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 City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at www.oxnard.org.

CITY OF OXNARD CALIFORNIA

# AGENDA
# OXNARD CITY COUNCIL
# FINANCE AND GOVERNANCE COMMITTEE

Council Chambers, 305 West Third Street

February 8, 2022

**Regular Meeting - 5:00 to 6:30 PM**

**(Temporary Meeting Time Change)**

**Zoom details to call-in for public comment during a meeting:**

1. **Dial Phone Number: (888) 475-4499**
2. **Enter Meeting ID: 814 5430 6054**
3. **Passcode: 327882**

**If you wish to speak during public comments or a particular item on the agenda, please sign-on by following the zoom calling in steps listed above. Once the Mayor calls for public speakers, press *9 to raise your hand to inform the City Clerk you would like to speak during the public speaking section for that particular item on the agenda, while in the zoom waiting room.**

This meeting is being held in accordance with Assembly Bill 361, allowing members of the City Council, members of the public and staff to participate via teleconference.

Consistent with City policies imposed to promote social distancing, the facility where the City Council regularly meets is temporarily closed to the public. The public is encouraged to view the meeting from home on Spectrum channel 10, Frontier channel 35, or YouTube at Youtube.com/oxnardnews. Video recordings of the meeting are typically available online following the meeting at the City's website at www.oxnard.org/city-meetings.

*Please see the link for the Measure M pre-recorded presentation video for each item listed on this agenda.

YOU MAY PARTICIPATE IN THE MEETING IN THE FOLLOWING WAYS:

1. EMAILING COMMENTS OR REQUESTING TO SIGN UP TO SPEAK BEFORE THE MEETING
   a. Submit an email to cityclerk@oxnard.org no later than 3 p.m. on the day of the meeting (Please indicate the agenda item number in the subject line). All email correspondence will be forwarded to the City Council prior to the start of the meeting and made part of the legislative record.
   b. Submit a request to speak by no later than 3 p.m. on the day of the meeting by using the form available at www.oxnard.org/city-meetings, emailing the City Clerk at cityclerk@oxnard.org, or calling the City Clerk at (805) 385-7803.

2. PROVIDING PUBLIC COMMENTS DURING THE MEETING
   a. To provide public comment without requesting to speak prior to the meeting, during the meeting dial (888) 475-4499 and enter the Meeting ID and Passcode listed above as the Zoom details for this meeting.
   b. Public comments on agenda items shall be taken following the announcement of the item. After the item is announced, members of the public shall have three minutes to register or otherwise be recognized for the purpose of providing public comment. During this three-minute time period, public comments may be taken and the City Council or staff may discuss the item being considered or briefly respond to public comments.

Detailed participation instructions can be found at www.oxnard.org/city-meetings.

**In the event of a disruption which prevents a legislative body of the City of Oxnard from broadcasting a meeting using a call-in option or internet-based service option, or in the event of a disruption within the City's control which prevents members of the public from offering public comment using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing**

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

**Agenda Item time estimates: (Presentation / Committee Discussion / Public Comment)**

**on a meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. However, if any of the broadcast options are disrupted, but any of the other broadcast options is still available to the public, the legislative body may take further action on items appearing on a meeting agenda without waiting for the disrupted broadcast option(s) to be restored.**

* The City has filed pre-election and post-election lawsuits regarding the validity of Measure M.

## A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

## B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker requests shall be submitted as set forth on the first page of this agenda. Speakers are limited to three minutes. After 30 minutes, if all speakers have not had the opportunity to speak, the remaining speakers will be given an opportunity to speak prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager/Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on public hearing items should do so at the time of the hearing.

## C. CONSENT AGENDA

1. City Clerk Department

   SUBJECT: Approval of Minutes.

   RECOMMENDATION: That the Finance & Governance Committee approve the minutes of the January 25, 2022 regular meeting as presented.

   Legislative Body: Finance & Governance Committee

   Contact: Rose Chaparro, (805) 385-7805

## D. REPORTS

1. Finance Department

   SUBJECT: Purchase Order (PO 8173) Increase Request for Tri-County Office Furniture. (0/5/5)

   RECOMMENDATION: That the Finance and Governance Committee recommend City Council authorize the Mayor to execute an amendment for Purchase Order 8173 with Tri-County Office Furniture to increase the Purchase Order by $300,000 for a total amount not to exceed $500,000 for the purchase and installation of office furniture.

   Please click the following link to view the required Measure M pre-recorded presentation video: https://youtu.be/KJF9UOd_YdU

   Legislative Body: Finance and Governance

   Contact: Betsy George, 805-200-5400

2. Information Technology Department

   SUBJECT: Second Amendment to Superion CentralSquare Software License Agreement A-8011. (0/10/5)

   RECOMMENDATION: That the Finance and Governance Committee recommend that City Council approve and authorize the Mayor to execute a second amendment to Software License Agreement A-8011 with Superion LLC, a CentralSquare Company, in the amount of $250,366 for a new not-to-exceed agreement amount of $800,714 for information technology software and services.

   Please click the following link to view the required Measure M pre-recorded presentation

video: https://youtu.be/N9eg42K7QmU
Contact: Helen Miller, (805)385-7446

3. Finance Department
SUBJECT: FY 2021-22 Budget Mid-Year Review. (0/10/10)
RECOMMENDATION: That the Finance and Governance Committee:
1. Receive an update on the FY 2021-22 revenue and expenditure projections for major funds, and authorize staff to make the presentation to City Council, incorporating any updates or new information that may arise in the interim;
2. Recommend that City Council approve a budget appropriation request in the amount of $1,000,000 to Public Liability Fund (701) and $162,947 to Workers' Compensation Fund (702) for an overall total appropriation of $1,162,947;
3. Recommend that City Council adopt a resolution approving amendments to the Position Control Resolution; and
4. Recommend that City Council adopt a resolution approving amendments to the Classification and Salary Schedule Resolution.

Please click the following link to view the required Measure M pre-recorded presentation video: https://youtu.be/eZmbH6V9svU
Contact: Betsy George, 805-200-5400

4. Finance Department
SUBJECT: CalPERS Pension Liability Update – Presentation on Unfunded Accrued Liability (UAL), Concept of Restructuring UAL for a Lower Interest Rate and Recommendation to Initiate a Validation Process. (15/20/10)
RECOMMENDATION: That the Finance and Governance Committee:

1. Receive a presentation from the City's municipal advisor on the current status and projections for the CalPERS pension program, and discuss the concept of restructuring the City's UAL;
2. Provide feedback to staff and the municipal advisor as to whether a validation process should be initiated in order to preserve future options to restructure the UAL initially at a lower interest rate than CalPERS is charging the City on the UAL debt; and
3. If "yes" on #2 above, recommend City Council approve a resolution authorizing the initiation of a validation process and form of Trust Agreement.

(Presentation will be live upon consultant's request).
Contact: Betsy George, 805-200-5400

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT

**FINANCE AND GOVERNANCE COMMITTEE**
**AGENDA REPORT**

**CONSENT AGENDA**
**AGENDA ITEM NO. C.1**

CITY OF OXNARD CALIFORNIA

**DATE:** February 8, 2022

**TO:** Finance & Governance Committee

**FROM:** Rose Chaparro, City Clerk, (805) 385-7805, rose.chaparro@oxnard.org

**SUBJECT:** Approval of Minutes.

## RECOMMENDATION

That the Finance & Governance Committee approve the minutes of the January 25, 2022 regular meeting as presented.

## BACKGROUND

Approval of Minutes.

## STRATEGIC PRIORITIES

This agenda item is a routine operational item.

## FINANCIAL IMPACT

There is no financial impact.

*Prepared by: Rose Chaparro, City Clerk*

## ATTACHMENTS

1. MINUTES 01 25 2022 Finance & Governance

MINUTES
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
JANUARY 25, 2022

## A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 5:00 p.m., Chair John C. Zaragoza called to order the regular meeting of the Oxnard City Council Finance and Governance Committee in the City Hall Council Chambers at 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Chair Zaragoza was present in person. Member Gabriela Basua and Member Gabriel (Gabe) Teran participated via videoconference.

Staff members present in person were Stephen M. Fischer, City Attorney and Rose Chaparro, City Clerk.

Staff members that participated via videoconference were Alexander Nguyen, City Manager; Shiri Klima, Deputy City Manager; Betsy George, Chief Financial Officer; Gary Krumian, IT Analyst; and Eden Alomeri, Revenue & Licensing Director & Assistant City Treasurer.

## B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Lucia Marquez, Senior Policy Advocate with CAUSE (Request to extend the public comment period for the Environmental Impact Review and conduct a public hearing for the Port of Hueneme Vehicle Storage Facility, in South Oxnard).

## C. CONSENT AGENDA

1. City Clerk Department
   SUBJECT: Approval of Minutes.
   RECOMMENDATION: That the Finance & Governance Committee approve the minutes of the January 11, 2022 regular meeting as presented.

*It was moved by Member Teran, seconded by Member Basua,* to approve the Information/Consent items as presented. VOTE: Basua, Teran, and Zaragoza voted in favor; the motion carried 3-0.

## D. REPORTS

1. Information Technology Department
   SUBJECT: Insight Public Sector Inc. (0/10/10)
   RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council approve and authorize the Mayor to execute a blanket purchase order in an amount not to exceed $770,000 with Insight Public Sector, Inc. over a two-year period.

Helen Miller, IT Director, presented and answered the Committee's questions. No public comments were received. Discussion ensued among the Committee and staff.

*It was moved by Member Basua, seconded by Member Teran, to* approve the recommended action as presented. VOTE: Basua, Zaragoza, and Teran voted in favor; the motion carried 3-0.

E. ITEMS FOR FUTURE AGENDAS (No requests were made.)

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Zaragoza adjourned the meeting at 5:26 p.m.

| | |
|---|---|
| ROSE CHAPARRO<br>City Clerk | JOHN C. ZARAGOZA<br>Chair |

CITY OF OXNARD CALIFORNIA

**FINANCE AND GOVERNANCE COMMITTEE**
**AGENDA REPORT**

**REPORTS**
**AGENDA ITEM NO. D.1**

**DATE:** February 8, 2022

**TO:** Finance & Governance Committee

**FROM:** Betsy George, Chief Financial Officer, 805-200-5400, betsy.george@oxnard.org

**SUBJECT:** Purchase Order (PO 8173) Increase Request for Tri-County Office Furniture. (0/5/5)

## RECOMMENDATION

That the Finance and Governance Committee recommend City Council authorize the Mayor to execute an amendment for Purchase Order 8173 with Tri-County Office Furniture to increase the Purchase Order by $300,000 for a total amount not to exceed $500,000 for the purchase and installation of office furniture.

Please click the following link to view the required Measure M pre-recorded presentation video: https://youtu.be/KJF9UOd_YdU

## BACKGROUND

The City Council approved funding in the FY 2021-22 general fund budget for several City departments to renovate office space to accommodate additional staff members and to upgrade workstations for current staff.

The Fire Department has been allocated funds for the purpose of redesigning the functional work space at the Administration Office located at 360 West Second Street. The remodel will provide work space for eight additional employees. The plans include the conversion of a conference room into a private office for the Fire Marshal, reconfiguration of the cubicles on the first floor to accommodate six additional personnel and an office on the second floor to be remodeled to provide one additional work station. Cubicle walls, desks, storage and installation costs are quoted to be $104,106; to allow for contingencies, the Fire Department requests $10,410 be included in the purchase order for this project, for a total of $114,516.

The Police Department has allocated $120,000 from various grant sources (JAG, SLESF and AFF) to replace and reconfigure 16 workstations within the Police Administration building located at 251 S C Street. The revamp will improve workflow of the staff sharing intel within the detectives' work space and to create three workstations within the business office for the incoming additional accountant, which currently only has two workstations.

In addition to the Fire Department and Police Department's work space redesign, several other City Departments have office furniture needs:

- City Attorney $45,000 - conversion of former Credit Union location and reconfiguration of Assistant City Attorneys' offices; funded from CAO's 2021-22 operating budget
- Finance Department $7,500 - to replace furnishings damaged in storage during the Civic Annex 3rd Floor Tenant Improvement Project; funded from the Finance's 2021-22 operating budget

- South Oxnard Branch Library $7,500 - to replace meeting room furniture that is over 15 years old and no longer functional. The meeting room is a public space available to rent; therefore, updated furniture is necessary; funded from the Library's 2021-22 operating budget
- Community Development $4,000 - to replace chairs in offices that require them due to normal wear and tear; funded from CD's 2021-22 operating budget
- Human Resources $1,300 - to replace a workstation for an employee with specific ergonomic needs; funded from the HR's 2021-22 operating HR budget

**DISCUSSION**

Tri-County Office Furniture is the preferred vendor by the City to complete the remodel and renovations started in 2020. The vendor provides cooperative purchase pricing through OMNIA. The lead agency for the RFP is City of Charlotte, North Carolina, contract number 2020000622, with a termination date of December 31, 2024. Oxnard City Code Section 4-3 allows the use of cooperative purchasing and piggybacking in procurement.

Purchase Order 8173 was approved by City Manager Nguyen in FY 2021-22 for the amount of $200,000; however, the anticipated purchasing needs of the City exceed this amount. An increase of $300,000 to the Purchase Order 8173 is requested, for a total not to exceed the amount of $500,000 approved for the purchase and installation of office furniture using Tri-County Office Furniture. The actual amount anticipated is $299,816.00. If there are additional furnishing needs in FY 2021-22 beyond those included in this recommendation, staff will return to Council for additional authorization.

