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, 305 West Third Street during customary business hours. The agenda reports are on the City of Oxnard web site at www.ci.oxnard.ca.us.

CITY OF OXNARD CALIFORNIA

AGENDA

OXNARD CITY COUNCIL
*OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY
OXNARD FINANCING AUTHORITY
*OXNARD HOUSING AUTHORITY

Regular Meetings
City Council Chambers, 305 West Third Street, Oxnard
April 22, 2014
5:15 P.M. Closed Session

A. ROLL CALL/POSTING OF AGENDA

*** The Oxnard Community Development Commission Successor Agency and the Oxnard Housing Authority will not meet because there are no items requiring consideration on this date.**

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS

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

C. CLOSED SESSION – (Please see page 4 for a description of closed session items)

D. OPENING CEREMONIES – 6:00 P.M.

Pledge of allegiance to the flag of the United States.

E. CEREMONIAL CALENDAR

1. SUBJECT: Southern California Edison Presenting a Check in the Amount of $219,563 in Recognition of The City Reaching the GOLD Level in the Partnership Program in Energy Efficiency

2. SUBJECT: Arbor Day Proclamation

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA (30 Minutes)

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. 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 any 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. The presiding officer shall limit public comments to three minutes.

G. TRANSMITTAL OF INFORMATION ONLY ITEMS

H. INFORMATION/CONSENT PUBLIC HEARINGS

I. PUBLIC HEARINGS – 6:15 P.M.

Housing Department

1. SUBJECT: Public Hearing for Issuance of Multifamily Housing Revenue Bonds for Las Cortes, located at NE Corner of Marquita Street and First Street. (001)
RECOMMENDATION: 1) Hold a public hearing regarding the issuance of up to $35,000,000 of multifamily housing revenue bonds by the California Statewide Communities Development Authority to finance the development and construction of Las Cortes, a 144-unit multi-family rental housing project located at the north-east corner of Marquita Street and First Street; and 2) Adopt a resolution approving the issuance of bonds.
Legislative Body: CC Contact: Karl Lawson Phone: 385-7893

J. APPOINTMENT ITEMS – 6:30 P.M.

Finance Department

1. SUBJECT: Budget Study Session - Fiscal Year 2014-2015 Revenue Review. (007)
RECOMMENDATION: Receive a presentation on FY 2014-2015 revenue projections.
Legislative Body: CC Contact: James Cameron Phone: 385-7893

K. REPORTS

Finance Department

1. SUBJECT: Private Placement of Water Revenue Refunding Bonds, Series (013)
RECOMMENDATION: 1) City Council adopt a resolution authorizing the sale, issuance, and delivery of not more that $36 million in principal amount of City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014 and approving certain documents and authorizing certain actions in connection therewith; and 2) That the City of Oxnard Financing Authority ("Authority") adopt a resolution authorizing the sale, issuance, and delivery of not more that $36 million in principal amount of City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014 and approving certain documents and authorizing certain actions in connection therewith.
Legislative Body: CC/FA Contact: Mike More Phone: 385-7460

L. 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.

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

N. PUBLIC COMMENTS ON REPORTS

At this time, a person may address the legislative body only on matters appearing on the reports. The presiding officer shall permit a person to address the legislative body after the staff presentation on the report and before the consideration of the report by the legislative body. The presiding officer shall limit public comments to three minutes.

O. PUBLIC COMMENTS ON STUDY SESSION

At this time, a person may address the legislative body only on matters appearing on the study session agenda. The presiding officer shall permit a person to address the legislative body after the staff presentation on the item and before the consideration of the item by the legislative body. The presiding officer shall limit public comments to three minutes.

P. STUDY SESSION

Q. 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.

R. 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.

S. INFORMATION/CONSENT AGENDA

City Clerk Department

1. SUBJECT: Minutes of the Special Meeting of the Oxnard City Council for April 2, 2014; Minutes of the Regular Meetings of the Oxnard Financing Authority for December 3, 10 and 17, 2013; January 7, 14 and 28 and February 4, 11 and 25; March 4, 18 and 25; April 8 and 15, 2014. (139)
   RECOMMENDATION: Approve.
   Legislative Body: CC/FA Contact: Daniel Martinez Phone: 385-7803

City Manager Department

2. SUBJECT: Agreements for City Council Review. (157)
RECOMMENDATION: Pursuant to Ordinance 2835 and Resolution 13,932, approve and authorize the Interim City Manager, to execute the attached agreements/contracts and change orders/amendments in amounts more than $25,000 but no more than $250,000, which are described on the attached list.
Legislative Body: CC Contact: Karen Burnham Phone: 385-7430

3. SUBJECT: Authorize to Submit a Grant Application to the California Department of Housing and Community Development (HCD) for Housing Related Parks Program Grant Funds. (159)
RECOMMENDATION: Adopt a resolution authorizing: 1) The General Services Department to submit a grant application totaling $961,550 in Housing Related Parks (HRP) Program grant funds to be used for qualifying park improvements at City parks located in Park Deficient and Disadvantaged areas of the City as identified under HCD guidelines; 2) The City Manager to execute a grant agreement if grant funds are awarded to the City; 3) The Finance Director to appropriate the funds and perform all other required financial actions in accordance with the parameters of the grant application; and 4) The General Services Department or designee to submit non-financial reports to HCD.
Legislative Body: CC Contact: Michael Henderson Phone: 385-7950

C. CLOSED SESSION - Continued from Page 1

1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION.
CC (Government Code section 54956.9 (d)(1))

Name of case: City of Oxnard v. Viola Construction, Inc., et al., Ventura County Superior Court, Case No. 56-2012-00412257-CU-BC-VTA

The Interim City Attorney requested that this item be discussed in closed session under the Brown Act exception of Conference with Legal Counsel – Existing Litigation. The purpose of the closed session is to report to City Council on the status of the litigation.

T. ADJOURNMENT

CITY OF
OXNARD
CALIFORNIA

Meeting Date: 4 / 22 / 2014

ACTION	TYPE OF ITEM
☐ Approved Recommendation	Info/Consent
☐ Ord. No(s). ______	Report
☐ Res. No(s). ______	X Public Hearing
☐ Other ______	Other ______

Prepared By: Karl Lawson K.L. Agenda Item No. I - 1

Reviewed By: City Manager MMH City Attorney Fischer SMF Finance J.C Other *(Specify)*

DATE: April 10, 2014

TO: City Council

FROM: William E. Wilkins, Director
Housing

SUBJECT: **Public Hearing for Issuance of Multifamily Housing Revenue Bonds for Las Cortes, located at NE Corner of Marquita Street and First Street**

RECOMMENDATION

That the City Council:

1. Hold a public hearing regarding the issuance of up to $35,000,000 of multifamily housing revenue bonds by the California Statewide Communities Development Authority to finance the development and construction of Las Cortes, a 144-unit multi-family rental housing project located at the north-east corner of Marquita Street and First Street.

2. Adopt a resolution approving the issuance of bonds.

DISCUSSION

Las Cortes is a 144-unit multifamily rental housing project which will be constructed at the north-east corner of Marquita Street and First Street, immediately adjacent to an existing public housing complex owned and operated by the Oxnard Housing Authority. The 144 units are part of the 260 replacement housing units for the Courts located in the 31-1 Courts Colonia Village.

Urban Homes Oxnard Development LLC (hereinafter "Urban Homes"), through a limited partnership it has formed, is presenting an application to the California Statewide Communities Development Authority ("CSCDA") for funds to finance the development and construction of the project with the proceeds of tax-exempt multifamily housing revenue bonds ("Bonds") proposed to be issued by the CSCDA.

The CSCDA was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments with an effective tool for the timely financing of community-based public benefit projects.

Although cities, counties and special districts are able to issue their own debt obligations or serve as a conduit issuer of private activity bonds that promote economic development and provide critical community services, many local agencies find stand-alone financings too costly or lack the necessary resources or experience to facilitate the bond issuance and perform post-issuance activities for the term of the bonds. Currently, more than 500 cities, counties and special districts have become Program Participants to CSCDA, which serves as their conduit issuer of bonds. The City of Oxnard became a participant in CSCDA shortly after it was formed, and numerous developments in Oxnard have benefited from CSCDA bond issuance since the year 1995.

Urban Homes seeks CSCDA issuance of Bonds in an aggregate principal amount not to exceed $35,000,000 of tax-exempt revenue bonds for the purpose of financing the costs of the development and construction of Las Cortes. The Bonds would be payable solely from revenues derived from the project. The City would have no responsibility with respect to the issuance or repayment of the Bonds.

Section 147(f) of the Internal Revenue Code of 1986 ("Tax Code") requires that, in order for the interest on a private activity bond to be excluded from the gross income of the owner of the bond (i.e., tax-exempt), an "applicable elected representative" of the governmental unit issuing the bond must approve the issuance of the bond after a public hearing following reasonable public notice. Such public hearing is known as a Tax Equity and Financial Responsibility Act ("TEFRA") hearing. The proposed Bonds to be issued by the CSCDA are classified as private activity bonds for purposes of the Tax Code. The Tax Code provides that a governmental unit with elected representatives and jurisdiction over the area in which the project to be financed is located, in this case the City Council, is an "applicable elected representative" with respect to the bond issue.

Staff recommends that the City Council conduct the public hearing regarding the financing of the project with proceeds of the Bonds, and adopt a resolution approving the issuance of the Bonds by the CSCDA. Notice of the public hearing was published in VIDA Newspaper and the Ventura County Star on April 3, 2014. Bond Counsel has advised that the City will incur no obligation whatsoever by reason of its holding of the public hearing and approval of the issuance of the Bonds by the CSCDA.

FINANCIAL IMPACT

There is no financial impact to the City in connection with the City Council's adoption of a resolution approving the issuance of the Bonds by the Statewide Authority. The state CSCDA is the issuing entity, and Bonds would be payable solely from revenues derived from the project. The City would have no responsibility with respect to the issuance or repayment of the Bonds.

KL/kl

Attachment #1 - Draft Resolution

RESOLUTION NO. ___________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING THE ISSUANCE BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE LAS CORTES PROJECT

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies throughout the State of California, including the City of Oxnard (the "City"), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects; and

WHEREAS, UHC 00558 Oxnard, L.P., a limited partnership or related entities, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (the "Bonds") in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed $35,000,000 in outstanding aggregate principal amount, to finance the acquisition, construction and development of a 144-unit multifamily rental housing project located at the NE Corner of Marquita Street and First Street (APN 201-0-080-020), Oxnard, California, generally known as Las Cortes (the "Project") and operated by Hyder Property Management; and

WHEREAS, the Bonds or a portion thereof will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the members of this City Council (this "City Council") are the applicable elected representatives of the City; and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on a date specified in such notice; and

WHEREAS, such public hearing was conducted on such date, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the Authority is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed the Project (the "Refunding Bonds"), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OXNARD AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the Bonds solely for the purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

Section 3. The Bonds will not constitute a debt, liability or obligation of the City.

Section 4. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby.

Section 5. The City Clerk shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the hearing notice to:

Thomas Downey, Esq.
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105

Section 6. This resolution shall take effect immediately upon its passage.

ADOPTED by the City Council of the City of Oxnard at a regular meeting of said Council held on the 22nd day of April, 2014, by the following vote:

AYES:

NOES:

ABSENT:

____

Tim Flynn, Mayor

ATTEST:

____

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

____

Stephen M. Fischer, Interim City Attorney

CITY OF
OXNARD
CALIFORNIA

Meeting Date: 4/22/2014

ACTION	TYPE OF ITEM
☐ Approved Recommendation	☐ Info/Consent
☐ Ord. No(s). ______	☐ Report
☐ Res. No(s). ______	☐ Public Hearing (Info/consent)
☐ Other ______	☑ Appointment - Study Session

Prepared By: James Cameron J.C. Agenda Item No. J-1

Reviewed By: City Manager MMT City Attorney SMF Finance J.C Other *(Specify)*

DATE: April 16, 2014

TO: City Council

FROM: James Cameron, Chief Financial Officer James Cameron
Finance Department

SUBJECT: **Budget Study Session - Fiscal Year 14-15 Revenue Review**

RECOMMENDATION

That City Council receive a presentation on FY 14-15 revenue projections.

DISCUSSION

While this presentation will focus on the General Fund, other significant funds such as utility funds and Gas Tax revenues will be included. FY 14-15 revenue projections are based on current year trends as well as available economic forecasts and State data. In general, these forecasts assume moderate, but stable economic growth. This presentation does not include revenues that are tied to a specific use such as district revenues, grants, and other minor revenues. All revenues will be updated for the recommended budget scheduled for distribution next month.

The economic recovery is assumed to continue at a moderate pace. While the national unemployment rate has fallen since last year to 6.7%, job creation has not been adequate to drive a stronger recovery. In Oxnard, the unemployment rate was 9.9% as of February 2014. For most of the fiscal year the housing market has been a positive driver for the economy; however, in recent months the market has been inconsistent. At the local level, housing prices have increased more than 20% on average over the last several months compared with a year ago.

General Fund

Based on the first nine months of the current fiscal year, overall General Fund revenues are projected to be in line with the budget through the end of the fiscal year. There are substantial variances in several areas as shown in Attachment 1. Property taxes are projected to be $75,000 lower than budgeted primarily due to lower property taxes on equipment and furnishings type property. Sales taxes are lower by $447,000 or 1.7%. This is due in part to a one-time reallocation of sales taxes to the City of Fillmore. Growth in Business License revenues of $270,000 are offsetting lower franchise and other fees. Lower internal charges of $509,000 to projects are offset by higher revenues in Development Services for plan checks, inspections, and zoning fees. Under miscellaneous revenues, Fines and

Forfeitures continue to decline as are intergovernmental receipts, primarily reimbursement for mandated costs. Licenses and Permits, as well as other reimbursements are positive, including a one-time payment from the County as a settlement for prior administrative charges related to the Sales Tax Triple-Flip.

Looking to FY 2014-15, General Fund revenues are projected to continue to grow at a modest pace of approximately 4% overall (Attachment 2). Revenues are forecast to be $113.1 million, about $4.4 million higher than the current fiscal year estimate. Property taxes are projected to grow 4% with sales taxes growing 5%. Other revenues are projected to grow between 2 and 3% for the most part. FY 2014-15 revenues were originally project to be $111.5 million.

Utility Funds

The projections for utility funds are limited to Water and Wastewater at this time. Due to the recent conversion of the recycling facility to City operations, adequate data is not yet available to make a full year projection for FY 2014-15. Because Water usage can vary depending on weather conditions, a conservative approach is warranted in making revenue projections. As a result Water revenues are projected to increase less than ½ of a percent or $122,000. While no rate increases are included in the projection or anticipated, increases by Calleguas Municipal Water District for imported water may result in future rate adjustments. Attachment 3 summarizes the projected revenues for both FY 2013-14 and FY 2014-15 based on current trends. Service charges are projected to increase $172,000, while connection fees and other revenues which include the Federal interest subsidy for the Build America Bonds issued in 2010 and repayment of 2009 loans to Wastewater and Environment Resources have a net $50,000 decrease.

Wastewater revenues are based in part on water usage trends. As with Water there are no additional rate increases built into the projected increase of $391,000. The increase reflected in Attachment 3 is based on the full year impact of the last set of rate increases. Service charges are projected to increase $920,000, while other revenues which include connection fees, code enforcement and penalties, reimbursement and interest earnings are projected to decline $529,000.

Gas Tax

Gas tax is included in this presentation because of its impact on the ability to maintain and improve City roadways. A portion of the Gas Tax (Section 2013) is adjusted each year by the Board of Equalization as required by the 2010 fuel tax swap in order to maintain revenue neutrality. FY 2014-15 projections are based on calculations from the California Local Government Finance Almanac which include a decrease in Section 2013 revenues which are offset by increases in the other sections of the Gas Tax. The projected increase in Gas Tax distributions of $102,000 is partially offset by net reductions in charges for services of $24,000 (Attachment 3).

FINANCIAL IMPACT

The recommended action to receive the Fiscal Year 2014-15 revenue review has no direct financial impact. As the recommended budget is developed these and other revenues will be updated.

Attachment #1 - FY 2013-14 General Fund Revenue Projection
#2 - FY 2014-15 General Fund Revenue Projection
#3 - FY 2014-15 Other Revenue Projections

FY 2013-14 General Fund Revenue Projection
based on Revenues through March 2014
($ Thousands)

	Budget	To Date	Projected	Surplus/ (Deficit)
Property Tax				
Base & Other Non-VLF	26,861	14,844	26,807	(54)
Property Tax In-Lieu of VLF	14,755	7,367	14,734	(21)
Sub-total	41,616	22,211	41,541	(75)
Sales Tax				
Allocation less Refunds	20,562	9,905	19,799	(763)
Triple-Flip	6,189	3,005	6,505	316
Sub-total	26,751	12,910	26,304	(447)
Other Taxes and Fees				
TOT	4,035	2,479	4,035	-
Business License	4,918	3,996	5,188	270
Franchise	3,273	897	3,112	(161)
Other	751	437	649	(102)
Sub-total	12,977	7,809	12,984	7
Charges for Services				
Services to Other Programs	3,171	1,727	2,662	(509)
Development Services	1,702	1,806	2,299	597
Other	2,037	1,317	1,979	(58)
Sub-total	6,910	4,850	6,940	30
Miscellaneous				
Licenses/Permits	1,967	1,739	2,280	313
Fines and Forfeitures	2,170	1,308	1,796	(374)
Intergovernmental	1,734	902	1,540	(194)
Interfund Transfers	11,205	8,404	11,205	-
Other	3,191	3,650	4,092	901
Sub-total	20,267	16,003	20,913	646
Total GF Revenues	**108,521**	**63,783**	**108,682**	**161**

ATTACHMENT NO. 1
PAGE 1 OF 1

FY 2014-15 General Fund Revenue Projection
based on Revenues through March 2014
($ Thousands)

	FY 2013-14 Budget	FY 2013-14 Estimate	FY 2014-15 Estimate	Change from Estimate	Change from Budget
Property Tax					
Base & Other Non-VLF	26,861	26,806	28,011	1,205	1,150
Property Tax In-Lieu of VLF	14,755	14,734	15,323	589	568
Sub-total	41,616	41,540	43,334	1,794	1,718
Sales Tax					
Allocation less Refunds	20,562	19,799	20,789	990	227
Triple-Flip	6,189	6,505	6,830	325	641
Sub-total	26,751	26,304	27,619	1,315	868
Other Taxes and Fees					
TOT	4,035	4,035	4,236	201	201
Business License	4,918	5,188	5,344	156	426
Franchise	3,273	3,112	3,203	91	(70)
Sub-total	12,226	12,335	12,783	448	557
Charges for Services					
Services to Other Programs	3,171	2,661	2,867	206	(304)
Development Services	1,702	2,299	2,529	230	827
Other	2,037	1,979	2,001	22	(36)
Sub-total	6,910	6,939	7,397	458	487
Miscellaneous					
Licenses/Permits	1,967	2,280	2,439	159	472
Intergovernmental	1,734	1,540	1,716	176	(18)
Interfund Transfers	11,205	11,205	11,673	468	468
Other	6,037	6,538	6,144	(394)	107
Sub-total	20,943	21,563	21,972	409	1,029
Total GF Revenues	**108,446**	**108,681**	**113,105**	**4,424**	**4,659**
FY 2014-15 Budget			111,477		
Increase			**1,628**		

ATTACHMENT NO. 2
PAGE 1 OF 1

FY 2014-15 Other Revenue Projections
($ thousands)

	FY 2013-14 Budget	FY 2013-14 Estimate	FY 2014-15 Estimate	Change
Water				
Service Charges	$ 47,220	$ 52,848	$ 53,020	$ 172
Connection /Resource Fees	1,090	1,500	1,405	(95)
Other	4,672	4,401	4,446	45
Total	**$ 52,982**	**$ 58,749**	**$ 58,871**	**$ 122**
Wastewater				
Service Charges	$ 30,060	$ 28,460	$ 29,380	$ 920
Other	1,380	2,329	1,800	(529)
Total	**$ 31,440**	**$ 30,789**	**$ 31,180**	**$ 391**
Gas Tax				
Distribution from State	$ 4,950	$ 4,893	$ 4,995	$ 102
Charges for Services	911	769	745	(24)
Total	**$ 5,861**	**$ 5,662**	**$ 5,740**	**$ 78**

ATTACHMENT NO. 3
PAGE 1 OF 1

CITY OF
OXNARD
CALIFORNIA

Meeting Date: 04/22/2014

ACTION	TYPE OF ITEM
☐ Approved Recommendation	☐ Info/Consent
☐ Ord. No(s). ______	☒ Report
☐ Res. No(s). ______	☐ Public Hearing (Info/consent)
☐ Other ______	☐ Other ______

Prepared By: Michael More Agenda Item No. K-1

Reviewed By: City Manager MMH City Attorney SMF Finance JC Other *(Specify)*

DATE: April 14, 2014

TO: City Council
City of Oxnard Financing Authority

FROM: James Cameron, Chief Financial Officer James Cameron
Finance Department

SUBJECT: Private Placement of Water Revenue Refunding Bonds, Series 2014

RECOMMENDATION

That the City Council adopt a resolution authorizing the sale, issuance, and delivery of not more that $36 million in principal amount of City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014 and approving certain documents and authorizing certain actions in connection therewith.

That the City of Oxnard Financing Authority ("Authority") adopt a resolution authorizing the sale, issuance, and delivery of not more that $36 million in principal amount of City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014 and approving certain documents and authorizing certain actions in connection therewith.

DISCUSSION

On February 18, 2004, the Authority issued its $47,895,000 Water Revenue Bonds, Series 2004 ("the 2004 Bonds"). The 2004 Bonds were issued to finance various improvements to the water system, including the early stages of the GREAT Program. The 2004 Bonds were issued for a 30-year term at an all-in interest rate of 4.62%, and are callable at 100% of par on June 1, 2014.

Due to the current interest rate environment, the 2004 Bonds can be refinanced at substantial savings to the Water Fund utilizing a private placement structure ("2014 Private Placement").

In conjunction with its financial advisor, First Southwest Company, staff issued a Request for Proposals (RFP) to the city's investment banking pool to analyze refinancing alternatives of: (a) a public offering of water revenue bonds, or (b) a private placement of water revenue bonds to a commercial bank. Staff is recommending a private placement through RBC Capital Markets ("Placement Agent") to Capital One Bank, N.A. ("the Purchaser") at an all-in rate of 3.80% as the most cost-effective alternative. Under this scenario, the 2004 Bonds would be refinanced at an estimated net present value (NPV) saving of just over $3.3 million, or 8.8% of refunded par. The final maturity of the 2014 Private

Placement will remain consistent with the 2004 Bonds, which is June 1, 2034.

Under the 2004 Bonds, the net revenues of the water fund were pledged in accordance with the terms of an installment purchase agreement between the City and the Authority. The 2014 Private Placement will also be secured by a similar net revenue pledge and an installment purchase agreement.

The attached resolutions accomplish the following:

- Approve the form of the following documents:
  - Installment Purchase Agreement (Attachment No. 3)
  - Placement Agent Agreement (Attachment No. 4)
  - Trust Indenture (Attachment No. 5)
  - Escrow Agreement (Attachment No. 6)
  - Assignment Agreement (Attachment No. 7)

- For the Authority, authorizes the Chairman, the Vice Chairman, the Controller, and the Secretary to execute and deliver the above documents, and such other documents and certifications that may be necessary to consummate the transaction.

- For the City, authorizes the Mayor, the Mayor Pro Tem, the City Clerk, and the Interim City Manager to execute and deliver the above documents, and such other documents and certifications that may be necessary to consummate the transaction.

FINANCIAL IMPACT

The approval of the attached documents will result in the refinancing of the 2004 Bonds on June 1, 2014 at an estimated net present value savings to the Water Fund of $3,300,000. There is no impact to the Water Fund in Fiscal Year 2013-14. Beginning in Fiscal Year 2014-15, and every year thereafter through maturity in 2034, the 2014 Private Placement will reduce debt service cost by approximately $340,000 annually.

