.

Apartments - $2.4/3.3$ X number of service connections plus equivalency factor for meter that would be required for common facilities that require wastewater service.

1.1. Actual and Projected Operating Results

The following table shows a five-year historical summary of the Wastewater System's operating results for fiscal years 2011-12, 2012-13, 2013-14, 2014-15, and 2015-16, together with the projected figures for fiscal years 2016-17 (unaudited), 2017-18 (budgeted), and 2018-19 through 2020-21 (projected). All projected revenues include only previously approved rate increases. The City Council adopted wastewater rates that provide for 5.25% annual increases through the projected period shown. Operating expenditures are projected to grow between 2% and 3% depending on the type of expense. Depreciation expenses are not included in budgeted and future years.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 10
CITY OF OXNARD
WASTEWATER SYSTEM
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE (1)

FISCAL YEAR ENDING JUNE 30	<i>(Actual)</i> <u>2011-12</u>	<i>(Actual)</i> <u>2012-13</u>	<i>(Actual)</i> <u>2013-14</u>	<i>(Actual)</i> <u>2014-15</u>	<i>(Actual)</i> <u>2015-16</u>	<i>(Unaudited)</i> <u>2016-17</u>	<i>(Budgeted)</i> <u>2017-18</u>	<i>(Projected)</i> <u>2018-19</u>	<i>(Projected)</i> <u>2019-20</u>	<i>(Projected)</i> <u>2020-21</u>
OPERATING REVENUES										
Charges for Services	\$24,387,484	\$28,729,237	\$27,593,808	\$28,871,226	\$29,071,061	\$35,888,451	\$34,043,224	\$36,361,393	\$38,840,670	\$41,168,166
Connection Fees/Development Fees	3,028,792	1,572,676	1,221,482	195,356	480,158	2,509,289	0	0	0	0
Interest Income	152,138	47,455	160,831	94,894	61,596	43,912	30,381	40,236	64,513	46,715
Miscellaneous and reimbursements	862,809	696,347	2,520,090	3,007,558	1,071,464	1,168,033	766,000	766,000	766,000	766,000
Total Operating Revenues	\$28,431,223	\$31,045,715	\$31,496,211	\$32,169,034	\$30,684,279	\$39,609,685	\$34,839,604	\$37,167,629	\$39,671,183	\$41,980,881
OPERATING EXPENSES	\$26,421,461	\$27,225,802	\$27,827,241	\$32,050,025	\$30,082,790	\$30,282,164	\$20,630,278	\$20,760,417	\$21,276,908	\$21,806,582
(Less: Depreciation)	(\$8,274,502)	(\$8,462,344)	(\$8,420,952)	(\$8,502,020)	(\$8,296,045)	(\$9,847,326)	0	0	0	0
Total Operating Expenses	\$18,146,959	\$18,763,458	\$19,406,289	\$23,548,005	\$21,786,745	\$20,434,838	\$20,630,278	\$20,760,417	\$21,276,908	\$21,806,582
NET SYSTEM REVENUES	\$10,284,264	\$12,282,257	\$12,089,922	\$8,621,029	\$8,897,534	\$19,174,847	\$14,209,326	\$16,407,212	\$18,394,275	\$20,174,299
ANNUAL DEBT SERVICE (2) (3)										
2003 Bonds	\$3,669,813	\$3,667,063	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2004 Series A Bonds (Fixed Rate)	4,087,725	4,087,725	4,087,725	\$2,043,863	0	0	0	0	0	0
2004 Series B Bonds (Variable Rate)	2,038,895	2,040,586	2,053,704	2,074,323	2,049,895	2,061,521	2,124,803	2,107,216	2,059,161	1,604,327
2006 Bonds	796,730	796,330	795,530	799,330	797,530	795,330	796,943	797,753	797,745	796,905
2013 Bonds	0	0	3,368,430	3,364,820	3,366,495	3,362,745	3,366,995	3,363,495	3,367,245	0
2014 Bonds	0	0	0	1,859,613	3,599,250	3,599,250	3,599,250	3,599,250	3,599,250	7,274,250
Total Annual Debt Service (3) (5)	\$10,593,162	\$10,591,703	\$10,305,388	\$10,141,948	\$9,813,170	\$9,818,846	\$9,887,990	\$9,867,713	\$9,823,401	\$9,675,482
DEBT SERVICE COVERAGE RATIO (4)	0.97	1.16	1.17	0.85	0.91	1.95	1.44	1.66	1.87	2.09
Wastewater Revenue Fund Cash	\$8,654,004	\$8,965,061	\$7,458,868	\$8,598,028	\$6,016,659	\$12,168,904				
Cash Required at 25% of Maximum Annual Debt Service ("MADS")	\$2,648,291	\$2,647,926	\$2,576,347	\$2,535,487	\$2,471,998	\$2,471,998				
Surplus Cash After 25% MADS Requirement	\$6,005,714	\$6,317,135	\$4,882,521	\$6,062,541	\$3,544,661	\$9,696,906				

- (1) Totals may not add due to rounding.
(2) Amounts for the Bonds are based on an average interest rate of 6.577%. See footnote (2) in Table 2 above.
(3) Projected debt service payment amounts provided by FirstSouthwest, a Division of HilltopSecurities Inc.
(4) The debt service coverage ratio is calculated by dividing net revenues by the total annual debt service. The debt service coverage ratio does not take into consideration the balance in the Wastewater Revenue Fund for purposes of satisfaction of the City's rate covenant. See "SECURITY FOR THE BONDS – Rate Covenant."
(5) Projected Debt Service not inclusive of potential future borrowings

Source: City of Oxnard Finance Department

Fiscal Year 2017-18 Wastewater System Budget

The City Council of the City has adopted a budget for the Wastewater System for fiscal year 2017-18. The summary totals of that budget are as follows:

TABLE 11
CITY OF OXNARD
WASTEWATER SYSTEM
FISCAL YEAR 2017-18 OPERATING BUDGET SUMMARY

Revenues	
Charges for Services	\$34,693,000
Other Operating Income	<u>1,086,022</u>
Total Revenues	\$35,779,022
Maintenance and Operation Costs	
Salaries, Benefits & Insurance	\$ 8,238,600
Services & Supplies	5,932,273
Internal Service	1,947,693
Utilities	3,681,206
Other Expenses	584,779
Infrastructure Use Fee	<u>1,068,210</u>
Total Maintenance and Operation Costs	\$21,452,761
Net Operating Revenues	\$14,326,261
Non-Operating Revenues (Expenses)	
Interest Income	\$ 259,000
Connection Fees	0
Capital Outlay	<u>(4,018,250)</u>
Total Non-Operating Revenues Expenses)	\$(3,759,250)
Total Net Revenues	\$10,567,011
Source: City of Oxnard, Public Works Department.	

Plans for Future Indebtedness

The City is in the process of determining future capital improvements needs and sources of funding. Based on information provided in the 2017 Cost of Service Study, additional

indebtedness in connection with the City's obligations to maintain and operate the Wastewater System is likely. Future obligations will be subject to the limitations described herein. See "SECURITY FOR THE BONDS – Limitations Regarding Additional Obligations".

Outstanding Debt

Upon the issuance of the Bonds, the outstanding obligations payable on a parity and pro rata basis from installment payments secured by Net System Revenues will consist of the respective installment payments that secure payment of the Bonds, the 2006 Bonds, the 2013 Bonds, and the 2014 Bonds. Upon the remarketing of the Bonds, there will be no outstanding obligations of the City or the Authority secured by a lien on Net System Revenues that is senior to the lien on Net System Revenues securing the respective installment payments pertaining to the Bonds, the 2006 Bonds, the 2013 Bonds, and the 2014 Bonds. See "SECURITY FOR THE BONDS – Net System Revenues" herein.

TAX MATTERS

Original Bond Counsel Opinion

On November 18, 2004, Pillsbury Winthrop LLP, Los Angeles, California, as the original bond counsel ("Original Bond Counsel"), delivered an opinion that, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. Original Bond Counsel was further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, Original Bond Counsel observed that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. A copy of the form of opinion of Original Bond Counsel is set forth in Appendix D hereto and will accompany the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code") imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest received by persons such as the Owners of the Bonds. The City and the Authority have covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in gross income for federal income tax purposes. Failure to comply with those covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds. The opinion of Original Bond Counsel assumed compliance with those covenants. Original Bond Counsel did not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Installment Purchase Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Original Bond

Counsel expressed no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Original Bond Counsel.

Original Bond Counsel did not undertake to advise in the future whether any events after the date of issuance of the Bonds may affect the federal or state tax status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, will not contain provisions, which could directly or indirectly reduce the benefit of the excludability of the interest on the Bonds from gross income for federal income tax purposes.

Although Original Bond Counsel rendered an opinion that interest on the Bonds is excluded from gross income for federal gross income and California State personal income tax purposes, an Owner's federal and State tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the Owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds; (iii) with respect to life insurance companies, life insurance company taxable income subject to the tax imposed by Section 801 of the Code is determined by permitting deductions for certain dividends received but not to the extent such dividend is from a non-insurance corporation and is out of tax-exempt interest, including interest on the Bonds; (iv) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (v) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds; and (vii) under Section 32(i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel expressed no opinion regarding any such other tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors concerning collateral tax consequences with respect to the Bonds.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the Owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service is likely to treat the Authority as the taxpayer and the Owners of the Bonds may have no right to participate in such

procedure.

Original Bond Counsel's opinion represented its legal judgment based upon its review of existing law, regulations, rulings, judicial decisions, and other authorities, and upon the covenants and representations of the parties and such other facts as it has deemed relevant to render such opinion, and is not a guarantee of a result. Neither the Underwriter nor Original Bond Counsel is obligated to defend the tax-exempt status of the Bonds. Neither the Authority nor Bond Counsel nor the Underwriter is responsible to pay or reimburse the costs of any Owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount/Premium

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds that is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

No New or Updated Review or Opinions

EXCEPT AS DESCRIBED ABOVE, NO PERSON OR LAW FIRM HAS REVIEWED OR PASSED UPON THE BONDS, THE PROPERTY, OR ANY OTHER FACTS OR CIRCUMSTANCES CONCERNING THE BONDS SINCE THE ORIGINAL ISSUANCE OF THE BONDS. IN ADDITION, NO DETERMINATION HAS BEEN MADE SINCE THAT TIME WHETHER THE AUTHORITY, THE CITY, OR THE PROPERTY HAVE COMPLIED

WITH THE REQUIREMENTS OF THE CODE FOR THE PURPOSE OF DETERMINING WHETHER INTEREST PAYABLE WITH RESPECT TO THE BONDS REMAINS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. MOREOVER, EXCEPT FOR THE OPINION OF GOODWIN PROCTER LLP DESCRIBED ABOVE, NO REPRESENTATIONS ARE BEING MADE AND NO LEGAL OPINIONS ARE BEING RENDERED BY ANY PARTY OR LAW FIRM IN CONNECTION WITH THE REMARKETING OF THE BONDS PURSUANT TO THIS REOFFERING MEMORANDUM AS TO THE PRIOR, CURRENT, AND CONTINUED EXCLUDABILITY OF INTEREST PAYABLE WITH RESPECT TO THE BONDS FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, THE EXEMPTION OF SUCH INTEREST FROM STATE OF CALIFORNIA PERSONAL INCOME TAXES, OR OTHER TAX CONSEQUENCES RELATED TO THE OWNERSHIP OR DISPOSITION OF THE BONDS.

RATINGS

It is expected that, upon the remarketing of the Bonds, S&P will assign its municipal bond ratings of “A+/A-1” to the Bonds based upon the issuance of the Letter of Credit by the Bank. There is no assurance that any such ratings will be in effect for any given period of time or that either of them will not be revised downward or withdrawn entirely by the applicable rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of the applicable rating agency and an explanation of the significance of any rating may be obtained only from the rating agency furnishing the same.

NO CONTINUING DISCLOSURE

Since the Bonds were outstanding on November 30, 2010, so long as the Bonds bear interest at the Weekly Interest Rate and are in denominations of \$100,000 or more and may be tendered by holders at least as frequently as every nine months, the Authority is not required to provide continuing disclosure under Rule 15c2-12. If and when the Authority elects to convert the interest on the Bonds to a Fixed Rate, the Authority will provide the continuing disclosure required under Rule 15c2-12, as it may from time to time hereafter be amended or supplemented.

LITIGATION

Measure M Litigation

The City is currently a party in a suit filed with the Ventura County Superior Courts, City of Oxnard v. Aaron Starr. The City filed suit against the sponsor of the “Measure M Initiative” ballot measure, claiming the Measure M Initiative was invalid because it set wastewater rates too low. The Measure M Initiative, which received the required votes for passage, repealed wastewater service charges adopted on January 26, 2016 and effective on March 1, 2016. The City’s suit claims the Measure M initiative compels the City to violate both State and Federal contract laws and therefore cannot be legally enforced. The City was granted a temporary restraining order on the implementation of the Measure M Initiative by the Ventura County Superior Courts, which will remain in place until a final court ruling is handed down. The temporary restraining order allows the City to continue to collect wastewater service charges as

prescribed in the rates effective on March 1, 2016. The City subsequently adopted wastewater services charges on May 23, 2017 that became effective on July 1, 2017, none of which are subject to the Measure M Initiative. A ruling against the City could potentially expose the City to refund claims of up to approximately \$8.5 million by the City's wastewater customers to be paid from the City's Wastewater Fund. A trial date has been set for December 26, 2017 for City of Oxnard v. Aaron Starr.

Infrastructure Use Fee Litigation

The City is currently a party in a lawsuit filed in Ventura County Superior Court, Aaron Starr v. City of Oxnard. Mr. Starr filed suit against the City to challenge the legality of the City's collection of infrastructure use fees paid by the City's utility funds to the City's General Fund. The suit calls for the reimbursement of all infrastructure use fees paid to date (approximately \$21 million) to the City's utility funds and eliminating the infrastructure use fee charge in all future years. A ruling in favor of Mr. Starr could potentially compel the City to transfer back approximately \$7 million to the City's Wastewater Fund from the City's General Fund. No trial dates have been set for Aaron Starr v. City of Oxnard.

City Council Recall

A citizen of the City has submitted petition signatures to the City Clerk initiating recall elections for four of the five City Council seats. Mayor Tim Flynn, Mayor Pro-Tem Carmen Ramirez, Council Member Bert Perello, and Council Member Oscar Madrigal will be subject to a recall election in Spring 2018 if the County of Ventura Clerk and Recorder's Office verifies the requisite petition signatures are valid. If a recall election were to occur, the City Council membership composition and future initiatives relating to the Wastewater Fund could change.

The City and the Authority will certify that there is no action, suit, or proceeding known to the City or the Authority to be pending or threatened, restraining or enjoining the remarketing of the Bonds or in any way contesting or affecting the validity of the foregoing or any proceeding of the City or the Authority taken with respect to any of the foregoing or that will materially adversely affect the City's ability to pay Installment Payments when due.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the remarketing of the Bonds will be passed upon for the Authority and the City by the City Attorney and Feldman Law Group LLP, Santa Monica, California, as Bond Counsel and Disclosure Counsel, and for the Bank by McGuire Woods LLP, Century City, California.

REMARKETING AGENT CONFLICTS

The Remarketing Agent to the Authority and the City has provided the following paragraph for inclusion in this Remarketing Memorandum. The Remarketing Agent and its affiliates together comprise a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Authority. The Remarketing Agent is not acting as a financial or municipal advisor to Authority in connection with the remarketing of the Bonds.

FINANCIAL ADVISOR

Hilltop Securities Inc. is acting as Municipal Advisor to the City and the Authority. In its capacity as Municipal Advisor, Hilltop Securities Inc. does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the Authority and the City has provided the following sentence for inclusion in this Remarketing Memorandum. The Municipal Advisor has reviewed the information in this Remarketing Memorandum in accordance with, and as part of, its responsibilities to the Authority and the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

MISCELLANEOUS

The purpose of this Reoffering Memorandum is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds and of statutes and other documents contained in this Reoffering Memorandum do not purport to be complete and reference is made to such statutes and documents for full and complete statements of their provisions. The preparation and distribution of this Reoffering Memorandum have been duly authorized and approved by the City and the Authority.

CITY OF OXNARD FINANCING AUTHORITY

By: /s/ Jim Throop
Controller

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A: SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL
DOCUMENTS

APPENDIX B

GENERAL INFORMATION CONCERNING THE CITY OF OXNARD

The Bonds do not constitute a general obligation debt of the City of Oxnard (the “City”), and the City has not pledged its full faith and credit or its taxing power to the repayment of the Bonds. The following information is presented for informational purposes only.

General

The City is located in western Ventura County (the “County”) on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the largest city in the County, with a population estimated at 207,000 in 2016, accounting for over 24% of the County’s population. The City has a diversified economic base composed of agriculture and related business, retail, various services, and governmental agencies.

The City was incorporated as a general law city on June 30, 1903, and operates under a council-manager form of government. The City is governed by a five-member City Council elected at large for four-year alternating terms, with the exception of the Mayor, who is directly elected for a two-year term.

Population

The City’s population has grown from approximately 192,997 people in 2007 to approximately 207,000 in 2016. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 2007 through 2016.

**Population of
City, County, State, and United States
2007 through 2016 ⁽¹⁾**

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2007	192,997	789,671	37,674,415	301,231,200
2008	194,905	794,778	38,134,496	304,094,000
2009	197,067	802,983	38,487,889	306,771,500
2010	200,004	825,298	37,332,685	309,348,193
2011	199,722	831,130	37,676,861	311,663,358
2012	200,390	835,416	38,011,074	313,998,379
2013	200,855	840,964	38,335,203	316,204,908
2014	203,645	846,119	38,680,810	318,563,456
2015	206,148	850,536	38,993,940	320,896,618
2016	206,997	849,738	39,250,017	323,127,513

⁽¹⁾ Unless otherwise noted, estimates for City, County, and State are as of January 1, and for the United States are as of July 1.

Sources: United States Bureau of the Census.

Property Tax Rates

In June of 1978, California voters approved Proposition 13 (the Jarvis-Gann Initiative), which added Article XIII A to the California Constitution. Article XIII A limits ad valorem taxes on real property to 1% of the full cash value, plus taxes necessary to repay indebtedness approved by the voters prior to July 1, 1978. Voter-approved obligations of the City are comprised of an obligation of the City referred to as the "Public Safety Retirement Debt." The following table details the City's property tax rates since fiscal year 2006-07.

City of Oxnard Property Tax Rates Fiscal Years 2006-07 through 2015-16

<u>Year Ended June 30</u>	<u>Article XIII A Basic Tax Rate</u>	<u>City District (Public Safety Retirement Debt)</u>	<u>School Districts</u>	<u>Water Districts</u>	<u>Total Tax Rates</u>
2007	1.00	0.16564	0.08220	0.03272	1.28056
2008	1.00	0.17864	0.10500	0.02922	1.31286
2009	1.00	0.19334	0.11160	0.01290	1.31784
2010	1.00	0.20384	0.11470	0.01290	1.33144
2011	1.00	0.22054	0.11990	0.01110	1.35154
2012	1.00	0.20544	0.12200	0.01110	1.33854
2013	1.00	0.20424	0.11980	0.00000	1.32404
2014	1.00	0.23154	0.14140	0.00350	1.37644
2015	1.00	0.22204	0.12060	0.00350	1.34614
2016	1.00	0.21146	0.12640	0.00350	0.12990

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2016.

Property Tax Levies, Collections, and Delinquencies

The Ventura County Tax Collector collects ad valorem property tax levies representing taxes levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding March 1. Unsecured taxes are assessed and payable on March 1 and become delinquent August 31 in the next fiscal year. Accordingly, unsecured taxes are levied at the rate applicable to the fiscal year preceding the one in which they are paid.

One half of the secured tax levy is due November 1 and becomes delinquent December 10; the second installment is due February 1 and becomes delinquent April 10. A 10% penalty is added to any late installment.

Property owners may redeem property upon payment of delinquent taxes and penalties. Tax-delinquent properties are subject to a redemption penalty of 1½% of the delinquent amount every month commencing on July 1 following the date on which the property became tax-delinquent. Properties may be redeemed under an installment plan by paying current taxes, plus 20% of delinquent taxes each year for five years, with interest accruing at 1½% per month on the unpaid balance.

The following table details the City's property tax levies, collections, and delinquencies since fiscal year 2006-07.

City of Oxnard
Property Tax Levies, Collections and Delinquencies
Fiscal Years 2006-07 through 2015-16

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Subsequent Years' Collections	Total Tax Collections	Total Collections as a Percentage of Tax Levy
2007	59,401,879	68,429,117	115.20	129,679	68,558,796	115.42
2008	69,931,705	75,726,668	108.29	121,075	75,847,743	108.46
2009	69,147,624	76,681,392	110.90	145,945	76,827,337	111.11
2010	75,929,128	71,755,189	94.50	136,565	71,891,754	94.68
2011	72,434,536	71,118,203	98.18	105,158	71,223,361	98.33
2012	70,330,220	63,176,888	89.83	9,629	63,303,497	90.01
2013 ⁽¹⁾	53,833,600	52,537,321	97.59	1,560	52,658,385	97.82
2014	55,367,000	50,243,275	90.75	456,769	50,700,044	91.57
2015	56,032,000	53,289,829	95.11	910,819	54,200,648	96.73
2016	61,480,511	57,222,321	93.07	350,407	57,572,728	93.64

(1) The significant decrease in tax collections in fiscal year 2011-12 and the significant decrease in the tax levy in fiscal year 2012-13 were primarily due to the dissolution of the Oxnard Community Development Commission as a result of the adoption by the California Legislature of AB X1 26, which eliminated redevelopment agencies State-wide.

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2016.

Assessed Property Values

The following table details the unequalized assessed value of the property within the City for since fiscal year 2006-07.

City of Oxnard
Assessed Property Values
Fiscal Years 2006-07 through 2016-17

	<u>Assessed Value</u>
2007	14,562,928,520
2008	15,918,112,344
2009	16,158,716,867
2010	15,176,505,240
2011	15,058,226,607
2012	14,971,225,595
2013	15,198,347,582
2014	15,607,919,376
2015	16,699,350,111
2016	17,642,466,719
2017	18,475,985,600

Source: County Assessor's Office.

Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2016.

City of Oxnard Principal Taxpayers (As of June 30, 2016)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Procter & Gamble Paper Products	\$ 331,568,800	1.87%
Essex Arbors LP	206,907,258	1.16
Vintage Production California, LLC	161,249,447	0.91
Serenade Apartment Property	87,047,904	0.49
Prime Peninsula LP	86,618,468	0.49
NRG CA South LP – Ormond Beach	85,304,653	0.48
SOCMI LLC	84,463,318	0.48
Haas Automation Inc.	84,400,700	0.48
New-Indy Oxnard LLC	76,146,182	0.43
Duesenberg Investment Company	70,144,595	0.39
Subtotal (Top 10)	\$1,273,851,325	7.18
Total (All Taxpayers)	\$17,763,165,293	100.00%

Source: City.

Outstanding Debt

The City uses a variety of tax increment, revenue, and lease indebtedness to finance various capital acquisitions. The outstanding balances for indebtedness since fiscal year 2006-07 are set forth in the following table. See also the notes to the City's Comprehensive Annual Financial Report for fiscal year 2015-16, a copy of which is attached as Appendix [C], for a description of the City's long-term liabilities.

City of Oxnard Outstanding Debt (Fiscal Years 2006-07 through 2015-16)

<u>Year Ended June 30</u>	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total Outstanding Debt</u>
	<u>Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>Tax Allocation Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	
2007	43,109,750	7,395,000	37,940,000	749,911	292,625,260	1,536,788	383,356,709
2008	41,746,367	34,835,000	37,040,000	493,471	286,428,643	4,603,874	405,147,355
2009	40,337,356	34,350,000	47,755,000	293,886	278,427,654	4,053,370	405,217,266
2010	38,877,717	33,600,000	46,475,000	1,436,151	370,257,293	3,632,411	494,278,572
2011	37,359,198	32,820,000	45,155,000	2,552,594	383,230,810	3,623,438	504,741,270
2012	35,781,802	32,010,000	--	5,665,006	372,713,206	2,963,438	449,133,452
2013	34,146,715	25,335,000	--	11,101,548	361,808,291	2,620,593	435,012,147
2014	32,453,939	24,755,000	--	9,943,968	347,340,473	2,093,846	416,587,226
2015	71,026,930	24,064,918	--	22,159,563	316,333,774	1,546,350	435,131,535
2016	66,823,533	23,464,945	--	22,014,760	305,514,850	1,034,693	418,879,781

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2016.

The City has entered into three interest rate swaps to hedge its variable rate bond exposure. All three interest rate swaps qualify for treatment as ‘Hedging Derivative Instruments’ pursuant to the requirements of GASB Statement No. 53. The terms of the swaps are consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.

In connection with the December 2006 issuance of the City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds (Civic Center Phase 2 Project), Series 2006, the City entered into a floating-to-fixed interest rate swap with Royal Bank of Canada in the original notional amount of \$24,205,000. Pursuant to such swap, the City pays a fixed rate of 3.530% and receives variable payments computed as 68% of the one-month London Interbank Offered Rate (“LIBOR”). The bonds and the related swap agreement mature on June 1, 2036, and as of June 30, 2016 the swap’s notional amount of \$19,040,000 matches the \$19,040,000 in variable-rate bonds. The swap was entered at the same time the bonds were issued (December 2006) and terminates at the same time that the bonds mature (June 2036). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. The swap terminates by its terms on June 1, 2036. As of June 30, 2016, this swap had a negative fair value to the City of \$5.24 million as a result of a decline in interest rates since execution of the swap. As of June 30, 2016, the City is not adversely exposed to counterparty credit risk due to the negative fair value of the swap.

In June 2007, the City entered into a floating-to-fixed interest rate swap with Royal Bank of Canada in the original notional amount of \$13,410,000 with respect to the outstanding City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds, 2003 Series B. Pursuant to such swap, the City pays a fixed rate of 4.037% and receives variable payments computed as 68% of the one-month LIBOR. The bonds and the related swap agreement mature on June 1, 2033, and as of June 30, 2016 the swap’s notional amount of \$9,855,000 matches the \$9,855,000 in variable-rate bonds. The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. The swap terminates by its terms on June 1, 2033. As of June 30, 2016, this swap had a negative fair value to the City of \$2.78 million as a result of a decline in interest rates since execution of the swap. As of June 30, 2016, the City is not adversely exposed to counterparty credit risk due to the negative fair value of the swap.

In June 2007, the City also entered into a floating-to-fixed interest rate swap with Royal Bank of Canada in the original notional amount of \$23,975,000 with respect to the outstanding 2004 Series B Bonds. Pursuant to such swap, the City pays a fixed rate of 4.017% and receives variable payments computed as 68% of the one-month LIBOR. The bonds and the related swap agreement mature on June 1, 2034, and as of June 30, 2016 the swap’s notional amount of \$16,750,000 matches the \$16,750,000 in variable-rate bonds. The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. The swap terminates by its terms on June 1, 2034. As of June 30, 2016, this swap had a negative fair value to the City of \$4.61 million as a result of a decline in interest rates since execution of the swap. As of June 30, 2016, the City is not adversely exposed to counterparty credit risk due to the negative fair value of the swap.

Employment and Personal Income

The following table sets forth the unemployment rate, total personal income, and per capita income in the City since fiscal year 2006-07.

City of Oxnard Employment and Personal Income (Fiscal Years 2006-07 through 2016-17)

<u>Fiscal Year</u>	<u>Unemployment Rate</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income</u>
2007	6.1	3,494,586	18,463
2008	7.4	3,680,019	19,185
2009	11.0	3,751,908	19,352
2010	14.4	3,707,181	18,829
2011	14.2	3,739,475	18,697
2012	13.0	3,968,123	19,802
2013	10.1	4,018,506	20,007
2014	8.6	4,063,329	19,953
2015	5.8	4,112,210	20,210
2016	6.2	4,166,242	20,127
2017 ⁽¹⁾	5.7	N/A	N/A

⁽¹⁾ Through August 2017.

Source for data through fiscal year 2007-16: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2016.

Source for data for fiscal year 2016-17: State of California Employment Development Department

The following table sets forth the top employers in the City as of June 30, 2016.

City of Oxnard Top Employers (As of June 30, 2016)

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
St. John's Regional Medical Center	Medical	1,400
Haas Automation	Manufacturer	1,200
City of Oxnard	Government	1,100
Verizon	Communications	860
Waterway Plastics Inc	Manufacturer	700
Procter & Gamble-Paper Products	Manufacturing	650
Boskovich Farms	Produce	600
Sysco Food Services of Ventura	Food	500
Workrite Uniform Co Inc	Clothing	400
Gills Onions	Produce	400

Source: City.

Taxable Retail Sales

Consumer spending in calendar year 2015 resulted in \$2.52 billion in taxable sales in the City, which is approximately 18.8% more than in calendar year 2011. The following table sets forth information regarding taxable sales in the City for each type of business for calendar years 2011 through 2015.

City of Oxnard Taxable Retail Sales by Type of Business 2011 to 2015 (in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Motor Vehicles and Parts Dealers	379,666	437,495	483,755	522,560	\$ 557,468
Home Furnishings and Appliance Stores	130,962	129,447	134,845	134,740	137,872
Building Materials and Garden Equipment and Supplies	96,614	118,598	124,439	129,878	144,467
Food and Beverage Stores	93,340	96,718	102,128	111,430	137,686
Gasoline Stations	253,645	262,972	257,479	252,932	196,839
Clothing and Clothing Accessories Stores	80,811	87,509	95,741	104,941	113,533
General Merchandise Stores	286,540	304,546	316,222	314,382	269,768
Food Services and Drinking Places	201,967	215,340	231,391	255,262	278,569
Other Retail Group	109,500	113,004	118,247	121,728	127,820
Total Retail and Food Services	1,633,046	1,765,630	1,864,247	1,947,853	1,964,023
All Other Outlets	489,175	524,959	530,922	554,519	557,290
Total All Outlets	\$2,122,220	\$2,290,589	\$2,395,169	\$2,502,372	\$2,521,312

Source: California State Board of Equalization.

Transportation

Oxnard is served by all major modes of transportation. Both U.S. Highway 101 and State Highway 1 pass through the City, linking it with the Los Angeles metropolitan area and Santa Barbara County. Rail passenger service is provided by AMTRAK, which has a station in the City. Two trains pass through daily in each direction and stop at the Oxnard station. Metrolink provides commuters from the Oxnard Transportation Center with several daily routes to the Los Angeles basin, including downtown Los Angeles. Union Pacific Railroad provides freight rail service through the City. The Ventura County Railroad Company connects Port Hueneme, the Ormond Beach Industrial Area, the Naval Construction Battalion Center, and surrounding industrial areas to the Union Pacific line. The Port of Hueneme, owned and operated by the Oxnard Harbor District, is the only commercial deep-draft harbor between Los Angeles and San Francisco. The port has five 600 to 700 foot berths and a 35-foot entrance channel depth. An \$18 million expansion of the port was completed in 1989, which included the addition of an automobile terminal and the construction of a new wharf. The port's acquisition of approximately 33 acres from the U.S. Navy in 1997 has enabled it to increase facilities for handling refrigerated containers and roll-on/roll-off cargoes. The Channel Islands Harbor is a modern 3,000 slip boat marina, which also serves the Oxnard area in the capacity of a recreational marina and covers approximately 310 acres. The Oxnard Airport is operated by Ventura County as a general and commercial aviation airfield. The Oxnard Airport handles passenger as well as cargo services. Local bus service is provided by Gold Coast Transit, a regional public transit agency funded by the County and member cities. Service is available in Ojai, Ventura, Oxnard, and Port Hueneme. The Greyhound bus line provides passenger and parcel service from its Oxnard station. A multi-modal transportation center located in downtown Oxnard brings together all these forms of transportation.

Education

There are 35 elementary, 8 junior high, and 5 senior high schools located in and immediately around the City, plus eight parochial and private schools. The City is served by Oxnard College, a California community college. The 119-acre campus is located on Rose Avenue between Channel Island Boulevard and Pleasant Valley Road. Oxnard College currently offers degree and certificate programs. The California State University campus at Channel Islands (CSUCI) opened in fall 2002, and has a current enrollment of over 3,700 students. In addition, two campuses of the University of California, Santa Barbara (UCSB) and Los Angeles (UCLA), one campus of the California State University, Northridge (CSUN), and two private universities, Pepperdine and California Lutheran University, are within a 50 minute drive.

Recreation

The City offers its residents a wide range of recreational facilities. The beach parks, marina and neighborhood and regional parks add up to nearly 1,500 acres of park land. McGrath State Beach Park, located south of the Santa Clara River mouth, covers approximately 295 acres and includes over a mile of ocean frontage. Overnight camping and day picnics are the main use of that park. Oxnard Beach Park includes approximately 62 acres with concession stands and facilities for day picnics and sports. Silver Strand Beach, south of the Harbor entrance, and Hollywood Beach, north of the entrance, are day beach facilities. Channel Islands Harbor is a recreational boating marina administered by Ventura County. The City has over 30 neighborhood parks located throughout the City. A tennis and softball center is located at Community Center Park. Additionally, Wilson Park contains the largest senior citizen center in the Tri-County area.

The City owns River Ridge Golf Club, consisting of two 18-hole championship golf courses, the Vineyard Course and the Victoria Lakes Course. The City also owns a 1,600-seat Performing Arts Center located on Hobson Way in the center of the City.

City's Investment Policy

The following is a summary of the City's Investment Policy applicable to certain of the City's funds and accounts, as described below, in effect as of the date of this Official Statement. Reference is made to the entire Investment Policy, including the appendices and attachments thereto, which is available upon request from the City.

Introduction. The following statement of the City's Investment Policy is intended to provide guidelines for the prudent investment of surplus funds of the City, and to outline the policies for maximizing the efficiency of the City's cash management system. It is the policy of the City to invest public funds in a manner which will provide high investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

Scope. This investment policy applies to the City's pooled investment fund, which encompasses all moneys under the direct oversight of the City Treasurer. These include the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Trust and Agency Funds, and Internal Service Funds. This policy is generally applicable to bond proceeds with consideration given to specific provisions of each issuance. Reports of the investment of bond proceeds are issued monthly by the Trustee and are not included in the City Treasurer's monthly report of the pooled investment fund. The employee's retirement and deferred compensation funds are not included.

Prudence. Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objectives. The City’s cash management system is designed to accurately monitor and forecast revenues and expenditures thus enabling the City Treasurer to invest funds to the fullest extent possible. The City Treasurer maintains a diversified portfolio to accomplish the primary objectives of safety, liquidity, and yield (in that order of priority).

Safety. The safety/risk associated with an investment refers to the potential loss of principal, accrued interest, or a combination of these. The City seeks to mitigate credit risk by prequalifying and continual monitoring of financial institutions with which it will do business, and by careful scrutiny of the credit worthiness of the investment instruments as well as the institutions. Such resources as the Sheshunoff Performance Report, Moody’s, and Standard & Poor’s may be utilized for this review. The City seeks to mitigate rate risk through diversification of instruments as well as maturities.

Liquidity. The portfolio will be structured with sufficient liquidity to allow the City to meet anticipated cash requirements. This will be accomplished through diversity of instruments to include those with active secondary markets, those that match maturities to expected cash needs, and the State Local Agency Investment Fund with immediate withdrawal provision.

Yield. A competitive market rate of return is the third objective of the investment program after the fundamental requirements of safety and liquidity have been met.

Delegation of Authority. California Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate that authority to the treasurer of the local agency. Effective January 1, 1997, such delegation is to be reviewed each year and may be renewed by the City Council.

City Council. Under City of Oxnard Resolution No. 10455, the City Council has authorized the City Treasurer to invest City funds in accordance with California Government Code Section 53600, *et. seq.* The City Treasurer will include review of the delegation of authority in the annual presentation of the Investment Policy to the City Council.

City Treasurer. The execution of investment transactions on a daily basis will be conducted by the City Treasurer. The Assistant City Treasurer will execute transactions, only as directed by the City Treasurer, in the absence of the City Treasurer. The City Treasurer has established a system of controls and a segregation of responsibilities of investment functions to assure maintenance of internal control over the investment function.

Amendment of Investment Policy. The City Treasurer retains the authority to amend the Investment Policy and related guidelines and procedures at any time in order to carry out the duties as chief investment officer for the City of Oxnard. Notice of any such required amendment will be given to the Investment Review Committee and the City Council.

Ethics and Conflicts of Interest. The City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions. The City Treasurer is governed by The Political Reform Act of 1974 regarding disclosure of material financial interests.

Authorized Financial Dealers and Institutions. The City Treasurer shall transact business only with banks, savings and loans, and securities dealers.

Authorization. The City may conduct business with major registered broker/dealers and with dealers designated “Primary” by the Federal Reserve provided all the following criteria are met. Broker/Dealers must: (1) have offices located in the State, (2) be adequately capitalized, (3) make markets in securities appropriate to the City’s needs, and (4) agree to abide by the conditions set forth in the City’s Investment Policy. The City Treasurer shall investigate all institutions which wish to do business with the City and shall require that each financial institution complete and return the appropriate questionnaire and required documentation. An annual review of the financial condition and registrations of qualified bidders will be conducted by the City Treasurer.

Rating. With the exception of the Local Agency Investment Fund (“LAIF”) and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the City Treasurer with the assistance of bank rating services and nationally recognized rating services (*i.e.*, Moody’s, Standard & Poor’s, Fitch, etc.).

Authorized and Suitable Investments. California Government Code Section 53601 (Appendix 3) defines eligible securities for the investment of surplus funds by local agencies. Surplus funds of the City of Oxnard are invested in compliance with this statute and as further limited in the Investment Policy.

U.S. Government. United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio invested in this category. Maturities are limited to a maximum of five years.

U.S. Agencies. The purchase of instruments of, or issued by, a federal agency or a United States government-sponsored enterprise will be limited to a maximum maturity of five years. Such agencies include, but are not limited to, the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Tennessee Valley Authority, and the Federal National Mortgage Corporation.

Municipal Bonds, Notes, or Evidences of Indebtedness. Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

- Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a

revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

A maximum of 15% of the portfolio may be so invested with the approval of the Investment Review Committee.

Bankers' Acceptances. Bills of exchange or time drafts drawn on and accepted by commercial banks that are eligible for purchase by the Federal Reserve System are known as bankers' acceptances. Purchases of these instruments may not exceed 180 days to maturity or 40% of an agency's surplus funds. A maximum of 30% may be invested in the bankers' acceptances of any one commercial bank.

Commercial Paper. This short-term unsecured promissory note is issued to finance short-term credit needs. Eligible paper is that which is ranked "P1" by Moody's or "A1" by Standard & Poor's, issued by a domestic corporation having assets in excess of \$500,000,000, and having an "A" or better rating on issuer's debt. Purchases of commercial paper may not exceed 270 days or represent more than 10% of the outstanding paper of an issuing corporation. Commercial paper purchases will be limited to 15% of the City's portfolio.

Negotiable Certificates of Deposit ("NCDs"). Allowable NCDs are issued by a nationally or state-chartered bank or a state or federal association or by a state-licensed branch of a foreign bank. The City Treasurer may invest up to 30% of surplus funds in NCDs limited to institutions rated "Aa" or better by Moody's or "AA-" or better by Standard & Poor's CD Rating Services. A rating equivalent to FDIC rating of "One" or "Two," or Sheshunoff performance rating of "A" or better is required for those institutions not rated by Moody's, Standard & Poor's, or Fitch. NCDs are considered liquid, trading actively in the secondary market.

Certificates of Deposit ("CDs"). Certificates of Deposit or "time deposits" of up to \$250,000 are federally insured. Beyond that amount, these CDs must be collateralized with the collateral held separately from the issuing institution. The value of the investment must have collateral of at least 110% of government securities, or collateral of at least 150% of mortgage-backed securities. Statute does not limit CDs, however, the Investment Policy shall limit such investments to a maximum of 30% of the portfolio (GC 53601(i)). In addition, time deposits shall be placed in institutions meeting all capital requirements and which maintain a rating equivalent to FDIC rating of "One" or "Two," or Sheshunoff performance rating of "A" or better.

Repurchase Agreements. The City may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the City has entered into a master repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored by the City Treasurer's office and will not be allowed to fall below 102% of the value of the repurchase agreement. In order to conform with provisions of the Federal Bankruptcy Code, which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be eligible negotiable certificates of deposit, bankers' acceptances, commercial paper, or securities that are direct obligations of or that are fully guaranteed by the United States or any agency of the United States. These eligible securities are further defined by California Government Code Section 53651.

Medium Term Notes. A maximum of 30% of the City's portfolio may be invested in medium-term notes issued by corporations organized and operating within the United States.

Note maturities may not exceed five years. Securities eligible for investment must be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service (*i.e.*, Moody’s or Standard & Poor’s).

Mutual Funds. Shares of beneficial interest (mutual funds) issued by diversified management companies investing in securities/obligations authorized by California Government Code Section 53600, *et seq.*, and complying with California Government Code Section 53601, are permitted investments. California Government Code Section 53601(l) further defines requirements. A maximum of 20% of the portfolio may be so invested.

Local, State or County Agency Investment Fund. LAIF (the Local Agency Investment Fund) has been established by the State Treasurer for the benefit of local agencies. The City may invest up to the maximum permitted by the LAIF and the Ventura County Investment Pool operated under the control of the County Treasurer, and CALTRUST consistent with California Government Code Section 53635.

Ineligible Investments. Investments not described in herein, including but not limited to common stocks and financial futures contracts and options, are prohibited in this fund.

City Inter-fund Loans. By duly adopted resolution of the City Council in consultation with the City Treasurer, funds may be invested in short term loans to provide specific funding to City Programs, provided no loan shall violate the time or source limitations prescribed by California Law.

Collateral. The issue of collateral requirements is addressed in California Government Code Section 53652. All active and inactive deposits must be secured at all times with eligible securities in securities pools pursuant to California Government Code Sections 53656 and 53657. Eligible securities held as collateral shall have a market value in excess of the total amount of all deposits of a depository as follows:

- government securities, at least 10% in excess.
- mortgage backed securities, at least 50% in excess.
- letters of credit, at least 5% in excess.

Safekeeping and Custody. Security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities of duration exceeding 30 days to maturity shall be held by a third party custodian designated by the City Treasurer. Evidence of account for each time deposit will be held in the Treasury vault.

Diversification. The City’s portfolio will be suitably diversified by type and institution in an effort to reduce portfolio risk while attaining market average rates.

Security Type and Institution. U.S. Treasury securities and authorized pools, and any portfolio or institutional limits shall comply with the California Government Code. Investments are further limited by specific language relating to each investment type as stated in the City’s Investment Policy, dated January 24, 2017.

Maximum Maturities. To the extent possible, the City Treasurer will attempt to match investments with anticipated cash flow requirements. The City’s portfolio will not be directly invested in securities that mature more than five years from the date of purchase. Reserve funds

may be invested in securities exceeding the five years (maturity of such investments should coincide as nearly as practicable with expected use of funds).

Internal Controls. A system of internal controls will be maintained to assure compliance with federal and State regulations, City Council direction, and prudent cash management procedures.

Investment Review Committee. The City Treasurer shall form the investment committee, whose members may include the City Manager and Chief Financial Officer, or their designated alternate plus members of the public whose interest and knowledge can provide sound advice to the Investment Review Committee tasked with quarterly review of procedures and adherence to the Investment Policy.

Investment Portfolio Guidelines. Guidelines have been established in the City's Investment Policy for procedures within the City Treasurer's Office to assure internal investment controls and a segregation of responsibilities of investment functions.

Annual Audit. The City's portfolio is included in the annual review of the City's financial management performed by an independent (as defined by FASB and GASB) outside audit firm.

Performance Standards. The investment portfolio will be designed to obtain a market-average rate of return during budgetary and economic cycles. Whenever possible, and consistent with risk limitations as defined herein and prudent investment principles, the Treasurer shall seek to augment returns above the market-average rate of return as shown on the average CMT (Constant Maturity Treasury) whose maturity most closely matched the average maturity of the portfolio. In addition, the City portfolio will be compared with LAIF from time to time and expected to maintain a higher positive annual yield than LAIF's annual yield.

Reporting. The City Treasurer shall provide investment information to City Council.

Periodic Reports. The City Treasurer will provide detailed reports of the investments in the pooled investment fund portfolio on a monthly basis to the City Council, City Manager, Chief Financial Officer and City Clerk. Within 30 days of the end of each quarter, these reports will be provided with additional information such as market pricing. Also available for review are summarized reports from Trustees regarding investments of bond proceeds, deferred compensation, and retirement funds.

Annual Report. The Investment Policy will be presented annually, following the close of the fiscal year, to the City Council for approval.

Financial Statements per GASB no. 31. City Treasurer will provide the portfolio's market value gains/losses to the Finance Department to be incorporated in the fiscal year-end balance sheet.

Financial Statements per GASB no. 40. Effective June 30, 2005, additional disclosure is required. City Treasurer will provide detailed maturity and rating information to the Finance Department to be incorporated in the Comprehensive Annual Financial Report.

City's Pension Plans

The City contributes to the California Public Employees Retirement System ("PERS"), a multiple-employer, public employee defined benefit plan, which acts as a common investment and

administrative agent for participating public entities within the State. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other regular employees). The City's payroll for employees covered by PERS for the year ended June 30, 2016 was \$83,103,286. PERS issues a separate comprehensive annual financial report, and annual actuarial reports for the City's retirement plans. Copies of PERS' annual financial report may be obtained from their executive office at 400 "P" Street, Sacramento, California 95814, or at their website at <http://www.calpers.ca.gov>. The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.

All City personnel are eligible to participate in PERS, becoming vested after five years of service. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits. Monthly retirement benefits are payable for life in an amount equal to a specified percentage as follows:

Miscellaneous Employees (ranging from 1.426% for employees who retire at age 50 to 2.418% for employees who retire at age 63 or over)	2% at age 55
	2% at age 62
Police Employees	3% at age 50
	2.7% at 57
Fire Employees	3% at age 50
	2.7% at 57

For employees hired on or before December 31, 2012 ("classic" employees), the benefits are calculated at the highest consecutive 12 months for miscellaneous employees and safety employees multiplied by a total number of years employed. For new (PEPRA) members, hired January 1, 2013 or later, final compensation is the average annual pensionable compensation for a 36-consecutive-month period of employment.

For employees hired on or before December 31, 2012, required employee contributions to PERS are 7% of compensation for miscellaneous employees and 9% of compensation for safety employees, which the City currently pays for regular employees. Under the California Public Employees' Pension Reform Act of 2013 (PEPRA), for new employees hired on or after January 1, 2013, the required employee contributions to PERS are 6.00% of compensation for miscellaneous employees, 13.75% of compensation for safety Police employees, and 12.25% of compensation for safety Fire employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration.

PERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. The City's contributions to PERS for the years ended June 30, 2016, and 2015 were \$22,332,568 and 21,148,439, respectively, and were equal to required contributions for each year. Contribution rates for each participating employer are determined based on the benefit structure established.

Currently, a significant portion of the contribution requirements for police and fire are funded with voter-approved property tax override. The maximum property tax rate is \$0.076637 per \$100 of

assessed values within the City (except a portion of land annexed to the City in 1969). The estimated contribution amount for Fiscal Year 2017-18 for public safety employees is approximately \$18.6 million and the property tax override is expected to generate approximately \$13.75 million.

The funded status of each plan as of June 30, 2016, on an actuarial value of assets basis is as follows (dollar amounts in thousands):

	Market Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Police	\$237,369	\$338,833	\$101,465	70.1%	\$25,160	403.3%
Fire ⁽¹⁾	95,713	144,494	48,779	66.2	10,315	472.9
Miscellaneous	311,626	430,113	118,487	72.5	47,939	247.2

(1) The amounts for Fire reflect the City's share of the PERS fire risk pool, which includes multiple fire agencies as well as the City's fire employees. The amounts for Fire reflected in the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2016, included in Appendix C, reflect total risk pool valuations and liabilities.

Source: PERS June 30, 2016, actuarial valuations. The information in this table has been updated from the information set forth in the Remarketing Memorandum.

The actuarial studies referenced above incorporate recent changes in actuarial methods and assumptions. In the PERS' June 30, 2016 actuarial valuations, PERS used the new actuarial methods for the calculation of the projected contribution rates. CalPERS states that *"Projected results reflect the adopted changes to the discount rate... Actuarial Methods and Assumptions. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below do not reflect that the normal cost will decline over time as new employees are hired into PEPPRA or other lower cost benefit tiers."*

The projected rates for each plan as of June 30, 2016, the most recent actuarial valuation, are as follows:

	<u>Projected Future Employer Contribution Rates</u>					
	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Police	24.483%	25.5	27.5	27.5	27.5	27.5
Fire	12.965%	13.2	13.9	13.9	13.9	13.9
Miscellaneous	8.039%	8.5	9.4	9.4	9.4	9.4

Source: PERS June 30, 2016, actuarial valuations. The information in this table has been updated from the information set forth in the Remarketing Memorandum.

The City cannot anticipate accuracy of the projections above or to what extent the contribution requirements of the City will increase in future years.

Public Agency Retirement System Retirement Enhancement Plan. The City established a Public Agency Retirement System Retirement Enhancement Plan ("PARS") effective January 1, 2003, for selected groups of miscellaneous employees (non-safety), Service Employees International Union (SEIU),

International Union of Operating Engineers (IUOE), Management, and one of the two groups of Confidential employees. PARS is a defined benefit 401(a) tax-qualified multiple agency trust. PARS meets the requirements of a pension trust under California Government Code. The plan provides supplemental retirement benefits in addition to PERS. Phase II Systems is the PARS Trust Administrator. For employees meeting the eligibility requirements, the plan provides a benefit equal to the “3% at 60” plan factor (formula is a static 3% at age 60 and older), less the PERS “2% at 55” plan factors for all years of City service plus any military service purchased through PERS (prior to July 1, 2003) while an employee of the City.

Eligibility for an immediate benefit is defined as reaching age 50, completing five years of service, and retiring concurrently from both the City and PERS after leaving City employment. In addition, a deferred benefit would be available to participants who complete five years of service. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Employees and the City contribute a total of 8% of eligible employees’ gross wages. Current employee and city contributions by employee groups are as follows:

	<u>City Contributions</u>	<u>Employee Contributions</u>
IUOE	2.7%	5.3%
SEIU	3.5	4.5
Management	3.0	5.0
Confidential	2.5	5.5

In addition, the City is required to contribute the remaining amounts necessary to fund the benefit to its members using the actuarial basis recommended by PARS actuarial consultants. This contribution for the fiscal year ended June 30, 2016 was 1.55% of eligible employee gross wages. The City’s payroll for employees covered by PARS for the year ended June 30, 2016, was \$31,089,909. PARS issues a separate comprehensive annual financial report. Copies of PARS annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660, or at their website at <http://www.pars.org>. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

For fiscal year 2015-16 the City recognized a pension expense of \$1,123,000 for the PARS plan. The City contributed \$6,586,000 to the plan in fiscal year 2015-16.

At June 30, 2016, the plan net position as a percentage of total pension liability was 61.09%. Net pension liability as a percentage of covered payroll was 93.71%

Early Retirement Incentive Plan. The City adopted a supplemental retirement plan to 48 eligible employees; this plan is administered by Phase II Systems, PARS Trust Administrator. The level of benefit is 7% of the employee’s final base pay, payable through the employee’s lifetime, with an option of payment for five to ten years, at the employee’s election. The City’s payable to the plan at June 30, 2016 was \$559,603.

Post-Employment Health Care Benefit. The City provides post-employment benefits for retired employees. Employees who retire from the City and receive a PERS pension are eligible for post-employment medical benefits. Retirees can enroll in any of the available PERS medical plans. This benefit continues for the life of the retiree and surviving spouse. Benefit provisions for PERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Section

20000 et seq.). PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 "P" Street, Sacramento, California 95814, or at their website at <http://www.calpers.ca.gov>. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference...*

The City contributes the minimum amount allowed under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The City's required monthly contribution for calendar year 2016 was \$122.00 per active member. The required contribution is based on pay-as-you-go financing requirements. Retirees must contribute any premium amounts in excess of the City contribution.

In fiscal year 2015-16, the City's annual OPEB (Other Post Employment Benefit) cost of \$2,405,941 was higher than the actual contribution of \$1,025,580. As of June 30, 2015, the unfunded actuarial accrued liability of the plan was \$25,758,026.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions (OPEB). This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. For the City, GASB 75 will be effective for the fiscal year ending June 30, 2018. The GASB has also issued Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. That statement is applicable to OPEB plans administered through one or more trusts which meet particular criteria. GASB 74 does not apply to the City, since its OPEB plan is not administered through a trust.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

APPENDIX C

CITY OF OXNARD COMPREHENSIVE ANNUAL FINANCIAL REPORT,
FISCAL YEAR ENDED JUNE 30, 2016

APPENDIX D
FORM OF ORIGINAL BOND COUNSEL OPINION

APPENDIX E
FORM OF LETTER OF CREDIT

FEE AGREEMENT

This FEE AGREEMENT dated December __, 2017 (as amended, modified or restated from time to time, this “*Fee Agreement*”), is by and between the CITY OF OXNARD (together with its successors and assigns, the “*City*”) and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (together with its successors and assigns, the “*Bank*”).

Reference is made to the Reimbursement Agreement, dated as of December __, 2017 (as amended, modified, extended or restated from time to time, the “*Agreement*”), entered into among the City, the City of Oxnard Financing Authority (the “*Authority*”) and the Bank. Capitalized terms not otherwise defined herein have the meanings set forth in the Agreement.

This Fee Agreement is the Fee Agreement referenced in the Agreement and the terms of this Fee Agreement are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement among the City, the Authority and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

Article I FEES.

Section 1.1 Letter of Credit Fee. The City agrees to pay to the Bank, in immediately available funds, without any requirement of notice or demand, for the period from and including the date of issuance of the Letter of Credit to but excluding the date the Letter of Credit is terminated in accordance with its terms (the “*Termination Date*”), and in arrears on the first Business Day of each April, July, October and January occurring thereafter to the Termination Date, and on the Termination Date (each, a “*Payment Date*”) a non-refundable letter of credit fee (the “*Facility Fee*”) in an amount equal for each day during such calculation period to the product of (x) 0.025 if no Event of Default has occurred and is continuing or 0.055 if an Event of Default has occurred and is continuing (such applicable amount, the “*Facility Rate*”), (y) the stated amount of such Letter of Credit as of 5:00 p.m. New York City time on such day and (z) a fraction the numerator of which is 1 and denominator of which is 360. The Bank shall provide the City with an invoice for each Facility Fee; provided, however, that the failure of the Bank to do so shall not relieve the City from its obligation to pay such Facility Fee.