**STRATEGIC PRIORITIES**

This agenda item is a routine operational item or does not relate to the five strategic priorities adopted by City Council on March 16, 2021.

**FINANCIAL IMPACT**

There are sufficient appropriations in each department's approved FY 2021-22 budget.

*Prepared by: Dan Willhite, Purchasing Manager, Betsy George, Chief Financial Officer*

**ATTACHMENTS**

1. PO 8173 Tri-County Office
2. 2.8.22 FGC - PO 8173 Increase Request for Tri-County Presentation (1)

CITY OF OXNARD CALIFORNIA

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO. 008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | REQUISITION # | REQUISITION DATE | CONFIRMED BY |
|---|---|---|---|
| 06/30/2022 | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR |
| **FOB** | **ACCOUNT NUMBER** | | **AUTHORIZED BY** |
| | Multiple Accounts | | EDWIN RAMOS |

| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | UNIT COST | EXTENDED COST |
|---|---|---|---|---|
| | | CHANGE ORDER | | |
| 1 | 0.00 / DL | OFFICE FURNITURES | 1.0000 | 0.00 |
| 2 | 0.00 / DL | FY20-21 ENCUMBER FUNDS TO PAY INVOICE 151621 | 1.0000 | 0.00 |
| 3 | 117.68 / DL | NEW OFFICE CHAIR FOR COMMUNICATION COORDINATOR | 1.0000 | 117.68 |
| 4 | 117.67 / DL | NEW OFFICE CHAIR FOR COMMUNICATION COORDINATOR | 1.0000 | 117.67 |
| 5 | 117.67 / DL | NEW OFFICE CHAIR FOR COMMUNICATION COORDINATOR | 1.0000 | 117.67 |

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | REQUISITION # | REQUISITION DATE | CONFIRMED BY |
|---|---|---|---|
| 06/30/2022 | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR |
| **FOB** | **ACCOUNT NUMBER** | | **AUTHORIZED BY** |
| | Multiple Accounts | | EDWIN RAMOS |

| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | UNIT COST | EXTENDED COST |
|---|---|---|---|---|
| 6 | 117.67 / DL | NEW OFFICE CHAIR FOR COMMUNICATION COORDINATOR | 1.0000 | 117.67 |
| 7 | 9,733.32 / DL | ADDITIONAL CUBICLES FOR PW ADMIN | 1.0000 | 9,733.32 |
| 8 | 9,733.32 / DL | ADDITIONAL CUBICLES IN PW ADMININSTRATION | 1.0000 | 9,733.32 |
| 9 | 9,733.32 / DL | ADDITIONAL CUBICLES IN PW ADMINSTRATION | 1.0000 | 9,733.32 |

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO. 008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | REQUISITION # | REQUISITION DATE | CONFIRMED BY |
|---|---|---|---|
| 06/30/2022 | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR |
| **FOB** | **ACCOUNT NUMBER** | | **AUTHORIZED BY** |
| | Multiple Accounts | | EDWIN RAMOS |

| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | UNIT COST | EXTENDED COST |
|---|---|---|---|---|
| 10 | 3,893.33 / DL | ADITIONAL CUBICLES IN PW ADMINISTRATION | 1.0000 | 3,893.33 |
| 11 | 5,839.99 / DL | ADDITIONAL CUBICLES IN PW ADMINISTRATION | 1.0000 | 5,839.99 |
| 12 | 1,596.57 / DL | FY21-22 ENC FOR FIRE FOR DESK PURCHASE | 1.0000 | 1,596.57 |
| 13 | 3,218.98 / DL | ENC FY21-22 FUNDS FOR 3 WORK CHAIRS FOR COMM DEVEL | 1.0000 | 3,218.98 |
| 14 | 541.97 / DL | ENC FY21-22 ADDITIONAL CUBICLES PW ADMIN | 1.0000 | 541.97 |

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

| | | | |
|---|---|---|---|
| **VENDOR PHONE:** | (805)658-6608 | | |
| **VENDOR FAX:** | (805)658-8023 | | |
| **VENDOR #:** | 6069 | | |
| **VENDOR ADDRESS:** | TRI-COUNTY OFFICE FURNITURE<br>1013 STATE STREET<br>SANTA BARBARA, CA 93101 | **SHIP TO:** | VARIOUS LOCATIONS<br>VARIOUS LOCATIONS<br>SEE DESCRIPTION<br>OXNARD, CA 93030 |

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | REQUISITION # | REQUISITION DATE | CONFIRMED BY |
|---|---|---|---|
| 06/30/2022 | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR |
| **FOB** | **ACCOUNT NUMBER** | | **AUTHORIZED BY** |
| | Multiple Accounts | | EDWIN RAMOS |

| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | UNIT COST | EXTENDED COST |
|---|---|---|---|---|
| 15 | 954.31 / DL | ENC FY21-22 FUNDS FOR OFFICE CHAIR FOR PW ADMIN | 1.0000 | 954.31 |
| 16 | 528.35 / DL | ENC FY21-22 DESK CHAIR FOR COMM DEV/PLANNINC STAFF | 1.0000 | 528.35 |
| 17 | 7,420.82 / DL | ENC FY21-22 TO PAY INV 151793 FOR HUMAN RESOURCES | 1.0000 | 7,420.82 |
| 18 | 7,000.00 / DL | ENC FY21-22 OFFICE FURNITURE AT AWPF/PW/WATER | 1.0000 | 7,000.00 |

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | REQUISITION # | REQUISITION DATE | CONFIRMED BY |
|---|---|---|---|
| 06/30/2022 | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR |
| **FOB** | **ACCOUNT NUMBER** | | **AUTHORIZED BY** |
| | Multiple Accounts | | EDWIN RAMOS |

| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | UNIT COST | EXTENDED COST |
|---|---|---|---|---|
| 19 | 100,000.00 / DL | ENC FY21-22 OFFICE FURN 3RD FLOOR REMODEL/FINANCE | 1.0000 | 100,000.00 |
| 20 | 9,725.00 / DL | ENC FY21-22 FURNITURE FOR 3RD FLOOR REMODEL/FINANC | 1.0000 | 9,725.00 |
| 21 | 124.97 / DL | ENC FY21-22 INCREASE IN DELIV COSTS FOR COMM DEV | 1.0000 | 124.97 |
| 22 | 3,000.00 / DL | ENC FY21-22 FUNDS FOR POLICE DEPARTMENT | 1.0000 | 3,000.00 |
| 23 | 1,210.00 / DL | ENC FY21-22 FUNDS FOR POLICE DEPARTMENT | 1.0000 | 1,210.00 |

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | REQUISITION # | REQUISITION DATE | CONFIRMED BY |
|---|---|---|---|
| 06/30/2022 | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR |
| **FOB** | **ACCOUNT NUMBER** | | **AUTHORIZED BY** |
| | Multiple Accounts | | EDWIN RAMOS |

| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | UNIT COST | EXTENDED COST |
|---|---|---|---|---|
| 24 | 788.00 / DL | ENC FY21-22 FUNDS FOR POLICE DEPARTMENT | 1.0000 | 788.00 |
| 25 | 13,500.00 / DL | EC FY21-22 DESK/CHAIR REPLACEMENT FOR FINANCE | 1.0000 | 13,500.00 |
| 26 | 650.00 / DL | ENC FY21-22 FUNDS FOR POLICE | 1.0000 | 650.00 |

21-02 NSS, NTE $100K EXP 06/30/2022
CITY WIDE PO FOR FY21-22
DEPARTMENTS TO ENCUMBER FOR USE
THIS PO WILL REPLACE PO#7801
22 00008650 EXP 09/30/21*AM

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | REQUISITION # | REQUISITION DATE | CONFIRMED BY |
|---|---|---|---|
| 06/30/2022 | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR |
| **FOB** | **ACCOUNT NUMBER** | | **AUTHORIZED BY** |
| | Multiple Accounts | | EDWIN RAMOS |

| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | UNIT COST | EXTENDED COST |
|---|---|---|---|---|

7/19/21 FY20-21 ENCUMBER $26,865.84 TO PAY INV 15121. RK
7/20/21 - ENC $470.69 FOR FY21-22 EXP 12/31/24 -ER
7/28/21 - ENC VARIOUS AMTS FY21-22 EXP 6/30/22 -ER
7/30/21 - DISENCUMBER $26,865.84/INV 15121, WRONG PO FOR FY. PG

8/11/21 - SIGNED MEMO TO INCREASE NTE TO $200K ALONG WITH UPDATED NSS #21-02A IS PENDING CITY MANAGER APPROVAL. THIS PO NTE $100K .
08/17/21 - DISENCUMBERED FY20-21 FOR $1.00. PG
8/24/21 - ENC FY21-22 FOR FIRE $1,596.57. EH
9/23/21-FY21-22 ENC $3,218.98 FOR 3 WORK CHAIRS FOR STAFF COMM DEVEL/BUILDING. RK
9/23/21-FY21-22 ENC $541.97 FOR ADDITIONL CUBICLES IN PW ADMIN. RK
9/23/21 FY21-22 ENC $941.21 FOR OFFICE CHAIR FOR PW ADMIN. RK
9/27/21 FY21-22 ENC $528.35 FOR OFFICE CHAIR FOR COMM DEV/PLANNING STAFF. RK
9/27/21 FY21-22 ENC $7,420.82 TO PAY INV 151793 FOR HUMAN RESOURCES. RK
10/7/21 NSS21-02A SIGNED, NEW NTE $200,000. RK
10/7/21 FY21-22 ENC $7K FOR FURNITURE FOR PW/WATER AND $100K FOR 3 FLOOR FURNITURE REMODEL FOR FIN.RK
10/14/21 - ENC $13.10 ON LINE # 15 FY21-22 - ER
10/28/21-FY21-22 ENC $9,725.00 FOR LAST OF FURNITR

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | | REQUISITION # | REQUISITION DATE | CONFIRMED BY | |
|---|---|---|---|---|---|
| 06/30/2022 | | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR | |
| **FOB** | | **ACCOUNT NUMBER** | | **AUTHORIZED BY** | |
| | | Multiple Accounts | | EDWIN RAMOS | |
| **ITEM #** | **QUANTITY/ UNIT** | **DESCRIPTION ARTICLE OR SERVICE** | | **UNIT COST** | **EXTENDED COST** |

```
FOR 3RD FLOOR REMODEL, AND $124.97 TO COVER DELIV
COST AND INCREASE FOR COMM DEV/PLANNING. RK
11/8/21- FY21-22 ENC $3k, $1,210, $788 FOR PD. RK
12/1/21- FY21-22 ENC $13,500 FOR FINANCE TO REPLAC
DESK/CHAIRS DAMAGED BY WATER/RODENTS. RK
12/8/21-FY21-22 ENCUMBER $650.00 FOR PD. RK

12/28/21 - NEW NTE $400,000.00 - GOING TO COUNCIL
FEB 1, 2022 FOR APPROVAL.
```

| **TOTAL PURCHASE AMOUNT** | **$189,662.94** |
|---|---|

**In order to receive payment, email all invoices to:**
**invoices@oxnard.org**

**In the subject line, reference the Purchase Order number above.**

AUTHORIZED SIGNATURE. ________________________

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | | REQUISITION # | REQUISITION DATE | CONFIRMED BY | |
|---|---|---|---|---|---|
| 06/30/2022 | | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR | |
| FOB | | ACCOUNT NUMBER | | AUTHORIZED BY | |
| | | Multiple Accounts | | EDWIN RAMOS | |
| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | | UNIT COST | EXTENDED COST |

| Account | Project | Amount |
|---|---|---|
| 10116028018111 | | 0.00 |
| 10117018018303 | | 0.00 |
| 60160108438102 | | 117.68 |
| 62162058468132 | | 9,850.99 |
| 63163138468134 | | 117.67 |
| 10133018038101 | | 117.67 |
| 60160108428132 | | 9,733.32 |
| 63163138468132 | | 9,733.32 |
| 10133018038132 | | 3,893.33 |
| 73574018528132 | | 5,839.99 |
| 10122018028104 | | 1,596.57 |
| 10143018048132 | | 3,218.98 |
| 10133018038209 | | 541.97 |
| 63163018438132 | | 954.31 |
| 10141018048132 | | 653.32 |
| 70217038568376 | | 7,420.82 |
| 60160128468132 | | 7,000.00 |
| 30116008268606 | 171601 | 109,725.00 |
| 10121048028132 | | 3,000.00 |
| 10121018028132 | | 1,210.00 |
| 10121038028132 | | 788.00 |
| 10116018018606 | | 13,500.00 |
| 19520308028134 | 662147 | 650.00 |

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

# PURCHASE ORDER

**CITY OF OXNARD**
**300 WEST 3RD STREET**
**OXNARD, CA 93030**

**PURCHASE ORDER NO.**
**008173**

DATE: 12/28/2021

**VENDOR PHONE:** (805)658-6608
**VENDOR FAX:** (805)658-8023
**VENDOR #:** 6069
**VENDOR ADDRESS:** TRI-COUNTY OFFICE FURNITURE
1013 STATE STREET
SANTA BARBARA, CA 93101