MJM

Attachment #1 - City Resolution
#2 - COFA Resolution
#3 - Installment Purchase Agreement
#4 - Placement Agent Agreement
#5 - Indenture
#6 - Escrow Agreement
#7 - Assignment Agreement

RESOLUTION NO. _________

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF NOT MORE THAN $36,000,000 IN PRINCIPAL AMOUNT OF CITY OF OXNARD FINANCING AUTHORITY WATER REVENUE REFUNDING BONDS, SERIES 2014, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the "Authority"), has the authority, among other things, to assist the City of Oxnard, a municipal corporation organized and existing under and by virtue of the constitution and laws of the State of California (the "City"), in financing and refinancing certain lease and installment payment obligations; and

WHEREAS, the Authority has issued, pursuant to a Trust Indenture, dated as of February 1, 2004, by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee, $47,895,000 in original principal amount of its Water Revenue Project Bonds, Series 2004 (the "2004 Bonds"), of which $37,840,000 in principal amount is subject to early redemption on and after June 1 2014; and

WHEREAS, the 2004 Bonds were secured by the installment payments to be made by the City from the Net Water System Revenues (as defined in that certain Installment Purchase Agreement, dated as of February 1, 2004 (the "2004 Installment Purchase Agreement"), by and between the City and the Authority) pursuant to the 2004 Installment Purchase Agreement; and

WHEREAS, in order to reduce the installment payments payable by the City under the 2004 Installment Purchase Agreement, the City proposes that the Authority refund, on a current refunding basis, the 2004 Bonds and that the City and the Authority enter into an Amended and Restated Installment Purchase Agreement (the "Installment Purchase Agreement"), which will amend and restate in its entirety the 2004 Installment Purchase Agreement; and

WHEREAS, pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of said Government Code) (the "Refunding Law") and the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the "Act"), the Authority is authorized to issue refunding bonds (the "Bonds") to refund the 2004 Bonds and to sell the Bonds at public sale, at private sale, or on a negotiated sale basis; and

WHEREAS, this City Council of the City (this "City Council") has determined that the issuance of the Bonds pursuant to the Refunding Law and the Act does not require approval of the qualified electors of the City; and

WHEREAS, this City Council has determined that because of the need for flexibility in timing the sale of the Bonds in order to achieve maximum interest cost savings, it is desirable to sell the Bonds at a private sale; and

WHEREAS, to effectuate such private sale, the Authority proposes to enter into a Placement Agent Agreement (the "Placement Agent Agreement") by and between the Authority and RBC Capital Markets, as placement agent (the "Placement Agent"), pursuant to which Placement Agent Agreement the Placement Agent will privately place the Bonds with the purchaser thereof; and

WHEREAS, the City Council has appointed First Southwest Company as financial advisor (the "Financial Advisor") to, among other things, advise the Authority and the City with respect to Bond interest rates, placement agent fees, and other financing matters relating to the issuance of the Bonds; and

WHEREAS, this City Council has appointed Goodwin Procter LLP as bond counsel ("Bond Counsel") to prepare proceedings for the issuance, sale, and delivery of the Bonds; and

WHEREAS, to refund the outstanding 2004 Bonds, the City proposes that the Authority cause the sale and issuance of not more than $36,000,000 in aggregate principal amount of Bonds to be secured by the installment payments (the "2014 Installment Payments") to be made by the City from the Net Water System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement; and

WHEREAS, the City proposes that the City and the Authority enter into a Trust Indenture (the "Trust Indenture"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to provide for the issuance of the Bonds; and

WHEREAS, the City understands that the 2014 Installment Payments will be assigned by the Authority to the Trustee pursuant to an Assignment Agreement (the "Assignment Agreement") by and between the Authority and the Trustee; and

WHEREAS, the City proposes that the Authority enter into an Escrow Agreement (the "Escrow Agreement") by and between the Authority and Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent"), to provide for the payment and redemption of all outstanding 2004 Bonds on June 3, 2014; 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 this 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 Placement Agent, Bond Counsel, and the Financial Advisor, has examined and approved each document and has recommended that this City Council direct the completion, where appropriate, and the execution and delivery of such documents and the consummation of such financing:

(a) the Placement Agent Agreement;
(b) the Installment Purchase Agreement;
(c) the Trust Indenture;
(d) the Assignment Agreement; and
(e) the Escrow 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, and each of them, are true and correct.

SECTION 2. The Installment Purchase Agreement is approved in substantially the form on file with the City Clerk. The Mayor of the City (the "Mayor") and the City Clerk are hereby authorized and directed, for and in the name of the City, to execute and deliver the Installment Purchase 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.

SECTION 3. The Trust Indenture is approved in substantially the form on file with the City Clerk. The Mayor and the City Clerk are hereby authorized and directed, for and in the name of the City, to execute and deliver the Trust 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 City understands, acknowledges and agrees that the Placement Agent Agreement, the Assignment Agreement, and the Escrow Agreement, in the forms on file with the City Clerk, are subject to such changes, insertions, and omissions as the Controller shall require or approve.

SECTION 5. The Bonds, in an aggregate principal amount not to exceed $36,000,000 (which amount shall be finally determined by the Chief Financial Officer, acting as the Controller), designated "City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014," are hereby authorized to be issued, sold, and delivered by the Authority in accordance with the terms and provisions of the Trust Indenture and the Placement Agent Agreement. The proceeds from the sale of the Bonds shall be deposited as provided in the Trust Indenture and the Escrow Agreement.

SECTION 6. The Mayor, the Mayor Pro-Tem of the City (the "Mayor Pro-Tem"), the City Manager of the City (the "City Manager"), the City Clerk, the Chief Financial Officer, the City Attorney of the City, and any other proper officer of the City are each authorized and directed 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 Installment Purchase Agreement, the Trust Indenture, the Placement Agent Agreement, the Assignment Agreement, the Escrow Agreement, and this Resolution and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, and tax certificates, necessary and desirable to accomplish the transactions described in such documents or as set forth above.

SECTION 7. 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-Tem. 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 the Financial Services Manager of the City or, in the absence or inability to act of such Financial Services Manager, by any 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 8. All actions previously taken by this City Council and by the officers and staff of the City with respect to the matters addressed by this Resolution hereby are approved, ratified, and confirmed.

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SECTION 9. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 22nd day of April, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tim Flynn,
Mayor of the City of Oxnard

ATTEST:

Daniel Martinez,
City Clerk of the City of Oxnard

APPROVED AS TO FORM:

Stephen M. Fischer, Interim City Attorney

APPROVED AS TO CONTENT:

James Cameron, Chief Financial Officer

RESOLUTION NO. ____

RESOLUTION OF THE GOVERNING BOARD OF THE CITY OF OXNARD FINANCING AUTHORITY AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF NOT MORE THAN $36,000,000 IN PRINCIPAL AMOUNT OF ITS WATER REVENUE REFUNDING BONDS, SERIES 2014, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the "Authority"), has the authority, among other things, to assist the City of Oxnard, a municipal corporation organized and existing under and by virtue of the constitution and laws of the State of California (the "**City**"), in financing and refinancing certain lease and installment payment obligations; and

WHEREAS, the Authority has issued, pursuant to a Trust Indenture, dated as of February 1, 2004 (the "2004 Trust Indenture"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee, $47,895,000 in original principal amount of its Water Revenue Project Bonds, Series 2004 (the "2004 Bonds"), of which $37,840,000 in principal amount is subject to early redemption on and after June 1 2014; and

WHEREAS, the 2004 Bonds were secured by the installment payments to be made by the City from the Net Water System Revenues (as defined in that certain Installment Purchase Agreement, dated as of February 1, 2004 (the "2004 Installment Purchase Agreement"), by and between the City and the Authority) pursuant to the 2004 Installment Purchase Agreement; and

WHEREAS, in order to reduce the installment payments payable by the City under the 2004 Installment Purchase Agreement, the Authority proposes to refund, on a current refunding basis, the 2004 Bonds and to enter into an Amended and Restated Installment Purchase Agreement (the "Installment Purchase Agreement") with the City, which Installment Purchase Agreement will amend and restate in its entirety the 2004 Installment Purchase Agreement; and

WHEREAS, pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of said Government Code) (the "Refunding Law") and the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the "Act"), the Authority is authorized to issue refunding bonds (the "Bonds") to refund the 2004 Bonds and to sell the Bonds at public sale, at private sale, or on a negotiated sale basis; and

WHEREAS, this Governing Board of the Authority (this "Board") has determined that the issuance of the Bonds pursuant to the Refunding Law and the Act does not require approval of the qualified electors of the City; and

WHEREAS, this Board has determined that because of the need for flexibility in timing the sale of the Bonds in order to achieve maximum interest cost savings, it is desirable to sell the Bonds at a private sale; and

WHEREAS, to effectuate such private sale, this Board proposes that the Authority enter into a Placement Agent Agreement (the "Placement Agent Agreement") by and between the Authority and RBC Capital Markets, as placement agent (the "Placement Agent"), pursuant to which Private Placement Agreement the Placement Agent will privately place the Bonds with the purchaser thereof; and

WHEREAS, the City Council of the City has appointed First Southwest Company as financial advisor (the "Financial Advisor") to, among other things, advise the Authority and the City with respect to Bond interest rates, placement agent fees, and other financing matters relating to the issuance of the Bonds; and

WHEREAS, the City Council of the City has appointed Goodwin Procter LLP as bond counsel ("Bond Counsel") to prepare proceedings for the issuance, sale, and delivery of the Bonds; and

WHEREAS, to refund the outstanding 2004 Bonds, the Authority proposes to cause the sale and issuance of not more than $36,000,000 in aggregate principal amount of Bonds to be secured by the installment payments (the "2014 Installment Payments") to be made by the City from the Net Water System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement; and

WHEREAS, the Authority proposes that the City and the Authority enter into a Trust Indenture (the "Trust Indenture"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to provide for the issuance of the Bonds; and

WHEREAS, the Authority proposes to enter into an Assignment Agreement (the "Assignment Agreement") by and between the Authority and the Trustee, pursuant to which Assignment Agreement the Authority will assign the 2014 Installment Payments to the Trustee; and

WHEREAS, the Authority proposes to enter into an Escrow Agreement (the "Escrow Agreement") by and between the Authority and Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent"), to provide for the payment and redemption of all outstanding 2004 Bonds on June 3, 2014; and

WHEREAS, the forms of the following documents are on file with the Secretary of this Board (the "Secretary") and have been submitted to this Board, and the Chief Financial Officer of the City, acting as the Controller of the Authority (the "Controller"), in consultation with the Placement Agent, Bond Counsel, and the Financial Advisor, has examined and approved each document and has recommended that this Board direct the completion, where appropriate, and the execution and delivery of such documents and the consummation of such financing:

(a) the Placement Agent Agreement;
(b) the Installment Purchase Agreement;
(c) the Trust Indenture;
(d) the Assignment Agreement; and
(e) the Escrow Agreement;

NOW, THEREFORE, the Governing Board of the City of Oxnard Financing Authority does hereby find, determine, resolve and order as follows:

SECTION 1. The foregoing recitals, and each of them, are true and correct.

SECTION 2. The Installment Purchase Agreement is approved in substantially the form on file with the Secretary. The Chairman of this Board (the "Chairman") and the Secretary are hereby authorized and directed, for and in the name of the Authority, to execute and deliver the Installment Purchase Agreement 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 Assignment Agreement is approved in substantially the form on file with the Secretary. The Chairman and the Secretary are authorized and directed, for and in the name of the Authority, to execute and deliver the Assignment Agreement 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 4. The Trust Indenture is approved in substantially the form on file with the Secretary. The Chairman and the Secretary are hereby authorized and directed, for and in the name of the Authority, to execute and deliver the Trust 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 Escrow Agreement is approved in substantially the form on file with the Secretary. The Controller is hereby authorized and directed, for and in the name of the Authority, to execute and deliver the Escrow Agreement 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 6. The Placement Agent Agreement is approved in substantially the form on file with the Secretary. The Controller is hereby authorized and directed, for and in the name of the Authority, to execute and deliver the Placement Agent Agreement with such changes, insertions, and omissions as the Controller or the Financial Advisor shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the aggregate principal amount of the Bonds shall not exceed $36,000,000, the interest rates or yields to maturity on the Bonds are such that the true interest cost does not exceed three and nine-tenths of one percent (3.90%), and the placement agent fee payable to the Placement Agent with respect to the Bonds does not exceed three-tenths of one percent (0.30%).

SECTION 7. The Bonds, in an aggregate principal amount not to exceed $36,000,000 (which amount shall be finally determined by the Controller), designated "City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014," are hereby authorized to be issued, sold, and delivered in accordance with the terms and provisions of the Trust Indenture and the Placement Agent Agreement. The proceeds from the sale of the Bonds shall be deposited as provided in the Trust Indenture and the Escrow Agreement. 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 the Bonds 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 8. The Controller is hereby authorized and directed to give or cause to be given notice of redemption of the 2004 Bonds, pursuant to the terms of the 2004 Trust Indenture and the Escrow Agreement.

SECTION 9. Wells Fargo Bank, National Association, is hereby appointed as Trustee under and pursuant to the Trust Indenture and as Escrow Agent under the Escrow Agreement, with the respective powers and duties of each of said office as set forth therein: The Trustee is hereby requested and directed to execute and deliver the Bonds to the original purchaser thereof in accordance with written instructions to be executed on behalf of the Authority by the Controller.

SECTION 10. The Chairman, the Vice Chairman of this Board (the "Vice Chairman"), 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 Installment Purchase Agreement, the Trust Indenture, the Placement Agent Agreement, the Assignment Agreement, the Escrow Agreement, and this Resolution and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, and tax certificates, necessary and desirable to accomplish the transactions described in such documents or as set forth above.

SECTION 11. 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 the Assistant Controller of the Authority or, in the absence or inability to act of such Assistant Controller, 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 12. All actions previously taken by this Board and by the officers and staff of the Authority with respect to the matters addressed by this Resolution hereby are approved, ratified, and confirmed.

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SECTION 13. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 22nd day of April, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____

Tim Flynn, Chairman

ATTEST:

____

Daniel Martinez, Secretary

APPROVED AS TO FORM:

Stephen M. Fischer, Interim General Counsel

APPROVED AS TO CONTENT:

James Cameron

James Cameron, Authority Controller

AMENDED AND RESTATED
INSTALLMENT PURCHASE AGREEMENT

by and between

CITY OF OXNARD

and

CITY OF OXNARD FINANCING AUTHORITY

Dated as of June 1, 2014

Relating to

$[PRINCIPAL AMOUNT]
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS,
SERIES 2014

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Exhibits

**AMENDED AND RESTATED
INSTALLMENT PURCHASE AGREEMENT**

This AMENDED AND RESTATED INSTALLMENT PURCHASE AGREEMENT, made and entered into as of June 1, 2014 (this "**Agreement**"), by and between the City of Oxnard, a municipal corporation duly organized and existing under and by virtue of the laws of the State of California (the "**City**"), and the City of Oxnard Financing Authority, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the "**Authority**") amends and restates in its entirety that certain Installment Purchase Agreement, dated as of February 1, 2004, by and between the City and the Authority (the "**2004 Installment Purchase Agreement**").

WITNESSETH:

WHEREAS, the City and the Authority entered into the 2004 Installment Purchase Agreement pursuant to which the Authority sold to the City the improvements designated in the 2004 Installment Purchase Agreement (the "**2004 Project**"); and

WHEREAS, in order to provide funds for the acquisition, construction, and installment of the 2004 Project, the Authority issued $47,895,000 in principal amount of the City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2004 (the "**2004 Bonds**") pursuant to a Trust Indenture, dated as of February 1, 2004 (the "**2004 Trust Indenture**"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "**2004 Trustee**"); and

WHEREAS, the 2004 Bonds are secured by installment payments made by the City pursuant to the 2004 Installment Purchase Agreement; and

WHEREAS, the City and the Authority have determined that there will be an interest rate savings to the City if the 2004 Bonds are refunded; and

WHEREAS, it is the purpose of this Agreement to amend and restate the 2004 Installment Purchase Agreement and to effectuate the refunding of the 2004 Bonds; and

WHEREAS, the City and the Authority have duly authorized the execution of this Agreement; and

WHEREAS, all acts, conditions, and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I
DEFINITIONS AND GENERAL PROVISIONS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Indenture (as defined herein).

"**Accountant's Report**" means a report signed by an Independent Certified Public Accountant.

"**Additional Payments**" means the Additional Payments as set forth in Section 4.3 hereof.

"**Agreement**" means this Amended and Restated Installment Purchase Agreement, by and between the City and the Authority, dated as of June 1, 2014, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

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

"**Authorized City Representative**" means the City Manager (or his or her designee), the Treasurer (or his or her designee), the Chief Financial Officer (or his or her designee), or such other officer or employee of the City or other person who has been designated as such representative by resolution of the City Council of the City.

"**Bonds**" means the Authority's Water Revenue Refunding Bonds, Series 2014, issued and delivered in the aggregate principal amount of $[PRINCIPAL AMOUNT] pursuant to the Indenture.

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

"**City**" means the City of Oxnard, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State.

"**City Bonds**" means all revenue bonds or notes of the City authorized, executed, issued, and delivered by the City, the payments of which are on a parity with the Installment Payments and that are secured by a pledge of and lien on the Water System Revenues.

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

"**Contract Payments**" means the installment or lease payments of interest and principal or, if there are no separate payments of interest and principal, the installment of lease payments, scheduled to be paid by the City under and pursuant to the Contracts.

"Contracts" means this Agreement and any amendments and supplements hereto, the 2006 Installment Purchase Agreement, the 2010 Installment Purchase Agreement, the 2012 Installment Purchase Agreement, and all contracts of the City authorized and executed by the City, the Contract Payments under which are on a parity with the Installment Payments and that are secured by a pledge and lien on the Water System Revenues.

"Debt Service" means, for any Fiscal Year or any other 12-month period, the sum of:

(a) the interest payable during such Fiscal Year or 12-month 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 prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized),

(b) that portion of the principal amount of all outstanding serial City Bonds maturing in such Fiscal Year or other 12-month period,

(c) that portion of the principal amount of all outstanding term City Bonds required to be prepaid or paid in such Fiscal Year or other 12-month period, and

(d) that portion of the Contract Payments payable during such Fiscal Year or other 12-month period (except to the extent such interest is capitalized);

provided that, as to any such City Bonds or Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be the rate set forth in the applicable Qualified Swap, and if there is no Qualified Swap in effect with respect thereto, the greatest of (a) the actual interest rate on such City Bonds or Contract Payments on the date of calculation, or if the indebtedness is not yet outstanding, the initial interest rate (if established and binding), (b) if the City Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve calendar months immediately preceding the date of calculation, and (c) (i) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published) plus 50 basis points, or (ii) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points; provided, however, that for purposes of any portion of Sections 5.3 (Additional Obligations) and 6.13 (Amount of Rates and Charges) hereof, measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period; and

provided further that, if any series or issue of such City Bonds or Contract Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the Fiscal Year or other 12-month period of determination as if the principal of and interest on such series or issue of such City Bonds or Contract Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and provided further that, as to any such City Bonds or Contract Payments or portions thereof bearing no interest but that are sold at a discount and which discount accretes with respect to such City Bonds or Contract Payments or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that, the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the City Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that, Debt Service shall not include interest that is paid from investment earnings on amounts on deposit in any reserve fund and transferred to the Payment Fund; and

provided further that, commencing on and continuing after the date that none of the 2001 Restated Installment Purchase Agreement, the 2004 Installment Purchase Agreement, and the 2006 Installment Purchase Agreement are in force or effect, for purposes of any portion of Sections 5.3 (Additional Obligations) and 6.13 (Amount of Rates and Charges) hereof measuring actual debt service coverage during a test period, Debt Service with respect to all City Bonds, Contract Payments, and bonds issued by the Authority secured by such Contract Payments for which the City or the Authority is entitled to receive Interest Subsidy Payments (as such term is defined in the 2010B Trust Indenture) or any similar payments from the United States Department of the Treasury shall be determined net of all such Interest Subsidy Payments or similar payments from the United States Department of the Treasury received or scheduled to be received by the City or the Authority during such test period.

"Event of Default" means an event described in Section 8.1 hereof.

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

"Indenture" means the Trust Indenture, dated as of June 1, 2014, by and among the City, the Authority, and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

"Independent Certified Public Accountant" means any firm of certified public accountants appointed by the City, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

"Independent Financial Consultant" means a financial consultant or firm of such consultants appointed by the City, and who, or each of whom:

(a) is in fact independent and not under domination of the City;

(b) does not have any substantial interest, direct or indirect, with the City; and

(c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Installment Payment Date" means any date on which Installment Payments are scheduled to be paid by the City under and pursuant to any Contract, including any 2014 Installment Payment Date.

"Installment Payments" means the installment payments of interest and principal scheduled to be paid by the City under and pursuant to the Contracts.

"Maintenance and Operation Costs" means (1) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles applicable to governmental agencies, including, but not limited to, the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the City that are charged directly or apportioned to the Water System, including, but not limited, to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2006 Installment Purchase Agreement, the 2010 Installment Purchase Agreement, the 2012 Installment Purchase Agreement, this Agreement, City Bonds, or any other Contract or of any resolution or indenture authorizing the issuance of any City Bonds or Contract, and (2) all payments under any contract for the purchase of water; but excluding in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Maximum Annual Debt Service" as of the date of calculation, means the largest amount of Debt Service coming due and payable on the City Bonds and Contracts in the current or any future Fiscal Year.

"Net Proceeds" means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

"Net Water System Revenues" means (i) for any Fiscal Year, the Water System Revenues for such Fiscal Year less the Maintenance and Operation Costs for such Fiscal Year, or (ii) in applying Section 5.3 hereof only, the Water System Revenues for the selected 12-month period less the Maintenance and Operation Costs for the same 12-month period.

"Project" means the 2004 Project described in Exhibit A hereto.

"Purchase Price" means the amount to be paid by the City to the Authority under the terms hereof, as provided in Section 4.1 hereof.

"Qualified Swap" means any financial arrangement (i) that is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) that provides that the City shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of the Bonds Outstanding, and that such entity shall pay to the City an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) that has been designated in writing to the Trustee by the City and the Authority as a Qualified Swap with respect to the Bonds.

"Qualified Swap Provider" means a financial institution whose senior long term debt obligations or an insurance provider whose claims-paying ability, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations or by an insurance provider whose claims-paying ability, are rated (at the time the subject Qualified Swap is entered into) not lower than Aa3 by Moody's and AA- by S&P, or the equivalent thereof by any successor thereto.

"Revenue Fund" means the Water Fund of the City previously established by the City.

"Separate Facilities" means any capital items acquired on or after the date hereof and that were not financed from the proceeds of City Bonds or Contracts of the City having a parity claim on the Revenue Fund or Water System Revenues.

"State" means the State of California.

"Trustee" means Wells Fargo Bank, National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

"1993 Project" means the Water System improvements designated in the 1993 Installment Purchase Agreement.

"1993 Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of January 1, 1993, by and between the City and the Authority. The 1993 Installment Purchase Agreement no longer has any force or effect.

"2001 Project" means the Water System improvements designated in the 2001 Restated Installment Purchase Agreement.

"2001 Restated Installment Purchase Agreement" means the Amended and Restated Installment Purchase Agreement, dated as of June 1, 2001, by and between the City and the Authority, as amended by the First Amendment to Amended and Restated Installment Purchase Agreement, dated as of January 27, 2004, by and between the City and the Authority. The 2001 Restated Installment Purchase Agreement no longer has any force or effect.

"2004 Bonds" means the City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2004, issued pursuant to the 2004 Trust Indenture.

"2004 Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of February 1, 2004, by and between the City and the Authority, relating to the 2004 Project. Commencing upon the effective date of this Agreement, the 2004 Installment Purchase Agreement will no longer have any force or effect.

"2004 Project" means the Water System improvements designated in the 2004 Installment Purchase Agreement.

"2004 Trust Indenture" means the Trust Indenture, dated as of February 1, 2004, by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee.

"2006 Agreements" means the 2006 Installment Purchase Agreement and the 2006 Trust Indenture.

"2006 Bonds" means the City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2006, issued pursuant to the 2006 Trust Indenture.

"2006 Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of May 1, 2006, by and between the City and the Authority, relating to the 2006 Project.

"2006 Project" means the Water System improvements designated in the 2006 Installment Purchase Agreement.

"2006 Trust Indenture" means the Trust Indenture, dated as of May 1, 2006, by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee.

"2010 Agreements" means the 2010 Installment Purchase Agreement, the 2010A Trust Indenture, and the 2010B Trust Indenture.

"2010 Bonds" means the 2010A Bonds and the 2010B Bonds.

"2010 Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of February 1, 2010, by and between the City and the Authority, relating to the 2010 Project.

"2010 Project" means the Water System improvements designated in the 2010 Installment Purchase Agreement.

"2010A Bonds" means the City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2010A, issued pursuant to the 2010A Trust Indenture.

"2010A Trust Indenture" means the Trust Indenture, dated as of February 1, 2010, by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee.

"2010B Bonds" means the City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2010B (Federally Taxable Build America Bonds), issued pursuant to the 2010B Trust Indenture.

"2010B Trust Indenture" means the Trust Indenture, dated as of February 1, 2010, by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee.

"2012 Agreements" means the 2012 Installment Purchase Agreement and the 2012 Trust Indenture.

"2012 Bonds" means the City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012, issued pursuant to the 2012 Trust Indenture.

"2012 Installment Purchase Agreement" means the Amended and Restated Installment Purchase Agreement, dated as of April 1, 2012, by and between the City and the Authority, relating to the 1993 Project and the 2001 Project.

"2012 Trust Indenture" means the Trust Indenture, dated as of April 1, 2012, by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee.

"2012 Agreements" means the 2012 Installment Purchase Agreement and the 2012 Trust Indenture.

"2014 Installment Payment Date" means any date on which the 2014 Installment Payments are scheduled to be paid by the City under and pursuant to this Agreement, being the fifth Business Day prior to each June 1 and December 1.

"2014 Installment Payments" means the Installment Payments scheduled to be paid by the City under and pursuant to this Agreement.

"Water Service" means the water distribution service provided by the City.

"Water System" means the whole and each and every part of the waterworks system serving the City (including, without limitation, the 1993 Project, the 2001 Project, the 2004 Project, the 2006 Project, and the 2010 Project), whether owned or operated by the City or another party, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions, and improvements to such water system or any part thereof hereafter acquired or constructed, but not including any Separate Facilities.