Section 1.2 Drawing Fees. The City agrees to pay to the Bank a non-refundable draw fee of \$500 for each drawing under a Letter of Credit, payable without any requirement of invoice on the next Payment Date (or, if there is no further Payment Date, the Termination Date).

Section 1.3 Transfer Fee. The City agrees to pay to the Bank a non-refundable transfer fee equal to \$3,000 upon each transfer of a Letter of Credit in accordance with its terms. A transfer shall be deemed to have occurred whenever the beneficiary is replaced, substituted or changed as a result of sale, assignment, merger, consolidation, reorganization or an act of law. A transfer shall not be deemed to have occurred solely as a result of a change in the legal name of the beneficiary.

Section 1.4 Amendment Waiver or Consent Fees. The City agrees to pay to the Bank a non-refundable fee at the time any amendment, modification, waiver, supplement, restatement or consent is sought in respect of any Related Document by any person other than the Bank, a minimum fee of \$3,000 plus attorneys' fees and expenses, which fee shall be earned and payable whether or not any such amendment, modification, waiver, supplement or restatement is executed or consent granted.

Section 1.5 Termination Fee; Reduction Fee.

(a) The City hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit prior to the Stated Expiration Date in an amount equal to the product of (1) the Facility Rate in effect on the date of such termination or replacement, (2) the Original Stated Amount after giving effect to all scheduled reductions thereof, whether by replacement or otherwise, and (3) a fraction, the numerator of which is equal to the number of days from and including the termination or replacement date to the Stated Expiration Date, and the denominator of which is 360 (the "*Termination Fee*"), payable on the date of such termination or replacement; provided, however, that no Termination Fee shall become payable if the Letter of Credit is terminated or replaced as a result of (i) any two of Moody's, S&P or Fitch (1) withdrawing or suspending its rating assigned to the Bank's senior unsecured long-term obligations or (2) reducing its rating assigned to the Bank's senior unsecured long-term obligations below "A2", "A" or "A", respectively, or reducing of the Bank's senior unsecured short-term ratings below "P1", "A-1" or "F1", respectively; (ii) the Bank has imposed increased costs upon the City pursuant to Section 7.1 of the Agreement, (iii) the Bonds are paid, redeemed or defeased in full or in part, whether by refunding or otherwise, with the proceeds of Indebtedness of the City or the Authority that is not (a) secured or supported by a letter of credit, liquidity facility, credit agreement or other agreement issued or executed by a financial institution or (b) purchased directly by a financial institution in a private placement transaction (each such exclusion from payment, a "*Non-Payment Event*"). No termination of the Letter of Credit shall become effective unless and until the City has provided thirty (30) days' prior written notice and all amounts payable by the City and the Authority to the Bank under the Agreement, this Fee Agreement and the other Related Documents (including without limitation the amount payable, if any, pursuant to this Section 1.5(a)) have been paid in full.

(b) The City hereby agrees to pay to the Bank a reduction fee in connection with any permanent reduced of the stated amount of the Letter of Credit prior to the Stated Expiration Date in an amount equal to the product of (1) the Facility Rate in effect on the date of such permanent reduction, (2) the amount of such permanent reduction, and (3) a fraction, the numerator of which is equal to the number of days from and including the permanent reduction date to the Stated Expiration Date, and the denominator of which is 360 (the "*Reduction Fee*"), payable on the date of such permanent reduction; provided, however, that no Reduction Fee shall become payable if the Letter of Credit is permanently reduced as a result of the occurrence or existence of a Non-Payment Event. No permanent reduction of the Letter of Credit shall become effective unless and until the City has provided thirty (30) days' prior written notice and all amounts payable by the City and the Authority to the Bank under the Agreement, this Fee Agreement and the other Related Documents (including without limitation the amount payable, if any, pursuant to this Section 1.5(b)) have been paid in full.

Article II MISCELLANEOUS.

Section 2.1 Legal Fees. The City shall pay the reasonable legal fees and expenses of the Bank incurred in connection with the preparation and negotiation of the Agreement, this Fee Agreement, the Letter of Credit and the other Related Documents.

Section 2.2 Amendments. No amendment to this Fee Agreement will become effective without the prior consent of the City and the Bank, which consent must be in writing and signed by the Bank and an authorized officer of the City.

Section 2.3 Governing Law. This Fee Agreement shall be deemed to be a contract under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York without giving effect to conflicts of laws provisions (other than New York general obligations laws 5-1401 and 5-1402); *provided*, that the obligations of the City hereunder shall be governed by the laws of the State of California without regard to choice of law rules.

Section 2.4 Counterparts. This Fee Agreement may be executed in two or more counterparts, each of which will constitute an original but both or all of which, when taken together, will constitute but one instrument. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

Section 2.5 Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.6 Confidential Treatment. This Fee Agreement is delivered to the City on the understanding that neither this Fee Agreement nor any of its terms shall be disclosed, directly or indirectly, to any other person except (a) the City's council members, officers, employees, accountants, attorneys, agents and advisors who are directly involved in the consideration of this matter on a confidential and need-to-know basis and for whom the City shall be responsible for any breach by any of them of this confidentiality undertaking; (b) under compulsion of law (whether by interrogatory, subpoena, civil investigative demand or otherwise) or by order of any court or governmental or regulatory body; or (c) to any person requesting a copy of this Fee Agreement as a public record, provided that, in the case of clauses (b) and (c), the City shall (to the extent permitted) give the Bank reasonable prior notice of such disclosure and an opportunity to restrain such disclosure.

[SIGNATURE PAGES TO FOLLOW]

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

CITY OF OXNARD

By _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Name:
Title: City Attorney

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION

By _____

Name: James G. Millard

Title: Executive Director

REIMBURSEMENT AGREEMENT

Between

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,

and

CITY OF OXNARD

Dated as of January 1, 2018

TABLE OF CONTENTS

	Page
Article 1 Definitions	1
Section 1.1. Definitions.....	1
ARTICLE 2 LETTER OF CREDIT	9
Section 2.1. Issuance of Letter of Credit.....	9
Section 2.2. Letter of Credit Drawings.	10
Section 2.3. Reimbursement of Certain Liquidity Drawings.....	10
Section 2.4. Reimbursement of Drawings Other Than Liquidity Drawings.....	11
Section 2.5. Fees.	11
Section 2.6. Method of Payment; Etc.	11
Section 2.7. Reserved.....	11
Section 2.8. Reserved.....	11
Section 2.9. Computation of Interest and Fees.	11
Section 2.10. Payment Due on Non-Business Day to Be Made on Next Business Day.....	11
Section 2.11. Late Payments.	11
Section 2.12. Source of Funds.	11
Section 2.13. Extension of Stated Expiration Date.....	11
Section 2.14. Amendments upon Extension.	12
Section 2.15. Electronic Transmissions.	12
Section 2.16. Recapture.	12
ARTICLE 3 CONDITIONS PRECEDENT	12
Section 3.1. Conditions Precedent to Issuance of Letter of Credit.	12
Section 3.2. Conditions Precedent to Liquidity Advances.	14
ARTICLE 4 REPRESENTATIONS AND WARRANTIES.....	15
Section 4.1. Organization and Powers.	15
Section 4.2. Authorization; No Contravention; Approvals.....	15
Section 4.3. Binding Effect.....	15
Section 4.4. Financial Information.....	16
Section 4.5. Litigation.....	16
Section 4.6. Employee Benefit Plans, Etc.....	16
Section 4.7. Environmental Laws.	16

TABLE OF CONTENTS
(continued)

	Page
Section 4.8. No Sovereign Immunity.....	17
Section 4.9. Disclosure.	17
Section 4.10. Margin Stock.....	17
Section 4.11. Marketable Fee.....	17
Section 4.12. Casualty.....	17
Section 4.13. No Defaults.	18
Section 4.14. Usury.....	18
Section 4.15. Solvency.....	18
Section 4.16. Security.	18
Section 4.17. Tax-Exempt Status.....	18
Section 4.18. Legal Matters.	18
Section 4.19. Taxes.	18
Section 4.20. Compliance with Anti-Corruption Laws, Sanctions Laws and Regulations.	18
Section 4.21. Incorporation of Representations and Warranties by Reference.	19
ARTICLE 5 COVENANTS	19
Section 5.1. Existence.....	19
Section 5.2. Maintenance of Properties.	19
Section 5.3. Taxes and Assessments.....	19
Section 5.4. Insurance.	20
Section 5.5. Reports; Notices.....	20
Section 5.6. Inspection and Field Audit.....	22
Section 5.7. No Change in Fiscal Year.	22
Section 5.8. Compliance with Laws; Compliance with Agreements.....	22
Section 5.9. Bonds Documents.	22
Section 5.10. Bonds Proceeds; Application of Drawings.	22
Section 5.11. Liens; Indebtedness; Swaps; Consolidation and Merger.	22
Section 5.12. Trustee and Remarketing Agent.	23
Section 5.13. Purchase of Bonds.....	24
Section 5.14. Fixed Rate Conversions.	24

TABLE OF CONTENTS
(continued)

		Page
Section 5.15.	Prepayments.....	24
Section 5.16.	Substitute Credit Facility.	24
Section 5.17.	Return of Letter of Credit.	24
Section 5.18.	Maintenance of Tax Exempt Status of the Bonds.....	24
Section 5.19.	Reoffering Memorandum.....	24
Section 5.20.	Further Assurances.....	25
Section 5.21.	Incorporation of Covenants by Reference.	25
Section 5.22.	Redaction.	25
ARTICLE 6 DEFAULTS AND REMEDIES.....		25
Section 6.1.	Events of Default and Remedies.....	25
Section 6.2.	Remedies.....	27
ARTICLE 7 MISCELLANEOUS		28
Section 7.1.	No Deductions; Increased Costs.	28
Section 7.2.	Right of Setoff.....	29
Section 7.3.	Indemnity.	30
Section 7.4.	Obligations Absolute.	30
Section 7.5.	Liability of the Bank.	31
Section 7.6.	Participants.....	33
Section 7.7.	Dissemination of Information.	33
Section 7.8.	Arm's Length Transaction.	33
Section 7.9.	Survival of this Agreement.	33
Section 7.10.	Modification of this Agreement.....	34
Section 7.11.	Waiver of Rights by the Bank.....	34
Section 7.12.	Severability.	34
Section 7.13.	Governing Law.	34
Section 7.14.	Notices.	34
Section 7.15.	Successors and Assigns.....	35
Section 7.16.	Taxes and Expenses.	35
Section 7.17.	Headings.	36
Section 7.18.	Counterparts.....	36

TABLE OF CONTENTS
(continued)

	Page
Section 7.19. Entire Agreement.....	36
Section 7.20. Government Regulations.	36
Section 7.21. Waiver.....	36

REIMBURSEMENT AGREEMENT, dated as of January 1, 2018 (this “Agreement”), is by and between the **CITY OF OXNARD**, a municipal corporation organized and existing under the Constitution and laws of the State of California (“City”), and **JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**, a national banking association (the “Bank”).

WITNESSETH:

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers authority organized and existing pursuant to Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “*Authority*,” such term and each other capitalized term used herein having the meaning set forth in Article One hereof) has previously issued its Variable Rate Demand Wastewater Revenues Bonds (Headworks and Septic System Conversion Projects) 2004 Series B (the “Bonds”).

WHEREAS, payment of the Bonds is presently secured by an irrevocable direct-pay letter of credit (the “Existing LOC”) issued by Union Bank of California, N.A. (now known as MUFG Union Bank, N.A., the “Existing LOC Bank”).

WHEREAS, the Authority and City desire to replace the Existing LOC with an irrevocable direct-pay letter of credit to be issued by the Bank, and the Bank has agreed to issue such letter of credit in the following manner and subject to the following terms and conditions.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

Article 1
Definitions

Section 1.1. Definitions. As used in this Agreement:

“*Additional Obligations*” – means System Obligations other than the Installment Payments.

“*Administrative Costs*” – means the ordinary and necessary administrative costs and incidental expenses related to the Bonds, the Indenture, the Installment Agreement, and any Additional Obligations, including, but not limited to Trustee fees (including any fees and expenses of its counsel) and indemnification payable by the Authority pursuant to the Indenture and fees incurred in connection with the calculation of arbitrage rebate due to the federal government with respect to the Bonds.

“*Affiliate*” – means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“Agreement” – means this Reimbursement Agreement, as amended, modified, supplemented and restated from time to time.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to City from time to time concerning or relating to bribery or corruption.

“Authority” – has the meaning set forth in the recital paragraphs.

“Available Amount” – shall have the meaning set forth in the Letter of Credit.

“Bank” – has the meaning set forth in the introductory paragraph, and its successors and assigns.

“Bank Bonds” – means any and all Bonds purchased by the Trustee or the Tender Agent with the proceeds of a Drawing, which Bonds are then, pursuant to the terms of the Indenture, registered in the name of and owned by the Bank.

“Bank Rate” – means for any day, (i) in the case of a Liquidity Advance that is outstanding for no more than ten (10) calendar days, (A) as long as no Event of Default has occurred and is continuing, the Base Rate or (B) if an Event of Default has occurred and is continuing, the rate set forth in clause (i)(A) above plus three percent (3%); (ii) in the case of a Liquidity Advance that is outstanding for more than ten (10) calendar days but less than one hundred eighty (180) calendar days, (A) as long as no Event of Default has occurred and is continuing, the greater of the Base Rate and seven and one half percent (7.5%) or (B) if an Event of Default has occurred and is continuing, the rate set forth in clause (ii)(A) above plus three percent (3%); or (iii) in the case of a Liquidity Advance that is outstanding for more than one hundred eighty (180) calendar days, (A) as long as no Event of Default has occurred and is continuing, the greater of the Base Rate plus one percent (1%) and eight and one half percent (8.5%) or (B) if an Event of Default has occurred and is continuing, the rate set forth in clause (iii)(A) above plus three percent (3%).

“Base Rate” – means, for any day, a per annum rate equal to the greater of (i) the Prime Rate in effect for such day plus one and one half percent (1.5%) and (ii) the Federal Funds Effective Date in effect for such day plus two percent (2%).

“Bond Documents” – means the Bonds, the Indenture, the Installment Agreement, the Remarketing Agreement, the Sales Agreement, the Swap Agreement and the Swap Insurance Policy.

“Bonds” – has the meaning set forth in the introductory paragraph.

“Business Day” – shall have the meaning set forth in the Letter of Credit.

“Cap Interest Rate” - shall have the meaning set forth in the Letter of Credit.

“Capital Lease” - means any lease of Property which in accordance with GAAP would be required to be capitalized on the balance sheet of the lessee.

“Capitalized Lease Obligation” - means the amount of the liability shown on the balance sheet of any Person in respect of a Capital Lease as determined in accordance with GAAP.

“Change in Law” – is defined in Section 7.1(b).

“City” – has the meaning set forth in the introductory paragraph.

“City Bonds” – means all revenue bonds or notes of City authorized, executed, issued, and delivered under and pursuant to the laws of the State, the payments of which are made from the Net System Revenues and which are on a parity with the Installment Payments. The term *“City Bonds”* includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, and commercial paper.

“City Council” – means the elected members comprising the council of the City.

“City Obligations” – means City Bonds and Contract Payments.

“City Related Document” – means each Related Document to which City is a party.

“Closing Date” – means the date on which the Letter of Credit is issued.

“Closing Date Documents” – is defined in Section 3.1(a)(viii) hereof.

“Code” – means the Internal Revenue Code of 1986, and any successor statute thereto.

“Contract Payments” – means the Installment Payments due and payable under the Installment Agreement or the installment or lease payments of interest and principal or, if there are no separate payments of interest and principal, the installment or lease payments, scheduled to be paid by City under and pursuant to the Contracts. Contract Payments shall also include, without limitation, all fees, costs, expenses, and other amounts due to the Bank under this Agreement and the Fee Agreement.

“Contracts” – means the Installment Agreement and all contracts or leases of City authorized and executed by City under and pursuant to the laws of the State, the installment or lease payments under which are payable from the Net System Revenues on a parity with the Installment Payments.

“Costs” – is defined in Section 7.3 hereof.

“Custody Agreement” – means that certain Custody Agreement, in the form of Exhibit B, hereto, dated as of the date hereof, by and between Bank and the Tender Agent, as the same may be amended, modified, supplemented and restated from time to time in accordance with its terms.

“Default Rate” – means, for any date, a per annum rate equal to the Base Rate in effect on such day plus three percent (3%).

“Dodd-Frank Act” – means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“Federal Funds Effective Rate” – means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate, provided that if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

“Fee Agreement” – means that certain Fee Agreement, dated as of the date hereof, by and between Bank and City, relating to certain and fees and expenses associated with this Agreement and the Letter of Credit, as the same may be amended, modified, supplemented and restated from time to time in accordance with its terms.

“Environmental Laws” – means any and all applicable federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment.

“ERISA” – means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“Event of Default” – is defined in Section 6.1 hereof.

“GAAP” – means generally accepted accounting principles in the United States of America from time to time as set forth in (i) the opinions and pronouncements of the American Institute of Certified Public Accountants and (ii) statements and pronouncements of the Financial Accounting Standards Board and/ the Governmental Accounting Standards Board, as modified by the opinions, statements and pronouncements of any similar accounting body of comparable standing having authority over accounting by governmental entities.

“Governmental Approval” - means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“Governmental Authority” – means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“Gross Available Amount” – means, as of any date, the Available Amount without taking into account any temporary reductions thereto in effect on such date.

“Guarantees” – means, for any person, all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations of such

person to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor of another Person against loss.

“Indebtedness”.—means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all Capitalized Lease Obligations of such Person, (v) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, and (vi) all Guarantees.

“Indemnified Person” – is defined in Section 7.3 hereof.

“Indenture”—means the Amended and Restated Indenture, dated as of January 1, 2018 between the Issuer and the Trustee, relating to the Bonds, as the same may be further amended, modified, supplemented and restated from time to time in accordance with its terms and, after the Closing Date, this Agreement.

“Installment Agreement” – means the Installment Purchase Agreement, dated as of November 1, 2004, between City, as seller, and the Authority, as purchaser, as the same may be amended, modified, supplemented and restated from time to time in accordance with its terms and, after the Closing Date, this Agreement.

“Installment Payments” means the installment payments required to be paid by City under and pursuant to this Installment Agreement.

“Instruction” – is defined in Section 7.3 hereof.

“ISP” or “ISP98” – means International Standby Practices 1998 (International Chamber of Commerce Publication No. 590).

“Letter of Credit” – means the irrevocable transferable direct-pay letter of credit issued by the Bank for the account of City in favor of the Trustee, in the form of Exhibit A hereto with appropriate insertions, as amended.

“Lien” – means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

“Liquidity Advance” – is defined in Section 2.3(a) hereof.

“Liquidity Drawing” – means a drawing under the Letter of Credit resulting from the presentation of a certificate in the form of Annex E to the Letter of Credit.

“Maintenance and Operations Costs of the Wastewater System” – means, for any fiscal year or other period, the reasonable and necessary costs spent or incurred by City for maintaining and operating the Wastewater System, calculated in accordance with GAAP, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including Administrative Costs, salaries and wages of employees, payments to employee retirement systems (to the extent paid from System Revenues), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, or engineers, and insurance premiums, and including all other reasonable and necessary costs of City or charges required to be paid by it to comply with the terms of the Bonds, the Installment Agreement, or any Additional Obligations, including any amounts required to be deposited in the Rebate Fund pursuant to the Tax Certificate, but excluding in all cases (i) depreciation and replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions or improvements to the Wastewater System, which under GAAP are chargeable to a capital account or to a reserve for depreciation, (iv) charges for the payment of principal and interest on any general obligation bond heretofore or hereafter issued for Wastewater System purposes, and (v) charges for the payment of any debt service on the System Obligations or on any obligation subordinate to the System Obligations.

“Material Adverse Effect” – means a materially adverse effect upon (a) the business, assets, liabilities, financial condition, results of operations or business prospects of the Wastewater System, and (b) the binding nature, validity or enforceability of City’s obligations under the City Related Documents, or City’s ability to timely perform its material obligations under the City Related Documents.

“Moody’s” – means Moody’s Investors Service, Inc.

“Net System Revenues” – means System Revenues less the Maintenance and Operation Costs of the Wastewater System.

“NYFRB” – means the Federal Reserve Bank of New York.

“Obligations” – means the fees relating to the Letter of Credit, any and all obligations of City to reimburse the Bank for any drawings under the Letter of Credit, and all other obligations of City or the Authority to the Bank arising under or in relation to the Related Documents.

“Original Stated Amount” – is defined in Section 2.1 hereof.

“Outstanding” or *“Bonds outstanding”* –when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02 of the Indenture) all Bonds theretofore or thereupon executed by the Authority and authenticated and delivered by the Trustee pursuant thereto, except (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 10.01 of the Indenture; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the Authority and authenticated and delivered pursuant to the Indenture.

“Payment Documents” – shall have the same meaning herein as in the Letter of Credit.

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

“Potential Default” – means an event or condition which, but for the lapse of time or the giving of notice, or both, would constitute an Event of Default.

“Prime Rate” – means the rate of interest *per annum* publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its office located at 270 Park Avenue, New York, New York; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Property” – means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Rates and Charges” – means the rates, fees, and charges established, or approved, by the City Council in respect of the operation and use of the Wastewater System.

“Related Documents” – means this Agreement, the Bond Documents, the Custody Agreement, the Fee Agreement and the Letter of Credit.

“Remarketing Agent” – means J.P. Morgan Securities LLC, New York, New York, as remarketing agent under the Indenture and the Remarketing Agreement, and its successors and assigns pursuant thereto.

“Remarketing Agreement” – means the Remarketing Agreement, dated as of December 1, 2017, between the Remarketing Agent and City, as amended, modified, supplemented and restated from time to time in accordance therewith and, after the Closing Date, this Agreement, and any successor agreement thereto entered into by City and a successor Remarketing Agent.

“Reoffering Memorandum” – means the Reoffering Memorandum dated November __, 2017 relating to the Bonds.

“S&P” – means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“Sale Agreement” – means the Sale Agreement, dated as of November 1, 2004, between City, as seller, and the Authority, as purchaser, as the same may be amended, modified, supplemented and restated from time to time in accordance with its terms and, after the Closing Date, this Agreement.

“Sanctioned Country” – means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of signing this Agreement, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

“Sanctioned Person” – means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the following clauses (a) or (b).

“Sanctions” – means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) if City is organized outside of the United States of America the United Nations Security Council, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom or any other relevant sanctions authority.

“Standard Letter of Credit Practice” — means, for the Bank, any domestic or foreign law or letter of credit practices applicable in the city in which the Bank issued the Letter of Credit. Such practices shall be (i) of banks that regularly issue letters of credit in the particular city and (ii) required or permitted under the ISP.

“State” – means the State of California.

“Stated Expiration Date” – shall have the meaning set forth in the Letter of Credit.

“Swap” – means any interest rate swap agreement, forward payment conversion agreement, futures or contracts providing for payment based on levels of, or changes in, interest rates or other indices, or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure.

“Swap Agreement” – means the Master Swap Agreement dated June 21, 2007, between City and Royal Bank of Canada, together with all schedules and confirmations thereto, as amended, modified, supplemented and restated from time to time in accordance with its terms and this Agreement.

“Swap Insurance Policy” – means the [financial guaranty] insurance policy issued by Ambac Assurance Corporation and that insures City’s payments under the Swap Agreement.

“System Revenues” – means , for any fiscal year or other period, all rates, fees, and charges received for, and all other income and receipts derived by City from, the operation of the Wastewater System or arising from the Wastewater System, determined in accordance with GAAP, including all proceeds of insurance covering business interruption loss relating to the Wastewater System, investment earnings on such amounts, and all other money howsoever derived by City from the operation of the Wastewater System or arising from the Wastewater System; provided, however, that System Revenues shall include fees and charges collected during such fiscal year or other period, but only to the extent that such fees and charges could be properly expended on a Wastewater System Project for which the proceeds were used or are available to be used. [Notwithstanding the foregoing, *“System Revenues”* shall not include any Wastewater System-related “development fees” or “connection fees” payable by the applicable

developer to City in connection with the development of the following development projects: (i) the “SeaBridge” project (approximate aggregate fees payable: \$2,651,460), or (ii) the “El Rio Neighborhood” project (approximate aggregate fees payable: \$7,000,000).]

“*Tax Event*” – means a determination (whether by entry of any decree or judgment by a court of competent jurisdiction, the taking of any official action by the Internal Revenue Service or the delivery to City, the Authority, the Trustee and the Bank of an opinion of nationally recognized bond counsel acceptable to City and the Bank) that interest with respect to any of the Bonds is includable in the gross income of the owners thereof for federal income tax purposes (including by reason of such Bonds being declared invalid, illegal or unenforceable by a court of competent jurisdiction, whether or not such declaration is appealable or deemed to be final under applicable procedural law, or by operation of law).

“*Tender Agent*” – means Wells Fargo Bank, National Association, as tender agent under the Indenture, and any successor tender agent thereunder.

“*Termination Date*” – shall have the meaning set forth in the Letter of Credit.

“*Trustee*” – means Wells Fargo Bank, National Association, as trustee under the Indenture, and any successor trustee thereunder.

“*2017 Rates and Charges*” – means the Rates and Charges established pursuant to Ordinance 2921 approved and adopted by the City Council on July 18, 2017.

“*Wastewater System*” – means the entire wastewater system of City, including without limitation all improvements, works, or facilities owned, controlled, or operated by City to provide wastewater service as such improvements, works, or facilities now exist, together with all additions to improvements of and extensions to said wastewater system later constructed or organized.

“*Wastewater System Project*” – means any additions, betterments, extensions or improvements to the Wastewater System.

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

Article 2 Letter of Credit

Section 2.1. Issuance of Letter of Credit. Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit. The Letter of Credit shall be in the original stated amount of U.S. \$_____ (the “*Original Stated Amount*”), which is the

sum of (i) the principal amount of Bonds outstanding on the Closing Date, plus (ii) interest thereon at the Cap Interest Rate for a period of _____ days.

Section 2.2. Letter of Credit Drawings. The Trustee is authorized to make drawings under the Letter of Credit in accordance with the terms thereof. City hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. City hereby irrevocably approves reductions and reinstatements of the Available Amount as provided in the Letter of Credit.

Section 2.3. Reimbursement of Certain Liquidity Drawings.

(a) If the conditions precedent contained in Section 3.2 hereof are satisfied at the time of payment by the Bank of any Liquidity Drawing, each Liquidity Drawing made under the Letter of Credit shall constitute an advance ("*Liquidity Advance*") to City. City promises to remit to the Bank the drawing fee pursuant to the Fee Agreement at the time of such Liquidity Advance. City promises to pay the portion of each Liquidity Advance representing the interest component of the purchase price of the Bonds on the earliest of (i) the date on which any Bonds purchased with funds disbursed under the Letter of Credit in connection with such Liquidity Drawing for the account of City, are redeemed or cancelled pursuant to the Indenture, (ii) the date on which any Bonds purchased with funds disbursed under the Letter of Credit are remarketed pursuant to the Indenture, (iii) the date on which the Letter of Credit is replaced by a substitute letter of credit pursuant to the terms of the Indenture and the Installment Agreement, (iv) the date which is three (3) Business Days after the date such Liquidity Advance was created, (v) the regularly scheduled interest payment date for the Bonds next succeeding the date on which such Liquidity Advance was made, and (vi) the Termination Date. City promises to pay to the Bank the portion of each Liquidity Advance representing the principal component of the purchase price of the Bonds on the earliest of (i) the date on which any Bonds purchased with funds disbursed under the Letter of Credit in connection with such Liquidity Drawing for the account of City, are redeemed or cancelled pursuant to the Indenture, (ii) the date on which any Bonds purchased with funds disbursed under the Letter of Credit are remarketed pursuant to the Indenture, (iii) the date on which the Letter of Credit is replaced by a substitute credit facility pursuant to the terms of the Indenture and the Installment Agreement, (iv) if a Potential Default exists on the date thereof, the Termination Date, and (v) the date which is one (1) year after the date such Liquidity Advance was created. Subject to Section 2.11 hereof, City also promises to pay to the Bank interest on the unpaid principal amount of each Liquidity Advance from the date such Liquidity Advance is made until it is paid in full as provided herein, at a rate per annum equal to the Bank Rate from time to time in effect, payable in arrears on the date the Liquidity Advance is payable as herein provided. Any Liquidity Advance not paid when due shall bear interest at the rate per annum specified in Section 2.11 hereof.

(b) Any Liquidity Advance created pursuant to paragraph (a) above may be prepaid in whole or in part at any time on any Business Day without premium or penalty.

(c) Upon the Bank's receipt of any payment or prepayment of any Liquidity Advance, the amount of such Liquidity Advance shall be reduced by the amount of such payment or prepayment.

Section 2.4. Reimbursement of Drawings Other Than Liquidity Drawings. City agrees to reimburse the Bank for the full amount of any Liquidity Drawing (but only if the conditions precedent contained in Section 3.2 hereof are not satisfied on the date of payment by the Bank of such Liquidity Drawing) and all other drawings made under the Letter of Credit and to remit to the Bank the drawing fee pursuant to the Fee Agreement immediately upon payment by the Bank of each such drawing and on the date of each such payment. If City does not make such reimbursement on such date, such reimbursement obligation shall bear interest at the rate per annum specified in Section 2.11 hereof.

Section 2.5. Fees. City hereby agrees to pay, or cause to be paid, to the Bank the fees and other amounts set forth in the Fee Agreement at the time and in the manner set forth in the Fee Agreement. The Fee Agreement is, by this reference, incorporated herein in its entirety as if set forth herein in full. All fees and other amounts payable under the Fee Agreement shall be paid in immediately available funds. Fees paid shall not be refundable under any circumstances.

Section 2.6. Method of Payment; Etc. All payments to be made by City under this Agreement shall be made at the _____ office of the Bank not later than 2:00 p.m. on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds.

Section 2.7. Reserved.

Section 2.8. Reserved.

Section 2.9. Computation of Interest and Fees. All computations of interest payable by City under this Agreement shall be made on the basis of a 365/366-day year and actual days elapsed. All computations of fees and expenses payable by City under the Fee Agreement and all computations of amounts (other than interest) owing under this Agreement shall be made on the basis of a 360-day year and actual days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.10. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.11. Late Payments. If the principal amount of any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand.

Section 2.12. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

Section 2.13. Extension of Stated Expiration Date. At any time there shall remain no less than one hundred twenty (120) calendar days to the then current Stated Expiration Date of the Letter of Credit, City may request the Bank to extend the then current Stated Expiration Date. If the Bank, in its sole discretion, elects to extend the Stated Expiration Date then in effect, the

Bank shall give written notice of such election to extend to City and the Trustee within forty five (45) calendar days of receipt of such extension request from City, it being understood and agreed that the failure of the Bank to notify City and the Trustee of any decision within such 45-day period shall be deemed to be a rejection of such request and the Bank shall not incur any liability or responsibility whatsoever by reason of the Bank's failure to notify such parties within such 45-day period. The Bank's consent to any such extension of the stated expiration date shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Bank and its counsel. Any date to which the Stated Expiration Date has been extended in accordance with this Section 2.13 may be extended in like manner.

Section 2.14. Amendments upon Extension. Upon any extension of the Stated Expiration Date pursuant to Section 2.13 of this Agreement, the Bank and City each reserves the right to renegotiate any provision of this Agreement and the Fee Agreement.

Section 2.15. Electronic Transmissions. The Bank is authorized to accept and process any amendments, Instructions, consents, waivers and all documents relating to the Letter of Credit which are sent to Bank by electronic transmission, including SWIFT, electronic mail, telecopy, courier, mail or other computer generated telecommunications and such electronic communication shall have the same legal effect as if written and shall be binding upon and enforceable against City. The Bank may, but shall not be obligated to, require (i) authentication of such electronic transmission or (ii) receipt of original documents prior to acting on such electronic transmission.

Section 2.16. Recapture. Any interest payable pursuant to this Agreement or the other Related Documents shall not exceed the maximum amount permitted by law (the "Highest Lawful Rate"). In the event any interest required to be paid hereunder at any time exceeds the Highest Lawful Rate, the portion of such interest required to be paid on a current basis shall equal such Highest Lawful Rate; provided, however, that the differential between the amount of interest payable assuming no Highest Lawful Rate and the amount paid on a current basis after giving effect to the Highest Lawful Rate shall be carried forward and shall be payable on any subsequent date of calculation so as to result in a recovery of interest previously unrealized (because of the limitation dictated by such Highest Lawful Rate) at a rate of interest, and as part of the interest payable, that, after giving effect to the recovery of such excess and all other interest paid and accrued hereunder to the date of calculation, does not exceed such Highest Lawful Rate.

Article 3 Conditions Precedent

Section 3.1. Conditions Precedent to Issuance of Letter of Credit. As conditions precedent to the obligation of the Bank to issue the Letter of Credit:

- (a) City shall provide to the Bank on the Closing Date, in form and substance satisfactory to the Bank and its counsel, McGuireWoods LLP (hereinafter, "*Bank's counsel*"):
 - (i) a written opinion or opinions of counsel to City dated the Closing Date and addressed to the Bank;

(ii) a written opinion or opinions of counsel to the Authority dated the Closing Date and addressed to the Bank;

(iii) the written opinion of Feldman Law Group LLP, bond counsel, dated the Closing Date and addressed to the Bank;

(iv) the written opinion of counsel to the Tender Agent and the Trustee, dated the Closing Date and addressed to the Bank;

(v) a certificate signed by a duly authorized officer of City, dated the Closing Date and stating that:

(A) the representations and warranties contained in Article Four of this Agreement are true and correct on and as of the Closing Date as though made on such date; and

(B) no Event of Default or Potential Default has occurred and is continuing, or would result from the issuance of the Letter of Credit or the execution, delivery or performance of this Agreement or any Related Document to which City is a party;

(vi) a certificate signed by a duly authorized officer of the Authority, dated the Closing Date and stating that:

(A) the representations and warranties contained in Article Five of this Agreement are true and correct on and as of the Closing Date as though made on such date; and

(B) no Event of Default or Potential Default has occurred and is continuing, or would result from the issuance of the Letter of Credit or the execution, delivery or performance of this Agreement or any Related Document to which the Authority is a party;

(vii) a fully executed original copy of this Agreement, the Custody Agreement and the Fee Agreement (collectively, the “*Closing Date Documents*”);

(viii) a copy of each Related Document (other than the Closing Date Documents) and the Reoffering Memorandum together with a certification by the [general manager] of the City that each such document being delivered is accurate and complete and (other than the Reoffering Memorandum) is in full force and effect;

(ix) a copy of resolutions of the City council and all other necessary approvals, if any, certified as of the Closing Date by the clerk of the City, authorizing, among other things, the execution, delivery and performance by City of the Closing Date Documents to which it is a party and approving the form of the Reoffering Memorandum and the issuance of the Letter of Credit;

(x) a copy of resolutions of the board of directors of the Authority and all other necessary approvals and consents, if any, certified as of the Closing Date by the secretary of the Authority, authorizing, among other things, the execution, delivery and performance by the Authority of the Closing Date Documents to which it is a party and approving the form of the Reoffering Memorandum and the issuance of the Letter of Credit;

(xi) a certificate of the clerk of City certifying the names and true signatures of the officers of City authorized to sign the Closing Date Documents to which City is a party;

(xii) a certificate of the secretary of the Authority certifying the names and true signatures of the officers of the Authority authorized to sign the Closing Date Documents to which the Authority is a party;

(xiii) a certificate of a duly authorized officer of the Trustee certifying the names and true signatures of the officers of the Trustee authorized to sign the Closing Date Documents to which the Trustee is a party;

(xiv) a certificate of a duly authorized officer of the Tender Agent certifying the names and true signatures of the officers of the Tender Agent authorized to sign the Closing Date Documents to which the Tender Agent is a party;

(xv) evidence satisfactory to the Bank that S&P has issued an investment grade rating in respect of the Bonds that might become Bank Bonds;

(xvi) evidence satisfactory to the Bank that separate CUSIP number has been obtained and reserved with respect to all Bonds that might become Bank Bonds; and

(xvii) such other documents, certificates and opinions as the Bank or Bank's counsel may reasonably request;

(b) the 2017 Rates and Charges shall remain in full force and effect;

(c) no law, regulation, ruling or other action of the United States or the State of California or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Bank from fulfilling its obligations under this Agreement or the Letter of Credit;

(d) all legal requirements provided herein incident to the execution, delivery and performance of the Related Documents and the transactions contemplated thereby, shall be reasonably satisfactory to the Bank and Bank's counsel; and

(e) the City shall have paid in full all fees and expenses of Bank's counsel in accordance with the terms of the Fee Agreement.

Section 3.2. Conditions Precedent to Liquidity Advances. Following any payment by the Bank under the Letter of Credit pursuant to a Liquidity Drawing, a Liquidity Advance shall

be made available to City *only if* on the date of payment of such Liquidity Drawing by the Bank the following statements shall be true:

(a) the representations and warranties of City contained in Article Four of this Agreement and in the other Related Documents are correct in all material respects on and as of the date of such payment as though made on and as of such date; and

(b) no event has occurred and is continuing, or would result from such payment, which constitutes a Potential Default or Event of Default.

Unless City shall have previously advised the Bank in writing that one or both of the above statements is no longer true, City shall be deemed to have represented and warranted on the date of such payment that both of the above statements are true and correct.

Article 4 Representations and Warranties

In order to induce the Bank to enter into this Agreement, City represents and warrants to the Bank as follows:

Section 4.1. Organization and Powers. City is a municipality and chartered city of the State duly organized and validly existing under and pursuant to the Constitution and laws of the State, including its city charter. City has full right, power and authority to (a) enter into City Related Documents and to perform each and all of the matters and things therein provided for and (b) own and operate the Wastewater System.

Section 4.2. Authorization; No Contravention; Approvals. The execution, delivery and performance by City of City Related Documents are within City's powers. The execution, delivery and performance by City of City Related Documents do not and will not violate (a) any provision of City's charter; (b) any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award to which City is subject, including Environmental Laws; (c) result in a breach of or constitute a default under the provisions of any resolution, indenture, trust agreement, loan or credit agreement or any other agreement, lease or instrument to which City is subject or by which it, or its Property, is bound; or (d) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of the Property of City other than as provided therein. City is not in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such resolution, indenture, trust agreement, loan or credit agreement or any other agreement, lease or instrument. All Governmental Approvals and all consents and approvals of other Persons necessary for City to (i) execute, deliver and perform its obligations under City Related Documents and (ii) own and operate the Wastewater System have been obtained.

Section 4.3. Binding Effect.

(a) Each City Related Document constitutes the legal, valid and binding obligation of City, enforceable against City in accordance with its terms, except as such enforceability may be

limited by City's bankruptcy, insolvency, reorganization or other laws or equitable principles relating to or limiting creditors' rights generally.

(b) Each of the Bonds has been duly executed and delivered pursuant to the Indenture and is entitled to the benefits thereof.

Section 4.4. Financial Information. All information supplied by City to the Bank relating to City and the Wastewater System is true and accurate in all material respects including, without limitation, City's audited proprietary funds statement of net assets as of June 30, 2016, statement of revenues, expenses and changes in fund net assets for the year ended June 30, 2016 and statement of cash flows for the year ended June 30, 2016 and the unqualified opinion letter dated _____, 201_, of [Eadie & Payne LLP], independent certified public accountants, copies of which have been delivered to the Bank, is in all respects complete and correct and fairly present the financial condition of City as at such dates for the periods covered by such statements, all in conformity with GAAP. Since the date of the most recent financial statement delivered to the Bank, there has been no material adverse change in the condition (financial or otherwise) of the business or operations of City. City has no contingent liabilities that are material to it other than as indicated on the most recent financial statements delivered to the Bank.

Section 4.5. Litigation. Except as set forth on Schedule 4.5, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending or, to the best knowledge of City, threatened, against or directly involving City, affecting the existence of City, the title of any officials of City to their respective offices, the Wastewater System or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of any City Related Document, or in any way contesting or affecting the validity or enforceability of the Bonds, any City Related Document or contesting the tax exempt status of the Bonds, or contesting in any way the completeness or accuracy of the Reoffering Memorandum, or contesting the powers of City or any authority for the issuance of the Bonds, the execution and delivery of City Related Documents, nor, to the best knowledge of City, is there any basis therefor, which, if determined adversely to City could reasonably be expected to (i) have a Material Adverse Effect or (ii) result in a Tax Event.

Section 4.6. Employee Benefit Plans, Etc. City is not subject to Title I reporting and disclosure requirements, Title II or Title IV of ERISA and has no obligation or liability under or in respect of any "employee benefit plan" within the meaning of Section 3(3) of ERISA or any other form of bonus, incentive compensation, deferred compensation or other similar plan or arrangement. City currently has a pension plan providing benefits for its employees. Such pension plan is in compliance in all material respects with the requirements of the applicable laws of the State, including without limitation the obligation of City to pay contributions on behalf of its employees in accordance therewith. No condition exists or event or transaction has occurred with respect to City's pension plan which could reasonably be expected to result in the incurrence by City of any material liability, fine or penalty that would be payable from System Revenues.

Section 4.7. Environmental Laws. City has not received notice to the effect that the operations of the Wastewater System are not in compliance with any of the requirements of

applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 4.8. No Sovereign Immunity. City is subject to civil and commercial law in respect of its obligations under City Related Documents. City does not enjoy any right of immunity in respect of such obligations on the grounds of immunity (sovereign or otherwise) from jurisdiction in any court or from setoff or any legal process, whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise, under the laws of the United States of America and the State.

Section 4.9. Disclosure. No representation, warranty or other written statement made by City in or pursuant to any City Related Document, or any other document or financial statement provided by City to the Bank in connection with any Related Document, contains any untrue statement of a material fact or omits (as of the date made or furnished) any material fact necessary to make the statements therein not misleading in light of the circumstances under which they are made. There is no fact known to City which City has not disclosed to the Bank in writing which could reasonably be expected to result in a Material Adverse Effect. Except for information contained in the Reoffering Memorandum under the headings “_____”, “_____”, “_____” and “_____” as to which no representation is made, the Reoffering Memorandum is, and any supplement or amendment to the Reoffering Memorandum shall be, accurate in all materials respects for the purpose for which its use is, was or shall be, authorized; and except for information contained in the Reoffering Memorandum under the previously mentioned captions, as to which no representation is made, the Reoffering Memorandum does not, and any such supplement or amendment will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they are or were made, not misleading.

Section 4.10. Margin Stock. City is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Liquidity Advance or of any drawing under the Letter of Credit will be used to purchase or carry any such margin stock or extend credit to others for the purpose of purchasing or carrying any such margin stock.

Section 4.11. Marketable Fee. City has good and marketable title to the Wastewater System. The Wastewater System is an essential asset of City necessary to serve the needs of City. City believes that at all times while any Installment Payments” or any obligation of City under City Related Documents remains unpaid, the Wastewater System will remain an essential asset of City.

Section 4.12. Casualty. The Wastewater System is not currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake,

embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance).

Section 4.13. No Defaults. No Potential Default or Event of Default has occurred and is continuing.

Section 4.14. Usury. The obligations of City under this Agreement and the Fee Agreement are not subject to any law, rule or regulation of the State prescribing a maximum rate of interest.

Section 4.15. Solvency. City is able to pay its debts and satisfy its liabilities as they come due, is solvent and has not made any assignment for the benefit of creditors.

Section 4.16. Security. The Installment Agreement creates a valid perfected security interest in the Net System Revenues as security for the punctual payment of the interest and principal due with respect to the Bank Bonds and all Obligations. The Obligations constitute Contract Payments. City is not a party to any Swap that contains termination payments that are payable from System Revenues. The Authority has validly assigned all of its right to receive Installment Payments to the Trustee under the Indenture.

Section 4.17. Tax-Exempt Status. City has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest from State personal income taxes.

Section 4.18. Legal Matters. There is no amendment, or, to the best knowledge of City, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation which has passed either house of the State legislature or is under consideration by any conference or similar committee, or any published judicial or administrative decision interpreting any of the foregoing, and no action has been passed by the city council of City, the effect of which could reasonably be expected to have a Material Adverse Effect.

Section 4.19. Taxes. City has filed or caused to be filed all tax returns required by law to be filed and has paid or caused to be paid all taxes, assessments and other governmental charges levied upon or in respect of any of its properties, assets or franchises, other than taxes the validity or amount of which are being contested in good faith by City by appropriate proceedings and for which City shall have set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of City in respect of taxes for all fiscal periods are adequate, and there is no unpaid assessment for additional taxes for any fiscal period or any basis therefor.

Section 4.20. Compliance with Anti-Corruption Laws, Sanctions Laws and Regulations.

(a) City is acting for itself and for no other Person or entity in requesting issuance of the Letter of Credit.

(b) City has implemented and maintains in effect policies and procedures designed to ensure compliance by City and its officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(c) City is, and to the knowledge of City its officers, employees and agents are, in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in City being designated as a Sanctioned Person.

(d) None of (i) City or its officers or employees, or (ii) to the knowledge of City, any agent of City that will act in any capacity in connection with or benefit from the Related Documents, is a Sanctioned Person.

(e) None of the Letter of Credit, the use of the proceeds of the Letter of Credit or any other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

Section 4.21. Incorporation of Representations and Warranties by Reference. City hereby makes to the Bank the same representations and warranties as are set forth by it in each City Related Document (other than this Agreement and the Fee Agreement), which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Bank, mutatis mutandis, with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety and were made as of the date hereof. No amendment to such representations and warranties or defined terms made pursuant to any such City Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank.

Article 5 Covenants

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

Section 5.1. Existence. City will preserve and maintain its existence, rights and franchises as a city duly organized and existing under the laws of the State and will not merge, combine or consolidate with any other Person.

Section 5.2. Maintenance of Properties. City will maintain, preserve and keep the Wastewater System in good repair, working order and condition (ordinary wear and tear excepted).

Section 5.3. Taxes and Assessments. City will pay all taxes, assessments and governmental charges imposed upon it or the Wastewater System before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of City are adequate.

Section 5.4. Insurance. City shall maintain insurance as required by Section 6.10 of the Installment Agreement. City shall cause the Bank to be named a loss payee or an additional insured on such policies and shall require that all providers of such insurance will provide the Bank with not less than 30 days prior written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 5.5. Reports; Notices. City will maintain a standard system of accounting in accordance with GAAP and will furnish to the Bank such information respecting the business and financial condition of City as the Bank may reasonably request; and without any request, will furnish to the Bank:

(a) as soon as available and in any event within 180 days after the end of each fiscal year of City, an audited statement of net assets for the Wastewater System as of the end of such fiscal year, an audited statement of revenues, expenses and changes in fund net assets for the Wastewater System for such fiscal year and an audited statement of cash flows for the Wastewater System for such fiscal year, in each case prepared in accordance with GAAP and in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an opinion thereon of a firm of independent public accountants of recognized national standing, selected by City and reasonably acceptable to the Bank, to the effect that, in the opinion of such firm, (i) the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and (ii) the Wastewater System financial statements present fairly, in all material respects, the financial position of the Wastewater System, as of the end of the applicable fiscal year, and the changes in financial position and cash flows thereof for the applicable fiscal year then ended in conformity with GAAP, which opinion shall contain no qualifications other than qualifications relating to the implementation of rules issued by the Government Accounting Standards Board (the failure to comply with which would not, in the opinion of the Bank in its sole discretion, individually or in the aggregate, have a material impact on any fund financial statement line item);

(b) as soon as available and in any event within 45 days after the end of each fiscal quarter of City, an unaudited statement of net assets for the Wastewater System as of the end of such fiscal quarter, an unaudited statement of revenues, expenses and changes in fund net assets for the Wastewater System for such fiscal quarter and an unaudited statement of cash flows for the Wastewater System for such fiscal quarter, in each case prepared in accordance with GAAP and in reasonable detail showing in comparative form the figures for the corresponding fiscal quarter of the prior fiscal year;

(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of City stating that, to the best knowledge of the chief financial officer (or his/her designee) of City, there exists on the date of such certificate no Event of Default or Potential Default or, if any Event of Default or Potential Default then exists, setting forth the details thereof and the action which City is taking or proposes to take with respect thereto;

(d) promptly (and, in any event, no later than three (3) Business Days) after knowledge thereof by City, written notice of the occurrence of any Potential Default or Event of Default together with a statement of City setting forth the details thereof and the action which City is taking or proposes to take with respect thereto;

(e) promptly after process has been served on City, notice of any action, suit or proceeding before any court or Governmental Authority in which there is a reasonable probability of an adverse decision which could reasonably be expected to result in a Material Adverse Effect;

(f) promptly upon the availability thereof, a copy of any official statement, offering memorandum or other disclosure documents relating to the offering, reoffering or remarketing of any Indebtedness secured by System Revenues or Net System Revenues;

(g) as soon as available to City, copies of all enacted legislation or ballot measures which, to the best knowledge of City, relates to, in any material way, or adversely impacts, or could reasonably be expected to adversely impact, in any material manner upon the Related Documents or the ability of City to perform its obligations under City Related Documents;

(h) promptly upon the adoption thereof, a copy of the Wastewater System's five-year financial plan and City's budget, together with each amendment or supplement thereto that may be adopted from time to time during each fiscal year;

(i) notice of any event or circumstance known to City which might result in a Material Adverse Effect;

(j) notice of the failure by the Remarketing Agent or the Trustee to perform any of their respective obligations under any Related Document to which any such entity is a party;

(k) notice of any inquiry, investigation or audit or threatened inquiry, investigation or audit of City or its securities by the Securities and Exchange Commission, the Department of Justice or the Internal Revenue Service;

(l) notice and a copy of any amendment to City's investment policy guidelines;

(m) notice of any proposed amendment or supplement to any Bond Document and copies of all such amendments and supplements promptly following the execution thereof;

(n) notice of any material development in the case entitled *City of Oxnard and Stephen Fischer, in his official capacity as City Attorney of the City of Oxnard v. Aaron Starr, Cal. Superior Court, Case No. 56-2016-00479696-CU-MC-VTA (the "Ballot M Proceeding")*;

- (o) notice of the establishment of rates for the Wastewater System;
- (p) notice of any legal challenge to the establishment of rates for the Wastewater System (other than the Ballot M Proceeding);
- (q) notice of any material development related to the notice of violation issued by the Los Angeles Regional Water Quality Control Board on August 29, 2017; and
- (r) notice of any City council recall efforts and any material developments in such recall efforts.

Section 5.6. Inspection and Field Audit. Upon prior notice from the Bank, City will permit the Bank and its duly authorized representatives and agents to visit and inspect any of the Properties, the books and financial records of City and the Wastewater System, to examine and make copies of the books of accounts and other financial records of City and the Wastewater System, and to discuss the affairs, finances and accounts of City and the Wastewater System with, and to be advised as to the same by, its officers and independent public accountants (and by this provision City authorizes such accountants to discuss with the Bank the finances and affairs of City and the Wastewater System) at such reasonable times and reasonable intervals as the Bank may designate.

Section 5.7. No Change in Fiscal Year. City will not change its fiscal year from its present basis without the prior written consent of the Bank.

Section 5.8. Compliance with Laws; Compliance with Agreements. City covenants that it will comply with the requirements of (a) all applicable law of any Governmental Authority having jurisdiction over City including, without limitation, all Environmental Laws applicable to City and the Wastewater System, the non-compliance with which would have a Material Adverse Effect unless the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the Material Adverse Effect of any such non-compliance and (b) all investment policy guidelines of City. City will observe and perform all of its obligations under the City Related Documents and any other document, agreement or instrument to which City is a party and which obligations are secured by pledge of the System Revenues or Net System Revenues.

Section 5.9. Bonds Documents. City will not amend or consent to any amendment of any Bonds Document, without the prior written consent of the Bank, which consent shall not be unreasonably withheld if such amendment would not have a material adverse effect on the Bank or its rights and remedies.

Section 5.10. Bonds Proceeds; Application of Drawings. City shall not permit the proceeds of the Bonds to be used for any purpose other than as set forth in the Indenture. City will not take or omit to take any action, nor direct the Trustee to take any action or omit to take action, which action or omission will in any way result in the proceeds of drawings under the Letter of Credit being applied for any purpose other than to pay principal of, the purchase price of and interest with respect to the Bonds as and when the same become due and payable.

Section 5.11. Liens; Indebtedness; Swaps; Consolidation and Merger.

(a) City will not create or suffer to exist any Lien over the System Revenues except for the Lien created pursuant to the Installment Agreement. Except as provide in Section 5.11(b), City will not create or suffer to exist any Lien over the Property of the Wastewater System which could reasonably be expected to have a Material Adverse Effect. Without limiting the foregoing, in the event a non-permitted Lien attaches (i) to the System Revenues, (ii) to the Net System Revenues or (iii) to Property of the Wastewater System, in any case City shall take all action necessary to remove such Lien as soon as practicable.

(b) City will not issue or incur any additional Indebtedness secured by System Revenues or Net System Revenues other than the Bonds (including Bank Bonds) and the Obligations.

(c) City shall not enter into any Swap secured by System Revenues or Net System Revenues other than the Swap Agreement.

(d) City will not consolidate the Wastewater System or merge the Wastewater System with or into any Person or sell, lease or otherwise transfer all or substantially all of the assets of the Wastewater System to any Person.

Section 5.12. Trustee and Remarketing Agent.

(a) City shall not remove (or cause to be removed) the Trustee or appoint (or cause to be appointed) any successor thereto without the prior written consent of the Bank, which consent shall not be unreasonably withheld. If the Trustee is removed or resigns, City shall use its best efforts to appoint (or caused to be appointed) a successor thereto that is reasonably acceptable to the Bank as soon as practicable and, in the case of resignation, no later than the resignation effective date. City shall cause any successor Trustee to enter into the Custody Agreement with the Bank.