**SHIP TO:** VARIOUS LOCATIONS
VARIOUS LOCATIONS
SEE DESCRIPTION
OXNARD, CA 93030

***Our P.O. # MUST Appear on ALL Invoices, Packages and Correspondence***

| DELIVER BY | | REQUISITION # | REQUISITION DATE | CONFIRMED BY | |
|---|---|---|---|---|---|
| 06/30/2022 | | N/A | 12/08/2021 | USE THIS VENDOR # FOR PUR | |
| FOB | | ACCOUNT NUMBER | | AUTHORIZED BY | |
| | | Multiple Accounts | | EDWIN RAMOS | |
| ITEM # | QUANTITY/ UNIT | DESCRIPTION ARTICLE OR SERVICE | | UNIT COST | EXTENDED COST |

By acceptance of this purchase order, you agree to the attached terms and conditions of the City of Oxnard

PURCHASE ORDERS
TERMS AND CONDITIONS

The City Purchasing Officer and the Vendor agree as follows:

1. Vendor shall furnish to City the labor, materials, equipment, supplies and/or services described in the Purchase Order preceding this page.
2. City shall pay to Vendor the price, or prices, specified in the Purchase Order upon delivery of the labor, materials, equipment, supplies and/or services, and acceptance thereof by the City Purchasing Officer, or upon the completion of the services to be performed and acceptance thereof.
3. If the Purchase Order is continuing in nature, City shall pay to Vendor the amount due Vendor for labor, materials, equipment or supplies furnished, or services completed and accepted.
4. Vendor shall deliver the labor, materials, equipment or supplies, or cause the services to be performed, within the time and in the manner specified in the Purchase Order. Vendor shall be excused in performance for delays resulting from causes beyond the control of Vendor.
5. If services are performed or labor furnished to City under the Purchase Order, Vendor agrees to indemnify, hold harmless and defend City, its City Council, and each member thereof, and every officer, employee, representative or agent of City, from any and all liability claims, demands, actions, damages (whether in contract or tort, including personal injury, death at any time, or property damage), costs and financial loss, including all costs and expenses and fees of litigation or arbitration, that arise directly or indirectly from any acts or omissions related to this Agreement performed by Vendor or its agents, employees, subcontractors, consultants and other persons acting on Vendor's behalf. This agreement to indemnify, hold harmless and defend shall apply whether such acts or omissions are the product of active negligence, passive negligence, willfulness or acts for which Vendor or its agents, employees, subcontractors, consultants and other persons acting on Vendor's behalf would be held strictly liable. Vendor's obligation to defend shall arise when a claim, demand or action is made or filed, whether or not such claim, demand or action results in a determination of liability or damages as to which Vendor is obligated to indemnify and hold harmless.
6. Insurance
   a) Vendor shall obtain and maintain during the performance of any services under this Agreement the following insurance coverage issued by a company satisfactory to the Risk Manager, unless the Risk Manager waives, in writing, the requirement that Vendor obtain and maintain such insurance coverage.
      i. Commercial general liability insurance, including a contractual liability endorsement, in an amount not less than $1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability coverage (Occurrence Form CG0001ED, November 1988);
      ii. Business automobile liability insurance in an amount not less than $1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Auto Liability Insurance Services Office coverage (Occurrence Form CA000TED, June 1992) covering Code No. 1, "any auto";
      iii. Workers' compensation insurance in compliance with the laws of the State of California, including employer's liability insurance in an amount not less than $1,000,000 per claimant.
7. Vendor, in the performance of any services or the furnishing of any labor under this Purchase Order, shall be considered an independent contractor, and Vendor and Vendor's agents and employees shall not be considered officers or employees of the City.
8. Vendor, without the written consent of the City Purchasing Officer, shall not:
   a) Assign the Purchase Order, or any interest therein, or any money due thereunder; or
   b) Make any changes, alterations or variations in the terms of the Purchase Order.
9. The cost of inspection on deliveries, or offers to make deliveries that do not meet specifications, will be paid by Vendor or deducted by City from amounts due Vendor.
10. Vendor shall indemnify and hold harmless City, its officers and employees, from liability, claims, loss or expense of any kind or nature on account of any copyrighted or uncopyrighted composition, patented or unpatented process or invention, article or appliance furnished or used under this Purchase Order.
11. Vendor shall comply with all applicable federal, state and local ordinance, laws and regulations and shall obtain and pay for all required licenses and permits, including a City of Oxnard business license.
12. Return or exchange of materials, equipment or supplies will not be permitted without written approval by the City Purchasing Officer.
13. All materials, supplies and equipment furnished under the Purchase Order shall, where applicable, be in full compliance with the Safety Orders and Regulations of the Division of Industrial Safety of the State of California and the Williams-Steiger Federal Occupational Health and Safety Act of 1970.
14. City may terminate this Purchase Order at any time by giving written notice of termination to Vendor. If termination is for cause, termination shall become effective on the date of the notice or at a later date, specified in the notice. If termination is without cause, termination shall become effective five days after the date of the notice or at a later date specified in the notice.
15. Vendor shall comply with all applicable equal employment opportunity requirements of the California Department of Fair Employment and Housing in performing or contracting for any services under this Purchase Order.
16. For public projects, Vendor shall pay prevailing wages in accordance with Labor Code Sections 1720 et seq.

ADDITIONAL REQUIREMENTS FOR GRANT-FUNDED PROJECTS

17. The following requirements apply to any Purchase Order funded in whole or in part by federal grant funds.
    a) Upon expiration of the time specified on the reverse side, this Purchase Order shall terminate unless City and Vendor have mutually agreed in writing to an extension of time.
    b) If legal action is brought by either party because the other has failed to comply with terms or conditions of this Purchase Order, the prevailing party shall be awarded its attorney's fees and costs in addition to its damages and/or equitable relief.
    c) Vendor shall comply with all applicable requirements of Executive Order 11246 as amended by Executive Order 11375 and the regulations adopted pursuant thereto (41 CFR Chapter 60), which provide that no person shall be discriminated against on the basis of race, color, religion, sex or national origin.
    d) Vendor shall insure that the grantee (City), the Federal Grantor Agency, the Comptroller General of the United States, or any duly authorized representative, shall have access to any books, records, documents and papers, specifically relating to this Purchase Order, for the purpose of making audit, examination, excerpts and transcriptions for not less than three years after completion of the project and/or until the completion of the final project audit as required by the Federal Grants Agency.

# Purchase Order (PO 8173) Increase Request for Tri-County Office Furniture

## Finance and Governance Committee

Betsy George, Chief Financial Officer
February 8, 2022

CITY OF OXNARD CALIFORNIA

# RECOMMENDATION

That the Finance and Governance Committee recommend City Council authorize the Mayor to execute an amendment for Purchase Order 8173 with Tri-County Office Furniture in the amount of $500,000 for the purchase and installation of office furniture.

1. Tri-County Office Furniture is the City's preferred furniture vendor for remodel and renovation projects
2. Tri-County Office Furniture provides cooperative purchase pricing through OMNIA Partners, a cooperative purchasing organization that competitively solicits public sector contracts.
3. Purchase Order 8173 to Tri-County Office Furniture was approved for FY 2021-22 citywide office furniture needs at a not to exceed amount of $200,000

- Anticipated need for PO 8173 will exceed the current NTE amount due to :
  - Fire Department's functional work space redesign at the Administration Office to allow for a new office and six additional cubicles; total project cost $114,516
  - Police Department's workstation reconfigurations to accommodate an increase in staff and office functionality; total project cost $120,000
  - Finance Department's replacement of furnishings damaged during storage; total project cost $7,500
  - South Oxnard Branch Library's replacement of 15 year old meeting room furniture for public use; total project cost $7,500
  - City Attorney's Office conversion of the former credit union location and reconfiguration of the Assistant City Attorneys' offices; total project cost $45,000
  - Community Development to replace old and worn down chairs; total project cost $4,000
  - Human Resources to replace a workstation to meet employee specific ergonomic needs; total project cost $1,300

1. Purchasing staff have reached out to all City departments for any anticipated requirements from Tri-County Office Furniture for the remainder of the 2021-22 fiscal year
2. An increase of $300,000 is being requested to cover the actual anticipated amount of $299,816
3. If approved, Purchase Order not to exceed amount will be $500,000

# RECOMMENDATION

That the Finance and Governance Committee recommend City Council authorize the Mayor to execute an amendment for Purchase Order 8173 with Tri-County Office Furniture in the amount of $500,000 for the purchase and installation of office furniture.

# QUESTIONS

CITY OF OXNARD CALIFORNIA

**FINANCE AND GOVERNANCE COMMITTEE**
**AGENDA REPORT**

**REPORTS**
**AGENDA ITEM NO. D.2**

**DATE:** February 8, 2022

**TO:** Finance & Governance Committee

**FROM:** Helen Miller, Information Technology Director, (805)385-7446, helen.miller@oxnard.org

**SUBJECT:** Second Amendment to Superion CentralSquare Software License Agreement A-8011. (0/10/5)

## RECOMMENDATION

That the Finance and Governance Committee recommend that City Council approve and authorize the Mayor to execute a second amendment to Software License Agreement A-8011 with Superion LLC, a CentralSquare Company, in the amount of $250,366 for a new not-to-exceed agreement amount of $800,714 for information technology software and services.

Please click the following link to view the required Measure M pre-recorded presentation video: https://youtu.be/N9eg42K7QmU

## BACKGROUND

The City uses CentralSquare (formerly Superion, formerly SunGard) HTE as its current Enterprise Resource Planning (ERP) software. This software supports financial, payroll, purchasing, utility billing and business licensing functions. Currently, the City pays approximately $200,000 per fiscal year for the use, support and maintenance of the HTE system. Although staff is currently in the process of replacing HTE with Tyler Munis as a new ERP, the City continues to require additional services from CentralSquare. These services are estimated to cost an additional $250,366 over the remaining 17 months of the three-year agreement terminating June 30, 2023. The additional services are:

- New third-party software fees – CentralSquare acquired several technology companies that were independently providing software or services to the City prior to the acquisitions.These software solutions and services are now billed by CentralSquare, thus increasing the City's total fiscal year costs attributed and paid directly to CentralSquare.
- CentralSquare initiated ERP upgrades – CentralSquare provides ERP upgrades that require the City to incur additional technology solutions and/or programming costs to sustain current service levels for the public; e.g., CentralSquare has retired its current credit card solution, Transaction Manager, which allows residents and businesses to make online utility and other payments. The City must implement a new HTE integrated credit card solution or stop accepting credit card payments.
- Tyler ERP implementation project – CentralSquare may provide additional technology solutions and programming as needed throughout the multi-year phased transition to the new Tyler ERP.
- Fluctuating credit card transaction fees – CentralSquare bills the City a monthly credit card usage fee based upon factors such as transaction volume and use of a CentralSquare approved payment partner. Since the fees are not fixed, the City must estimate and allocate sufficient budget to cover these costs.

**TABLE 1 – CentralSquare Estimated Costs, 7/1/2020 through 6/30/2023**

| Description | FY 20-21 | FY 21 -22 estimated | FY 22-23 estimated | Total |
|---|---|---|---|---|
| HTE user license, support, hosting, disaster recovery | $174,575 | $183,304 | $192,469 | $550,348 |
| Credit card Transaction Manager, processing fees | $10,000 | $10,000 | $10,000 | $30,000 |
| CryWolf Alarm management system - Police | 0 | $15,000 | $15,000 | $30,000 |
| Public Administrator software - utilities billing | 0 | $5,000 | $5,000 | $10,000 |
| Analytics NOW Financial reporting system - Finance | 0 | $20,000 | $20,000 | $40,000 |
| HTE ERP upgrade and change costs | 0 | $30,000 | $30,000 | $60,000 |
| Contingency, 15% | 0 | $39,496 | $40,870 | $80,366 |
| **TOTAL, per fiscal year** | $184,575 | $302,800 | $313,339 | $800,714 |

A 15% contingency is included for unforeseen remediation or emergency needs, anticipated annual increases for third party software renewals, and flexible capacity to support City departments and CentralSquare's business requirements through June 30, 2023, when the current software agreement terminates.

The second amendment is in the process of review and will be attached to the staff report that goes to the City Council.

## STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the five strategic priorities adopted by City Council on March 16, 2021.

## FINANCIAL IMPACT

Funds for this expenditure are already in the IT Department's FY21-22 budget. For FY22-23, funds will be included in IT's budget as well as in other department or project specific budgets such as Finance, Police, Public Works, Tyler ERP project, as applicable. Annual expenditures with the vendor may continue to increase due to new ongoing business-technology services required until Tyler ERP is fully implemented in 2025. This second amendment to CentralSquare's software license agreement A-8011 supports continued and uninterrupted use of the vendor, CentralSquare, for delivering resident services and sustaining City department operations.

*Prepared by: Gary Krumian, Programmer Analyst*

## ATTACHMENTS

1. A-8011 Superion 1st Amendment
2. A-8011 Superion Original Agreement
3. Presentation

**Agreement No. A-8011**

# FIRST AMENDMENT TO SOFTWARE LICENSE AGREEMENT

This FIRST Amendment ("FIRST Amendment") to the Software License Agreement ("Agreement") is made and entered into in the County of Ventura, State of California, this 21st day of April 2020, by and between the City of Oxnard, a municipal corporation ("City"), and Superion, LLC, a CentralSquare Company ("CentralSquare", "Superion" or "Vendor"). This First Amendment amends the Agreement entered into on October 3, 2017 by City and Vendor.