"Water System Revenues" means all income, rents, rates, fees, charges, and other moneys derived from the ownership of or operation of the Water System, including, without limiting the generality of the foregoing, (1) all in lieu charges and groundwater augmentation charges (including investment earnings thereon) collected by or on behalf of the City, (2) all income, rents, rates, fees, charges, business interruption insurance proceeds, or other moneys derived by the City from the sale, furnishing, and supplying of the water, drainage or other services, facilities, and commodities sold, furnished, or supplied through the facilities of or in the conduct or operation of the business of the Water System, and (3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, proceeds, or other moneys, including City reserves; but excluding in all cases (a) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City, (b) proceeds of taxes or benefit assessments restricted by law to be used by the City to pay amounts due on bonds or other obligations hereafter incurred, (c) any and all revenues derived from the ownership or operation of or in connection with, and pledged to, Separate Facilities, and (d) connection fees and charges.

Section 1.2 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Agreement, refer to this Agreement.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations by the City. The City makes the following representations:

(a) The City is duly organized and existing under and pursuant to the laws of the State.

(b) The City has full legal right, power, and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Agreement, and the City has complied with the provisions of the laws of the State in all matters relating to such transactions.

(c) By proper action, the City has duly authorized the execution, delivery, and due performance of this Agreement, and this Installment Purchase Agreement constitutes a legal, valid, and binding obligation of the City enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' remedies generally or the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

(d) The City will not take or, to the extent within its power, permit any action to be taken that results in the interest paid on the Bonds being included in the gross income of the Owners of the Bonds for purposes of federal or State personal income taxation.

(e) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement, or other instrument to which the City is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement, or other instrument, or result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the City.

(f) The City has determined that it is necessary and proper for City uses and purposes within the terms of the laws of the State that the City acquire the Project in the manner provided for in this Agreement, in order to provide essential services to landowners and water users in the City.

Section 2.2 Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State.

(b) The Authority has full legal right, power, and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution and delivery and due performance of this Agreement.

(c) By proper action, the Authority has duly authorized the execution, delivery, and due performance of this Agreement, and this Installment Purchase Agreement constitutes a legal, valid, and binding obligation of the Authority enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' remedies generally or the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

(d) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement, or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement, or other instrument, or result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

(e) The Authority will not take or permit any action to be taken that results in interest paid on the Bonds being included in the gross income of the Owners of the Bonds for purposes of federal or State personal income taxation.

ARTICLE III
ACQUISITION OF THE PROJECT

Section 3.1 Deposit of Moneys. The Project consists of the 2004 Project. In order to induce the City to purchase the 2004 Project from the Authority and to assure the City that the moneys needed to pay the costs of the 2004 Project were available for that purpose without delay, the Authority issued the 2004 Bonds and the proceeds of the 2004 Bonds were deposited in the Acquisition Fund held by 2004 Trustee pursuant to the 2004 Trust Indenture.

Section 3.2 Acquisition of the Project. Pursuant to the 2004 Installment Purchase Agreement, the Authority caused the 2004 Project to be acquired, constructed, and installed by the City, as its agent. The 2004 Project has been completed and was acquired by the City. All costs of the 2004 Project have been paid and money in the Acquisition Fund established pursuant to the 2004 Trust Indenture has been expended.

Section 3.3 [RESERVED].

Section 3.4 Title. All right, title, and interest in each component of the Project vested in the City immediately upon the acquisition, construction, and installation thereof. Such vesting occurred without further action by the Authority or the City, and the Authority has delivered any and all documents required to assure such vesting.

ARTICLE IV
INSTALLMENT PAYMENTS

Section 4.1 Purchase Price. The balance of the Purchase Price for the Project to be paid by the City hereunder to the Authority, solely from the Net Water System Revenues and from no other sources, is equal the aggregate amount of debt service scheduled to be paid on the Bonds, subject to prepayment as provided in Article VII hereof.

Section 4.2 2014 Installment Payments. The City shall, subject to its rights of prepayment provided in Article VII hereof, pay to the Authority, solely from the Net Water System Revenues and from no other sources, the Purchase Price in installment payments of interest and principal in the amounts and on the 2014 Installment Payment Dates as set forth in Exhibit B hereto. Pursuant to the Indenture, the 2014 Installment Payments are to be applied to the payment of the principal of and interest on the Bonds, and the 2014 Installment Payments shall 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. If and to the extent that, on any 2014 Installment Payment Date, there are amounts on deposit in the Payment Fund established under the Indenture, which amounts are not being held for the payment of specific Bonds, said amounts shall be credited against the 2014 Installment Payment due on such date. If all or a portion of the Bonds are no longer Outstanding as a result of redemption, early retirement through purchase by the City or the Authority, or defeasance of such Bonds, the schedule of 2014 Installment Payments set forth in Exhibit B hereto shall be deemed to have been modified so that the 2014 Installment Payments are sufficient, but no more than sufficient, to pay the scheduled payments of principal of and interest on the Outstanding Bonds. Upon any such redemption, purchase, or defeasance, the City shall recalculate 2014 Installment Payments and shall provide the Trustee with a modified schedule of 2014 Installment Payments.

Each 2014 Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event the City fails to make any of the payments required to be made by it under this Section, such payment shall continue as an obligation of the City until such amount shall have been fully paid and the City agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the 2014 Installment Payments if paid in accordance with their terms.

Subject to Section 10.1 hereof, the obligation of the City to make the 2014 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX hereof), the City will not discontinue or suspend any 2014 Installment Payments required to be made by it under this Section when due, whether or not the Water System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed, or terminated in whole or in part, and whether or not the Project has been completed, and such payments shall not be subject to reduction (except as provided in this Section 4.2) whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Section 4.3 Additional Payments. In addition to the 2014 Installment Payments, the City shall pay when due, solely from the Water System Revenues and from no other source, the following additional payments in consideration for the purchase of the Project:

(a) all reasonable compensation to the Trustee pursuant to Section 8.4 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees, and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(b) the reasonable fees and expenses of such accountants, consultants, attorneys, and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, or opinions or provide such other services required under this Agreement or the Indenture; and

(c) to the extent not already paid under the 2006 Installment Purchase Agreement, the 2010 Installment Purchase Agreement, or the 2012 Installment Purchase Agreement, all amounts necessary to pay any insurance premiums required to be made from time to time under Section 6.9 hereof.

ARTICLE V
SECURITY

Section 5.1 Pledge of Water System Revenues. All Water System Revenues and those amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the 2014 Installment Payments, the Additional Payments, and any and all other amounts payable hereunder as provided herein, and the Water System Revenues shall not be used for any other purpose while any of the 2014 Installment Payments, the Additional Payments, and any and all other amounts payable hereunder remain unpaid; provided that out of the Water System Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. The pledge to the payment of the 2014 Installment Payments shall constitute a first and exclusive lien on (i) Water System Revenues and (ii) (subject to application of amounts on deposit therein as permitted herein and in the Indenture, the 2006 Agreements, the 2010 Agreements, the 2012 Agreements, and the documents executed in connection with the issuance of City Bonds or other Contracts) the Revenue Fund and the other funds and accounts created hereunder, for the payment of the Installment Payments and all other City Bonds and Contracts in accordance with the terms of this Agreement, the Indenture, the 2006 Agreements, the 2010 Agreements, the 2012 Agreements, and the documents executed in connection with the issuance of the City Bonds or other Contracts.

Section 5.2 Allocation of Water System Revenues. In order to carry out and effectuate the pledge and lien contained herein and in the 2006 Installment Purchase Agreement, the 2010 Installment Purchase Agreement, and the 2012 Installment Purchase Agreement, the City agrees and covenants that all Water System Revenues shall be received by the City in trust and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund has been previously established by the City and which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as any 2014 Installment Payments, Additional Payments, or Bonds remain unpaid. Moneys in the Revenue

Fund shall be used and applied by the City as provided in this Agreement, the Indenture, the 2006 Agreements, the 2010 Agreements, the 2012 Agreement, and the documents executed in connection with the issuance of any City Bonds or other Contracts.

The City shall, from the moneys in the Revenue Fund, pay all Maintenance and Operation Costs as they become due and payable.

All remaining moneys in the Revenue Fund shall be transferred, without preference or priority, to (a) the Trustee, to pay Debt Service under this Agreement, in the amounts and at the times required below, (b) the trustee for the 2006 Bonds, to pay Debt Service under the 2006 Installment Purchase Agreement, in the amounts and at the times required by the 2006 Installment Purchase Agreement, (c) the trustee for the 2010 Bonds, to pay Debt Service under the 2010 Installment Purchase Agreement, in the amounts and at the times required by the 2010 Installment Purchase Agreement, (d) the trustee for the 2012 Bonds, to pay Debt Service under the 2012 Installment Purchase Agreement, in the amounts and at the times required by the 2012 Installment Purchase Agreement, and (e) other trustees or parties entitled to payment for City Bonds or other Contracts, to pay Debt Service on City Bonds and other Contracts, in the amounts and at the times required by the documents executed in connection with the issuance of the City Bonds or other Contracts. In the event of any insufficiency of such moneys to pay all amounts in clauses (a) through (e) above, the City shall transfer moneys in the Revenue Fund to the parties in clauses (a) through (e) above ratably without any discrimination or preference.

After the deposits set forth in the immediately preceding paragraph have been made, remaining moneys in the Revenue Fund shall be transferred, without preference or priority, to (w) the trustee for the 2006 Bonds, to replenish any reserve fund (or reserve fund surety bond) securing the 2006 Bonds, in the amounts and at the times required by the 2006 Installment Purchase Agreement, (x) the trustee for the 2010 Bonds, to replenish any reserve fund (or reserve fund surety bond) securing the 2010A Bonds or the 2010B Bonds, in the amounts and at the times required by the 2010 Installment Purchase Agreement, (y) the trustee for the 2012 Bonds, to replenish any reserve fund (or reserve fund surety bond) securing the 2012 Bonds, in the amounts and at the times required by the 2012 Installment Purchase Agreement, and (z) other trustees or parties entitled to payment for City Bonds or other Contracts, to replenish any reserve fund (or reserve fund surety bond) securing such City Bonds or other Contracts, in the amounts and at the times required by the documents executed in connection with the issuance of such City Bonds or other Contracts. In the event of any insufficiency of such moneys to pay all amounts in clauses (w) through (z) above, the City shall transfer moneys in the Revenue Fund to the parties in clauses (w) through (z) above ratably without any discrimination or preference.

All 2014 Installment Payments shall be set aside by the City at the following times in the following respective special funds, in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section:

(a) Payment Fund. On or before the fifth last Business Day of each month, the City shall, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Payment Fund a sum equal to (1) one-sixth of the portion of the next 2014 Installment Payment designated as interest and coming due on the next 2014 Installment Payment Date (provided, however, that if there are fewer than six such dates prior to the first Interest Payment Date, then the portion of such interest coming due on such 2014 Installment Payment Date that is payable monthly on each such date is a fraction, the numerator of which is one and the denominator of which is the number of such dates) and (2) one-twelfth of the portion of the next 2014 Installment Payment designated as principal and coming due on the next applicable 2014 Installment Payment Date (provided, however, that if there are fewer than twelve such dates prior to the first Interest Payment Date on which principal of Bonds is payable, then the portion of such principal coming due on such 2014 Installment Payment Date that is payable monthly on each such date is a fraction, the numerator of which is one and the denominator of which is the number of such dates).

No deposit need be made in the Payment Fund of 2014 Installment Payments if the amount in the Payment Fund is at least equal to the amount of the 2014 Installment Payment due and payable during the current Bond Year.

(b) [Reserved.]

(c) Surplus. On the last day of each month, moneys on deposit in the Revenue Fund not necessary to make any of the payments required above and not disbursed under the 2006 Agreements, the 2010 Agreements, the 2012 Agreements, and any agreements relating to City Bonds or other Contracts may be expended by the City at any time to pay for (i) Additional Payments and (ii) any purpose permitted by law.

Section 5.3 Additional Obligations. The City may at any time execute any Contract or issue any City Bonds, as the case may be, in accordance herewith, provided that Section 5.3 of each of the 2006 Installment Purchase Agreement, the 2010 Installment Purchase Agreement, and the 2012 Installment Purchase Agreement has been satisfied and:

(1) there shall not have occurred and be continuing an Event of Default under the terms of this Agreement or the Indenture; and

(2) the City obtains or provides a certificate or certificates prepared by an Independent Financial Consultant showing that:

a. the Net Water System Revenues, as shown by the books of the City for the twelve (12) calendar months ending ninety (90) days prior to the end of the month in which such additional obligations are incurred (the "**Look-Back Period**"), shall have amounted to at least the sum of (x) one hundred percent (100%) of Debt Service for such Look-Back Period, plus (y) the amount by which the amount on deposit in the Revenue Fund on the first day of such Look-Back Period was less than twenty-five percent (25%) of Maximum Annual Debt Service calculated on the first day of such Look-Back Period; for purposes of preparing the certificate or certificates described above, the Independent Financial Consultant or Consultants may rely upon financial statements prepared by the City for all or any part of the Look-Back Period, which have not been subject to audit by an Independent Certified Public Accountant if audited financial statements for the Fiscal Year or Look-Back Period are not available;

b. the estimated Net Water System Revenues for the twelve (12) calendar months following the date of incurring such additional obligations will be at least equal to one hundred percent (100%) of Maximum Annual Debt Service on all City Bonds and Contracts to be outstanding immediately after the incurring of such additional obligations; and

c. the amount on deposit in the Revenue Fund on the date of incurring such additional obligations is at least equal to twenty five percent (25%) of Maximum Annual Debt Service as of the date of incurring of such additional obligations.

For purposes of the computations to be made as described in Section 5.3(2)(b) hereof, the determination of the Net Water System Revenues:

(1) may take into account any increases in rates and charges that relate to the Water System and shall take into account any reduction in such rates and charges, which will be effective prior to or at the time of incurring such proposed additional obligations;

(2) may take into account an allowance for any estimated increase in such Net Water System Revenues from any revenue producing additions to or improvements or extensions of the Water System to be made with the proceeds of such additional obligations or with the proceeds of obligations previously issued, as shown by a certificate of an Independent Financial Consultant; and

(3) for the period contemplated by Section 5.3(2)(b) hereof, Maintenance and Operation Costs of the Water System shall be deemed to be the same as for the period for which a calculation is done pursuant to Section 5.3(2)(a) hereof, but adjusted, if deemed necessary by the Independent Financial Consultant, for any increased Maintenance and Operation Costs of the Water System that are, in the judgment of the Independent Financial Consultant, essential to maintaining and operating the Water System.

The certificate or certificates described above shall not be required if the additional obligations being incurred are for the purpose of refunding then Outstanding City Bonds or Contracts 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 City Bonds or Contracts after the incurring of such additional obligations will not exceed Maximum Annual Debt Service on all City Bonds or Contracts outstanding prior to the incurring of such additional obligations.

Section 5.4 Investments. All moneys held by the City in the Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided in the 2006 Agreements, the 2010 Agreements, the 2012 Agreements, herein and in the Indenture.

ARTICLE VI
COVENANTS OF THE CITY

Section 6.1 Compliance with Installment Purchase Agreement and Ancillary Agreements. The City will punctually pay the 2014 Installment Payments and the Additional Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants, and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant, or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability, or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The City will faithfully observe and perform all the agreements, conditions, covenants, and terms contained in the Indenture required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Agreement and the Indenture that, subject to Section 10.6 hereunder, each of the agreements, conditions, covenants, and terms contained in each such agreement is an essential and material term of the purchase of and payment for the Project by the City pursuant to, and in accordance with, and as authorized under the laws of the State.

The City will faithfully observe and perform all the agreements, conditions, covenants, and terms required to be observed and performed by it pursuant to all outstanding Contracts and City Bonds (including, but not limited to, this Agreement, the Indenture, the 2006 Agreements, the 2010 Agreements, and the 2012 Agreements) as such may from time to time be executed or issued, as the case may be.

Section 6.2 Against Encumbrances. The City will not make any pledge of or place any lien on Water System Revenues or the moneys in the Revenue Fund except as provided herein or as provided for in the 2006 Agreements, the 2010 Agreements, or the 2012 Agreements. The City may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose that are payable from and secured by a pledge of and lien on Water System Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in Section 5.2 hereof), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein and in the 2006 Agreements, the 2010 Agreements, and the 2012 Agreements.

Section 6.3 Against Sale or Other Disposition of Property. The City will not enter into any agreement or lease that impairs the operation of the Water System or any part thereof necessary to secure adequate Water System Revenues for the payment of the Installment Payments, Additional Payments, or Debt Service on outstanding Contracts or City Bonds, or that would otherwise impair the rights of the Authority hereunder or under the Indenture, the 2006 Agreements, the 2010 Agreements, the 2012 Agreements, or the operation of the Water System. Any real or personal property that has become non-operative or that is not needed for the efficient and proper operation of the Water System, or any material or equipment that has become worn out, may be sold if such sale will not impair the ability of the City to pay the Installment Payments, the Additional Payments, and Debt Service on outstanding Contracts and City Bonds, and if the proceeds of such sale are deposited in the Revenue Fund.

This Section shall not restrict the ability of the City to sell any portion of the Water System if such portion of the Water System is immediately repurchased by the City and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy that would deprive the City of or otherwise interfere with its rights to own or operate such portion of the Water System.

Section 6.4 Against Competitive Facilities. The City will not, to the extent permitted by law, acquire, construct, maintain, or operate and will not, to the extent permitted by law and within the scope of its powers and excluding any water system existing on the date of execution of this Agreement, permit any other public or private agency, corporation, district or political subdivision, or any person whomsoever to acquire, construct, maintain, or operate within the City any water system competitive with the Water System.

Section 6.5 Budgets. On or before August 1 of each Fiscal Year, commencing August 1, 2014, the City shall adopt, and, on or before three hundred (300) days after the beginning of the Fiscal Year, file with the Authority, the Original Purchaser, and the Trustee a budget approved by the City Council of the City that appropriates amounts for the payment of City Bonds and Contract Payments payable during such Fiscal Year.

Section 6.6 Maintenance and Operation of the Water System. The City will maintain and preserve the Water System in good repair and working order at all times and will operate the Water System in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable.

Section 6.7 Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials, or supplies, which if unpaid, might become a lien on the Water System Revenues or the funds or accounts created hereunder or under the Indenture or on any funds in the hands of the City pledged to pay the 2014 Installment Payments and Additional Payments or to the Owners prior or superior to the lien to secure the 2014 Installment Payments and the Additional Payments or that might impair the security of the 2014 Installment Payments.

Section 6.8 Compliance with Contracts. The City will comply with, keep, observe, and perform all agreements, conditions, covenants, and terms, express or implied, required to be performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System to the extent that the City is a party thereto.

Section 6.9 Insurance.

(a) The City will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with facilities similar to the Water System so long as such insurance is available at reasonable rates.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair, or replacement of the damaged or destroyed portion of the Water System. The City shall begin such reconstruction, repair, or replacement promptly after receipt of such Net Proceeds, and shall continue and properly complete such reconstruction, repair, or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair, or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens regardless of the availability of Net Proceeds therefore. The City covenants to reconstruct, repair, or replace the damaged or destroyed portions of the Water System promptly if a failure to reconstruct, repair, or replace such portions would impair or adversely affect the ability of the City to pay Installment Payments, Additional Payments, or Debt Service on outstanding Contracts and City Bonds, none of which payments shall be abated or reduced in the event of any such damage or destruction. Any Net Proceeds not applied to the reconstruction, repair, or replacement of the damaged or destroyed portions of the Water System shall be applied either to additions, betterments, extensions, or improvements to the Water System or if the City elects not to apply such Net Proceeds to such capital items or if such Net Proceeds are not fully expended for such purposes, such Net Proceeds not required by the City for such purposes shall be deposited in the Revenue Fund and applied to the payment of the Installment Payments and Debt Service on outstanding Contracts and City Bonds.

(b) The City will procure and maintain such other insurance that it shall deem advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal water systems similar to the Water System.

(c) Any insurance required to be maintained by paragraph (a) above, and if the City determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with water systems similar to the Water System and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance required to be maintained herein shall provide that the Authority and the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 6.10 Accounting Records; Financial Statements and Other Reports.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Water System, which records shall be available for inspection by the Authority, the Owners, and the Trustee at reasonable hours and under reasonable conditions. The Trustee shall have no duty to inspect such records.

(b) The City shall prepare and file with the Authority and the Original Purchaser annually within three hundred (300) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2014) financial statements of the City for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. Unless included in such financial statements of the City, the City shall also prepare and file with the Authority and the Original Purchaser at the same time a calculation demonstrating compliance in such Fiscal Year with the rate covenant set forth in Section 6.13 hereof.

Section 6.11 Protection of Security and Rights of the Authority. The City will preserve and protect the security hereof and the rights of the Authority to the 2014 Installment Payments and Additional Payments hereunder and the rights of persons entitled to receive Additional Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12 Payment of Taxes and Compliance with Governmental Regulations. The City will pay and discharge all taxes, assessments, and other governmental charges that may hereafter be lawfully imposed upon the Water System, or any part thereof or upon the Water System Revenues when the same shall become due. The City will duly observe and comply with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.13 Amount of Rates and Charges. The City shall, to the fullest extent permitted by law, fix, prescribe, and collect rates and charges for the Water Service that will be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to the sum of (a) one hundred percent (100%) of the Debt Service for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Revenue Fund on the last day of the immediately preceding Fiscal Year was less than twenty-five percent (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 Water System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section.

Section 6.14 Collection of Rates, Charges, and Assessments. The City will have in effect at all times rules and regulations requiring each landowner or water user located on any land served by the Water System to pay the rates, charges, and assessments applicable to the Water Service to such land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City may discontinue such service from the Water System or prohibit groundwater extractions in accordance with City rules and regulations governing such situations of delinquency.

Section 6.15 Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied either to additions, betterments, extensions, or improvements to the Water System or if the City elects not to apply such Net Proceeds to such capital items or if such Net Proceeds are not fully expended for such purposes, such Net Proceeds not required by the City for such purposes shall be deposited in the Revenue Fund and applied to the payment of the Installment Payments and Debt Service on outstanding Contracts and City Bonds.

Section 6.16 Further Assurances. The City will adopt, deliver, execute, and make any and all further assurances, instruments, and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

ARTICLE VII
PREPAYMENT OF 2014 INSTALLMENT PAYMENTS

Section 7.1 Prepayment.

(a) The 2014 Installment Payments are subject to optional prepayment in whole or in part, not more than once each calendar year, in any amount in excess of $100,000, on any 2014 Installment Payment Date on or after the fifth Business Day prior to June 1, 2024, at the option of the City, at a prepayment price equal to the principal amount thereof together with accrued interest to the date fixed for the redemption of Bonds, as determined by the City, as a result thereof and a premium equal to the premium, if any, payable with respect to the Bonds to be redeemed as a result thereof pursuant to Section 4.1(a) of the Indenture.

Notwithstanding any such prepayment, the City shall not be relieved of its obligations hereunder, including its obligations under Article IV hereof, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Authority and the Trustee).

(b) In the event of any prepayment of 2014 Installment Payments, the 2014 Installment Payments shall be modified accordingly, and the schedule of 2014 Installment Payments set forth in Exhibit B shall be likewise revised as set forth in a Certificate of the Chief Financial Officer and the Authority delivered to the Trustee.

Section 7.2 Method of Prepayment. Before making any prepayment pursuant to Section 7.1 hereof, the City shall, within five (5) days following the event permitting the exercise of such right to prepay or creating the obligation to prepay or a determination to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than sixty (60) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.1 Events of Default and Acceleration of Maturities. The occurrence of one or more of the following events shall be considered an "Event of Default":

(1) if default shall be made by the City in the due and punctual payment of the Installment Payments or Debt Service on any other Contract or City Bond when and as the same shall become due and payable; or

(2) if default shall be made by the City in the performance of any of the agreements or covenants required herein to be performed by it, and such default shall have continued for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Authority; or

(3) if the City 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 City 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 City or of the whole or any substantial part of its property; or

(4) if payment of the principal of any Contract or City Bond is accelerated in accordance with its terms;

then and in each and every such case during the continuance of such Event of Default specified in clauses (3) and (4) above, the Authority shall, and for any other such Event of Default the Authority may, by notice in writing to the City, declare the entire principal amount of the unpaid 2014 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This Section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid 2014 Installment Payments and the accrued interest thereon shall 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 Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments or the unpaid payment of Debt Service on any other Contract or City Bond referred to in clause (1) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or City Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid 2014 Installment Payments and the accrued interest thereon 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 therefore, then and in every such case the Authority, by written notice to the City, may rescind and annul such 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.

Section 8.2 Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1 hereof, all Water System Revenues thereafter received by the City shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Water System Revenues ratably without any discrimination or preference, of the fees, costs, and expenses of the Authority and Trustee if any, in carrying out the provisions of this Article, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the Maintenance and Operation Costs; and

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all City Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments and such City Bonds and Contracts if paid in accordance with their respective terms.

Section 8.3 Other Remedies of the Authority. The Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any director, officer, or employee thereof, and to compel the City or any such director, officer, or employee to perform and carry out its or his duties under the laws of the State and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its directors, officers, and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein the Authority shall have no security interest in or mortgage on the Project or the Water System and default hereunder shall not result in the loss of the Project or the Water System.