(b) City will not permit the Remarketing Agent to remarket any Bonds at a price less than the principal amount thereof plus accrued interest, if any, with respect thereto to the respective dates of remarketing. City shall not remove (or cause to be removed) the Remarketing Agent or appoint (or caused to be appointed) any successor thereto without the prior written consent of the Bank. If the Remarketing Agent fails to make efforts as required under the Remarketing Agreement to perform its duties under, and in accordance with the terms of, the Remarketing Agreement or if the Remarketing Agent fails to remarket Bank Bonds for thirty (30) consecutive calendar days, City shall, at the written direction of the Bank, remove (or cause to be removed) the Remarketing Agent. If the Remarketing Agent is removed or resigns, City shall (or shall cause) appoint a successor thereto in accordance with the terms of the Indenture and with the prior written consent of the Bank. Such appointment shall be made as soon as practicable and, in the case of resignation, no later than the resignation effective date. City shall not enter into, or suffer to exist, any Remarketing Agreement unless such Remarketing Agreement contains the following: (i) an agreement on the part of the Remarketing Agent to use its best efforts to remarket Bonds, including Bank Bonds, at rates up to an including the "Maximum Rate" (as defined in the Indenture); and (ii) a provision that requires that the Remarketing Agent's resignation shall not become effective until sixty (60) day's following the Remarketing Agent's delivery of written notice to City and the Bank. Without limiting the

preceding sentence, City will not enter into any successor Remarketing Agreement without the prior written consent of the Bank, which consent shall not be unreasonably withheld, unless such successor Remarketing Agreement contains provisions that are substantially the same as those contained in, and affords protection to the rights and interests of the Bank that is substantially the same as that afforded by, the predecessor Remarketing Agreement.

Section 5.13. Purchase of Bonds. City will not purchase any Bonds (or any beneficial interest therein) unless such Bonds are promptly delivered to the Trustee for cancellation. In the event City purchases any Bonds, it agrees not to tender them for optional purchase.

Section 5.14. Fixed Rate Conversions. City will not convert or permit the conversion of the interest rate on less than all of the Bonds to a fixed rate to maturity.

Section 5.15. Prepayments. City shall cause Bank Bonds to be prepaid in whole prior to any other prepayment of Bonds.

Section 5.16. Substitute Credit Facility.

(a) City agrees to use its best efforts to (i) obtain an Substitute Credit Facility to replace the Letter of Credit; (ii) defease the Bonds; or (iii) convert the interest on the Bonds to a fixed interest rate to maturity in the event (A) the Bank shall determine not to extend the Stated Expiration Date or shall fail to respond to a request to extend the Stated Expiration Date, (B) City shall fail to seek an extension of the Stated Expiration Date by the date that is sixty (60) days prior to the Stated Expiration Date or (C) the unenhanced long-term rating for the Bonds shall fall below “BBB” by S&P.

(b) City agrees that any Substitute Credit Facility will require, as a condition to the effectiveness of the Substitute Credit Facility, that the issuer of the Substitute Credit Facility will provide funds, on the substitution date, for the purchase of all Bank Bonds at par plus accrued interest (at the Bank Rate) through and including the day immediately preceding the substitution date to the extent not paid by City or any other Person. On such substitution date, any and all amounts due to the Bank under any Related Document shall be payable in full to the Bank.

(c) City shall not permit a Substitute Credit Facility to become effective with respect to less than all of the Bonds without the prior written consent of the Bank.

Section 5.17. Return of Letter of Credit. City shall, upon the occurrence of the Termination Date, cause the Trustee to surrender forthwith the Letter of Credit to the Bank for cancellation.

Section 5.18. Maintenance of Tax Exempt Status of the Bonds. City shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of such interest from State income taxes.

Section 5.19. Reoffering Memorandum. City shall not include, or permit to be included, in an offering, reoffering, remarketing or resale document for the Bonds any information concerning the Bank that is not supplied in writing, or otherwise consented to, by the Bank

expressly for inclusion therein. City shall not make any changes in reference to the Bank, the Letter of Credit or this Agreement in any revision of or supplement to the Reoffering Memorandum without the Bank's prior written consent thereto.

Section 5.20. Further Assurances. City shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Bank, all such instruments and documents as in the opinion of the Bank are necessary or advisable to carry out the intent and purpose of this Agreement and the other Bank Documents.

Section 5.21. Incorporation of Covenants by Reference. City hereby makes to the Bank the same covenants as are set forth by it in each City Related Document (other than this Agreement and the Fee Agreement), which covenants, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Bank, mutatis mutandis, with the same effect as if each and every such covenant and defined term were set forth herein in its entirety and were made as of the date hereof. No amendment to such covenants or defined terms made pursuant to any such City Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank.

Section 5.22. Redaction. City agrees to cause the Remarketing Agent to redact any information in this Agreement, the Letter of Credit or any other document filed under the Municipal Securities Rulemaking Board's Rule G34 that reveals personal information about the Bank or its employees or agents or could be used in a fraudulent manner (including, but not limited to, fees, letter of credit number, bank account information, signatures and contact information).

Article 6 Defaults and Remedies

Section 6.1. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an "Event of Default":

(a) (i) any representation or warranty made by City in this Agreement (or incorporated herein by reference) or in any of the other City Related Documents or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with this Agreement or with any of the other City Related Documents that is not qualified by "material," "materiality," "Material Adverse Effect" or similar qualifier, shall prove to have been incorrect, incomplete or misleading in any material respect; or (ii) any representation or warranty made by City in this Agreement (or incorporated herein by reference) or in any of the other City Related Documents or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with this Agreement or with any of the other City Related Documents that is qualified by "material," "materiality," "Material Adverse Effect" or similar qualifier, shall prove to have been incorrect, incomplete or misleading in any respect; or

(b) any “event of default” shall have occurred under any of the Related Documents (as defined respectively therein) other than this Agreement; or

(c) failure to pay to the Bank any Obligations when and as due hereunder; or

(d) default in the due observance or performance by City of any covenant set forth in Section 5.1, 5.5(d), 5.7, 5.9, 5.10, 5.11, 5.12(b), 5.13, 5.14, 5.15, 5.16(b) or 5.16(c) hereof; or

(e) default in the due observance or performance by City of any other covenant set forth in this Agreement and the continuance of such default for thirty (30) days after the occurrence thereof; or

(f) any material provision of this Agreement or any of the other Related Documents shall cease to be valid and binding, or City or a senior officer of City shall contest any such provision, or City or a senior officer of City or any agent or trustee on behalf of City shall deny that it has any or further liability under this Agreement or any of the other Related Documents; or

(g) City shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 6.1(h) hereof; or

(h) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for City or any substantial part of its Property, or a proceeding described in Section 6.1(g) (v) shall be instituted against City and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days; or dissolution or termination of the existence of City; or

(i) a default shall occur under any evidence of Indebtedness issued, assumed, or guaranteed by City or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness (whether or not such maturity is in fact accelerated) or any such Indebtedness shall not be paid when and as due (whether by lapse of time, acceleration or otherwise); or

(j) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of \$2,000,000 shall be entered or filed against City or against any of its Property that is payable from System Revenues or Net

System Revenues and remain undismissed, unvacated, unbonded or unstayed for a period of thirty (30) days; or

(k) there shall be appointed or designated with respect to City an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to City, or there shall be declared by City or by any legislative or regulatory body with competent jurisdiction over City, the existence of a state of financial emergency or similar state of financial distress in respect of City; or

(l) the Trustee shall cease to have an effective security interest to the extent and priority created or purported to be created by the Indenture;

(m) S&P shall withdraw or suspend its underlying unenhanced long-term rating of the Bonds or any other Indebtedness of the City that is secured by System Revenues or Net System Revenues and then rated by S&P ("*Parity Debt*"); or S&P shall downgrade its underlying unenhanced long-term rating of the Bonds or any Parity Debt below "BBB";

(n) a Tax Event shall have occurred;

(o) the City Council shall approve and adopt an ordinance or resolution or otherwise take binding action that reduces future Rates and Charges to a level that is lower than the then current Rates and Charges or shall repeal an ordinance or resolution that approved Rates and Charges or amend or modify an ordinance or resolution that approved Rates and Charges so that the Rates and Charges in effect after such amendment or modification are less than the Rates and Charges in effect immediately prior to such amendment or modification;

(p) the City Council shall approve for submission to the City's voters an initiative that if passed would result in a reduction or repeal of the then current Rates and Charges; or

(q) there is placed on a City election ballot a measure that if passed would result in a reduction or repeal of the then current Rates and Charges.

Section 6.2. Remedies. Upon the occurrence and continuance of an Event of Default, the Bank may exercise any one or more of the following rights and remedies:

(a) by notice to City, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by City, provided that upon the occurrence of an Event of Default under Section 6.1(g) or (h) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing);

(b) give notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to cause a mandatory purchase the Bonds, thereby causing the Letter of Credit to expire ten (10) days thereafter;

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

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

Article 7
Miscellaneous

Section 7.1. No Deductions; Increased Costs.

(a) Except as otherwise required by law, each payment by City to the Bank under this Agreement or any other Related Document shall be made without setoff or counterclaim and without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient imposed by any jurisdiction having control of such recipient) imposed by or within the jurisdiction in which City is domiciled, any jurisdiction from which City makes any payment hereunder, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is so required, City shall make the withholding, pay the amount withheld to the appropriate Governmental Authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Bank free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which the Bank would have received had such withholding not been made. If the Bank pays any amount in respect of any such taxes, penalties or interest, City shall reimburse the Bank for that payment on demand in the currency in which such payment was made. If City pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Bank on or before the thirtieth day after payment.

(b) If the Code or any newly adopted law, treaty, regulation, guideline or directive, or any change in any, law, treaty, regulation, guideline or directive or any new or modified interpretation of any of the foregoing by any authority or agency charged with the administration or interpretation thereof or any central bank or other fiscal, monetary or other authority having jurisdiction over the Bank or the transactions contemplated by this Agreement, whether or not having the force of law (each a "Change in Law") shall:

(i) limit the deductibility of interest on funds obtained by the Bank to pay any of its liabilities or subject the Bank to any tax, duty, charge, deduction or withholding on or with respect to payments relating to the Bonds, Bank Bonds, the Fee Agreement, the Letter of Credit or this Agreement, or any amount paid or to be paid by the Bank as the issuer of the Letter of Credit (other than any tax measured by or based upon the overall net income of the Bank imposed by any jurisdiction having control over the Bank);

(ii) impose, modify, require, make or deem applicable to the Bank any reserve requirement, capital requirement, special deposit requirement, insurance assessment or similar requirement against any assets held by, deposits with or for the account of, or loans, letters of credit or commitments by, an office of the Bank;

(iii) change the basis of taxation of payments due the Bank under this Agreement, Bank Bonds or the Fee Agreement (other than by a change in taxation of the overall net income of the Bank);

(iv) cause or deem letters of credit to be assets held by the Bank and/or as deposits on its books; or

(v) impose upon the Bank any other condition with respect to any amount paid or payable to or by the Bank or with respect to this Agreement or any of the other Related Documents;

and the result of any of the foregoing is to increase the cost to the Bank of making any payment or maintaining the Letter of Credit, or to reduce the amount of any payment (whether of principal, interest or otherwise) receivable by the Bank, or to reduce the rate of return on the capital of the Bank or to require the Bank to make any payment on or calculated by reference to the gross amount of any sum received by it, in each case by an amount which the Bank in its reasonable judgment deems material, then:

(1) the Bank shall promptly notify City in writing of such event;

(2) the Bank shall promptly deliver to City a certificate stating the change which has occurred or the reserve requirements or other costs or conditions which have been imposed on the Bank or the request, direction or requirement with which it has complied, together with the date thereof, the amount of such increased cost, reduction or payment and a reasonably detailed description of the way in which such amount has been calculated, and the Bank's determination of such amounts, absent fraud or manifest error, shall be conclusive; and

(3) City shall pay to the Bank, from time to time as specified by the Bank, such an amount or amounts as will compensate the Bank for such additional cost, reduction or payment.

The protection of this Section 7.1(b) shall be available to the Bank regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which has been imposed; provided, however, that if it shall be later determined by the Bank that any amount so paid by City pursuant to this Section 7.1(b) is in excess of the amount payable under the provisions hereof, the Bank shall refund such excess amount to City. Notwithstanding the foregoing, for purposes of this Agreement (a) all requests, rules, guidelines or directives in connection with the Dodd-Frank Act shall be deemed to be a Change in Law, regardless of the date enacted, adopted or issued, and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority shall be deemed a Change in Law regardless of the date enacted, adopted or issued.

Section 7.2. Right of Setoff.

(a) Upon the occurrence and during the continuance of an Event of Default, the Bank is hereby authorized at any time and from time to time without notice to City (any such notice being expressly waived by City), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of City (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Bank is authorized to convert such accounts, monies and indebtedness into United States dollars)

against any and all of the Obligations of City, whether or not the Bank shall have made any demand for any amount owing to the Bank by City.

(b) The rights of the Bank under this Section 7.2 are in addition to, in augmentation of, and, except as specifically provided in this Section 7.2, do not derogate from or impair, other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have.

Section 7.3. Indemnity. City shall indemnify and hold harmless the Bank, its parent, and correspondents and each of their respective directors, officers, employees and agents (each, including the Bank, an “*Indemnified Person*”) from and against any and all claims, suits, judgments, costs, losses, fines, penalties, damages, liabilities, and expenses, including expert witness fees and legal fees, charges and disbursements of any counsel (including in-house counsel fees and allocated costs) for any Indemnified Person (“*Costs*”), arising out of, in connection with, or as a result of: (i) the Letter of Credit or any pre-advice of its issuance; (ii) any transfer, sale, delivery, surrender, or endorsement of any Payment Document at any time(s) held by any Indemnified Person in connection with the Letter of Credit; (iii) any action or proceeding arising out of or in connection with the Letter of Credit, this Agreement or any other Related Document (whether administrative, judicial or in connection with arbitration), including any action or proceeding to compel or restrain any presentation or payment under the Letter of Credit, or for the wrongful dishonor of or honoring a presentation under the Letter of Credit; (iv) any independent undertakings issued by the beneficiary of the Letter of Credit; (v) any unauthorized communication or instruction (whether oral, telephonic, written, telegraphic, facsimile or electronic) (each an “*Instruction*”) regarding the Letter of Credit or error in computer transmission; (vi) an adviser, confirmer or other nominated person seeking to be reimbursed, indemnified or compensated; (vii) any third party seeking to enforce the rights of an applicant, beneficiary, nominated person, transferee, assignee of proceeds of the Letter of Credit; (viii) the fraud, forgery or illegal action of parties other than the Indemnified Person; (ix) the enforcement of this Agreement or any rights or remedies under or in connection with this Agreement, the Letter of Credit or any other Related Document; (x) the acts or omissions, whether rightful or wrongful, of any present or future de jure or de facto governmental or regulatory authority or cause or event beyond the control of such Indemnified Person; in each case, including that resulting from Bank’s own negligence, provided, however, that such indemnity shall not be available to any Person claiming indemnification under (i) through (x) above to the extent that such Costs are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted directly from the gross negligence or willful misconduct of the Indemnified Person claiming indemnity. If and to the extent that the obligations of City under this paragraph are unenforceable for any reason, City shall make the maximum contribution to the Costs permissible under applicable law.

Section 7.4. Obligations Absolute. The obligations of City under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including, without limitation: (i) any lack of validity, enforceability or legal effect of this Agreement or any other Related Document, or any term or provision herein or therein; (ii) payment against presentation of any draft, demand or claim for payment under the Letter of Credit or other document presented for purposes of drawing under the Letter of Credit (a “*Payment Document*”) that does not comply in whole or in

part with the terms of the Letter of Credit or which proves to be fraudulent, forged or invalid in any respect or any statement therein being untrue or inaccurate in any respect, or which is signed, issued or presented by a Person (or a transferee of such Person) purporting to be a successor or transferee of the beneficiary of the Letter of Credit; (iii) the Bank honoring a drawing against a Payment Document up to the amount available under the Letter of Credit even if such Payment Document claims an amount in excess of the amount available under the Letter of Credit; (iv) the existence of any claim, set-off, defense or other right that City or any other Person may have at any time against any beneficiary, any assignee of proceeds, the Bank or any other Person; (v) the Bank having previously paid against fraudulently signed or presented Payment Documents (whether or not City shall have reimbursed the Bank for such drawing); and (vi) any other event, circumstance or conduct whatsoever, whether or not similar to any of the foregoing, that might, but for this paragraph, constitute a legal or equitable defense to or discharge of, or provide a right of set-off against, City's obligations hereunder (whether against the Bank, the beneficiary or any other Person); provided, however, that subject to Section 7.5 hereof, the foregoing shall not exculpate the Bank from such liability to City as may, be finally, judicially determined in an independent action or proceeding brought by City against the Bank following payment of City's obligations under this Agreement.

Section 7.5. Liability of the Bank.

(a) The liability of the Bank (or any other Indemnified Person) under, in connection with and/or arising out of this Agreement, any Related Document (or any pre-advice), regardless of the form or legal grounds of the action or proceeding, shall be limited to any direct damages suffered by City that are caused directly by Bank's gross negligence or willful misconduct in (i) honoring a presentation that does not at least substantially comply with the Letter of Credit, (ii) failing to honor a presentation that strictly complies with the Letter of Credit or (iii) retaining Payment Documents presented under the Letter of Credit. In no event shall the Bank be deemed to have failed to act with due diligence or reasonable care if the Bank's conduct is in accordance with Standard Letter of Credit Practice or in accordance with this Agreement. City's aggregate remedies against the Bank and any Indemnified Person for wrongfully honoring a presentation under the Letter of Credit or wrongfully retaining honored Payment Documents shall in no event exceed the aggregate amount paid by City to the Bank in respect of an honored presentation under the Letter of Credit, plus interest. Notwithstanding anything to the contrary herein, the Bank and the other Indemnified Persons shall not, under any circumstances whatsoever, be liable for any punitive, consequential, indirect or special damages or losses regardless of whether the Bank or any Indemnified Person shall have been advised of the possibility thereof or of the form of action in which such damages or losses may be claimed. City shall take action to avoid and mitigate the amount of any damages claimed against the Bank or any Indemnified Person, including by enforcing its rights in the underlying transaction. Any claim by City for damages under or in connection with this Agreement or any other Related Document shall be reduced by an amount equal to the sum of (i) the amount saved by City as a result of the breach or alleged wrongful conduct and (ii) the amount of the loss that would have been avoided had City mitigated damages.

(b) Reserved.

(c) Without limiting any other provision of this Agreement, the Bank and each other Indemnified Person (if applicable), shall not be responsible to City for, and the Bank's rights and remedies against City and City's obligation to reimburse and indemnify the Bank shall not be impaired by: (i) honor of a presentation under the Letter of Credit which on its face substantially complies with the terms of the Letter of Credit; (ii) honor of a presentation of any Payment Documents which appear on their face to have been signed, presented or issued (x) by any purported successor or transferee of any beneficiary or other party required to sign, present or issue the Payment Documents or (y) under a new name of the beneficiary; (iii) acceptance as a draft of any written or electronic demand or request for payment under the Letter of Credit, even if nonnegotiable or not in the form of a draft, and may disregard any requirement that such draft, demand or request bear any or adequate reference to the Letter of Credit; (iv) the identity or authority of any presenter or signer of any Payment Document or the form, accuracy, genuineness, or legal effect of any presentation under the Letter of Credit or of any Payment Documents; (v) disregard of any non-documentary conditions stated in the Letter of Credit; (vi) acting upon any Instruction which it, in Good Faith, believes to have been given by a Person or entity authorized to give such Instruction; (vii) any errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document (regardless of how sent or transmitted) or for errors in interpretation of technical terms or in translation; (viii) any delay in giving or failing to give any notice; (ix) any acts, omissions or fraud by, or the solvency of, any beneficiary, any nominated Person or any other Person; (x) any breach of contract between the beneficiary and City or any of the parties to the underlying transaction; (xi) assertion or waiver of any provision of the ISP which primarily benefits an issuer of a letter of credit, including, any requirement that any Payment Document be presented to it at a particular hour or place; (xii) payment to any paying or negotiating bank (designated or permitted by the terms of the Letter of Credit) claiming that it rightfully honored or is entitled to reimbursement or indemnity under Standard Letter of Credit Practice; (xiii) dishonor by the Bank of any presentation for which City is unable or unwilling to reimburse or indemnify the Bank (provided that City acknowledges that if the Bank shall later be required to honor the presentation, City shall be liable therefore in accordance with Article 2 hereof); and (xiv) acting or failing to act as required or permitted under Standard Letter of Credit Practice. For purposes of this Section 7.5(c), "*Good Faith*" means honesty in fact in the conduct of the transaction concerned.

(d) City shall notify the Bank of (i) any noncompliance with any Instruction, any other irregularity with respect to the text of the Letter of Credit or any amendment thereto or any claim of an unauthorized, fraudulent or otherwise improper Instruction, within one (1) Business Day of City's receipt of a copy of the Letter of Credit or amendment and (ii) any objection City may have to the Bank's honor or dishonor of any presentation under the Letter of Credit or any other action or inaction taken or proposed to be taken by the Bank under or in connection with this Agreement or the Letter of Credit, within three (3) Business Days after City receives notice of the objectionable action or inaction. The failure to so notify the Bank within said times shall discharge the Bank from any loss or liability that the Bank could have avoided or mitigated had it received such notice, to the extent that the Bank could be held liable for damages hereunder; provided, that, if City shall not provide such notice to the Bank within three (3) Business Days of the date of receipt in the case of clause (i) or ten (10) Business Days from the date of receipt in the case of clause (ii), Bank shall have no liability whatsoever for such noncompliance, irregularity, action or inaction and City shall be precluded from raising such noncompliance, irregularity or objection as a defense or claim against Bank.

Section 7.6. Participants. The Bank shall have the right to grant participations in the Letter of Credit to one or more other banking institutions, and such participants shall be entitled to the benefits of this Agreement, including, without limitation, Sections 7.1, 7.3 and 7.14 hereof, to the same extent as if they were a direct party hereto; *provided, however*, that no such participation by any such participant shall in any way affect the obligation of the Bank under the Letter of Credit; and *provided further* that no such participant shall be entitled to receive payment hereunder of any amount greater than the amount which would have been payable had the Bank not granted a participation to such participant.

Section 7.7. Dissemination of Information. The Bank may disseminate information relating to City, the Authority, this Agreement or any other Related Document (i) in connection with any assignment or participation; (ii) upon the order of any court or otherwise to the extent required by statute, rule, regulation or judicial process; (iii) to bank examiners or upon the request or demand of any other administrative, regulatory agency, or authority; or (iv) to any domestic or foreign branch, subsidiary or affiliate, representative office or agent of Bank and third parties selected by any of the foregoing entities, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes), or in connection with Bank's performance, administration or enforcement of this Agreement. City may not assign this Agreement or the Fee Agreement without the prior written consent of Bank. Delivery of an executed copy or signature page of this Agreement and the Fee Agreement by telecopy or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement and the Fee Agreement. Notices shall be delivered by hand, overnight courier or certified mail, return receipt requested at the respective addresses set forth in Section 7.13 hereto.

Section 7.8. Arm's Length Transaction. City acknowledges and agrees that the transaction described in this Agreement is an arm's length commercial transaction between City, and the Bank in which (i) the Bank is acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of City, (ii) the Bank is relying on the bank exemption in the Municipal Advisor Rules, (iii) the Bank has not provided any advice or assumed any advisory or fiduciary responsibility in favor of City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising City on other matters), (iv) the Bank has financial and other interests that differ from those of City, and (v) City has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Section 7.9. Survival of this Agreement. All covenants, agreements, representations and warranties made in this Agreement shall survive the issuance by the Bank of the Letter of Credit and shall continue in full force and effect so long as the Letter of Credit shall be unexpired or any Obligations shall be outstanding and unpaid. The obligation of City to reimburse the Bank pursuant to Sections 7.1, 7.3 and 7.15 hereof shall survive the payment of the Obligations and termination of this Agreement.

Section 7.10. Modification of this Agreement. No amendment, modification or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the Bank and City and no amendment, modification or waiver of any provision of the Letter of Credit, and no consent to any departure by City therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank. Any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on City in any case shall entitle City to any other or further notice or demand in the same, similar or other circumstances.

Section 7.11. Waiver of Rights by the Bank. No course of dealing or failure or delay on the part of the Bank in exercising any right, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right or privilege. The rights of the Bank under the Related Documents are cumulative and not exclusive of any rights or remedies that the Bank would otherwise have.

Section 7.12. Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 7.13. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to conflict of law principles.

Section 7.14. Notices. All notices hereunder shall be given by United States certified or registered mail or by telecommunication device capable of creating written record of such notice and its receipt. Notices hereunder shall be effective when received and shall be addressed:

If to the Bank, to

JPMorgan Chase Bank, N.A.

Facsimile No.: () _____

Telephone No.: () _____

Attention: _____

With a copy to the Bank,
Standby Letter of Credit Unit:

JPMorgan Chase Bank, N.A.
131 South Dearborn
5th Floor, Mail Code IL1-0236
Standby Letter of Credit Unit

Chicago, IL 60603-5506
 Facsimile No.: (312) 954-6163
 Telephone No.: (800) 634-1969
 Attention: Standby Service Unit

With a copy to

 Facsimile No.: () _____
 Telephone No.: () _____
 Attention: _____

If to City, to

 Facsimile No.: () _____
 Telephone No.: () _____
 Attention: _____

If to the Trustee, to

 Facsimile No.: () _____
 Telephone No.: () _____
 Attention: _____

Section 7.15. Successors and Assigns. Whenever in this Agreement the Bank is referred to, such reference shall be deemed to include the successors and assigns of the Bank and all covenants, promises and agreements by or on behalf of City which are contained in this Agreement shall inure to the benefit of such successors and assigns. The rights and duties of City hereunder, however, may not be assigned or transferred, except as specifically provided in this Agreement or with the prior written consent of the Bank, and all obligations of City hereunder shall continue in full force and effect notwithstanding any assignment by City of any of its rights or obligations under any of the Related Documents or any entering into, or consent by City to, any supplement or amendment to any of the Related Documents.

Section 7.16. Taxes and Expenses. Any taxes (other than any tax measured by or based upon the overall net income of the Bank imposed by any jurisdiction having control over the Bank) payable or ruled payable by any Governmental Authority in respect of this Agreement or any other Related Document shall be paid by City, together with interest and penalties, if any; provided, however, that City may conduct a reasonable contest of any such taxes with the prior written consent of the Bank. City shall reimburse the Bank for any and all out of pocket expenses and charges paid or incurred by the Bank in connection with the preparation, execution, delivery, administration and enforcement of this Agreement and any amendment to any Related Document, including reasonable fees and disbursements of counsel to the Bank.

Section 7.17. Headings. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

Section 7.18. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original but all taken together to constitute one instrument.

Section 7.19. Entire Agreement. This Agreement and the other Related Documents constitute the entire understanding of the parties with respect to the subject matter thereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby.

Section 7.20. Government Regulations. City shall (a) ensure that it is not listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, that prohibits or limits Bank from making any advance or extension of credit to City or from otherwise conducting business with City and (b) ensure that the Bond proceeds shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, City shall comply with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended. City agrees to provide documentary and other evidence of its identity as may be requested by Bank at any time to enable Bank to verify its identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

Section 7.21. Waiver. To the extent City has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, City irrevocably waives such immunity in respect of its obligations under the Related Documents.

[Remainder of page intentionally left blank; signature pages follow.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above referenced.

Very truly yours,

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION

By: _____
Name: _____
Title: _____

CITY OF OXNARD

By: _____
Name: _____
Title: _____

REMARKETING AGREEMENT

THIS REMARKETING AGREEMENT, dated as of January 1, 2018 (the “Remarketing Agreement”), between **City of Oxnard Financing Authority**, a California Joint Powers Authority (the “Authority”), and **J.P. Morgan Securities LLC** (“J.P. Morgan” or “Remarketing Agent”),

WITNESSETH:

WHEREAS, pursuant to an Amended and Restated Indenture, dated as of January 1, 2018 (together with all supplements and amendments thereto, the “Indenture”), between City of Oxnard Financing Authority (the “Issuer”) and Wells Fargo Bank, National Association, as Trustee (the “Trustee”), the Issuer has issued its City of Oxnard Financing Authority Variable Rate Demand Wastewater revenue Bonds (Headworks and Septic System Conversion Projects) 2004 Series B Bonds (the “Bonds”), in the aggregate principal amount of \$15,725,000, and

WHEREAS, the Bonds will be payable from amounts pledged therefor under the Indenture, including amounts payable pursuant to a Letter of Credit and Reimbursement Agreement, dated as of January 1, 2018 (the “Loan Agreement; and

WHEREAS, the principal of and interest on the Bonds, and the purchase price of Bonds that are required to be purchased and for which Wells Fargo Bank, National Association, as Tender Agent (the “Tender Agent”) does not timely receive proceeds of remarketing, are payable from amounts to be drawn by the Trustee under an irrevocable letter of credit (the “Liquidity Facility”) issued by JPMorgan Chase Bank, N.A., (the “Liquidity Facility Provider”) in favor of the Trustee; and

WHEREAS, the Indenture provides that, unless the Authority elects to convert the Bonds to bear interest at a Fixed Interest Rate, the Bonds shall bear interest at a rate determined weekly (while in the Weekly Interest Rate Period); and

WHEREAS, the Indenture provides that so long as the Bonds bear interest at a variable interest rate, the Bonds will be subject to optional and/or mandatory tender by the registered owners or Beneficial Owners thereof for purchase by the Trustee on the purchase dates (the “Tender Dates”) established in accordance with Article II of the Indenture; and

WHEREAS, the Remarketing Agent has been appointed by the Issuer as remarketing agent pursuant to the Indenture to use its best efforts to remarket Bonds tendered for purchase, and to determine the rates [(or the spread used to determine the Indexed Interest Rates)] borne by the Bonds]; and

WHEREAS, the Remarketing Agent is willing to use its best efforts to remarket the Bonds therein so tendered upon the terms and subject to the conditions contained herein and in the Indenture and to determine such interest rates as provided in the Indenture;

NOW, THEREFORE, in consideration of the promises and the mutual covenants hereinafter contained the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Indenture unless the context clearly indicates otherwise, except for the following terms, which shall have the meanings set forth below:

“1933 Act” shall mean the Securities Act of 1933, as amended.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“1939 Act” shall mean the Trust Indenture Act of 1939, as amended.

“Beneficial Interest” shall mean the interest of a Beneficial Owner in a Bond registered in the name of a nominee of The Depository Trust Company.

“Beneficial Owner” shall have the meaning assigned to such term in the Indenture.

“Reoffering Memorandum” shall mean the Reoffering Memorandum used in connection with the sale and remarketing of the Bonds, as the same may be amended or supplemented.

“Remarketing Materials” shall mean the Remarketing Materials as defined in Section 8 of this Remarketing Agreement.

“SEC” means the U.S. Securities and Exchange Commission.

2. Representations and Covenants of the Authority. The Authority hereby represents to the Remarketing Agent as follows:

(a) *Incorporation by Reference.* Each of the Authority’s representations and warranties contained in the Letter of Credit and Reimbursement Agreement are true and correct on and as of the date hereof and are hereby made to the Remarketing Agent on and as of the date hereof as if set forth herein at length.

(b) *Reoffering Memorandum; EMMA Filings.* The Authority approves the Reoffering Memorandum and authorizes and consents to the use by the Remarketing Agent of the Reoffering Memorandum in connection with the remarketing of the Bonds, and the Reoffering Memorandum does not contain any untrue, incorrect or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Authority agrees that its filings with the Municipal Securities Rulemaking Board’s (the “MSRB”) Electronic Municipal Market Access system (“EMMA”) made in connection with the Bonds as it relates to the financial condition of the Authority will not contain any untrue, incorrect or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(c) *No Material Adverse Proceeding.* There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending to which the Authority is a party or as to which any property of the Authority is subject or, to the knowledge of the Authority, threatened against the Authority, the outcome of which could have a material adverse effect on the consummation of the transactions contemplated by this Remarketing Agreement or could have a material adverse effect on the validity or enforceability of the Bonds, the Indenture, the Letter of Credit and Reimbursement Agreement, or this Remarketing Agreement or which could materially adversely affect the Authority or the Project which is not described in the Reoffering Memorandum.

(d) *Enforceability of Remarketing Agreement.* This Remarketing Agreement is the legal, valid and binding obligation of the Authority, enforceable in accordance with its terms except to the extent enforcement hereof may be limited by bankruptcy, insolvency, reorganization or any other laws or equitable principles affecting creditors' rights generally, and subject to any principles of public policy limiting the enforceability of the indemnification provisions contained herein.

(e) *Due and Complete Authorization; No Contravention.* The Authority has duly authorized the execution and delivery of this Remarketing Agreement and has duly and lawfully assumed all of its obligations under the Loan Agreement, and no consent or approval by any governmental body (other than the Issuer) and no filing with any agency of the federal government is required for the execution and delivery of this Remarketing Agreement by the Authority or the full effectiveness hereof with respect to the Authority. The execution and delivery of this Remarketing Agreement, and the performance of the Authority's obligations hereunder, will not conflict with or result in a breach of any of the terms or provisions of, constitute a default under the terms of, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Authority pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Authority is bound or to which any of the property or assets of the Authority is subject, which would affect the validity of this Remarketing Agreement or the legal authority of the Authority to comply with the terms hereof; nor will such action result in a violation of any provisions of the organizational documents of the Authority, or in a violation of any statute or any rule or regulation of any court or governmental agency or other body in the United States having jurisdiction (except for the application of the various state securities or Blue Sky laws other than the [relevant and applicable State securities law of Issuer]¹, as to which no representation is made) over the Authority which would affect the validity of any of this Remarketing Agreement or the legal authority of the Authority to comply with the terms hereof.

(f) *Qualification under Blue Sky Laws.* The Authority shall cooperate with the Remarketing Agent in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Remarketing Agent may request; and the Authority will furnish such information, execute such instruments and take such other action in cooperation with the Remarketing Agent as the Remarketing Agent may reasonably request in connection therewith and the Authority will promptly pay, or reimburse if

¹ Add applicable State securities law of Issuer.

paid by the Remarketing Agent, all reasonable fees and disbursements of counsel for the Remarketing Agent and all other expenses and filing fees in connection therewith; provided, however, that the Authority shall not be required to register as a dealer or a broker in any such state or jurisdiction or make any additional representations or warranties in connection with the sale of securities, or to subject itself to service of process in any state or jurisdiction in which it is not already so subject.

(g) *Notices of Document and Rating Changes.* The Authority shall give the Remarketing Agent written notice of (i) each rating, change in the status of any rating of the Bonds or proposed change in the status of any rating of the Bonds by any national rating agency, (ii) each mandatory tender or optional or mandatory call for redemption of one or more of the Bonds, (iii) any amendment, modification or supplement to the Indenture, the Loan Agreement, the Credit Facility or the Liquidity Facility, and (iv) any substitution or expiration of the Liquidity Facility or delivery of a Substitute Credit Facility.

(h) *Notice of Changes in Condition and Defaults.* The Authority shall promptly notify the Remarketing Agent by electronic means of any material adverse change in the condition of the Authority, financial or otherwise, or any fact or circumstance which may constitute, or with the passage of time will constitute, an event of default under the Indenture, the Loan Agreement the Credit Facility or the Liquidity Facility.

(i) *Rule G-34 Documents.* The Authority hereby (i) authorizes and consents to the delivery to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to MSRB Rule G-34(c) by the Remarketing Agent of the documents described on Annex A hereto and any other transaction documents (including, without limitation, any executed amendments, extensions, related changes thereto or any substitution liquidity facilities) that establish an obligation to provide liquidity with respect to the Bonds (all such documents, “Rule G-34 Documents”), and (ii) covenants to timely provide the Remarketing Agent with executed copies of such Rule G-34 Documents and amendments thereto on or prior to the effective date thereof, as and when described in (and in accordance with) Section 20, to permit the filing of such Rule G-34 Documents in compliance with MSRB Rule G-34(c).

(j) *Confidential Information.* The Authority further agrees that the Remarketing Agent shall have no responsibility and holds the Remarketing Agent harmless with respect to identifying and/or redacting any confidential or proprietary information in the Rule G-34 Documents. If the Authority determines that any information in the Rule G-34 Documents is confidential or proprietary, the Authority shall discuss such information and the potential redaction thereof with the Remarketing Agent to ensure compliance with Rule G-34(c).

(k) *Continuing Disclosure Documents.* During any period of time the Authority is subject to a continuing disclosure undertaking under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, with respect to the Bonds or otherwise, immediately following any dissemination, distribution or provision thereof to any Person, the Authority agrees to (1) provide the Remarketing Agent with a copy of any report, financial statements or reportable event notice disseminated, distributed or provided in satisfaction of or as may be required pursuant to such undertaking or (2) provide the Remarketing Agent with notice that

such information has been filed with EMMA and is publicly available. In addition, if the Reoffering Memorandum or the Remarketing Materials, as amended, include any financial or operating data concerning the Authority that is not of the same general type specified in the continuing disclosure undertaking included in the relevant agreement, the Authority shall supplement such undertaking to include such data (or data of the same general type) in the data to be provided by the Authority to the MSRB in accordance with such undertaking annually.

(l) *Additional Information.* The Authority shall provide the Remarketing Agent with any additional information that it may reasonably request.

3. Representations of the Remarketing Agent. The Remarketing Agent hereby represents and covenants to the Authority that the Remarketing Agent has been duly organized and is validly existing as a Delaware limited liability company and has full power and authority to enter into and perform this Remarketing Agreement. This Remarketing Agreement constitutes the legal, valid and binding obligation of the Remarketing Agent enforceable against the Remarketing Agent in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including equitable subordination.

4. Acceptance of Duties of the Remarketing Agent. The execution and delivery by the Remarketing Agent of this Remarketing Agreement shall constitute the acceptance by the Remarketing Agent of its duties and obligations under the Indenture. The Remarketing Agent shall perform such duties and obligations imposed upon it as remarketing agent under the Indenture. The Authority and the Remarketing Agent agree that, unless this Remarketing Agreement has been previously terminated pursuant to the terms hereof, the Remarketing Agent shall act as exclusive remarketing agent with respect to the Bonds on the terms and conditions herein contained at all times.

5. Conditions Precedent to the Obligations of the Remarketing Agent to Remarket Bonds. The obligations of the Remarketing Agent to offer for sale and to use its best efforts to sell any Bonds or Beneficial Interests in the Bonds hereunder shall be subject to the accuracy in all material respects of the representations and warranties of the Authority contained herein as of the date hereof and on the Tender Dates, to the performance by the Authority of its obligations hereunder and to the following conditions:

(a) *Credit Agreements Remain in Effect.* On the Tender Dates, this Remarketing Agreement, the Indenture, the Loan Agreement, the Credit Facility and the Liquidity Facility shall be in full force and effect (and, in the case of the Liquidity Facility or the Credit Facility, the Credit Provider and the Liquidity Facility Provider shall not have failed to pay in respect of a draw request presented in accordance with the terms of the respective document and shall not have been amended, modified or supplemented since the date hereof, except for any amendment, modification or supplement made in accordance with their terms and of which the Remarketing Agent has received written notice prior to the Tender Date.

(b) *No Event of Default.* No event of default under Section 9.01 of the Indenture shall have occurred and be continuing.

(c) *No Adverse Tax Events.* No adverse tax events with respect to the Bonds shall have occurred.

(d) *Optional Tender not Pre-empted.* The Bonds or Beneficial Interests in the Bonds that have been tendered for purchase and would otherwise be subject to remarketing on the Tender Date shall not have been called for redemption or mandatory tender pursuant to the Indenture unless the remarketing of such Bonds or Beneficial Interests would be permitted under Article IV of the Indenture.

(e) *No Adverse Marketing Event.* None of the following events shall have occurred and be continuing:

(1) *Adverse Tax Proposals.* Legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States or be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate, or be recommended by committee to the Congress of the United States for signature by the President of the United States, or a decision by a court established under Article III of the Constitution of the United States shall be rendered or a ruling, regulation or order of the Treasury Department of the United States of the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation upon interest received on the Bonds, or any part thereof;

(2) *Adverse Securities Law Proposals.* Legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the SEC or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in violation of any provision of the 1933 Act as then in effect, or the 1934 Act as then in effect, or the 1939 Act as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby;

(3) *Inaccurate or Incomplete Offering Materials.* Any information shall have become known, which, at any time, in the Remarketing Agent's reasonable opinion, makes untrue, incorrect, incomplete or misleading in any material respect any statement or information contained in the current Reoffering Memorandum or Remarketing Materials relating to the Bonds, as the information contained therein has been supplemented or amended by other information, or causes such Reoffering Memorandum or Remarketing Materials, as so supplemented or amended, to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(4) *Other Material Adverse Legislation.* Except as provided in clauses (1) and (2) hereof, any legislation, resolution, ordinance, rule or regulation shall be introduced in, or be enacted by any federal governmental body, department or agency of the United States or the State of New York, or a decision by any court of competent jurisdiction with the United States or the State of New York shall be rendered which, in the Remarketing Agent's reasonable opinion, materially adversely affects the marketability of the Bonds;

(5) *Material Trading Restrictions.* Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(6) *Other Material Restrictions.* Any governmental authority shall impose, as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force;

(7) *Banking Moratorium.* A general banking moratorium shall have been established by federal or New York authorities;

(8) *Material Adverse Rating Development.* Any rating of the Bonds shall have been suspended, withdrawn or downgraded below the ratings (or equivalent rating category) assigned to the Bonds on the effective date of this Remarketing Agreement by a national rating service, which suspension, withdrawal or downgrading, in the Remarketing Agent's reasonable opinion, materially adversely affects the marketability of the Bonds;

(9) *Material Adverse Hostilities or Emergency.* A war involving the United States shall have been declared, or any existing conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Remarketing Agent's reasonable opinion, materially adversely affects the marketability of the Bonds; or

(10) *Other Material Adverse Issuer or Authority Event.* An event, including without limitation, the bankruptcy or default of the Issuer, the Authority, or any other issuer or Authority, in respect of any other tax-exempt or taxable securities shall have occurred, which, in the Remarketing Agent's reasonable opinion, materially adversely affects the securities of the general character of the Bonds.

6. Remarketing of the Bonds on a Conversion Date. At the request of the Authority, notice of such request having been received by the Remarketing Agent at least 35 days prior to the Conversion Date for a conversion of the Bonds to a different Interest Rate Period and so long as no Event of Default under the Indenture has occurred and is continuing, the Remarketing Agent agrees to offer for sale and use its best efforts to remarket the Bonds or Beneficial Interests therein which are tendered or deemed tendered on the Conversion Date, at a price at least equal to the principal amount thereof subject to the following conditions:

(a) *Satisfactory Compensation and other Terms:* satisfactory compensation and other terms and conditions shall have been agreed upon by the Authority and the Remarketing Agent;

(b) *Favorable Tax Opinion:* the Remarketing Agent shall have received an opinion of nationally recognized bond counsel to the effect that the interest on such Bonds will continue to be excluded from gross income for federal income tax purposes after the Conversion Date;

(c) *Satisfactory Disclosure Document:* the Remarketing Agent, as it deems necessary, shall have received a Reoffering Memorandum or other appropriate disclosure document, in form and substance satisfactory to the Remarketing Agent, to be used in connection with its efforts to remarket the Bonds;

(d) *Continuing Disclosure Undertaking:* the Authority shall have delivered to the Remarketing Agent a continuing disclosure agreement, in a form satisfactory to the Remarketing Agent, which enables the Remarketing Agent to comply with the continuing disclosure requirements of SEC Rule 15c2-12, if and as then applicable; and

(e) *Other:* the Remarketing Agent shall have received such additional documents, certificates and legal opinions as it may reasonably request.

Further details regarding such remarketing shall be negotiated between the Authority and the Remarketing Agent prior to the Conversion Date.

7. Fees and Expenses of the Remarketing Agent.

(a) *General.* In consideration of the services to be performed by the Remarketing Agent under this Remarketing Agreement, the Authority agrees to pay to the Remarketing Agent on demand such amounts as are required to reimburse it for or pay the reasonable expenses incurred, (including, without limitation, the reasonable fees and disbursements of counsel and any reasonable costs incurred in connection with the preparation or delivery of documents and in the delivery of Rule G-34 Documents to the MSRB), advances made (including, without limitation, the advancement of immediately available funds when remarketing proceeds received by the Remarketing Agent are next day funds), and compensation for services rendered pursuant to the Indenture or this Remarketing Agreement as described below.

(b) *Fees in Short Interest Rate Periods.* While the Bonds bear interest at a Daily Rate, the Authority shall pay the Remarketing Agent, as compensation for its services hereunder, a fee equal to 7 basis points (.07%) per annum of the weighted average principal amount of the Bonds outstanding during each three-month period preceding the following dates, or such other amount as may be agreed upon from time to time by the Authority and the Remarketing Agent, payable quarterly in arrears on each January 1, April 1, June 1 and September 1, commencing April 1, 2018, and on the date of any Conversion to another Interest Rate Period.

(c) *Fees upon Conversion and Mandatory Tenders.* If pursuant to Section 6 hereof or in any other remarketing of the Bonds in connection with a mandatory tender thereof, the Remarketing Agent is requested by the Authority to use its best efforts to remarket the Bonds upon conversion of the interest rate thereon to another Interest Rate Period or otherwise the Remarketing Agent shall be paid such remarketing fee as may then be mutually agreed upon by the Authority and the Remarketing Agent, and the Authority shall reimburse the Remarketing Agent for its costs of document preparation, its costs of funds, its reasonable counsel fees and other out-of-pocket expenses in connection with such services.

(d) *No Set-Off.* The Authority shall pay the Remarketing Agent's fees and expenses under this Remarketing Agreement without regard to any claim, set off, defense or other right which the Authority may have at any time against the Remarketing Agent or any other person, whether in connection with this Remarketing Agreement, the Bonds or any unrelated transactions.

8. Furnishing of Remarketing Materials. If the Remarketing Agent determines that it is necessary or desirable to amend or supplement the Reoffering Memorandum or prepare a new disclosure document in connection with its remarketing of Bonds, the Remarketing Agent will notify the Authority and the Authority will provide the Remarketing Agent with an amendment or supplement to the Reoffering Memorandum or other disclosure document (the "Remarketing Materials") satisfactory to the Remarketing Agent and its counsel in respect of the Bonds. The Authority will supply the Remarketing Agent, at the Authority's expense, with such reasonable number of copies of the Remarketing Materials as the Remarketing Agent requests from time to time and will amend the Reoffering Memorandum and any other Remarketing Materials with respect to the Authority and any summary of documents the amendment of which was approved by the Authority (and/or the documents incorporated by reference in it) so that at all times the Reoffering Memorandum and any other Remarketing Materials will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In connection with the use of any of the Remarketing Materials by the Remarketing Agent in its remarketing of the Bonds, the Authority will furnish to the Remarketing Agent such certificates, accountants' letters and opinions of counsel as the Remarketing Agent reasonably requests. In addition, the Authority, at its own expense, shall take all steps reasonably requested by the Remarketing Agent that the Remarketing Agent or its counsel may consider necessary or desirable to register the sale of the Bonds by the Remarketing Agent under any federal or state securities law or qualify the Indenture under the 1939 Act, subject to Section 2(f) of this Remarketing Agreement.

The Authority shall promptly notify the Remarketing Agent when it becomes aware of any material misstatement or omission in any of the Remarketing Materials furnished to the Remarketing Agent for use in connection with the remarketing of the Bonds.

9. Remarketing Agent Not Acting as Underwriter; Remarketing Agent is Not An Advisor.

(a) *Acknowledgement of Limited Responsibilities.* The Authority acknowledges and agrees to the terms of this paragraph (a). In carrying out its duties hereunder,

the Remarketing Agent's responsibility is limited to the use of its best efforts to solicit offers to purchase the Bonds or Beneficial Interests. The Remarketing Agent shall not act as underwriter for any tendered Bonds or Beneficial Interests and shall not be obligated to advance, but shall not be prohibited from advancing, its own funds to purchase any tendered Bonds or Beneficial Interests. The Remarketing Agent, in its individual capacity or for its own account, at its sole discretion and for any one or more reasons, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Remarketing Agreement. Such activities may include sales to one or more affiliated investment vehicles for collective ownership or entering into derivative arrangements with affiliates or others. If the Remarketing Agent purchases Bonds for its own account, it may offer those Bonds at a discount to par to some investors. The Remarketing Agent may sell any such Bonds at prices above or below par at any time. In connection with a remarketing of the Bonds, the Remarketing Agent has no obligation to notify purchasers if it does not have third-party buyers for all of the tendered bonds at the remarketing price. As an owner of Bonds, the Remarketing Agent may sell Bonds at varying prices, including at a discount to par or at a premium, to different investors on a date on which the Remarketing Agent is to determine the rate on Bonds or any other date. The Remarketing Agent may join in any action which any owner (or Beneficial Owner) of the Bonds may be entitled to take with like effect as if it were not Remarketing Agent. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority, and may act as depository, trustee or agent for any committee or body of owners of the Bonds or other obligations of the Authority as freely as if it were not Remarketing Agent. The Remarketing Agent shall have the right to tender Bonds for purchase pursuant to the terms thereof and shall have other rights of an owner (or Beneficial Owner) of the Bonds at any time that it is the owner (or Beneficial Owner) of any Bonds. The Remarketing Agent shall have no obligation to purchase any tendered Bonds for its own account. The Remarketing Agent may make a secondary market in the Bonds by purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing, but it has no obligation to do so and, in its discretion, can discontinue any such activities at any time. No notice is required regarding any such purchases or any discontinuation of such purchases.

(b) *Limitation on Reliance.* The Authority acknowledges and agrees, whether or not the Remarketing Agent or any affiliate thereof has advised or is currently advising the Authority on other matters, that in connection with the remarketing of the Bonds and any other duties or obligations of the Remarketing Agent pursuant to and/or as set forth in this Agreement: (a) the Remarketing Agent is not an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act) or a financial advisor) of, and owes no fiduciary duty to, the Authority or any other person, (b) the Remarketing Agent's duties and obligations to the Authority shall be limited to those contractual duties and obligations expressly set forth in this Agreement, (c) the Remarketing Agent has financial and other interests that differ from those of the Authority, (d) the Authority has consulted with those independent legal, financial and any other advisors to the extent it deemed appropriate in connection with any questions or other issues it might have relating to the remarketing of the Bonds, and (e) the transactions contemplated by this Remarketing Agreement are arm's length, commercial transactions between the Authority and Remarketing Agent.

(c) *No Implied or Fiduciary Obligations.* Notwithstanding any provisions of this Remarketing Agreement or the Indenture, it is the intention of the Authority and the Remarketing Agent that the use of the term “agent” with reference to the Remarketing Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an independent contractor relationship between contracting parties, and the Remarketing Agent shall exercise its own independent judgment in connection with its rights and duties as Remarketing Agent. In exercising its rights and duties as Remarketing Agent, the Remarketing Agent is not required to act at the direction of the Authority, the Trustee, the Tender Agent or the Liquidity Facility Provider.

(d) *Municipal Advisor Rules.* The Authority acknowledges that J.P. Morgan may not be able to perform some of the services the Authority may request of J.P. Morgan from time to time in connection with J.P. Morgan’s engagement as Remarketing Agent to the extent that such services would cause J.P. Morgan to be considered a “municipal advisor” under SEC Rel. No. 34-70462 (Sept. 20, 2013) (such final rules and to the extent referenced therein, Section 975, the “Municipal Advisor Rules”) implementing Section 975 (“Section 975”) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

10. Indemnification and Contribution.

(a) *Indemnification.* The Authority will indemnify and hold harmless the Remarketing Agent, its officers and employees, and each person who controls the Remarketing Agent within the meaning of Section 15 of the 1933 Act or Section 20(a) of the 1934 Act (collectively, the “Indemnified Parties” and when any one is intended, the “Indemnified Party”), against any losses, claims, damages or liabilities, joint or several, to which any Indemnified Party may become subject, insofar as such losses, claims, damages or liabilities, or actions in respect thereof, arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Reoffering Memorandum or the Remarketing Materials or the omission or alleged omission to state in the Reoffering Memorandum or the Remarketing Materials a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or (ii) arise out of or are based upon an allegation or a determination of a failure in connection with the public offering of the Bonds to register any security under the 1933 Act or to qualify any indenture under the 1939 Act. The foregoing indemnity shall include reimbursement for any legal or other expenses reasonably incurred by any Indemnified Party in connection with investigating or defending any such action or claim.

Promptly after receipt by an Indemnified Party under this Section of notice of the commencement of any action, such Indemnified Party shall, if a claim in respect thereof is to be made against the Authority under this Section, notify the Authority in writing of the commencement thereof; but the omission so to notify the Authority shall not relieve it from any liability which it may have to any Indemnified Party otherwise than under this Section. In case any such action shall be brought against any Indemnified Party and such party shall notify the Authority of the commencement thereof, the Authority shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel satisfactory to the party to be indemnified (who shall not, except with the consent of the party to be indemnified, be

counsel to the Authority); *provided, however*, that if the defendants in any such action include both an Indemnified Party and the Authority and such Indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Parties which are different from or in addition to the defense available to the Authority, the Indemnified Party or Parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party or Parties. Upon receipt of notice from the Authority to such Indemnified Party of its election so to assume the defense thereof, the Authority shall not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, other than reasonable costs of investigation incurred at the request of the Authority or such counsel, and shall not be liable to such Indemnified Party with respect to such action under this Section if such Indemnified Party effects the settlement of such action without the consent of the Authority; but if settled with the consent of the Authority or if there shall be a final judgment for the plaintiff in any such action, the Authority agrees to indemnify and hold harmless the Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

(b) *Contribution.* If the indemnification provided for in Section 10(a) hereof is unavailable to the Remarketing Agent (or any controlling person thereof) in respect to any losses, claims, damages or liabilities referred to therein, then the Authority shall, in lieu of indemnifying the Remarketing Agent, contribute to the amount paid or payable by the Remarketing Agent as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative benefits received by the Authority and the Remarketing Agent, respectively, from the remarketing of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Authority shall contribute to such amount paid or payable by the Remarketing Agent in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Authority and the Remarketing Agent, respectively, in connection with the statements or omission which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefit received by the Authority or the Remarketing Agent, respectively, shall be deemed to be in the same proportion as the total proceeds from the remarketing of the Bonds (before deducting costs and expenses other than remarketing fees and expenses), on the one hand, bear to the total remarketing fees and expenses received by the Remarketing Agent, on the other hand. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact related to information supplied by the Authority or the Remarketing Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that in the case of an allegation or a determination that arises out of or is based upon a failure in connection with the public offering of the Bonds to register any security under the 1933 Act or to qualify any indenture under the 1939 Act, the fault shall be deemed entirely that of the Authority. The Authority and the Remarketing Agent, respectively, agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The amount paid or payable by the Remarketing Agent as a result of the losses, claims, damages or liabilities referred to above in this Section shall be deemed to include any legal or other expenses reasonably incurred by the Remarketing Agent (or

any controlling person thereof) in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (b), the Remarketing Agent shall not be required to contribute any amount in excess of the aggregate amount of remarketing fees paid to the Remarketing Agent under Section 7 hereof for that calendar year. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation.