## RECITALS

WHEREAS, Superion LLC is now an entity owned by CentralSquare Technologies and is now called Superion LLC, a CentralSquare Company; AND

WHEREAS, City wishes to use Vendor's new offering of CentralSquare Naviline ASP as the means to access the HTE/Naviline system instead of through the physical AS400 server that is currently housed in the City.

NOW Therefore City and Vendor agree as follows:

1. The term of this Amendment is July 1, 2020 through June 30, 2023.
2. Exhibits 1, 2 and 3 of the Agreement are now replaced by Exhibit A.
3. The parties agree that this Agreement may be transmitted and signed by electronic signature by either/any or both/all parties, and that such signatures shall have the same force and effect as original signatures, in accordance with California Government Code section 16.5 and Civil Code section 1633.7.
4. As so amended, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement on the date first written above.

**CITY OF OXNARD** | **Central Square Technologies, LLC**

DocuSigned by:
Alexander Nguyen
47AD98734EB14C2...
Alexander Nguyen, City Manager — 4/22/2020 | 10:28 AM PDT — Date

See next page
Todd Dooley, CFO — Date

See next page
Danilo Garguilo, Sr. VP Business Transformation & Strategy — Date

APPROVED AS TO FORM:

DocuSigned by:
Jason Zaragoza
38EAC638E6E3449...
Stephen M. Fischer, City Attorney — 4/21/2020 | 1:48 PM PDT — Date

# EXHIBIT A

This CentralSquare Solutions Agreement (the "**Agreement**"), is entered into with CentralSquare Technologies, LLC under the terms and conditions of the Superion Solutions Agreement (00005934) dated August 6, 2018 (Agreement), between **Superion, LLC (Superion)** and **City of Oxnard, CA (Customer).** Unless otherwise stated below, all terms and conditions as stated in the Agreement shall remain in effect.

| CentralSquare Technologies, LLC | City of Oxnard |
|---|---|
| 1000 Business Center Dr.<br>Lake Mary, FL 32746 | 300 West 3rd Street, Suite 202<br>Oxnard, CA 93030 |
| By: DocuSigned by: Todd Dooley 013A8BA2DCA64EB... | By: |
| Print Name: Todd Dooley | Print Name: |
| Print Title: CFO | Print Title: |
| Date Signed: March 18, 2020 | Date Signed: |
| By: DocuSigned by: Danilo Gargiulo AAA5B6CFC387424... | |
| Print Name: Danilo Gargiulo | |
| Print Title: Sr. VP Business Transformation & Strategy | |
| Date Signed: March 18, 2020 | |

1. **SOLUTION: CentralSquare NAVILINE ASP identified in Exhibit A-1.**

2. **TRANSMISSION OF CUSTOMER SUPPLIED DATA:** The Solution will be operated by the Customer via workstations. Customer must provide remote access to its facility using a CentralSquare approved remote access client so that CentralSquare can perform the support obligations and/or services under this Order; and will provide appropriate security access and accounts for CentralSquare staff and each session participant. In addition, and subject to a separate written agreement between the parties, including agreement upon the additional fees payable in that respect to cover dedicated communication costs. CentralSquare may provide WAN/VPN connectivity to Customer for accessing the hosted environment for custom application and interfaces.

3. **DOCUMENTATION:** CentralSquare's standard user manuals for the Solution listed above.

4. **INITIAL TERM:** Thirty-Six (36) months commencing on the first of the month following Execution of this Agreement.

5. **RENEWAL RIGHTS:** Upon expiration of the Initial Term set forth on Exhibit A-1 shall automatically renew for successive one (1) year Renewal Terms at the then-current rates. Either party may elect to not enter into a Renewal Term by providing the other party with written notice at least one hundred and twenty (120) days prior to the end of the Initial Term or then-current Renewal Term, as the case may be.

6. **FEES**

A. **ANNUAL ACCESS FEES: SEE Exhibit A-1**

**a. ADDITIONAL AUTHORIZED USERS FEES:** Customer acknowledges that the Annual Access Fee set forth above has been determined based on the number of Authorized Users licensed on the Order Effective Date. If Customer desires at any time during the term of this Order to increase the number of Authorized Users beyond the number of Authorized Users set forth above, Customer shall provide CentralSquare with advance written notice and CentralSquare may increase the Access Fee payable under this Order accordingly.

**b. OTHER FEES:** If Customer's use of the Solution increases in any way which would reasonably cause CentralSquare to incur additional hardware costs to maintain such increased usage. CentralSquare shall invoice Customer for such fees as are reasonable in respect of such additional hardware cost incurred.

7. **THE LIABILITY CAP:** Shall be the total of the Professional Services and Annual Access Fees actually paid by Customer to CentralSquare under this Order during the twelve (12) month period immediately preceding the event giving rise to the claim occurring.

8. **PAYMENT TERMS:**

a. The Annual Access Fee is due the first of the month following Execution and annually thereafter on the anniversary date thereof.

b. Customer to pay System Recovery past due fees of thirteen thousand six hundred forty dollars and seventy one cents ($13,640.71) shall be due upon execution of this Agreement.

c. End Billing with Continued Support. Upon commencement of billing for the Annual Access Fee, Customer acknowledges the termination of the current maintenance billing structure for any legacy products that will be effectively replaced by modules listed in Exhibit A-1. CentralSquare shall continue to provide Customer with Maintenance of these products until the transition to a new environment is complete, at which time Maintenance will be terminated.
Credit. A credit in the amount of the unused portion of Maintenance paid by Customer, if any, shall be applied towards Customers first Annual Access Fee. The unused portion of paid Maintenance will consist of the amount unused as of Execution Date.

d. Travel and Living Expenses: Travel and living expenses are in addition to the prices quoted above and will be invoiced as incurred and shall be governed by the CentralSquare Corporate Travel Expense Guidelines attached hereto as Exhibit A-2.

9. **ADDRESSES**

a. **CUSTOMER ADDRESS FOR INVOICES:** 300 West 3rd Street, Ste. 202, Oxnard, CA 93030

b. **CUSTOMER ADDRESS FOR NOTICES:** 300 West 3rd Street, Ste. 202, Oxnard, CA 93030

c. **CUSTOMER ADDRESS FOR SOFTWARE SHIPMENT:** 300 West 3rd Street, Ste. 202, Oxnard, CA 93030

d. **CENTRALSQUARE'S ADDRESS FOR NOTICES:**

CentralSquare Technologies, LLC
Attn: Legal Counsel
1000 Business Center Drive
Lake Mary, FL 32746

10. **OTHER TERMS:**

a. CentralSquare shall provide the access to the Solution during the hours described in Annex 2 attached hereto, and provide the Solution Support described in Annex 2.

b. CentralSquare shall provide and install new releases of the Solution at no additional charge. However Customer shall be responsible for the payment of consulting fees on a time and material basis in respect of any professional services provided by CentralSquare for the upgrade of any customizations to the Solution made by CentralSquare at Customer's request: provided the parties enter into a professional services schedule in respect of any such upgrade which shall stipulate the applicable then-current professional fee rates in respect thereof.

c. As and when Customer is required to upgrade to a new release, CentralSquare shall make such new release available to Customer in a test environment for a period of at least sixty (60) days (the "**Parallel Run Period**"). Unless Customer reports to CentralSquare any material errors in such new release, Customer shall accept modifications, revisions and updates in the Solution and Documentation, including changes in programming languages, rules of operation and screen or report format, as and when they are implemented by CentralSquare. If material errors are discovered during the Parallel Run Period, the Parallel Run Period shall automatically be extended by the number of days between the date that any material errors where reported and the date that CentralSquare has remedied such errors. Customer acknowledges that modifications, revisions and updates in the Solution permitted by this Order may result in changes in the form, timing or other features of on-line services, reports and other Solution provided under this Order.

d. **Conversion:** Conversion, if provided for herein, or if requested by the Customer after contract execution, will be controlled by the CentralSquare Systems Change Request (SCR) form which will be prepared for the Customer by the CentralSquare Conversion Team Manager. There will be a Two Hundred Fifty dollar ($250.00) non-refundable Access Fee for preparation of each SCR requested by the Customer. CentralSquare will proceed on the SCR when the signed SCR is returned with the Customer's authorization along with fifty percent (50%) payment, which includes the non-refundable Access Fee. The final fifty percent (50%) payment is due upon completion. Data must be given to CentralSquare in an IBM compatible format on a specified magnetic media and must match data field definition. Input data file clean up shall be the responsibility of the Customer. Additional conversion, if necessary, will be invoiced at the prevailing rate per hour. It is agreed that no two systems and file structures are exactly alike and there may be a need for some manual conversion efforts to take place along with the electronic conversion. SCR form(s) for any conversion services included in this Order are attached for Customer signature and return to CentralSquare along with this Order.

e. If after the expiration of the term of this Order Customer converts to a different vendor's applications, CentralSquare will provide, upon payment of CentralSquare's then-current standard deconversion fee, reasonable assistance and documentation for such deconversion in order to assist Customer in removing its information and placing said information in CentralSquare's standard format for input to the other vendor's applications. In the event Customer requests a non-standard deconversion, CentralSquare shall be entitled to receive compensation for consultation, software and documentation provided to assist in the deconversion on a time and materials basis at the standard prevailing rate then charged by CentralSquare for such services.

## 11. Consent to Assignment

(a) Consent to Assignment. CentralSquare Technologies, LLC ("CentralSquare") through purchase currently owns all of the assets of CentralSquare, LLC, including all rights, title, and interest in the Core Product(s). Each Party (a) mutually consents to CentralSquare's substitution as the party obligated to perform under the Agreement; and, (b) agrees to be bound by all terms and conditions previously entered into the Agreement between Customer and CentralSquare.

Additionally, CentralSquare represents and warrants to Customer that: (i) it has the right, power, and ability to enter into and perform under this Agreement; (ii) it has all necessary rights to grant the rights and licenses under this Agreement; and, (iii) it will maintain all licenses, permits, and other permissions necessary to provide the services under the Agreement.

**Order of Hierarchy.** In the event of any conflict or inconsistency between this Agreement, the

Exhibits, or any purchase order, then the following priority shall prevail:

1) The main body of this Agreement and any associated amendments or change orders.

2) Purchase Orders placed with CentralSquare in accordance with this Agreement.

Customer's purchase terms and conditions or CentralSquare's sales terms and conditions are not applicable, and shall have no force and effect, whether referenced or not in any document in relation to this Agreement.

**Notices.** Any notice given by either Party shall be in writing, sent by United States registered or certified mail (certified or registered). Notices will be deemed effective when received. Notices shall be sent to the following:

| | |
|---|---|
| For Customer: | City of Oxnard<br>300 W. 3rd Street, Suite 202<br>Oxnard, CA 93030 |
| For CentralSquare: | CentralSquare Technologies LLC<br>Attn: Legal & Contracts Department<br>1000 Business Center Drive<br>Lake Mary, FL 32746 |

**12. OTHER TERMS APPLICABLE TO THIS ORDER:**

- SUPPORT STANDARDS SUPPLEMENT
- CENTRALSQUARE TRAVEL EXPENSE GUIDELINES (Exhibit A-2)
- COGNOS THIRD PARTY PRODUCTS SUPPLEMENT
- TRANSACTION MANAGER SUPPLEMENT

# EXHIBIT A-1 – ACCESS FEES

## A. ACCESS FEES – INITIAL TERM

| Term | Annual Access Fees |
|---|---|
| Year 1 | $ 174,574.83 |
| Year 2 | $ 183,303.57 |
| Year 3 | $ 192,468.75 |

Access Fees for any Year subsequent to the Initial Term are subject to change and will be specified by CentralSquare in an annual invoice.

**APPLICABLE TAXES ARE NOT INCLUDED IN THIS ORDER FORM, AND, IF APPLICABLE, WILL BE ADDED TO THE AMOUNT IN THE PAYMENT INVOICE(S) BEING SENT SEPARATELY TO THE CUSTOMER.**

## B. Annual Access Fees

| | Applications and/or Services | Annual Access Fee |
|---|---|---|
| **Existing NaviLine Products (Currently Licensed)** | GMBA w/Extended Reporting, Customer Information System, Code Enforcement Purchasing/Inventory, Planning & Engineering, Payroll/Personnel Land/Parcel Mgmt, Work Orders/Facility Management. P-Card, Cash Receipts, Business Licenses. Building Permits Asset Management II, Accounts Receivable, CIS Voice Response Interface. CIS IVR Credit Card Interface, CR IVR Credit Card Interface, Cash Receipts Lock Box Interface, BP Voice Response Interface, Document Management Services, OnePoint Point-of-Sale, Transaction Manager, NaviLine User Interface, NaviLine Jump Start Plan | $ 174,574.83 |
| **Existing Third Party Products (Currently Licensed)** | Cognos BI Base Bundle Multi-Data Source, Oracle BEA WebLogic Express | Included in Annual Access Fee |
| **Retrofit Modifications** | 34 Mods | Included in Annual Access Fee |
| **Horizon Cloud Services** | Hardware and software will be hosted and managed by Superion. Site to Site VPN. Setup Implementation, Disaster Recovery Plan for CentralSquare applications | Included in Annual Access Fee |
| **NaviLine Test Environment** | 2 refreshes per year; $600 per additional refresh. | Included in Annual Access Fee |
| | | |
| | **Total Proposed System:** | **$ 174,574.83** |

CENTRALSQUARE
TECHNOLOGIES

# EXHIBIT A-2

## Support Standards

1. **Service Level Commitments**

 1.1. Overall System Availability.

 1.1.1. **Target.** In each Service Period, the target for availability of the CentralSquare Solutions is 99.9% ("Availability Target"). "**Service Period**" means 24 hours per day Monday through Sunday each calendar month that Customer receives the CentralSquare Solutions, excluding Sundays between 12:00 AM and 12:00 PM Eastern Time for scheduled maintenance. During this time, Customers may experience intermittent interruptions. CentralSquare will make commercially reasonable efforts to minimize the frequency and duration of these interruptions and CentralSquare will notify the Customer if the entire maintenance window will be required.