Section 8.4 Non-Waiver. Nothing in this Article or in any other provision hereof shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the 2014 Installment Payments or any Additional Payments to the Authority or the other persons entitled to payment at the respective due dates or upon prepayment from the Net Water System Revenues, the Revenue Fund, and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the laws of the State or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding, or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the City and the Authority shall be restored to their former positions, rights, and remedies as if such action, proceeding, or suit had not been brought or taken.

Section 8.5 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the laws of the State or any other law.

ARTICLE IX
DISCHARGE OF OBLIGATIONS

Section 9.1 Discharge of Obligations. The obligations set forth in this Agreement are discharged when:

(a) all or any portion of the 2014 Installment Payments shall have become due and payable in accordance herewith or a written notice of the City to prepay all or any portion of the 2014 Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the 2014 Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the 2014 Installment Payments, sufficient moneys or securities described in clause 1(i) or (ii) of the definition of Permitted Investments, the principal of and interest on which when due will provide moneys sufficient, in the opinion of an Independent Certified Public Accountant, to pay all principal, prepayment premium, if any, and interest of such 2014 Installment Payments to their respective 2014 Installment Payment Dates or prepayment date or dates, as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee and all Additional Payments, then and in that event, if an opinion of Bond Counsel is filed with the Trustee to the effect that the actions authorized by and taken pursuant to this Article IX shall not adversely affect the tax exempt status of the interest on the Bonds, the right, title, and interest of the Authority herein and the obligations of the City hereunder shall, with respect to all or such portion of the 2014 Installment Payments as have been so provided for, thereupon cease, terminate, become void, and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of such 2014 Installment Payments). In such event, upon request of the City the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the City, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of 2014 Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments, as are required for the payment or prepayment of the 2014 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the 2014 Installment Payments and shall be applied by the Trustee to the payment of the 2014 Installment Payments of the City.

ARTICLE X
MISCELLANEOUS

Section 10.1 Liability of City Limited to Water System Revenues. Notwithstanding anything contained herein, the City shall not be required to advance any moneys derived from any source of income other than the Net Water System Revenues and amounts on deposit in the Revenue Fund and the other funds described herein and in the Indenture for the payment of the 2014 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The City may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the City for such purpose.

The obligation of the City to make the 2014 Installment Payments is a special obligation of the City payable solely from such Net Water System Revenues and amounts on deposit in the Revenue Fund and other funds described herein, and does not constitute a debt of the City or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.2 Benefits of Amended and Restated Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City or the Authority any right, remedy, or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the City or the Authority shall be for the sole and exclusive benefit of the City or the Authority, as the case may be.

Section 10.3 Successor Is Deemed Included in all References to Predecessor. Whenever either the City or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties, and functions that are presently vested in the City or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the City or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.4 Waiver of Personal Liability. No director, officer, or employee of the City shall be individually or personally liable for the payment of the 2014 Installment Payments, but nothing contained herein shall relieve any director, officer, or employee of the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.5 Article and Section Headings, Gender, and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction, or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections," and other subdivisions or clauses are to the corresponding articles, sections, subdivisions, or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision, or clause hereof.

Section 10.6 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 City or the Authority 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. The City and the Authority hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof 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 10.7 Assignment. This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the City.

Section 10.8 Net Contract. This Agreement shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term hereof the 2014 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution, or set-off whatsoever.

Section 10.9 California Law. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10 Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City:

City of Oxnard
300 West Third Street
Oxnard, California 93030
Attention: Chief Financial Officer

If to the Authority:

City of Oxnard Financing Authority
c/o City of Oxnard
300 West Third Street
Oxnard, California 93030
Attention: Controller

If to the Trustee: Wells Fargo Bank, National Association
707 Wilshire Blvd., 17th Floor
Los Angeles, California 90017
Attention: Corporate Trust Services
Re: City of Oxnard

Section 10.11 Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price and all Additional Payments payable hereunder shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

Section 10.12 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13 Indemnification of Authority. The City hereby agrees to indemnify and hold harmless the Authority and its directors, officers, and employees if and to the extent permitted by law, from and against all claims, advances, damages, and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder, under the Indenture, and under the Assignment Agreement; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder, under the Indenture, or under the Assignment Agreement by the Authority.

Section 10.14 Amendments Permitted.

(a) This Agreement and the rights and obligations of the Authority and the City and of the Owners of the Bonds and of the Trustee may be modified or amended at any time by an amendment hereto, which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 12.4 of the Indenture, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the stated maturities of the Bonds, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Owners of Bonds whose consent is required for the execution of any amendment or modification of this Agreement, or (iii) modify any of the rights or obligations of the Trustee or the Authority without its written consent thereto.

(b) This Agreement and the rights and obligations of the Authority and the City and of the Owners of the Bonds may also be modified or amended at any time by an amendment hereto, which shall become binding upon adoption, without the consent of the Owners of any Bonds, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority or the City contained in this Agreement other covenants and agreements thereafter to be observed or

to surrender any right or power herein reserved to or conferred upon the Authority or the City, and which shall not adversely affect the interests of the Owners of the Bonds;

(2) to cure, correct, or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Authority or the City may deem necessary or desirable and that shall not adversely affect the interests of the Owners of the Bonds; and

(3) to make such other amendments or modifications that are not materially adverse to the interests of the Owners of the Bonds.

Section 10.15 Third-Party Beneficiaries. To the extent that this Agreement confers upon or gives or grants to the Trustee any right, remedy, or claim under or by reason of this Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given, or granted hereunder.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties hereto have executed and attested this Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF OXNARD FINANCING AUTHORITY

By ______________________________
Tim Flynn, Chairman

ATTEST:

By ______________________________
Daniel Martinez, Secretary

CITY OF OXNARD

By ______________________________
Tim Flynn, Mayor

ATTEST:

By ______________________________
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

By ______________________________
Stephen M. Fischer,
Interim City Attorney and
Interim Authority General Counsel

APPROVED AS TO CONTENT:

By ______________________________
James Cameron,
City Chief Financial Officer and
Authority Controller

EXHIBIT A

DESCRIPTION OF THE 2004 PROJECT

The 2004 Project is described below:

• **Cast Iron Pipe Replacement (Hydraulic Improvement).** This program is intended to replace aged and deteriorated cast iron pipe with new poly vinyl chloride pipe in various locations throughout the City. The new pipe was installed in accordance with the then current adopted City Water Division Standards. The replacement program was performed in accordance with the Water System Master Plan capital improvement recommendations. The newly replaced water pipes will provide for improved infrastructure reliability, water flow, water quality, and hydraulic efficiencies.

• **Hydrant Upgrades.** This program is intended to replace fire hydrant assemblies located throughout the water system that do not comply with the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.).* The priority of the work is determined on a worst case, highest need basis.

• **Hydraulic Deficiencies.** This project is intended to improve hydraulic deficiencies at various locations throughout the City. These improvements include, but are not limited to, main replacements, main upsizing, control system modifications, control valve improvements, and emergency interconnections. The projects are typically prioritized in accordance with adopted Water System Master Plan recommendations.

• **Blending Station No.3 Water Conditioning Facility and Well Pumping Plant.** The Blending Station No. 3 Water Conditioning Facility and Well Pumping Plant project is intended to improve well pumping capacity and water quality at the City's Blending Station No.3 facility. This project added another 12,000 gallons per minute of local groundwater pumping capacity. Further, the Blending Station No. 3 Water Conditioning Facility and Well Pumping Plant added a new disinfection system that uses sodium hypochlorite and aqueous ammonia.

Blending Station No. 1 Master Planned Improvements Projects - Phase II. The Blending Station No. 1 Master Planned Improvement Projects - Phase II Program is intended to improve 2.5 acres of property immediately adjacent to the existing facility on 251 South Hayes A venue. The improvements for this aspect of the Project include, but are not limited to, four groundwater injection/extraction wells, a materials storage bin facility, site vehicular/pedestrian upgrades, drainage facility enhancements, a National Pollutant Discharge Elimination System (NPDES) compliant fleet storage, parking and maintenance structures and equipment, master landscape and irrigation improvements, ADA/Energy Efficiency (Title 24) building improvements, and on-site electrical system installation.

• **Blending Station No. 5.** The addition of an additional Blending Station No. 5 will improve hydraulic conditions in the southwestern part of the City. The new facility added another 25,000 gallons per minute of blended water capacity, with improved local hydraulics.

• **GREAT Program - Phase 1.** Phase 1 of the Groundwater Recovery Enhancement and Treatment Program ("GREAT Program") was implemented in accordance with the Water

System Master Plan. The 2004 Bonds funded the design of the tertiary recycled water treatment facility and construction related to the GREAT Program desalter. The GREAT Program- Phase I (Desalter) was developed as an alternative water supply program by the City to meet the projected increase in water demands by the consumer in a cost-effective and reliable manner. The GREAT Program will also create a recycled water program. Customers already using groundwater for non-potable purposes will be entitled to in-lieu groundwater credits that will be transferred to the City. These credits will then be used by the City to extract groundwater that will be treated at a groundwater desalter to achieve a water quality similar to that currently delivered to the City water customers. The desalter is located at 251 South Hayes A venue and is intended to serve blended quality water to City residents with improved reliability, greater local reliance and better economy. Such cost covered the construction of a 600,000 gallon permeate tank, a 15-million gallon per day maximum capacity water desalination treatment facility and related mechanical systems, chemical storage and feed equipment and facilities, Supervisory Control And Data Acquisition ("SCADA") control systems and other miscellaneous site improvements.

• **SCADA Upgrades.** The SCADA project is designed to provide for the planned replacement and upgrade of the Water Division's existing automation and control system.

• **Automated Meter Reading Retrofit Program.** The Automated Meter Reading ("AMR") Retrofit Program is intended to provide for improved meter reading operations. Meter reading was enhanced by expanding upon the Water Division's AMR Pilot Demonstration Program. The new wireless radio meter reading technology used by the Water Division is twenty-four times faster than conventional manual meter reading methods. The time saved through the use of the wireless systems will be reinvested in other Water Division programs that are in need of additional personnel.

• **Water Well Improvement Program.** The Water Well Improvement Program is intended to provide for the planned replacement and maintenance of the Water Division's existing water extraction facility inventory. This program extends the useful life for many of the City's water wells by providing for regular chemical and mechanical treatment that also ensures the reliability of the water system and water quality compliance.

EXHIBIT B

2014 INSTALLMENT PAYMENTS

2014 Installment Payment Dates (fifth Business Day prior to)	Principal	Interest	2014 Installment Payments
December 1, 2014			
June 1, 2015			
December 1, 2015			
June 1, 2016			
December 1, 2016			
June 1, 2017			
December 1, 2017			
June 1, 2018			
December 1, 2018			
June 1, 2019			
December 1, 2019			
June 1, 2020			
December 1, 2020			
June 1, 2021			
December 1, 2021			
June 1, 2022			
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June 1, 2027			
December 1, 2027			
June 1, 2028			
December 1, 2028			
June 1, 2029			
December 1, 2029			
June 1, 2030			
December 1, 2030			
June 1, 2031			
December 1, 2031			
June 1, 2032			
December 1, 2032			
June 1, 2033			
December 1, 2033			
June 1, 2034			
Totals	**$[PRINCIPAL AMOUNT]**		

Placement Agent Agreement
for
City of Oxnard Financing Authority
Water Revenue Refunding Bonds, Series 2014

April 23, 2014

City of Oxnard Financing Authority
300 West Third Street, Suite 302
Oxnard, CA 93030

Re: City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014

Ladies and Gentlemen:

RBC Capital Markets, LLC (the "Placement Agent" or "RBC CM"), offers to enter into this Placement Agent Agreement (the "Agreement") with the City of Oxnard Financing Authority (the "Authority" or the "Issuer"), to facilitate the refunding of the Authority's Water Revenue Project Bonds, Series 2004 (the "Outstanding Bonds"). The Authority will refund the Outstanding Bonds primarily with the proceeds of the Water Revenue Refunding Bonds, Series 2014 (the "Bonds"). The Bonds will be secured by the installment payments to be made by the City from the Net Water System Revenues, as defined in the Amended and Restated Installment Purchase Agreement to be entered into by and between the City of Oxnard and the Authority in connection with the issuance of the Bonds. The Issuer acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Issuer and the Placement Agent in which the Placement Agent is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) the Placement Agent has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Placement Agent has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations the Placement Agent has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

1. Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, the Placement Agent hereby agrees to use its best efforts to locate a purchaser for all, but not less than all of the Bonds on terms consistent with the Resolution ("the Resolution") adopted by the Governing Board of the Authority on April 22, 2014. With the Authority's consent, the Placement Agent has conducted preliminary discussions with Capital One Public Funding, LLC ("Purchaser") to purchase the Bonds. If the Purchaser does purchase the Bonds on or before June 3, 2014 (the "Closing Date"), the Issuer will pay a placement fee equal to 0.195% of the par amount of the Bonds plus $5,000.00 for expenses to the Placement Agent on the Closing Date.

2. With the execution of this Agreement, the Authority will deliver or cause to be delivered to the Placement Agent one copy of the Resolution duly approved and adopted and to be in full force and effect upon execution and delivery of this Agreement by the parties hereto. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the Issuer shall be under further obligation hereunder.

3. The Placement Agent's obligation hereunder shall be subject to the performance by the Authority of its obligations hereunder in all material respects at or prior to the Closing Date and shall also be subject to the following conditions:

   (a) At the time of the Closing, the Resolution, this Agreement and all related documents of the Issuer shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Purchaser and the undersigned.

   (b) The Issuer shall have arranged for payment of the Placement Agent's fee at the time of Closing.

   (c) The Authority shall perform or have performed in all material respects at or prior to the Closing all of its obligations required under the Resolution and this Agreement.

4. The Placement Agent shall pay the fees and disbursements of any out-of-pocket expenses. The Issuer shall be under no obligation to pay any expenses incident to the performance of the obligations of the Placement Agent hereunder over a $5,000.00 limit.

5. The Agreement may be terminated at any time by the Issuer, upon five business days' prior notice to such effect to the Placement Agent, or by the Placement Agent upon five business days' prior notice to such effect to the Issuer.

6. The Agreement shall become effective upon the execution of the acceptance hereof by an authorized officer of the Issuer and shall be valid and enforceable as of the time of such acceptance.

RBC CAPITAL MARKETS, LLC

By ______________________________
Bob Williams
Managing Director
Date ______________________________

ACCEPTANCE

ACCEPTED this [________] day of [________], 20__

By ______________________________
Name ______________________________
Title ______________________________
Date ______________________________

Attachment No. 4
Page 2 of 2

TRUST INDENTURE

Dated as of June 1, 2014

by and among

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

and

CITY OF OXNARD FINANCING AUTHORITY

and

CITY OF OXNARD

Relating to

$[PRINCIPAL AMOUNT]
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS,
SERIES 2014

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TRUST INDENTURE

THIS TRUST INDENTURE, dated as of June 1, 2014 (the "**Indenture**"), is by and among the CITY OF OXNARD, a municipal corporation organized and existing under the Constitution and laws of the State of California (the "**City**"), the CITY OF OXNARD FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (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**");

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 and has the authority to issue bonds pursuant to 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) (the "**Act**"); and

WHEREAS, the Authority has issued, pursuant to that certain Trust Indenture, dated as of February 1, 2004 (the "**2004 Trust Indenture**"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "**2004 Trustee**"), $47,895,000 in original principal amount of its Water Revenue Project Bonds, Series 2004 (the "**2004 Bonds**"), of which $37,840,000 in principal amount is currently outstanding; and

WHEREAS, the 2004 Bonds are secured by the installment payments to be made by the City from the Net Water System Revenues (as defined in that certain Installment Purchase Agreement, dated as of February 1, 2004 (the "**2004 Installment Purchase Agreement**"), by and between the City and the Authority,; and

WHEREAS, in order to reduce the installment payments payable by the City under the 2004 Installment Purchase Agreement, the Authority proposes to refund, on a current refunding basis, the 2004 Bonds and the City and the Authority propose to enter into an Amended and Restated Installment Purchase Agreement, dated as of June 1, 2014 (the "**Installment Purchase Agreement**"), which will amend and restate in its entirety the 2004 Installment Purchase Agreement; and

WHEREAS, pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of the Government Code of the State of California) (the "**Refunding Law**") and the Act, the Authority is authorized to issue refunding bonds to refund the 2004 Bonds and to sell such refunding bonds at public sale, at private sale, or on a negotiated sale basis; and

WHEREAS, the Authority proposes to issue its Water Revenue Refunding Bonds, Series 2014 (the "**Bonds**"), to refund, on a current refunding basis, the 2004 Bonds; and

WHEREAS, the Bonds will be secured by installment payments to be made by the City 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 "**2014 Installment Payments**") solely from the Net Water System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement; and

WHEREAS, for the purpose of securing the obligations of the Authority hereunder, the Authority shall assign and transfer certain of its rights under the Installment Purchase Agreement to the Trustee, pursuant to an Assignment Agreement, dated as of June 1, 2014 (the "**Assignment Agreement**"), by and between the Authority and the Trustee, and in consideration of such assignment and the execution of this Indenture, the Trustee has agreed to authenticate and register the Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and to secure the payment of the principal thereof, premium, if any, and interest thereon, each of the City and the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, each of the City and 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, each of City and 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; RULES OF CONSTRUCTION; CONTENTS OF BONDS AND OPINIONS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto 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).

"**Assignment Agreement**" means that certain Assignment Agreement, by and between the Authority and the Trustee, dated as of June 1, 2014, by and between the Authority and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"**Authority Resolution**" has the meaning give to such term in Section 11.1(c) hereof.

"**Authorized Denominations**" means $100,000 and any dollar amount in excess thereof.

"**Bank**" has the meaning give to such term in Section 11.1(f) hereof.

"**Bank Documents**" has the meaning give to such term in Section 11.1(f) hereof.

"**Bond Counsel**" means (a) Goodwin Procter LLP, Los Angeles, California, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"**Bond Register**" means registration books referred to in Section 2.8 hereof.

"**Bonds**" means the Authority's Water Revenue Refunding Bonds, Series 2014, issued and delivered in the aggregate principal amount of $[PRINCIPAL AMOUNT] pursuant to this Indenture.

"**Business Day**" means any day other than (1) a Saturday, a Sunday, or a day on which banking institutions in the State 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 Designated Corporate Trust Office of the Trustee is located.

"**City Council**" means the City Council of the City.

"**City Resolution**" has the meaning give to such term in Section 11.1(b) hereof.

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

"**Computation Year**" means with respect to the Bonds the period beginning on the Delivery Date and ending on June 1, 2015, and thereafter each successive twelve month period commencing on the following June 2 and ending on the following June 1.

"**Costs of Issuance**" means all items of expense directly or indirectly payable by or reimbursable to the Authority or City and related to the authorization, execution, and delivery of the Installment Purchase Agreement, this Indenture, and the related sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies, if any, and costs to provide information required by rating agencies, municipal bond insurance, filing fees, initial fees and charges of the Trustee, placement agent fees, fees and charges of the Authority, legal fees and charges, fees and expenses of consultants and professionals, fees and expenses of the financial advisor, fees and charges for preparation, execution, and safekeeping of the Bonds and any other charge, cost, or fee in connection with the original sale, execution, and delivery of the Bonds.

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.4 herein.

"Delivery Date" means June 3, 2014, the date on which the Bonds are delivered to the Original Purchaser of the Bonds.

"Designated Corporate Trust Office" means the corporate trust office of the Trustee at 707 Wilshire Boulevard, 17th Floor, Los Angeles, California 90017, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust business shall be conducted.

"Escrow Agent" means Wells Fargo Bank, National Association, and its successors and assigns.

"Escrow Agreement" means the Escrow Agreement, dated as of June 1, 2014, by and between the Authority and the Escrow Agent.

"Escrow Fund" means the fund of that name established under the Escrow Agreement.

"Governmental Authority" has the meaning give to such term in Section 11.1(d) hereof.

"Indenture" means this Trust Indenture, as originally executed or as it may from time to time be amended as provided for herein.

"Installment Purchase Agreement" means the Amended and Restated Installment Purchase Agreement, dated as of June 1, 2014, by and between the City and the Authority, as originally executed or as it may from time to time be amended in accordance with its terms.

"Interest Payment Date" means June 1 and December 1 in each year commencing on December 1, 2014, and any date on which the unpaid 2014 Installment Payments are declared to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement.

"Joint Powers Agreement" has the meaning give to such term in Section 11.1(e) hereof.

"Legal Documents" has the meaning give to such term in Section 11.1(b) hereof.

"Mandatory Sinking Account Payment" means the principal amount of Bonds required to be paid on each applicable June 1 pursuant to Section 4.1(b) hereof.

"Mandatory Sinking Account Payment Date" means June 1 of each year commencing in 2015 and terminating in 2034.

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

"Original Purchaser" means Capital One Public Funding, LLC.

"Other Installment Purchase Agreements" has the meaning give to such term in Section 11.1(d) hereof.

"Outstanding," when used as of any particular time with respect to any Bond, means (subject to the provisions of Section 12.4 hereof) any Bond issued under this Indenture except:

(a) any Bond previously cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) any Bond which has been paid or is deemed to have been paid within the meaning of Section 10.1 hereof; and

(c) any Bond in lieu of or in exchange or in substitution for which another Bond or other Bonds shall have been executed and delivered by the Trustee pursuant to this Indenture.

"Owner" means any person who shall be the registered owner of any Outstanding Bond, as indicated in the Bond Register, including, without limitation, the Original Purchaser.

"Payment Fund" means the fund by that name established in Section 5.2 hereof.

"Permitted Investments" means, if and to the extent permitted by law:

1. for all purposes including defeasance investments in refunding escrow accounts (the Trustee is entitled to rely upon investment direction of the City as a certification that such investment is a Permitted Investment):

(i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below); or

(ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

2. For all purposes other than defeasance investments in refunding escrow accounts:

(a) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly the Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association (GNMA), U.S. Department of Housing & Urban Development (PHA's), Federal Housing Administration and Federal Financing Bank;

(b) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated "Aaa" by Moody's or "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), and senior debt obligations of the Federal Home Loan Bank System;

(c) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including those of the Trustee and its affiliates) which have rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(d) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(e) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(f) pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations or any state of the United States of America of any agency, instrumentality or local governmental unit of any such state, 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

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(ii) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) any investment agreement rated "AA" or better by S&P or "Aa1" or better by Moody's; and

(h) a pooled investment fund managed by the State of California Treasurer's office meeting all legal guidelines and requirements for the investment of California public agency funds, provided, as to any investment made by the Trustee, the Trustee shall be entitled to make investments and withdrawals directly in its own name as the Trustee.

"Project" means the Project described in Exhibit A to the Installment Purchase Agreement.

"Purchaser Certificate" means a certificate substantially in the form attached hereto as Exhibit C delivered by each purchaser of the Bonds, including the Original Purchaser, to the Authority to the effect, among other things, that such purchaser (a) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Bonds, (b) is acquiring the Bonds for its own account for the purpose of investment and not with a view to the distribution thereof, and (c) has no present intention of selling, negotiating, transferring, or otherwise disposing of the Bonds so purchased.

"Rebate Fund" means the fund by that name established in Section 5.7 hereof.

"Record Date" means the fifteenth (15th) day of the calendar month preceding an Interest Payment Date, whether or not such day a Business Day.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount with respect to such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

"Refunding Law" means Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of the Government Code of the State of California.

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

"State" means the State of California.

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

"Trustee" means Wells Fargo Bank, National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, having a corporate trust office in Los Angeles, California, or its successor as the Trustee hereunder.

"2004 Bonds" means the City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2004, issued pursuant to the 2004 Trust Indenture.

"2004 Acquisition Fund" has the meaning give to such term in Section 3.2(b) hereof.

"2004 Costs of Issuance Fund" has the meaning give to such term in Section 3.2(b) hereof.

"2004 Payment Fund" has the meaning give to such term in Section 3.2(b) hereof.

"2004 Rebate Fund" has the meaning give to such term in Section 3.2(b) hereof.

"2004 Reserve Fund" has the meaning give to such term in Section 3.2(b) hereof.

"2004 Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of February 1, 2004, by and between the City and the Authority.

"2004 Trustee" means Wells Fargo Bank, National Association, as trustee under the 2004 Trust Indenture.

"2004 Trust Indenture" means the Trust Indenture, dated as of February 1, 2004, by and among the Authority, the City, and the 2004 Trustee.

"2014 Installment Payments" means the 2014 Installment Payments payable by the City pursuant to the Installment Purchase Agreement and in the amounts and at the times set forth in the Installment Purchase Agreement.

"2014 Installment Payment Date" means the date on which 2014 Installment Payments are scheduled to be paid by the City pursuant to the Installment Purchase Agreement.

"Verification Report" has the meaning given to such term in Section 10.4 hereof.

"Written Consent of the Authority," "Written Order of the Authority," "Written Request of the Authority," and **"Written Requisition of the Authority"** mean, respectively, a written consent, order, request, or requisition signed by or on behalf of the Authority by its Chairman, Vice Chairman, or Controller, or any other person (whether or not a member of the governing board of the Authority) who is specifically authorized by resolution of the Authority to sign or execute such a document on its behalf.