11. Limitation on Liability of Remarketing Agent. The Remarketing Agent shall incur no liability to the Authority or any person for its actions as remarketing agent pursuant to the terms of this Remarketing Agreement and the Indenture except for its willful misconduct or gross negligence. The Remarketing Agent may conclusively rely upon any notice or document given or furnished to the Remarketing Agent and conforming to the requirements of this Remarketing Agreement or the Indenture and shall be protected in acting upon any such notice or document reasonably believed by it to be genuine and to have been given, signed or presented by the proper party or parties.

12. Term. This Remarketing Agreement will terminate upon the earlier of (a) the date on which the Bonds are no longer Outstanding under the Indenture or are not subject to tender for purchase by the registered owners thereof prior to the stated maturity thereof, or (b) the effective date of any resignation or removal of the Remarketing Agent in accordance with the Indenture.

The Remarketing Agent may at any time resign and be discharged of its duties and obligations by giving at least 30 days' prior written notice to the Issuer, the Authority, the Credit Provider, the Liquidity Facility Provider, and the Trustee. The resignation of the Remarketing Agent shall be effective even if a successor Remarketing Agent has not been appointed by the Authority.

The Authority agrees to use its best efforts to appoint a successor remarketing agent in the event the Remarketing Agent has provided notice of its intent to resign, such best efforts to include, if necessary, the payment of fees and expenses in excess of those set forth in Section 7 of this Remarketing Agreement.

The Issuer or the Authority may remove the Remarketing Agent at any time upon 30 days' written notice to the Remarketing Agent, the Credit Provider, the Liquidity Facility Provider and the Trustee; provided, however, that if the Credit Provider or the Liquidity Facility Provider is an affiliate of the Remarketing Agent, the Authority will not remove the Remarketing Agent without the prior written consent of the Remarketing Agent, unless concurrently with the removal of the Remarketing Agent, all Bonds owned by the Remarketing Agent in its individual capacity are purchased from the Remarketing Agent at a price of par plus accrued interest to the effective date of removal. No removal of the Remarketing Agent shall become effective unless a successor Remarketing Agent qualified under the Indenture has been appointed by the Authority to perform the duties of the Remarketing Agent and has accepted such appointment.

Notwithstanding the foregoing, nothing shall prevent the parties hereto from allowing the Remarketing Agent to resign and be discharged from its duties and obligations at any earlier date if the parties hereto so agree. The Remarketing Agent may also resign upon 21 days' prior

written notice to the Trustee, the Issuer, the Authority, the Credit Provider, and the Liquidity if (a) the Authority fails to supply the Remarketing Agent with the Remarketing Materials and such documents, materials or information concerning the Authority, or information concerning the Issuer of which the Authority has knowledge, as the Remarketing Agent reasonably deems necessary to be delivered to purchasers in connection with the remarketing of the Bonds or (b) the Authority fails to pay when due any fee, reimbursement, indemnification or other amount due to the Remarketing Agent from the Authority. The Remarketing Agent, after prior consultation with the Authority, may cease offering and selling the Bonds with immediate effect if it determines, in its reasonable judgment, that it is not advisable to attempt to remarket the Bonds for any reason, including without limitation, (i) a pending or proposed change in applicable tax laws, (ii) a material adverse change in the financial condition of the Authority, (iii) a banking moratorium, (iv) hostilities, (v) a down-rating or withdrawal of the rating on the Bonds, the Authority, the Credit Provider, the Liquidity Facility Provider or any credit enhancer insuring the Bonds, (vi) an imposition of material restrictions on the Bonds or similar obligations, (vii) a material misstatement or omission in the Reoffering Memorandum or Remarketing Materials as then modified or supplemented, (viii) any litigation instituted, pending or threatened to restrain or enjoin the sale or remarketing of the Bonds or in any way protesting or affecting any authority for or the validity of the Bonds, the Indenture, the Loan Agreement, or this Remarketing Agreement, or the existence or powers of the Authority or the Issuer, (ix) if Rule 15c2-12 is applicable to the Bonds, an absence of continuing disclosure obligations meeting the requirements of Rule 15c2-12, or (x) any material representation or warranty of the Authority contained in the Indenture, the Loan Agreement or this Remarketing Agreement is proven to have been untrue or incorrect in any material respect when made or deemed to be made which, in the Remarketing Agent's reasonable opinion, materially adversely affects the marketability of the Bonds.

Following termination, the provisions of Sections 7 and 10 hereof will continue in effect as to transactions prior to the date of termination, and each party will pay the other party any amounts owing at the time of termination.

13. Notices. Any notice or other communication to be given under this Remarketing Agreement shall be given in writing, delivered by confirmed facsimile, by hand or by first-class mail, and if by mail, by being deposited in the United States mail, addressed to the party to which such notice is to be given. Unless otherwise provided, the respective addresses for the Authority and the Remarketing Agent for notices which are or may be required to be given hereunder are as follows:

If to the Authority:

City of Oxnard
300 West Third Street
Oxnard, California 030
Attention: Chief Financial Officer
Fax: (805) 385-7466

City of Oxnard Financing Authority c/o
City of Oxnard
300 West Third Street

Oxnard, California 93030
 Attention: Controller
 Fax: (805) 385-7466

If to the Remarketing Agent:

J.P. Morgan Securities LLC
 383 Madison Avenue, Floor 8
 New York, New York 10179
 Attention: Municipal Short Term Desk
 Telephone: (212) 834-7224
 Telecopier: (917) 456-3541
 E-Mail: peter.mccarthy@chase.com

14. Amendment, Modification and Waiver. The provisions of this Remarketing Agreement may not be amended, modified or waived unless such amendment, modification or waiver is in writing and signed by the party against which enforcement is sought.

15. Successors. Any person or entity into which the Remarketing Agent may be merged, or with which it may be consolidated, or to which it may sell, release or transfer its investment banking business and assets as a whole or substantially as a whole, shall be and become successor of the Remarketing Agent hereunder and shall be vested with all the powers, rights, obligations and duties hereunder as was its predecessor, without the execution or filing of any instrument by any person or entity.

16. Waiver of Trial by Jury. Each of the parties hereto also irrevocably waives all right to trial by jury in any action, proceeding or counterclaim arising out of this Remarketing Agreement or the transactions contemplated hereby.

17. Governing Law. This Remarketing Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State. The parties all agree that all actions and proceedings arising out of this Remarketing Agreement or any of the transactions contemplated hereby shall be brought exclusively in the County of New York or the County of Ventura, California, and, in connection with any such action or proceeding, submit to the exclusive jurisdiction of, and venue in, federal or state courts located in such respective County.

18. Executed Indenture; Trustee Authorization.

(a) *Use of Indenture.* The Authority hereby grants permission for the Remarketing Agent to distribute a copy of the executed Indenture (and any supplements thereto) to prospective purchasers of the Bonds who request such information in connection with the remarketing of the Bonds by the Remarketing Agent under this Agreement.

(b) *Copies of Transaction Documents.* The Authority hereby authorizes the Trustee to provide to the Remarketing Agent, at the expense of the Authority, electronic copies of any execution form transaction document, upon written request (which may be by electronic means) by the Remarketing Agent.

19. Counterparts. This Remarketing Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

20. Agreement to Provide Rule G-34 Documents; List of Redactions.

(a) In connection with its services under this Agreement, the Remarketing Agent will be required to comply with Rule G-34(c). Rule G-34(c) and related MSRB guidance requires the Remarketing Agent to submit to the MSRB's Short-term Obligation Rate Transparency ("SHORT") System:

(1) certain information with respect to each interest rate determination for variable rate demand obligations; and

(2) current copies of any Rule G-34 Documents.

(b) In order to assist the Remarketing Agent to comply with its obligations under MSRB Rule G-34(c), the Authority shall provide to the Remarketing Agent, in each case described below, in the form of a word-searchable PDF file or in such other form as the Remarketing Agent shall notify the Authority in writing is required by the MSRB, the following documents at the following times:

(1) *Initial Documents.* On the effective date of this Remarketing Agreement, a copy of each executed and currently effective Rule G-34 Document and prior and effective amendment thereto contained on the list provided on Annex A hereto that specifically relates to the transaction;

(2) *Proposed Amendments.* No later than 10 Business Days prior to the proposed date of any amendment, including an extension or renewal of the expiration date, or replacement or termination of the then current Rule G-34 Document, written notice (which may be by electronic means) that the current Rule G-34 Document is proposed to be amended, extended, renewed, replaced or terminated, as the case may be, and the expected date of execution and delivery of the amendment, extension, renewal, replacement or termination, as the case may be, of the relevant Rule G-34 Document;

(3) *Executed Amendments.* Within one Business Day after the execution and delivery of any amendment, including any renewal, extension, replacement or termination of the then current Rule G-34 Document, as the case may be, a copy of the executed amendment, renewal, extension, replacement or termination thereof and any other documents required to be delivered under subsection (e) of this Section, if any;

(4) *Other Requested Documents.* No later than three Business Days after receiving a request from the Remarketing Agent for any other Rule G-34 Document either listed on Annex A and not previously provided to the Remarketing Agent or as otherwise required by the MSRB after the effective date of this Remarketing Agreement, such documents relating to the establishment of liquidity for the Bonds in a word searchable PDF file or in such other form as the Remarketing Agent shall notify the Authority in writing is required by the MSRB; and

(5) *Delivery Formats.* In each instance that documents are delivered to the Remarketing Agent pursuant to this Section 20, the Authority shall provide (1) a clean final execution copy of each relevant Rule G-34 Document, and (2) in each case, if any, where the Authority or any other transaction party determines that any redactions need to be made to a Rule G-34 Document (which redactions must be in accordance with MSRB Rule G-34(c) and related guidance from the MSRB), (x) a redacted final execution copy of such Rule G-34 Document, and (y) a marked copy or list showing all redactions that have been made to such Rule G-34 Document.

(c) All Rule G-34 Documents filed by the Remarketing Agent pursuant to the requirements of Rule G-34(c) will be publicly available on the MSRB's SHORT System, in the form such Rule G-34 Documents and information is provided to the Remarketing Agent.

(d) In the event additional legal or regulatory requirements are imposed on the Remarketing Agent's performance of its obligations under this Remarketing Agreement, the Authority agrees to cooperate with the Remarketing Agent and shall provide such documents and take such other steps as may be reasonably requested by the Remarketing Agent in order to comply with such additional requirements.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the date and year first written above.

CITY OF OXNARD FINANCING
AUTHORITY

ATTEST:

By: Secretary

APPROVED AS TO FORM:

By: Stephen Fischer, Authority General Counsel

APPROVED AS TO CONTENT:

By: Jim Throop, Authority Controller

J.P. MORGAN SECURITIES LLC

By: _____

Its: _____

ANNEX A

Reimbursement Agreement
Letter of Credit
Indenture

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD
AUTHORIZING THE PROVISION OF A SUBSTITUTE LIQUIDITY
FACILITY AND SUBSTITUTE CREDIT FACILITY FOR THE CITY OF
OXNARD FINANCING AUTHORITY'S OUTSTANDING VARIABLE RATE
DEMAND WASTEWATER REVENUE BONDS (HEADWORKS AND SEPTIC
SYSTEM CONVERSION PROJECTS), 2004 SERIES B, THE
REMARKETING OF SUCH BONDS IN CONNECTION THEREWITH. AND
THE AMENDMENT OF CERTAIN DOCUMENTS IN CONNECTION
THEREWITH, AND APPROVING CERTAIN DOCUMENTS AND
AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH**

WHEREAS, on or about November 18, 2004, pursuant to and in accordance with that certain Indenture, dated as of November 1, 2004 (the "**Original Indenture**"), by and between the City of Oxnard (the "City") Financing Authority (the "**Authority**") and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), the Authority issued \$23,975,000 in aggregate principal amount of City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects) 2004 Series B (the "**Bonds**"), a portion of the proceeds of which were used to finance the acquisition, construction, and improvement of the headworks and septic conversion projects described in the Original Indenture; and

WHEREAS, in connection with the issuance of the Bonds, Ambac Assurance Corporation (the "**Bond Insurer**") provided a financial guaranty insurance policy (the "**Bond Insurance Policy**") insuring the payment when due of the principal of and interest on the Bonds as provided therein; and

WHEREAS, in connection with the issuance of the Bonds, MUFG Union Bank, N.A. (the "**Prior Bank**"), acted as the provider of a letter of credit, dated as of December 1, 2008; and

WHEREAS, payment of the Bonds is presently secured by an irrevocable direct-pay letter of credit (the "**Existing LOC**") issued by the Prior Bank; and

WHEREAS, the Authority and City desire to replace the Existing LOC with an irrevocable direct-pay letter of credit (the "**Letter of Credit**") to be issued by JPMorgan Chase Bank, N.A. (the "**Bank**"), and the Bank has agreed to issue such letter of credit; and

WHEREAS, J.P. Morgan Securities LLC (the "**Remarketing Agent**"), desires to be appointed as remarketing agent for the Bonds, and the City and the Authority desire to facilitate such appointment pursuant to a Remarketing Agreement dated as of January 1, 2018 (the "**Remarketing Agreement**"); and

WHEREAS, the Authority and the Trustee, with the consent of the Owners of the Bonds have determined to amend and revise in its entirety the Original Indenture and all amendments thereto by entering into an Amended and Restated Indenture dated as of January 1, 2018 (the "**Amended and Restated Indenture**"); and

WHEREAS, Section 2.19(e) of the Original Indenture provides that, in connection with the provision of a Substitute Liquidity Facility (as defined in the Original Indenture), all of the outstanding Bonds shall be subject to mandatory tender for purchase, and Section 2.20 of the Original Indenture provides that such tendered Bonds shall be purchased and remarketed; and

WHEREAS, on the date of substitution of the Substitute Liquidity Facility, the Bonds subject to mandatory tender for purchase will be purchased by the Remarketing Agent, and the Remarketing Agent will be the sole Owner of all of the Bonds then outstanding; and

WHEREAS, immediately upon the purchase of the Bonds subject to mandatory tender, the Remarketing Agent will provide approval to the Amended and Restated Indenture as Owner of the Bonds of a majority in aggregate principal amount of all Bonds then outstanding; and

WHEREAS, \$15,725,000 in aggregate principal amount of the Bonds are currently outstanding; and

WHEREAS, the City has determined that it would be more economical to have the Bank provide a Substitute Liquidity Facility and Substitute Credit Facility (as such terms are defined in the Original Indenture): and

WHEREAS, the City proposes to enter into a Letter of Credit and Reimbursement Agreement (the **"Reimbursement Agreement"**). by and among the City, the Authority, and the Bank, as Credit Provider and Liquidity Facility provider, which Reimbursement Agreement, among other matters, shall provide credit enhancement support for the payment of principal of and interest on the Bonds for the benefit of the owners of the Bonds (the **"Owners"**) from time to time and liquidity support for the benefit of the Owners from time to time, who tender their Bonds for purchase and which Bonds are unable to be remarketed by the Remarketing Agent; and

WHEREAS, Section 8.01 of the Original Indenture provides that the Original Indenture may be amended at any time by a Supplemental Indenture (as defined in the Original Indenture), which shall become binding with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy. and the Owners of at least a majority in aggregate principal amount of Bonds then outstanding; and

WHEREAS, it is necessary that the Bonds be remarketed pursuant to a Reoffering Memorandum (the **"Reoffering Memorandum"**); and

WHEREAS, the City Council of the City (the **"City Council"**) has appointed Feldman Law Group LLP, Santa Monica, California, as bond counsel (**"Bond Counsel"**) and disclosure counsel (**"Disclosure Counsel"**) to prepare proceedings with respect to the foregoing; and

WHEREAS, the forms of the following documents are on file with the City Clerk of the City (the **"City Clerk"**) and have been submitted to the City Council, and the Chief Financial Officer of the City, acting as such on behalf of the City (the **"Chief Financial Officer"**) and acting as the Controller of the Authority on behalf of the Authority (the **"Controller"**), in consultation with the Remarketing Agent, Bond Counsel, and Disclosure Counsel, has examined and approved each document and has recommended that the City Council direct the completion, where appropriate, and the execution and delivery of such documents and the consummation of such financing:

- (1) the Amended and Restated Indenture;
- (2) the Reimbursement Agreement (including any ancillary Fee Agreement regarding fees and expenses of the Bank);
- (3) the Reoffering Memorandum; and
- (4) the Remarketing Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The Bonds, in an aggregate principal amount not to exceed \$15,725,000, designated "City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B," are authorized to be remarketed by the Remarketing Agent in accordance with the terms and provisions of the Amended and Restated Indenture. The Mayor of the City (the "**Mayor**"), the Mayor Pro-Tern of the City (the "**Mayor Pro-Tem**"), the City Clerk, the Chief Financial Officer, and any other proper officer of the City are authorized and directed, for and in the name of the City, to execute (manually or by facsimile) and deliver revised Bonds substantially in the form set forth in the Amended and Restated Indenture, with such changes, insertions, and omissions as the Chief Financial Officer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The Amended and Restated Indenture is approved in substantially the form on file with the City Clerk. The Mayor, the Mayor Pro-Tern, the City Clerk, the Chief Financial Officer, and any other proper officer of the City, are authorized and directed, for and in the name of the City, to execute and deliver the Amended and Restated Indenture with such changes, insertions, and omissions as the Chief Financial Officer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. The Reimbursement Agreement is approved in substantially the form on file with the City Clerk. The Chief Financial Officer is authorized and directed for and in the name of the City to execute and deliver the Reimbursement Agreement with such changes, insertions, and omissions as the Chief Financial Officer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Chief Financial Officer is further authorized to extend the term of the Reimbursement Agreement from time to time in accordance with the provisions thereof without further action or approval by the City Council.

SECTION 5. The Reoffering Memorandum is approved in substantially the form on file with the City Clerk, with such changes, insertions, and omissions as may be approved by Feldman Law Group LLP, Disclosure Counsel, and the Chief Financial Officer, acting as the Controller, such approval to be conclusively evidenced by the execution and delivery of the Reoffering Memorandum. The Remarketing Agent is authorized to distribute copies of the Reoffering Memorandum to persons who may be interested in purchasing the Bonds and is directed to deliver copies of the Reoffering Memorandum to all actual purchasers of the Bonds, and the Chief Financial Officer, acting as the Controller, in coordination with the Remarketing Agent and Disclosure Counsel, shall cause sufficient copies of the Reoffering Memorandum to be printed and made available to the Remarketing Agent for said purpose.

SECTION 6. The Mayor of the City, the Mayor Pro-Tern, the City Clerk, the Chief Financial Officer, and any other proper officer of the City are authorized and directed, jointly and

severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by the Reimbursement Agreement, the Amended and Restated Indenture, the Reoffering Memorandum, and this Resolution, and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, and certificates concerning the Reoffering Memorandum describing the Bonds, necessary and desirable to accomplish the transactions described in such documents or as set forth above.

SECTION 7. Wells Fargo Bank, National Association, is appointed as trustee and tender agent under and pursuant to any tender agreement between the Trustee and the Bank, with the respective powers and duties of each of said offices as set forth therein. The Trustee is requested and directed to execute and deliver the Bonds in accordance with written instructions to be executed on behalf of the Authority by the Controller.

SECTION 8. Any document the execution of which by the Mayor is authorized by this Resolution shall, in the absence or inability to act of the Mayor, be executed by the Mayor Pro- Tem or by any authorized designee of the Mayor or the Mayor Pro-Tern. Any document the execution of which by the City Clerk is authorized by this Resolution shall, in the absence or inability to act of the City Clerk, be executed by any person so designated in writing by the City Clerk or by any other proper officer of the City acting on behalf of the City Clerk. Any document the execution of which by the Chief Financial Officer is authorized by this Resolution shall, in the absence or inability to act of the Chief Financial Officer, be executed by any other person so designated in writing by the Chief Financial Officer or by any other proper officer of the City acting on behalf of the Chief Financial Officer.

SECTION 9. All actions previously taken by the City Council and by the officers and staff of the City with respect to the matters addressed by this Resolution are approved, ratified, and confirmed.

SECTION 10. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this ____ day of December 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor, City of Oxnard, California

ATTEST:

City Clerk

APPROVED AS TO FORM:

Stephen Fischer, City Attorney

APPROVED AS TO CONTENT:

Jim Throop, Chief Financial Officer

STATE OF CALIFORNIA)
)
 COUNTY OF VENTURA) ss.

I, Michelle Ascension, City Clerk of the City of Oxnard, do hereby certify that the above and foregoing is a full, true, and correct copy of Resolution No. _____ of the City Council of the City of Oxnard, that the same was duly and validly adopted on December __, 2017, and that the same has not been amended or repealed.

DATED: December __, 2017

 City Clerk of the City of Oxnard

(Certificate re City Reso.)
 LIBD/2124467

RESOLUTION NO. _____

RESOLUTION OF THE GOVERNING BOARD OF THE CITY OF OXNARD FINANCING AUTHORITY AUTHORIZING THE PROVISION OF A SUBSTITUTE LIQUIDITY FACILITY AND SUBSTITUTE CREDIT FACILITY FOR THE CITY OF OXNARD FINANCING AUTHORITY'S OUTSTANDING VARIABLE RATE DEMAND WASTEWATER REVENUE BONDS (HEADWORKS AND SEPTIC SYSTEM CONVERSION PROJECTS), 2004 SERIES B, THE REMARKETING OF SUCH BONDS IN CONNECTION THEREWITH. AND THE AMENDMENT OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, on or about November 18, 2004, pursuant to and in accordance with that certain Indenture, dated as of November 1, 2004 (the "**Original Indenture**"), by and between the City of Oxnard (the "City") Financing Authority (the "**Authority**") and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), the Authority issued \$23,975,000 in aggregate principal amount of City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects) 2004 Series B (the "**Bonds**"), a portion of the proceeds of which were used to finance the acquisition, construction, and improvement of the headworks and septic conversion projects described in the Original Indenture; and

WHEREAS, in connection with the issuance of the Bonds, Ambac Assurance Corporation (the "**Bond Insurer**") provided a financial guaranty insurance policy (the "**Bond Insurance Policy**") insuring the payment when due of the principal of and interest on the Bonds as provided therein; and

WHEREAS, in connection with the issuance of the Bonds, MUFG Union Bank, N.A. (the "**Prior Bank**"), acted as the provider of a letter of credit, dated as of December 1, 2008; and

WHEREAS, payment of the Bonds is presently secured by an irrevocable direct-pay letter of credit (the "**Existing LOC**") issued by the Prior Bank; and

WHEREAS, the Authority desires to replace the Existing LOC with an irrevocable direct-pay letter of credit (the "**Letter of Credit**") to be issued by JPMorgan Chase Bank, N.A (the "**Bank**"), and the Bank has agreed to issue such letter of credit as provided in a Letter of Credit and Reimbursement Agreement and Fee Agreement to be entered by and among the City, the Authority, the Trustee, and the Bank (the "**Reimbursement Agreement**"); and

WHEREAS, J.P. Morgan Securities LLC (the "**Remarketing Agent**"), desires to be appointed as remarketing agent for the Bonds, and the Authority desires to facilitate such appointment pursuant to a Remarketing Agreement dated as of January 1, 2018 (the "**Remarketing Agreement**"); and

WHEREAS, the Authority and the Trustee, with the consent of the Owners of the Bonds have determined to amend and revise in its entirety the Original Indenture and all amendments thereto by entering into an Amended and Restated Indenture dated as of January 1, 2018 (the "**Amended and Restated Indenture**"); and

WHEREAS, Section 2.19(e) of the Original Indenture provides that, in connection with the provision of a Substitute Liquidity Facility and a Substitute Credit Facility (as defined in the Original Indenture), all of the outstanding Bonds shall be subject to mandatory tender for purchase, and Section 2.20 of the Original Indenture provides that such tendered Bonds shall be purchased and remarketed; and

WHEREAS, on the date of substitution of the Substitute Liquidity Facility and Substitute Credit Facility, the Bonds subject to mandatory tender for purchase will be purchased by the Remarketing Agent, and the Remarketing Agent will be the sole Owner of all of the Bonds then outstanding; and

WHEREAS, immediately upon the purchase of the Bonds subject to mandatory tender, the Remarketing Agent will provide approval to the Amended and Restated Indenture as Owner of the Bonds of a majority in aggregate principal amount of all Bonds then outstanding; and

WHEREAS, \$15,725,000 in aggregate principal amount of the Bonds are currently outstanding; and

WHEREAS, the Authority has determined that it would be more economical to have the Bank provide a Substitute Liquidity Facility and Substitute Credit Facility (as such terms are defined in the Original Indenture); and

WHEREAS, the City proposes to enter into a Letter of Credit and Reimbursement Agreement (the **"Reimbursement Agreement"**), by and among the City, the Authority, and the Bank, as Credit Provider and Liquidity Facility provider, which Reimbursement Agreement, among other matters, shall provide credit enhancement support for the payment of principal of and interest on the Bonds for the benefit of the owners of the Bonds (the **"Owners"**) from time to time and liquidity support for the benefit of the Owners from time to time, who tender their Bonds for purchase and which Bonds are unable to be remarketed by the Remarketing Agent; and

WHEREAS, Section 8.01 of the Original Indenture provides that the Original Indenture may be amended at any time by a Supplemental Indenture (as defined in the Original Indenture), which shall become binding with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, and the Owners of at least a majority in aggregate principal amount of Bonds then outstanding; and

WHEREAS, it is necessary that the Bonds be remarketed pursuant to a Reoffering Memorandum (the **"Reoffering Memorandum"**); and

WHEREAS, the City Council of the City (the **"City Council"**) has appointed Feldman Law Group LLP, Santa Monica, California, as bond counsel (**"Bond Counsel"**) and disclosure counsel (**"Disclosure Counsel"**), to prepare proceedings with respect to the foregoing, and the Authority desires to also appoint Bond Counsel and Disclosure Counsel for the Bonds; and

WHEREAS, the forms of the following documents are on file with the Secretary of the Governing Board (the **"Board"**) and have been submitted to the Board, and the Chief Financial Officer of the City, acting as such on behalf of the City (the **"Chief Financial Officer"**) and acting as the Controller of the Authority on behalf of the Authority (the **"Controller"**), in consultation with the Remarketing Agent, Bond Counsel, and Disclosure Counsel, has examined and approved each

document and has recommended that the City Council direct the completion, where appropriate, and the execution and delivery of such documents and the consummation of such financing:

- (1) the Amended and Restated Indenture;
- (2) the Reimbursement Agreement (including any ancillary Fee Agreement regarding fees and expenses of the Bank);
- (3) the Reoffering Memorandum; and
- (4) the Remarketing Agreement.

NOW, THEREFORE, THE CITY OF OXNARD FINANCING AUTHORITY DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The Amended and Restated Indenture is approved in substantially the form on file with the Secretary. The Chairman of this Board (the “**Chairman**”) and the Secretary of the Board (the “**Secretary**”) are authorized and directed, for and in the name of the Authority, to execute and deliver the Indenture with such changes, insertions, and omissions as the Controller shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The Reimbursement Agreement is approved in substantially the form on file with the Secretary. The Chairman of the Board and the Secretary are authorized and directed for and in the name of the Authority to execute and deliver the Reimbursement Agreement with such changes, insertions, and omissions as the Chief Financial Officer, acting as Controller of the Authority, shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Chief Financial Officer, as Controller of the Authority, is further authorized to extend the term of the Reimbursement Agreement from time to time in accordance with the provisions thereof without further action or approval by the Board.

SECTION 4. The Bonds, in an aggregate principal amount not to exceed \$15,725,000, designated “City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B,” are authorized to be remarketed by the Remarketing Agent in accordance with the terms and provisions of the Amended and Restated Indenture. The Chairman and the Secretary are authorized and directed, for and in the name of the Authority, to execute (manually or by facsimile) and deliver revised Bonds substantially in the form set forth in the Amended and Restated Indenture, with such changes, insertions, and omissions as the Controller shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. The Reoffering Memorandum is approved in substantially the form on file with the Secretary, with such changes, insertions, and omissions as may be approved by Disclosure Counsel and the Chief Financial Officer. acting as the Controller, such approval to be conclusively evidenced by the execution and delivery of the Reoffering Memorandum. The Remarketing Agent is authorized to distribute copies of the Reoffering Memorandum to persons who may be interested in purchasing the Bonds and is directed to deliver copies of the Reoffering Memorandum to all actual purchasers of the Bonds, and the Chief Financial Officer, acting as the Controller, in coordination with the Remarketing Agent, and Disclosure Counsel, shall cause sufficient copies of the Reoffering Memorandum to be printed and made available to the Remarketing Agent for said purpose.

SECTION 6. Wells Fargo Bank, National Association, is appointed as trustee and tender agent

under and pursuant to any tender agreement between the Trustee and the Bank, with the respective powers and duties of each of said offices as set forth therein. The Trustee is requested and directed to execute and deliver the Bonds in accordance with written instructions to be executed on behalf of the Authority by the Controller.

SECTION 7. The Chairman, the Vice Chairman of the Board, the Secretary, the Controller, and any other proper officer of the Authority are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by the Reimbursement Agreement, the Amended and Restated Indenture, and this Resolution and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, and certificates concerning the Reoffering Memorandum describing the Bonds, necessary and desirable to accomplish the transactions described in such documents or as set forth above.

SECTION 8. Any document the execution of which by the Chairman is authorized by this Resolution shall, in the absence or inability to act of the Chairman, be executed by the Vice Chairman or by any authorized designee of the Chairman or the Vice Chairman. Any document the execution of which by the Secretary is authorized by this Resolution shall, in the absence or inability to act of the Secretary, be executed by any person so designated in writing by the Secretary or by any other proper officer of the Authority acting on behalf of the Secretary. Any document the execution of which by the Controller is authorized by this Resolution shall, in the absence or inability to act of the Controller, be executed by any other person so designated in writing by the Controller or by any other proper officer of the Authority acting on behalf of the Controller.

SECTION 9. All actions previously taken by the Authority and by the officers and staff of the Authority with respect to the matters addressed by this Resolution are approved, ratified, and confirmed.

SECTION 10. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this ____ day of December 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairman, COFA, Oxnard, California

ATTEST:

Secretary

APPROVED AS TO FORM:

Stephen Fischer, Authority Counsel

APPROVED AS TO CONTENT:

Jim Throop, Controller

STATE OF CALIFORNIA)
)
 COUNTY OF VENTURA) ss.

I, Michelle Ascension, Secretary of the City of Oxnard Financing Authority, do hereby certify that the above and foregoing is a full, true, and correct copy of Resolution No. _____ of the City of Oxnard Financing Authority, that the same was duly and validly adopted on December __, 2017, and that the same has not been amended or repealed.

DATED: December __, 2017

 Secretary, City of Oxnard Financing Authority

REQUEST FOR BUDGET APPROPRIATION

Department: Finance
 Project/Program _____
 Manager: Jim Throop

Date: December 12, 2017
 Phone: 385-7461

Reason for Appropriation:

To fund the upfront cost of remarketing the 2004 Wastewater Bonds.

Accounts and Descriptions**AMOUNT****Fund: 611- WASTEWATER COLLECTION OPERATING FUND****Expenditures/Transfers Out**

611-6104-846.82-03 GENERAL & ADMINISTRATIVE / DEBT SERVICE ADMIN. CO 67,500

Fund: 621- WASTEWATER TREATMENT OPERATING FUND**Expenditures/Transfers Out**

621-6206-846.82-03 GENERAL & ADMINISTRATIVE / DEBT SERVICE ADMIN. CO 157,500

Sub-total Expenditures 225,000

Net Change to Fund Balance (225,000)

Net Appropriation Change 225,000

Approvals

Department Director _____

Chief Financial Officer _____

City Manager _____

(This page is intentionally blank.)



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Report

AGENDA ITEM NO.: 1

DATE: December 12, 2017

TO: City Council

FROM: Greg Nyhoff
City Manager

SUBJECT: Resolution of the City Manager of the City of Oxnard Declaring an Emergency (For Public Bidding Purposes Only) Due to the Thomas Fire Throughout the County of Ventura, Making Findings Therefor, and Ordering that All City Facilities be Immediately Repaired And/Or Replaced as Needed. (5/5/5)

CONTACT: Greg Nyhoff, City Manager
Greg.Nyhoff@oxnard.org, 385-7430

RECOMMENDATION:

That City Council:

1. Receive and file an oral report from the City Manager; and
2. Approve the need to continue the emergency bidding action if the City Manager has not already terminated it.

ATTACHMENTS:

Attachment A: Resolution No. 15,072

RESOLUTION NO. 15,072

**A RESOLUTION OF THE CITY MANAGER OF THE CITY
OF OXNARD DECLARING AN EMERGENCY DUE TO THE
THOMAS FIRE THROUGHOUT THE COUNTY OF
VENTURA, MAKING FINDINGS THEREFOR, AND
ORDERING THAT ALL CITY FACILITIES BE
IMMEDIATELY REPAIRED AND/OR REPLACED AS
NEEDED**

WHEREAS, pursuant to California Public Contract Code section 22050, in the case of an emergency, a public agency's governing board may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services and supplies for those purposes without giving notice for bids;

WHEREAS, before a governing body takes any such action, it must make a finding, based on substantial evidence, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency;

WHEREAS, the governing body may delegate to the city manager the authority to order any such action;

WHEREAS, Oxnard Municipal Code section 4-13 states that in cases of emergency, the City Council may proceed at once to replace or repair any public facility without adopting plans, specifications or working details, or giving notice for bids to let contracts, but rather allowing the work to be done by day labor, a contractor, or a combination of the two; and

WHEREAS, in Oxnard Municipal Code section 4-13, the City Council delegated to the City Manager the authority to order any such emergent action.

NOW, THEREFORE, based on substantial evidence, the City Manager of the City of Oxnard hereby finds:

1) That the recitals set forth above are true and correct and incorporated in this Resolution as if set forth in full.

2) That the Thomas Fire has spread throughout the County of Ventura ("County"), affecting the City of Oxnard ("City") by having inconsistent power, which affects our water and wastewater facilities (including their backup generators), various intersection traffic lights, and communications between City personnel, County or other governmental personnel and emergency workers. Furthermore, with the fires raging in neighboring communities, including the City of Ventura, which is adjacent to the City of Oxnard, and the strong Santa Ana winds blowing, the fires may spread within the geographic boundaries of the City at any time. This situation is an emergency within the meaning of Public Contract Code section 22050 and Oxnard Municipal Code section 4-13 because these conditions may yield: potable water contamination if the water plant

malfunctions, which could spread disease; bypasses and backups of sewage if the wastewater plant malfunctions, which could likewise spread disease; traffic accidents if the traffic lights malfunction; miscommunication in emergency instructions if the phone and internet servers are down and City personnel, County or other governmental personnel and emergency workers cannot communicate; and death and mass destruction from the fires. These are conditions of disaster or extreme peril to the safety of people and property caused by the fires, air pollution, sudden and severe energy shortages which, by reason of the magnitude, are likely to be beyond the control of the City's services, personnel, equipment and facilities.

3) That this emergency will not permit a delay resulting from a competitive solicitation for bids because: the malfunctioning of the water and/or wastewater plants could yield immediate health and safety concerns; some traffic lights are already malfunctioning, and with continued wind and fire, more could malfunction in the coming days; miscommunication between City personnel, County or other governmental personnel and emergency workers may cause immediate misunderstandings and yield grave danger; and the fires are not contained and are spreading significantly.

4) That the following actions are necessary to respond to the emergency:

a) The City Management, Wastewater Director and Water Director must be able to procure the necessary equipment, services and supplies to keep the wastewater and water plants fully functioning through this emergency, including but not limited to purchasing generator or other parts, installing or repairing existing parts, and obtaining assistance from contractors to fix pipelines, the plants and any other critical infrastructure;

b) The City Management, Acting Public Works Director, Traffic Engineer, and Police Chief must be able to procure the necessary equipment, services and supplies to keep the streets safe, including but not limited to installing stop signs, completing electrical work on traffic lights, rerouting traffic away from dangerous intersections, fires or other conditions;

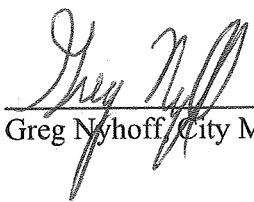
c) The City Management and IT Director must be able to procure the necessary equipment, services and supplies to allow communications between City personnel, County or other governmental personnel and emergency workers, including but not limited to acquiring installation or repair of communication devices; and

d) The City Management, the Police Chief and the Fire Chief must be able to procure the necessary equipment, services and supplies to fight, divert or contain the fires, protect public safety in the streets and other public areas, alert and usher groups of people in danger from the fires to other areas, and assist particularly vulnerable populations such as children and the elderly, including but not limited to obtaining contractors to assist in any related tasks and purchasing necessary equipment.

THUS, the City Manager of the City of Oxnard hereby resolves, determines and orders:

1. That any and all public facilities—including but not limited to the water and wastewater plants, the streets, the pipelines, City structures, City parks and all other City property—be immediately repaired or replaced by taking any directly related and immediate action and procuring the necessary equipment, services and supplies for those purposes, without giving notice for bids to let contracts.
2. That I shall report to the City Council at its special meeting on Monday, December 11, 2017, or at its regular meeting on Tuesday, December 12, 2017, the reasons justifying why the emergency did not permit a delay resulting from a competitive solicitation for bids and why the action was necessary to respond to the emergency.
3. That I shall inform the City Council that pursuant to both Public Contract Code section 22050 and Oxnard Municipal Code section 4-13:
 - a. The City Council must initially review the emergency action not later than seven (7) days after the action;
 - b. The City Council must continue to review the emergency action every fourteen (14) days thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action (unless I have terminated that action before the City Council reviews the emergency action and makes such a determination); and
 - c. The City Council must terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

PASSED AND ADOPTED THIS 7th OF DECEMBER, 2017.



Greg Nyhoff, City Manager

APPROVED AS TO FORM:



Stephen Fischer, City Attorney



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 1

DATE: December 12, 2017

TO: City Council

FROM: Michelle Ascencion
City Clerk

A handwritten signature in cursive script, reading "Michelle Ascencion".

SUBJECT: Minutes of the November 7, 2017 Regular Meeting, November 14, 2017 Regular Meeting, November 27, 2017 Special Meeting, and the November 28, 2018 Regular Meeting.

CONTACT: Michelle Ascencion, City Clerk
Michelle.Ascencion@oxnard.org, 385-7805

RECOMMENDATION:

That the City Council approve the Minutes as presented.

STRATEGIC PRIORITIES:

This agenda item is a routine operational item that does not directly relate to the four strategic plans adopted by City Council on May 17, 2016. This agenda items does provide transparency of Council meetings to the public.

FINANCIAL IMPACT:

There is no financial impact.

ATTACHMENTS:

Attachment A: Minutes 11.07.2017 CC regular meeting

Minutes
December 12, 2017
Page 2

Attachment B: Minutes 11.14.2017 CC,SA regular meeting

Attachment C: Minutes 11.27.2017 CC special meeting

Attachment D: Minutes 11.28.2017 CC,HA regular meeting

MINUTES
 OXNARD CITY COUNCIL
 Regular Meeting
 November 7, 2017

A. ROLL CALL/POSTING OF AGENDA

At 4:33 p.m., Mayor Flynn called to order the regular meeting of the Oxnard City Council in the City Hall Council Chambers, 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Councilmembers Bryan A. MacDonald, Oscar Madrigal, Bert Perello; and Mayor Tim Flynn were present; Mayor Pro Tem Carmen Ramirez was absent (arrived at 4:36 p.m.).

Staff members present were Greg Nyhoff, City Manager; Stephen Fischer, City Attorney; Jesús Nava, Assistant City Manager; Ruth Osuna, Assistant City Manager; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS

Public comments were received from Dave Rodriguez, Steve Nash, Arthur Valenzuela Jr., Martin Jones, Gabriela Shufani, Elizabeth White, Karina Kaye, Lisa Kaye, Blanca Ceja, Erin Merrill, Dan Pinedo, and Sofia Vega.

C. CLOSED SESSION

The Mayor read the following closed session statement:

“The City Council will recess to a closed session, pursuant to Government Code section 54956.9(d)(2), based on existing facts and circumstances, there is significant exposure to litigation against the City in one potential case regarding the notice of violation regarding City elections dated October 7, 2017 by Jason Dominguez.”

At 4:54 p.m., the City Council recessed to a closed session. At 5:58 p.m. the City Council reconvened in open session in the Council Chambers. The City Attorney announced that there were no reportable actions out of closed session.

D. OPENING CEREMONIES

The flag salute was followed by a moment of silence.

Additional staff members present at this time were Ashley Golden, Development Services Director; Ingrid Hardy, Cultural and Community Services Director; Phil Molina, City Treasurer; Thien Ng, Interim Public Works Director; Jim Throop, Chief Financial Officer; Scott Whitney, Police Chief; Jefferson Billingsley, Assistant City Attorney; Kathleen Mallory, Planning Division Manager; Sergio Martinez, Fire Battalion Chief; Karen Moore, Assistant City Clerk, and Todd Vasquez-Housley, Environmental Resources Manager.

E. APPOINTMENT ITEMSCity Manager Department

1. SUBJECT: Cycle California Coast (Mayor Pro Tem Ramirez).
RECOMMENDATION: Receive a presentation by Mayor Pro Tem Ramirez and Ventura County Supervisor Steve Bennett regarding Cycle California Coast, a small local business and tourism initiative to boost international cycle tourism and market all cities in Ventura and Santa Barbara Counties.

Mayor Pro Tem Ramirez made some brief remarks and introduced Supervisor Bennett, who gave a report. Discussion ensued among the Council. No action was taken.

Public Works Department

2. SUBJECT: Bicycle Friendly City Resolution.
RECOMMENDATION: That City Council adopt **Resolution No. 15,063** declaring the City of Oxnard to be a Bicycle Friendly City.

Public comments were received from Dan Mathews and Patrick Mullin.

It was moved by Councilman MacDonald, seconded by Councilmember Madrigal, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

F. CEREMONIAL CALENDAR

1. SUBJECT: Presentation of \$3,000 Donation from Joseph Cano, Luz Barcena, Pol Barcena, Manny Ancheta, and Nory Estrada of the Pangasinan Association of Ventura County to Improve Bus Stops/Shelters in Oxnard.

The Pangasinan Association members presented a check to Mayor Flynn and made some remarks.

2. SUBJECT: Presentation of a Donation of \$3,000 from Myrna Vilorio, Carmen Cano, Rebecca Schneider, Thelma Baroma and Elda Pichay of the Filipino Nurses Association of Ventura County to Improve Bus Stops/Shelters in Oxnard.

The Filipino Nurses Association of Ventura County members presented a check to Mayor Flynn and made some remarks.

(At this time, the Council and staff discussed whether to remove item M-3. No decision was made.)

G. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Diana Jacquez (dangerous collisions in her neighborhood), Blanca Ceja (problems with the Torino Soccer Club), Karina Kaye (joining Los Angeles' Community Choice Energy aggregation), Donald Ursitti (crosswalk of Hemlock & Capstan), Martin Glatt (Seabridge Mello Roos), Martin Jones (council districts), Noemi Tungui (council districts), Arthur Valenzuela Jr. (council districts), Lucy Cartagena (Halaco homeless encampment), Pete

Plascencia (LULAC “Salute to our Heroes” Veterans event), Albert Rivera (Halaco homeless encampment), Peggy Larios (Halaco homeless encampment), Greg Runyon (bridging division in the nation), and Daniel Chavez Jr. (public safety, homelessness).

H. REPORT OF CITY MANAGER

The City Manager announced the upcoming Veterans Day parade. He announced that a street paving project and street light repairs on Victoria Avenue will soon be underway, and that the Downtown tree trimming will be continuing. He commended Oxnard Police Sergeant Brian Woolley who recently assisted with locating a lost elderly resident. He commented on addressing homelessness at the Halaco site and throughout the city.

I. CITY COUNCIL REPORTS

Councilmember Madrigal announced the upcoming La Colonia Neighborhood Council meeting. He reported on attending the Rose Park Neighborhood Council meeting, and attending a World Series game.

Mayor Pro Tem Ramirez reported on her recent trip to Japan and South Korea with the Southern California Association of Governments. She requested that staff look into the Community Choice Energy partnership. She commented on the winter warming shelter, homelessness, and rent control. She lamented the recent passing of Ventura County NAACP President John R. Hatcher.

Councilman MacDonald announced the upcoming Fiscal Policy Task Force meeting. He commended the community groups that gave donations toward the bus shelters, and commented on modernizing public transit.

Councilmember Perello commented on the recent church shooting in Sutherland Springs, Texas. He reported on recent meetings of the Ventura Regional Sanitation District, Utility Task Force, and Wilson Neighborhood Council. He attended Dia de los Muertos at the Mexican consulate, commented on John R. Hatcher’s life and work, and encouraged people to attend the upcoming Veterans Day commemoration. He commended city employees who volunteered at the Redwood neighborhood cleanup event. He commented on Council representation from South Oxnard.

Mayor Flynn announced the upcoming Veterans Day commemoration. He commented on the hiring of a Homelessness Manager, suggested declaring a homeless state of emergency, and stated that a regional approach is needed to solve homelessness and serve those with mental illnesses.

J. REVIEW OF INFORMATION/CONSENT AGENDA

Items L-1, L-2 (a,b,c,d,e,h), and L-3 were discussed among the Council and staff.

K. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA (None)

L. INFORMATION/CONSENT AGENDA

City Clerk Department

1. SUBJECT: Minutes of the July 25, 2017 Special Meeting, the July 25, 2017 Regular

Meeting, and the August 9, 2017 Special Meeting.

RECOMMENDATION: That the City Council approve the Minutes as presented.

City Manager Department

2. SUBJECT: Agreements for City Council Review.

RECOMMENDATION: That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the following agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000:

- A. Lourdes Campbell & Associates (A-8025) for translation and interpreting services (\$150,000).
- B. StreamLine Automation Systems, LLC. (7983-17-FI) for cloud-based records management and billing system for Fire Prevention Inspections (\$43,717).
- C. Fire Recovery USA, LLC. (7984-17-FI) for Fire Prevention billing services (\$250,000).
- D. The Hawk Pros, LLC. (A-7820) for professionally trained falconers for seagulls bird abatement at the Del Norte Regional Recycling and Transfer Station (\$50,000).
- E. Recycle Coach (8014-17-CM) for solid waste and recycling collection and event schedules program (no cost to the City).
- F. Labor Compliance Providers, INC. (A-6763) for labor standards compliance monitoring for contracts funded by grants or other City construction funds (Time extension only).
- G. Grandall Rental Company (A-7793) for storm drain channel cleaning (\$47,040).
- H. Earth Systems (6387-13-CM) Task Order No. 13 for geotechnical engineering and materials inspection and testing services during the construction phase of the Windsor North River Ridge neighborhood street resurfacing project (\$29,200).

Cultural and Community Services Department

3. SUBJECT: Project Management Services for New Senior Center.

RECOMMENDATION: That City Council:

- 1. Approve a budget appropriation in the amount of \$68,250 from Measure O funds to Senior Center Facility (Project No. MO5510); and
- 2. Approve and authorize the City Manager or designee to execute a task order within the existing agreement with Stantec Consulting Services, Inc. (Agreement Number 7729-16-DS) in an amount not to exceed \$68,250 for project management services related to a new senior center.

Development Services Department

4. SUBJECT: Deferred Impact Fee Agreement for the Gateway Station Project.

RECOMMENDATION: That Council approve, and authorize the Mayor to execute, the terms of the agreement to defer impact fees for the project located at 1250 S. Oxnard Boulevard.

Finance Department

5. SUBJECT: Receive the August 2017 Major Funds Monthly Report.

RECOMMENDATION: That City Council receive and file the August 2017 Major Funds Monthly Report. Report was presented to the Fiscal Policy Task Force on October 11, 2017.

It was moved by Councilman MacDonald, seconded by Mayor Pro Tem Ramirez, to approve the Information/Consent items as presented. VOTE: MacDonald, Madrigal, and Ramirez voted in favor. Perello voted against item L-5, as he felt it was late; and Flynn voted against item L-3, stating that though he is in favor of building a new senior center, he thinks it's dangerous for it to be located so close to the airport. The motion carried 4-1 on item L-3 (Flynn opposed), 4-1 on item L-5 (Perello opposed) and 5-0 on the remaining items.

(Mayor Flynn announced that item M-1, listed on the agenda as a Report, will be re-classified as a Public Hearing.)

M. PUBLIC HEARING

City Attorney Department

1. SUBJECT: Ordinance Documenting Cannabis Restrictions in the City Zoning Code.
RECOMMENDATION: That the City Council approve the first reading by title only and waive further reading of an ordinance amending Chapter 16 of the Oxnard City Code to prohibit cannabis and cannabis related uses unless specifically provided in individual zones, and to specifically prohibit such uses in the following zones: Commercial Office (C-O), Neighborhood Shopping (C-1), General Commercial (C-2), Central Business District (CBD), Commercial and Light Manufacturing (CM), Business and Research Park (BRP), Limited Manufacturing (M-L), and Light Manufacturing (M-1) zones.

The City Clerk announced the affidavit of publication and stated that no written communications had been received.

The Development Services Director gave a report.

Mayor Flynn opened the public testimony portion of the public hearing. Public comments were received from Joe Kyle and Charlie Kellogg.

Without objection, the Council approved closing the public testimony portion of the public hearing. Discussion ensued among the Council and staff.

It was moved by Mayor Pro Tem Ramirez, seconded by Councilmember Madrigal, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, and Ramirez voted in favor; Madrigal and Perello voted against. The motion carried 3-2.

(At this time, the Council and staff again discussed whether to remove item M-3. The decision was made to postpone the item.)

M. REPORTS

2. SUBJECT: Medical Cannabis Delivery Study Session.
RECOMMENDATION: That the City Council hold a study session and provide input on proposed draft medical cannabis delivery regulations.

The Assistant City Attorney gave a report. Public comments were received from Joe Kyle. Discussion ensued among the Council and staff.

Further comments were received from Charlie Kellogg. The Council members advised staff regarding their preferences on the proposed hours of delivery (6:00 a.m. to 6:00 p.m.). No formal action was taken.

Finance Department

3. SUBJECT: Recognized Obligation Payment Schedule (ROPS) Clean-Up.

(This item was postponed, per discussion earlier in the meeting.)

4. SUBJECT: Receive the September 2017 Major Funds Monthly Report.
RECOMMENDATION: That City Council receive and file the September 2017 Major Funds Monthly Report.

The Chief Financial Officer gave a report. Discussion ensued among Council and staff. The report was received as presented.

City Treasurer Department

5. SUBJECT: Quarterly Investment Report for the First Quarter FY 2017-18.
RECOMMENDATION: That the City Council review and accept the report.

The City Treasurer gave a report. Discussion ensued among Council and staff. The report was received as presented.

N. ADJOURNMENT

There being no further business on the agenda, and without objection, Mayor Flynn adjourned the meeting at 9:22 p.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Mayor

MINUTES
 OXNARD CITY COUNCIL
 Regular Meeting
 November 14, 2017

A. ROLL CALL/POSTING OF AGENDA

At 4:33 p.m., Mayor Flynn called to order the regular meeting of the Oxnard City Council in the City Hall Council Chambers, 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Councilmembers Bryan A. MacDonald, Oscar Madrigal, Bert Perello; and Mayor Tim Flynn were present. Mayor Pro Tem Carmen Ramirez was absent (arrived at 4:36 p.m.).

Staff members present were Greg Nyhoff, City Manager; Stephen Fischer, City Attorney; Jesús Nava, Assistant City Manager; Ruth Osuna, Assistant City Manager; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS (None)

C. CLOSED SESSION

The Mayor read the following closed session statement:

“The City Council will recess to a closed session, pursuant to Government Code section 54956.9(d)(1), to confer with its attorneys. The title and case number of the litigation being discussed is State of California, Regents of the University of California; et al. v. Cellco Partnership dba Verizon Wireless; et al.; Sacramento County Superior Court Case No. 34-2012-00127517.

The City Council will also recess to a closed session pursuant to Government Code section 54956.9(d)(4)), based on existing facts and circumstances, to decide whether to initiate litigation in one potential case.

The Successor Agency will recess to a closed session, pursuant to Government Code section 54956.8, to give instructions to its negotiators, Ruth Osuna, Assistant Executive Director, and Kymberly Horner, Economic Development Director, concerning negotiations with Michelle and Greg Kenney regarding the potential sale of real property located at 740 South B Street.”

At 4:35 p.m., the City Council recessed to a closed session. At 5:41 p.m. the City Council reconvened in open session in the Council Chambers. The City Attorney announced that there were no reportable actions out of closed session.

D. OPENING CEREMONIES

The flag salute was followed by a moment of silence.

Additional staff members present at this time were Ashley Golden, Development Services Director; Kymberly Horner, Economic Development Director; Ralph Alamillo, Public Works Project Manager; Justin Link, Transportation Services Manager; Kathleen Mallory, Planning Division Manager; Karen Moore, Assistant City Clerk; and Kenneth Rozell, Assistant City Attorney.

E. APPOINTMENT ITEMSPublic Works Department

1. SUBJECT: Housing-Related Parks Program Grant Agreement.

RECOMMENDATION: That City Council:

1. Approve and authorize the City Manager to execute an Agreement with the California Department of Housing and Community Development (HCD) for grant fund distribution of \$1,333,574 awarded to the City for the Housing-Related Parks (HRP) Program (Agreement A-8019).
2. Approve the recommended list of park facility improvement projects for eligible parks.
3. Authorize the City Manager or designee to recognize State grant revenue and appropriate funds in the total amount of \$1,333,574 to the park facility improvement projects approved by City Council in Recommendation #2.
4. Authorize the City Manager or designee to appropriate funds in the total amount of a \$671,973 in Measure O funding for park facility improvement projects in Recommendation #2.