 1.1.2. **Measurement**. Service availability is measured as the total time that the CentralSquare Solutions are available during each Service Period for access by Customer ("**Service Availability**"). Service Availability measurement shall be applied to the production environment, and the points of measurement for all monitoring shall be the servers and the Internet connections at CentralSquare's hosted environment. CentralSquare has technology monitoring, measuring, and recording Service Availability. The Customer, at their discretion, may also employ monitoring tools, not to override CentralSquare's measurements for the purposes of calculating Service Availability. Additionally, the use must be:

 1.1.2.1. mutually agreed upon by CentralSquare and the Customer.

 1.1.2.2. paid, installed and maintained by the Customer.

 1.1.2.3. non-invasive and may not reside on CentralSquare's systems.

 1.2. Calculation. Service Availability for a given month shall be calculated using the following calculation:

 1.2.1. The total number of minutes which the service was NOT available in a given month shall be subtracted from the total number of minutes available in the given month. The resulting figure is divided by the total number of minutes available in the given month.

 1.2.2. Service Availability Targets are subject to change due to the variance of the number of days in a month.

 1.2.3. The total number of minutes which the service was NOT available in a given month shall exclude minutes associated with scheduled or emergency maintenance.

 1.3. Remedy. If the Service Period target measurement is not met then the Customer shall be entitled to a credit calculated as follows:

| Service Availability in the relevant Service Period | Percentage Reduction in Monthly Fee for the Subsequent Service Period |
|---|---|
| Less than 99.9% but greater than or equal to 99.0% | 5% |
| Less than 99.0% but greater than or equal to 95.0% | 10% |
| Less than 95% | 20% |

 1.4. If not directly reported by CentralSquare, Credit entitlement must be requested by the Customer within sixty (60) days of the failed Target. CentralSquare's failure to meet the relevant service level commitment. Customer shall not be entitled to offset any monthly CentralSquare Solutions fee payments, nor withhold fee payments, on account of a pending credit. Customer shall not be eligible for credits for any period where Customer is more than thirty (30) days past due on their account. CentralSquare will provide reporting, showing performance and service levels.

2. **Server Performance & Capacity.**

 2.1. CentralSquare shall provide sufficient server capacity for the duration of this hosting Agreement to meet the reasonable performance requirements for the number of concurrent system users provided for in this Agreement. If the Customer requests, at some later date, to add additional CentralSquare Solutions, increase user licenses, increase storage or processing requirements, and/or request additional environments, these requests will be evaluated and if additional resources are required to support modifications, additional fees may apply.

 2.2. "In-network" is defined as any point between which the data packet enters the CentralSquare environment and subsequently departs the CentralSquare environment. Any point of communications outside of the CentralSquare protected network environment shall be deemed as "out-of-network." CentralSquare is not responsible for Internet connectivity and/or performance out-of-network.

3. **System Maintenance.**

3.1. CentralSquare Solutions maintenance and upgrades. CentralSquare will provide all hosted systems and network maintenance as deemed appropriate and necessary by CentralSquare. Maintenance and upgrades will be scheduled in advance with the Customer's primary contact if they fall outside of the designated hours set aside for this function of Sundays from 12:00AM to 12:00 PM.

3.2. Hardware maintenance and upgrades. Hardware maintenance and upgrades will be performed outside of the Customer's standard business hours of operation and the Customer will be notified prior to the upgrade.

3.3. Emergency maintenance. Emergency situations will be handled on a case-by-case basis in such a manner as to cause the least possible disruption to overall system operations and availability without negatively affecting system stability and integrity. CentralSquare will attempt to notify the Customer promptly, however if no contact can be made, CentralSquare management may deem it necessary to move forward with the emergency maintenance.

4. **Incident Response.** Incidents are defined as interruptions to existing service and can range in priority from urgent to low depending on the impact to the Customer. CentralSquare will make commercially reasonable efforts to respond to CentralSquare Solutions incidents for live production systems using the following guidelines:

| Priority Level | Impact | Description | Performance Target | Minimum Performance Goal % |
|---|---|---|---|---|
| 1 | Urgent | An Incident that results in loss of Customer connectivity to all of the CentralSquare Solutions or results in loss, corruption or damage to Customer's Data. | CentralSquare will respond within 1 hour of the issue being reported. | 95% |
| 2 | Critical | An Incident that has an adverse material impact on the performance of the CentralSquare Solutions or materially restricts Customer's day-to-day operations. | CentralSquare will respond within 2 hours of the issue being reported. | 95% |
| 3 | Non-Critical | An Incident that does not result in a failure of the CentralSquare Solutions but a fault exists that restricts the Customer's use of the CentralSquare Solutions. | CentralSquare will respond within 4 hours of the issue being reported. | 95% |
| 4 | Minor | An Incident that does not affect or which has minimal adverse impact on the use of the CentralSquare Solutions. | CentralSquare will respond within 24 hours of the issue being reported. | 95% |

4.1. Measurement. CentralSquare shall track and report on response and resolution time for application and hosting support issues identified by the Customer.

5. **Disaster Recovery.** CentralSquare provides disaster recovery services for CentralSquare Solutions. The costs for these disaster recovery services are included in the monthly fees. In the event that a disaster renders the Customer's data center is inaccessible or rendered non-functional, CentralSquare will provide the ability to connect to the appropriate data center using software provided by CentralSquare. This will allow the Customer to connect to their systems from a remote site to the previously identified critical functions, however functionality may be diminished due to lack of access to hardware and/or software located in the Customer's facilities.

6. **Exceptions.** CentralSquare shall not be responsible for failure to carry out its service and maintenance obligations under this Agreement if the failure is caused by adverse impact due to:

6.1. defectiveness of the Customer's environment, Customer's systems, or due to Customer corrupt, incomplete, or inaccurate data reported to the CentralSquare Solutions.

6.2. denial of reasonable access to Customer's system or premises preventing CentralSquare from addressing the issue.

6.3. material changes made to the usage of the CentralSquare Solutions by Customer where CentralSquare has not agreed to such changes in advance and in writing or the modification or alteration, in any way, by Customer or its subcontractors, of communications links necessary to the proper performance of the CentralSquare Solutions.

6.4. a force majeure event, or the negligence, intentional acts, or omissions of Customer or its agents.

6.5. a documented Defect.

7. **Incident Resolution.** Actual response times and resolutions may vary due to issue complexity and priority. For critical impact level and above, CentralSquare provides a continuous resolution effort until the issue is resolved.

8. **Service Requests.** Service requests are new requests that will take less than 8 hours to accomplish. For new requests that require additional time, CentralSquare will prioritize these requests, and determine if extra time is needed to order equipment or software.

9. **Non-Production Environments.** CentralSquare will make commercially reasonable efforts to provide non-production environment(s) during Customer business hours. Non-production environments are not included under the metrics or service credit schedules discussed in this Exhibit.

9.1. Maintenance. All forms of maintenance to be performed on non-production environments will follow the exact structure and schedules outlined above in Section 3 for regular System Maintenance.

9.2. Incidents and service requests. Non-production environment incidents are considered priority 3 or 4 as circumstances dictate. Service requests will otherwise be prioritized and scheduled similar to production service requests.

10. **Responsibility Summary Matrix.**

| Responsibility Summary Matrix | | |
|---|---|---|
| Description | CentralSquare Responsibility | Customer Responsibility |
| ASP Server Hardware management | X | |
| ASP Server File system management | X | |
| ASP Server OS upgrades and maintenance | X | |
| ASP Database product upgrades and maintenance | X | |
| ASP 3rd Party product upgrades and maintenance | X | |
| Application Update Installation | | |
| Request to install application updates | | X |
| Installation of application updates | X | |
| ASP Backup Management | X | |
| Data and or File restoration | | |
| Request to restore data and or files | | X |
| Restoration of data and or files | X | |
| Network | | |
| ASP Network up to and including the router at CentralSquare's location | X | |
| ASP Router at Customer's location | X | |
| Customer's network up to the router at Customer's location | | X |
| Customer Workstations | | X |
| System Performance | X | X |
| Add/Change users | | |
| User add/change requests | | X |
| User add/change implementation for System Access | X | |
| User add/change implementation for CentralSquare Solutions | | X |
| Add/Change Printers | | |
| Printer add/change requests | | X |
| Printer add/change implementation on ASP network | X | |
| Printer add/change implementation for CentralSquare Solutions | | X |
| Disaster Recovery | X | |
| Password Management | X | X |
| Application Management | | |
| Application Configuration | | X |
| Application Security Management | | X |
| Accuracy and Control of Data | | X |

| | | |
|---|---|---|
| Security | | |
| Intrusion and Penetration Testing | X | |

11. **Virtual Private Network (VPN) Concentrator.** If Customer's desired system configuration requires the use of a VPN concentrator, including router, this will be provided by CentralSquare. It will reside at Customer's location but is, and shall remain the property of CentralSquare.
12. **Customer Cooperation.** Customer may be asked to perform problem determination activities as suggested by CentralSquare. Problem determination activities may include capturing error messages, documenting steps taken and collecting configuration information. Customer may also be requested to perform resolution activities including, for example, modification of processes. Customer agrees to cooperate with such requests, if reasonable.
13. **Training.** Outside the scope of training services purchased, if any, Customer is responsible for the training and organization of its staff in the operation of the CentralSquare Solutions.
14. **Development Work.** The Support Standards do not include development work either (i) on software not licensed from CentralSquare or (ii) development work for enhancements or features that are outside the documented functionality of the CentralSquare Solutions, except such work as may be specifically purchased and outlined in Exhibit A-1. CentralSquare retains all Intellectual Property Rights in development work performed and Customer may request consulting and development work from CentralSquare as a separate billable service.
15. **Disagreement Procedure.** In case the parties are in disagreement as to whether CentralSquare has fulfilled its support obligations, they shall use all reasonable efforts to amicably settle such dispute. If disagreement remains following a ten (10) day work period, the parties shall escalate the issue to the following representatives to resolve the dispute:

    CentralSquare: Director of Operations (first level); VP of Services (escalation – 1st level); General Manager (escalation – 2nd level)

    Customer: ____________________

    The disagreement procedure proposed herein shall not limit either party's right to bring a claim as provided for in the Agreement. Notwithstanding any dispute the parties have a duty to continue fulfilling all their other obligations under this Agreement.

16. **Telephone Support & Support Portal**

    16.1. Hours. CentralSquare shall provide to Customer, Monday through Friday, 8:00 A.M. to 5:00 P.M. Customer's Local Time within the continental United States, excluding holidays ("5x9"). CentralSquare shall provide to Customer, during the Support Hours, commercially reasonable efforts in solving errors reported by the Customer as well as making available an online support portal. Customer shall provide to CentralSquare reasonably detailed documentation and explanation, together with underlying data, to substantiate errors and to assist CentralSquare in its efforts to diagnose, reproduce and correct the error. This support shall be provided by CentralSquare at Customer location(s) if and when CentralSquare and Customer agree that on-site services are necessary to diagnose or resolve the problem. If a reported error did not, in fact, exist or was not attributable to a defect in the CentralSquare Solutions or an act or omission of CentralSquare, then Customer shall pay for CentralSquare's investigation and related services at CentralSquare's standard professional services rates. Customer must provide CentralSquare with such facilities, equipment and support as are reasonably necessary for CentralSquare to perform its obligations under this Agreement, including remote access to the Specified Configuration

    16.2. Releases. Customer shall promptly install and/or use any Release provided by CentralSquare to avoid or mitigate a performance problem or infringement claim. All modifications, revisions and updates to the CentralSquare Solutions shall be furnished by means of new Releases of the CentralSquare Solutions and shall be accompanied by updates to the Documentation whenever CentralSquare determines, in its sole discretion, that such updates are necessary.

    16.3. Case Number. Measured from the moment a Case number is created. As used herein a "Case number" is created when a) a CentralSquare support representative has been directly contacted by Customer either by phone, or through CentralSquare's online support portal, and b) when CentralSquare's support representative assigns a case number and conveys that case number to the Customer.

## EXHIBIT A-3

## CENTRALSQUARE TRAVEL EXPENSE GUIDELINES

CentralSquare will adhere to the following guidelines when incurring travel expenses:

**All arrangements for travel are to be made through the CentralSquare Corporate Travel Agent unless other arrangements have been made with the Customer and are documented in writing.**

**AIR TRAVEL** – CentralSquare will use the least expensive class of service available with a minimum of seven (7) day, maximum of thirty (30) day, advance purchase. Upon request, CentralSquare shall provide the travel itinerary as the receipt for reimbursement of the airfare and any fees. Fees not listed on the itinerary will require a receipt for reimbursement.

Trips fewer than 250 miles round are considered local. Unless a flight has been otherwise approved by the Customer, Customer will reimburse the current IRS approved mileage rate for all local trips.

**LODGING** –CentralSquare will use the most reasonable accommodations possible, dependent on the city. All food items, movies, and phone/internet charges are not reimbursable.