"Written Consent of the City," "Written Order of the City," "Written Request of the City," and **"Written Requisition of the City"** mean, respectively, a written consent, order, request, or requisition signed by or on behalf of the City by the Mayor, the City Manager, the Chief Financial Officer, or the Treasurer, or by any person (whether or not a member of the City Council) who is specifically authorized by resolution of the City to sign or execute such a document on its behalf.

Section 1.2 Rules of Construction. Words of any gender shall be deemed and construed to include all genders, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa.

Section 1.3 Content of Statements and Opinions. Every statement or opinion with respect to compliance with a condition or covenant provided for in this Indenture made or given by an officer of the Authority or an officer of the City may be based, insofar as it relates to legal or accounting matters, upon a statement or opinion of or representations by counsel or accountants, unless such officer knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his statement or opinion may be based, as aforesaid, are erroneous. Any such statement or opinion made or given by counsel or accountants may be based, insofar as it relates to factual matters, upon information with respect to which is in the possession of the Authority or the City, as applicable, or upon the statement or opinion of or representations by an officer or officers of the Authority or the City, as applicable, unless such counsel, accountant, or consultant knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous.

ARTICLE II
BONDS; TERMS AND PROVISIONS

Section 2.1 Preparation of Bonds. The Trustee is hereby authorized to authenticate and deliver Bonds, to be denominated "Water Revenue Refunding Bonds, Series 2014," in an aggregate principal amount of __________ million __________ thousand and 00/100 dollars ($[PRINCIPAL AMOUNT]) secured by the 2014 Installment Payments to be paid by the City under the Installment Purchase Agreement, to the Original Purchaser.

Section 2.2 Denominations; Medium and Place of Payment; Dating. The Bonds shall be delivered in the form of fully-registered Bonds in Authorized Denominations; provided that no Bond shall have principal represented thereby maturing in more than one year. The Bonds shall be payable in lawful money of the United States of America.

The principal and Redemption Price with respect to all Bonds shall be payable upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee. Interest with respect to Bonds shall be payable by check of the Trustee mailed by first-class mail on the Interest Payment Dates of such Bonds to the respective Owners of record thereof as of the close of business on the Record Date at the addresses shown on the books required to be kept pursuant to Section 2.8 hereof except that an Owner of $1,000,000 or more in aggregate principal amount of Outstanding Bonds may, upon written request to the Trustee prior to the applicable Record Date, be paid such interest by wire transfer in immediately available funds to an account designated by such Owner, except in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owners in whose names any such Bonds are registered at the close of business on a special record date as determined by the Trustee.

The Bonds shall be dated the Delivery Date. Interest with respect to Bonds shall be payable from the Interest Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable from the Delivery Date; provided, however, that if, as shown by the records of the Trustee, interest represented by the Bonds shall be in default, Bonds executed in exchange for Bonds surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the Bonds, or, if no interest has been paid or duly provided for with respect to the Bonds, from the Delivery Date.

Section 2.3 Payment of Principal and Interest with Respect to Bonds.

(a) The Bonds shall be issued as one term Bond in the aggregate principal amount of $[PRINCIPAL AMOUNT], which Bond shall mature and be payable, subject to prior mandatory sinking account redemption from Mandatory Sinking Account Payments, on June 1, 2034, and shall bear interest at the rate of three and eighty one hundredths of one percent (3.800%) per annum (based on a 360-day year comprised of twelve 30-day months).

(b) Interest with respect to the Bonds shall be payable on each Interest Payment Date continuing to and including the date of maturity or prior redemption, whichever is earlier.

Section 2.4 Form of Bonds. The Bonds and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions, and insertions as permitted or required by this Indenture.

Section 2.5 Execution. The Bonds shall be executed by and in the name of the Authority by the manual or facsimile signature of its Chairman, attested by the manual or facsimile signature of its Secretary. The Bonds may carry a seal, and such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted, or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated, and delivered hereunder and are entitled to the benefits of this Indenture. The Bonds shall be authenticated by and in the name of the Trustee by the manual signature of any authorized signatory of the Trustee. The Trustee shall insert the date of execution of each Bond in the place provided thereon.

The Original Purchaser and any subsequent purchaser or transferee of the Bonds shall be required to execute a Purchaser Certificate in connection with its purchase or such transfer of the Bonds.

Section 2.6 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8 hereof, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Trustee shall execute and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may require the payment by any Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority. Following any transfer of Bonds the Trustee shall cancel and destroy the Bonds it has received in accordance with its retention policy then in effect.

Notwithstanding the foregoing, this Bond may only be transferred in whole or in part in minimum principal amounts of $100,000 and only to an entity that (a) is either (i) an affiliate of the Original Purchaser or (ii) a bank, insurance company, or similar financial institution that is a "Qualified Institutional Buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and (b) executes a Purchaser Certificate. Any transfer of Bonds that is not made in accordance with this Section 2.6 shall be null and void.

Section 2.7 Exchange of Bonds. Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other Authorized Denominations of the same maturity. 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 cost of printing Bonds and any services rendered or expense incurred by the Trustee in connection with any exchange shall be paid by the Authority. Following any exchange of Bonds the Trustee shall cancel and destroy the Bonds it has received in accordance with its retention policy then in effect.

The Trustee shall not be required to register the exchange, or transfer pursuant to Section 2.6 hereof, of any Bond (i) within 15 days preceding selection of Bonds for redemption or (ii) selected for redemption.

Section 2.8 Bond Registration Books. The Trustee will keep or cause to be kept, at its Designated Corporate Trust Office, sufficient books for the registration and transfer of the Bonds, which shall upon reasonable prior notice and at all reasonable times be open to inspection by the Authority or the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register, or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

The person in whose name any Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest with respect to and principal of and Redemption Price represented by such Bond shall be made only to or upon the order in writing of such Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such Bond to the extent of the sum or sums so paid.

Section 2.9 Temporary Bonds. The Bonds may be initially executed and delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed, or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in registered form, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Trustee executes and delivers temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Designated Corporate Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds executed and delivered hereunder.

Section 2.10 Bonds Mutilated, Lost, Destroyed, or Stolen. If any Bond shall become mutilated, the Trustee shall execute and deliver a new Bond of like tenor, maturity, and principal amount 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 cancelled by it and destroyed in accordance with its retention policy then in effect. 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 shall be given indemnifying the Trustee, the Authority, and the City, the Trustee, at the expense of the Owner, shall execute and deliver a new Bond of like tenor and maturity, and numbered as the Trustee shall determine, in lieu of and in substitution for the Bond so lost, destroyed, or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond executed under this Section and of the expenses that may be incurred by the Trustee under this Section. Any Bond executed under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed, or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. The Trustee shall not be required to treat both the original Bond and any replacement Bond as being outstanding for the purpose of determining the principal amount of Bonds, which may be executed hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for a Bond that has been mutilated, lost, destroyed, or stolen and that has matured, the Trustee may make payment of such Bond upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III
DELIVERY OF BONDS; APPLICATION OF BOND PROCEEDS AND OTHER MONEYS; COSTS OF ISSUANCE FUND

Section 3.1 Delivery of Bonds. The Trustee is hereby authorized to authenticate and deliver Bonds to the Original Purchaser in an aggregate principal amount of $[PRINCIPAL AMOUNT] upon the Written Order of the Authority.

Section 3.2 Application of Proceeds of Bonds and Other Moneys. Upon the receipt of payment for the Bonds from the Original Purchaser on the Delivery Date, the Trustee shall apply the purchase price of the Bonds (representing $[PRINCIPAL AMOUNT].00 of aggregate principal amount of the Bonds) as follows:

(i) The Trustee shall deposit $_________ of the proceeds of the Bonds into the Costs of Issuance Fund; and

(ii) The Trustee shall transfer $_________ of the proceeds of the Bonds to the Escrow Agent for deposit into the Escrow Fund.

(b) Pursuant to the 2004 Trust Indenture, the 2004 Trustee established, maintained, and held the following funds: (i) the "Acquisition Fund" (the "**2004 Acquisition Fund**"), (ii) the "Payment Fund" (the "**2004 Payment Fund**"), (iii) the "Reserve Fund" (the "**2004 Reserve Fund**"), (iv) the "Costs of Issuance Fund" (the "**2004 Costs of Issuance Fund**"), and (v) the "Rebate Fund" (the "**2004 Rebate Fund**"). On the Delivery Date, the Authority shall direct the 2004 Trustee to apply all amounts held by the 2004 Trustee under the 2004 Trust Indenture as follows:

(i) No amounts are held by the 2004 Trustee in the 2004 Acquisition Fund;

(ii) The 2004 Trustee shall transfer $_________, constituting all amounts held in the 2004 Payment Fund, to the Escrow Agent for deposit into the Escrow Fund;

(iii) The 2004 Trustee shall transfer $_________, constituting all amounts held in or with respect to the 2004 Reserve Fund, to the Escrow Agent for deposit into the Escrow Fund; and

(iv) No amounts are held by the 2004 Trustee in the 2004 Costs of Issuance Fund;

(v) The 2004 Trustee shall apply all amounts, if any, held in the 2004 Rebate Fund in accordance with the 2004 Trust Indenture.

Section 3.3 [RESERVED].

Section 3.4 Establishment and Application of Costs of Issuance Fund.

(a) There is hereby established with the Trustee a special trust fund to be designated as the "**Costs of Issuance Fund,**" to the credit of which a deposit shall be made as required by Section 3.2(c) hereof. Moneys in the Costs of Issuance Fund shall be held in trust by the Trustee and shall be disbursed as provided in subsection (b) of this Section for the payment or reimbursement of Costs of Issuance.

(b) Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a Written Requisition of the Authority in the form set forth in Exhibit B attached hereto. The Trustee shall pay all Costs of Issuance after receipt of an invoice from any such payee who requests payment in an amount that is less than or equal to the amount set forth with respect to such payee pursuant to a Written Requisition of the Authority requesting payment of Costs of Issuance. The Trustee shall maintain the Costs of Issuance Fund for a period of 180 days from the Delivery Date of the Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Payment Fund.

(c) Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 5.3 hereof. Interest earnings and profits resulting from said investment shall be retained by the Trustee in the Costs of Issuance Fund to be used for the purposes of such fund.

ARTICLE IV
REDEMPTION OF BONDS

Section 4.1 Terms of Redemption. The Bonds shall be subject to redemption prior to their stated maturity only as set forth below:

(a) **Optional Redemption.** The Bonds are subject to redemption on any Interest Payment Date on or after June 1, 2024, as a whole or, not more than once each calendar year, in part in any principal amount in excess of $100,000, randomly by lot within each maturity, from amounts prepaid by the City pursuant to the Installment Purchase Agreement or any other source of funds at a Redemption Price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium.

(b) **Mandatory Sinking Account Redemption.** The Bonds are subject to redemption prior to their stated maturity, in part, from Mandatory Sinking Account Payments, on each June 1, commencing June 1, 2015, at the principal amount 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:

Mandatory Sinking Account Payment Date (June 1)	Principal Amount
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	

Mandatory Sinking Account Payment Date (June 1)	Principal Amount
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034 (maturity)	

(c) In the event of any optional redemption of Bonds pursuant to subsection (a) above, the schedule of mandatory sinking fund installments in subsection (b) above shall be reduced in equal percentages, as nearly as practicable. The City shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above.

Section 4.2 Selection of Bonds for Redemption. Whenever less than all of the Bonds are called for redemption, the Trustee shall select the Bonds or portions thereof to be redeemed from the Outstanding Bonds in accordance with Section 4.1 hereof. The Trustee shall promptly notify the Authority and the City in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Section 4.3 Notice of Redemption. Notice of redemption as provided in Section 4.1(a) hereof shall be mailed, first-class postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Register at least thirty (30) days but not more than sixty (60) days prior to the redemption date.

Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, shall designate the maturities, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Such notice of redemption 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 and that from and after such date interest evidenced thereby shall cease to accrue and be payable. With respect to any notice of redemption of Bonds pursuant to Section 4.1(a) hereof, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 10.1 hereof, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay for the Redemption Price of the Bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption. Neither failure to receive notice nor any defect in the notice or the mailing will affect the validity of the redemption of any Bond.

Notice of redemption of Bonds shall be given by the Trustee.

No notice of redemption shall be required to be delivered to the Owners of the Bonds in connection with any Mandatory Sinking Account Payment redemption as provided in Section 4.1(b) hereof.

Section 4.4 Partial Redemption of Bond. Upon surrender of any Bond that is being redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and maturity.

Section 4.5 Effect of Redemption. When notice of redemption has been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date with respect to, the Bonds (or portions thereof) so called for redemption are held by the Trustee, the Bonds (or portions thereof) so called for redemption shall, on the redemption date designated in such notice, become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, and from and after the redemption date interest represented by the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

All Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed by the Trustee.

ARTICLE V
2014 INSTALLMENT PAYMENTS

Section 5.1 Pledge and Deposit of 2014 Installment Payments. The 2014 Installment Payments are hereby irrevocably pledged to, and shall be used for, the punctual payment of the Bonds, and the 2014 Installment Payments shall not be used for any other purpose while any of the Bonds remain Outstanding. This pledge shall constitute a first and exclusive lien on the 2014 Installment Payments in accordance with the terms hereof.

All 2014 Installment Payments to which the Authority may at any time be entitled (including income or profit from investments pursuant to Section 5.3 hereof) shall be paid directly to the Trustee pursuant to the terms of the Assignment Agreement, and if received by the Authority at any time shall be deposited by the Authority with the Trustee within one (1) Business Day after the receipt thereof, and the Trustee shall deposit all 2014 Installment Payments as and when received in the Payment Fund. All moneys at any time deposited in the

Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Bonds, but shall nevertheless be disbursed, allocated, and applied solely for the uses and purposes herein set forth.

Section 5.2 Payment Fund. There is hereby established with the Trustee a separate fund to be designated the "**Payment Fund**." Such fund shall be maintained by the Trustee in trust separate and apart from other funds held by it until the 2014 Installment Payments are paid in full pursuant to the terms of the Installment Purchase Agreement.

(a) The Trustee shall deposit in the Payment Fund the 2014 Installment Payments received from the City pursuant to the Installment Purchase Agreement.

(b) On each Interest Payment Date, the Trustee shall withdraw from the Payment Fund the amounts as needed to pay the principal and interest due on the Bonds on said Interest Payment Date. In the event that the amount on deposit in the Payment Fund is not sufficient to pay the full principal and interest due on the Bonds on said Interest Payment Date, the amount on deposit in the Payment Fund shall be applied to said principal and interest first to the payment of interest due on the Bonds and second with respect to the payment of principal due with respect to the Bonds.

Section 5.3 Investment of Moneys in Special Funds. Any moneys in the Payment Fund, the Costs of Issuance Fund, and the Rebate Fund shall be invested by the City or, upon the Written Request of the City, by the Trustee, as the case may be, in Permitted Investments that will mature on or before the dates when such moneys are scheduled to be needed for payment from such fund and in accordance with the limitations set forth in Section 6.2 hereof and the Tax Certificate. Any such Written Request of the City shall be deemed a representation that such direction complies with Section 6.2 hereof and the Tax Certificate, and the Trustee may conclusively rely thereon. Securities acquired as an investment of moneys in a fund shall be credited to such fund. The Trustee shall determine the value of investments hereunder at least monthly.

In the absence of written investment direction from the City, the Trustee shall invest moneys held by it in the Wells Fargo Advantage Fund or a successor money market fund offered by the Trustee.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The Trustee will furnish the City periodic transaction statements that include detail for all investment transactions made by the Trustee hereunder. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor, or manager in connection with any investments made by the Trustee hereunder.

The Trustee may sell or present for redemption any obligations so purchased at the direction of the City whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee may commingle moneys on deposit in any of the funds or accounts established pursuant to this Indenture (other than the Rebate Fund) into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling.

Section 5.4 [RESERVED].

Section 5.5 [RESERVED].

Section 5.6 Pledge of Moneys in Funds. All amounts on deposit in the Payment Fund are hereby irrevocably pledged to the Owners as provided herein. This pledge shall constitute a first and exclusive lien on the Payment Fund for the benefit of the Owners in accordance with the terms hereof and of the Installment Purchase Agreement.

Section 5.7 Rebate Fund.

(a) Establishment. A special fund is hereby created and designated the "**Rebate Fund**" to be held by the Trustee. 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 Department of the 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 Bond 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.

(b) 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 (e.g., 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 1.148-8(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.

(c) 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 subsection (a) above of this Section 5.7. 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.

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

(i) 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

(ii) 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 5.7(c) 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.

(e) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in Section 5.7(c) hereof may be transferred by the Trustee to the Authority at the written direction of the City Representative and utilized in any manner by the Authority.

(f) Survival of Defeasance. Notwithstanding anything in this Section 5.7 or this Indenture to the contrary, the obligation to comply with the requirements of this Section 5.7 shall survive the defeasance of the Bonds.

(g) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of an Authority Representative or a City Representative.

ARTICLE VI
COVENANTS

Section 6.1 Authority and City to Perform Installment Purchase Agreement. The Authority and City covenant and agree with the Owners to perform all obligations and duties imposed on them under the Installment Purchase Agreement and, together with the Trustee, to enforce such Installment Purchase Agreement against the other party thereto in accordance with its terms.

The Authority and the City will in all respects promptly and faithfully keep, perform, and comply with all the terms, provisions, covenants, conditions, and agreements of the Installment Purchase Agreement to be kept, performed, and complied with by it.

The Authority and the City agree not to 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.

Section 6.2 Tax Covenants. The Authority and the City 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 Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, each of the Authority and the City covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. Neither the Authority nor the City shall take any 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. Neither the Authority nor the City shall make any 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. Neither the Authority nor the City shall make any 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 and the City 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. Neither the Authority nor the City shall make any 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 or the City, as applicable, 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. Neither the Authority nor the City shall take any 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 each shall comply with the covenants and requirements stated therein and incorporated by reference herein.

(g) Taxable Bonds. This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the Authority or the City from issuing bonds, the interest on which has been determined by the Authority or the City, as applicable, to be subject to federal income taxation.

Section 6.3 Accounting Records and Reports. The Trustee 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 made by it relating to the receipts, disbursements, allocation, and application of the 2014 Installment Payments, and such books shall be available for inspection by the Authority, the City, and any Owner, or his agent or representative, at reasonable hours and under reasonable conditions. Each month, so long as the Bonds are outstanding, the Trustee shall furnish to the Authority and the City a statement covering receipts, disbursements, allocation, and application of amounts on deposit in the funds and accounts created hereunder held by it.

Section 6.4 Compliance with Indenture. The Trustee will not execute, or permit to be executed, any Bonds in any manner other than in accordance with the provisions of this Indenture, and neither the Authority nor the City will suffer or permit any default by it to occur under this Indenture, but will faithfully observe and perform all the covenants, conditions, and requirements hereof.

Section 6.5 Observance of Laws and Regulations. To the extent necessary to assure their performance hereunder, the Authority and the City will well and truly keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board, or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Authority or the City respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 6.6 Compliance with Contracts. The City shall comply with the terms, covenants, and provisions, express or implied, of all contracts for the use of the Project by the City, and all other contracts and agreements affecting or involving the Project to the extent that the City is a party thereto.

Section 6.7 Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee or any Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Water System or any part thereof (other than Separate Facilities), whether now existing or hereafter developing, shall prosecute all such suits, actions, and other proceedings as may be appropriate for such purpose.

Section 6.8 Recordation and Filing. The Trustee, upon written direction of the Authority or the City, shall record, register, file, renew, refile, and re-record all such documents, including financing statements, as may be required by law in order to maintain a security interest in this Indenture and the Assignment Agreement, all in such manner, at such times and in such places as may be required by, and to the extent permitted by, law in order fully to preserve, protect, and perfect the security of the Owners and the rights and security interests of the Trustee. The Trustee, upon written direction of the Authority or the City, shall (subject to Section 8.5 hereof) do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of this Indenture and the Assignment Agreement.

Section 6.9 Eminent Domain. If all or any part of the Project shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 6.15 of the Installment Purchase Agreement.

Section 6.10 Further Assurances. The Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, 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 Trustee and the Owners all rights, interest, powers, benefits, privileges, and advantages conferred or intended to be conferred upon them by this Indenture.

ARTICLE VII
DEFAULT AND LIMITATION OF LIABILITY

Section 7.1 Notice of Non-Payment. In the event of delinquency in the payment of any 2014 Installment Payments due by the City pursuant to the Installment Purchase Agreement, the Trustee shall, after one Business Day following the date upon which such delinquent 2014 Installment Payment was due, immediately give written notice of the delinquency and the amount of the delinquency to the City and the Authority.

Section 7.2 Action on Default or Termination. Upon the occurrence of an Event of Default (as that term is defined in the Installment Purchase Agreement), which event shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding shall be entitled, upon notice in writing to the City and the Authority, to exercise the remedies provided to the Authority in the Installment Purchase Agreement.

Upon declaration of the entire principal amount of the unpaid 2014 Installment Payments and the accrued interest thereon to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement, the Trustee may apply all moneys received as 2014 Installment Payments and all moneys held in any fund or account hereunder (other than the Rebate Fund) to the payment of the entire principal amount of the Bonds and the accrued interest with respect thereto, with interest on the overdue Bonds at the rate or rates of interest applicable to the Bonds if paid in accordance with their terms.

Section 7.3 Other Remedies of the Trustee. The Trustee shall have the right —

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any director, officer, or employee thereof, and to compel the City or any such director, officer, or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the City and its directors, officers, and employees, to account as the trustee of an express trust.

Section 7.4 Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding, or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Trustee and the City shall be restored to their former positions, rights, and remedies as if such action, proceeding, or suit had not been brought or taken.

Section 7.5 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. If any remedial action is discontinued or abandoned the Owners shall be restored to their former position.

Section 7.6 No Obligation by the City to Owners. Except for the payment of 2014 Installment Payments when due in accordance with the Installment Purchase Agreement and the performance of the other covenants and agreements of the City contained in said Installment Purchase Agreement and herein, the City shall have no obligation or liability to the Owners with respect to this Indenture or the execution, delivery, or transfer of the Bonds, or the disbursement of 2014 Installment Payments to the Owners by the Trustee; provided, however, that nothing contained in this Section shall affect the rights, duties, or obligations of the Trustee expressly set forth herein.

Section 7.7 No Obligation with Respect to Performance by the Trustee. Neither the City nor the Authority shall have any obligation or liability to any of the other parties hereto or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Indenture.

Section 7.8 No Liability to Owners for Payment. The Authority shall not have any obligation or liability to the Owners with respect to the payment of the 2014 Installment Payments by the City when due, or with respect to the performance by the City of any other covenant made by it in the Installment Purchase Agreement or herein. Except as provided in this Indenture, the Trustee shall not have any obligation or liability to the Owners with respect to the payment of the 2014 Installment Payments by the City when due, or with respect to the performance by the City of any other covenant made by it in the Installment Purchase Agreement or herein.

Section 7.9 No Responsibility for Sufficiency. The Trustee shall not be responsible for the sufficiency of this Indenture, the Installment Purchase Agreement, or of the assignment made to it by the Assignment Agreement of rights to receive 2014 Installment Payments pursuant to the Installment Purchase Agreement, or the value of or title to the Project. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it under the terms of and in accordance with this Indenture, to the extent permitted by law.

ARTICLE VIII
THE TRUSTEE

Section 8.1 Employment of the Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Authority hereby agrees to employ the Trustee to receive, hold, invest, and disburse the moneys received pursuant to the Installment Purchase Agreement for credit to the various funds and accounts established by this Indenture; to execute, deliver, and transfer the Bonds; and to apply and disburse the 2014 Installment Payments received from the City to the Owners; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture.

Section 8.2 Acceptance of Employment. In consideration of the compensation herein provided for, the Trustee accepts the employment above referred to subject to the terms and conditions of this Indenture.

Section 8.3 Trustee; Duties, Removal, and Resignation. By executing and delivering this Indenture, the Trustee accepts the duties and obligations of the Trustee provided in this Indenture, but only upon the terms and conditions set forth in this Indenture.

The Authority, or, if the City is in default under the Installment Purchase Agreement, the Owners of a majority in aggregate principal amount of all Bonds Outstanding, may by written request to the Trustee, remove the Trustee initially a party to this Indenture, and any successor thereto, and may appoint a successor Trustee, but any such successor shall be a bank or trust company doing business and having a corporate trust office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars ($75,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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 that such company shall meet the requirements set forth in this Section 8.3, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The Trustee may resign by giving thirty (30) days' written notice to the Authority and the City and by giving to the Owners notice of such resignation by mail at the addresses shown on the Bond Register maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the Authority does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may at the expense of the Authority petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed by the Authority.

Section 8.4 Compensation of the Trustee. The Authority shall from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law, or other experts employed by it in the exercise and performance of its powers and duties hereunder. Such compensation and reimbursement shall be paid by the Authority from Additional Payments received from the City under the Installment Purchase Agreement; provided, however, that the Trustee shall not otherwise have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the Authority.

Section 8.5 Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, opinion, affidavit, voucher, bond, requisition, or other paper or document, which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at the request of any such person unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the Authority or the City, 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 in accordance therewith.