Due to a real property conflict of interest, as his residence is in close proximity to one of the parks on the grant list, Councilman MacDonald recused himself from the discussion and left the dais. The City Manager announced that Councilmember Madrigal, due to a real property conflict of interest, would recuse himself from considering funding regarding Del Sol Park, due to his residence's close proximity.

Assistant City Manager Osuna and the Public Works Project Manager gave a report.

Public comments were received from Phaedra Miller, Roger Poirier, Gabriel Teran, Dan Pinedo, Pat Brown, and Al Velasquez.

Discussion ensued among the Council and staff.

Councilmember Madrigal left the dais at this time.

It was moved by Councilmember Perello, seconded by Mayor Pro Tem Ramirez, to approve the proposed funding for Del Sol Park as presented. VOTE: Flynn, Perello, and Ramirez voted in favor; the motion carried 3-0 (MacDonald and Madrigal were absent [recused]).

Councilmember Madrigal returned to the dais at this time.

It was moved by Councilmember Perello to approve the remaining proposed funding, with the amendment that the lights at Colonia Park be given highest priority, and directing the City Manager to hold a joint meeting between the City Council, Parks and Recreation Commission, and the ad hoc committees as soon as possible. The motion died for lack of a second.

It was moved by Mayor Flynn, seconded by Mayor Pro Tem Ramirez, to approve the remaining proposed funding as presented. VOTE: Flynn, Madrigal, Perello, and Ramirez voted in favor; the motion carried 4-0 (MacDonald absent [recused]).

Councilman MacDonald returned to the dais at this time.

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Nancy Pederson (removal of invasive plant species at Ormond Beach), Daniel Chavez Jr. (city employee salaries), Peggy Larios (Halaco homeless encampment), Albert Rivera (Halaco homeless encampment), Woodrow Thomas Sr. (personal injury complaint), Jackie Tedeschi (Veterans Day, recent road repairs), Alicia Percell (potential recall), Al Velasquez (Halaco homeless encampment), Raul Arce (helping the homeless), Margaret Cortese (Cultural Arts Commission, potential recall), Greg Runyon (council districts, community cooperation), Lucy Cartagena (downtown restrooms, homelessness), Harold Ceja (La Colonia infrastructure improvements), and Aaron Starr (potential recall).

G. REPORT OF CITY MANAGER

The City Manager commented on staff's follow-up process for community concerns presented at Council meetings. Assistant City Manager Osuna gave a brief report on a grant the city recently received for the La Colonia Green Alleys Program.

H. CITY COUNCIL REPORTS

Councilmember Madrigal reported on attending the recent La Colonia Neighborhood Council meeting and local Veterans Day events.

Mayor Pro Tem Ramirez commented on the Vietnam War exhibit at Plaza Park. She reported on attending the recent memorial service for John R. Hatcher, the La Paloma Restaurant celebration, and meeting with a Southern California Edison vice president regarding clean renewable energy. Councilman MacDonald "dittoed" Mayor Pro Tem Ramirez's comments, as he had attended the same events.

Councilmember Perello commented on a recent Homelessness ad hoc committee meeting and the recent Hepatitis A outbreak in San Diego. He reported on attending the John R. Hatcher memorial. He commended the Performing Arts Center on several recent sold-out events. He announced an upcoming racing event at the Ventura County Fairgrounds. He announced that he will fight the recall, if it should happen.

Mayor Flynn reported on attending the Veterans Day event and acknowledged the city staff who organized the event. He commented on the upcoming Thanksgiving holiday, homelessness and public health, and the possibility of declaring a homeless emergency.

I. REVIEW OF INFORMATION/CONSENT AGENDA

Mayor Flynn announced that Item K-5 has been removed from the agenda.

Item K-4 was discussed among the Council and staff.

J. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

Public comments were received from Al Velasquez.

K. INFORMATION/CONSENT AGENDACity Attorney Department

1. SUBJECT: Adoption of **Ordinance No. 2929** Documenting Cannabis Restrictions in the City Zoning Code.

RECOMMENDATION: That City Council approves Ordinance No. 2929 amending Chapter 16 of the Oxnard City Code to prohibit cannabis and cannabis related uses unless specifically provided in individual zones, and to specifically prohibit such uses in the following zones: Commercial Office (C-O), Neighborhood Shopping (C-1), General Commercial (C-2), Central Business District (Cbd), Commercial and Light Manufacturing (Cm), Business and Research Park (Brp), Limited Manufacturing (M-L), and Light Manufacturing (M-1) Zones.

City Clerk Department

2. SUBJECT: Minutes of the September 12, 2017, September 19, 2017, and September 26, 2017, Regular Meetings.

RECOMMENDATION: That the City Council approve the Minutes as presented.

City Manager Department

3. SUBJECT: Agreements for City Council Review.

RECOMMENDATION: That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the following agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000:

- A. LDP Associates (A-8020) for data room battery and cooling tower maintenance (\$38,175).
- B. Encompass Consultant Group, Inc. (A-8013) for on-call civil engineering services (\$250,000).
- C. KEH & Associates, Inc. (A-8014) for on-call civil engineering services (\$250,000).
- D. MV Engineering, LLC. (A-8005) for on-call civil engineering services (\$250,000).
- E. Motorola Solutions, Inc. (Purchase Order No. 6482) for purchase of handheld radios and accessories (\$79,106).
- F. AppleOne Employment Services (7379-16-HR) for temporary staffing to several City departments (\$100,000).
- G. Nesco, LLC. for the purchase of two (2) one ton cab and chassis mounted with three yard container handling body (\$150,794).

Economic Development Department

4. SUBJECT: Disposition of Property, 852 South "A" Street.

RECOMMENDATION: That City Council:

1. Adopt **Resolution No. 15,064** entitled "Resolution of the City of Oxnard, as the

Entity Assuming the Housing Functions of the Former Oxnard Community Development Commission Pursuant to California Health and Safety Code Section 34176 and Resolution No. 14,136, Approving the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (Vacant Land), by and between the City, as Seller, and George & Manal Jobeh, or Nominee, as Buyer, With Regard to Vacant Land Located at 852 South A Street;”

2. Authorize the City Manager (or designee) to execute the agreement with such non-substantive changes as may be acceptable to the City Attorney and Redevelopment Special Counsel; and

3. Authorize the City Manager (or designee) to prepare, revise and execute all associated documents necessary to carry out and implement the agreement, and to administer the City’s obligations, responsibilities and duties thereunder.

5. SUBJECT: Disposition of Successor Agency Owned Property Located at 720 South B Street.

(This item was removed from the agenda.)

It was moved by Councilman MacDonald, seconded by Mayor Pro Tem Ramirez, to approve the Information/Consent items as presented. VOTE: Flynn, MacDonald, Madrigal, and Ramirez voted in favor; Perello voted against item K-4, stating he felt the process was wrong, doesn’t help the taxpayers, and plants seeds of doubt in the public’s mind. The motion carried 4-1 on item K-4, and 5-0 on the remaining items.

At this time, the City Manager and Mayor discussed which items should be removed from the agenda due to time. It was decided that Report items M-1 and M-4 would be postponed.

L. PUBLIC HEARINGS

Development Services Department

1. SUBJECT: Planning and Zoning Permit Nos. 16-400-04 (Coastal Development Permit); 17-590-01 (Coastal Zone Variance); and 16-300-07 (Tentative Subdivision Map No. 5984). Property Located at the Northeast Corner of Harbor Boulevard & Wooley Road (APN: 196-0-033-295). Filed by Designated Agent Patric Lynam, Planet Home Living, 1451 Quail Street Suite. 204, Newport Beach, CA 92660, on Behalf of the Property Owner.

RECOMMENDATION: That the City Council:

1. Adopt **Resolution No. 15,065** upholding the Planning Commission’s approval of Planning and Zoning Permit No. 16-400-04 (Coastal Development Permit), subject to certain findings and conditions;
2. Adopt **Resolution No. 15,066** upholding the Planning Commission’s approval of Planning and Zoning Permit No. 17-590-01 (Coastal Zone Variance), subject to certain findings and conditions; and
3. Adopt **Resolution No. 15,067** approving Planning and Zoning Permit No. 16-300-07 (Tentative Subdivision Map No. 5984) subject to certain findings and conditions; and in lieu of construction of affordable housing units, authorize the applicant to pay the City’s affordable housing fees for the 3.96-acre subdivision project.

The City Clerk announced the affidavit of publication and stated that no written communications had been received.

The Planning Division Manager gave a report. A brief report was given by Michael Marini, principal of Planet Home Living.

Mayor Flynn opened the public testimony portion of the public hearing. Public comments were received from Steve Nash and Jackie Tedeschi. Discussion ensued among the Council and staff.

Without objection, the Council approved closing the public testimony portion of the public hearing. Discussion ensued among the Council, staff, Mr. Marini, and architect Robert Talmadge of Jensen Design & Survey.

It was moved by Mayor Pro Tem Ramirez, seconded by Councilmember Perello, to approve the staff recommendation, amended to not allow the payment of in-lieu fees and require that the five affordable units be built on site. The motion failed 2-3 (Perello and Ramirez in favor; Flynn, MacDonald, and Madrigal opposed).

It was moved by Mayor Flynn, seconded by Councilman MacDonald, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, and Madrigal voted in favor; Perello and Ramirez voted against. The motion carried 3-2.

2. **SUBJECT:** Planning and Zoning Permit Nos. 16-500-06 (Special Use Permit); 16-535-01 (Density Bonus); and 16-300-06 (Tentative Subdivision Map No. 5995). Property Located at 5489 Saviers Road (APN: 222-0-011-29). Filed by Designated Agent Henry Casillas, 451 West Fifth Street, Oxnard, California, 93030, on Behalf of the Property Owner (The "Applicant").

RECOMMENDATION: That the City Council:

1. Adopt **Resolution No. 15,068** upholding the Planning Commission's approval of Planning and Zoning Permit No. 16-500-06 (Special Use Permit), subject to certain findings and conditions;
2. Adopt **Resolution No. 15,069** upholding the Planning Commission's approval of Planning and Zoning Permit No. 16-535-01 (Density Bonus), subject to certain findings and conditions; and
3. Adopt **Resolution No. 15,070** approving Planning and Zoning Permit No. 16-300-06 (Tentative Subdivision Map No. 5995), subject to certain findings and conditions.

The City Clerk announced the affidavit of publication and stated that four written communications had been received.

The Planning Division Manager gave a report and introduced project applicant Henry Casillas. Resident Kelly Ann Christiansen gave a presentation on behalf of the opponents of the project.

Mayor Flynn opened the public testimony portion of the public hearing. Public comments were received from Fabian Leon, Daniel Juarez-Diaz, Sofia Vega, Israel Hernandez, Pat Brown, Steve Nash, and Austin Dillon.

Without objection, the Council approved closing the public testimony portion of the public hearing. Discussion ensued among the Council, staff, and Mr. Casillas.

It was moved by Councilmember Perello, seconded by Mayor Pro Tem Ramirez, to continue the item to January 23, 2018 to allow the developer time to resolve the issues raised in the discussion. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

M. REPORTS

City Attorney Department

1. SUBJECT: Utility Fee Adjustment Ordinance and Procedures.

(This item was postponed due to time.)

Public Works Department

2. SUBJECT: Agreement with Ventura County to Assist with Rice Avenue Grade Separation Project.

RECOMMENDATION: That City Council:

1. Award and authorize the Mayor to execute an agreement with the County of Ventura to have its Transportation Department assist the City in the Rice Avenue Grade Separation Project over Fifth Street (State Route 34) and the Union Pacific Railroad; and
2. Approve a budget appropriation in the amount of \$150,000 from Circulation Systems Improvement Fees Fund 354.

3. SUBJECT: Second Amendment to Agreement No. 6944-14-DS with WKE, Inc.

RECOMMENDATION: That City Council:

1. Approve and authorize the Mayor to execute the Second Amendment to Agreement No. 6944-14-DS with WKE, Inc., to complete the preliminary design effort for the Rice Avenue Grade Separation Project, in the amount of \$1,023,469.82, which will increase the total cost of the Agreement to \$2,943,468.82.
2. Approve a budget appropriation in the amount of \$1,023,500 in Circulation System Improvement Fees Fund 354, Account No. 354-3109-826.82-09 for Project No. 133101 Rice Avenue at Fifth Street Grade.

It was moved by Councilman MacDonald, seconded by Mayor Pro Tem Ramirez, to approve staff's recommendations on items M-2 and M-3 as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

4. SUBJECT: Award Contract for Street Overlays PW 18-02.

(This item was postponed due to time.)

N. ADJOURNMENT

There being no further business on the agenda, and without objection, Mayor Flynn adjourned the meeting at 10:44 p.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Mayor

MINUTES
 OXNARD CITY COUNCIL
 Special Meeting
 November 27, 2017

A. ROLL CALL/POSTING OF AGENDA

At 5:38 p.m., Mayor Flynn called to order the special meeting of the Oxnard City Council in the City Hall Council Chambers, 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Councilmembers Bryan A. MacDonald, Oscar Madrigal, Bert Perello, Mayor Pro Tem Carmen Ramirez, and Mayor Tim Flynn were present.

Staff members present were Greg Nyhoff, City Manager; Stephen Fischer, City Attorney; Jesús Nava, Assistant City Manager; Ruth Osuna, Assistant City Manager; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS (None)

Public comments were received from Lawrence Stein, Steve Nash, and Hector.

C. CLOSED SESSION

The Mayor read the following closed session statement:

“The City Council will recess to a closed session, pursuant to Government Code section 54956.9(d)(2), based on existing facts and circumstances, there is significant exposure to litigation against the City in one potential case regarding the notice of violation regarding City elections dated October 7, 2017 by Jason Dominguez.”

At 5:48 p.m., the City Council recessed to a closed session. At 6:38 p.m. the City Council reconvened in open session in the Council Chambers. The City Attorney announced that there were no reportable actions out of closed session.

D. OPENING CEREMONIES

The flag salute was followed by a moment of silence.

Additional staff members present at this time were Robert Hearne, Interim City Engineer; Karen Moore, Assistant City Clerk; and Jason Zaragoza, Deputy City Attorney.

Mayor Flynn announced that Item E-3 would be heard ahead of Item E-2.

E. REPORTS

City Attorney Department

1. SUBJECT: Resolution Declaring Intent to Transition to District-Based Elections.
RECOMMENDATION: 1. That City Council consider the adoption of **Resolution No. 15,068** declaring its intent to transition from at-large to district-based elections for

members of the City Council pursuant to Elections Code Section 10010.

2. If the City Council adopts the resolution declaring its intent to transition to district-based elections, that the City Council authorize the Mayor to execute an agreement with National Demographics Corporation for demographic services relating to the drawing of districts in a not-to-exceed amount of \$70,000.

3. If the City Council chooses to adopt the resolution declaring its intent to transition to district-based elections, that the City Council provide direction to staff whether it wishes to consider increasing the number of City Council seats.

The City Attorney gave a report. Public comments were received from Lawrence Stein, Arthur Valenzuela Jr., Dave Rodriguez, George Miller, Lupe Anguiano, Eileen Tracy, Manuel Herrera, Lucy Cartagena, Erin Merrill, Al Velasquez, Alicia Percell, Aaron Starr, Jack Villa, and Barbara Macri-Ortiz.

Discussion ensued among the Council and staff.

It was moved by Mayor Pro Tem Ramirez, seconded by Councilmember Madrigal, to approve Recommendation #1 (adoption of the resolution) as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

It was moved by Councilman MacDonald, seconded by Councilmember Madrigal, to approve Recommendation #2 (execution of National Demographics Corporation agreement) as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

It was moved by Councilman MacDonald, seconded by Mayor Flynn, to direct staff to examine the options of having four districts or six districts. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

City Attorney Department

3. SUBJECT: Utility Fee Adjustment Ordinance and Procedures.

RECOMMENDATION: That City Council:

1. Approve the first reading by title only and waive further reading of an ordinance amending section 2-183 of the Oxnard City Code ("OCC") concerning refunds of taxes, assessments and utility fees; and
2. Adopt **Resolution No. 15,069** creating an administrative appeal process for parties seeking adjustment or refund of utility fees.

The Deputy City Attorney gave a report. Public comments were received from Eileen Tracy and Barbara Macri-Ortiz. Discussion ensued among the Council and staff.

It was moved by Councilman MacDonald, seconded by Councilmember Perello, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

Finance Department

2. SUBJECT: Agreement with Resource X for Priority Based Budgeting Tools and Implementation in the Amount of \$50,000.

RECOMMENDATION: That the City Council approve an agreement with Resource X in the amount of \$50,000 for use of Priority Based Budgeting Tools and Implementation of Priority Based Budgeting, contingent upon final approval by risk management and city attorney of all applicable requirements. Funding will initially be from the City's Non-departmental account, but will be included in the FY18-19 annual budget for all funds.

Assistant City Manager Nava and Chris Fabian, co-founder of Resource X gave a report. Discussion ensued among the Council, staff, and Mr. Fabian.

It was moved by Mayor Pro Tem Ramirez, seconded by Councilmember Perello, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

Public Works Department

4. SUBJECT: Award Contract for Street Overlays Project--Phase I PW 18-02.

RECOMMENDATION: That City Council:

1. Award and authorize the Mayor to execute Agreement A-8024 with Toro Enterprises, Inc., in the amount of \$3,767,700 for the Streets Overlay Project—Phase I PW 18-02;
2. Approve an additional appropriation of \$400,000 as a contingency for the Streets Overlay Project—Phase I PW 18-02; and
3. Approve an appropriation of \$4,167,700 from Street Maintenance Fund 105 to Street Overlay Project—Phase I (Non-Capital) Project No. 18IN03.

The Interim City Engineer gave a report. Public comments were received from Pat Brown and Jackie Tedeschi. Discussion ensued among the Council and staff.

It was moved by Councilman MacDonald, seconded by Mayor Flynn, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Mayor Flynn adjourned the meeting at 9:03 p.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Mayor

MINUTES
 OXNARD CITY COUNCIL
 Regular Meeting
 November 28, 2017

A. ROLL CALL/POSTING OF AGENDA

At 5:08 p.m., Mayor Flynn called to order the regular meeting of the Oxnard City Council in the City Hall Council Chambers, 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Councilmembers Bryan A. MacDonald, Bert Perello, Mayor Pro Tem Carmen Ramirez, and Mayor Tim Flynn were present; Councilmember Oscar Madrigal was absent (arrived at 5:42 p.m.). Housing Commissioner Francisco Vega arrived at 6:00 p.m.; Commissioner Jose Andrade was absent.

Staff members present were Greg Nyhoff, City Manager; Stephen Fischer, City Attorney; Jesús Nava, Assistant City Manager; Ruth Osuna, Assistant City Manager; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS (None.)

C. CLOSED SESSION

(Item C-1 was removed from the agenda.)

The Mayor read the following closed session statement:

“The City Council will recess to a closed session pursuant to Government Code section 54956.9(d)(4), based on existing facts and circumstances, to decide whether to initiate litigation in one potential case.”

At 5:10 p.m., the City Council recessed to a closed session. At 6:03 p.m. the City Council reconvened in open session in the Council Chambers. The City Attorney announced that there were no reportable actions out of closed session.

D. OPENING CEREMONIES

The flag salute was followed by a moment of silence.

Additional staff members present at this time were Darwin Base, Fire Chief; Arturo Casillas, Housing Director; Ashley Golden, Development Services Director; Thien Ng, Interim Public Works Director; Mark Alvarado, Homeless Assistance Services Coordinator; Jason Benites, Assistant Police Chief; Carri Karuhn, Media and Community Relations Manager; Karl Lawson, Housing Compliance Services Manager; Kathleen Mallory, Planning Division Manager.

E. CEREMONIAL CALENDAR

1. SUBJECT: Presentation of a Resolution to Margaret Tobin for Thirty-Four Years of Outstanding Service to the City of Oxnard.

(This item was postponed.)

2. SUBJECT: Presentation of a Commendation to Samuel Foster and Officer Hayley Bracken for Their Selfless Act of Heroism.

The Fire Chief gave a synopsis of the event and Mayor Flynn read the certificate of commendation and presented it to Officer Bracken (Mr. Foster was unable to attend). Officer Bracken made some remarks.

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Stanley Block (commissioning of the USS Tulsa), Pete Plascencia (La Colonia Boxing Gym), Ozzie Lopez (Thanksgiving homeless feeding at Casa Lopez), Kitty Merrill (joining the Los Angeles Community Choice Energy aggregate), Ron Whitehurst (Los Angeles Community Choice Energy), Karina Kaye (Los Angeles Community Choice Energy), Alice Sweetland (Senior Services Commission), Al Velasquez (renewable energy structures and blight), and Pastor Raul Arce (caring for the homeless).

G. REPORT OF CITY MANAGER

The City Manager reported on the upcoming Oxnard Christmas Parade and other holiday activities. He stated that he, the Police Chief, and Assistant Police Chief recently toured the Halaco homeless encampment and several neighborhood parks to assess the homeless issue. He announced that the first special meeting regarding City Council districts will be held on December 12, 2017. He reported that a new Downtown Revitalization Manager has been recently hired. He encouraged people to donate funds to support the winter warming shelter.

H. CITY COUNCIL REPORTS

Councilmember Madrigal reported on attending the recent Rose Park Neighborhood Council meeting and serving at the Rescue Mission for Thanksgiving. He congratulated the Rio Mesa High School and Santa Clara High School varsity football teams for making it to the CIF semifinals. He commented on the "Stay Classy Oxnard" Facebook page.

Mayor Pro Tem Ramirez requested a discussion on campaign finance reform in the wake of the Council Districts discussion. She requested a future agenda item on the Los Angeles County Community Choice Energy aggregate. She encouraged the community to donate to the winter warming shelter.

Councilman MacDonald invited the community to the upcoming Christmas Tree Lighting and Downtown Christmas Parade.

Councilmember Perello reported on helping to feed the homeless on Thanksgiving at Casa Lopez. He commended the Rio Mesa High School football team and Luna Trucking for donating its services for the Christmas Parade. He commented on the recent cleanup of the burned down property at Lantana and Gonzales Road. He requested a future agenda item on the Los Angeles County Community Choice Energy aggregate. He encouraged people to be generous to those in need this holiday season.

Mayor Flynn reported on helping to feed the homeless at the Rescue Mission for Thanksgiving. He commented on homelessness in the city, requested a formal declaration of a homeless emergency,

advocated for finding longer-term solutions beyond the winter warming shelter, and the need for a regional approach to the mental health crisis.

The Council and City Manager discussed holding a study session regarding the Los Angeles Community Choice Energy aggregate. Assistant City Manager Nava introduced the new Media and Community Relations Manager, who made some remarks.

The Council decided to hear item M-1 next.

M. REPORTS

City Manager Department

1. SUBJECT: Halaco Property.

RECOMMENDATION: That the City Council:

1. Authorize the City Manager to approve a budget appropriation of \$400,000 to abate the Halaco property site to be funded by the General Fund Undesignated Reserve Fund Balance;
2. Approve the cost of abating the Halaco property in the amount of up to \$200,000;
3. Authorize the City Manager to execute an agreement in an amount not to exceed \$100,000 with the winning bidder of the Request for Bids (RFB) process for the proposed abatement work on the Halaco site in standard city form contingent upon final review and approval of the City Attorney; and
- [removed]** 4. Ratify the City Manager's approval of an amendment to the existing agreement with Professional Security Consultants (PSC) in an amount not to exceed \$100,000 to provide security services at the Halaco site. This amendment will increase the contract with PSC to \$315,000.

Assistant City Manager Osuna, the Development Services Director, and Assistant Police Chief gave a report. The Assistant City Manager announced that Recommendation #4 was removed from the list of recommended actions.

Public comments were received from Faustino Zuniga, Raymond Mendez, Frank Mendez, Diana Larios, Peggy Larios, Guadalupe Celedon, Lucy Cartagena, Al Velasquez, Manuel Contreras, Tom Garcia, Michael Hill, J. Ruiz, Cindy Hulsey, Dan Pinedo, George Gonzalez, Albert Rivera, Michael Collazo, and Candida Mobley. Discussion ensued among the Council and staff.

It was moved by Councilman MacDonald, seconded by Mayor Pro Tem Ramirez, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, Perello, and Ramirez voted in favor; Madrigal voted against. The motion carried 4-1.

I. REVIEW OF INFORMATION/CONSENT AGENDA

Senior Services Commission Chair Alice Sweetland gave a brief report on item K-3. Comments were received from Senior Services Commissioners Jeffrey Nevitt and Kay Brainard. Discussion ensued among the Council and staff.

Items K-2(C) and K-4 were pulled for discussion. Discussion ensued among the Council and staff.

J. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

Public comments were received from Jackie Tedeschi.

K. INFORMATION/CONSENT AGENDACity Clerk Department

1. SUBJECT: Minutes of the October 3, 2017, October 10, 2017, and October 17, 2017 Regular Meetings.
RECOMMENDATION: That the City Council approve the Minutes as presented.

City Manager Department

2. SUBJECT: Agreements for City Council Review.
RECOMMENDATION: That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the following agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000:
 - A. Aqua Tech Services, Inc. (8110-17-PW) for on-call backflow assemblies testing, maintenance, repair and replacement services (\$180,000).
 - B. Brownstein Hyatt Farber Schreck, LLP. (5373-11-CA) for legal services in connection with the GREAT Program, participation in Regional Water Policy meetings and other development related water issues (\$125,000).
 - C. Ephonation.com, Inc. dba Ansafone Contact Centers (7870-17-PW) for telephone answering services for the Public Works Department until a new agreement is awarded (\$35,000).
 - D. All American Asphalt (7949-14-PW) to repair and replace all unsafe sidewalks, spandrels and curb and gutters (\$40,211).
 - E. Sam Hill & Sons, Inc. (A-7721) to repair damage breaker in the main switchgear building located at the Wastewater Treatment Plant (\$38,159).
 - F. Sam Hill & Sons, Inc. (A-7721) to repair a street subsidence developed near an abandoned City sewer line on Pleasant Valley Road (\$29,835).
 - G. Summit Air Conditioning (Purchase Order No. 6587) to purchase five HVAC units for the Wastewater Treatment Plant.

Cultural and Community Services Department

3. SUBJECT: Senior Services Contribution Awards to Agencies.
RECOMMENDATION: That City Council:
 1. Approve the Senior Services Commission's (SSC) recommended distribution of \$44,600 from the General Fund for Senior Services Contribution Awards to eleven agencies providing services to seniors. These funds were previously appropriated in the FY2017-18 General Fund Operations budget.
 2. Direct the Recreation Supervisor to notify recipients of Senior Services Contribution Awards.
 3. Authorize the Recreation Supervisor to execute a letter of agreement for each recipient.
 4. Authorize the Chief Financial Officer to make disbursements in accordance with the letter of agreement.

Housing Department

4. SUBJECT: Award of Contract for Wall Insulation Improvement for 74 Public Housing Units.
RECOMMENDATION: That the City of Oxnard Housing Authority Board of Commissioners approve and authorize the Chairman to execute a firm-fixed price contract in the amount of \$262,100 with A. Bates G.C. Inc. (Agreement number A-8023), using funds previously appropriated from the 2016 Capital Fund grants, for the insulation improvement in the walls of 74 public housing units at Pleasant Valley Village located at Squires Drive and Trevino Terrace in Oxnard. No General Fund monies are being used for this project.

5. SUBJECT: Appropriation for Winter Warming Shelter.
RECOMMENDATION: That the City Council:
 1. Approve a budget appropriation of \$56,673 from General Funds Reserve for the 2017–2018 Western Ventura County Winter Warming Shelter for the Homeless; and authorize the Housing Director to execute the necessary agreements with the City of San Buenaventura and the Downtown Ventura Organization to fund the operation of the Shelter.
 2. Authorize that 90% of these resources be made available in advance to cover start-up and operations costs at the Winter Warming Shelter.
 3. Authorize the City Manager or designee to execute any additional agreements and carry out all authorized expenditures related to implementation of the Winter Warming Shelter.

Public Works Department

6. SUBJECT: Wastewater Treatment Plant (OWTP) Flow Equalization Basin Pump Replacement (Purchase Order No. 6519).
RECOMMENDATION: That City Council:
 1. Approve and authorize the City Manager to execute Purchase Order No. 6519 in the amount of \$90,309.12 to replace in the Wastewater Treatment Plant (OWTP) an existing Flow Equalization Basin (FEB) pump.
 2. Approve a Budget Appropriation in the amount of \$90,309.12 for the purchase of the FEB pump in Wastewater Operations Fund account number 621-6205-891.86-06.

7. SUBJECT: Elm Street School Sewer Connection Project.
RECOMMENDATION: That the City Council:
 1. Authorizes the City Manager to execute Agreement A-8021 (at no cost to the City) with the Oxnard School District for the Elm Street School Sewer Connection Project.
 2. Approve a Budget Appropriation in the amount of \$124,525 to Project No. 18IN01 Elm Street School Sewer Connection Project. This amount to be from the Wastewater Capital Improvement Fund.

8. SUBJECT: Green Business Program Budget Appropriation.
RECOMMENDATION: That City Council authorizes the recognition and appropriation of grant award in the total amount of \$20,000 to initiate the City of Oxnard Green Business Certification Program. An in-kind match of \$22,873 is already part of the FY2017-18 budget.

9. SUBJECT: Clean Harbors Household Hazardous Waste Management Services.
RECOMMENDATION: That City Council approve the Third Amendment between the City of Oxnard, the City of Port Hueneme and Clean Harbors Environmental Services, Inc. in an amount not-to-exceed \$80,000 for a total contract amount of \$400,000 to provide permitted disposal of non-recyclable and Class II Household Hazardous Waste (HHW) program drop-off services, thereby extending the term from October 4, 2017, to June 30, 2019. Funds will be from the Environmental Resources Enterprise fund.

It was moved by Councilman MacDonald, seconded by Councilmember Perello, to approve the Information/Consent items as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez, and Vega voted in favor. The motion carried 6-0 on item K-4 (Housing Authority item), and 5-0 on the remaining items (City Council items).

L. PUBLIC HEARINGS

Development Services Department

1. SUBJECT: Planning and Zoning Permit No. 17-550-03 (Major Modification to a Special Use Permit), for Property Located at 161 West Stroube Street (Vineyard Gardens Apartments).
RECOMMENDATION: That the City Council:
1. Approve the first reading by title only and waive further reading of an amendment to Ordinance No. 2481 to delete the requirement that the existing 62 affordable housing units be converted to condominium or cooperative ownership; and
 2. Adopt **Resolution No. 15,070** modifying City Council Resolutions No. 11,490 and 11,491 to delete the requirement that the existing 62 affordable housing units be converted to condominium or cooperative ownership.

The City Clerk announced the affidavit of publication and stated that no written communications had been received.

The Planning Division Manager gave a report.

Mayor Flynn opened the public testimony portion of the public hearing. No one requested to speak. Without objection, the Council approved closing the public testimony portion of the public hearing. Discussion ensued among the Council and staff.

It was moved by Councilmember Perello, seconded by Mayor Pro Tem Ramirez, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

Housing Department

2. SUBJECT: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Many Mansions.
RECOMMENDATION: That the City Council:
1. Hold a public hearing regarding the issuance of up to \$15,000,000 of multifamily housing revenue bonds by the California Municipal Finance Authority to finance

acquisition and construction of Vista Pacifica (also known as Ormond Beach Villas), a 40-unit multi-family rental housing project located at 5527 and 5557 S. Saviers Road, of which no General Fund monies will be used; and

2. Adopt **Resolution No. 15,071** approving the issuance of bonds.

The City Clerk announced the affidavit of publication and stated that no written communications had been received.

The Housing Director made some remarks and introduced the Housing Compliance Services Manager, who gave a report.

Mayor Flynn opened the public testimony portion of the public hearing. Public comments were received from Pat Brown. Discussion ensued among Council, staff, and developer Alex Russell.

Without objection, the Council approved closing the public testimony portion of the public hearing. Further discussion ensued.

It was moved by Mayor Pro Tem Ramirez, seconded by Councilman MacDonald, to approve staff's recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

N. ADJOURNMENT

There being no further business on the agenda, and without objection, Mayor Flynn adjourned the meeting at 9:32 p.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Mayor

(This page is intentionally blank.)



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 2

DATE: December 12, 2017

TO: City Council

FROM: Greg Nyhoff
City Manager

SUBJECT: Agreements for City Council Review

CONTACT: Greg Nyhoff, City Manager
Greg.Nyhoff@oxnard.org, 385-7430

RECOMMENDATION:

That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the following agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000:

- A. Safety-Kleen Systems, Incorporated (A-7988) for removal, transportation and recycling of household hazardous waste material such as antifreeze, used oil, batteries and water based paint (\$100,000).
- B. Atkinson, Andelson, Loya, Ruud, & Romo (7866-17-HR) as needed-employee investigative consulting services (\$225,000).
- C. Tri County Office Furniture (Purchase Order No. 6609) for the purchase of tables and chairs for two training/briefing rooms at the Police Department's Sturgis Building (\$39,820).

BACKGROUND

On November 16, 2010, the City Council approved changes to the City's Purchasing Procedures reducing the threshold for City agreements/contracts and change orders/amendments requiring City Council approval to \$25,000. The agreements/contract and change orders/amendments described on the attached list involve amounts above \$25,000 and up to \$250,000.

FINANCIAL IMPACT

Agreements for City Council Review
December 12, 2017
Page 2

A complete explanation of the agreement and funding sources are attached.

NOTE: Copies of the agreement/contracts and change orders/amendments on the list are available in the City Clerk's Office prior to the Council meeting.

ATTACHMENTS:

Attachment A: City Manager Contract List for December 12, 2017

City Manager Contract List for 12/12/2017

Contracts from \$25,000 to \$250,000

A Transportation and Recycling of Household Hazardous Waste Material

Vendor:	Safety-Kleen Systems, Incorporated	Amount to be Approved:	\$100,000
Type:	Original Agreement	Current FY Amount:	\$67,000
Agreement No.:	A-7988	Total Contract Amount:	\$100,000
Amendment No.:	N/A	Funding Source:	Environmental Resources Enterprise Fund 631
Purchase Order No.:		Vendor Selection Process:	Informal Bids
Begin Date:	11/07/2017	# of Bids/Proposals/Quotes:	3
End Date:	11/07/2018	Project Manager:	Todd Vasquez-Housley
Term:	One year	Department:	Public Works - Environmental Resources Division
		Telephone:	805-385-7957
		Email:	toddvhousley@oxnard.org

Purpose:

Staff is requesting authorization to enter into an agreement with Safety-Kleen Systems, Incorporated (A-7988) in the amount of \$100,000 for the removal, transportation and recycling of household hazardous waste material such as antifreeze, used oil, batteries and water based paint that is collected at the Del Norte Regional Recycling and Transfer Station.

Pursuant to the City's Purchasing Policies, nine (9) firms were mailed the RFP, with three (3) firms responding with proposals. The selection panel, which consisted of three (3) Environmental Resources Division staff, reviewed, and ranked the proposals against the RFP requirements. Selection criteria included: the profile and experience of firm; qualifications; ability to perform the scope of work; and compensation. Among the three (3) proposals evaluated by the selection panel, Safety-Kleen Systems, Inc. received the highest ranking rank. The Environmental Resources Division recommends that Safety-Kleen Systems, Inc. be awarded the contract.

B Legal Services - Workplace Investigatory Services

Vendor:	Atkinson, Andelson, Loya, Ruud, & Romo	Amount to be Approved:	\$225,000
Type:	Amendment	Current FY Amount:	\$250,000
Agreement No.:	7866-17-HR	Total Contract Amount:	\$250,000
Amendment No.:	1	Funding Source:	General Fund/101-1701-801-8209
Purchase Order No.:	6466	Vendor Selection Process:	Negotiated Contract
Begin Date:	04/12/2017	# of Bids/Proposals/Quotes:	N/A
End Date:	12/31/2018	Project Manager:	Steve Naveau
Term:	1 yr. 8 months	Department:	Human Resources Department
		Telephone:	805-385-7947
		Email:	steve.naveau@oxnard.org

Purpose:

Staff is requesting authorization to enter into a First Amendment with Atkinson, Andelson, Loya, Ruud, & Romo (7866-17-HR) in the amount of \$225,000 for continued as-needed employee investigative consulting services. The firm has also provided Citywide AB 1825 sexual harassment training.

The First Amendment is to increase the amount by \$225,000 for a total contract amount of \$250,000. This firm was selected based upon its specialized experience in the field of employee investigative services.

City Manager Contract List for 12/12/2017

Contracts from \$25,000 to \$250,000

C Purchase of training room furniture.

Vendor: Tri County Office Furniture
 Type: Purchase Order
 Agreement No.:
 Amendment No.:
 Purchase Order No.:
 Begin Date:
 End Date:
 Term:

Amount to be Approved:
 Current FY Amount:
 Total Contract Amount:
 Funding Source:
 Vendor Selection Process:
 # of Bids/Proposals/Quotes:
 Project Manager:
 Department:
 Telephone:
 Email:

\$39,820
 \$39,820
 \$39,820
 State Asset Forfeiture Fund #191-2103-802-86-05
 Joint Purchase
 1
 Greg Hebert
 Police Department
 805-200-5680
 greg.hebert@oxnardpd.org

Purpose:

Staff is requesting authorization to purchase tables and chairs for the two training/briefing rooms at the Police Department's Sturgis building from Tri County Office Furniture (Purchase Order No. 3606) in the amount of \$39,820. The purchase for the two rooms is for 34 tables, 76 chairs with rollers, and 20 stationary chairs for perimeter seating.

This purchase is being made through a cooperative purchasing agreement through U.S. Communities, contract #4400003403, expiration December 31, 2020. The funding source for the purchase is State Asset Forfeiture Funds.



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 3

DATE: December 12, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Ingrid Hardy
Cultural & Comm Services Director

SUBJECT: Continuing Development Incorporated Lease Agreement at South Oxnard Center.

CONTACT: Ingrid Hardy, Cultural & Comm Services Director
Ingrid.Hardy@oxnard.org, 385-7993

RECOMMENDATION:

That City Council

1. Authorize the City Manager to execute a lease agreement with Continuing Development, Incorporated (CDI) for a portion of South Oxnard Community Center, 200 East Bard Road and
2. Approve a budget appropriation recognizing the net increase of rental income in the amount of \$1,148 to Recreation Lease Revenue Account.

BACKGROUND

Continuing Development Incorporated (CDI), a California nonprofit corporation, has a 40-year history of providing high-quality child care programs for infant, preschool and school-age children in Ventura County. CDI programs serve children and families who qualify for state subsidies through the California Department of Education, Early Education and Support Division, as well as private fee-paying families during the school year. Licensed by the California Department of Social Services, Community Care Licensing Division, CDI operates multiple centers throughout Oxnard while providing preschool services for ages 3-5 at the South Oxnard Community Center.

In 1993, the City of Oxnard contracted partial use of the South Oxnard Center with CDI to provide child care services and has continued the relationship for the past 24 years. On June 30, 2013, the most recent lease agreement between the City of Oxnard and CDI expired. However, CDI continued leasing the facility on a month to month basis following the parameters of the previous agreement. To move forward, an agreement to lease the South Oxnard Community Center to CDI for a three (3) year term will commence on July 1, 2017, and terminate on June 30, 2020. This contract includes an annual adjustment of base rent at 2.5% to the current monthly rent amount of \$7,804 and a security deposit in the amount of \$15,607, along with updated agreement terms.

STRATEGIC PRIORITIES

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will showcase the promising future of Oxnard. This item supports the following goals and objectives:

Goal 3. Strengthen neighborhood development, and connect City, community and culture.

Objective 3a. Create a renewed focus on establishing a positive outlook and orientation of our City, neighborhoods and overall community.

FINANCIAL IMPACT

If approved, the lease agreement will generate \$288,024 in lease revenue over three years (\$93,648 year 1, \$95,988 year 2, and \$98,388 year 3) and a refundable deposit in the amount of \$15,607. The annual increase of 2.5% total revenue amount of \$303,631 will be recognized to current budgeted Recreation Fees/Lease Revenue Line Item (101-5501-554-7353/ I55610). Revenue in the amount of \$93,648 (monthly rent) and \$15,607 (deposit) will be reflected in the FY17-18 budget.

ATTACHMENTS:

Attachment A: CDI Contract

Attachment B: Special Budget Appropriation

Agreement No. A-8010

CITY OF OXNARD

AGREEMENT/AMENDMENT REVIEW FORM

ALL CONTACT INFORMATION FOR THE CONSULTANT/CONTRACTOR MUST BE FILLED IN COMPLETELY ON THIS FORM. DELETE THESE INSTRUCTIONS PRIOR TO COMPLETION OF THE REVIEW FORM.

Consultant/Contractor: Continuing Development Incorporated

Address: 20 Great Oaks Blvd., Ste. #200, San Jose, CA 95119

Mailing address: 20 Great Oaks Blvd., Ste. # 200, San Jose, CA 95119

Telephone No.: (408) 556-7300 **Fax No.:** (408) 556-7301

Contact Person: Ingrid Hardy **Email address:** Ingrid.hardy@oxnard.org

Department: Cultural & Community Services

Project Manager: Yolanda Piña

Phone: (805) 377-5820

Amendment Number: _____

Replaces Agreement No.: 5054-10-cs

Agreement Termination Date: _____

Funding Source: _____

Account No. 101-5501-554-7353

Project # I55610

Current Value of Agreement
(including Previous Amendments): \$ 288,024.
(Attach copies of original agreement and all previous amendments.)

Value of this Amendment: \$ _____

Total Value of Amended Agreement: \$ _____

P.O. No. (if existing agreement): _____

Req. No. (if new agreement): _____

Insurance Exhibit Type: _____

Please attach list of account numbers and amounts if multiple accounts.

Purpose of Agreement/Amendment: Lease renewal for Continuing Development, Incorporate

Only one agreement need be routed if the following provision is entirely included in the agreement:
"This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one and the same agreement. A signed copy of this Agreement transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes." If the above provision is not in the agreement, please provide two original agreements with wet signatures, and one copy of this form to the City Clerk. **Please refer to Page 2 for information prior to processing and an explanation of review process below.**

Prior to processing, email completed Agreement Amendment Review Form to: cityofoxnard@ebix.com

Review Sequence

1. Email Completed Agreement/Amendment Form to: cityofoxnard@ebix.com
2. Contractor/Vendor (Project Manager to initial)
3. Project Manager
4. Department Director
5. City Attorney
6. Budget Management
7. Risk Management
8. Purchasing Agent
9. Contract Compliance Review Committee
10. Purchasing Agent/City Manager/City Council
11. City Clerk

Initials	Date
	9-11-2017
	9-11-2017
	9-11-2017
	10/10/17
JBB	9-12-17
GW/A BV	10/4/17
	10/2/17
	10/4/17
	
N/A	

Prior to Processing Agreement

- A. Email completed Agreement Amendment Review Form to: cityofoxnard@ebix.com.
- B. See Insurance Documentation Processing Instructions (attached hereto as Exhibit A).
- C. If this is a new agreement, did you process a requisition through the financial system? If not, **STOP** and contact Purchasing at extension 7538.
- D. If this is an existing agreement, do you have a purchase order number? If not, **STOP** and contact Purchasing at extension 7538.

Explanation of Review Process

- | | |
|--|--|
| 1. Contractor/Vendor | Signs agreement/amendment and includes certificate of insurance and bonds, if any. |
| 2. Project Manager | Obtains agreement number from City Clerk, approves content of agreement/amendment, assembles exhibits, processes insurance and bond documents, verifies consultant/contractor business tax certificate. Signs agreement/amendment approved as to content. Prepares agenda item if agreement is over \$250,000. |
| 3. Department Director | Reviews agreement and approves use of funds. Approves agenda item if agreement is over \$250,000. |
| 4. City Attorney | Approves agreement/amendment. Signs agreement/amendment as to form. |
| 5. Budget Management | Certifies availability of funds. |
| 6. Risk Management | Approves for insurance. Signs agreement/amendment approved as to insurance. |
| 7. Purchasing Agent | Verifies purchasing compliance. Confirms City business tax certificate. |
| 8. Contract Compliance Review Committee | Reviews agreement for contract compliance. |
| 9. Purchasing Agent/City Manager/City Council | <p><i>Purchasing Agent:</i> Approves and signs agreements under \$25,000.</p> <p><i>City Manager:</i> Approves and signs agreements \$25,000 to \$250,000 after Council authorization.</p> <p><i>City Council:</i> Council approves and Mayor signs agreements over \$250,000. (1st original is sent to City Clerk and 2nd original to Project Manager for contractor/vendor.)</p> |
| 10. City Clerk | <p>City Clerk to file original agreement.</p> <p>Please note that the Purchasing Agent will not authorize payments on any agreement/amendment if the original of same is not filed with the City Clerk's Office.</p> |

EXHIBIT A
Insurance Documentation Processing Instructions

1. **Email completed copy of the Agreement Amendment Review Form to: cityofoxnard@ebix.com.** The vendor will be added to the EBIX system and will be notified via the email address provided of expiring insurance coverage and/or insurance deficiencies. It is important that the Agreement Amendment Review Form include all of the required information including the agreement number, vendor's contact information/email address, and insurance exhibit type.
2. **Inform the vendor to send all insurance documentation to EBIX (as required by the appropriate insurance exhibit in the agreement) by one of the following methods:**
 - A. By email to: cityofoxnard@ebix.com
 - B. By fax to: (678) 259-1007

The sample language in Exhibit B can be copied/mailed to the vendor to explain the process for submitting insurance documentation.

3. **Route the agreement as normal, as identified in the Agreement Amendment Review Form.** Risk Management staff will sign off on the agreement after verifying with EBIX that it has received all of the appropriate insurance information.
4. **Do not submit hard copies of the insurance documents along with the agreement.** EBIX will maintain all electronic copies of the insurance information submitted directly by the vendor.

EXHIBIT B
Sample Text to Copy/Email to Vendor

SUBJECT: PROVIDING CERTIFICATES OF INSURANCE

The terms of your agreement with the City of Oxnard ("City") state that you must provide evidence of insurance coverage meeting its requirements before doing business with the City. A copy of the draft agreement and appropriate insurance exhibit have been provided to you.

This notice is to inform you that the City has contracted its insurance certificate tracking to Ebix, Inc. ("Ebix").

Ebix has assumed the following duties on the City's behalf:

- Maintaining your insurance documentation.
- Reviewing your insurance certificates/endorsements to determine if the coverage shown meets the stated requirements.
- Following up if documentation received does not meet the stated insurance requirements.
- Notifying the City of Oxnard of any lapse or deviation between your coverage shown on the certificate and the stated requirements.

Please contact your insurance agent or broker and ask them to provide Ebix with a current certificate of insurance and required endorsements using one of the following methods:

- A. By email to: cityofoxnard@ebix.com
- B. By fax to: (678) 259-1007

After using one of these methods, please do **not** send us the certificate by mail.

If you have questions about this notice, or the correct insurance coverage required, you may call Ebix at (951) 766-2208.

Contract No. A-8010

LEASE

This Lease ("Lease") is made as of 1st day of July, 2017, by and between the CITY OF OXNARD, ("Landlord") and Continuing Development, Incorporated (collectively "Tenant"). Each of Landlord and Tenant are sometimes hereinafter referred to as a "Party" and collectively as the "Parties."

1. Leased Premises

Landlord hereby leases to Tenant, and Tenant hires from Landlord for the term, at the rental, and pursuant to the covenants, provisions and conditions set forth herein, that certain space (the "Leased Premises") situated at 200 East Bard Road in the South Oxnard Community Center ("Building"). The Leased Premises are outlined and defined in Exhibit "A" attached hereto and incorporated by this reference in full herein.

2. Term

The term of this Lease ("Term") shall commence on July 1, 2017 (the "Commencement Date") and shall expire on June 30, 2020 (the "Termination Date"), subject to earlier termination as provided herein. Time is of the essence of this Lease.

3. Rent

3.1 Base Rent. During the Term, Tenant agrees to pay Landlord as "Base Rent" for the Leased Premises, detailed below:

Time Frame	Monthly Rent	Increase	Total Yearly Amount
July 1, 2017-June 30, 2018	\$ 7,804	2.5%	\$ 93,648
July 1, 2018-June 30, 2019	\$ 7,999	2.5%	\$ 95,988
July 1, 2019-June 30, 2020	\$ 8,199	2.5%	\$ 98,388
Total			\$288,024

Base Rent shall be due and payable to the Landlord on the first day of each and every calendar month during the Term. Base Rent for the first month of the Term, or portion thereof, shall be paid concurrent with the execution of this Lease. If the Commencement Date is not the first day of a calendar month, or if the Term ends on a day other than the last day of a calendar month, then the rental for such partial month(s) shall be prorated based on a 30-day month.

3.2 Annual Adjustment of Base Rent. The Base Rent shall be increased every year after the Commencement Date ("1st of July") during the Term in an amount equal to two and a half percent (2.5%).

3.3 Additional Rent. All amounts due from Tenant to Landlord under this Lease other than Base Rent shall constitute "Additional Rent." The Base Rent and Additional Rent are sometimes collectively referred to hereinafter as "Rent." Rent shall be paid to Landlord, without

deduction or offset, in lawful money of the United States of America, which shall be legal tender at the time of payment, at the office of Landlord or to such other person or at such other place as Landlord may from time to time designate in writing.

3.4 Interest; Late Charges. All amounts due and unpaid under this Lease shall accrue interest from the date due until paid at the lesser of the prime or reference rate charged by the Bank of America, N.A. plus three percent (3%) or the highest rate permitted by law (the "Default Rate"). It is also agreed between the Parties that if any installment of Base Rent shall be due hereunder and unpaid as of the fifth (5th) day of any month, a five percent (5%) late/administrative charge shall be immediately added to the amount owing and shall also be due and payable, the Parties recognizing that they cannot establish with certainty the damage and additional administrative expense Landlord will suffer in the event Tenant fails to pay such amount when due and the Parties agreeing that such late charge represents the reasonable estimate of the Parties as to the amount of such damage and additional administrative expense.

INITIAL

Tenant:



Landlord:



3.5 Additional Expenses Payable by Tenant. Tenant shall pay a reasonable charge determined by Landlord for any use of utilities or services in excess of utilities or services customarily provided for Tenant or in addition to those set out in Section 10, which Section covers normal utility charges. Tenant shall pay for any additional or unusual janitorial or security guard services required by reason of Tenant's use of the Premise or by reason of improvements in the Premises other than improvements made by Landlord.

4. Security Deposit

Concurrent with the execution of this Lease, Tenant shall deposit with Landlord fifteenth thousand six hundred seven dollars and 28 cents of deposit (\$15,607.28) as a security deposit for the performance by Tenant of the provisions of this Lease. Landlord requests the Tenant will make two installments for the total deposit. The first installment will be due July 1, 2017 for \$7,803.64 and the second installment will be due January 1, 2018 for \$7,803.64. If Tenant is in default under this Lease, Landlord may use the security deposit, or any portion of it, to cure the default or to compensate Landlord for all damage sustained by Landlord resulting from such default. Tenant shall immediately on demand pay to Landlord a sum equal to the portion of the security deposit expended or applied by Landlord as provided in this Section so as to maintain the security deposit in the sum initially deposited with Landlord. If Tenant is not in default and has vacated the Leased Premises by the Termination Date, Landlord shall return the security deposit to Tenant. Landlord's obligations with respect to the security deposit are those of a debtor and not a trustee. Landlord may maintain the security deposit separate and apart from Landlord's general funds or can commingle the security deposit with Landlord's general and other funds. Landlord shall not be required to pay Tenant interest on the security deposit.

5. Delivery and Condition of Leased Premises

5.1 Landlord shall deliver physical possession of the Leased Premises to Tenant upon the execution of this Lease by both Parties. Tenant hereby accepts the Leased Premises in its

existing "AS IS" condition as of the date hereof subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing the use of the Leased Premises, and any easements, licenses, covenants, conditions or restrictions of record, including without limitation any Declaration of Covenants, Conditions and Restrictions, executed by Landlord, and accepts this Lease subject thereto and subject to all matters disclosed thereby.

5.2 Tenant acknowledges that Landlord has not made any representation or warranty whatsoever as to the condition of the Leased Premises including, but not limited to, the condition of the existing building or the electrical, plumbing, fire sprinkler pressure (if there are any fire sprinklers), lighting, air conditioning and heating therein, or the present or future suitability of the Leased Premises for the conduct of Tenant's business.

5.3 Landlord shall not be liable for any latent or patent defects in or about the Leased Premises. Tenant hereby waives all other express or implied warranties or representations regarding any latent or patent defects in the Leased Premises.

5.4 Tenant shall, upon taking possession of the Leased Premises, and with Landlord's prior written approval, prepare plans ("Plans") and obtain all necessary permits for, and commence construction upon the Leased Premises of, any and all improvements necessary to open and operate Tenant's business (the "Improvements").

6. Use of Leased Premises

6.1 Limitation on Use. Tenant shall use the Leased Premises solely for four daycare classrooms of approximately 830 square feet each and the adjacent office corridor space, a fenced play yard location, a temporary play yard in the courtyard, and kitchen usage only for scheduled hours of operation.

6.2 Tenant's Operation of Business. Tenant shall continuously and uninterruptedly during the entire Lease Term:

6.2.1 At a minimum, remain open for business during usual business hours Monday through Friday, except customary federal and state holidays;

6.2.2 Adequately staff its business with sufficient employees;

6.2.3 Conduct Tenant's business at all times in a first-class manner consistent with reputable business standards and practices, in good faith and in such a manner that the high reputation of the Landlord and the Premises is maintained; and

6.2.4 Warehouse, store or stock only such items as Tenant require to conduct its business.

6.3 Anti-discrimination and Equal Opportunity. Tenant shall, throughout the Term, comply with the provisions set forth in Exhibit "B" attached hereto and incorporated herein by this reference.