**RENTAL CAR** – Compact or Intermediate cars will be required unless there are three or more CentralSquare employees sharing the car in which case the use of a full size car is authorized. Gas is reimbursable however, pre-paid gas purchases will not be authorized and all rental cars are to be returned with a full tank of gas. Upon request, receipts for car rental and gas purchases will be submitted to Customer. CentralSquare shall decline all rental car insurance offered by the car rental agency as staff members will be covered under the CentralSquare auto insurance policy. Fines for traffic violations are not reimbursable expenses.

**OTHER TRANSPORTATION** – CentralSquare staff members are expected to use the most economical means for traveling to and from the airport (Airport bus, hotel shuttle service). Airport taxi or mileage for the employee's personal vehicle (per IRS mileage guidelines) are reimbursable if necessary. Upon request, receipt(s) for the taxi will be submitted to Customer. Proof of mileage may be required and may be documented by a readily available electronic mapping service. The mileage rate will be the then-current IRS mileage guideline rate (subject to change with any change in IRS guidelines).

**OTHER BUSINESS EXPENSES** – Parking at the airport is reimbursable. Tolls to and from the airport and while traveling at the Customer site are reimbursable. Tipping on cab fare exceeding 15% is not reimbursable. Porter tips are reimbursable, not exceeding $1.00 per bag. Laundry is reimbursable when travel includes a weekend day or Company Holiday and the hotel stay is four nights or more. Laundry charges must be incurred during the trip and the limit is one shirt and one pair of pants/skirt per day. With the exception of tips, receipts shall be provided to Customer upon request for all of the aforementioned items.

**MEALS – Standard per Diem. Subject to change due to cost of living.**

## TRANSACTION MANAGER SUPPLEMENT

Special Terms Relating to the Transaction Manager: In addition to any Transaction Manager configuration and / or setup fee(s) listed above, Customer will be responsible for payment of a monthly usage fee on a monthly basis relating to the Transaction Manager. Upon the conclusion of each month following installation of the Transaction Manager (KT / OS-KT), CentralSquare will invoice Customer a monthly usage fee equal to the following:

i. Eight point five cents ($0.085) for each transaction processed by the Transaction Manager during the prior month;

or

ii. Five point five cents ($0.055) for each transaction processed by the Transaction Manager during the prior month provided that Customer utilizes a CentralSquare approved payment partner for that transaction's related merchant services;

or

iii. One hundred Fifty dollars ($150.00) if the applicable transaction-based monthly usage fee is not greater than One hundred Fifty dollars ($150.00).

The per transaction rates that are used to calculate each monthly usage fee are subject to change with 90 days notice. Other changes to these special terms relating to the Transaction Manager may occur at any time as may be required and such changes will be effective upon CentralSquare's written notice to each Customer who utilizes the Transaction Manager services.

For the purpose of the Transaction Manager, the term "transaction" means a transaction that is submitted to the Transaction Manager whether such transaction be a credit card, signature debit card, online electronic check transaction, or otherwise. Upon ninety (90) days prior written notice to CentralSquare, Customer may terminate usage of the Transaction Manager subscription effective upon the last day of the month in which the notice period concludes. The Transaction Manager is the only solution for real-time, online transaction processing within the CentralSquare suite of internet and core products.

The Transaction Manager solution is available 24 hours / 7 days per week except when the service is off-line for support and maintenance. Maintenance is scheduled to be performed each Sunday starting at 12:00AM to be completed as soon as possible but no later than 5:00AM.

Upon installation of the Transaction Manager, Customer's license to use the OnePoint Payment Engine – KL (if applicable) shall terminate.

Rights of Cancellation - Subscription / Transaction Based Services: For any breach of Customer's obligation to remit payment(s) hereunder, CentralSquare reserves the right to cancel any subscription / transaction based service(s) if the breach of payment is more than sixty (60) days in arrears. Customer may cancel any subscription / transaction based service(s) for convenience by providing ninety (90) days prior written notice to CentralSquare of its intent and such cancellation will be effective upon completion of the ninety (90) day notice period. All subscription/transaction fees prior to the effective date of any cancellation will be due and payable in full. Thereafter, if Customer desires to reinstate any subscription / transaction based service(s) which are cancelled hereunder, Customer will be responsible for payment of CentralSquare's then-current reconnect fee plus any subscription / transaction based service fees that would have been payable for the period subsequent to the cancellation of such services if the cancellation had never occurred.

## COGNOS THIRD PARTY PRODUCTS SUPPLEMENT

1. Additional Definitions. "Cognos Component Systems" means any of the software provided to CentralSquare by Cognos Corporation ("Cognos") and identified under the name "Cognos" in Exhibit A-1.

2. Ownership. Cognos owns the Cognos Component Systems.

3. Restrictions on Use of Cognos Component Systems. Customer's use of the Cognos Component System(s) is subject to the following additional terms and conditions:

(a) Customer has the right to use the Cognos Component System(s) only in Object Code form, and only with the CentralSquare Licensed Software.

(b) Customer acknowledges that the Cognos Component System(s) are proprietary to Cognos and are supplied by CentralSquare under license from Cognos. Title to the Cognos Component System(s) shall at all times remain vested in Cognos or its designated successor. Except for the right of use that is expressly provided to Customer under the Agreement, no right, title or interest in or to the Cognos Component System(s) is granted to Customer;

(c) Customer agrees that Cognos shall not be liable for any damages, whether direct, indirect, incidental, special, or consequential, arising from the Customer's use of the Cognos Component System(s) or related materials;

(d) Customer acknowledges and agrees that Cognos is a third party beneficiary of this Agreement;

(e) Customer acknowledges and understands that the Cognos Component System(s) may only be used by the number of users for the specific functions for which the license has been granted, as otherwise specified in Exhibit A-1; and

(f) Customer acknowledges and understands that it is licensing the Cognos Component System(s) on a "restricted use" basis. "Restricted use" means the use of the Cognos Component System(s) only with the following Component Systems, to the extent licensed as set forth in Exhibit A-1. Such restricted use shall include Customer's right to extract, analyze, and report data from disparate systems, provided that such data is extracted, analyzed and reported by the software applications system(s) set forth in Exhibit A-1.

(g) In lieu of the warranty provided in Section 7 of the Agreement, Customer shall be provided with the limited, thirty (30) day warranty from Cognos as set forth below. Cognos warrants to Customer that (a) for a period of thirty (30) days following the initial delivery/download/access of the Cognos Component System(s) to or by Customer, the Cognos Component System(s) will perform in accordance with its related documentation, and (b) the media on which the Cognos Component System(s) is provided, if applicable, is free from defects in materials and workmanship under normal use. Subject to applicable law, all other warranties, express or implied, or otherwise, are excluded. Customer's only remedy against Cognos if this warranty is breached will be, at the option of Cognos, (a) to repair or replace the Cognos Component System(s) or (b) to refund the amounts paid in respect of the defective Cognos Component System(s). This remedy is void if Customer misuses the Cognos Component System(s) contrary to its related documentation.

Agreement No. A-8011

# SOFTWARE MAINTENANCE AGREEMENT

BETWEEN

**Superion, LLC**
a Florida Limited Liability Corporation

with headquarters at:

1000 Business Center Drive
Lake Mary, FL 32746

**("Superion")**

AND

**City of Oxnard**
300 West Third Street
Oxnard, CA 93030

**(for purposes of this Agreement, "Customer")**

THIS AGREEMENT is entered into between Superion and Customer on the Execution Date, and Superion's obligations hereunder will commence on Execution Date.

Superion and Customer have entered into a Software License and Services Agreement dated December 26, 2006 (the "License Agreement") for the Software. Customer desires that Superion provide Maintenance and Enhancements for and new releases of the Baseline Software identified in the attached exhibits on the terms and conditions contained in this Agreement, and for the Custom Modifications identified in Exhibit 1 on the terms and conditions of this Agreement. Customer further desires that Superion provide Disaster Recovery Services as specified and identified in Exhibit 3 of this Agreement. In addition, Customer desires the use of the Superion Transaction Manager as specified within Exhibit 4. Accordingly, the parties agree as follows:

1. **Definitions.**

"Exhibit" means, collectively: (i) The schedules attached to this Agreement including all attached Software Supplements; and (ii) any schedule also marked as "Exhibit" (also including any attached Software Supplements) that is attached to any amendment to this Agreement. Other appendices to this Agreement are numbered sequentially and are also "Appendices."

"Baseline" means the general release version of a Component System as updated to the particular time in question through both Superion's warranty services and Superion's Maintenance Program, but without any other modification whatsoever.

"Component System" means any one of the computer software programs which is identified in the exhibits as a Component System, including all copies of Source Code, Object Code and all related specifications, Documentation, technical information, and all corrections, modifications, additions, improvements and enhancements to and all Intellectual Property Rights for such Component System.

"Confidential Information" means trade secret information of the disclosing party which is designated as trade secret prior to or at the



COUNCIL APPROVED
10/03/2017 K4
DATE

time of disclosure to the Recipient. Confidential Information of Superion includes the Software, all software provided with the Software, and algorithms, methods, techniques and processes revealed by the Source Code of the Software and any software provided with the Software. Confidential Information does not include information that: (i) is or becomes known to the public without fault or breach of the Recipient; (ii) the Discloser regularly discloses to third parties without restriction on disclosure; (iii) the Recipient obtains from a third party without restriction on disclosure and without breach of a non-disclosure obligation; or (iv) is required to be disclosed pursuant to law.

"Discloser" means the party providing its Confidential Information to the Recipient.

"Documentation" means the on-line and hard copy functional and technical specifications that Superion provides for a Baseline Component System, and that describe the functional and technical capabilities of the Baseline Component System in question.

"Execution Date" means the latest date shown on the signature page of this Agreement.

"Equipment" means a hardware and systems software configuration meeting the "Equipment" criteria set forth in the exhibits.

"Intellectual Property Rights" means all patents, patent rights, patent applications, copyrights, copyright registrations, trade secrets, trademarks and service marks and Confidential Information.

"Software" means the Component Systems listed in the exhibits.

"Object Code" means computer programs assembled, compiled, or converted to magnetic or electronic binary form on software media, which are readable and usable by computer equipment.

"Recipient" means the party receiving Confidential Information of the Discloser.

"Software Supplement" means, with respect to a Component System, the addendum provided as part of the exhibits that contains additional terms, conditions, limitations and/or other information pertaining to that Component System. If any terms of a Software Supplement conflicts with any other terms of this Agreement, the terms of the Software Supplement will control.

"Source Code" means computer programs written in higher-level programming languages, sometimes accompanied by English language comments and other programmer documentation.

"Contract Year" means, with respect to each Baseline Component System and Custom Modification, the period identified in the exhibits.

"Custom Modification" means a change that Superion has made at Customer's request to any Component System in accordance with a Superion-generated specification, but without any other changes whatsoever by any person or entity. Each Custom Modification for which Superion will provide Customer with Improvements is identified in the exhibits.

"Defect" means a material deviation between the Baseline Component System and its Documentation, for which Defect Customer has given Superion enough information to enable Superion to replicate the deviation on a computer configuration that is both comparable to the Equipment and that is under Superion's control. Further, with regard to each Custom Modification, "Defect" means a material deviation between the Custom Modification and the Superion-generated specification and documentation for such Custom Modification, and for which Defect Customer has given Superion enough information to enable Superion to replicate the deviation on a computer configuration that is both comparable to the Equipment and that is under Superion's control.

"Enhancements" means general release (as opposed to custom) changes to a Baseline Component System or Custom Modification which increase the functionality of the Baseline Component System or Custom Modification in question.

"Improvements" means, collectively, Maintenance, Enhancements and New Releases provided under this Agreement.

"Maintenance" means using reasonable efforts to provide Customer with avoidance procedures for or corrections of Defects. The hours during which Maintenance will be provided for each Component System, the targeted response times for certain defined categories of Maintenance calls for each Component System and Custom Modification, and other details and procedures (collectively, the "Maintenance Standards") relating to the provision of Maintenance for each Component System and Custom Modification are described in attached Exhibit 2.

"New Releases" means new editions of a Baseline Component System or Custom Modification, as applicable.

"Notification" means a communication to Superion's help desk by means of: (i) Superion's web helpline; (ii) the placement of a telephone call; or (iii) the sending of an e-mail, in each case, in accordance with Superion's then-current policies and procedures for submitting such communications.

2. Services.

(a) Types of Services. During the term of this Agreement, Superion will provide Customer with Maintenance for, Enhancements of, and New Releases of each Baseline Component System and each Custom Modification identified in the exhibits.

(b) Limitations. All Improvements will be part of the applicable Baseline Component System/Custom Modification, and will be subject to all of the terms and conditions of the License Agreement and this Agreement. Customer must provide Superion with such facilities, equipment and support as are reasonably necessary for Superion to perform its obligations under this Agreement, including remote access to the Equipment.

3. Payment and Taxes.

(a) Maintenance Fees. For the Improvements, Customer will pay Superion the amounts provided for in the exhibits as the "Payment Amount" for the first Contract Year. For each Contract Year subsequent to the initial Contract Year, Superion reserves the right to increase the Improvements fees. An increase in annual fees shall require written agreement of Superion and Customer. Fees for Improvements for a Baseline Component System/Custom Modification are due on the first day of the first month of the Contract Year for that Baseline Component System/Custom Modification.