Whenever in the administration of its duties under 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) shall be deemed to be conclusively proved and established by a certificate of the Authority or the City and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may (but shall have no duty), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold, and deal in any of the Bonds provided pursuant to this Indenture, and may join in any action that any Owner may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City or the Authority, and may act as depositary, trustee, or agent for any committee or body of Owners or of obligations of the Authority or the City as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The recitals, statements, and representations by the City or the Authority contained in this Indenture or in the Bonds shall be taken and construed as made by and on the part of the City or Authority and not by the Trustee and the Trustee does not assume, and shall not have, any responsibility or obligations for the correctness of any thereof.

The Trustee undertakes to 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.

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.

In accepting the trust hereby created, the Trustee acts solely as the Trustee for the Owners and not in its individual capacity; and all persons, including without limitation the Owners and the City or the Authority having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

The Trustee makes no representation or warranty express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City or the Authority of the Project. In no event shall the Trustee be liable for incidental, indirect, special, or consequential damages in connection with or arising from the Installment Purchase Agreement or this Indenture for the existence, furnishing or use of the Project.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under the Installment Purchase Agreement unless and until it shall have actual knowledge thereof or have received notice thereof at its corporate trust office at the address set forth in Section 12.11 hereof.

The Trustee shall not be accountable for the use or application by the City, or the Authority or any other party of any funds that the Trustee has released in accordance with the terms of this Indenture.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

The Trustee is authorized and directed to execute in its capacity as the Trustee the Assignment Agreement.

Before taking any action under Article VII hereof the Trustee may require indemnity satisfactory to the Trustee be furnished for any expenses and to protect it against any liability it may incur hereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees, and agents.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds Outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expense shall survive its resignation or removal and final payment or defeasance of the Bonds.

ARTICLE IX
AMENDMENT OF INDENTURE

Section 9.1 Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners and of the Trustee may be modified or amended at any time by an amendment hereto, which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, exclusive of Bonds disqualified as provided in Section 12.4 hereof, shall have been filed with the Trustee. No such modification or amendment shall (1) extend the stated maturities of the Bonds, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the redemption thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Owners of Bonds whose consent is required for the execution of any amendment or modification of this Indenture, or (3) modify any of the rights or obligations of the Trustee or the Authority without its written consent thereto.

(b) This Indenture and the rights and obligations of the Authority and the City and of the Owners may also be modified or amended at any time by an amendment hereto, which shall become binding upon adoption, without the consent of the Owners, but only to the extent permitted by law and only for any one or more of the following purposes —

(i) to add to the covenants and agreements of the Authority or the City contained in this Indenture other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority or the City, and which shall not adversely affect the interests of the Owners;

(ii) to cure, correct, or supplement any ambiguous or defective provision contained in this Indenture or in regard to questions arising under this Indenture, as the Authority or the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners; and

(iii) to make such other amendments or modifications as may be in the best interests of the Owners.

Section 9.2 Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Bonds may bear a notation by endorsement in form approved by the City as to such action, and in that case upon demand of the Trustee to the Owner of any Outstanding Bond and presentation of such Owner's Bond for such purpose at the Designated Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Bonds such new Bonds shall be exchanged at the Designated Corporate Trust Office of the Trustee without cost to each Owner for Bonds then outstanding upon surrender of such Outstanding Bonds.

Section 9.3 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendments to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X
DEFEASANCE

Section 10.1 Discharge of Indenture. When the obligations of the City under the Installment Purchase Agreement shall cease pursuant to Article IX of the Installment Purchase Agreement (except for the right of the Trustee and the obligation of the City to have the money and Permitted Investments mentioned therein applied to the payment of 2014 Installment Payments as therein set forth and the obligation to apply moneys on deposit in the Rebate Fund as provided in Section 5.7), then and in that case the obligations created by this Indenture shall thereupon cease, terminate, and become void except for the obligation of the City to direct the Trustee to apply money on deposit in the Rebate Fund as provided herein, which shall continue until such moneys are so applied and the right of the Owners to have applied and the obligation of the Trustee to apply such moneys and Permitted Investments to the payment of the Bonds as herein set forth, and subject to application of moneys on deposit in the Rebate Fund as provided in Section 5.7, the Trustee shall turn over to the City, after provision for payment of amounts due the Trustee hereunder, as an overpayment of 2014 Installment Payments, any surplus in the Payment Fund and all balances remaining in any other funds or accounts other than moneys and Permitted Investments held for the payment of the Bonds at maturity or on redemption, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal and interest and premium, if any, represented by the Bonds, and after such payment, this Indenture shall become void.

If moneys or securities described in clause 1(i) or (ii) of the definition of Permitted Investments are deposited with and held by the Trustee as hereinabove provided, the Trustee shall within thirty (30) days after such moneys or Permitted Investments shall have been deposited with it, mail a notice, first-class postage prepaid, to the Owners at the addresses listed on the Bond Register kept by the Trustee pursuant to Section 2.8, setting forth (a) the date fixed for redemption of the Bonds, (b) a description of the moneys or securities described in clause 1(i) or (ii) of the definition of Permitted Investments so held by it, and (c) that this Indenture has been released in accordance with the provisions of this Section.

Section 10.2 Deposit of Money or Securities with the Trustee. Whenever in this Indenture or the Installment Purchase Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or prepay any Bonds, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be —

(a) lawful money of the United States of America in an amount equal to the principal amount represented by such Bonds and all unpaid interest represented thereby to maturity, except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price and all unpaid interest to such date of redemption if any, represented by such Bonds; or

(b) non-callable securities described in clause 1(i) or (ii) of the definition of Permitted Investments that will provide money sufficient, in the opinion of an Independent Certified Public Accountant, to pay the principal at maturity or upon redemption plus all accrued interest to maturity or to the redemption date, as the case may be, represented by the Bonds to be paid or redeemed, as such amounts become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture and the Installment Purchase Agreement or by Written Request of the City) to apply such money or securities to the payment of such principal or Redemption Price and interest represented by such Bonds.

Section 10.3 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest or principal or Redemption Price represented by any of the Bonds that remain unclaimed for one (1) year after the date of deposit of such moneys if deposited with the Trustee after the date when the interest and principal or Redemption Price represented by such Bonds have become payable, shall be repaid by the Trustee to the City 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 City for the payment of the interest and principal or Redemption Price represented by such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the written request and expense of the City, first mail a notice to the Owners of the Bonds so payable that such moneys remain unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the City. The obligation of the Trustee under this Section to pay any such amounts to the City will be subject to any provisions of law applicable to the Trustee providing other requirements for disposition of unclaimed property.

Section 10.4 Additional Requirements Applicable to the Defeasance of the Bonds. As a precondition to the defeasance of the Bonds pursuant to Section 10.2(b), the Authority shall cause to be delivered:

(a) a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (the "**Verification Report**");

(b) notice of the defeasance of the Bonds not less than fifteen (15) Business Days prior thereto; and

(c) an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding.

Each such Verification Report and opinion required pursuant to this Section 10.4 shall be acceptable in form and substance to the Authority and shall be addressed to the Authority and the Trustee.

ARTICLE XI
DOCUMENTS TO BE DELIVERED AT CLOSING

Section 11.1 Documents to be Delivered at Closing. On or prior to the Delivery Date, each of the Authority, the City, the Trustee, and the Original Purchaser shall receive one copy of each of the following documents relating to the authorization and issuance of the Bonds:

(a) Final Opinion of Bond Counsel. The final opinion of Bond Counsel, dated the Delivery Date, substantially in the form set forth in the Form of Bond attached as in Exhibit A hereto, together with a letter dated the Delivery Date and addressed to each of the Trustee and the Original Purchaser authorizing the Trustee and the Original Purchaser to rely on said opinion.

(b) Opinion of Interim City Attorney. An opinion of the Interim City Attorney of the City, dated the Delivery Date and addressed to the Trustee and the Original Purchaser to the effect that:

(i) the City is a municipal corporation and general law city duly organized and validly existing under and by virtue of the laws of the State;

(ii) the City has full legal power and lawful authority to enter into the Installment Purchase Agreement and this Indenture;

(iii) the resolution of the City approving and authorizing the execution and delivery of the Installment Purchase Agreement and this Indenture (the "**City Resolution**") was duly adopted at a meeting of the City Council that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the City Resolution is in full force and effect and has not been modified, amended, or rescinded as of the Delivery Date;

(iv) Each of the Installment Purchase Agreement and this Indenture has been duly authorized, executed, and delivered by the City and, assuming due authorization, execution, and delivery by the other parties thereto, each of the Installment Purchase Agreement and this Indenture constitutes the legal, valid, and binding agreement of the City enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases, and the limitations on legal remedies against cities in the State of California;

(v) to the best knowledge of such counsel, the execution and delivery by the City of the Installment Purchase Agreement and this Indenture, and compliance by the City with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, or agreement to which the City is subject to or by which it is bound;

(vi) to the best knowledge of such counsel after reasonable investigation, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of such counsel, threatened (A) in any way questioning the existence of the City or the titles of the officers of the City to their respective offices; or (B) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Bonds or the execution or delivery of this Indenture, the Installment Purchase Agreement, the Assignment Agreement, or the Escrow Agreement (collectively, the "**Legal Documents**") or the payment or collection of any amounts pledged or to be pledged to pay the 2014 Installment Payments or the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or any proceeding of the City taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the City and its authority to pledge the Net Water System Revenues; and

(vii) no authorization, approval, consent, or other order of the State or any other governmental authority or agency within the State having jurisdiction over the City is required for the valid authorization, execution, and delivery by the City of the Installment Purchase Agreement or the Indenture;

(c) Opinion of Interim Authority General Counsel. An opinion of the Interim City Attorney of the City, serving as Interim General Counsel to the Authority, dated the Delivery Date and addressed to the Trustee and the Original Purchaser to the effect that:

(i) the Authority is a joint powers authority under Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code duly organized and validly existing under and by virtue of the Constitution and the laws of the State;

(ii) the Authority has full legal power and lawful authority to enter into the Legal Documents;

(iii) the resolution of the Authority approving and authorizing the execution and delivery of the Legal Documents (the "**Authority Resolution**") was duly adopted at a meeting of the governing board of the Authority that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolution is in full force and effect and has not been modified, amended, or rescinded as of the Delivery Date;

(iv) the Legal Documents have been duly authorized, executed, and delivered by the Authority and, assuming due authorization, execution, and delivery by the other parties thereto, such documents constitute the legal, valid, and binding agreements of the Authority enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases, and the limitations on legal remedies against joint powers authorities in the State of California;

(v) to the best knowledge of such counsel, the execution and delivery by the Authority of the Legal Documents, and compliance by the Authority with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, or agreement to which the Authority is subject to or by which it is bound;

(vi) to the best knowledge of such counsel after reasonable investigation, there is no action, suit, proceeding, inquiry, or investigation at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of such counsel, threatened (A) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices, or (B) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Bonds or the execution or delivery of any of the Legal Documents, or the payment or collection of any amounts pledged or to be pledged to pay the 2014 Installment Payments or the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or any proceeding of the Authority taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority and its authority to make the pledges set forth in the Indenture; and

(vii) no authorization, approval, consent, or other order of the State or any other governmental authority or agency within the State having jurisdiction over the Authority is required for the valid authorization, execution, and delivery by the Authority of the Legal Documents;

(d) Certificate of the City. A certificate of the City, dated the Delivery Date, to the effect that:

(i) the City is a municipal corporation of the State duly organized and validly existing under and by virtue of the Constitution and laws of the State and has the legal right and power to execute, deliver, and perform its obligations under the Installment Purchase Agreement and this Indenture;

(ii) the City has the legal right and power to execute and deliver, and to perform its obligations under, the Installment Purchase Agreement and this Indenture. The City has duly authorized the execution and delivery of, and the performance of its obligations under, the Installment Purchase Agreement and this Indenture and as of the Delivery Date such authorizations are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the respective parties thereto, each of the Installment Purchase Agreement and this Indenture will constitute legal, valid, and binding obligation of the City in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws and the application of equitable principles relating to or affecting creditors' rights generally. The City has complied, and will on the Delivery Date be in compliance in all respects, with its obligations under the Installment Purchase Agreement and this Indenture;

(iii) the Bonds will be paid from the 2014 Installment Payments, which payments are special limited obligations of the City and are payable from a pledge of and lien on Net Water System Revenues and which payments have been duly and validly authorized pursuant to applicable law;

(iv) the Bonds will be issued in accordance with this Indenture. This Indenture creates a valid pledge of, first lien upon, and security interest in, the pledged 2014 Installment Payments;

(v) as of the Delivery Date, after the issuance of the Bonds, the installment payments made pursuant to the 2006 Installment Purchase Agreement, the 2010 Installment Purchase Agreement, and the 2012 Installment Purchase Agreement (collectively, the "**Other Installment Purchase Agreements**") will constitute the only other Contracts payable from Net Water System Revenues on a parity with the 2014 Installment Payments. No other Contracts secured by Net Water System Revenues are payable on a basis that is senior to the payment of the 2014 Installment Payments. As of the Delivery Date, no City Bonds payable from Net Water System Revenues on a parity with the 2014 Installment Payments or on a basis that is senior to the payment of the 2014 Installment Payments are outstanding.

(vi) the City is not in breach of or in default under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which the City is a party, including the Other Installment Purchase Agreements, the 2004 Installment Purchase Agreement, the 2004 Trust Indenture, the 2006 Trust Indenture, the 2010A Trust Indenture, the 2010B Trust Indenture, and the 2012 Trust Indenture, and no event has occurred and is continuing that, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any of the foregoing;

(vii) the authorization, execution, and delivery by the City of the Installment Purchase Agreement and this Indenture, and compliance by the City with the provisions thereof, do not and will not conflict with or constitute a breach of or default by the City under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which it is bound or by which its properties may be affected;

(viii) no authorization, consent, or approval of, or filing or registration with, any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body, or public benefit corporation (each, a "**Governmental Authority**") or court is, or under existing requirements of law will be, necessary for the valid execution and delivery of, or performance by the City of its obligations under, the Installment Purchase Agreement and this Indenture; and

(ix) there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of the City, threatened (A) in any way questioning the existence of the City or the titles of the officers of the City to their respective offices; (B) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Bonds or the execution or delivery of any of the Legal Documents, or the payment or collection of any amounts pledged or to be pledged to pay the 2014 Installment Payments or the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or any proceeding of the City taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the City and its authority to pledge the Net Water System Revenues; or (C) that may result in any material adverse change relating to the City that will materially adversely affect the City's ability to pay the 2014 Installment Payments when due;

(x) no amounts are owing and past due under the Reserve Fund Surety Bond to the Insurer, as those terms are defined in the 2006 Trust Indenture. No consent of any the Insurer is required for the City's execution and delivery of, or performance by the City of its obligations under, the Installment Purchase Agreement or this Indenture;

(xi) the Installment Purchase Agreement is being entered into for the purpose of refunding the 2004 Installment Purchase Agreement. The moneys deposited into the Escrow Fund established pursuant to the Escrow Agreement are sufficient to redeem all of the outstanding 2004 Bonds on June 3, 2014, and the City has taken all actions required to discharge the 2004 Trust Indenture in accordance with its terms on the Delivery Date; and

(xii) the Maximum Annual Debt Service on all City Bonds or Contracts outstanding prior to the incurring of the obligations under the Installment Purchase Agreement is $_________. The Maximum Annual Debt Service on all outstanding City Bonds or Contracts after the incurring of the obligations under the Installment Purchase Agreement is $_________, which amount does not exceed the Maximum Annual Debt Service on all City Bonds or Contracts outstanding prior to the incurring of such obligations. See Schedule A attached to the City's certificate;

(e) Certificate of the Authority. A certificate of the Authority, dated the Delivery Date, to the effect that:

(i) the Authority is a joint powers authority under Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code duly organized and validly existing under and by virtue of the Constitution and the laws of the State;

(ii) the Authority has the legal right and power to issue and deliver the Bonds and to execute and deliver, and to perform its obligations under, the Legal Documents. The Authority has duly authorized the issuance and delivery of the Bonds and the execution and delivery of, and performance of its obligations under, the Legal Documents and, as of the Delivery Date, such authorizations are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the respective parties thereto, the Legal Documents will constitute legal, valid, and binding obligations of the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws and the application of equitable principles relating to or affecting creditors' rights generally. The Authority has complied, and will on the Delivery Date be in compliance in all respects, with its obligations under the Legal Documents;

(iii) the Bonds are special limited obligations of the Authority and are payable, as to principal and interest with respect thereto, from the 2014 Installment Payments made under the Installment Purchase Agreement;

(iv) the Bonds will be issued in accordance with this Indenture. This Indenture creates a valid pledge of, first lien upon, and security interest in, the pledged 2014 Installment Payments;

(v) the moneys deposited into the Escrow Fund established pursuant to the Escrow Agreement are sufficient to redeem all of the outstanding 2004 Bonds on June 3, 2014, and the Authority has taken all actions required to discharge the 2004 Trust Indenture in accordance with its terms on the Delivery Date;

(vi) the Authority is not in breach of or in default under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which the Authority is a party, including the Other Installment Purchase Agreements, the 2004 Installment Purchase Agreement, the 2004 Trust Indenture, the 2006 Trust Indenture, the 2010A Trust Indenture, the 2010B Trust Indenture, and the 2012 Trust Indenture, and no event has occurred and is continuing that, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any of the foregoing;

(vii) the authorization, execution, and delivery by the Authority of the Legal Documents, and compliance by the Authority with the provisions thereof, do not and will not conflict with or constitute a breach of or default by the Authority under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which it is bound or by which its properties may be affected;

(viii) No authorization, consent, or approval of, or filing or registration with, any Governmental Authority or court is, or under existing requirements of law will be, necessary for the valid execution and delivery of, or performance by the Authority of its obligations under, the Legal Documents;

(ix) there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of the Authority, threatened (A) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices; (B) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Bonds or the execution or delivery of any of the Legal Documents, or the payment or collection of any amounts pledged or to be pledged to pay the 2014 Installment Payments or the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or any proceeding of the Authority taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority and its authority to pledge the 2014 Installment Payments; or (C) that may result in any material adverse change relating to the Authority that will materially adversely affect the Authority's ability to apply the 2014 Installment Payments to pay the Bonds when due; and

(x) attached to such certificate as Exhibit A is a full, true, and correct copy of the Joint Exercise of Powers Agreement, dated as of October 8, 1991, by and among the City, the Housing Authority of the City of Oxnard, and the Redevelopment Agency of the City of Oxnard, as modified by Resolution No. 13,156, adopted by the City Council on September 12, 2006, as further modified by Resolution No. 13,182, adopted by the City Council on November 21, 2006, as further modified by Resolution No. 38, adopted by the Governing Board of the Authority on May 4, 2010 (collectively, the "**Joint Powers Agreement**"), along with various filings regarding the Authority that have been made with the California Secretary of State, on file in the office of the City Clerk of the City, and said Joint Powers Agreement (A) is a full, true, and correct copy of the original Joint Powers Agreement, as modified, (B) has not be amended or modified in any manner nor rescinded or revoked as of the Delivery Date, except as shown in such Exhibit A, and (c) is now in full force and effect.

(f) Opinion of Counsel to the Escrow Agent and Trustee. An opinion of counsel to the Escrow Agent and the Trustee (the "**Bank**"), dated the Delivery Date, and addressed to the Authority and the Original Purchaser to the effect that:

(i) the Bank is a national banking association and is validly existing, duly qualified to do business and in good standing under the laws of each jurisdiction in which the performance of its duties under the Indenture, the Assignment Agreement, and the Escrow Agreement (collectively, the "**Bank Documents**") would require such qualification and has the requisite power and authority to execute, deliver and perform its obligations under the Bank Documents;

(ii) the Bank is duly eligible and qualified to act as Trustee under the Indenture and the Assignment Agreement and as Escrow Agent under the Escrow Agreement;

(iii) the Bank has all requisite power, authority and legal right to execute and deliver the Bank Documents and to perform its obligations under the Bank Documents, and has taken all necessary corporate action to authorize the execution and delivery of and the performance of its obligations under the Bank Documents;

(iv) the Bank has duly executed and delivered the Bank Documents. Assuming the due authorization, execution and delivery thereof by the other parties thereto, the Bank Documents are the legal, valid, and binding agreements of the Bank enforceable against the Bank in accordance with their terms, except to the extent enforceability thereof may be subject to (A) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies heretofore or hereafter enacted, and (B) the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(v) the Bonds have been duly authenticated by the Bank;

(vi) the execution, delivery and performance of the Bank Documents by the Bank and the consummation of the transactions contemplated thereby do not and will not (A) to the knowledge of such counsel, conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Bank is a party or by which the Bank is bound or to which any of the property or assets of the Bank or any of its subsidiaries is subject, (B) result in any violation of the provisions of the charter, articles of association, by-laws, or applicable resolutions of the Bank, or (C) to the knowledge of such counsel, result in any violation of any statute or any order, rule, or regulation of any court or government agency or body having jurisdiction over the Bank or any of its properties or assets; and

(vii) to the knowledge of such counsel, there are no actions, proceedings or investigations pending or threatened against the Bank before any court, administrative agency or tribunal (A) asserting the invalidity of the Bank Documents, (B) seeking to prevent the consummation of any of the transactions contemplated thereby, or (C) that might materially and adversely affect the performance by the Bank of its obligations under, or the validity or enforceability of the Bank Documents;

(g) Bank Certificate. A certificate of the Bank, dated the Delivery Date and signed by an authorized official of Bank, to the effect that:

(i) the Bank is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the necessary power to enter into, accept, and administer the trusts created under the Indenture and to authenticate the Bonds;

(ii) the Bank Documents have been duly authorized, executed, and delivered by a duly authorized officer of the Bank, and the execution, delivery, and performance of the Bank Documents has been duly authorized by all necessary action of the Bank;

(iii) the Bank Documents constitute the legal, valid, and binding obligations of the Bank enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(iv) the Bonds have been duly authenticated by a duly authorized officer of the Bank;

(v) no consent, approval, authorization, or other action by any governmental or regulatory authority having jurisdiction over the Bank that has not been obtained is or will be required for the execution and delivery of the Bank Documents or the performance by the Bank of its duties and obligations under the Bank Documents;

(vi) the execution and delivery by the Bank of the Bank Documents and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution, or any other agreement or instrument to which the Bank is a party or by which it is bound, or any law or any rule, regulation, order, or decree of any court or governmental agency or body having jurisdiction over the Bank or any of its activities or properties (except that no representation, warranty, or agreement need be made with respect to any federal or State securities or blue sky laws or regulations);

(vii) the Bank's action in executing and delivering the Bank Documents will not contravene the articles or bylaws of the Bank and is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and such action does not conflict with or violate any contract to which the Bank is a party or any administrative or judicial decision by which the Bank is bound; and

(viii) there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental agency, public board, or body that has been served on the Bank, or to the best knowledge of the Bank, threatened against the Bank which in the reasonable judgment of the Bank would affect the existence of the Bank or in any way contesting or affecting the validity or enforceability of the Bank Documents or contesting the powers of the Bank or its authority to enter into and perform its obligations thereunder;

(h) Resolutions. Copies of the City Resolution, the Authority Resolution, and the authorizing resolutions of the Bank;

(i) CDIAC Statements. Copies of the statements with respect to the sale of the Bonds required to be delivered to the California Debt and Investment Advisory Committee pursuant to Sections 53583 and 8855 of the California Government Code;

(j) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing;

(k) Tax Certificate. The Tax Certificate of the Authority and the City, in form satisfactory to Bond Counsel, signed by an appropriate officer of the Authority;

(l) Additional Documents. Such additional legal opinions, certificates, instruments, and other documents as Bond Counsel or the Original Purchaser may reasonably deem necessary.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Trustee, the Authority, and the Owners any claim, remedy, or right under or pursuant hereto, and any agreement, condition, covenant, or term required herein to be observed or performed by or on behalf of the City shall be for the sole and exclusive benefit of the Trustee, the Authority, and the Owners.

Section 12.2 Successor Deemed Included in all References to Predecessor. Whenever either the City, the Authority, or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, the Authority, or the Trustee or such officer, and all agreements, conditions, covenants, and terms required hereby to be observed or performed by or on behalf of the City, the Authority, or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 12.3 Execution of Documents by Owners. Any declaration, consent, request, or other instrument that is permitted or required herein to be executed by the Owners may be in one or more instruments of similar tenor and may be executed by the Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, consent, request, or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept that it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number, and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.8 hereof.

Any declaration, consent, request, or other instrument in 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 City or the Trustee in good faith and in accordance therewith.

Section 12.4 Disqualified Bonds. Bonds owned or held by or for the account of the Authority or the City (but excluding Bonds held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and shall not be entitled to consent to or take any other action provided for in this Indenture, unless all Bonds are so held. Upon request of the Trustee, the City shall specify to the Trustee those Bonds disqualified pursuant to this Section.

The Trustee may adopt appropriate regulations to require each Owner of Bonds, before his consent provided for in this Indenture shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section.

Section 12.5 Waiver of Personal Liability. No director, officer, or employee of the City or the Authority shall be individually or personally liable for the payment of the interest or principal or the redemption premiums, if any, represented by the Bonds, but nothing contained herein shall relieve any director, officer, or employee of the City or Authority from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement or hereby.

Section 12.6 Acquisition of Bonds by Authority or City; Destruction of Bonds. All Bonds acquired by the Authority or the City, whether by purchase or gift or otherwise shall be surrendered to the Trustee for cancellation. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the Authority and the City.