6.4 Prohibited Uses; Alterations. Tenant shall not do or permit anything to be done in or about the Leased Premises that in any way increases the existing rate of any fire or other insurance on the Building or any of its contents, or that causes a cancellation of any insurance policy covering the Building, the Leased Premises or any part of them or any of the contents thereof, or which constitutes an activity specifically excluded from the Landlord's insurance policy or any insurance Tenant is required by Landlord to obtain, which policies are described in Section 8 of this Lease. Tenant shall not commit or cause to be committed any nuisance or waste in or on the Leased Premises or permit anything to be done in or about the Leased Premises that will in any way conflict with the CC&Rs or any law, statute, ordinance or governmental rule or regulation now in force or hereafter in force. Tenant shall not display, store, or sell merchandise or allow carts, portable signs, devices or any other objects to be stored or to remain outside the exterior walls and permanent doorways of the Leased Premises without Landlord's prior written consent. Tenant shall not, without the prior written consent of Landlord, sell merchandise from vending machines or allow any coin operated vending or gaming machines on the Leased Premises. Except as otherwise provided herein, Tenant shall not make or cause to be made any alterations, repairs, additions or improvements to any part of the Leased Premises, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

7. Insurance

Tenant shall deliver to the Landlord copies of policies of insurance and certificates evidencing the existence and amounts of the insurance described herein below with loss payable clauses and additional insured endorsements in favor of Landlord and cross-liability endorsements. Each policy shall provide that such policy shall not be cancelable or subject to reduction of coverage or other modification during the Term except after thirty (30) days prior written notice to Landlord. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies, qualified to do business in the State of California and reasonably acceptable to Landlord. All public liability and property damage policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its servants, agents, and employees by reason of the negligence of Tenant. All public liability, property damages and other casualty policies shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry. Executed copies of all policies, or certificates evidencing the existence and amounts of such insurance, shall be delivered to Landlord by Tenant no later than ten (10) days after Commencement Date, and thereafter, executed copies of renewal policies or certificates thereof shall be delivered to Landlord thirty (30) days prior to the expiration of any such policy. In the event Tenant fails to maintain any of the insurance set forth herein below, Landlord may, but shall not be required to, obtain such insurance on behalf of Tenant and, in such event, Tenant shall reimburse Landlord as Additional Rent and immediately on demand, for the cost incurred by Landlord together with interest on such cost at the Default Rate from the date the cost is incurred by Landlord to the date same is reimbursed to Landlord by Tenant. Tenant shall, at Tenant's sole expense, obtain and keep in force during the Term, the following coverages:

7.1 **Liability Insurance.** A liability insurance policy insuring Landlord and Tenant against any liability for bodily injury and property damage arising out of the ownership, use, occupancy or maintenance of the Leased Premises, Building, and/or the Premises by Tenant, its guests and/or invitees. Such insurance shall be a combined single limit policy in an amount not less than \$1,000,000.00 per occurrence. The policy shall insure performance by Tenant of the indemnity provisions of Section 13. The limits of said insurance shall not, however, limit the liability of Tenant hereunder;

7.2 **Insurance of Improvements and Contents.** A policy or policies of insurance against damage (by fire, theft, vandalism, malicious mischief, all risks normally insured against by extended coverage, and if the Building has sprinklers, the added perils of sprinkler leakage and earthquake sprinkler leakage) to the Improvements, any other improvements made to the Leased Premises by Tenant, and Tenant's stock in trade, furniture, personal property, fixtures and equipment on the Leased Premises, with coverage in an amount equal to the actual cash value thereof. Tenant may, with Landlord's prior written consent, elect to have a reasonable deductible in connection with such insurance;

7.3 **Worker's Compensation Insurance.** Tenant shall, during the Term, keep in full force and effect a policy or policies of worker's compensation insurance, with coverage not less than the minimum required by the State of California. Landlord and Tenant hereby waive their rights (and, to the extent permitted by law, the subrogation rights of their respective insurers) against each other and any other tenant of space in the Building (as well as the officers, employees, agents, authorized representatives, and invitees of same) with respect to any claims (including, but not limited to claims for injury to any person(s), and/or damage to the Leased Premises or any other part of the Landlord's Premises, and/or any fixtures, equipment, personal property, furniture, improvements and/or alterations in or to the Leased Premises or the Building) which are caused by or result from risks insured against under any valid and collectible insurance contract or policy carried by Landlord or Tenant (whichever the case may be) and in force at the time of any such injury and/or damage. However, the above waiver shall apply only to the extent that such claim is covered by such insurance contracts or policies. Tenant shall obtain (for Landlord) from its insurer(s) under each policy required to be obtained pursuant to Sections 7.1 and 7.2 above, a waiver of all rights of subrogation which such insurer(s) of Tenant might have against Landlord.

8. Damage

8.1 **Partial Damage-Insured.** In the event the Leased Premises or the Building are damaged by any casualty which is covered under fire and extended coverage insurance carried by Landlord, then Landlord shall restore such damage provided sufficient insurance proceeds are available to pay for the cost of restoration and provided such restoration can be completed within one hundred and eighty (180) days after the commencement of the work in the opinion of a registered architect or engineer appointed by Landlord. In such event this Lease shall continue in full force and effect, and Tenant shall not be entitled to any abatement or reduction of Rent.

8.2 **Partial Damage-Uninsured.** In the event the Leased Premises or the Building are damaged by a risk not covered by Landlord's insurance or the proceeds of available insurance

are less than the cost of restoration, or if the restoration cannot be completed within one hundred and eighty (180) days after the commencement of work in the opinion of the registered architect or engineer appointed by Landlord, then Landlord shall have the option either to (1) repair or restore such damage, this Lease continuing in full force and effect and Tenant shall not be entitled to any abatement or reduction of Rent, or (2) give notice to Tenant at any time within thirty (30) days after such damage terminating this Lease as of a date to be specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after giving such notice. In the event of the giving of such notice, this Lease shall expire and all interest of Tenant in the Leased Premises shall terminate on such date so specified in such notice and all Rent shall be paid to the date of such termination; provided, however, that Landlord agrees to refund to the Tenant any Base Rent theretofore paid in advance for any period of time subsequent to such date.

8.3 Total Destruction. In the event the Leased Premises are totally destroyed or the Leased Premises cannot be restored as required herein under applicable laws and regulations, notwithstanding the availability of insurance proceeds, this Lease shall be terminated effective the date of the damage.

8.4 Landlord's Obligations. The Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any restoration or replacement of any decorations, partitions, floor covering or any other improvements or property installed in the Leased Premises by Tenant or at the direct or indirect expense of Tenant. Tenant shall be required to restore or replace same in the event of damage. Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration; nor shall Tenant have the right to terminate this Lease as the result of any statutory provision now or hereafter in effect pertaining to the damage and destruction of the Leased Premises or the Building including Sections 1932(2) and 1933(4) of the Civil Code of the State of California, except as expressly provided herein.

9. Condemnation

If all or any part of the Leased Premises shall be taken or appropriated for public or quasi-public use by right of eminent domain with or without litigation or transferred by agreement in connection with such public or quasi-public use, either Party hereto shall have the right at its option exercisable within thirty (30) days of receipt of notice of such taking to terminate this Lease as of the date possession is taken by the condemning authority; provided, however, that before Tenant may terminate this Lease by reason of taking or appropriation as provided hereinabove, such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede or impair Tenant's use of the Leased Premises. If any part of the Building other than the Leased Premises shall be so taken or appropriated, Landlord shall have the right at its option to terminate this Lease. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation, together with any and all rights of Tenant now or hereafter arising in or to the same or any part thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and fixtures belonging to Tenant and/or for the interruption of or damage to Tenant's business.

10. Utilities

Tenant shall pay for its prorata share of all water, gas, heat and electricity services supplied to the Leased Premises, based upon the ratio of the rentable floor area of the Lease Premises as compared to all space which is rented and occupied in the Building. For purposes of implementing the provisions of this Section 10, Landlord and Tenant hereby agree that Tenant shall pay for water, gas, wastewater, solid waste, electric, and heating and air conditioning for the comfortable use and occupancy of the Premises. The utilities are billed by the utility co. & are paid separately from any lease. Tenant shall also pay for Tenant's own telephone service and alarm services and all other services and/or utilities supplied to the Leased Premises. Notwithstanding the foregoing, Landlord shall not be liable in damages or otherwise for any failure, interruption or unavailability of any utility service being furnished to the Leased Premises and no such failure or interruption shall entitle Tenant to terminate this Lease or receive any abatement of Rent hereunder.

11. Taxes

Tenant shall pay at least ten (10) days before due, and before any fine, penalty, interest or cost shall be charged thereon, directly to the appropriate taxing or other governmental authority, all of the following:

11.1 Real estate and other ad valorem taxes and assessments of every kind and nature levied and assessed upon the Leased Premises and the underlying realty including, but not limited to, possessory interest taxes assessed against the leasehold interest created hereby and general and special assessments, whether foreseen or unforeseen.

11.2 Taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation on the Leased Premises, (collectively, "Taxes"). Tenant shall deliver to Landlord copies of receipted bills for such Taxes within fifteen (15) days after receipt of such bills by Tenant. If any taxes on Tenant's personal property are levied against Landlord or Landlord's property, or if the assessed value of the Building is increased by the inclusion of a value placed on Tenant's personal property, and if Landlord pays the taxes on any of these items or the taxes based on the increased assessment caused by these items, Tenant, on demand, shall immediately reimburse Landlord for the sum of the taxes levied against Landlord, or the proportion of the taxes resulting from the increase in Landlord's assessment. Landlord shall have the right to pay these taxes regardless of the validity of the levy.

Additionally, Landlord and Tenant agree that this Lease may create a possessory property interest which is subject to property taxation, in which event that party in whom such interest is vested may be subject to and shall pay such property taxes.

12. Compliance with Laws

Tenant agrees to comply with all applicable zoning, municipal, county and state laws, ordinances and regulations governing the use of the Leased Premises, the CC&R's and any other covenants

or restrictions of record. Tenant agrees to secure any federal, state or local licenses or permits required in order to use the Leased Premises for the purposes specified hereinabove. Tenant shall secure such licenses and permits before the Commencement Date of this Lease.

13. Indemnity and Exculpation

13.1 Indemnity. Tenant shall indemnify, defend and hold harmless Landlord, the City of Oxnard (the "City") and the Association (if there is one) and against any and all claims, liabilities, losses, costs, expenses, including without limitation attorneys' fees and costs ("Claims or Liabilities") including without limitation those resulting from theft, vandalism, personal injury, disability or death, and even if caused in whole or in part by the passive negligence of Landlord, its agents, staff or employees (e.g., failure to supervise or control, or warn of or remove a condition on or about the Leased Premises) arising from:

13.1.1 The condition of the Leased Premises and surrounding areas which are used by Tenant and Tenant's employees, staff, consultants, agents, contractors, suppliers, invitees, guests, patrons, licensees, successors and assigns (collectively, "Tenant's Representatives"),

13.1.2 Tenant's and Tenant's Representatives' use of the Leased Premises, Building and/or other areas of the Landlord's Premises including without limitation the construction of the Improvements and any other work performed therein,

13.1.3 Any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, and/or

13.1.4 The conduct of Tenant's business operated on or about the Leased Premises or any act or negligence of Tenant, or any of Tenant's Representatives, except that Tenant shall not indemnify, defend and hold harmless Landlord from and against any claims to the extent they result solely from the active negligence or willful misconduct of Landlord or Landlord's agents, staff, employees, consultants, officers, successors and assigns (collectively, "Landlord's Representatives").

In case any action or proceeding be brought against Landlord, the City or the Landlord by reason of any such claim, Tenant, upon notice from any such party, shall defend the same at Tenant's expense by counsel reasonably satisfactory to such party.

Tenant, as a material part of the consideration given to Landlord, hereby (i) assumes all risk of damage to property or injury to persons in, upon or about the Leased Premises arising from any cause including, but not limited to, any theft, vandalism, damage, injury to person or death resulting from the condition of the Leased Premises during the Term hereof but excluding any claims (except for those claims arising from Landlord's alleged failure to supervise or control Tenant's actions or Tenant's use of the Leased Premises) arising from the active negligence or willful misconduct of Landlord, and (ii) waives all claims in respect thereof against Landlord, and the City.

13.2 Exemption of Landlord From Liability. It is hereby agreed that Landlord shall not be liable for any injury or damage which may be sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees or customers, or by any other person in or about the Leased Premises caused by or resulting from fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Leased Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, whether said damage or injury results from conditions arising upon the Leased Premises or from other sources. It is hereby agreed that Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of the Building.

14. Default and Remedies

14.1 Default. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

14.1.1 Any failure by Tenant to pay any Rent at the time said payment is due:

14.1.2 The abandonment or vacation (defined to be ten (10) or more days of continuous absence from the Leased Premises) of the Leased Premises by Tenant;

14.1.3 The failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for fifteen (15) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within said fifteen (15) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion;

14.1.4 The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Leased Premises or Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

14.2 Termination. In the event of any such default by Tenant, then in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such termination. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

14.2.1 The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

14.2.2 The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

14.2.3 The worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

14.2.4 Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligations under this Lease or which in the ordinary course of events would be likely to result therefrom; plus

14.2.5 At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

As used in subparagraphs 14.2.1 and 14.2.2 above, the "worth at the time of award" is computed by allowing interest at the Default Rate. As used in subparagraph 14.2.3 above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

14.3 Additional Remedies

14.3.1 In the event of the vacation or abandonment of the Leased Premises by Tenant (as defined in Section 14.1.2 above), and if Landlord does not elect to terminate this Lease and Tenant's right to possession of the Leased Premises by electing the remedy provided in Section 14.2 above, then Landlord may, pursuant to Section 1951.4 of the Civil Code of the State of California, recover all Rent as it becomes due.

14.3.2 Landlord entry into the Leased Premises for maintenance purposes or in an attempt to relet the Leased Premises shall not be considered to terminate Tenant's right to possession of the Leased Premises and no entry of the Leased Premises by Landlord shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Landlord may at any time after any default by Tenant elect to terminate this Lease pursuant to Section 14.2 above.

14.3.3 The rights of Landlord under this Lease shall be cumulative to all other rights or remedies now or hereafter available to Landlord at law or in equity.

15. Maintenance

15.1 Landlord's Obligation. Landlord shall maintain and make all necessary repairs to the Leased Premises including original fixtures and accessories, the heating, ventilation and air conditioning system and the common areas which include parking lot, building signs and landscaping, except landscaping in the area commonly referred to as the "play area" which shall be the responsibility of the Tenant.

15.2 Tenant's Obligations. Tenant shall be responsible for maintenance and repair of fixtures, appliance and equipment provided by Tenant for its own use. Tenant shall be responsible for the costs of maintenance and repair of the Leased Premises that is required because of the neglect or misconduct of the Tenant, its officers, employees, agents, subcontractors or users. Landlord may expend funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended, together with interest thereon at the Default Rate from the date of payment by Landlord until the date of repayment by Tenant shall be paid by Tenant as Additional Rent hereunder. Landlord may, but shall not be required to, recover such expenditures from the security deposit established pursuant to Section 4 of this Lease. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Leased Premises by Tenant as a result of performing any such work. In the event of emergency repairs, Tenant hereby grants to Landlord the right to enter upon the Leased Premises at any time.

15.3 Waiver by Tenant. Landlord shall have no obligation to repair or maintain the Leased Premises or improvements constructed therein except as provided in this Lease. Tenant hereby waives all right to make repairs at the expense of Landlord as provided for in any statute or law in effect at the time of execution of this Lease (including Section 1942 of the Civil Code of the State of California) or any amendment thereof or any other statute or law which may be hereafter enacted during the term of this Lease.

16. Landlord's Right of Entry

Tenant shall permit Landlord or Landlord's Representatives to enter the Leased Premises at all reasonable times for the purpose of inspecting the Leased Premises to determine whether Tenant is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect Landlord's interest in the Leased Premises under this Lease or to perform Landlord's duties under this Lease. Landlord also reserves and shall at any and all times have the right to enter the Leased Premises in connection with any utilities to be provided by Landlord to Tenant hereunder, to submit said Leased Premises to inspection by prospective purchasers or tenants or prospective or existing mortgagees, to post notices of non-responsibility and "for lease" signs, and to alter, improve or repair the Leased Premises and any portion of the Building without abatement of rent. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Leased Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Leased Premises, excluding Tenant's vaults and safes, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, the existence of which shall be determined by Landlord in its sole discretion, in order to obtain entry to the Leased Premises. Any entry to the Leased Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Leased Premises, or an eviction of Tenant from the Leased Premises or any portion thereof.

17. Transfers

17.1 Assignment and Subletting. Tenant shall not voluntarily or by operation of law assign, license, franchise, transfer, mortgage or otherwise encumber all or any part of Tenant's interest in this Lease or in the Leased Premises, and shall not sublet, franchise, or license all or any part of the Leased Premises, without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, and any attempted assignment, license, franchise, transfer, mortgage, encumbrance or subletting without such consent shall be wholly void. Without in any way limiting Landlord's right to refuse to give such consent for any other reason or reasons, Landlord reserves the right to refuse to give such consent if in Landlord's discretion and opinion the quality or character of the business operation conducted on the Leased Premises or throughout any other portion of the Building is or may be in any way adversely affected during the term of the Lease by such proposed assignment, license, franchise, transfer, mortgage, encumbrance or subletting, or if the financial worth, capability and/or liquidity of the proposed new tenant is less than that of Tenant at the time of the execution of this Lease or if the proposed new tenant has less experience in operating a business of the specific type as Tenant's than does Tenant.

17.2 Bankruptcy. In the event that Tenant files any type of petition in bankruptcy or has same filed against it and Landlord does not elect to terminate this Lease or is deemed to have waived its right to terminate this Lease, and in the event that the trustee or receiver appointed by the bankruptcy court attempts to assume this Lease and thereupon or otherwise assign it to a third party, then:

17.2.1 Such assignee shall have a net worth at least equal to that of the Tenant at the time of execution of this Lease,

17.2.2 The business of the assuming third party shall be consistent with the character and concept of the Project, and

17.2.3 All other provisions of 11 U.S.C. 365, as well as other applicable Bankruptcy Law provisions for Landlord's protection, shall be satisfied before any assignment of Tenant's rights, or assumption of Tenant's obligations under this Lease. This subparagraph shall not be deemed to waive any of Landlord's rights under Bankruptcy Law or otherwise.

17.3 Management. In the event Tenant fails to exercise such management and control of the business hereunder permitted to be conducted in the Leased Premises, as is ordinarily exercised by an owner of such a business, then Landlord shall have the right to approve the manager, franchisee, independent contractor, employee or other person or entity selected by Tenant to operate and conduct such business on the Leased Premises. The preceding sentence shall not be deemed to restrict Tenant from delegating day to day management of the Tenant's business, or taking vacations, but shall restrict Tenant from surrendering authority for setting general policy and business practices of the business. If Tenant makes such restricted selection or appointment without first securing Landlord's consent thereto, then Landlord, upon thirty (30) days' written notice to Tenant, shall have the right to terminate this Lease. Landlord shall not unreasonably withhold such consent.

17.4 Effect of Assignment. No approved subletting or assignment shall relieve Tenant of its obligation to pay all Rent and to perform all of the other obligations to be performed

by Tenant hereunder. Tenant shall pay Landlord for Landlord's attorneys' fees for the review of any proposed assignment or sublease as provided herein. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any assignment, subletting or other transfer shall not be deemed to constitute consent to any subsequent assignment, subletting or other transfer.

18. Rules and Regulations

Tenant and its employees, agents and visitors shall observe faithfully the Rules and Regulations as set forth in Exhibit "C" attached hereto and incorporated by this reference in full herein, and such other and further reasonable Rules and Regulations as Landlord may from time to time adopt. Landlord shall not be liable for violation of any Rules and Regulations or the breach of any provision of any lease by any other tenant or other party in the Landlord's premises.

19. Attorneys' Fees

In case of any action or proceeding brought by either Party against the other under this Lease, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs incurred.

20. Notices

20.1 All communications, notices and demands of any kind that either Party may be required or desires to give to or serve on the other Party shall be made in writing and delivered personally or sent by registered or certified mail or Federal Express (or other like overnight delivery service) to the following addresses:

To Landlord:	City of Oxnard Recreation 305 West Third Street, West Wing, 1st Floor Oxnard, CA 93030
With a copy to:	Continuing Development Inc. 20 Great Oaks Blvd, Ste.# 200 San Jose, CA 95119 Attn: Facilities Dept.
Tenant:	Susan Dumars, President Continuing Development Inc. 20 Great Oaks Blvd, Ste.# 200 San Jose, CA 95119.
Tenant:	Steve Yamamoto, Chief Financial Officer Continuing Development Inc. 20 Great Oaks Blvd, Ste.# 200 San Jose, CA 95119.

20.2 Any such notice shall be presumed to have been received on the earlier of:

20.2.1 Personal delivery to the address(es) shown above,

20.2.2 One (1) day after delivery to Federal Express or other like overnight delivery service, or

20.2.3 Forty-eight (48) hours after posting in the United States mail. Either Party may change its address by giving the other Party written notice of its new address.

21. Subordination; Attornment

21.1 Upon request of Landlord or any mortgagee or beneficiary of Landlord, Tenant shall, in a writing provided by Landlord or any mortgagee or beneficiary of Landlord, subordinate its rights hereunder to the lien of any mortgage or deed of trust or ground lease ("Mortgage"), now or hereafter in force against the land, Leased Premises and Building, and to all advances made or hereafter to be made upon the security thereof, provided that such Mortgage shall not materially impair Tenant's rights under this Lease, or impose any additional obligations upon Tenant. Tenant further agrees, upon request of Landlord or any mortgagee or beneficiary of Landlord, to provide to Landlord and/or any such mortgagee or beneficiary, financial statements of Tenant and the principal owners of Tenant within ten (10) days after request therefor.

21.2 In the event any proceedings are brought for the foreclosure of any mortgage or deed of trust encumbering the Building, or any portion thereof, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Landlord covering the Leased Premises, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the landlord under this Lease.

21.3 The provisions of this Section 21 to the contrary notwithstanding, and so long as Tenant is not in default hereunder, this Lease shall remain in full force and effect for the full term hereof.

22. Surrender

By entry hereunder, Tenant accepts the premises as being in good and sanitary order, condition and repair and agrees on the last day of the said Term, or sooner termination of this Lease, to surrender unto Landlord the Leased Premises with said appurtenances in the same condition as when received, reasonable use and wear excepted, and to remove all of the Tenant's personal property from the Leased Premises. Tenant shall, upon the request of Landlord, remove from the Leased Premises those trade fixtures and other improvements identified by Landlord and installed in the Leased Premises by or at the direction of Tenant, and Tenant shall repair any damage occasioned by such removal.

23. Holding Over

If Tenant, with Landlord's express written consent, remains in possession of the Leased Premises after expiration of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a Base Rent determined in accordance with Sections 3.1 and 3.2 above (with the commencement date of such tenancy constituting an Adjustment Date) and upon all provisions of this Lease applicable to such a month-to-month tenancy. If Tenant remains in possession of the Leased Premises after expiration or earlier termination of this Lease without the express written consent of Landlord, such possession by Tenant shall be deemed a tenancy at sufferance at a rental rate of three hundred percent (300%) of the rental rate in effect as of such expiration or earlier termination.

24. Estoppel Certificate

Within ten (10) days after request by Landlord (which request may be from time to time as often as reasonably required by Landlord), Tenant shall execute and deliver to Landlord a statement substantially in the form of Exhibit "D", attached hereto. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrances, of the Leased Premises or of all or any portion of the Building of which the Leased Premises are a part. Tenant's failure to deliver such statement within ten (10) days of Landlord's written request therefor shall be a binding agreement of Tenant:

24.1 That this Lease is in full force and effect without modification except as may be represented by Landlord,

24.2 That there are no uncured defaults in Landlord's performance hereunder, and

24.3 That not more than one monthly installment of Base Rent has been paid in advance.

Further, such failure to deliver such certificate (showing any exceptions to any of the statements of fact required thereby) shall be a material default under this Lease.

25. Binding on Successors and Assigns

Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition. The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the Parties, their heirs, personal representatives, and permitted successors and assigns.

26. Waivers

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provisions. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No term, covenant or condition of

this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord.

27. Entire Agreement; Amendments

There are no oral or written agreements or representations between the Parties affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, agreements and understandings, if any, between the Parties with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. All reliance by either Party with respect to representations and warranties shall be solely upon the representations and agreements contained in this Lease. No amendment or addition to this Lease shall be binding upon the Parties unless in writing, signed and delivered by the Party to be charged.

28. No Broker

Tenant represents and warrants that it has dealt with no real estate brokers, leasing agents or finders in connection with or arising out of any of the transactions contemplated by this Lease, and covenants and agrees to indemnify, defend and save Landlord harmless from any and all losses, liability, damages and expenses (including reasonable attorneys' fees and costs), that may arise from a breach of this representation and warranty.

29. Severability

If any provisions of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the Parties that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

30. Applicable Law

The laws of the State of California shall govern the validity, performance and enforcement of this Lease. This Lease shall not be construed either for or against Landlord or Tenant, but this Lease shall be interpreted in accordance with the general tenor of the language in an effort to reach an equitable result.

31. Corporate Tenant; Partnership

In the event Tenant (or a general partner of Tenant) shall be a corporation, the persons executing this Lease on behalf of such corporation hereby covenant, represent and warrant that such corporation is a duly constituted corporation in good standing and qualified to do business in the State of California; all franchise and corporate taxes have been paid to date; all future forms, reports, fees and other documents necessary to comply with applicable laws will be filed when due; and such persons are duly authorized by the governing body of such corporation to execute

both Landlord and Tenant and establish the prevailing market rental rate of the Leased Premises for the Option period for purposes of this Section and Section 3.1 of the Lease.

(vi) Landlord and Tenant shall each pay the fee and all expenses incurred by the appraiser appointed by each of them and one-half of all expenses and the fee incurred by the third appraiser appointed pursuant to subparagraph (i) of this Section.

(vii) Notwithstanding anything herein to the contrary, in no event shall the Base Rent for the Leased Premises payable during any Option period as determined herein be less than the amount of Base Rent payable during the lease year immediately preceding the commencement of such Option period.

4. The Option period rental determined pursuant to Section 1 above shall be subject to annual adjustment pursuant to Section 3.2 of the Lease in the same manner as Base Rent due during the initial Lease Term.

5. Except as otherwise expressly provided in this Addendum, all terms and conditions of this Lease shall apply to each Option period.

LANDLORD:
CITY OF OXNARD

Tim Flynn, Mayor

TENANT:
CONTINUING DEVELOPMENT, INC.

By _____
Susan Flynn

Its _____
Interim President

ATTEST:

Michelle Ascencion, City Clerk

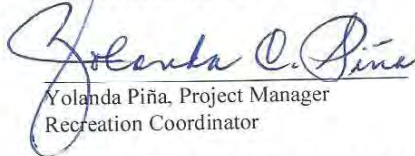
By _____
D. J. [Signature]

Its _____
CFD

APPROVED AS TO FORM:

 fol 11/28/17
 Stephen M. Fischer, City Attorney Date

APPROVED AS TO CONTENT:

 10-19-2017
 Yolanda Piña, Project Manager Date
 Recreation Coordinator

APPROVED AS TO INSURANCE:

 10/2/17
 Mike More, Risk Manager Date

The City requires the following for any contract:

- For a corporation, the signatures of the Board President, CEO or Vice President and of the Board Secretary, Assistant Secretary, CFO or Assistant Treasurer;
- For an LLC, the signatures of at least two managers of the LLC; or
- For a partnership, the signature of a partner. If the partnership is a limited partnership, the signer must be a general partner.

If the company has a different structure, or if the above-listed persons are not the appropriate signers, please submit to the City Attorney legally-binding documentation stating who can sign and bind your company.

PLEASE DO NOT
REMOVE THIS BOX

Exhibit "A"**PREMISES**

1. Rentable square footage: 7,782 square feet.
2. Area of Premises: 18,072 square feet.
3. Tenant's Percentage of Building: 43.1%.
4. Use of Premises: C.D.I. Area, Kitchen, and Common Area.
5. Normal Business Hours: (Monday through Friday) 7 AM until 6 PM.
6. Floor Plan attached.

Exhibit A

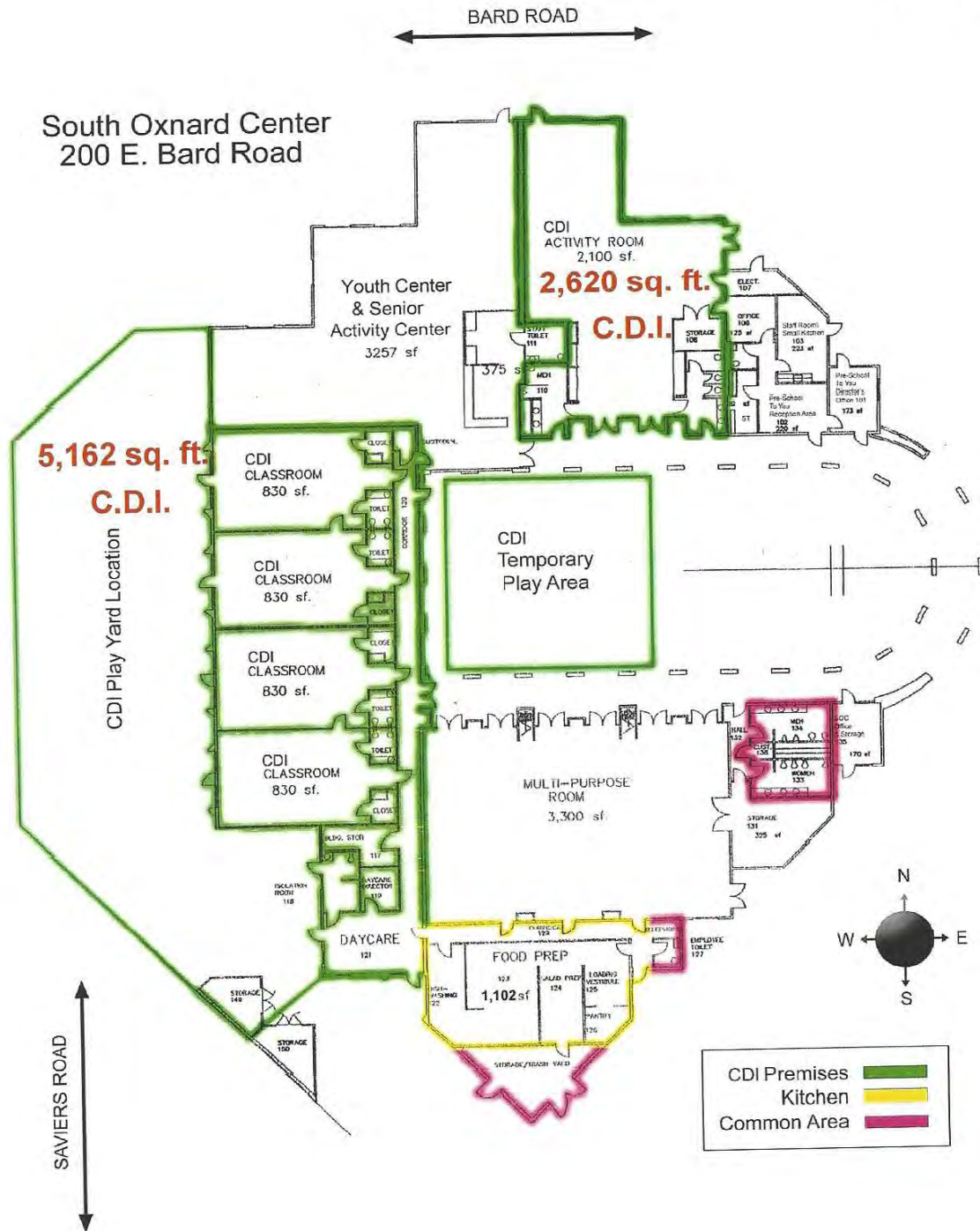


Exhibit "B"**ANTI-DISCRIMINATION AND EQUAL OPPORTUNITY**

Tenant, for itself, its successors and assigns and all persons claiming under or through it, covenants that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Leased Premises, nor shall Tenant or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, licensees, employees or vendees in the Leased Premises or the improvements thereon. The foregoing covenants shall run with the land.

Tenant, for itself, its successors and assigns and all persons claiming under or through it, covenants that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the construction of any improvements on the Leased Premises.

The Tenant shall refrain from restricting the rental or lease of the Leased Premises on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All leases, deeds or contracts which Tenant proposes to enter into with respect to the lease, sublease, transfer, use, occupancy, tenure or enjoyment of any land in the Leased Premises shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses which shall be binding on all contracting parties or transferees:

(a) In leases:

"The tenant herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, sub-leasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the tenant himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein leased."

(b) In contracts:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall any party to this contract, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

Exhibit "C"

Rules and Regulations

RULES AND REGULATIONS

THESE RULES AND REGULATIONS are published by the CITY OF OXNARD ("Landlord") for the Continuing Development, Inc. ("CDI") for the purpose of regulating the deportment of the occupants and the use of the CDI necessary or convenient for the property operation, maintenance and care of the CDI. The term "CDI" shall include all present and future buildings or structures and the parking lots, ramps, platforms and docks and other areas and improvements included within the CDI. The term "Tenants" shall refer to the tenants or other occupants of the CDI. The term "Premises" shall refer to that portion of the CDI rented to Tenants.

Landlord reserves the right at any time to rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in the Landlord's judgment may from time to time be necessary for the safety, care and cleanliness of the CDI, and for the preservation or order therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular Tenant or Tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other Tenant or Tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulation against any or all of the Tenants. These Rules and Regulations are in addition to and shall not be construed to in any way modify, alter or amend, in whole or in part, the covenants, agreements, terms and conditions of any Lease affecting the CDI or any portion thereof.

1. All areas of the CDI other than those under lease to Tenants, including public halls, shall be under the sole and absolute control of Landlord, its agents or employees who shall have the exclusive right to regulate and control these areas. The sidewalks, halls, passages, exits, entrances, of the CDI shall not be obstructed by any of the Tenants, or used by them for any purpose other than for ingress to and egress from any Premises. Landlord and/or its agents or employees reserve the right to exclude or expel from the CDI any person who, in the judgment of the Landlord and/or its agents or employees is intoxicated or under the influence of liquor or drugs, or who shall in any manner act in violation of any of the Rules and Regulations of the CDI. Tenants and other persons may not go upon the roof of the structures of the CDI.

2. Landlord, its agents or employees reserve the right to exclude from the main building of the CDI persons who do not present a pass or other identification acceptable to Landlord and/or its agents or employees. If passes are required, Landlord will furnish passes to persons for whom any Tenant requests a pass. Each Tenant shall be responsible for all persons for whom it requests passes or requests admission to the main building of the CDI, and Tenant shall be liable to Landlord for all acts of such persons.

Landlord shall not be liable for damages for any error with regard to the admission or exclusion from the CDI of any person. In the case of invasion, mob, riot, public excitement, or other circumstances rendering such action advisable in Landlord's (and/or its agents or employee) sole and absolute discretion, Landlord and/or its agents or employees reserve the right to prevent access to the OTC during the continuance thereof of such actions as Landlord and/or its agents or employees may deem appropriate, including closing and locking doors.

3. Landlord retains absolute control over the exterior appearance of the CDI and the exterior appearance of any Premises as viewed from the exterior of the Premises or the CDI, public halls or passageways, and Tenants shall not, without Landlord's prior written consent, install or permit to be installed any lighting, paintings, drapes, blinds, shades, signs, lettering, placards, decorations or advertising media of any type which can be viewed from the exterior of the CDI, public halls or passageways. If any Tenant obtains permission and installs any of the above items, such Tenant shall not make any charges, alterations or modifications to said installed items without prior written consent of Landlord, and such Tenant shall maintain such items at its expense in a neat and orderly manner at all times.

4. The directory of the CDI will be provided for the display of the name and location of Tenant and its principal officers and Landlord may exclude any other names from the directory.

5. In the event any Tenant fails to keep and perform any of the terms and conditions hereof, notwithstanding any provision to the contrary in the Lease, immediately upon written notice of default from Landlord, Landlord may restore any Premises or CDI to its original condition, and such Tenant shall reimburse Landlord upon demand for such cost of restoration. Landlord may demand that such Tenant immediately restore the Premises or CDI to its original condition. Such a default shall constitute a default under such Tenant's lease and Landlord may resort to any and all legal remedies which Landlord may desire to assert.

6. When any electric wiring is introduced into the structures of the CDI, it must be connected as directed by the Landlord and/or its agents and employees, and no boring or cutting of wires will be allowed without the consent of the Landlord. The location of telephones and/or telephone control stations, telegraph instruments, computer and/or word processing equipment, telegraph instruments, electric appliances, call boxes, and similar instruments shall be prescribed by the Landlord, its agents or employees. No apparatus of any kind, other than normal small office machines and equipment, shall be connected to the electrical system of the CDI without the written consent of Landlord.

7. Tenants shall not mark, paint, drill into any part of the Premises or the CDI without the prior written consent of Landlord. Tenants shall not string wires or

use extension cords without the prior written consent of Landlord.

8. Tenants shall not do anything in the CDI, or bring or keep anything therein or thereon, which will in any way increase or tend to increase the risk of fire, or which shall conflict with the regulations of the Fire Department or the fire laws, or with any insurance policy on the CDI or any part thereof, or with any rules or ordinances established by any other governmental agency.

9. Tenant shall be responsible for protecting any property located on or about the Premises.

10. Landlord shall prescribe the weight, size and position of all safes, libraries, etc., used in the CDI. Any heavy load must be checked by Landlord's structural engineer at Tenant cost. Extreme conditions may require redistribution or added structural reinforcing. All damage done to the CDI by installing, removing or maintaining such heavy load shall be repaired at the expense of the Tenant in whose Premises such heavy load is located. Articles of unusual size or weight are not permitted in the CDI. Tenants shall not use any machinery which may cause any objectionable noise or tremor to the floors or walls or which by its weight might injure the floors of the CDI.

11. Tenants shall not conduct any auction in CDI, shall not store goods, wares or merchandise on their Premises except for Tenant's own personal use, and shall not manufacture any item on their Premises.

12. All freight, miscellaneous large deliveries and furniture must be moved into, within, and out of the CDI under the supervision of Landlord's agents and/or employees and according to such regulations as may be posted in the office of the CDI, but the Landlord will not be responsible for the loss or damage of such freight, etc., from any cause.

13. The requirements of any Tenants will be attended to only upon application to the Manager of the CDI, duly appointed to that position by Landlord. Employees and/or agents of Landlord shall not perform any work, nor do anything beyond their regular duties unless under special instruction from the Manager of the CDI, and employees and/or agents of Landlord will not be obligated to admit any person (Tenants or otherwise) to any office/establishment, etc., without specific instructions from the Manager of the CDI.

14. All keys shall be obtained from the Manager of the CDI and all keys pertaining to any Premise shall be returned to the Manager of the CDI upon termination of the lease affecting such Premises. The Tenants shall not duplicate any keys or permit any keys to be duplicated. The Tenants shall not change the locks, or install other locks on the doors without prior written consent of the Manager of the CDI.

15. Before any Tenant and its employees leave its Premises, they shall see that

the doors of the Premises to common hallways of the CDI are closed and securely locked and shall observe strict care and caution that all water faucets, water apparatus, typewriters, copy machines, etc., and utilities are shut off so as to prevent waste or damage; and for any default or carelessness, such Tenant shall compensate the other Tenants and Landlords for all damage sustained by tem.

16. Tenants shall give prompt notice to the Manager of the CDI of any accident to, or defects in, the CDI, including the plumbing, water pipes, electric wire or heating apparatus, burned out light bulbs or tubes so that the same may be attended to promptly.

17. Tenants shall not use any method of heating or air conditioning other than that supplied by Landlord unless approved by Landlord in writing.

18. Tenants shall not install any radio or television antenna, loudspeaker, air conditioner or other devices on the roof or exterior walls of the CDI.

19. No vending or coin-operated machines shall be placed or maintained by any Tenant within its Premises or the common areas of the CDI without the prior written consent of Landlord.

20. Tenants shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing drapes and other window coverings when the sun's rays fall on the windows of the Premises. Tenants shall not obstruct, alter or in any way impair the efficient operation of Landlord's heating, ventilating, air conditioning, electrical, fire safety, or lighting system. Tenants shall not tamper with or change the setting of any thermostats or temperature control valves.

21. Canvassing, soliciting and peddling in the CDI are prohibited without the written consent of the Landlord, and each Tenant shall cooperate to prevent such activity by informing such canvassers, solicitors or peddlers that such activity is not permitted at the CDI.

22. Hand trucks not equipped with rubber tires and side guards shall not be used in any space, or in the public halls of the OTC, either by any Tenant or others. No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Premises.

23. The toilets, wash basins and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweeping, rubbish, rags or other substances shall be thrown therein. All damage resulting from any misuse of fixtures shall be borne by the Tenant who, or whose employees, agents, invitees or visitors, shall have caused the same.

24. Tenant shall not engage in or permit any advertising or public relations which, in Landlord's opinion, tends to impair the reputation or the desirability of the CDI or suggest that Tenant is anything other than a Tenant in the CDI.

25. Tenants shall not use or keep in or about the CDI any kerosene, gasoline or inflammable or combustible fluid or material. Tenant shall not use, keep, or permit or suffer the CDI to be occupied or used in a manner offensive or objectionable to Landlord, its agents or employees by reason of noise, odors, and/or vibrations, or interfere in any way with other Tenants or those having business in the CDI. No portion of the CDI shall be used for lodging or sleeping or for any immoral or illegal purpose.

26. Tenant agrees, at Tenant's sole expense, to maintain the Leased Premises in neat and clean order and in condition free from debris and accumulation of waste and fire hazards. Tenant agrees, on the last day of the Lease term or on early termination of this Lease, to surrender to the Landlord the Leased Premises in the same condition as received, less reasonable use and wear.

27. Tenant conducts its business in such manner as to create any nuisance, or interfere with, annoy or disturb other tenants.

28. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor places in halls, corridors without the prior consent of the Landlord.

29. Tenant shall not permit the operation of any musical or sound producing instrument or device which may be heard outside Leased Premises.

30. Tenant shall not block or obstruct any of the entries, passages, doors, or hallways of building or parking facilities. Deliveries and shipping good and merchandise in or out of the property must be made only through the sidewalk.

Exhibit "D"

SAMPLE ESTOPPEL CERTIFICATE

RE: lease dated _____ by and between City of Oxnard "Landlord" and
 _____ "Tenant" for the premises located at _____.

1. The term of the Lease commenced on _____.
2. The term of the Lease shall expire on _____.
3. The Lease has: (Initial one)
 () () has not been amended, modified, supplemented, extended, renewed or assigned.
4. That the basic monthly rental now in full force and effect is \$ _____.
5. That the amount of security deposit (if any) is: \$ _____.
6. That the building improvements and specific requirements to be fulfilled by Landlord according to the aforesaid Lease have been satisfactorily completed in all respects.
7. That the Landlord has fulfilled all of its duties of an inducement nature and is not in default in any manner in the performance of any of the terms, covenants or provisions of said Lease.
8. Tenant has no right to any concessions (rental or otherwise) or similar compensation in connection with renting the Premises it occupies, except as provided in the Lease.
9. Except as may be specifically set forth in the Lease, Tenant does not have any right to renew or extend the term of the Lease nor any option or preferential right to purchase all or any part of the Leased Premises or all or any part of the building and Premises of which the leased Premises are a part, nor any right, title or interest with respect to the leased Premises other than as Tenant under the Lease.
10. Tenant understands that _____ may purchase or acquire (or lend Money pursuant to a Promissory Note and Deed of Trust secured by) the Premises known as _____ and that if it does so, its action will be in material reliance upon this Certificate.

The undersigned Tenant and Landlord hereby certify that the above information is true and correct and that _____ may rely upon said information.

Tenant:

Landlord:

by _____

by _____

date _____

date _____

ADDENDUM

LEASE OPTION

This Addendum to Lease ("Addendum"), is attached to and made a part of and hereby dated concurrently with that certain Lease ("Lease") dated July 1, 2017, by and between the City of Oxnard ("Landlord") and Continuing Development, Incorporated ("Tenant"). All capitalized terms used herein shall have the same meanings given to them in the Lease to which this Addendum is attached. In the event of a conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control.

Landlord and Tenant Hereby agree as follows:

1. Term

1.1 Term. Tenant shall have an option (the "Option") to extend the Term of this Lease for one additional term of a 3 year period at the then prevailing market rate as the new "Base Rent" consistent with paragraph 3 below. The renewal term shall be at the rental set forth and otherwise upon the same covenants, conditions and provisions as provided in this Lease. Tenant shall give Landlord at least one hundred twenty (120) days notice in writing of the intent to exercise the Option extension before the original Term of this Lease expires.

1.2 Effect of Default on Option.

1.2.1 Notwithstanding any provision in the foregoing grant of the Option to the contrary, Tenant shall have no right to exercise the Option under the following circumstances:

1.2.1.1 During the time commencing from the date Landlord gives to Tenant a notice of default pursuant to paragraph 14.1.1 or 14.1.3 and continuing until the default alleged in said notice of default is cured, or

1.2.1.2 During the period of time commencing on the day after a monetary obligation to Landlord is due from Tenant and unpaid (without any necessity for notice thereof to Tenant) and continuing until the obligation is paid, or

1.2.1.3 At any time after an event of default described in paragraphs 14.1.2 or 14.1.4 (without any necessity of Landlord to give notice of such default to Tenant), or

1.2.1.4 In the event that Landlord has given to Tenant three or more notices of default under paragraph 14.1.1, where a late charge has become payable under paragraph 3.4 for each of such defaults, or paragraph 14.1.3, whether or not the defaults are cured, during the 12 month period prior to the time that Tenant intends to exercise the Option.

1.2.2 The period of time within which the Option may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the Option because of the provisions of paragraph 2.2.1.

1.2.3 All rights of Tenant under the provisions of the Option shall terminate and be of no further force or effect, notwithstanding Tenant's due and timely exercise of the Option, if after such exercise and during the term of this Lease,

1.2.3.1 Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of 30 days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant), or

1.2.3.2 Tenant fails to commence to cure a default specified in paragraph 14.1.3 within 30 days after the date that Landlord gives notice to Tenant of such default and/or Tenant fails thereafter to diligently prosecute said cure to completion, or

1.2.3.3 Tenant commits a default described in paragraph 14.1.2 or 14.1.4 (without any necessity of Landlord to give notice of such default to Tenant), or

1.2.3.4 Landlord gives to Tenant three or more notices of default under paragraph 14.1.1, where a late charge becomes payable under paragraph 3.4 for each such default, or paragraph 14.1.3, whether or not the defaults are cured.

2. Rent

2.1 Base Rent. Following Tenant's exercise of the Option to extend the Term of this Lease as provided in Section 1 above, the Base Rent shall be adjusted, effective upon the commencement of the Option period, to equal the then prevailing market rental rate, as such prevailing market rental rate is mutually agreed upon by Landlord and Tenant. In the event Landlord and Tenant are unable to agree upon the then prevailing market rental rate for the Leased Premises on or before ninety (90) days preceding the commencement of the Option period, then the prevailing market rental rate for the Lease Premises shall be determined in accordance with Sections 1-3 of the Addendum to Lease of even date herewith attached hereto and incorporated herein by this reference (the "Addendum"). If the Option period commences prior to such determination of the prevailing market rental rate, Tenant shall continue to pay the Base Rent in effect just prior to the commencement of the Option period, and any excess rent payable for such interim period by reason of such determination shall be paid by Tenant within fifteen (15) days. In no event shall the Base Rent payable by Tenant during any Option period as determined herein be less than the Base Rent payable by Tenant during the last year of the initial Term immediately preceding the commencement of such Option period.

2.2 Annual Adjustment of Base Rent. If the Option is exercised by Tenant, the new Base Rent will be determined pursuant to paragraph 2 above. The Base Rent for the second year of the Option period shall be increased by the annual amount base rent at two and half percent (2.5%).

3. In accordance with the above terms, upon Tenant's exercise the Option to extend the Term of the Lease, the Base Rent payable during the subsequent Option term is to be equal to the then prevailing market rental rate of the Leased Premises as mutually agreed upon by Landlord and Tenant. In the event Landlord and Tenant are unable to agree as to the then prevailing market rental rate of the Leased Premises on or before ninety (90) days prior to the commencement of the Option applicable period, the prevailing market rental rate shall be determined as follows:

- (i) On or before sixty (60) days prior to commencement of the Option period, Landlord and Tenant shall each appoint an appraiser and give written notice of the name and address of such appraiser to the other party to this Lease. The two appraisers thus appointed shall, within fifteen (15) days after appointment of the last of the two appraisers to be appointed appoint a third appraiser and serve written notice of the name and address of such appraiser on Landlord and Tenant in the manner prescribed by this Lease for service of notice on Landlord and Tenant.
- (ii) All appraisers appointed under this Section shall be, at the time of their appointment, MAI certified appraisers or members in good standing of the American Institute of Real Estate Appraisers.
- (iii) Within fifteen (15) days after the appointment of the third appraiser, the three appraisers shall confer and each shall submit in writing to Landlord and Tenant his honest appraisal of the prevailing market rental rate, as described in this Section, of the Leased Premises. The term "prevailing market rental rate," as used in this Section, means the rent a willing tenant would pay to a willing owner for said Leased Premises for the use specified in the Lease on the terms then reasonably available for substantially similar property in the vicinity of the Leased Premises.
- (iv) The appraised rental rate agreed on in writing by any two of the three appointed appraisers shall be conclusive and binding on the parties to this Lease, and shall establish the full market rental rate of said Leased Premises for the Option period for purposes of this Section and Section 3.1 of the Lease. Should no two of the three appraisers be able to agree on the full market rental rate of said Leased Premises, both the highest appraisal and the lowest appraisal submitted by any of the three appraisers shall be disregarded and the remaining appraisal shall be binding and conclusive on the parties to this Lease and shall establish the full market rental rate of the Leased Premises for the Option period for purposes of this Section and Section 3.1 of the Lease.
- (v) Should either party fail to appoint an appraiser as required by this Section within five (5) days after service on him of written demand to do so, the appraiser appointed by the other party shall act for both Landlord and Tenant. The decision in writing of such appraiser shall, in such event, be binding on

both Landlord and Tenant and establish the prevailing market rental rate of the Leased Premises for the Option period for purposes of this Section and Section 3.1 of the Lease.

(vi) Landlord and Tenant shall each pay the fee and all expenses incurred by the appraiser appointed by each of them and one-half of all expenses and the fee incurred by the third appraiser appointed pursuant to subparagraph (i) of this Section.

(vii) Notwithstanding anything herein to the contrary, in no event shall the Base Rent for the Leased Premises payable during any Option period as determined herein be less than the amount of Base Rent payable during the lease year immediately preceding the commencement of such Option period.

4. The Option period rental determined pursuant to Section 1 above shall be subject to annual adjustment pursuant to Section 3.2 of the Lease in the same manner as Base Rent due during the initial Lease Term.

5. Except as otherwise expressly provided in this Addendum, all terms and conditions of this Lease shall apply to each Option period.

LANDLORD:
CITY OF OXNARD

Tim Flynn, Mayor

TENANT:
CONTINUING DEVELOPMENT, INC.

By

Its

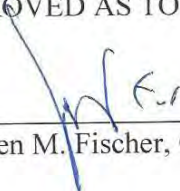
ATTEST:

Michelle Ascencion, City Clerk

By

Its

APPROVED AS TO FORM:

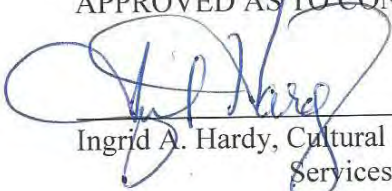


Stephen M. Fischer, City Attorney

By

Its

APPROVED AS TO CONTENT:



Ingrid A. Hardy, Cultural and Community
Services Director

APPROVED AS TO INSURANCE:



Mike Moore, Risk Manager

ADDENDUM

LEASE OPTION

This Addendum to Lease ("Addendum"), is attached to and made a part of and hereby dated concurrently with that certain Lease ("Lease") dated July 1, 2017, by and between the City of Oxnard ("Landlord") and Continuing Development, Incorporated ("Tenant"). All capitalized terms used herein shall have the same meanings given to them in the Lease to which this Addendum is attached. In the event of a conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control.

Landlord and Tenant Hereby agree as follows:

1. Term

1.1 Term. Tenant shall have an option (the "Option") to extend the Term of this Lease for one additional term of a 3 year period at the then prevailing market rate as the new "Base Rent" consistent with paragraph 3 below. The renewal term shall be at the rental set forth and otherwise upon the same covenants, conditions and provisions as provided in this Lease. Tenant shall give Landlord at least one hundred twenty (120) days notice in writing of the intent to exercise the Option extension before the original Term of this Lease expires.

1.2 Effect of Default on Option.

1.2.1 Notwithstanding any provision in the foregoing grant of the Option to the contrary, Tenant shall have no right to exercise the Option under the following circumstances:

1.2.1.1 During the time commencing from the date Landlord gives to Tenant a notice of default pursuant to paragraph 14.1.1 or 14.1.3 and continuing until the default alleged in said notice of default is cured, or

1.2.1.2 During the period of time commencing on the day after a monetary obligation to Landlord is due from Tenant and unpaid (without any necessity for notice thereof to Tenant) and continuing until the obligation is paid, or

1.2.1.3 At any time after an event of default described in paragraphs 14.1.2 or 14.1.4 (without any necessity of Landlord to give notice of such default to Tenant), or

1.2.1.4 In the event that Landlord has given to Tenant three or more notices of default under paragraph 14.1.1, where a late charge has become payable under paragraph 3.4 for each of such defaults, or paragraph 14.1.3, whether or not the defaults are cured, during the 12 month period prior to the time that Tenant intends to exercise the Option.

1.2.2 The period of time within which the Option may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the Option because of the provisions of paragraph 2.2.1.

1.2.3 All rights of Tenant under the provisions of the Option shall terminate and be of no further force or effect, notwithstanding Tenant's due and timely exercise of the Option, if after such exercise and during the term of this Lease,

1.2.3.1 Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of 30 days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant), or

1.2.3.2 Tenant fails to commence to cure a default specified in paragraph 14.1.3 within 30 days after the date that Landlord gives notice to Tenant of such default and/or Tenant fails thereafter to diligently prosecute said cure to completion, or

1.2.3.3 Tenant commits a default described in paragraph 14.1.2 or 14.1.4 (without any necessity of Landlord to give notice of such default to Tenant), or

1.2.3.4 Landlord gives to Tenant three or more notices of default under paragraph 14.1.1, where a late charge becomes payable under paragraph 3.4 for each such default, or paragraph 14.1.3, whether or not the defaults are cured.