(b) Additional Costs. Customer will also reimburse Superion for actual travel and living expenses that Superion incurs in providing Customer with Improvements under this Agreement, with reimbursement to be on an as-incurred basis. Such travel and living expenses will be governed by Superion's Corporate Travel and Expense Reimbursement Policy and will be invoiced on a monthly basis in arrears and due within thirty (30) days from the date of invoice.

(c) Taxes. Customer is responsible for paying all taxes (except for taxes based on Superion's net income or capital stock) relating to this Agreement, the Improvements, any services provided or payments made under this Agreement. Applicable tax amounts (if any) are NOT included in the fees set forth in this Agreement. If Customer is exempt from the payment of any such taxes, Customer must provide Superion with a valid tax exemption certificate; otherwise, absent proof of Customer's direct payment of such tax amounts to the applicable taxing authority, Superion will invoice Customer for and Customer will pay to Superion all such tax amounts.

4. Term. This Agreement will remain in full force and effect throughout the initial Contract Year. After the initial Contract Year, this Agreement will renew for an additional Contract Year unless, at least three (3) months prior to the expiration of the initial Contract Year, Customer notifies Superion in writing of Customer's intent not to renew the Agreement for the second Contract Year. After the second Contract Year, this Agreement will automatically be extended for consecutive Contract Years on a year-to-year basis unless either party notifies the other in writing of its intent not to extend this Agreement for any particular Baseline Component System/Custom Modification at least three (3) months prior to the expiration of the then-current Contract Year.

5. Disclaimer of Warranties. Customer agrees and understands that **SUPERION MAKES NO WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, WITH REGARD TO ANY IMPROVEMENTS AND/OR ANY OTHER MATTER RELATING TO THIS AGREEMENT, AND THAT SUPERION EXPLICITLY DISCLAIMS ALL WARRANTIES**

**OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FURTHER, SUPERION EXPRESSLY DOES NOT WARRANT THAT A COMPONENT SYSTEM, ANY CUSTOM MODIFICATION OR ANY IMPROVEMENTS WILL BE USABLE BY CUSTOMER IF THE COMPONENT SYSTEM OR CUSTOM MODIFICATION HAS BEEN MODIFIED BY ANYONE OTHER THAN SUPERION, OR WILL BE ERROR FREE, WILL OPERATE WITHOUT INTERRUPTION OR WILL BE COMPATIBLE WITH ANY HARDWARE OR SOFTWARE OTHER THAN THE EQUIPMENT.**

6. Termination. A party has the right to terminate this Agreement if the other party breaches a material provision of this Agreement. Either party has the right to terminate this Agreement at any time while an event or condition giving rise to the right of termination exists. To terminate this Agreement, the party seeking termination must give the other party notice that describes the event or condition of termination in reasonable detail. From the date of its receipt of that notice, the other party will have thirty (30) days to cure the breach to the reasonable satisfaction of the party desiring termination. If the event or condition giving rise to the right of termination is not cured within that period, then the party seeking to terminate this Agreement can effect such termination by providing the other party with a termination notice that specifies the effective date of such termination. Termination of this Agreement will be without prejudice to the terminating party's other rights and remedies pursuant to this Agreement.

**7. Confidential Information.** Except as otherwise permitted under this Agreement, the Recipient will not knowingly disclose to any third party, or make any use of the Discloser's Confidential Information. The Recipient will use at least the same standard of care to maintain the confidentiality of the Discloser's Confidential Information that it uses to maintain the confidentiality of its own Confidential Information of equal importance. Except in connection with the Software and any software provided with the Software, the non-disclosure and non-use obligations of this Agreement will remain in full force with respect to each item of Confidential Information for a period of ten (10) years after Recipient's receipt of that item and provided the public records exception continues to be met.- However, Customer's obligations to maintain both the Software and any software provided with the Software as confidential will survive in perpetuity.

**8. Notices.** All notices and other communications required or permitted under this Agreement must be in writing and will be deemed given when: Delivered personally; sent by United States registered or certified mail, return receipt requested; transmitted by facsimile confirmed by United States first class mail; or sent by overnight courier. Notices must be sent to a party at its address shown on the first page of this Agreement, or to such other place as the party may subsequently designate for its receipt of notices.

**9. Force Majeure.** Neither party will be liable to the other for any failure or delay in performance under this Agreement due to circumstances beyond its reasonable control, including Acts of God, acts of war, accident, labor disruption, acts, omissions and defaults of third parties and official, governmental and judicial action not the fault of the party failing or delaying in performance.

**10. Assignment.** Neither party may assign any of its rights or obligations under this Agreement, and any attempt at such assignment will be void without the prior written consent of the other party. For purposes of this Agreement, "assignment" will include use of the Software for benefit of any third party to a merger, acquisition and/or other consolidation by, with or of Customer, including any new or surviving entity that results from such merger, acquisition and/or other consolidation. However, the following will not be considered "assignments" for purposes of this Agreement: Superion's assignment of this Agreement or of any Superion rights under this Agreement to Superion's successor by merger or consolidation or to any person or entity that acquires all or substantially all of its capital stock or assets; and Superion's assignment of this Agreement to any person or entity to which Superion transfers any of its rights in the Software.

**11. No Waiver**. A party's failure to enforce its rights with respect to any single or continuing breach of this Agreement will not act as a waiver of the right of that party to later enforce any such rights or to enforce any other or any subsequent breach.

12. <u>Choice of Law; Severability.</u> This Agreement will be governed by and construed under the laws of the State of California, without reference to the choice of laws provisions thereof. If any provision of this Agreement is illegal or unenforceable, it will be deemed stricken from the Agreement and the remaining provisions of the Agreement will remain in full force and effect.

13. **LIMITATIONS OF LIABILITY.**

**(a) LIMITED LIABILITY OF SUPERION. SUPERION'S LIABILITY IN CONNECTION WITH THE IMPROVEMENTS OR ANY OTHER MATTER RELATING TO THIS AGREEMENT WILL NOT EXCEED THE FEES THAT CUSTOMER ACTUALLY PAID TO SUPERION FOR THE IMPROVEMENTS FOR THE YEAR THAT SUCH LIABILITY ARISES.**

**(b) EXCLUSION OF DAMAGES. REGARDLESS OF WHETHER ANY REMEDY SET FORTH HEREIN FAILS OF ITS ESSENTIAL PURPOSE OR OTHERWISE, IN NO EVENT WILL SUPERION BE LIABLE TO CUSTOMER FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, OR OTHERWISE, AND WHETHER OR NOT SUPERION HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.**

**(c) BASIS OF THE BARGAIN. CUSTOMER ACKNOWLEDGES THAT SUPERION HAS SET ITS FEES AND ENTERED INTO THIS AGREEMENT IN RELIANCE UPON THE LIMITATIONS OF LIABILITY AND THE DISCLAIMERS OF WARRANTIES AND DAMAGES SET FORTH IN THIS AGREEMENT, AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.**

14. <u>Entire Agreement.</u> This Agreement contains the entire understanding of the parties with respect to its subject matter, and supersedes and extinguishes all prior oral and written communications between the parties about its subject matter. Any purchase order or similar document which may be issued by Customer in connection with this Agreement does not modify this Agreement. No modification of this Agreement will be effective unless it is in writing, is signed by each party, and expressly provides that it amends this Agreement.

**By the signatures of their duly authorized representatives below, Superion and Customer, intending to be legally bound, agree to all of the provisions of this Agreement and all Exhibits, Supplements, Schedules, Appendices, and/or Addenda to this Agreement.**

**CUSTOMER**

Tim Flynn 10/3/17
Tim Flynn, Mayor Date

ATTEST:

Michelle Ascencion 10/4/17
Michelle Ascencion, City Clerk Date
(if agreement is $250,000.01 or more)

APPROVED AS TO FORM:

for 9/11/17
Stephen M. Fischer, City Attorney Date

APPROVED AS TO CONTENT:

9/7/17
Raja Bamrungpong, Project Manager (required for any agreement amount) Date

9/11/17
Keith Brooks, Department Head Date

APPROVED AS TO AMOUNT:

for 4 Oct 2017
Greg Nyhoff, City Manager Date

APPROVED AS TO INSURANCE:

9/26/17
Mike More, Risk Manager (required for any agreement amount) Date

**SUPERION**

DocuSigned by:
6F096AD3B12F428...
9/7/2017
Tom Amburgey, VP & General Manager Date

Lisa Neumann 9/7/17
Lisa Neumann Controller Date

The City requires the following for any contract:

- For a corporation, the signatures of the Board President, CEO or Vice President and of the Board Secretary, Assistant Secretary, CFO or Assistant Treasurer;
- For an LLC, the signatures of at least two managers of the LLC; or
- For a partnership, the signature of a partner. If the partnership is a limited partnership, the signer must be a general partner.

If the company has a different structure, or if the above-listed persons are not the appropriate signers, please submit to the City Attorney legally-binding documentation stating who can sign and bind your company.

PLEASE DO NOT REMOVE THIS BOX

**EXHIBIT 1**

**CONTRACT YEAR: July 1, 2017 through June 30, 2018 and each annual term thereafter.**

| Qty | Licensed Applications | Annual Support Term 7/01/2017-6/30/2018 |
|---|---|---|
| 1 | NaviLine Click2Gov3 BP Wireless | $ 2,056.94 |
| 1 | NaviLine Click2Gov3-Core Module | 1351.00 |
| 1 | NaviLine Click2Gov3-Occupational Licenses | 3176.69 |
| 1 | NaviLine Click2Gov3 - Customer Information System Module | 5160.59 |
| 1 | Cognos BI: Base Bundle Multi Data Source - NaviLine | 1600.00 |
| 1 | Procurement Card | 2519.45 |
| 1 | OnePoint Point of Sale | 2050.85 |
| 1 | Cash Receipts Credit Card Processing - AS400 | 742.46 |
| 1 | BP Voice Response Selectron | 2257.75 |
| 1 | NAVI - Work Orders/Fac Mgmt. | 8738.94 |
| 1 | NAVI - Building Permits | 6079.53 |
| 1 | NAVI - Code Enforcement | 3712.22 |
| 1 | NAVI - Cash Receipts | 3700.05 |
| 1 | NAVI - Customer Information Systems | 16419.00 |
| 1 | NAVI - GMBA | 14562.87 |
| 1 | NAVI - Asset Management II - LF | 0.00 |
| 1 | NaviLine-Land/Parcel Management | 5483.14 |
| 1 | NAVI - Accounts Receivable | 5148.42 |
| 1 | NAVI - Occupational Licenses | 5367.51 |
| 1 | NAVI - PURCHASING INVENTORY | 8002.59 |
| 1 | NAVI - Payroll/Personnel | 12031.27 |
| 1 | NAVI - Planning/Engineering | 8544.21 |
| 1 | NAVI-DMS-Document Management Services | 1235.38 |
| 1 | CIS Voice Response Selectron | 1947.40 |
| 1 | CIX IVR Credit Card Interface | 730.28 |
| 1 | Cash Receipts Lock Box Interface | 742.46 |
| 1 | NAVI - Asset Management II | 3523.57 |
| 36 | Retrofit Modification Option | 3600.00 |
| 1 | Tax (Type - MA) | 5056.33 |
| | | **$ 135,540.90** |

***Improvements fees for current Contract Year are subject to change and will be specified by Superion in an annual invoice.**

Improvements fees are due thirty (30) days prior to the commencement of the Contract Year for which such fees are being remitted. Improvements fees for any subsequent Contract Year are subject to change and will be specified by Superion in an annual invoice.

**APPLICABLE TAXES ARE NOT INCLUDED IN THIS EXHIBIT 1, AND, IF APPLICABLE, WILL BE ADDED TO THE AMOUNT IN THE PAYMENT INVOICE(S) BEING SENT SEPARATELY TO THE CUSTOMER.**

<u>Improvements Surcharge Imposed In Certain Instances</u>: At the commencement of any Contract Year where Customer is operating on a version of a Baseline Component System that is more than two (2) general release versions behind the then-current release for any Component System, Superion will

assess a ten percent (10%) surcharge over and above the Improvements fee for that Contract Year, with such surcharge to be imposed on a prorated basis for the portion of the Contract Year that Customer remains on a general release version that is more than two (2) releases behind the then-current release of the Component Systems in question. Once Customer is using a release that is no more than two (2) general release versions behind the then-current release, the Improvements surcharge will be removed on a prospective basis, as of the date that Customer is using the release that is no more than two (2) general release versions behind the then-current release.

**EXHIBIT 2**
**Maintenance Standards**

I. **Hours During Which Superion's Telephone Support Will be Available to Customer in Connection with the Provision of Maintenance:** Unless otherwise noted in Exhibit 1, support hours are Monday through Friday, 8:00 A.M. to 5:00 P.M. Customer's Local Time within the continental United States, excluding holidays ("5x11").