Section 12.7 Headings. Headings preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of this Indenture or affect its meaning, construction or effect.

All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections, or subdivisions of this Indenture; and the words "herein," "hereof," "hereunder," and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or subdivision hereof.

Section 12.8 Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound industry practices and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 12.9 Partial Invalidity. If any one or more of the agreements, conditions, covenants, or terms required herein to be observed or performed by or on the part of the City, the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants, and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection, and security afforded to them under any applicable provisions of law. The City, the Authority, and the Trustee hereby declare that they would have executed this Indenture, and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof and would have authorized the execution and delivery 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 circumstances may be held to be unconstitutional, unenforceable, or invalid.

Section 12.10 California Law. THIS INDENTURE SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE.

Section 12.11 Notices. All written notices to be given under this Indenture shall be given by mail to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time.

If to the City:	City of Oxnard 300 West Third Street Oxnard, California 93030 Attention: Chief Financial Officer
If to the Authority:	City of Oxnard Financing Authority c/o City of Oxnard 300 West Third Street Oxnard, California 93030 Attention: Controller
If to the Trustee:	Wells Fargo Bank, National Association 707 Wilshire Blvd., 17th Floor Los Angeles, California 90017 Attention: Corporate Trust Services Ref: City of Oxnard
If to the Original Purchaser:	Capital One Public Funding, LLC 275 Broadhollow Road Melville, New York 11747 Attention: President
If to any other Owner:	to its address as indicated in the Bond Register

Section 12.12 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 12.13 Payments Due On a Day Other Than a Business Day. 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, is not a Business Day, such payment, with no interest accruing for the period after such nominal date, 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 therefor in this Indenture.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have executed this Indenture effective as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By ______________________________
Vice President

CITY OF OXNARD FINANCING AUTHORITY

By ______________________________
Tim Flynn, Chairman

ATTEST:

By ______________________________
Daniel Martinez, Secretary

CITY OF OXNARD

By ______________________________
Tim Flynn, Mayor

ATTEST:

By ______________________________
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

By ______________________________
Stephen M. Fischer,
Interim City Attorney and
Interim Authority General Counsel

APPROVED AS TO CONTENT:

By ______________________________
James Cameron
City Chief Financial Officer and
Authority Controller

EXHIBIT A

FORM OF BOND

No. 1 $____________

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF VENTURA

CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING BOND
SERIES 2014

THIS BOND MAY ONLY BE TRANSFERRED IN WHOLE OR IN PART IN MINIMUM PRINCIPAL AMOUNTS OF $100,000 AND ONLY TO AN ENTITY THAT IS EITHER (I) AN AFFILIATE OF CAPITAL ONE PUBLIC FUNDING, LLC, OR (II) A BANK, INSURANCE COMPANY, OR SIMILAR FINANCIAL INSTITUTION THAT IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN ALL CASES SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

RATE OF INTEREST:	MATURITY DATE:	DATED DATE:
3.800%	June 1, 2034	June 3, 2014

REGISTERED OWNER: CAPITAL ONE PUBLIC FUNDING, LLC

PRINCIPAL AMOUNT: __________ MILLION _______ THOUSAND DOLLARS

CITY OF OXNARD FINANCING AUTHORITY, a joint powers authority created pursuant to the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the 2014 Installment Payments and certain funds and accounts established by the Indenture) to the Registered Owner shown above or registered assigns (the "Registered Owner") (subject to the right of prior redemption hereinafter mentioned), the Principal Amount shown above on the Maturity Date shown above.

Interest with respect to this Bond shall be payable from the Interest Payment Date (as defined herein) preceding its date of execution, unless such date shall be after a Record Date (as defined herein) and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable from the Dated Date; provided, however, that if, as shown by the records of Wells Fargo Bank, National Association, as trustee (the "Trustee"), interest represented by this Bond shall be in default, Bonds executed in exchange for this Bond upon surrender for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to this Bond, or, if no interest has been paid or duly provided for with respect to this Bond, from the Dated Date. Interest shall be paid to such Registered Owner by check mailed thereto, at his/her address as it appears on the Bond Register kept by the Trustee at the close of business on the fifteenth calendar day of the month preceding the Interest Payment Date (the "Record Date") until the principal hereof shall have been paid as provided for in accordance with the Indenture hereinafter referred to, at the interest rate shown above, payable December 1, 2014, and thereafter semiannually on June 1 and December 1 in each year (each, an "Interest Payment Date").

Both principal and interest and any premium upon the redemption prior to the maturity of all or part hereof are payable in lawful money of the United States of America, and (except for interest, which is payable by check as stated above) are payable at the designated corporate trust office of the Trustee in Los Angeles, California; provided that in the case of a Registered Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon written request received by the Trustee at least five business days prior to the date of payment as provided in the Indenture, interest payments shall be made by wire transfer of immediately available funds to an account within the United States.

This Bond is one of a duly authorized series of bonds of the Authority designated as the "City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014" (the "Bonds"), all of which have been issued pursuant a Trust Indenture, dated as of June 1, 2014 (the "Indenture"), by and among the Authority, the City of Oxnard (the "City"), and the Trustee, which is incorporated herein by this reference (copies of which Indenture are on file at the corporate trust office of the Trustee in Los Angeles, California).

Capitalized terms used herein and not defined shall have the meanings given to them in the Indenture.

The Bonds are issued to provide funds to refund certain obligations of the Authority. The Bonds are limited obligations of the Authority and are payable solely from installment payments (the "2014 Installment Payments") paid by the City pursuant to an Amended and Restated Installment Purchase Agreement, dated as of June 1, 2014 (the "Installment Purchase Agreement"), by and between the Authority and the City. The terms and conditions of the Bonds are provided for by the Indenture, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is entered into under, and this Bond is issued under, and both are to be construed in accordance with the laws of the State of California.

The principal and interest on this Bond is secured by the 2014 Installment Payments paid by the City pursuant to the Installment Purchase Agreement and certain funds and accounts established by the Indenture. The Authority and the City are authorized to enter into the Installment Purchase Agreement pursuant to the laws of the State of California and certain proceedings of their respective governing boards. The City is required under the Installment Purchase Agreement to pay 2014 Installment Payments to the Trustee, as assignee.

This Bond has been executed by the Authority pursuant to the terms of the Indenture. Reference is hereby made to the Installment Purchase Agreement and the Indenture (copies of which are on file at the designated corporate trust office of the Trustee) for a description of the terms on which the Bonds are delivered, and the rights thereunder of the Registered Owner of this Bond and the rights, duties, and immunities of the Trustee and the rights and obligations of the City and the Authority under the Installment Purchase Agreement, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents, and agrees.

The Bonds may be issued in authorized denominations of $100,000 and any dollar amount in excess thereof.

The obligation of the City to pay 2014 Installment Payments 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 payment of principal, or any part hereof, nor any interest hereon constitutes a debt, liability, or obligation of the City, the Authority or any of the public agencies who are parties to the joint powers agreement creating the Authority, except as provided in the Indenture.

The Bonds are subject to redemption on any Interest Payment Date on or after June 1, 2024, as a whole or, not more than once each calendar year, in part in any principal amount in excess of $100,000, randomly by lot within each maturity, from amounts prepaid by the City pursuant to the Installment Purchase Agreement or any other source of funds at a Redemption Price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium.

The Bonds are subject to redemption prior to their stated maturity, in part, from Mandatory Sinking Account Payments, on each June 1, commencing June 1, 2015, at the principal amount 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:

Mandatory Sinking Account Payment Date (June 1)	Principal Amount
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	

Mandatory Sinking Account Payment Date (June 1)	Principal Amount
2032	
2033	
2034 (maturity)	

In the event of any redemption of Bonds other than from Mandatory Sinking Account Payments, the schedule of Mandatory Sinking Account Payments above shall be reduced in equal percentages, as nearly as practicable.

Notice of redemption (exclusive of redemption from Mandatory Sinking Account Payments, for which no notice of redemption shall be given) shall be mailed, first-class postage prepaid, to the Registered Owner of each Bond designated for redemption at its address appearing on the Bond Register at least thirty (30) days but not more than sixty (60) days prior to the redemption date.

Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, shall designate the maturities, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Such notice of redemption 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 and that from and after such date interest evidenced thereby shall cease to accrue and be payable. With respect to any notice of redemption of Bonds pursuant to the Indenture, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay for the Redemption Price of the Bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption. Any defect in the notice or the mailing will not affect the validity of the redemption of any Bond.

This Bond is issued in fully-registered form, without coupons, and is non-negotiable. It may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series and maturity, all as more fully set forth in the Indenture.

Any transfer of this Bond shall be subject to the restrictions on transfer set forth on page 1 of this Bond and in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the designated corporate trust office of the Trustee in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same series and maturity will be issued to the transferee in exchange therefor.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Indenture or become valid for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED by the City and the Authority that all things, conditions and acts required by the Constitution and the statutes of the State of California and the Indenture to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Bond, do exist, have happened, and have been performed in due time, form, and manner, as required by law.

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.

ATTEST:	CITY OF OXNARD FINANCING AUTHORITY
By:________________________ Daniel Martinez, Secretary	By:________________________ Tim Flynn, Chairman, Chairman

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Date of Authentication: ________________ WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:________________________________

Its: Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfer unto

____

____

(Name, address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) ____________ ____ attorney, to transfer the same on the Bond Register of the Trustee with full power of substitution in the premises.

Dated: ________________________

Signature Guaranteed:

____

Note: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or any national stock exchange or a commercial bank or trust company.

Signature:

____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within registered Bond in every particular without alteration or enlargement or any change whatsoever.

FORM OF BOND COUNSEL OPINION

[Delivery Date]

Governing Board
City of Oxnard Financing Authority
300 West Third Street
Oxnard, California 93030

Re: FINAL OPINION
$__________ City of Oxnard Financing Authority
Water Revenue Refunding Bonds, Series 2014

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Oxnard Financing Authority (the "Authority") in connection with the issuance by the Authority of $__________ aggregate principal amount of the City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014 (the "Bonds"), 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), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and the provisions of a Trust Indenture, dated as of June 1, 2014 (the "Indenture"), by and among the Authority, the City of Oxnard (the "City"), and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture and in the Amended and Restated Installment Purchase Agreement, dated as of June 1, 2014 (the "Installment Purchase Agreement"), by and between the City and the Authority, as applicable.

In such connection, we have reviewed the Indenture, the Installment Purchase Agreement, the Assignment Agreement, dated as of June 1, 2014 (the "Assignment Agreement"), by and between the Authority and the Trustee, the Tax Certificate of the City and the Authority, dated the date hereof (the "Tax Certificate"), opinions of the City Attorney, certifications of the City, the Authority, and others, and such other documents, opinions, and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are expressed only on and as of the date hereof and are based on an analysis of existing laws, regulations, rulings, and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Changes to existing law may occur hereafter and could have retroactive effect. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the City. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted, or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Installment Purchase Agreement, the Assignment Agreement, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Installment Purchase Agreement, the Assignment Agreement, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and joint powers authorities in the State of California. We express no opinion with respect to any indemnification, arbitration, contribution, penalty, choice of law, choice of forum, choice of venue, severability, or waiver provisions contained in the documents mentioned in the previous sentence.

We undertake no responsibility for the accuracy, completeness, or fairness of any offering or disclosure materials relating to the Bonds and express no opinion with respect thereto. We express no opinion regarding the perfection or priority of the lien on the 2014 Installment Payments or the Net Water System Revenues.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The obligation of the City to pay the 2014 Installment Payments under the Installment Purchase Agreement constitutes a valid and binding limited obligation of the City. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the 2014 Installment Payments. The Installment Purchase Agreement creates a valid pledge, to secure the payment of the 2014 Installment Payments, of the Net Water System Revenues.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income.

Except as stated in paragraph 3 above, we express no opinion as to federal or State of California tax consequences of the ownership of the Bonds. We also express no opinion regarding any other tax consequences with respect to the acquisition, ownership, or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted,

EXHIBIT B

WRITTEN REQUEST OF THE AUTHORITY FOR DISBURSEMENT OF COSTS OF ISSUANCE

Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17^{th} Floor
Los Angeles, CA 90017
Attention: Corporate Trust Department

SUBJECT: City of Oxnard Financing Authority
Water Revenue Refunding Bonds, Series 2014

Requisition No.: ______________

Ladies and Gentlemen:

You, as Trustee under certain Trust Indenture, dated as of June 1, 2014 (the "**Indenture**"), among you, the City of Oxnard, and the City of Oxnard Financing Authority, which Indenture authorized the issuance and sale of the above-referenced Bonds, are hereby requested to pay from the Costs of Issuance Fund established pursuant to the Indenture 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 and 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: ____________

CITY OF OXNARD FINANCING AUTHORITY

By: ______________________________
Controller

EXHIBIT C

FORM OF PURCHASER CERTIFICATE

Dated: June 3, 2014

I, ______________, ____________, of Capital One Public Funding, LLC, Melville, New York ("**COPF**"), do hereby certify as follows with regard to the $__________ City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014 (the "**Loan Obligation**"), dated June 3, 2014, issued by the City of Oxnard Financing Authority (the "**Borrower**"):

1. COPF has full power and authority to carry on its business as now conducted, deliver this Certificate, and make the representations and certifications contained herein.

2. COPF is a lender that regularly extends credit by purchasing loans in the form of state and local government obligations such as the Loan Obligation; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Loan Obligation and the risks associated with the purchase of the Loan Obligation; has the ability to bear the economic risk of extending the credit evidenced by the Loan Obligation; and is a limited liability company engaged in the primary business of extending credit and making loans to state and local governments and non-profit entities and has total assets in excess of $1 billion. COPF is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its purchase of the Loan Obligation.

3. COPF has conducted its own investigation of the financial condition of the Borrower, the purpose for which the Loan Obligation is being executed and delivered, and the security for the payment of the principal of and interest on the Loan Obligation, and has obtained such information regarding the Loan Obligation and the Borrower and its operations, financial condition, and financial prospects as COPF deems necessary to make an informed investment decision with respect to the purchase of the Loan Obligation.

4. COPF is purchasing the Loan Obligation represented by the City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014, as a vehicle for making a commercial loan for its own loan account and without any present intention of distributing or selling any interest therein or portion thereof; provided that COPF retains the right at any time to dispose of the Loan Obligation or any interest therein or portion thereof in minimum principal amounts of $100,000, but agrees that any such sale, transfer, or distribution by COPF shall be made to:

(a) an affiliate of COPF that executes a purchaser letter substantially in the form of this certificate; or

(b) one or more banks, insurance companies or similar financial institutions each of which is a "Qualified Institutional Buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and that executes a purchaser letter substantially in the form of this certificate.

5. COPF acknowledges that the Loan Obligation (a) has not been registered under the Securities Act of 1933, as amended, and has not been registered or otherwise qualified for sale under the securities laws of any state and (b) will not be listed on any securities exchange. COPF further acknowledges that there is no established market for the Loan Obligation and that none is likely to develop. COPF understands and acknowledges that (i) the offering of the Loan Obligation is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) in connection with COPF's purchase of the Loan Obligation, the Borrower has not prepared, or caused to be prepared, any official statement, private placement memorandum, or other offering document in connection with the sale and purchase of the Loan Obligation.

6. COPF is acting solely for its own loan account and not as a fiduciary for the Borrower or in the capacity of broker, dealer, placement agent, municipal securities underwriter, municipal advisor, or fiduciary. COPF has not provided, and will not provide, financial, legal (including securities law), tax, accounting, or other advice to or on behalf of the Borrower (including to any financial advisor or any placement agent engaged by the Borrower) with respect to the structuring, issuance, sale, or delivery of the Loan Obligation. COPF has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the Borrower with respect to the transactions relating to the structuring, issuance, sale, or delivery Loan Obligation and the discussions, undertakings, and procedures leading thereto. Each of the Borrower, its financial advisor, and its placement agent has sought and shall seek and obtain financial, legal (including securities law), tax, accounting, and other advice (including as it relates to structure, timing, terms, and similar matters and compliance with legal requirements applicable to such parties) with respect to the Loan Obligation from its own financial, legal, tax, and other advisors (and not from the undersigned or its affiliates) to the extent that the Borrower, its financial advisor, or its placement agent desires to, should, or needs to obtain such advice. COPF expresses no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the Borrower's financial advisor or placement agent, or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the Borrower's financial advisor or placement agent, with respect to any such matters. The transactions between the Borrower and COPF are arm's length, commercial transactions in which COPF is acting and has acted solely as a principal and for its own interest and COPF has not made recommendations to the Borrower with respect to the transactions relating to the Loan Obligation.

[signature page follows]

IN WITNESS WHEREOF, Capital One Public Funding, LLC, has caused this Purchaser Certificate to be executed by its officer thereunto duly authorized, all as of the day and year first above written.

CAPITAL ONE PUBLIC FUNDING, LLC

By: ______________________________
[NAME/TITLE]

ESCROW AGREEMENT

CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE PROJECT BONDS, SERIES 2004

THIS ESCROW AGREEMENT, dated as of June 1, 2014 (this "**Escrow Agreement**"), by and between the City of Oxnard Financing Authority (the "**Authority**"), and Wells Fargo Bank, National Association, Los Angeles, California, as Escrow Agent (the "**Escrow Agent**") hereunder with respect to the $47,895,000 in original principal amount of the City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2004 (the "**Prior Bonds**"), is entered into in accordance with the Resolution No. ___ of the Governing Board of the Authority (the "**Board**") adopted on April 22, 2014 (the "**Resolution**"), and the Trust Indenture dated as of June 1, 2014 (the "**Indenture**"), by and among the Authority, the City of Oxnard (the "**City**"), and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), to refund, on a current refunding basis, the Prior Bonds, of which $37,840,000 in principal amount is currently outstanding.

W I T N E S S E T H:

WHEREAS, pursuant to the Trust Indenture dated as of February 1, 2004 (the "**Prior Indenture**"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "**Prior Trustee**"), the Authority issued the Prior Bonds in the original principal amount of $47,895,000; and

WHEREAS, pursuant to 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 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of said Government Code) (the "**Refunding Law**"), the Authority is authorized to issue refunding bonds to refund the Prior Bonds; and

WHEREAS, pursuant to the Refunding Law, the proceeds of said refunding bonds, pending their application to the retirement at maturity or prior redemption of the Prior Bonds, may be placed in escrow and invested or reinvested in any obligations or securities, and any interest or other increment earned or realized on any such investment may be applied to the payment of the Prior Bonds; and

WHEREAS, the Authority has previously given the Prior Trustee irrevocable instructions to mail to the owners of the Prior Bonds and to XL Capital Assurance Inc. (the "**Prior Bond Insurer**"), at least thirty (30) days but not more than sixty (60) days prior to June 3, 2014 (the "**Redemption Date**"), in accordance with Section 4.3 of the Prior Indenture, a conditional notice of the of redemption of the Prior Bonds, which conditional notice was in substantially the form set forth in Exhibit A attached hereto; and

WHEREAS, the Authority has determined it is beneficial to itself and the City to refund, on a current basis, all outstanding Prior Bonds; and

WHEREAS, the Authority has determined that $__________ in aggregate principal amount of the City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series

2014 (the "**Bonds**"), shall be issued pursuant to the Resolution and the Indenture, for, among other purposes, the purpose of providing a portion of the funds to pay on the Redemption Date, the accrued interest on the Prior Bonds maturing on and after June 1, 2015, and the redemption price of 100% of the principal amount payable with respect to the Prior Bonds maturing on and after June 1, 2015; and

WHEREAS, the Indenture provides that a portion of the proceeds from the sale of the Bonds, excluding accrued interest, if any, received by the Authority, shall be placed in an escrow hereunder, in part for the purpose of providing funds necessary to refund and redeem the Prior Bonds, all as provided herein; and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (in accordance with the Refunding Law) the principal of and interest on which when due will provide money which, together with other moneys, if any, deposited with the Escrow Agent at the same time pursuant to this Escrow Agreement, will be sufficient to pay on the Redemption Date, the accrued interest on the Prior Bonds maturing on and after June 1, 2015, and the redemption price of 100% of the principal amount payable with respect to the Prior Bonds maturing on and after June 1, 2015;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority and the Escrow Agent agree as follows:

Section 1. Receipt of Documents. The Escrow Agent hereby acknowledges the receipt of copies of the Resolution, the Prior Indenture, and the Indenture. Any reference herein to, or citation herein of, any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

Section 2. Deposit of Moneys. The Authority hereby directs that the Escrow Agent, in its capacity as Trustee for the Bonds, deposit with the Escrow Agent $__________ by federal funds wire (which deposit may also be made via federal funds wire of said amount directly from Capital One Public Funding, LLC, as the purchaser of the Bonds), representing a portion of the net proceeds of the sale of the Bonds, to be held in an irrevocable escrow by the Escrow Agent separate and apart from other funds of the Authority, the Trustee, and the Escrow Agent, in a fund hereby created and established to be known as the "**Escrow Fund**" to be applied solely as provided in this Escrow Agreement. The Authority further directs that the Escrow Agent, in its capacity as Prior Trustee under the Prior Indenture, transfer or cause to be transferred the following funds for deposit in the Escrow Fund; (i) from the Reserve Fund established under the Prior Indenture with respect to the Prior Bonds the amount of $__________ and [**CONFIRM:**] (ii) from the Payment Fund established under the Prior Indenture with respect to the Prior Bonds the amount of $__________. All moneys in the Escrow Fund, in the aggregate amount of $__________, will be held uninvested as cash. Such moneys shall be at least an amount sufficient (i) to refund and redeem the Prior Bonds and discharge the Prior Indenture in accordance with its terms and (ii) to pay on the Redemption Date, the accrued interest on the Prior Bonds maturing on and after June 1, 2015, and the redemption price of 100% of the principal amount payable with respect to the Prior Bonds maturing on and after June 1, 2015.

Section 3. No Investment of Moneys. All amounts held in the Escrow Fund shall be held as cash.

Section 4. [RESERVED].

Section 5. [RESERVED].

Section 6. Irrevocable Deposit; Express Trust. The escrow created hereby shall upon the issuance of the Bonds be irrevocable, and all moneys held in the Escrow Fund shall be subject to the express trust created by this Escrow Agreement until paid out, used, and applied in accordance with this Escrow Agreement.

The deposits made pursuant to Section 2 hereof shall, upon the issuance of the Bonds, constitute an irrevocable deposit for the benefit of the Prior Bonds, and the moneys shall be held in trust, and shall be applied solely by the Escrow Agent in accordance with the provisions of this Escrow Agreement. None of the moneys deposited with the Escrow Agent under this Escrow Agreement shall, except as provided in Sections 7 and 8 hereof, be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium, if any, and interest on the Prior Bonds.

Section 7. Payment of Prior Bonds.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay on the Redemption Date, the accrued interest on the Prior Bonds maturing on and after June 1, 2015, and the redemption price of 100% of the principal amount payable with respect to the Prior Bonds maturing on and after June 1, 2015. THE AUTHORITY IRREVOCABLY WAIVES ITS RIGHTS TO REDEEM THE PRIOR BONDS ON ANY OTHER DATE. Any moneys remaining in the Escrow Fund after payment in full of the principal of, unpaid interest on, and premium, if any, on the Prior Bonds shall be repaid by the Escrow Agent to the Authority.

(b) Notice. The Authority has previously instructed the Escrow Agent to mail to the owners of the Prior Bonds and the Prior Bond Insurer in accordance with Section 4.3 of the Prior Indenture, a conditional notice that the Prior Bonds will be redeemed in full on the Redemption Date. The form of the notice mailed is attached hereto as Exhibit A. The Authority has further previously instructed the Escrow Agent to mail a copy of such notice to the Securities Depositories (as hereinafter defined) and to the Information Services (as hereinafter defined).

"**Securities Depositories**" means The Depository Trust Company, 55 Water Street, 22nd Floor, New York, New York 10041-0099, Attn. Call Notification Department, Facsimile transmission: (212) 855-7232, or, in accordance with the 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 Escrow Agent.

"**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 Bonds Department; and 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 services providing information with respect to called bonds, or no such services, as the Authority may designate in writing to the Escrow Agent.

(c) Unclaimed Moneys. To the extent permitted by law, any moneys which remain unclaimed for (i) two years after the principal of all of the Prior Bonds has become due and payable, if such moneys were so held at such date, or (ii) two years after the date of deposit of such moneys if such moneys were deposited after said date when all of the Prior Bonds become due and payable, shall be repaid by the Escrow Agent to the Authority; provided, however, that before being required to make any such payment to the Authority, the Escrow Agent shall at the expense of the Authority cause to be mailed to the owners of such Prior Bonds a notice that said money remains unclaimed and that, after a date named in such notice, the balance of such money then unclaimed will be returned to the Authority.

(d) Priority of Payments. The owners of the Prior Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the Prior Indenture, upon deposit with the Escrow Agent in the Escrow Fund of moneys in the amounts set forth in Section 2 hereof, all liability of the Authority with respect to such Prior Bonds shall cease, terminate, and be completely discharged, and the owners thereof shall thereafter be entitled only to payment out of such money deposited with the Escrow Agent as aforesaid for their payment, subject however, to Section 7(c) hereof.