2. Rent

2.1 Base Rent. Following Tenant's exercise of the Option to extend the Term of this Lease as provided in Section 1 above, the Base Rent shall be adjusted, effective upon the commencement of the Option period, to equal the then prevailing market rental rate, as such prevailing market rental rate is mutually agreed upon by Landlord and Tenant. In the event Landlord and Tenant are unable to agree upon the then prevailing market rental rate for the Leased Premises on or before ninety (90) days preceding the commencement of the Option period, then the prevailing market rental rate for the Lease Premises shall be determined in accordance with Sections 1-3 of the Addendum to Lease of even date herewith attached hereto and incorporated herein by this reference (the "Addendum"). If the Option period commences prior to such determination of the prevailing market rental rate, Tenant shall continue to pay the Base Rent in effect just prior to the commencement of the Option period, and any excess rent payable for such interim period by reason of such determination shall be paid by Tenant within fifteen (15) days. In no event shall the Base Rent payable by Tenant during any Option period as determined herein be less than the Base Rent payable by Tenant during the last year of the initial Term immediately preceding the commencement of such Option period.

2.2 Annual Adjustment of Base Rent. If the Option is exercised by Tenant, the new Base Rent will be determined pursuant to paragraph 2 above. The Base Rent for the second year of the Option period shall be increased by the annual amount base rent at two and half percent (2.5%).

3. In accordance with the above terms, upon Tenant's exercise the Option to extend the Term of the Lease, the Base Rent payable during the subsequent Option term is to be equal to the then prevailing market rental rate of the Leased Premises as mutually agreed upon by Landlord and Tenant. In the event Landlord and Tenant are unable to agree as to the then prevailing market rental rate of the Leased Premises on or before ninety (90) days prior to the commencement of the Option applicable period, the prevailing market rental rate shall be determined as follows:

- (i) On or before sixty (60) days prior to commencement of the Option period, Landlord and Tenant shall each appoint an appraiser and give written notice of the name and address of such appraiser to the other party to this Lease. The two appraisers thus appointed shall, within fifteen (15) days after appointment of the last of the two appraisers to be appointed appoint a third appraiser and serve written notice of the name and address of such appraiser on Landlord and Tenant in the manner prescribed by this Lease for service of notice on Landlord and Tenant.
- (ii) All appraisers appointed under this Section shall be, at the time of their appointment, MAI certified appraisers or members in good standing of the American Institute of Real Estate Appraisers.
- (iii) Within fifteen (15) days after the appointment of the third appraiser, the three appraisers shall confer and each shall submit in writing to Landlord and Tenant his honest appraisal of the prevailing market rental rate, as described in this Section, of the Leased Premises. The term "prevailing market rental rate," as used in this Section, means the rent a willing tenant would pay to a willing owner for said Leased Premises for the use specified in the Lease on the terms then reasonably available for substantially similar property in the vicinity of the Leased Premises.
- (iv) The appraised rental rate agreed on in writing by any two of the three appointed appraisers shall be conclusive and binding on the parties to this Lease, and shall establish the full market rental rate of said Leased Premises for the Option period for purposes of this Section and Section 3.1 of the Lease. Should no two of the three appraisers be able to agree on the full market rental rate of said Leased Premises, both the highest appraisal and the lowest appraisal submitted by any of the three appraisers shall be disregarded and the remaining appraisal shall be binding and conclusive on the parties to this Lease and shall establish the full market rental rate of the Leased Premises for the Option period for purposes of this Section and Section 3.1 of the Lease.
- (v) Should either party fail to appoint an appraiser as required by this Section within five (5) days after service on him of written demand to do so, the appraiser appointed by the other party shall act for both Landlord and Tenant. The decision in writing of such appraiser shall, in such event, be binding on



CHILD-8

OP ID: NI

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

06/30/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Suhr Risk Services 5300 Stevens Creek Blvd. San Jose, CA 95129 John B. Suhr, MS, CPCU, CRM, C		408-510-5440 CONTACT NAME: John B. Suhr, MS, CPCU, CRM, C PHONE (A/C, No, Ext): 408-510-5440 E-MAIL ADDRESS: john.suhr@insuhr.com FAX (A/C, No):	
INSURED Child Development, Inc Continuing Development, Inc Child Development Centers, Inc Choices For Children 20 Great Oaks Blvd, Ste 200 San Jose, CA 95119-1399		INSURER(S) AFFORDING COVERAGE INSURER A: Nonprofits Ins. Alliance of CA INSURER B: Safety National Casualty INSURER C: INSURER D: INSURER E: INSURER F:	
		NAIC # 10023	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	X COMMERCIAL GENERAL LIABILITY					
	CLAIMS-MADE X OCCUR	X	201730519NPO	07/01/2017	07/01/2018	EACH OCCURRENCE \$ 1,000,000
	X Stop Gap WA					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					MED EXP (Any one person) \$ 20,000
	POLICY PRO JECT LOG					PERSONAL & ADV INJURY \$ 1,000,000
	OTHER:					GENERAL AGGREGATE \$ 2,000,000
						PRODUCTS - COMPI/OP AGG \$ 2,000,000
						Emp Ben. \$ INCLUDED
A	AUTOMOBILE LIABILITY		201730519NPO	07/01/2017	07/01/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	X ANY AUTO					BODILY INJURY (Per person) \$
	OWNED AUTOS ONLY	SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	HIRED AUTOS ONLY	NON-OWNED AUTOS ONLY				PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB	X OCCUR	201730519UMBPO	07/01/2017	07/01/2018	EACH OCCURRENCE \$ 10,000,000
	X EXCESS LIAB	CLAIMS-MADE				AGGREGATE \$ 10,000,000
	DED X RETENTION \$	10,000				
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N	LDM4049293	07/01/2017	07/01/2018	X PER STATUTE OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N/A				E L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below					E L. DISEASE - EA EMPLOYEE \$ 1,000,000
A	Professional Liab.		201730519NPO	07/01/2017	07/01/2018	E L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Sex Misconduct		201730519NPO	07/01/2017	07/01/2018	Limit/Agg 1mil/2mil
						Limit/Agg 1mil/1mil

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate holder it's City Council, Officers, Employees and Volunteers are named as additional insured as per attached endorsement form CG2011.
 RE: 170 N. Juanita, Oxnard, CA 93030 - Greenvalley CDC &
 200 East Bard Road, Suite B, Oxnard, CA - South Oxnard CDC

CERTIFICATE HOLDER

CITYOXN

City of Oxnard
 300 West Third Street #302
 Oxnard, CA 93030

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

POLICY NUMBER: 201730519NPO

COMMERCIAL GENERAL LIABILITY
CG 20 11 01 96

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – MANAGERS OR LESSORS OF
PREMISES**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
SCHEDULE**

1. Designation of Premises (Part Leased to You): **170 N. Juanita, Oxnard, CA 93030 – Greenvalley CDC & 200 East Bard Road, Suite B, Oxnard, CA – South Oxnard CDC**
2. Name of Person or Organization (Additional Insured): City of Oxnard, it's City Council, Officers, Employees and Volunteers

Any person or organization acting as a manager or lessor of a covered premises that you are required to name as an additional insured on this policy, under a written contract, lease or agreement currently in effect, or becoming effective during the term of this policy, and for which a certificate of insurance naming that person or organization as additional insured has been issued.

3. Additional Premium: INCLUDED

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

REQUEST FOR BUDGET APPROPRIATION

Department: Cultural & Community Ser
Project/Program
Manager: Ingrid Hardy / Yolanda Pin

Date: December 12, 2017
Phone: 805-385-8022

Reason for Appropriation:

To recognize increased of revenue for the Continuing Development Incorporated lease to reflect revenue for rent from tenants at the South Oxnard Community Center (200 E. Bard Rd.)

Accounts and Descriptions

AMOUNT

Fund: **South Oxnard Center Rental Facility**

Revenues/Transfers In

COMMUNITY SERVICES (5501)

101-5501-554-7353	Recreation Fee/Lease Revenues	\$1,148.00
-------------------	-------------------------------	------------

	Sub-total Revenues	\$1,148.00
--	--------------------	------------

	Net Change to Fund Balance	\$1,148.00
--	-----------------------------------	-------------------

Approvals

Department Director _____

Chief Financial Officer _____

City Manager _____



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 4

DATE: December 12, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Scott Whitney
Police Chief

SUBJECT: Supplemental Law Enforcement Services Fund

CONTACT: Scott Whitney, Police Chief
Scott.Whitney@OxnardPD.org, 385-7624

RECOMMENDATION:

That City Council:

1. Recognize \$317,892 in grant revenue from the State Supplemental Law Enforcement Services Fund (SLESF) for Citizens Option for Public Safety (COPS) Program.
2. Approve a budget appropriation in the amount of \$317,892 for a Force Option Simulator (FOS) training system, FOS room remodel, Word Processing remodel and Body Worn Camera agreement.
3. Authorize the Chief Financial Officer or designee to approve additional budget appropriations if awarded.

BACKGROUND

The County of Ventura will receive an estimated allocation of \$1,638,110 from the State Department of Finance for front line law enforcement funds as part of the Supplemental Law Enforcement Services Funds (SLESF). Front line law enforcement funds are allocated to cities, counties and five police protection districts on a population basis. The City of Oxnard's estimated portion is \$317,892. The SLESF funds result from a 0.15% Vehicle License Fee (VLF) and are meant to supplement existing services, and may not be used to supplant any existing funding for law enforcement services.

Supplemental Law Enforcement Services Fund
December 12, 2017
Page 2

These funds will be used to purchase a Force Option Simulator (FOS) training system as well as required remodeling projects in the FOS training room and Word Processing Unit. In addition, remaining funds will be used to address annual subscription costs related to additional cameras purchased as part of the Department's body-worn camera (BWC) program.

STRATEGIC PRIORITIES

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will showcase the promising future of Oxnard. This item supports the following goals and objectives:

Goal 1. Improve community safety and quality of life through a combination of prevention, intervention, and suppression efforts that address crime and underlying issues.

FINANCIAL IMPACT

The attached budget appropriation reflects the allocation of the \$317,892 FY17-18 SLESF COPS Program (Project 662147). No matching funds are required.

ATTACHMENTS:

Attachment A: Allocation List 2017-18

Attachment B: Budget Appropriation form

**2017-18 Enhancing Law Enforcement Activities Subaccount
Citizens' Option for Public Safety
Front-line Law Enforcement Allocation for 2017-18**

ATTACHMENT II

City/County	City/County Population Estimates 1/1/2017	Projected Allocations by City/County	Percent of Allocation by City/County
Patterson	22,730	\$ 100,000	0.11759532%
Riverbank	24,610	\$ 100,000	0.11759532%
Turlock	72,879	\$ 111,505	0.13112495%
Waterford	8,906	\$ 100,000	0.11759532%
Unincorporated	114,891	\$ 175,784	0.20671355%
Sutter	96,956	\$ 303,191	0.35653866%
Live Oak	8,636	\$ 100,000	0.11759532%
Yuba City	67,445	\$ 103,191	0.12134802%
Unincorporated	20,875	\$ 100,000	0.11759532%
Tehama	63,995	\$ 400,000	0.47038128%
Corning	7,522	\$ 100,000	0.11759532%
Red Bluff	14,070	\$ 100,000	0.11759532%
Tehama	427	\$ 100,000	0.11759532%
Unincorporated	41,976	\$ 100,000	0.11759532%
Trinity	13,628	\$ 100,000	0.11759532%
Trinity	13,628	\$ 100,000	0.11759532%
Tulare	471,842	\$ 1,127,525	1.32591635%
Dinuba	24,861	\$ 100,000	0.11759532%
Exeter	10,985	\$ 100,000	0.11759532%
Farmersville	11,248	\$ 100,000	0.11759532%
Lindsay	12,984	\$ 100,000	0.11759532%
Porterville	59,908	\$ 100,000	0.11759532%
Tulare	64,661	\$ 100,000	0.11759532%
Visalia	133,151	\$ 203,722	0.23956721%
Woodlake	7,768	\$ 100,000	0.11759532%
Unincorporated	146,276	\$ 223,803	0.26318190%
Tuolumne	54,707	\$ 200,000	0.23519064%
Sonora	4,871	\$ 100,000	0.11759532%
Unincorporated	49,836	\$ 100,000	0.11759532%
Ventura	857,386	\$ 1,638,110	1.92634029%
Camarillo	69,623	\$ 106,524	0.12526671%
Fillmore	15,683	\$ 100,000	0.11759532%
Moorpark	36,828	\$ 100,000	0.11759532%
Ojai	7,553	\$ 100,000	0.11759532%
Oxnard	207,772	\$ 317,892	0.37382639%
Port Hueneme	22,808	\$ 100,000	0.11759532%
San Buenaventura	109,275	\$ 167,191	0.19660916%
Santa Paula	30,654	\$ 100,000	0.11759532%
Simi Valley	127,309	\$ 194,783	0.22905620%
Thousand Oaks	131,457	\$ 201,130	0.23651934%
Unincorporated	98,424	\$ 150,589	0.17708589%
Yolo	218,896	\$ 505,173	0.59405928%
Davis	68,740	\$ 105,173	0.12367800%

REQUEST FOR BUDGET APPROPRIATION

Department: Police
Project/Program
Manager: Scott Whitney

Date: December 12, 2017
Phone: ext. 7612

Reason for Appropriation:

To recognize State grant revenue for the Supplemental Law Enforcement Services Fund FY17-18, which is subgranted through the County of Ventura.

Accounts and Descriptions

AMOUNT

Fund: STATE COPS GRANT (195)

Revenues/Transfers In

COPS Prog (SLESF FY17-18) (Project 662147)

195-2030-532-7231	FEDERAL & STATE SOURCES/STATE GRANT REVENUES	317,892
	Sub-total Revenues	317,892

Expenditures/Transfers Out

COPS Prog (SLESF FY17-18) (Project 662147)

195-2030-802-8132	MINOR EQUIPMENT - OFFICE	22,892
195-2030-802-8134	MINOR EQUIPMENT - SHOP AND FIELD	60,000
195-2030-802-8605	CAPITAL OUTLAY / IMPRV OTHER BUILDING/MAJOR REPAIR	35,000
195-2030-802-8606	CAPITAL OUTLAY / MACHINERY AND EQUIP NEW	200,000
	Sub-total Expenditures	317,892

Net Change to Fund Balance	0
-----------------------------------	----------

Approvals

Department Director _____

Chief Financial Officer _____

City Manager _____

REQUIRES CITY COUNCIL AUTHORIZATION

BA# (Finance Use Only) _____
 BA Doc# (Finance Use Only) _____
 Rev _____

Packet Pg. 357



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Public Hearing

AGENDA ITEM NO.: 1

DATE: December 12, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Ashley Golden
Development Services Director

SUBJECT: Planning and Zoning Permit Nos. 17-620-03 (General Plan Amendment); 17-560-03 (Pre-Zoning); and 17-610-03 (Annexation). Property Located at 4600 Olds Road (APN: 232-0-010-06) Ocean View Annexation (10/5/10)

CONTACT: Ashley Golden, Development Services Director
Ashley.Golden@oxnard.org, 385-7882

RECOMMENDATION:

That the City Council:

1. Adopt a resolution to approve Planning and Zoning Permit No. 17-620-03 (General Plan Amendment), subject to certain findings and conditions; and
2. Introduce for first reading by title only (and waive further reading) an Ordinance approving Planning and Zoning Permit No. 17-560-03 (Pre-zoning), subject to certain findings and conditions; and
3. Approve Planning and Zoning Permit No. 17-610-03 (Annexation), subject to certain findings and conditions.

BACKGROUND

The existing parcels to the north of the project parcel are improved with Ocean View Junior High (4300 Olds Road) and Mar Vista Elementary (2382 Etting Road) Schools, which were annexed to the City of Oxnard ("City"), Calleguas Municipal Water District ("Calleguas"), and the Metropolitan Water District ("MWD") in the mid-1960s. At that time, the City commenced providing water service to both campuses. Subsequently, without City, Calleguas, or MWD approval the Ocean View School District extended the water line southerly to the adjacent

Ocean View Annexation (10/5/10)

December 12, 2017

Page 2

preschool which is owned and operated by Ocean View, which is located outside of the boundaries of the City, Calleguas and MWD. It is uncertain as to when the unpermitted water connections took place.

Ocean View later added additional childcare facilities on the subject parcel which is located outside the City, Calleguas and MWD boundaries. As of the result of the construction, Ocean View connected the childcare facility to the existing City-provided water line. Ocean View did not obtain City approval to extend the water service outside the boundaries of the City, Calleguas and MWD. On June 21, 2001, the City assigned a new address to the subject property for the “New Modular Children Center Building” which is owned and operated by Ocean View.

On August 10, 2016, Calleguas informed Ocean View of the violation. Subsequently, the City, Ocean View and the Calleguas have agreed that the Ocean View will annex the property at 4600 Olds Road into the City, Calleguas and MWD in order to comply with the required water utility service agreements.

On October 18, 2017, the Planning Commission approved Resolution 2017-27, recommending to that the City Council approve Planning and Zoning Permit Nos. 17-620-03 (General Plan Amendment); 17-560-03 (Pre-zoning); and 17-610-03 (Annexation).

ANALYSIS

Proposed Project

A request to annex a parcel improved with the Ocean View Early Education School (preschool) owned and operated by the Ocean View School District (Ocean View) located at 4600 Olds Road into the City of Oxnard, Calleguas Municipal Water District and the Metropolitan Water District of Southern California; pre-zoning of the existing parcel to “Community-Reserve” (CR); and amend the 2030 General Plan to: (1) amend the General Land Use map to include the parcel within the City and designate the land use on the parcel to “School” (SCH); (2) amend the City’s sphere of influence (SOI) boundary; and (3) amend the City Urban Restriction Boundary (CURB) boundary.

Prior to Ventura County Local Agency Formation Commission (LAFCo) consideration of an application for annexation, the annexing local jurisdiction is required by law to establish a General Plan land use designation on a property and to pre-zone the proposed annexation area in accordance with the agency’s adopted General Plan. The proposed property would have a “School” (SCH) General Plan land use designation. The requested pre-zoning seeks to amend the official Zoning Map for the City of Oxnard by designating the Ocean View School District parcel as “Community Reserve” (C-R) which is consistent with the 2030 General Plan land use designation. The attached Resolution of Approval contains maps of the proposed 2030 General Plan land use map and zoning map amendments. The pre-zoning and general land use map amendment efforts will formally reinforce the City’s 2030 General Plan policies addressing a general plan designation for the subject area in a manner necessary to satisfy LAFCo requirements for annexation approval. The pre-zoning and general land use designation will not

Ocean View Annexation (10/5/10)

December 12, 2017

Page 3

affect the existing land use or modify existing land development requirements for the property considered for annexation until annexation would (may) occur, as may be approved by LAFCo.

Environmental Analysis

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to 15319(a) (Annexation of Existing Facilities and Lots for Exempt Facilities) because it involves the annexation of existing developed parcel, and the pre-zoning of said parcel is commensurate with the proposed land use designation in the City's 2030 General Plan. Additionally, the proposed project is exempt from the CEQA pursuant to Section 15061(b) (3), General Rule, because it can be seen with certainty that the project will not have a significant effect on the environment; therefore the project is not subject to CEQA. A Notice of Exemption has been prepared and will be filed in compliance with the CEQA Guidelines and California law (See Attachment B).

General Plan Amendment/Sphere of Influence (SOI)/City Urban Restriction Boundary (CURB):

1. General Land Amendment/ General Plan Land Use Map: The subject parcel is not located within the City or its SOI so there is no land use designation identified for the parcel within the 2030 General Plan Land Use Map. As such, in order to satisfy the requirements of LAFCo for consideration of the annexation, the 2030 General Plan Land Use Map will be amended to designate the subject parcel as "School" commensurate with the Community Reserve pre-zoning.
2. Sphere Of Influence (SOI): According to the 2030 General Plan, the City's SOI was determined by the Ventura LAFCo in June 8, 1983 and amended on June 2000 as the probable future physical boundaries and service areas of the City. The City's SOI is approximately 29.9 square miles. The SOI may be amended with approval of LAFCo. The current SOI boundary is coterminous with the CURB boundary line on the southwest on the parcels currently improved with Ocean View Junior High and Mar Vista Elementary Schools. The existing SOI boundary would extend south of both parcels to the subject parcel delineating the new SOI boundary, if approved by LAFCo.
3. City Urban Restriction Boundary (CURB): In 1998, the voters of the City of Oxnard adopted the SOAR (Save Open Space and Agricultural Resources) initiative establishing the City Urban Restriction Boundary (CURB) and re-designating as "Agriculture (AG)" all land previously designated "Agricultural Planning Reserve (AG/PR)." The CURB defines the urban development boundary for the City until December 31, 2020. On November 8, 2016, voters approved Measure K which extended the CURB boundary until December 2050. The SOAR initiative also established a City Buffer Boundary (CBB) which lies outside of the CURB line and is coterminous with the Oxnard Area of Interest. Change to the CURB line or an agricultural land use designation within the CBB generally requires majority approval of Oxnard voters, with certain exceptions, including but not limited to:

2016 City of Oxnard CURB Ordinance: Section 6. Exemptions

The provisions of this ordinance otherwise requiring a vote of the people do not apply to nor

Ocean View Annexation (10/5/10)

December 12, 2017

Page 4

affect the authority and discretion of the City Council with respect to any roadways designated in Chapter 4, Infrastructure and Services, in the circulation element of the 2030 Oxnard General Plan as of January 1, 1998 adoption and subsequent amendments, construction of public potable water facilities, public schools, public parks or other government facilities, or any development project that has obtained as of the effective date of this initiative a vested right pursuant to state or local law.

Currently, the CURB boundary terminates in the southwest portion of the City on the parcels currently improved with Ocean View Junior High and Mar Vista Elementary Schools. The existing CURB boundary would extend south of both parcels to the subject parcel delineating the new CURB boundary. Please refer to the figure located on the following page to view the proposed new City limits, CURB and SOI boundaries.

In discussing this project with LAFCO, Calleguas, MWD annexation of the parcel located at 4600 Old Road is a reasonable extension of City boundaries, as it will not promote development and is a logical refinement of City boundaries and jurisdictional limits. All agencies have been consulted to determine support for this action and determined that the General Plan Amendment, Pre-zoning, and Annexation fall within an exempt activity pursuant to the 2016 CURB Ordinance, as this is necessary to provide water/infrastructure service for the existing public school.

Detachment

In addition to LAFCo requiring that the property to annex into the City, Calleguas and the MWD, the proposed project will also be required to detach from the Ventura County Resource Conservation District, Ventura County Fire Protection District, Ventura County Service Areas No. 32 and 33, and Oxnard Drainage District No. 2. The property will also be excluded from the sphere of influence for both the Ventura County Service Area No. 33 and Oxnard Drainage No.2. The detachment procedure will be processed through the LAFCo annexation application process.

Pre-Zoning

Prior to LAFCo consideration of an application for annexation, the annexing local jurisdiction is required to pre-zone the proposed annexation area in accordance with the agency's adopted General Plan. Although pre-zoning of properties located outside the City limits is not expressly discussed in the Zoning Ordinance, the most appropriate means of pre-zoning the subject territory is to amend the City's Official Zoning Map. Therefore, the mechanism put forth for consideration by the Planning Commission, and for subsequent consideration by the City Council, is a proposed amendment to the City's Official Zoning Map, as indicated in the attached Planning Commission Resolution and draft City Council Ordinance. The pre-zoning map (which will be attached to both the Planning Commission Resolution and the City Council Ordinance) is provided within Attachment C. The proposed zoning designation is consistent with the proposed 2030 General Plan land use designation.

STRATEGIC PRIORITIES

Ocean View Annexation (10/5/10)
December 12, 2017
Page 5

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will showcase the promising future of Oxnard. This item supports the following goals and objectives:

Goal 3. Strengthen neighborhood development, and connect City, community and culture.

Objective 3a. Create a renewed focus on establishing a positive outlook and orientation of our City, neighborhoods and overall community.

FINANCIAL IMPACT

The financial impact is in accordance with the agreed upon settlement agreement between the Ocean View School District and the City.

<INSERT BODY HERE>

ATTACHMENTS:

Attachment A: Resolution

Attachment B: Zone Map Ordinance

Attachment C: Maps

Attachment D: Planning Commission Resolution

Attachment E: Planning Commission Staff Report

Attachment F: Notice of Exemption

RESOLUTION NO. 2017-____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD TO ADOPTING A GENERAL PLAN AMENDMENT APPLICATION NO. PZ-17-620-03 FOR A PARCEL INCLUSIVE OF CONTIGUOUS ROAD SEGMENT TO THE WEST LOCATED AT 4600 OLDS ROAD (APN: 232-001-006) TO AMEND THE 2030 GENERAL PLAN LAND USE MAP BY: DESIGNATING THE PARCEL WITH A LAND USE DESIGNATION OF "SCHOOL" (SCH); AMENDING THE CITY URBAN RESTRICTION BOUNDARY AND AUTHORIZING STAFF TO SUBMIT AN APPLICATION TO THE VENTURA COUNTY LOCAL AGENCY FORMATION COMMISSION AMENDING THE SPHERE OF INFLUENCE BOUNDARY; AND DIRECTING AND AUTHORIZE STAFF TO SUBMIT AN APPLICATION TO THE VENTURA COUNTY LOCAL AGENCY FORMATION COMMISSION FOR A REORGANIZATION OF ANNEXATION APPLICATION NO. PZ-17-610-03 TO ANNEX THE TERRITORY OF SAID PARCEL AND CONTIGUOUS ROAD SEGMENT TO THE WEST. FILED BY THE CITY OF OXNARD, DEVELOPMENT SERVICES DEPARTMENT, 214 SOUTH C STREET, OXNARD, CA, 93030.

WHEREAS, the City Council hereby proposes to the Ventura County Local Agency Formation Commission (LAFCo) a reorganization of the boundaries of the territory described herein; and

WHEREAS, the above-stated annexation request is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (§ 56000 et seq. of the California Government Code); and

WHEREAS, the City Council has carefully reviewed the applications filed as PZ 17-620-03; 17-560-03; and 17-610-03 for annexation into the City of Oxnard and reorganization of boundaries for the property and contiguous road segment to the west located at 4600 Olds Road (APN: 232-001-006), filed by the City of Oxnard.

WHEREAS, Planning and Zoning Permit No. 17-610-03 (Annexation) has been submitted for the unincorporated parcel located at 4600 Olds Road and contiguous road segment to the west seeking annexation into the City of Oxnard (City), Calleguas Municipal Water District (Calleguas), and the Metropolitan Water District of Southern California (MWD); and

WHEREAS, the subject property is required to be annexed to the City of Oxnard, Calleguas Municipal Water District and Metropolitan Water District of Southern California in order to receive water service; and

WHEREAS, the operative documents of the Oxnard 2030 General Plan consist of (1) the Background Report (2006), and (2) the Goals and Policies (2011); and

WHEREAS, the 2030 General Plan Final Program Environmental Impact Report (PEIR) was presented to the City Council at a public hearing on February 2, 2010, following which the

Resolution No. 2017-____
Page 2

City Council adopted Resolution No.13,770 certifying in accordance with Section 15090 of the State California Environmental Quality Act (CEQA) Guidelines that the Final PEIR was completed in accordance with CEQA, and reflects the independent judgment and analysis of the City; and

WHEREAS, Addendum No. 1 to the Final PEIR was prepared according to State CEQA Guidelines Section 15164 to document environmental impacts of changes to the 2030 General Plan that occurred after February 2, 2010; and

WHEREAS, the documents and other material that constitute the record of proceedings upon which the 2030 General Plan, PEIR, and Statement of Overriding Considerations and Findings of Fact are located in the Planning Division, and the custodian of the record is the Planning Manager; and

WHEREAS, on October 18, 2017, the Planning Commission of the City of Oxnard conducted a duly noticed public hearing to consider the request to approve Planning and Zoning Permit No. 17-620-03 (General Plan Amendment); 17-560-03 (Pre-zoning); 17-610-03 (Annexation); and (the **“Project”**) in accordance with the 2030 General Plan and Zoning Ordinance; and

WHEREAS, Ventura County LAFCo policies 5.1.2 and 5.1.7 strongly direct properties seeking a city’s utility services to request annexation to that city when the property is contiguous to the city limits; and

WHEREAS, the subject parcel and contiguous road segment to the west are contiguous to the boundary of the City of Oxnard on the parcel’s north and east boundaries; and

WHEREAS, the property owners have requested a concurrent Pre-zone of the property to Community Reserve (C-R) and amend the City’s 2030 General Land Use Map to include the property into the City and designate the property “School” commensurate to the Pre-zone and amend the CURB boundary, and request to LAFCo an amendment to the SOI boundary; and

WHEREAS, the General Plan Amendment, Pre-zone, and Annexation, are consistent with policies and directives identified in the City’s 2030 General Plan and Zoning Ordinance; and

WHEREAS, the proposed General Plan Amendment PZ 17-620-03 would amend the 2030 General Plan Land Use Map to include the parcel located at 4600 Old Road into the City and designate the project parcel a land use designation of “School” (SCH) commensurate with the Pre-zone of the property to “Community Reserve” (C-R) to be consistent with all land use policies and regulations set forth in the 2030 General Plan and Zoning Ordinance. Additionally, the General Plan Amendment requests to amend the CURB boundary and requests approval from LAFCo to amend the SOI boundary, which are currently coterminous and will be extended south to the subject parcel delineating the new CURB and SOI boundaries. The proposed land use map amendment will not create any inconsistency among any of the 2030 General Plan and Zoning Ordinance directives and policies; in fact, the modification will bring additional clarity among these same policies and directives. Therefore, the General Plan Amendment, Pre-zoning, and Annexation, meet this finding; and

WHEREAS, the proposed General Plan Amendment, Pre-zone, and Annexation will not be detrimental to public interest, health, safety, convenience, or welfare of the City because the General Plan Amendment, Pre-zone, and Annexation does not introduce any policy or directive changes to the 2030 General Plan and Zoning Ordinance, and will not reduce or compromise existing standards that protect the health, safety or general welfare of the City. Additionally, the General Plan Amendment, Pre-zone, and Annexation will allow Ocean View to rectify the current unpermitted water service by annexing to the City, Calleguas and the MWD. Accordingly, the General Plan Amendment, Pre-zone, and Annexation meet this finding; and

WHEREAS, the proposed General Plan Amendment, Pre-zone, and Annexation will not alter the physical environment of the project site; thus, not compromising access, compatibility with adjoining land uses and will not create any physical constraints to any site in the City. Therefore, the General Plan Amendment, Pre-zone, and Annexation meet this finding; and

WHEREAS, each portion of the proposed General Plan Amendment, Pre-zone, and Annexation is fully set forth in the staff report to this matter, and each portion is incorporated by this reference as if fully set forth in full herein; and

WHEREAS, the pursuit of the General Plan Amendment, Pre-zone, and Annexation is a reasonable exercise of the City's police powers to ensure the continued health, safety, and welfare of the public by annexing the Ocean View parcel to the City of Oxnard, Calleguas Municipal Water District of Southern California and Metropolitan Water District of Southern California to properly supply water services to the school site; and

WHEREAS, the proposed General Plan Amendment, Pre-zone, and Annexation are consistent with the policies and directives in the 2030 General Plan and Zoning Ordinance to allow development to those areas that can be served by existing or planned utilities, transportation, and service systems. The existing school's water supply is currently being supplied by the City of Oxnard through an unauthorized extension of City water service and the proposed annexation will rectify the error by allowing the property to be annexed to the City of Oxnard and properly serviced by the Calleguas Municipal Water District and the Metropolitan Water District of Southern California. The General Plan Amendment, Pre-zone, and Annexation do not represent a significant change in the 2030 General Plan and Zoning Ordinance nor does it result in significant new environmental impacts that have not been previously evaluated; and

WHEREAS, under California Environmental Quality Act (CEQA) Guidelines Section 15319(a) (Annexation of Existing Facilities and Lots for Exempt Facilities) because it involves the annexation of existing developed parcel, and the pre-zoning of said parcel is commensurate with the proposed land use designation in the City's 2030 General Plan. Additionally, the proposed project is exempt from the CEQA pursuant to Section 15061(b) (3), General Rule, because it can be seen with certainty that the project will not have a significant effect on the environment; therefore the project is not subject to CEQA.

WHEREAS, the Applicant agrees as a condition of approval of this resolution and at its own expense, to indemnify and defend the City of Oxnard and its agents, officers and employees from and against any claims, actions or proceedings to attack, set aside, void or annul the

approval of this resolution or any actions or proceedings, acts or determinations taken, done or made before the approval of this resolution that were part of the approval process.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council proposes this reorganization and requests that the Ventura County LAFCo take proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Government Code Section 56000.

SECTION 2. This proposal is a reorganization and consists of the following, but is not limited to these actions in the event LAFCo determines additional reorganizations are required, changes of organization as follows:

- a. Annexation to the City of Oxnard
- b. Annexation to Calleguas Municipal Water District
- c. Annexation to the Oxnard Harbor District
- d. Detachment from the Ventura County Resource Conservation District
- e. Detachment from the Ventura County Fire Protection District
- f. Detachment from Ventura County Service Areas No. 32 and 33
- g. Detachment from Oxnard Drainage District No. 2

SECTION 3. The proposal is consistent with the spheres of influence of all affected agencies, including the spheres to be amended as listed:

- a. Sphere of influence amendment (to include) City of Oxnard
- b. Sphere of influence amendment (to include) Oxnard Harbor District
- c. Sphere of influence amendment (to include) Calleguas Municipal Water District
- d. Sphere of influence amendment (to exclude) Ventura County Service Area No. 33
- e. Sphere of influence amendment (to exclude) Oxnard Drainage No. 2

SECTION 4. The City Council finds that the property is not located within the City's Sphere of influence and that the proposal would be a logical and proper expansion of the City boundaries.

SECTION 5. Maps of the affected territory are set forth in Exhibit A of the staff report and by reference incorporated herein.

SECTION 6. The City Council proposes that the reorganization of the territory described in Exhibit A of the staff report be subject to the following terms and conditions:

- a. The territory shall be liable for any existing indebtedness of the City.

- b. The territory shall be liable for payment of any existing or authorized taxes, assessments, fees and charges comparable to those imposed on the property within the City.

SECTION 7. The reasons for the proposal are to provide municipal services and control to the territory described in Exhibit A, adjust affected special district and service area boundaries, implement Guidelines for Orderly Development and promote orderly government boundaries.

SECTION 8. The City Council hereby directs and authorizes the City Manager, or designee, to file the application with LAFCo for the reorganization described herein on behalf of the City Council with the Executive Officer of LAFCo pursuant to the CorteseKnox-Hertzberg Local Government Reorganization Act of 2000 (§ 56000 et seq. of the California Government Code).

SECTION 9. The City Council hereby directs and authorizes the City Clerk to forward a certified copy of the Resolution with applicable fees and other information as required by Section 5683 of the Government Code to the Executive Officer of LAFCo.

SECTION 10. The City Council consent to LAFCo's waiver of further conducting authority, proceedings, if provided for pursuant to Government Code Section 56663.

SECTION 11. For the above stated reasons, and the reasons set forth in the staff report, the City Council finds that the proposed General Plan Amendment, Pre-zone, and Annexation will not result in any new significant environmental impacts that were not addressed in the 2030 General Plan EIR, will not increase the severity of any previously identified impacts, and is exempt from CEQA under Guidelines sections 15319(a) and 15061(b)(3).

SECTION 12. The City Council proceeded with General Plan Amendment File No. PZ 17-620-03 amending the General Plan Land Use Map to designate said annexation parcel with a land designation of "School" (SCH) and amend the CURB boundary, and request to LAFCo an amendment to the SOI boundary to the south; Pre-zoning of said annexation parcel as "Community Reserve" (C-R); and approve Annexation File No. PZ 17-610-03 for the land comprising of said annexation.

Resolution No. 2017-____
Page 6

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Oxnard on this 12th day of December, 2017.

AYES:

NOES:

ABSENT:

ABSTAIN:

Tim Flynn, Mayor

ATTEST: _____
Michelle Ascencion, City Clerk

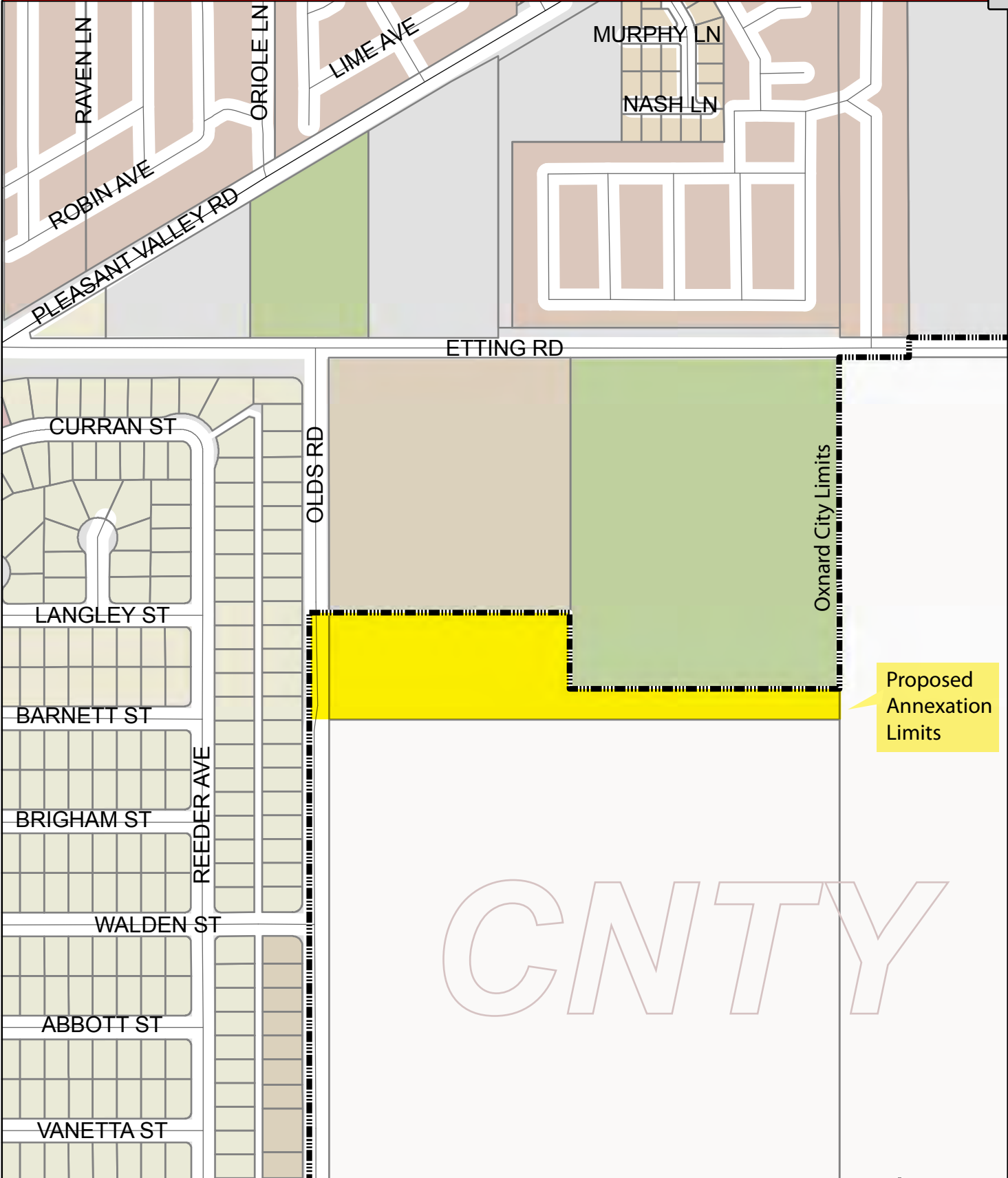
APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

Exhibit

A. Annexation Map

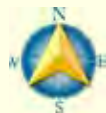
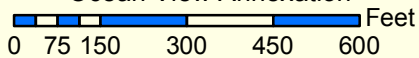
B. General Plan Map Amendment



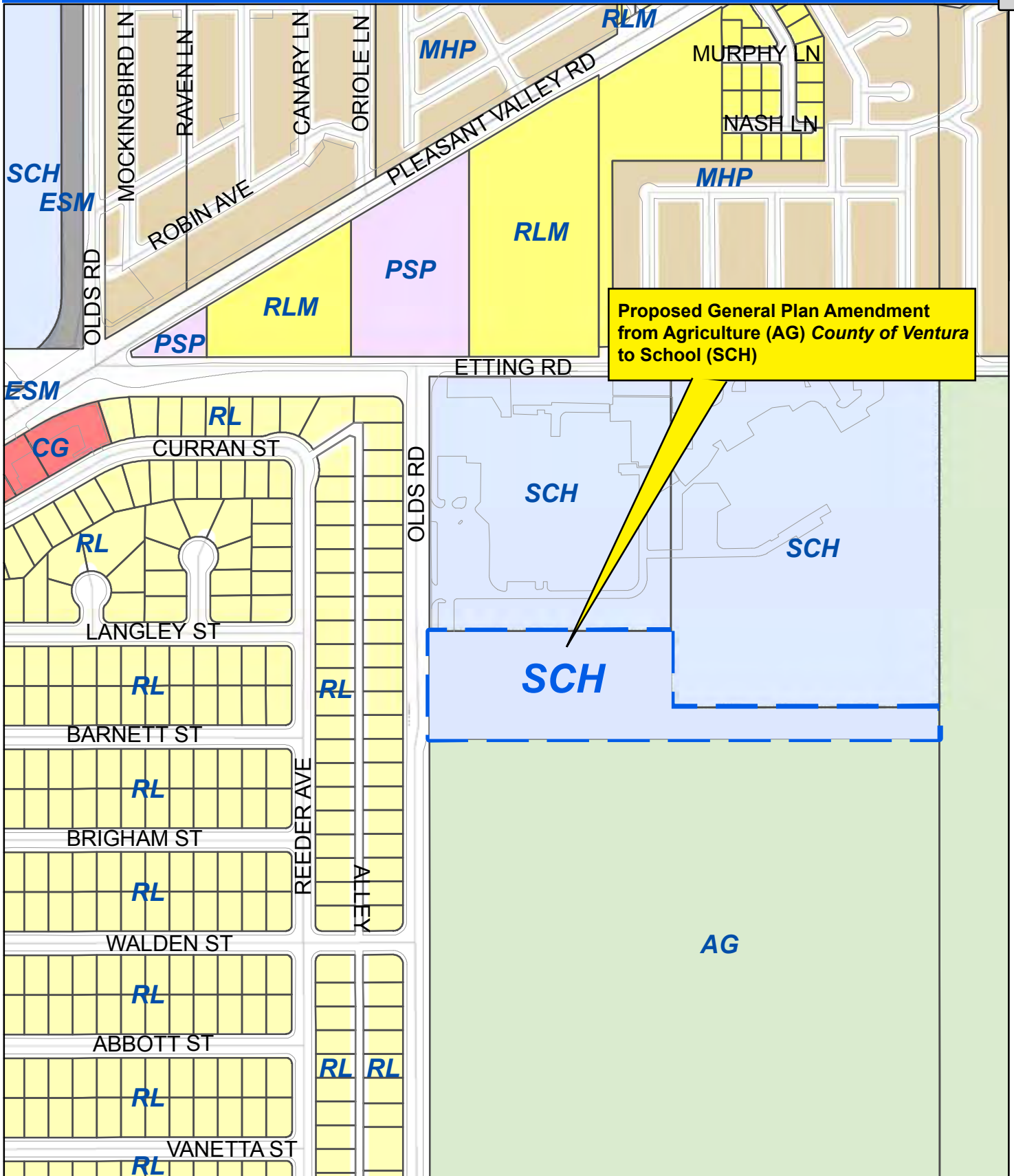
Oxnard Planning

November 30, 2017

PZ 17-610-03, 17-620-03, 17-560-03
Location: 4600 Olds Rd
APN: 232001006
Ocean View Annexation

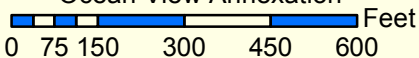


1:4,000



Oxnard Planning
February 1, 2017

PZ 17-610-03, 17-620-03, 17-560-03
Location: 4600 Olds Rd
APN: 232001006
Ocean View Annexation



General Plan Amendment



1:4,000

CITY COUNCIL OF THE CITY OF OXNARD
ORDINANCE NO.

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OXNARD
APPROVING PZ-17-560-03 TO PRE-ZONE PROPERTY LOCATED AT
4600 OLDS ROAD (APN: 232-001-006) TO COMMUNITY RESERVE
(C-R). FILED BY CITY OF OXNARD, DEVELOPMENT SERVICES
DEPARTMENT, 214 SOUTH C STREET, OXNARD, CA, 93030.

WHEREAS, Annexation File No. 17-610-03 for the unincorporated parcel located at 4600 Olds Road has been filed to annex to the City of Oxnard (City), Calleguas Municipal Water District (Calleguas), and the Metropolitan Water District of Southern California (MWD); and

WHEREAS, in order to continue to have water service from the City of Oxnard, the subject property is required to be annexed to the City of Oxnard, the Calleguas Municipal Water District and Metropolitan Water District of Southern California; and

WHEREAS, Annexation Request No. PZ. 17-610-03 states the reasons for requesting annexation and describing the property and attaching a map thereof; and

WHEREAS, the operative documents of the Oxnard 2030 General Plan consist of (1) the Background Report (2006), and (2) the Goals and Policies; and

WHEREAS, the 2030 General Plan Final Program Environmental Impact Report (PEIR) was presented to the City Council at a public hearing on February 2, 2010, following which the City Council adopted Resolution No.13,770 certifying in accordance with Section 15090 of the State CEQA Guidelines that the Final PEIR was completed in accordance with CEQA, and reflects the independent judgment and analysis of the City; and

WHEREAS, Addendum No. 1 to the Final PEIR was prepared according to State CEQA Guidelines Section 15164 to document environmental impacts of changes to the 2030 General Plan that occurred after February 2, 2010; and

WHEREAS, the documents and other material that constitute the record of proceedings upon which the 2030 General Plan, PEIR, and Statement of Overriding Considerations and Findings of Fact are located in the Planning Division, and the custodian of the record is the Planning Manager; and

WHEREAS, on October 18, 2017, the Planning Commission of the City of Oxnard (**“Planning Commission”**) conducted a duly noticed public hearing and reviewed the Applicant’s request and recommended that the City Council approve Planning and Zoning Permit No. 17-620-03 (General Plan Amendment); 17-560-03 (Pre-zoning); and 17-610-03 (Annexation) and (the **“Project”**) in accordance with the 2030 General Plan and Zoning Ordinance; and

WHEREAS, the City Council has reviewed Planning Commission Resolution No. 2017-27 recommending approval of a Pre-zoning for the subject property; and

WHEREAS, the City Council finds after due study and deliberation that the public

interest and general welfare require the adoption of PZ 17-560-03 and the Pre-zoning to Community Reserve (C-R) as shown on Exhibit A hereto; and

WHEREAS; the Council finds the Pre-zoning consistent with the amended General Plan Land Use Map approved under PZ 17-620-03; and

WHEREAS, the subject parcel is contiguous to the boundary of the City of Oxnard on the parcel's north and east boundaries; and

WHEREAS, a concurrent request has been filed to Pre-zone the property "Community Reserve" (C-R) and amend the City's 2030 General Land Use Map to include the property into the City, designate the property "School" (SCH) commensurate to the Pre-zone and amend the CURB boundary, and request to LAFCo an amendment to the SOI boundary; and

WHEREAS, the General Plan Amendment, Pre-zone and Annexation are consistent with policies and directives identified in the City's 2030 General Plan and Zoning Ordinance; and

WHEREAS, the proposed General Plan Amendment PZ 17-620-03 would amend the 2030 General Plan Land Use Map to include the parcel located at 4600 Old Road into the City and designate the project parcel a land use designation of "School" (SCH) commensurate with the Pre-zone of the property to "Community Reserve" (C-R) to be consistent with all land use policies and regulations set forth in the 2030 General Plan and Zoning Ordinance. Additionally, the General Plan Amendment requests to amend the CURB boundary and requests approval from LAFCo to amend the SOI boundary, which are currently coterminous and will be extended south to the subject parcel delineating the new CURB and SOI boundaries. The proposed land use map amendment will not create any inconsistency among any of the 2030 General Plan and Zoning Ordinance directives and policies; in fact, the modification will bring additional clarity among these same policies and directives. Therefore, the General Plan Amendment, Pre-zoning, and Annexation, meet this finding; and

WHEREAS, the proposed General Plan Amendment, Pre-zoning, and Annexation will not be detrimental to public interest, health, safety, convenience, or welfare of the City because the General Plan Amendment, Pre-zoning, and Annexation do not introduce any policy or directive changes to the 2030 General Plan and Zoning Ordinance, and will not reduce or compromise existing standards that protect the health, safety or general welfare of the City. Additionally, the General Plan Amendment, Pre-zoning, and Annexation will allow Ocean View to rectify the current unpermitted water service by annexing to the City, Calleguas and the MWD. Accordingly, the General Plan Amendment, Pre-zoning, and Annexation meet this finding; and

WHEREAS, the proposed General Plan Amendment, Pre-zoning, and Annexation will not alter the physical environment of the project site; thus, not compromising access, compatibility with adjoining land uses and will not create any physical constraints to any site in the City. Therefore, the General Plan Amendment, Pre-zoning, and Annexation meet this finding; and

WHEREAS, each portion of the proposed General Plan Amendment, Pre-zoning, and Annexation is fully set forth in the staff report to this matter, and each portion is incorporated by

this reference as if fully set forth in full herein; and

WHEREAS, the proposed Annexation, General Plan Amendment, and Pre-Zoning are consistent with the policies and directives in the 2030 General Plan and Zoning Ordinance to allow development to those areas that can be served by existing or planned utilities, transportation, and service systems. The existing school's water supply is currently being supplied by the City of Oxnard through an unauthorized extension of City water service and the proposed annexation will rectify the error by allowing the school be annexed to the City of Oxnard and properly serviced by the Calleguas Municipal Water District and the Metropolitan Water District of Southern California. The General Plan Amendment, Pre-zone and Annexation do not represent a significant change in the 2030 General Plan and Zoning Ordinance nor does it result in significant new environmental impacts that have not been previously evaluated; and

WHEREAS, under California Environmental Quality Act (CEQA) Guidelines Section 15319(a) (Annexation of Existing Facilities and Lots for Exempt Facilities) because it involves the annexation of existing developed parcel, and the pre-zoning of said parcel is commensurate with the proposed land use designation in the City's 2030 General Plan. Additionally, the proposed project is exempt from the CEQA pursuant to Section 15061(b) (3), General Rule, because it can be seen with certainty that the project will not have a significant effect on the environment; therefore the project is not subject to CEQA.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD DOES HEREBY RESOLVE AS FOLLOWS:

1. General Plan Amendment No. 17-620-03 is approved, as shown on the map attached hereto as Exhibit A and incorporated herein as reference.
2. Zone Change No. 17-560-03 (Pre-zoning) is approved, as shown on the map attached hereto as Exhibit B and incorporated herein as reference.
3. The City Council hereby directs staff to proceed with Annexation No. PZ 17-610-03; Pre-zoning No. 17-560-03 for the land comprising of said annexation and that the Pre-zoning be established as "Community Reserve" (C-R) and General Plan Amendment PZ 17-620-03 amending the General Plan Land Use Map to designate said annexation parcel with a land designation of "School" (SCH) and amend the CURB boundary, and request to LAFCo an amendment to the SOI boundary to the south. For the reasons stated above in the recitals, and the reasons set forth in the staff report, the City Council hereby finds that the proposed General Plan Amendment, Pre-zoning, and Annexation will not result in any new significant environmental impacts that were not addressed in the 2030 General Plan Program EIR, will not increase the severity of any previously identified impacts, and is exempt from CEQA under Guidelines sections 15319(a) and 15061(b)(3).

Resolution No. 2017-____
Page 4

PASSED AND ADOPTED this 12th day of December, 2017.

Tim Flynn, Mayor

ATTEST:

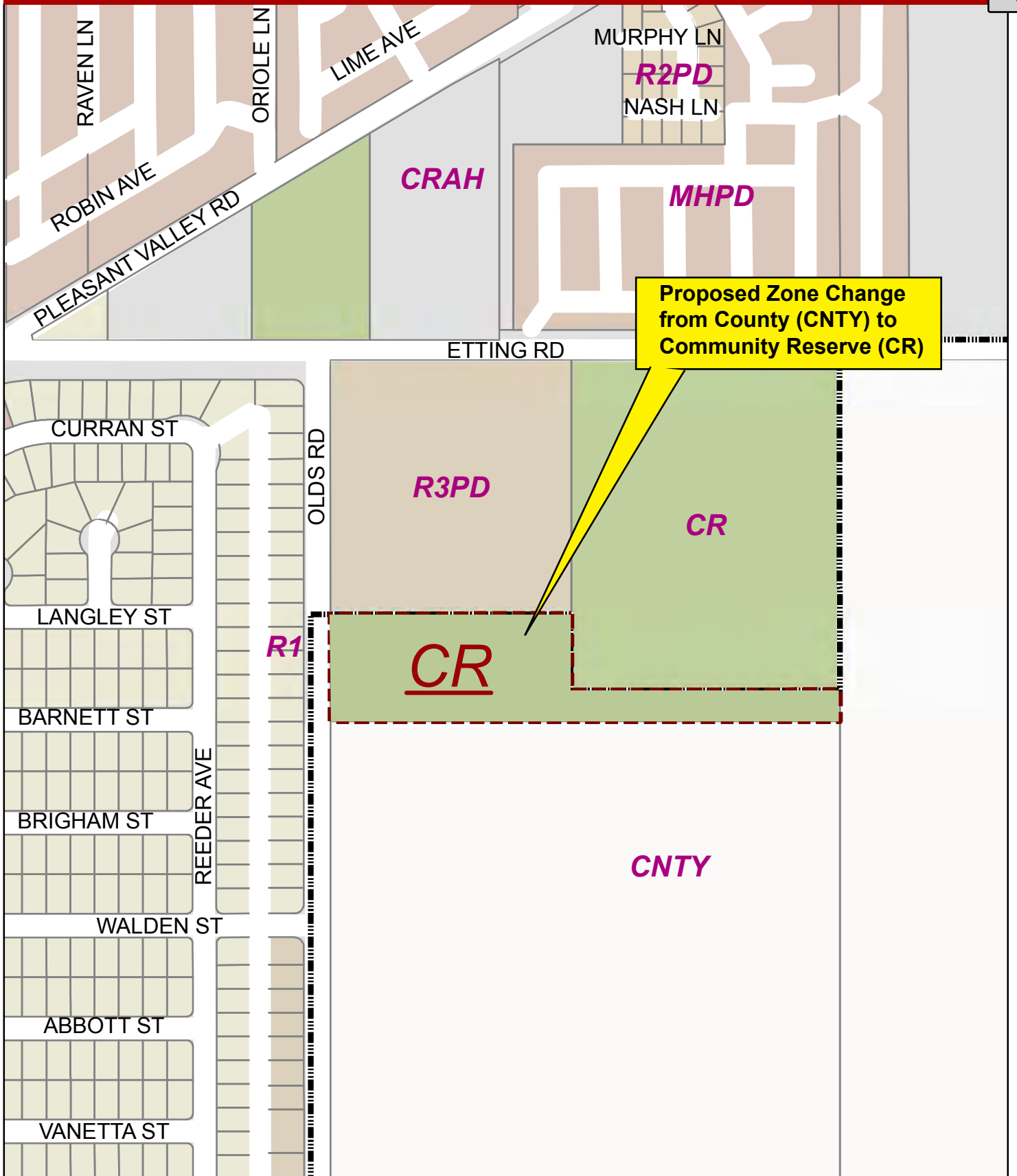
Michelle Ascencion, CMC, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

Exhibits:

A. Zone Change



Vicinity Map



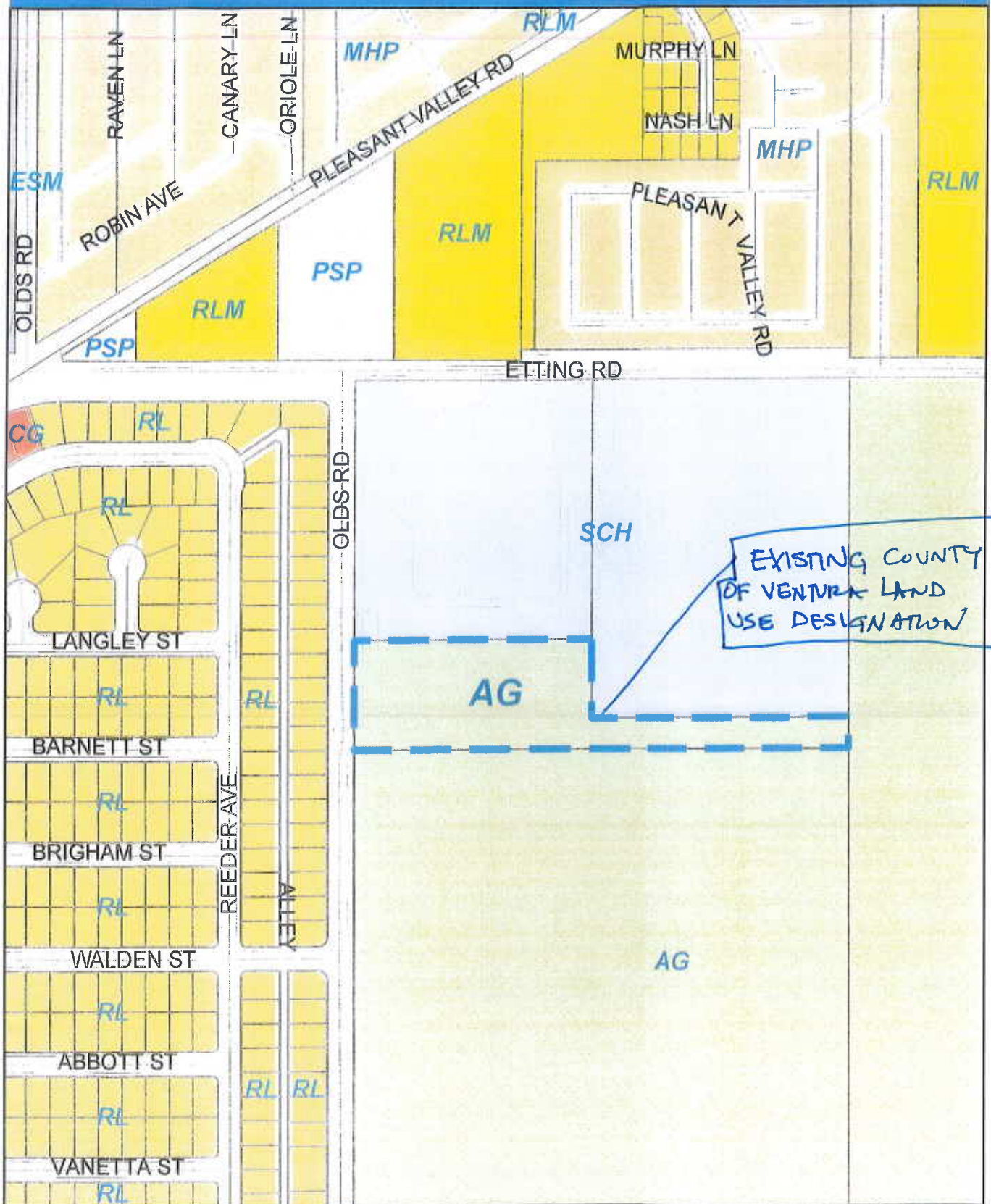
PZ 17-610-03
PZ 17-620-03
PZ 17-560-03



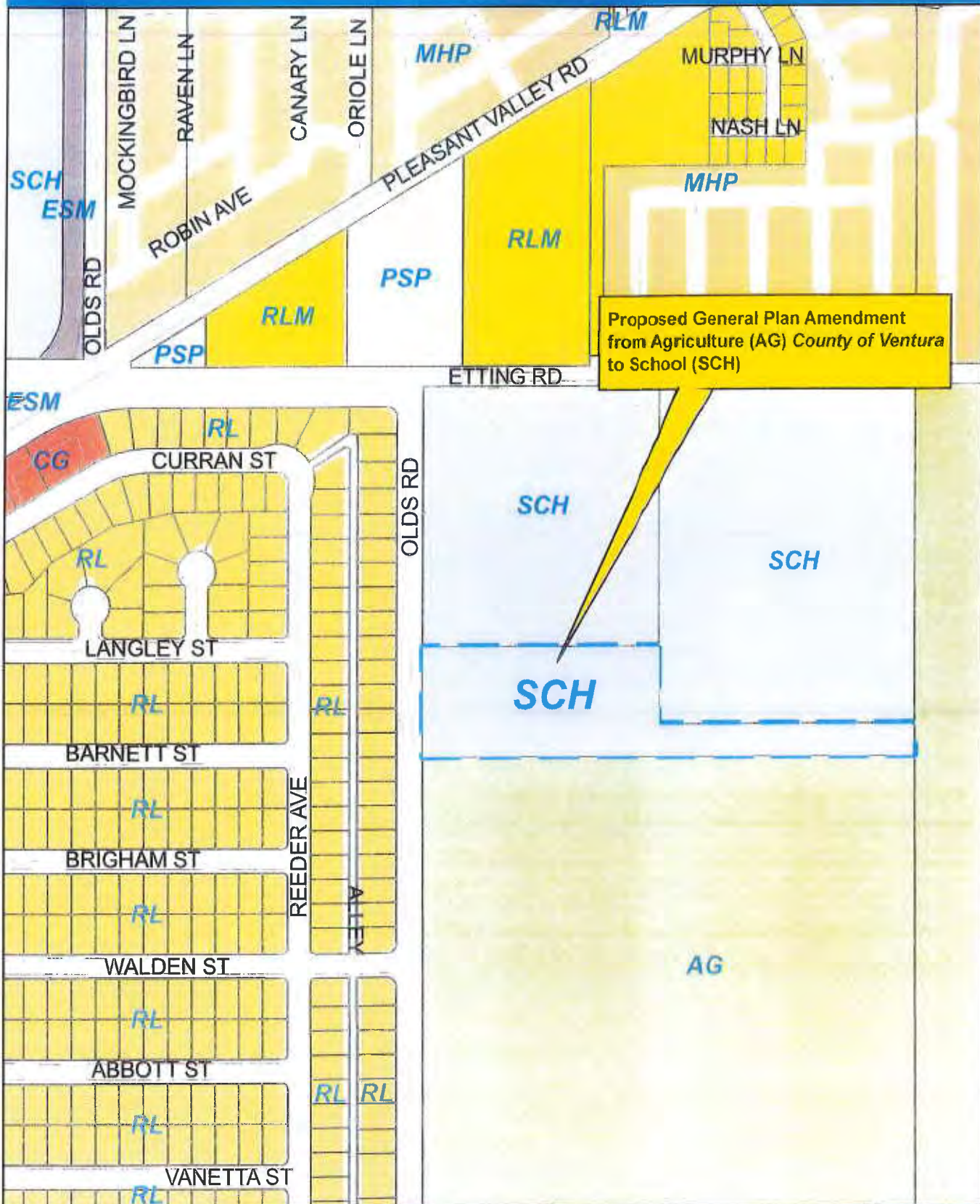
Aerial Map



2030 General Plan Land Use Map



General Plan Amendment



OXNARD

Oxnard Planning
February 1, 2017

PZ 17-610-03, 17-620-03, 17-560-03

Location: 4600 Olds Rd

APN: 232001006

Ocean View Annexation

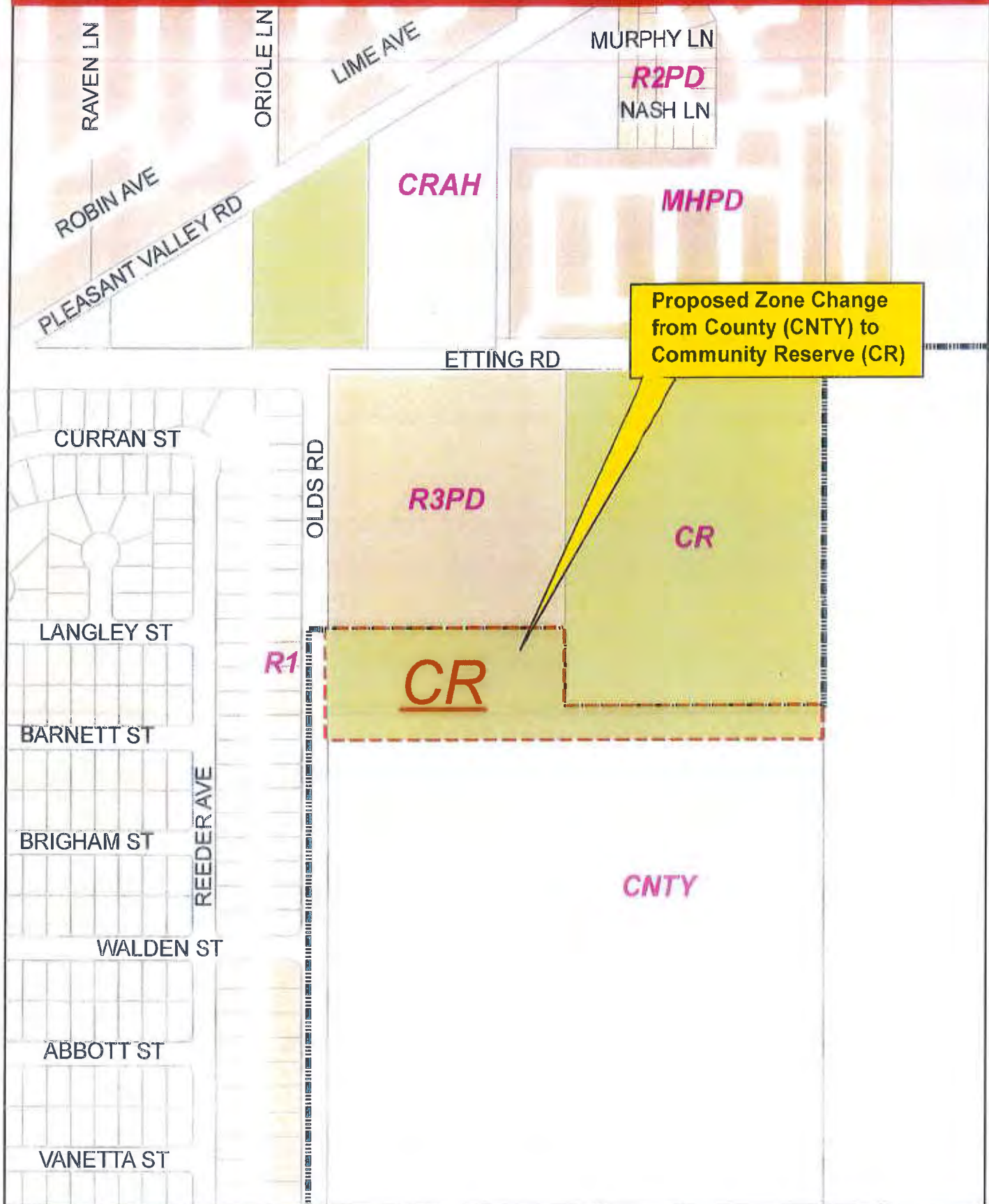
0 75 150 300 450 600 Feet

General Plan Amendment



1:4,000

Zone Change



RESOLUTION NO. 2017-27

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF OXNARD RECOMMENDING THAT THE CITY COUNCIL ADOPT A GENERAL PLAN AMENDMENT APPLICATION NO. PZ-17-620-03 FOR A PARCEL (INCLUSIVE OF CONTIGUOUS ROADWAY) LOCATED AT 4600 OLDS ROAD (APN: 232-001-006) TO AMEND THE 2030 GENERAL PLAN LAND USE MAP BY: DESIGNATING THE PARCEL WITH A LAND USE DESIGNATION OF "SCHOOL" (SCH); AMENDING THE CITY URBAN RESTRICTION BOUNDARY AND AMENDING THE SPHERE OF INFLUENCE BOUNDARY; ADOPT AN ORDINANCE APPROVING THE PRE-ZONING APPLICATION NO. PZ-17-560-03 FOR THE SAME PARCEL TO "COMMUNITY RESERVE" (C-R) AND APPROVE ANNEXATION APPLICATION NO. PZ-17-610-03 TO ANNEX THE TERRITORY OF SAID PARCEL AND CONTIGUOUS ROADWAY. FILED BY THE CITY OF OXNARD, DEVELOPMENT SERVICES DEPARTMENT, 214 SOUTH C STREET, OXNARD, CA, 93030.

WHEREAS, the Planning Commission recommends that the City Council propose to the Ventura County Local Agency Formation Commission (LAFCo) a reorganization of the boundaries of the territory described herein; and

WHEREAS, the Planning Commission has carefully reviewed the applications filed as PZ 17-620-03; 17-560-03; and 17-610-03 for annexation into the City of Oxnard and reorganization of boundaries for the property located at 4600 Olds Road (APN: 232-001-006), filed by the City of Oxnard.

WHEREAS, Planning and Zoning Permit No. 17-610-03 (Annexation) has been submitted for the unincorporated parcel located at 4600 Olds Road seeking annexation into the City of Oxnard (City), Calleguas Municipal Water District, and the Metropolitan Water District of Southern California; and

WHEREAS, the subject property is required to be annexed to the City of Oxnard, Calleguas Municipal Water District and Metropolitan Water District of Southern California in order to receive water service; and

WHEREAS, the operative documents of the Oxnard 2030 General Plan consist of (1) the Background Report (2006), and (2) the Goals and Policies (2011); and

WHEREAS, the 2030 General Plan Final Program Environmental Impact Report (PEIR) was presented to the City Council at a public hearing on February 2, 2010, following which the City Council adopted Resolution No.13,770 certifying in accordance with Section 15090 of the State California Environmental Quality Act (CEQA) Guidelines that the Final PEIR was completed in accordance with CEQA, and reflects the independent judgment and analysis of the City; and

WHEREAS, Addendum No. 1 to the Final PEIR was prepared according to State CEQA Guidelines Section 15164 to document environmental impacts of changes to the 2030 General Plan that occurred after February 2, 2010; and

WHEREAS, the documents and other material that constitute the record of proceedings upon which the 2030 General Plan, PEIR, and Statement of Overriding Considerations and Findings of Fact are located in the Planning Division, and the custodian of the record is the Planning Manager; and

WHEREAS, on October 18, 2017, the Planning Commission of the City of Oxnard (“**Planning Commission**”) conducted a duly noticed public hearing to consider Applicant’s request to approve Planning and Zoning Permit No. 17-620-03 (General Plan Amendment); 17-560-03 (Pre-zoning); 17-610-03 (Annexation); and (the “**Project**”) in accordance with the 2030 General Plan and Zoning Ordinance; and

WHEREAS, Ventura County LAFCo policies 5.1.2 and 5.1.7 strongly direct properties seeking a city’s utility services to request annexation to that city when the property is contiguous to the city limits; and

WHEREAS, the subject parcel is contiguous to the boundary of the City of Oxnard on the parcel’s north and east boundaries; and

WHEREAS, the property owners have requested a concurrent Pre-zone of the property to Community Reserve (C-R) and amend the City’s 2030 General Land Use Map to include the property into the City and designate the property “School” commensurate to the Pre-zone and amend the CURB and SOI boundaries ; and

WHEREAS, the General Plan Amendment, Pre-zone, and Annexation, are consistent with policies and directives identified in the City’s 2030 General Plan and Zoning Ordinance; and

WHEREAS, the proposed General Plan Amendment PZ 17-620-03 would amend the 2030 General Plan Land Use Map to include the parcel located at 4600 Old Road into the City and designate the project parcel a land use designation of “School” (SCH) commensurate with the Pre-zone of the property to “Community Reserve” (C-R) to be consistent with all land use policies and regulations set forth in the 2030 General Plan and Zoning Ordinance. Additionally, the General Plan Amendment will amend both the CURB and SOI boundaries which are currently coterminous and will be extended south to the subject parcel delineating the new CURB and SOI boundaries. The proposed land use map amendment will not create any inconsistency among any of the 2030 General Plan and Zoning Ordinance directives and policies; in fact, the modification will bring additional clarity among these same policies and directives. Therefore, the General Plan Amendment, Pre-zoning, and Annexation, meet this finding; and

WHEREAS, the proposed General Plan Amendment, Pre-zone, and Annexation will not be detrimental to public interest, health, safety, convenience, or welfare of the City because the General Plan Amendment, Pre-zone, and Annexation does not introduce any policy or directive changes to the 2030 General Plan and Zoning Ordinance, and will not reduce or

compromise existing standards that protect the health, safety or general welfare of the City. Additionally, the General Plan Amendment, Pre-zone, and Annexation will allow Ocean View to rectify the current unpermitted water service by annexing to the City, Calleguas and the MWD. Accordingly, the General Plan Amendment, Pre-zone, and Annexation meet this finding; and

WHEREAS, the proposed General Plan Amendment, Pre-zone, and Annexation will not alter the physical environment of the project site; thus, not compromising access, compatibility with adjoining land uses and will not create any physical constraints to any site in the City. Therefore, the General Plan Amendment, Pre-zone, and Annexation meet this finding; and

WHEREAS, each portion of the proposed General Plan Amendment, Pre-zone, and Annexation is fully set forth in the staff report to this matter, and each portion is incorporated by this reference as if fully set forth in full herein; and

WHEREAS, the pursuit of the General Plan Amendment, Pre-zone, and Annexation is a reasonable exercise of the City's police powers to ensure the continued health, safety, and welfare of the public by annexing the Ocean View parcel to the City of Oxnard, Calleguas Municipal Water District of Southern California and Metropolitan Water District of Southern California to properly supply water services to the school site; and

WHEREAS, the proposed General Plan Amendment, Pre-zone, and Annexation are consistent with the policies and directives in the 2030 General Plan and Zoning Ordinance to allow development to those areas that can be served by existing or planned utilities, transportation, and service systems. The existing school's water supply is currently being supplied by the City of Oxnard through an unauthorized extension of City water service and the proposed annexation will rectify the error by allowing the property to be annexed to the City of Oxnard and properly serviced by the Calleguas Municipal Water District and the Metropolitan Water District of Southern California. The General Plan Amendment, Pre-zone, and Annexation do not represent a significant change in the 2030 General Plan and Zoning Ordinance nor does it result in significant new environmental impacts that have not been previously evaluated; and

WHEREAS, under California Environmental Quality Act (CEQA) Guidelines Section 15319(a) (Annexation of Existing Facilities and Lots for Exempt Facilities) because it involves the annexation of existing developed parcel, and the pre-zoning of said parcel is commensurate with the proposed land use designation in the City's 2030 General Plan. Additionally, the proposed project is exempt from the CEQA pursuant to Section 15061(b) (3), General Rule, because it can be seen with certainty that the project will not have a significant effect on the environment; therefore the project is not subject to CEQA.

WHEREAS, the Applicant agrees as a condition of approval of this resolution and at its own expense, to indemnify and defend the City of Oxnard and its agents, officers and employees from and against any claims, actions or proceedings to attack, set aside, void or annul the approval of this resolution or any actions or proceedings, acts or

determinations taken, done or made before the approval of this resolution that were part of the approval process.

NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF OXNARD DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Planning Commission recommends that the City Council propose this reorganization and requests that the Ventura County LAFCo take proceedings to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Government Code Section 56000.

SECTION 2. This proposal is a reorganization and consists of the following, but is not limited to in the event LAFCo determines additional reorganizations are required, changes of organization as follows:

- a. Annexation to the City of Oxnard
- b. Annexation to Calleguas Municipal Water District
- c. Sphere of influence amendment (to include) Calleguas Municipal Water District
- d. Annexation to the Oxnard Harbor District
- e. Detachment from the Ventura County Resource Conservation District
- f. Detachment from the Ventura County Fire Protection District
- g. Detachment from Ventura County Service Areas No. 32 and 33
- h. Sphere of influence amendment (to exclude) Ventura County Service Area No. 33
- i. Detachment from Oxnard Drainage District No. 2
- j. Sphere of influence amendment (to exclude) Oxnard Drainage No. 2

SECTION 3. Maps of the affected territory are set forth in Exhibit A of the staff report and by reference incorporated herein.

SECTION 4. The Planning Commission recommends that the City Council propose that the reorganization of the territory described in Exhibit A of the staff report be subject to the following terms and conditions:

- a. The territory shall be liable for any existing indebtedness of the City.
- b. The territory shall be liable for payment of any existing or authorized taxes, assessments, fees and charges comparable to those imposed on the property within the City.

SECTION 5. The reasons for the proposal are to provide municipal services and control to the territory described in Exhibit A, adjust affected special district and service area boundaries, implement Guidelines for Orderly Development and promote orderly government boundaries.

SECTION 6. The proposal is consistent with the spheres of influence the affected agencies.

SECTION 7. The Planning Commission recommends that the City Council authorize the City Manager, or designee, to file the application with LAFCo for the reorganization described herein on behalf of the City Council.

SECTION 8. The Planning Commission recommends that the City Council authorize the City Clerk to forward a certified copy of the Resolution with applicable fees and other information as required by Section 5683 of the Government Code to the Executive Officer of LAFCo.

SECTION 9. The Planning Commission recommends that the City Council consent to LAFCo's waiver of further conducting authority, proceedings, if provided for pursuant to Government Code Section 56663.

SECTION 10. For the above stated reasons, and the reasons set forth in the staff report, finds that the proposed General Plan Amendment, Pre-zone, and Annexation will not result in any new significant environmental impacts that were not addressed in the 2030 General Plan EIR, will not increase the severity of any previously identified impacts, and is exempt from CEQA under Guidelines sections 15319(a) and 15061(b)(3).

SECTION 11. The Planning Commission recommends that the City Council proceed with General Plan Amendment PZ 17-620-03 amending the General Plan Land Use Map to designate said annexation parcel with a land designation of "School" (SCH) and amending the CURB and SOI boundaries to the south; Pre-zoning of said annexation parcel as "Community Reserve" (C-R); and approve Annexation File No. PZ 17-610-03 for the land comprising of said annexation.

Resolution No. 2017-27
Page 6

PASSED, APPROVED, AND ADOPTED by the Planning Commission of the City of Oxnard
on this 18th day of October, 2017.



Deidre Frank, Chair

I hereby certify that the foregoing is a true copy of a Resolution adopted by the Planning Commission of the City of Oxnard at a meeting held on the 18th day of October, 2017, and carried by the following vote:

AYES: Commissioner(s): Chua; Dozier; Frank; Sanchez; Stewart

NOES: Commissioner(s):

ABSENT: Commissioner(s): Fuhring; Huber

ABSTAIN: Commissioner(s):



Kathleen Mallory, AICP, Secretary

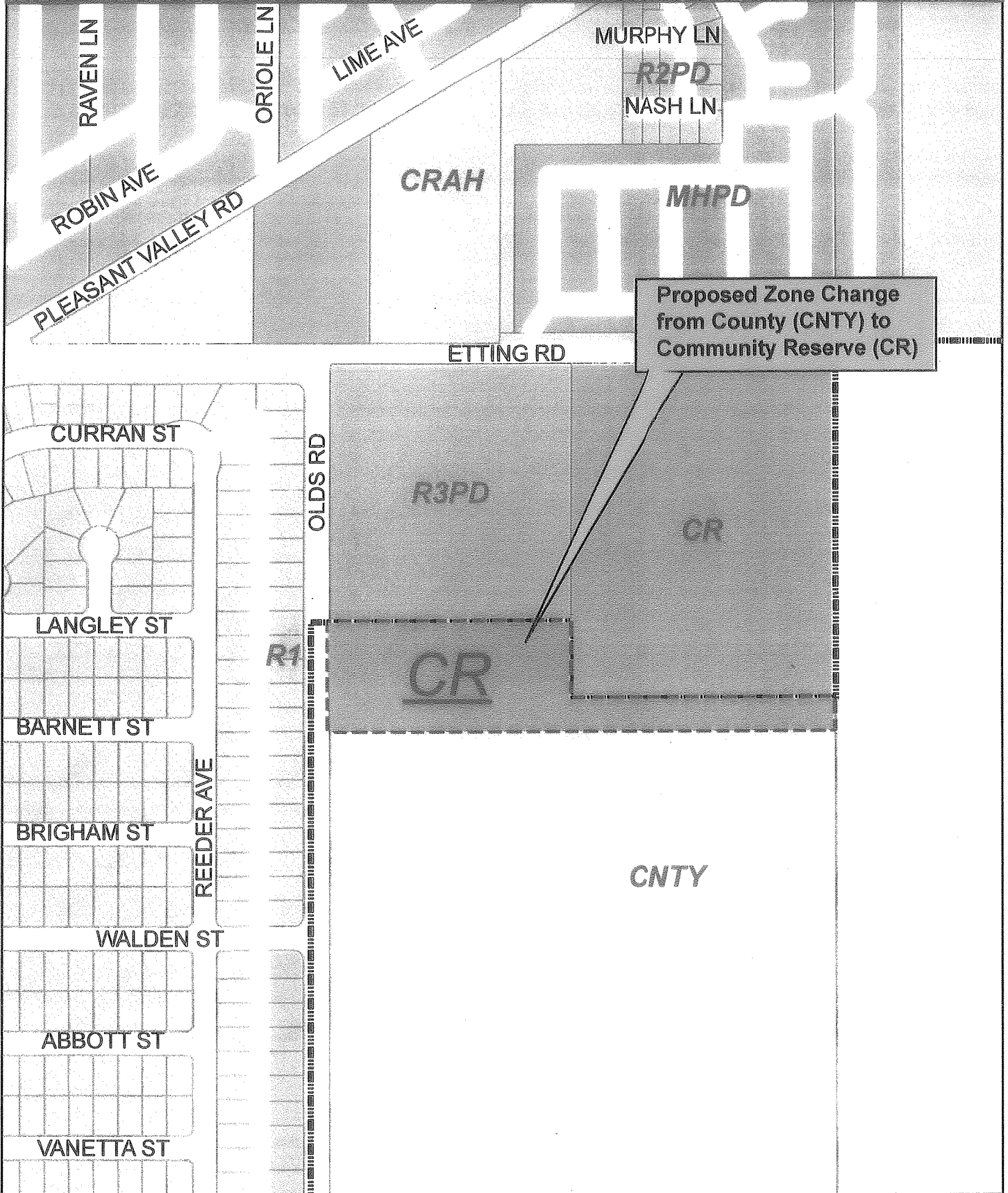
Exhibit

A. Zone Change

B. General Plan Amendment

C. Amended City of Oxnard 2030 General Plan Map

Zone Change



OXNARD
 Oxnard Planning
 October 9, 2017

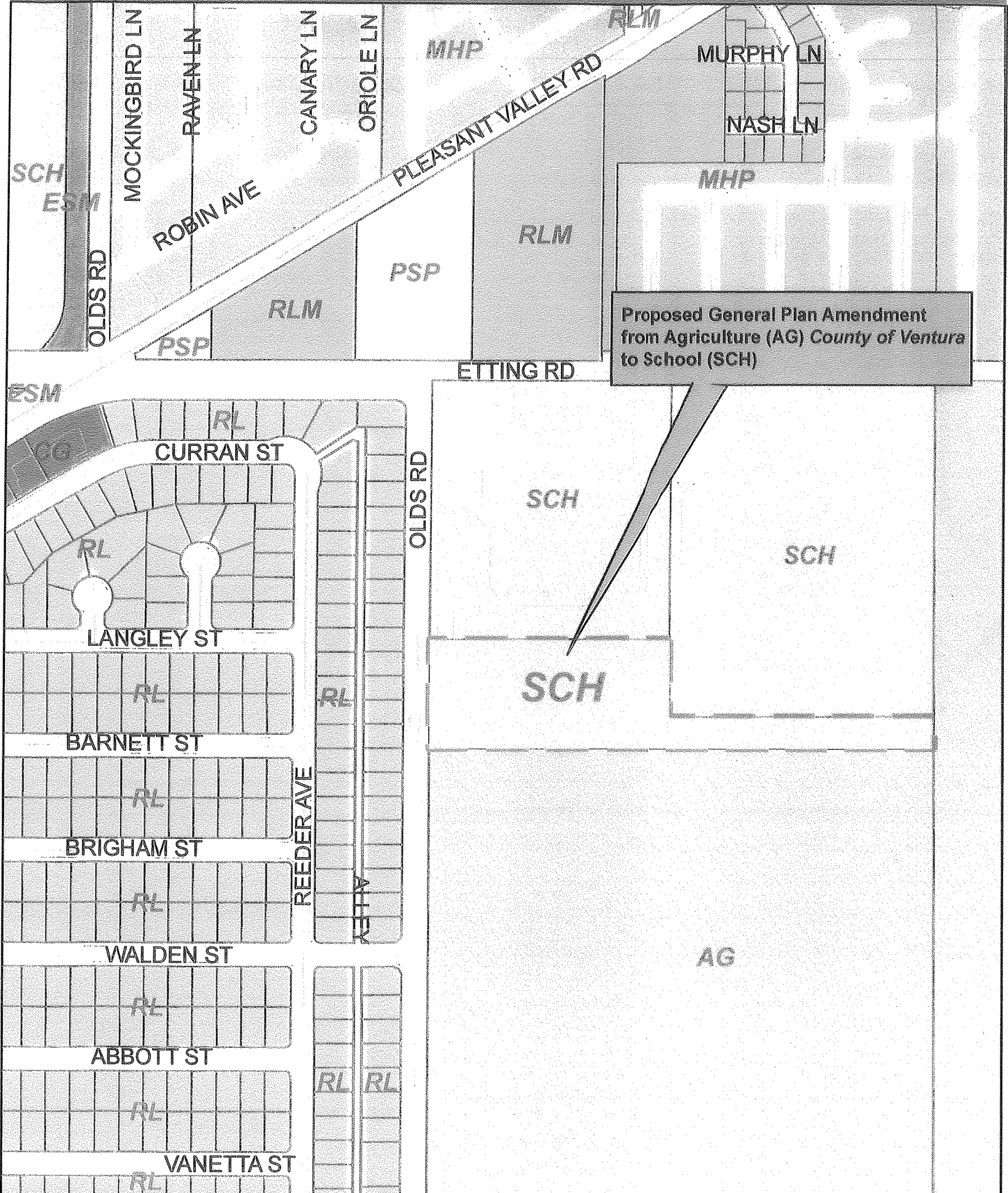
PZ 17-610-03, 17-620-03, 17-560-03
 Location: 4600 Olds Rd
 APN: 232001006
 Ocean View Annexation

0 75 150 300 450 600 Feet

Zone Change
Exhibit A

1:4,000

General Plan Amendment



Proposed General Plan Amendment
from Agriculture (AG) County of Ventura
to School (SCH)

OXNARD

Oxnard Planning
February 1, 2017

PZ 17-610-03, 17-620-03, 17-560-03
Location: 4600 Olds Rd
APN: 232001006
Ocean View Annexation

0 75 150 300 450 600 Feet

General Plan Amendment

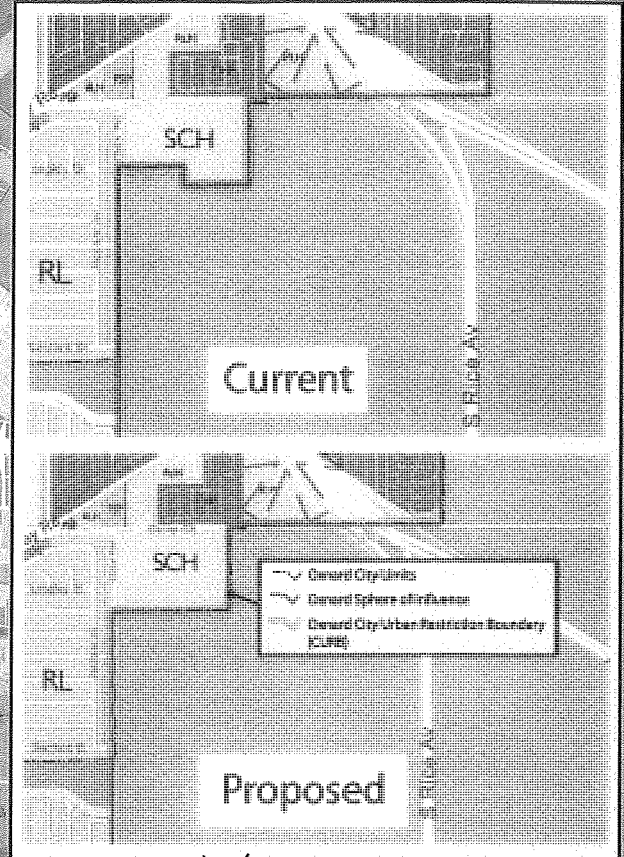
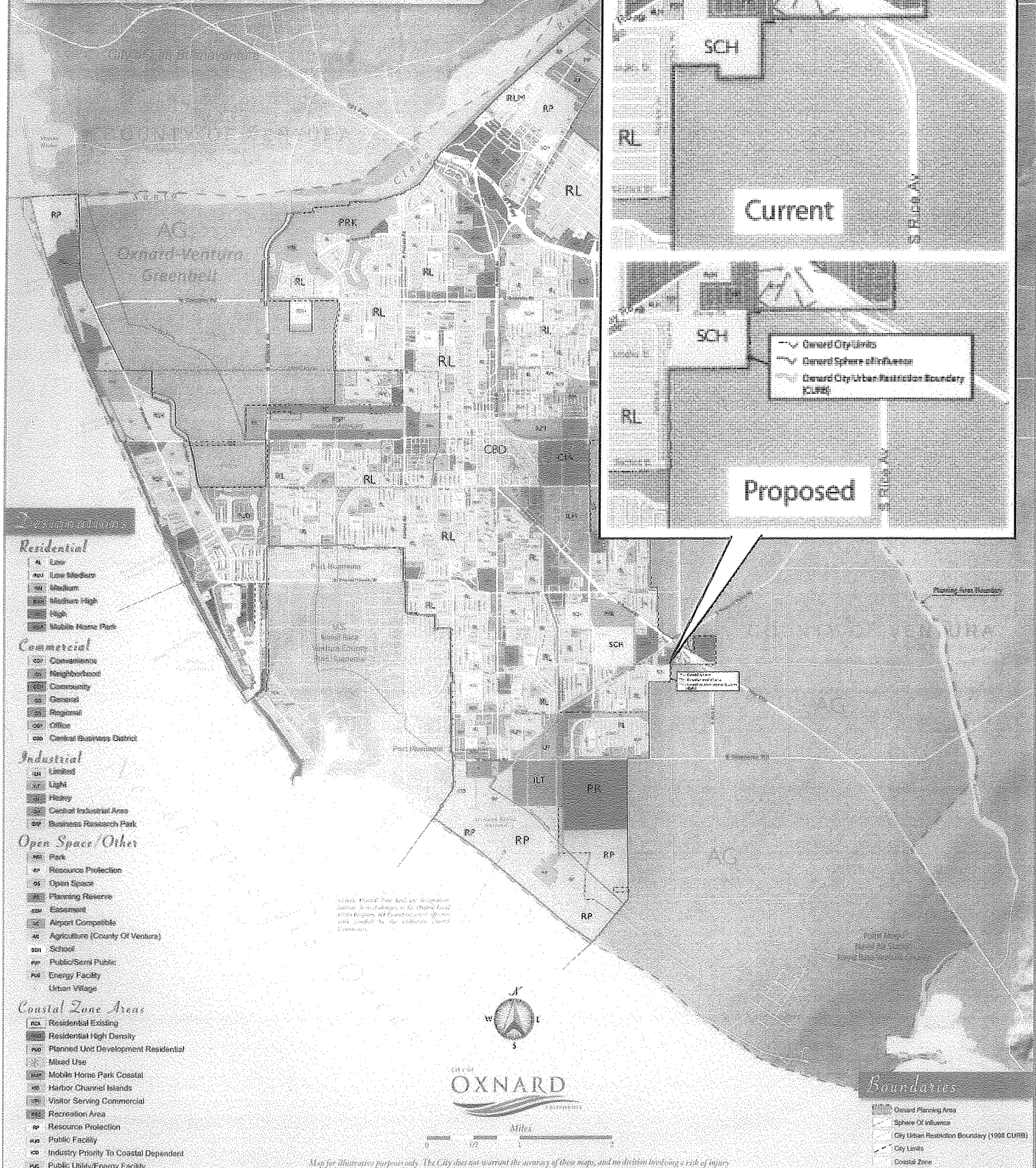
Exhibit B



1:4,000

Land Use Map

The Oxnard 2030 General Plan sets out a vision to guide future development in the City to the year 2030. The 2030 Land Use Map classifies and displays envisioned community land uses and intensity. The 2030 Land Use Map depicts the CURB line established by the 1998 SOAR ordinance. State planning law requires general plans to establish land use designations.



CITY OF
OXNARD
CALIFORNIA



Miles

Map for illustrative purposes only. The City does not warrant the accuracy of these maps, and no decision involving a risk of injury or economic loss should be made in reliance thereon.

www.oxnard.org/planning

Exhibit C

ATTACHMENT E

The Planning Commission staff report and public hearing video are provided by the following link:

http://oxnard.granicus.com/MediaPlayer.php?view_id=91&clip_id=3794&meta_id=174331



OXNARD PLANNING DIVISION
214 SOUTH C STREET
OXNARD, CALIFORNIA 93030

NOTICE OF EXEMPTION

Project Description:

A request to annex a parcel improved with the Ocean View Early Education School (preschool) owned and operated by the Ocean View School District (Ocean View) located at 4600 Olds Road (APN: 232-001-006) into the City of Oxnard, Calleguas Municipal Water District and the Metropolitan Water District; pre-zoning of the existing parcel to “Community-Reserve” (CR); and amend the 2030 General Plan to: (1) amend the General Land Use map to include the parcel within the City and designate the land use on the parcel to “School” (SCH); (2) amend the City’s sphere of influence boundary; and (3) amend the City Urban Restriction Boundary (CURB) boundary.

Finding:

The Planning Division of the Development Services Department of the City of Oxnard has reviewed the above proposed project and found it to be exempt from the provisions of the California Environmental Quality Act (CEQA).

- ☐ Ministerial Project
- ☒ Categorical Exemption §15319(a) (Annexation of Existing Facilities and Lots for Exempt Facilities)
- ☐ Statutory Exemption
- ☐ Emergency Project
- ☐ Quick Disapproval [CEQA Guidelines, 14 Cal. Code of Regs. 15270]
- ☒ No Possibility of Significant Effect [CEQA Guidelines, 14 Cal. Code of Regs. 15061(b)(3)]

Supporting Reasons: This project is Exempt from the California Environmental Quality Act (CEQA) pursuant to 15319(a) (Annexation of Existing Facilities and Lots for Exempt Facilities) because it involves the annexation of existing developed parcel, and the pre-zoning of said parcel is commensurate with the proposed land use designation in the City’s 2030 General Plan. Additionally, the proposed project is exempt from the CEQA pursuant to Section 15061(b) (3), General Rule, because it can be seen with certainty that the project will not have a significant effect on the environment; therefore the project is not subject to CEQA. A Notice of Exemption has been prepared and will be filed in compliance with the CEQA Guidelines and California law

December 12, 2017

(Date)

Kathleen Mallory, AICP
Planning and Environmental Services
Manager

(This page is intentionally blank.)



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Public Hearing

AGENDA ITEM NO.: 2

DATE: December 12, 2017

TO: City Council

FROM: Stephen Fischer
City Attorney

A handwritten signature in black ink, appearing to read "S. Fischer".

SUBJECT: First Public Hearing Regarding Composition of Possible City Council Districts
(30/30/30)

CONTACT: Stephen Fischer, City Attorney
Stephen.Fischer@oxnard.org, 385-7483

RECOMMENDATION:

That City Council hold a public hearing to review the districting process for City Council elections and receive public input regarding the composition of potential City Council districts.

BACKGROUND

Historically, the City has elected its Councilmembers through an at-large election system. Under this system, candidates for the City Council can reside anywhere in the City and are elected by the registered voters of the entire City. (The Mayor is separately elected, but is also elected through an at-large election system.)

The City received a letter dated October 7, 2017, claiming that the City's current method of electing the City Council through at-large elections violates the California Voting Rights Act ("CVRA") (see Attachment A). The letter alleges that the City's elections "may be occurring by polarized voting," and threatens litigation if the City declines to adopt a district-based election system. A district-based election system is one in which a city is divided into separate districts.

The CVRA (Elections Code Section 14025 et seq.) was adopted in 2002, and is based upon the Federal Voting Rights Act of 1965 ("FVRA") with some important differences that make at-large election systems much more susceptible to legal challenge. For a plaintiff to be successful in a claim of violation under the FVRA relating to at-large elections, the plaintiff must show that:

- 1) a minority group is sufficiently large and geographically compact to form a majority of the

First Public Hearing Regarding Composition of Possible City Council Districts

December 12, 2017

Page 2

eligible voters in a single-member district; 2) there is racially-polarized voting; and 3) there is “white bloc voting” (the term used by the courts reviewing such cases) sufficient usually to prevent minority voters from electing candidates of their choice. If a plaintiff proves these three elements, then the federal court will consider whether, under the “totality of circumstances,” the votes of minority voters are diluted by the at-large election system.

The CVRA removes two of these factors. It eliminates what is known as the “geographically compact” FVRA precondition (e.g., can a majority-minority district be drawn) as well as the “totality of the circumstances” or “reasonableness” test. Because the CVRA eliminates some of the elements that a plaintiff must prove, defending a lawsuit brought pursuant to the CVRA is substantially more difficult to defend against than a claim under the FVRA. As a result of the lower threshold for proving a claim under the CVRA, many jurisdictions have voluntarily switched to district-based election systems instead of facing litigation.

Because of the low standards necessary for a plaintiff to prevail in CVRA litigation, every public entity defendant since the CVRA was enacted has either lost in court or settled. To date, every government defendant has ultimately been forced to pay at least some portion of the plaintiff’s attorney fees and costs. Awards in contested CVRA cases have reportedly ranged from approximately \$400,000 to over \$4,500,000. For example, in February 2015, the City of Santa Barbara reportedly paid \$800,000 in attorney’s fees and expert costs to settle its CVRA lawsuit. Another example is the City of Palmdale, which incurred an expense in excess of \$4.5 million.

Because of claims of abuses by some plaintiff’s attorneys in CVRA cases, the Legislature adopted AB 350 in 2016 to place a “safe harbor” cap of a maximum of \$30,000 on attorney’s fees that a plaintiff would be entitled to recover if the target city, within 45 days of receipt of the plaintiff’s demand letter, voluntarily adopts a Resolution of Intent to consider an ordinance to establish a district-based election system, and then actually adopts such an ordinance within 90 days following the date it adopted the Resolution of Intent.

That 90-day period to adopt the ordinance must include the following steps:

- 1) Prior to drawing a draft map or maps of the proposed boundaries of the districts, the City Council hold at least two public hearings over a period of no more than 30 days, at which time the public is invited to provide input regarding the composition of the districts. (Election Code §10010(a)(1).)
- 2) After the draft maps are drawn, the City publishes and makes available for release at least one draft map and, if members of the City Council will be elected in their districts at different times to provide for staggered terms of office, the potential sequence of the elections. (Election Code §10010(a)(2).)
- 3) The City Council holds at least two additional public hearings over a period of no more than 45 days, at which the public is invited to provide input regarding the content of the draft map or maps and the proposed sequence of elections, if applicable. (Id.)

4) The first version of a draft map is required to be published at least seven days before consideration at a public hearing. If a draft map is revised at or following a public hearing, it is required to be published and made available to the public for at least seven days before being adopted. (Id.)

ANALYSIS

At its November 27, 2017 meeting, the City Council adopted Resolution No. 15,068, which indicated the City's intent to consider transitioning from at-large elections to district elections for members of the City Council pursuant to Elections Code Section 10010 (see Attachment B). The adoption of Resolution No. 15,068 was the first step the City needed to take in order to utilize the legislative "safe harbor" to avoid litigation and cap attorney's fees that a plaintiff challenging the City of Oxnard's election system could be entitled to recover from the City at \$30,000.

The next step in the "safe harbor" process is for the City Council to hold at least two public hearings over a period of no more than 30 days, at which time the public is invited to provide input regarding the composition of the proposed City Council districts. (Election Code §10010(a)(1).) Under state law, these public hearings are required to occur prior to the drawing of a draft map or maps of the proposed boundaries of the districts.

Tonight's public hearing will be the first of two public hearings required to be held regarding composition of City Council districts. The public hearing will include a presentation from a representative from National Demographics, the firm providing demographic services relating to the drawing of the districts. The representative will preview the online interactive system that will allow the public to draw and submit proposed districting plans for the City Council's consideration.

The second public hearing regarding the composition of City Council districts will be held on January 3, 2018 at 6:00 p.m., with a January 5, 2018 deadline for submittal of maps from the public. Draft maps are then scheduled to be released online at www.oxnard.org/districts by not later than January 10, 2018. After the release of the maps to the public, three public hearings will be held to discuss the draft maps and proposed sequencing of district elections. These public hearings are currently scheduled for January 17, 2018, January 29, 2018 and February 7, 2018.

The City Council will then hold a public hearing on February 20, 2018 to consider an ordinance designating districts and the timing of elections in each district (i.e., either November 2018 or November 2020). If a majority of the City Council votes for the ordinance on February 20, 2018, the City Council will consider the adoption of the ordinance the following week. If adopted, the new City Council districts would not become effective until the November 2018 election, with the specific date on which a councilmember would be elected from each new district provided for in the ordinance.

STRATEGIC PRIORITIES

Not applicable.

FINANCIAL IMPACT

There is no specific financial impact from tonight's public hearing, although the consideration of transitioning to a district-based election system will take significant staff time and involves the use of a demographer to attend specific public hearings and provide online public outreach tools included in the scope of services.

ATTACHMENTS:

Attachment A: October 7, 2017 Letter from Jason Dominguez

Attachment B: Resolution 15,068 Declaring Intent to Transition to District Based Elections

JASON DOMINGUEZ

Attorney at Law
PO Box 20040
Santa Barbara, CA 93120

October 7, 2017

Oxnard City Council
Michelle Ascencion, City Clerk
300 West Third Street
Fourth Floor
Oxnard, CA 93030

Via regular US Mail and email to: cityclerk@oxnard.org

RE: *Notice of Violation* – The City of Oxnard's methods of conducting elections are violating the California Voting Rights Act of 2001.

Dear City Officials,

I am writing on behalf of my client and the voters of the City of Oxnard who are interested in improving the accountability and responsiveness of future elected officials as well as the election system of the City of Oxnard as a whole. As Oxnard and its government continues to grow, it must adopt positive statewide trends in voting and elections in order to prevent voters from losing the ability to meaningfully engage in elections and community policy making.

One of the growing trends in California is district elections. District elections have been shown to improve voter turnout and help governments respond to community concerns. Districts are the cornerstone of our state and federal legislative systems. Accordingly, they have been adopted by numerous cities, community college districts and school districts. Almost all cities of Oxnard's size have adopted district elections. We look forward to you coming into compliance.

With regard to the City of Oxnard's City Council elections, after studying demographics and election results, we have determined that a violation of the California Elections Code sections 14025 *et. seq.*, known as the California Voting Rights Act of 2001 ("CVRA"), may be occurring by polarized voting. A change is mandated in the election system to prevent occurrences of voting patterns that impair the ability of voters to elect candidates of their choice or impair their rights to influence the outcome of an election, particularly as the result of the dilution or abridgment of its rights and privileges under state and federal law.

We therefore respectfully demand that the City of Oxnard change its at-large voting system to a district-based voting system that affords all voters and protected groups the equal

October 7, 2017
Oxnard City Council
Notice of Violation
Page 2

opportunity to choose elected officials to the Oxnard City Council and, thereby, bring the system into compliance with the CVRA.

Please respond to this correspondence and include the City of Oxnard's plans to calendar a resolution and outline the steps it will take to facilitate the transition along with an estimated timeline. If the City fails to take action within the statutory timeline to effect a change in its election process, we will seek judicial assistance to enforce our remedies at law. Per the CVRA, we will seek equitable relief and other forms of relief, including our costs of litigation (court fees, expert witness fees, etc.) and attorney's fees.

We are hopeful that you will be able to work with us to achieve a timely transition in order to bring the City of Oxnard into compliance with the CVRA. If you have any questions or would like to discuss this matter further, please do not hesitate to contact me.

Thank you.

A handwritten signature in black ink, appearing to read "Jason Dominguez". The signature is fluid and cursive, with the first name "Jason" being more prominent than the last name "Dominguez".

Jason Dominguez
Attorney at law

cc: Greg Nyhoff, City Manager

RESOLUTION NO. 15,068

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD DECLARING ITS INTENT TO TRANSITION FROM AT-LARGE ELECTIONS TO DISTRICT-BASED ELECTIONS FOR MEMBERS OF THE CITY COUNCIL PURSUANT TO ELECTIONS CODE SECTION 10010

WHEREAS, members of the City Council of the City of Oxnard (City) are currently elected in "at-large" elections, in which each Councilmember is elected by the registered voters of the entire City; and

WHEREAS, the Mayor of the City is separately elected in an "at-large" election by the registered voters of the entire City; and

WHEREAS, Government Code Section 34886 in certain circumstances, authorizes the legislative body of a city to adopt an ordinance to change its method of election for councilmembers from an "at-large" system to a "by-district" system in which each Councilmember is elected only by the voters in the district in which the Councilmember resides; and

WHEREAS, the City received a letter on October 9, 2017, from Jason Dominguez, Esq., containing unsubstantiated allegations that the City's at-large electoral system violates the California Voting Rights Act (CVRA) and threatening litigation if the City declines to adopt a district-based electoral system; and

WHEREAS, the City denies that its election system violates the CVRA or any other provision of law and asserts that Oxnard's overall electoral system is legal in all respects and further denies any wrongdoing whatsoever in connection with the manner in which it has conducted its City Council elections; and

WHEREAS, although the letter was not accompanied by any evidence to support the claim of a CVRA violation, the City Council has concluded that the public interest of having councilmembers from each geographic area of the City would be better served by transitioning to a district-based electoral system pursuant to Elections Code Section 10010; and

WHEREAS, prior to the City Council's consideration of an ordinance to establish boundaries for a district-based electoral system, Elections Code Section 10010 requires all of the following:

- 1) Prior to drawing a draft map or maps of the proposed boundaries of the districts, the City shall hold at least two public hearings over a period of no more than 30 days, at which the public will be invited to provide input regarding the composition of the districts.
- 2) After all draft maps are drawn, the City shall publish on the City's website and make available for release at least one draft map and, if members of the City Council will be elected in their districts at different times to provide for staggered terms of office, the potential sequence of the elections shall also be published.
- 3) The City Council shall also hold at least two additional public hearings over a period of no more than 45 days, at which the public shall be invited to provide input regarding the content of the draft map or maps and the proposed sequence of elections, if applicable.
- 4) The first version of a draft map shall be published on the City's website at least seven days before consideration at a public hearing. If a draft map is revised at or following a public hearing, it shall be published on the City's website and made available to the public for at least seven days before being adopted.

WHEREAS, the City will be utilizing the services of a professional demographer to assist the City to develop a proposal for a district-based electoral system; and

WHEREAS, the adoption of a district-based electoral system will not affect the terms of any sitting Councilmember, each of whom will serve out his or her current term.

NOW, THEREFORE, the City Council of the City of Oxnard resolves:

SECTION 1. The City Council hereby resolves to consider adoption of an ordinance to transition to a district-based electoral system as authorized by Government Code Section 34886 for use in the City's General Municipal Election for Members of the City Council.

SECTION 2. The City Council directs the City Clerk and City Attorney to work with a professional demographer, and other appropriate consultants as needed, to provide a detailed analysis of Oxnard's current demographics and any other information or data necessary to prepare a draft map that divides Oxnard into voting districts in a manner consistent with the intent and purpose of the CVRA and the Federal Voting Rights Act.

SECTION 3. The process outlined in the above recitals is anticipated to be completed by February 26, 2018.

SECTION 4. The City Council directs the City Clerk to post information regarding the proposed transition to a district-based electoral system on the City's website, including maps, notices, agendas and other information.

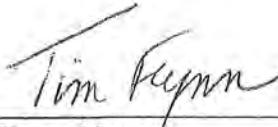
PASSED AND ADOPTED THIS 27th day of November, 2017, by the following vote:

AYES: Councilmembers Flynn, Ramirez, MacDonald, Perello and Madrigal.

NOES: None.

ABSENT: None.

ABSTAIN: None.



Tim Flynn, Mayor

ATTEST:



Michelle Ascencion, City Clerk

APPROVED AS TO FORM:



Stephen M. Fischer, City Attorney