Section 8. Application of Certain Terms of the Prior Indenture. All of the terms of the Prior Indenture relating to the transfer and exchange and the making of payments of principal and interest on the Prior Bonds are incorporated in this Escrow Agreement as if set forth in full herein.

Section 9. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

Section 10. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2 and 3 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer, or otherwise dispose of the moneys held hereunder.

Section 11. Indemnity. To the extent permitted by law, the Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save, and keep harmless the Escrow Agent and its respective successors, assigns, agents, and employees, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses, and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery, and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, and any payment, transfer, or other application of moneys by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, agents, or employees. In no event shall the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section 11 shall survive the termination of this Escrow Agreement.

Section 12. Responsibility of Escrow Agent. The Escrow Agent shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of such moneys to pay the Prior Bonds, or any payment, transfer, or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the amounts deposited in the Escrow Fund to accomplish the refunding of the Prior Bonds or to the validity of this Escrow Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered, or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Authority.

Section 13. Amendments. This Escrow Agreement is made for the benefit of the Authority and the owners from time to time of the Prior Bonds, and it shall not be repealed, revoked, altered, or amended without the written consent of all such owners, the Escrow Agent, and the Authority; provided, however, that the Authority, and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners or the exclusion from gross income of interest payable on the Prior Bonds for purposes of federal income taxation, and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the Prior Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement;

(ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Prior Bonds, any additional rights, remedies, powers, or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Escrow Agreement additional funds, securities, or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized bond counsel, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition, or elimination affects the rights of the owners of the Prior Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 14. Insufficient Funds. If at any time the moneys in the Escrow Fund will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall notify the Authority in writing, immediately upon its actual knowledge of such deficiency, of the amount thereof and if actually known to it the reason therefor. The Escrow Agent shall have no further responsibility regarding any such deficiency.

Section 15. Notices. In the event that this agreement or any provision thereof is severed, amended, or revoked, the Authority shall provide written notice of such severance, amendment, or revocation to Standard & Poor's Ratings Service, 55 Water Street, 38th Floor New York, NY 10041 Attention: Public Finance Surveillance Group. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made to Wells Fargo Bank, National Association, 707 Wilshire Boulevard, 17th Floor, Los Angeles, California 90017. Any notice to the Prior Bond Insurer shall be sent to XL Capital Assurance Inc., 1221 Avenue of the Americas, New York, New York 10020-1001, Attention: Surveillance. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Authority at City of Oxnard Financing Authority, 300 West Third Street, Oxnard, California 93030, Attention: Authority Controller (or such other address as may have been filed in writing by the Authority with the Escrow Agent).

Section 16. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Prior Bonds have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 7(c) of this Escrow Agreement.

Section 17. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Authority and any other reasonable fees and expenses approved by the Authority; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement.

Section 18. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement to be performed on the part of the Authority or the Escrow Agent should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 19. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 20. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF OXNARD FINANCING AUTHORITY

By:______________________________
James Cameron
Authority Controller

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Escrow Agent

By:______________________________
Authorized Officer

SCHEDULE A

On the date of issuance of the Bonds, Wells Fargo Bank, National Association, as Escrow Agent, shall receive and deposit the moneys referred to in Section 2 of the Escrow Agreement as follows:

SOURCES OF FUNDS TO BE RECEIVED
FOR DEPOSIT IN THE ESCROW FUND

Bond Proceeds	$________
Reserve Fund of Prior Indenture	________
Payment Fund of Prior Indenture	________
TOTAL SOURCES	$________

USES OF FUNDS DEPOSITED IN ESCROW FUND

Cash to be held in Escrow Fund	$________
TOTAL USES	$________

Exhibit A

CONDITIONAL NOTICE OF FULL REDEMPTION

TO THE HOLDERS OF CITY OF OXNARD FINANCING AUTHORITY WATER REVENUE PROJECT BONDS, SERIES 2004

CONDITIONAL NOTICE OF FULL REDEMPTION

TO THE HOLDERS OF CITY OF OXNARD FINANCING AUTHORITY WATER REVENUE REFUNDING AND PROJECT BONDS, SERIES 2001

CONDITIONAL NOTICE is hereby given on behalf of the City of Oxnard Financing Authority (the "**Authority**") that, pursuant to Section 4.1(a) of the Trust Indenture dated as of February 1, 2004 (the "**Indenture**"), by and among the Authority, the City of Oxnard, and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), the above-referenced bonds (the "**Bonds**") in the aggregate principal amount of $37,840,000 as listed below are being called for redemption on June 3, 2014 (the "**Redemption Date**"), at the redemption price of 100% (expressed as a percentage of the principal amount of Bonds called for redemption) (the "**Redemption Price**") plus accrued interest to the Redemption Date. On and after the Redemption Date, interest shall cease to accrue on the Bonds.

Maturity Date (June 1)	Interest Rate	Redemption Price	Principal Amount Called	CUSIP No.
2015	3.700%	100%	$1,190,000	691879 CR9
2016	3.800%	100%	$1,235,000	691879 CS7
2017	3.875%	100%	$1,285,000	691879 CT5
2018	4.000%	100%	$1,335,000	691879 CU2
2019	5.000%	100%	$1,385,000	691879 CV0
2020	5.000%	100%	$1,455,000	691879 CW8
2021	5.000%	100%	$1,530,000	691879 CX6
2022	5.000%	100%	$1,605,000	691879 CY4
2023	5.000%	100%	$1,685,000	691879 CZ1
2024	5.000%	100%	$1,770,000	691879 DA5
2028	5.000%	100%	$8,005,000	691879 DB3
2034	5.000%	100%	$15,360,000	691879 DC1

This Conditional Notice will be withdrawn if the Authority fails to issue its City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2014, on or before the Redemption Date. If this Conditional Notice is withdrawn by the Authority, this Conditional Notice shall be of no force or effect, and none of the Bonds shall be redeemed on the Redemption Date.

Payment of the Redemption Price on the Bonds called for redemption will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner.

By Registered or Certified Mail:	If in person, by hand:	By Air Courier:
Wells Fargo Bank Minnesota, N.A.	**Wells Fargo Bank Minnesota, N.A.**	**Wells Fargo Bank Minnesota, N.A.**
Attn: Corporate Trust Operations	Northstar East Building	Attn: Investor & Payment Services
P.O. Box 1517	608 Second Avenue South	MAC Code: N9303-121
Minneapolis, MN 55480-1517	12'h Floor-Corporate Trust Services	Sixth and Marquette
	Minneapolis, MN	Minneapolis, MN 55479

Our customer service number is 1-800-344-5128.

Registered or certified mail is suggested when submitting Bonds for payment.

When inquiring about this redemption, please have the Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Bonds.

Withholding of 30% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2001, unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

The CUSIP numbers have been assigned by Standard & Poor's Corporation and are included solely for the convenience of the Bondholders. Neither the Authority nor the Trustee shall be responsible for the selection or use of the CUSIP numbers nor is any representation made as to their correctness on the Bonds or as indicated in any redemption notice.

Dated: __________, 2014

Wells Fargo Bank, National Association
as Trustee

ASSIGNMENT AGREEMENT

Dated as of June 1, 2014

by and between

CITY OF OXNARD FINANCING AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

relating to

$[PRINCIPAL AMOUNT]
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS,
SERIES 2014

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of June 1, 2014, by and between City of Oxnard Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "**Authority**"), and Wells Fargo Bank, National Association, a banking association duly organized and existing under and by virtue of the laws of the United States, as trustee (the "**Trustee**");

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. **Assignment**. The Authority, for good and valuable consideration in hand received, does hereby convey, assign, and transfer to the Trustee, for the benefit of the owners of the Authority's Water Revenue Refunding Bonds, Series 2014 (the "**Bonds**"), to be issued pursuant to the Trust Indenture (the "**Indenture**"), dated as of June 1, 2014, by and among the City of Oxnard (the "**City**"), the Authority, and the Trustee, the Authority's rights under the Amended and Restated Installment Purchase Agreement, dated as of June 1, 2014 (the "**Installment Purchase Agreement**"), by and between the City and the Authority, including the right to receive all 2014 Installment Payments (as defined in the Installment Purchase Agreement) from the City under the Installment Purchase Agreement (but not including the right to be indemnified pursuant to, or receive notices under, the Installment Purchase Agreement), together with any and all of the other rights of the Authority under the Installment Purchase Agreement as may be necessary to enforce payment of such 2014 Installment Payments when due or otherwise to protect the interests of the owners of the Bonds.

Section 2. **Acceptance**. The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such 2014 Installment Payments from the City under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Indenture, and all such 2014 Installment Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Indenture.

Section 3. **Conditions**. This Assignment Agreement shall confer no rights or impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF OXNARD FINANCING AUTHORITY

By:____________________________________
Tim Flynn, Chairman

ATTEST:

____
Daniel Martinez, Secretary

APPROVED AS TO FORM:

____
Stephen M. Fischer,
Interim General Counsel

APPROVED AS TO CONTENT:

____
James Cameron, Controller

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:____________________________________
Its: Authorized Officer

AGENDA ITEM NO.
S - 1

MINUTES

OXNARD CITY COUNCIL
Special Meeting
April 2, 2014

A. ROLL CALL/POSTING OF AGENDA

At 5:09 p.m., the special meeting of the Oxnard City Council convened in the Junior Ballroom of the Residence Inn by Marriott at River Ridge, 2101 W. Vineyard Avenue, Oxnard. Councilmembers Tim Flynn, Carmen Ramirez, Bryan A. MacDonald, Dorina Padilla and Bert Perello were present. The Deputy City Clerk stated that the agenda was posted on Thursday at the City Clerk's Office and Main City Library. Mayor Flynn presided and called the meeting to order. Staff members present were: Daniel Martinez, City Clerk; Stephen Fischer, Interim City Attorney; and Lyn Bennett, Deputy City Clerk.

B. PUBLIC COMMENT

Public comments were received from: Dan Pinedo; Margie Borjon-Miller; Larry Stein; Joseph Cantaoi; Jim Lavery; Martin Jones; Donald Thiebeault; Orlando Dozier; Peggy Rivera; Al Velasquez; Rebecca Ralph; Ralph James; Al Duff, Sr; Michael Rhodes; Daniel Lechliter; Dan Pinedo; Pat Brown; Bryan Patino; Manuel Gonzales; Harold Ceja; Regina Crawford; Francine Castanon; and Michael Rhodes.

C. FINALISTS FOR CITY MANAGER POSITION

Finalists Greg Nyhoff and Chandra Wallar were introduced by the Fred Freeman (Consultant) of Bob Murray and Associates. Each candidate was given 15 minutes to speak about their past experiences and goals for the City.

At 6:40 p.m. Mayor Flynn announced that the public would now be given the opportunity to meet with the candidates in a meet and greet.

Councilmember Perello asked about closed session comments. The Interim City Attorney reviewed the closed session comment process.

D. PUBLIC COMMENTS ON CLOSED SESSION ITEMS

Public comment received from Larry Stein.

E. CLOSED SESSION

At 7:13 p.m., the City Council recessed to a closed session pursuant to Government code §54957(b)(1) to consider the finalists for the position of City Manager.

At 7:40 p.m. the City Council reconvened and Mayor Flynn stated direction had been provided to the Consultant.

F. ADJOURNMENT

At 7:42 p.m. the City Council concurred to adjourn the meeting.

LYN BENNETT
Deputy City Clerk

TIM FLYNN
Mayor

DANIEL MARTINEZ
City Clerk

MINUTES
OXNARD FINANCING AUTHORITY
Regular Meeting
December 3, 2013

A. ROLL CALL/POSTING OF AGENDA

At 6:08 p.m., the regular meeting of the Oxnard Finance Authority convened in the Council Chambers, concurrently with the City Council, Community Development Commission Successor Agency, Housing Authority and Parking Authority. Commissioners Tim Flynn, Carmen Ramirez, Bryan A. MacDonald, Dorina Padilla and Bert Perello were present. The Secretary Designate stated that the agenda was posted on Thursday in the Library and City Clerk's Office. Chairperson Flynn presided and called the meeting to order. Staff members present were: Daniel Martinez, Secretary Designate; James Cameron, Chief Financial Officer; Stephen Fischer, Interim General Counsel; and Grace Magistrale Hoffman, Deputy Executive Secretary.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS

C. CLOSED SESSION

D. OPENING CEREMONIES

The meeting opened with the pledge of allegiance to the flag of the United States, followed by a moment of silence.

E. CEREMONIAL CALENDAR

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

G. TRANSMITTAL OF INFORMATION ONLY ITEMS

H. INFORMATION/CONSENT PUBLIC HEARINGS

I. PUBLIC HEARINGS

J. APPOINTMENT ITEMS

K. REPORTS

L. PUBLIC COMMENTS ON REPORTS

M. REPORT OF SECRETARY

S. INFORMATION/CONSENT AGENDA

City Clerk Department

1. SUBJECT: Minutes of the Regular Meetings of the Oxnard Financing Authority for October 15 and 22, and November 5 and 19, 2013. (229)
RECOMMENDATION: Approve.
ACTION: Approved as recommended (Padilla/Perello) Ayes: Flynn, Ramirez, MacDonald, Padilla and Perello.

O. STUDY SESSION

P. PUBLIC COMMENTS ON STUDY SESSION

N. SUCCESSOR AGENCY BUSINESS/COMMITTEE REPORTS

City Manager Department

1. SUBJECT: 2014 Meeting Schedule for Legislative Bodies. (217)
RECOMMENDATION: That Financing Authority meet on the following dates during the calendar year 2014: January 7, 14 and 28; February 4, 11 and 25; March 4, 18 and 25; April 8, 15 and 22; May 6, 13 and 20; June 3, 10, 17 and 24; July 1, 8, 15 and 22; August **NO MEETINGS;** September 9, 16 and 23; October 7, 14, 21 and 28; November 18; and December 2, 9, and 16, 2014.
DISCUSSION: The Commissioners discussed the schedule and adding special meetings if necessary.

Public comments were received from: Larry Stein.

ACTION: Approved as recommended (MacDonald/Ramirez) Ayes: Ramirez, MacDonald, Padilla and Flynn. Noes: Perello.

HOUSING AUTHORITY/PARKING AUTHORITY

At 7:23 p.m. the joint meetings with the Housing Authority and Parking Authority concluded.

Q. REVIEW OF INFORMATION/CONSENT AGENDA

Comments were received from: Chief Financial Officer (S-7).

S. INFORMATION/CONSENT AGENDA

Finance Department

7. SUBJECT: Substitution of Remarketing Agent. (423)
RECOMMENDATION: Appoint Mitsubishi UFJ Securities (USA), Inc. as remarketing agent and authorize the Chairman to execute remarketing agreements for each of the Authority's three variable rate bonds.

INFORMATION/CONSENT AGENDA ACTION: Approved as recommended. (MacDonald/Ramirez) Ayes: Perello, Flynn, Ramirez, MacDonald and Padilla.

CITY COUNCIL/COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY

At 12:27 a.m. the joint meetings with the City Council and Community Development Commission Successor Agency concluded.

T. ADJOURNMENT

At 12:27 a.m. the Financing Authority concurred to adjourn the meeting.

DANIEL MARTINEZ Secretary Designate	TIM FLYNN Chairman

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
December 10, 2013

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ
Secretary Designate

TIM FLYNN
Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
December 17, 2013

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ
Secretary Designate

TIM FLYNN
Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
January 7, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ	TIM FLYNN
Secretary Designate	Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
January 14, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ Secretary Designate	TIM FLYNN Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
January 28, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ
Secretary Designate

TIM FLYNN
Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
February 4, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ Secretary Designate	TIM FLYNN Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
February 11, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ Secretary Designate	TIM FLYNN Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
February 25, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ	TIM FLYNN
Secretary Designate	Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
March 4, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ	TIM FLYNN
Secretary Designate	Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
March 18, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ	TIM FLYNN
Secretary Designate	Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
March 25, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ
Secretary Designate

TIM FLYNN
Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
April 8, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ	TIM FLYNN
Secretary Designate	Chairperson

MINUTES

OXNARD FINANCING AUTHORITY
Regular Meeting
April 15, 2014

Because there were no items requiring consideration on this date, there was no regular meeting.

DANIEL MARTINEZ	TIM FLYNN
Secretary Designate	Chairperson

CITY OF
OXNARD
CALIFORNIA

Meeting Date: 04/22/2014

ACTION	TYPE OF ITEM
☐ Approved Recommendation	■ Info/Consent
☐ Ord. No(s). ______	☐ Report
☐ Res. No(s). ______	☐ Public Hearing (Info/consent)
☐ Other ______	☐ Other ______

Prepared By: Karen R. Burnham, Interim City Manager ______ Agenda Item No. S-2

Reviewed By: City Manager MM City Attorney JBB Finance JC Other *(Specify)* ______

DATE: February 25, 2014

TO: City Council

FROM: Karen R. Burnham, Interim City Manager
City Manager's Office

SUBJECT: **Agreements for City Council Review**

RECOMMENDATION

That City Council, pursuant to Ordinance 2835, and Resolution No. 13,932, approve and authorize the City Manager, to execute the agreements/contracts and change orders/amendments in amounts more than $25,000 but no more than $250,000, which are described on the attached list.

DISCUSSION

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

Funding information is included on the attached list.

Attachment - #1 – List of Agreements/Contracts and/or Change Orders/Amendments

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.

City Manager Contract List for 04/22/2014

Item	Type	Department/Contact	Vendor/Agreement Number	Description/Purpose	Amount
A	Original Agreement	**CM-General Services** Patricia Friend 385-7821	**Peter Holguin Constructon, Inc.** Agreement No. 6516-14-CM	**Replace OTC Guard Station Service Center Counter** Three bids were received and the project was awarded to the lowest qualified vendor. The project will allow the Oxnard Transportation Center Guard Station to better serve the public by ensuring that the CCTV monitors can be viewed securely and will bring the station up to current ADA requirements. **Total Contract Amount: $30,500** **FundingSource: TDA Funds**	$30,500
B	Amendment	**IS** Gayle Elkins 385-7551	**Tel Quest Communications** Agreement No. 6286-13CM Amendment 4	**Vendor to provide phone services, repairs, adds, moves, changes and network cabling** The City sent a Scope of Services request for bid to four vendors. After reviewing quotes from the two vendors who responded, Tel Quest Communications was chosen because they provide telecom services related to adds, moves, changes and repairs for both our citywide phone and data network infrastructure for the lowest cost. There are very few companies which can provide the services the City requires and Tel Quest provides them at the lowest rates. With their knowledge of our legacy systems they are the best qualified, at the least cost, for our telephony and networking requirements. Amendment will increase the two (2) year contract amount of Tel Quest Communications by $75,000. **Total Contract Amount: $100,000** **FundingSource: Various Departments**	$75,000

ATTACHMENT #1
PAGE 1 OF 1

CITY OF
OXNARD
CALIFORNIA

Meeting Date: 04 / 22 / 14

ACTION	TYPE OF ITEM
☐ Approved Recommendation	■ Info/Consent
☐ Ord. No(s). ______	☐ Report
☐ Res. No(s). ______	☐ Public Hearing (Info/consent)
☐ Other ______	☐ Other ______

Prepared By: Kathleen Mallory, AICP, LEED Green Assoc., Project Planner Agenda Item No. S-3

Reviewed By: City Manager MMH City Attorney SMF Finance JC Other *(Specify)*

DATE: April 8, 2014

TO: City Council

FROM: Michael Henderson, General Services Superintendent MH
City Manager Department

SUBJECT: **Authorize to Submit a Grant Application to the California Department of Housing and Community Development (HCD) for Housing Related Parks Program Grant Funds**

RECOMMENDATION

That City Council adopt a resolution authorizing:

1. The General Services Department to submit a grant application totaling $961,550 in Housing Related Parks (HRP) Program grant funds to be used for qualifying park improvements at City parks located in Park Deficient and Disadvantaged areas of the City as identified under HCD guidelines;

2. The City Manager to execute a grant agreement if grant funds are awarded to the City;

3. The Finance Director to appropriate the funds and perform all other required financial actions in accordance with the parameters of the grant application; and

4. The General Services Department or designee to submit non-financial reports to HCD.

DISCUSSION

The City of Oxnard is eligible to submit a grant application for HRP program grant funds. The HRP Program is designed to encourage cities and counties to develop affordable housing by rewarding those jurisdictions that are in compliance with State Housing Element law and have approved housing affordable to lower-income households during the applicable program calendar years (January 2010 to June 2013). The Program provides funds for parks and recreation projects that benefit the community and add to the quality of life.

Based on review of applicable housing projects and program requirements, the City may be eligible for approximately $961,550 in HRP Program grant funds for qualifying park improvements. This amount may be more or less based upon HCD staff calculations and verifications; however, the City's initial calculation indicates that the City is eligible to receive roughly $961,550.

The program offers bonus funding for park improvements located within a designated "Disadvantaged Community" Census tract[a] and within a "Park Deficient Community."[b] The bonus funds offer an additional $1,000 per bedroom for each eligible affordable housing unit and represent the majority of the City's total potential award amount; therefore all park improvements are proposed within four City parks that meet the Program parameters for these two designations. These parks are Campus Park, Beck Park, Colonia Park and Wilson.

Grant funds are to be used exclusively for the costs of Park and Recreation Facility creation, development, or rehabilitation, including new equipment and major maintenance, reconstruction, demolition for purposes of reconstruction of facilities, and retrofitting work that is ordinarily done no more often than once every 5 to 15 years, or expenditures that continue or enhance the useful life of the park facility. The General Services Department provided a list of park improvements and estimated improvement costs for the four qualifying parks. The estimates may be modified depending on the final award amount. Suggested improvements for these parks include:

1. Campus Park: New backstop, irrigation and field restoration
2. Beck Park: Demolish old storage building, re-irrigation, and replace playground equipment
3. Colonia Park: Security Lighting, and remove asphalt and replace with sidewalk
4. Wilson Park: Demolish and install new restrooms, replace security lights, rehabilitate shuffleboard areas and a barbeque area into a community garden, remove the mound area and convert it into single family barbeque areas, and rehabilitate existing family barbeque areas.

FINANCIAL IMPACT

Approval of the Resolution will allow HCD to consider the City's application for approximately $961,550 in HRP Program grant funds for qualifying park improvements at City parks located in Park Deficient and Disadvantaged areas of the City as identified under HCD guidelines. This amount may be more or less based upon HCD staff calculations and verifications. No local match is required from the General Fund.

KM:km
Attachment #1 - Resolution

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[a] "Disadvantaged Community" means an area within a city, county, or city and county that is composed solely of those census tracts designated by the United States Department of Housing and Urban Development as having at least 51 percent of its residents at low- or moderate-income levels, using the most recent decennial United States Census data available.

[b] "Parks Deficient Community" means an area within a city, county, or city and county that has less than three acres of usable parkland per 1,000 residents.

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING SUBMITTAL OF HOUSING RELATED PARKS GRANT APPLICATION

WHEREAS, The State of California, Department of Housing and Community Development (HCD) has issued a Notice of Funding Availability dated October 2, 2013 (NOFA), under its Housing-Related Parks (HRP) Program.; and

WHEREAS, the City of Oxnard (Applicant) desires to apply for a HRP Program grant and submit the 2013 Designated Program Year Application Package released by the Department for the HRP Program; and

WHEREAS, HCD is authorized to approve funding allocations for the HRP Program, subject to the terms and conditions of the NOFA, Program Guidelines, Application Package, and Standard Agreement; and

WHEREAS, City Council Resolution No. 12,053 sets out the procedure by which City staff may submit grant applications, following approval by resolution of the City Council; and

WHEREAS, the General Services Department of the City of Oxnard has requested that City Council approve the submittal of a grant application to HCD for the Housing Related Parks Program grant funds to be used for qualifying park improvements at City parks located in Park Deficient and Disadvantaged areas of the City as identified under HCD guidelines.

NOW, THEREFORE, IT IS RESOLVED THAT:

1. The City Manager is hereby authorized and directed to apply for and submit to HCD the HRP Program Application Package released October 2013 for the 2013 Designated Program Year. If the application is approved, the City Manager or designee is hereby authorized and directed to enter into, execute, and deliver a State of California Standard Agreement (Standard Agreement), and any and all other documents required or deemed necessary or appropriate to secure the HRP Program Grant from HCD, and all amendments thereto (collectively, the "HRP Grant Documents").

2. The City Manager shall be subject to the terms and conditions as specified in the Standard Agreement. Funds are to be used for allowable capital asset project expenditures to be identified in a Standard Agreement between HCD and the City of Oxnard to be initiated at the time of HRP Program award. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement. The City Manager or designee hereby agrees to use the funds for eligible capital asset(s) in the manner presented in the application as approved by the Department and in accordance with the NOFA and Program Guidelines and Application Package.

3. City Council of the City of Oxnard resolves to approve the submittal of a grant application for the Housing Related Parks Program grant funds to be used for qualifying park improvements as identified under HCD guidelines. The City Council further resolves that the Finance Director or designee is authorized to submit financial reports and grant claims and approve special budget appropriations for the use of grant funds; and the General Services Manager or designee is authorized to submit non-financial reports.

PASSED AND ADOPTED this 22nd day of April, 2014, by the following vote:

AYES:

NOES:

ABSENT:

____
Tim Flynn, Mayor

ATTEST:

____
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

____
Stephen M. Fischer, Interim City Attorney

ATTACHMENT NO. 1
PAGE 2 OF 2