II. **Targeted Response Times.** With respect to Superion's Maintenance obligations, Superion will use diligent, commercially reasonable efforts to respond to Notifications from Customer relating to the Baseline Component Systems/Custom Modifications identified in Exhibit 1 of this Agreement in accordance with the following guidelines with the time period to be measured beginning with the first applicable Superion "Telephone Support" hour occurring after Superion's receipt of the Notification:

<table>
<tr><th>Priority</th><th>Description</th><th>Response Goal*</th><th>Resolution Goal*</th></tr>
<tr><td>Urgent<br>1</td><td>A support issue shall be considered Urgent when it produces a Total System Failure; meaning Superion's Component Systems are not performing a process that has caused a complete work stoppage.</td><td>Superion has a stated goal to respond within 60 minutes of the issue being reported and have a resolution plan within 24 hours.</td><td rowspan="4">Although resolution times vary depending on the exact issue and customer environment, Superion has a stated goal to resolve an urgent issue within 24 hours OR provide a resolution plan with urgent issues within 24 hours of the issue being reported.<br><br>A resolution plan details the steps necessary to understand and possibly resolve the issue.</td></tr>
<tr><td>Critical<br>2</td><td>A support issue shall be considered Critical when a critical failure in operations occurs; meaning Superion's Component Systems are not performing a critical process and prevents the continuation of basic operations. Critical problems do not have a workaround. This classification does not apply to intermittent problems.</td><td>Superion has a stated goal to respond within two hours of the issue being reported.</td></tr>
<tr><td>Non-Critical<br>3</td><td>A support issue shall be considered Non-Critical when a non critical failure in operations occurs; meaning Superion's Component Systems are not performing non-critical processes, but the system is still usable for its intended purpose or there is a workaround.</td><td>Superion has a stated goal to respond within four hours of the issue being reported.</td></tr>
<tr><td>Minor<br>4</td><td>A support issue will be considered Minor when the issue causes minor disruptions in the way tasks are performed, but does not affect workflow or operations. This may include cosmetic issues, general questions, and how to use certain features of the system.</td><td>Superion has a stated goal to respond within 24 hours of the issue being reported.</td></tr>
</table>

** Measured from the moment a Case number is created. As used herein a "Case number" is created when a) Superion's support representative has been directly contacted by Customer either by phone, email, in person, or through Superion's online support portal, and b) when Superion's support representative assigns a case number and conveys that case number to the Customer.*

**EXHIBIT 3**
**RECOVERY SOLUTIONS**

## Supplement to the Superion LLC. Services Agreement
## Recovery Solutions – System Recovery Service

1. **Term:** Initial Term of this Agreement begins July 1, 2017 and expires twenty-four (24) months from the date the initial Monthly Administration Fee is due under this exhibit. However, for purposes of making all payments due for recovery services, this Agreement will be retroactive with a beginning date of April 1, 2017.

2. **Services Groups:** Monthly Administration Fees, Declaration Fee and Additional Fees

   a. **Start-Up Fee:** Includes all fees required to initiate these service, excluding any Travel and Living Expenses that may be incurred.
   b. **Monthly Administration Fee:** Fees paid to maintain service availability for term of this contract.
   c. **Declaration Fee:** A fee of Three Thousand Five Hundred Dollars and 00/100 ($3,500) is due upon the declaration of a disaster/emergency situation by a designated client representative. The Initial Use period following a declaration is up to thirty (30) days per declaration.
   d. **Additional Fees**: Additional fees are those that are available to the client but are not required as a function of providing the recovery service.
   e. **Additional Usage Fee**: After the Initial Use period there will be a Five Hundred Dollar and 00/100 ($500.00) per day fee.

| | Applications and/or Services | Monthly Access Fee |
|---|---|---|
| Service | System Recovery Service (SRP) | $ 3,093.13 |
| Additional Services | Annual Testing - Once Per Year | Included in Monthly Fee |
| | | |
| | **Total Proposed System:** | **$ 3,093.13** |

3. **Payment Terms:**

Monthly Administration Fee: Monthly Administration Fees will be due on the first of each month. Monthly Administration Fees will be invoiced in advance on a monthly basis for a term of twenty-four (24) months at the rates listed below:

Months 1 – 24: $3,093.13 per month or $37,117.56 per year;

Following the initial term, Services will be provided on a year-to-year basis provided the Customer exercises the option and pays the then current Monthly Access Fee.

Declaration Fee: Due upon declaration of a disaster/emergency situation by a designated client representative.

Travel and Living Expenses: Travel and living expenses are in addition to the prices quoted above and will be invoiced as incurred and shall be governed by the Superion Corporate Travel and Expense Reimbursement Policy. Travel and living expenses actually incurred in prior months for which Superion is seeking reimbursement, shall also be invoiced monthly.

4. **Other issues:**

   a. Upon commencement of this contract, the Customer will provide Superion with a list of Customer designated representatives. This is a list of individuals that the client has authorized to declare or terminate a state of emergency for their location. This list will include designated representative names, daytime, nighttime, mobile and FAX numbers and mailing address information.

   b. Only a designated Customer representative will be able to declare a state of disaster/emergency by calling Superion Systems Recovery at: **1-800-695-6915.**

   c. Initial declaration of disaster/emergency may be verbal, but must be followed up by a signed and dated statement that declares a state of disaster/emergency. This hardcopy statement must briefly document the state and cause of the disaster/emergency, be dated and contain contact information. This declaration document may be faxed or sent via overnight mail to Superion/Systems Recovery, 1000 Business Center Dr., Lake Mary, Fl. 32746 or FAX: 407-386-8878.

   d. Customer acknowledges that should Superion receive multiple declarations of state of disaster/emergency, Superion shall respond to clients on a first come – first serve basis.

   e. Termination of a previously declared disaster/emergency situation may be done verbally by a client designated representative and followed by a signed notification no later than two (2) weeks after verbal notification. This notification of service termination must be signed by a designated Customer representative and may be faxed or sent via overnight mail to Superion Systems Recovery, 1000 Business Center Dr., Lake Mary, Fl. 32746 or FAX: 407-386-8878.

   f. All tapes or other backup medium provided to Superion will be returned to Customer.

   g. Any hardware or software provided by Superion in performance of this Schedule A-Order Form is owned by Superion and is not the property of the Customer.

**EXHIBIT 4**
**TRANSACTION MANAGER**

## SUPERION TRANSACTION MANAGER

Initial Term of this Agreement begins July 1, 2017 and expires twenty-four (24) months from this date and will renew for another twelve month period as specified in Section 4 above. However, for purposes of making all payments due for Superion Transaction Manager services, this Agreement will be retroactive with a beginning date of April 1, 2017.

Superion Public Sector will invoice Customer a monthly usage fee equal to the following:

1. Eight point five cents ($.085) for each transaction processed by the Superion Transaction Manager during the prior month, or
2. Five point five cents ($.055) for each transaction processed by the Superion Transaction Manager during the prior month provided that Customer utilizes a Superion LLC approved payment partner for that transaction's related merchant services, or
3. One hundred fifty dollar ($150) if the applicable transaction-based monthly usage fee is not greater than one hundred fifty dollars ($150).

The per transaction rates that are used to calculate each monthly usage fee are subject to change with 90 days notice. Other changes to these terms relating to Superion Transaction Manager may occur at any time as may be required and such changes will be effective upon Superion LLC's written notice to each customer who utilizes the Superion Transaction Manager services.

For the purpose of the Superion Transaction Manager, the term "transaction " means a transaction that is submitted to the Superion Transaction Manager whether such transaction be a credit card, signature debit card, online electronic check transaction, or otherwise. Upon ninety (90) days prior written notice to Superion LLC, Customer may terminate usage of the Superion Transaction Manager subscription effective upon the last day of the month in which the notice period concludes.

The Superion Transaction Manager solution is available 24 hours/ 7 days per week except when the service is off-line for support and maintenance. Maintenance is scheduled to be performed each Sunday starting at 12:00AM to be completed as soon as possible but no later than 5:00AM.

Rights of Cancellation - Subscription / Transaction Based Services: For any breach of Customer's obligation to remit payment(s) hereunder, Superion LLC reserves the right to cancel any subscription / transaction based service(s) if the breach of payment is more than sixty (60) days in arrears. Customer may cancel any subscription / transaction based service(s) for convenience by providing ninety (90) days prior written notice to Superion LLC of its intent and such cancellation will be effective upon completion of the ninety (90) day notice period. All subscription/transaction fees prior to the effective date of any cancellation will be due and payable in full. Thereafter, if Customer desires to reinstate any subscription / transaction based service(s) which are cancelled hereunder, Customer will be responsible for payment of Superion LLC's then- current reconnect fee plus any subscription / transaction based service fees that would have been payable for the period subsequent to the cancellation of such services if the cancellation had never occurred.

# Second Amendment to Superion LLC, a CentralSquare Company Software License Agreement A-8001

## Finance & Governance Committee

February 8, 2022

Helen Miller, Chief Information Officer

CITY OF OXNARD CALIFORNIA

That the Finance and Governance Committee recommend that the City Council approve and authorize the Mayor to execute a second amendment to Software License Agreement A-8011 with Superion LLC, a CentralSquare Company, in the amount of $250,366 for a new not-to-exceed agreement amount of $800,714 for information technology software and services.

# NEEDS AND DETAILS



- Annual maintenance cost for HTE and related services is ~200k/year for use, support, and maintenance of the HTE system.

- Although HTE is currently in the process of being replaced by Tyler Munis ERP, the City continues to require additional services from the vendor, estimated at $250,366 over the next 17 months of the three year agreement terminating June 30, 2023.

- These additional services are:
  - New third-party software fees because of CentralSquare acquisitions
  - CentralSquare initiated ERP upgrades; e.g. new credit card system
  - Tyler ERP implementation project
  - Fluctuating credit card transaction fees

# NEEDS AND DETAILS – Estimated Costs



**TABLE 1 – CentralSquare Estimated Costs, 7/1/2020 through 6/30/2023**

| Description | FY 20-21 | FY 21 -22 estimated | FY 22-23 estimated | Total |
|---|---|---|---|---|
| HTE user license, support, hosting, disaster recovery | $174,575 | $183,304 | $192,469 | $550,348 |
| Credit card Transaction Manager, processing fees | $10,000 | $10,000 | $10,000 | $30,000 |
| CryWolf Alarm management system - Police | 0 | $15,000 | $15,000 | $30,000 |
| Public Administrator software - utilities billing | 0 | $5,000 | $5,000 | $10,000 |
| Analytics NOW Financial reporting system -Finance | 0 | $20,000 | $20,000 | $40,000 |
| HTE ERP upgrade and change costs | 0 | $30,000 | $30,000 | $60,000 |
| Contingency, 15% | 0 | $39,496 | $40,870 | $80,366 |
| TOTAL, per fiscal year | $184,575 | $302,800 | $313,339 | $800,714 |

Contingency examples: unforeseen remediation or emergency needs, anticipated annual increases for third party software renewals, flexible capacity to meet City departments and CentralSquare business requirements through 6/30/2023 when current software agreement terminates

# FINANCIAL IMPACT

- This amendment supports continued and uninterrupted use of the vendor, CentralSquare, for delivering resident services and sustaining City department operations

- Funds for this expenditure are included in IT’s current FY 21-22 budget. For FY 22-23, funds will be included in IT’s budget as well as in other department or project specific budgets such as Finance, Police, Public Works,  Tyler ERP project, as applicable

That the Finance and Governance Committee recommend that the City Council approve and authorize the Mayor to execute a second amendment to Software License Agreement A-8011 with Superion LLC, a CentralSquare Company, in the amount of $250,366 for a new not-to-exceed agreement amount of $800,714 for information technology software and services.

CITY OF OXNARD CALIFORNIA

# QUESTIONS

FINANCE AND GOVERNANCE COMMITTEE
AGENDA REPORT

REPORTS
AGENDA ITEM NO. D.3

**DATE:** February 8, 2022

**TO:** Finance & Governance Committee

**FROM:** Betsy George, Chief Financial Officer, 805-200-5400, betsy.george@oxnard.org

**SUBJECT:** FY 2021-22 Budget Mid-Year Review. (0/10/10)

## RECOMMENDATION

That the Finance and Governance Committee:
1. Receive an update on the FY 2021-22 revenue and expenditure projections for major funds, and authorize staff to make the presentation to City Council, incorporating any updates or new information that may arise in the interim;
2. Recommend that City Council approve a budget appropriation request in the amount of $1,000,000 to Public Liability Fund (701) and $162,947 to Workers' Compensation Fund (702) for an overall total appropriation of $1,162,947;
3. Recommend that City Council adopt a resolution approving amendments to the Position Control Resolution; and
4. Recommend that City Council adopt a resolution approving amendments to the Classification and Salary Schedule Resolution.

Please click the following link to view the required Measure M pre-recorded presentation video: https://youtu.be/eZmbH6V9svU

## BACKGROUND

Numerical values included in the narrative below may not add due to rounding.

## DISCUSSION

General Fund (101)

*Revenues:* Fiscal Year (FY) 2021-22 General Fund revenues are now projected at $202.2 million, up $2.7 million from the revised budget of $199.6 million. The increase primarily results from four main factors: a $4.9 million increase in the projection for sales tax revenues; a $0.9 million increase in projection of property tax and deed transfer tax revenues; a $1.3 million increase in the projection for other revenue; and an offsetting $4.4 million decrease in revenue from fees and charges due to the EMS implementation delay.

The General Fund sales tax revenue projections, which include the 1% Bradley Burns sales tax and 1.5% Measure E sales and use tax, are being increased from $88.4 million to $93.3 million, a $4.9 million higher amount based on strong sales tax quarters in the second half of 2021. Compared to projections made in Spring 2021, the City anticipates slight growth in property and deed transfer tax of approximately 1.1% or $0.9 million based on increased assessed valuations. A $1.3 million increase in other revenue is attributable to $0.9 million of Wildland Fire reimbursement and one-time reimbursement for the Rose IFD Developer Agreement of $0.4 million. While the categories of General Fund revenues just described are anticipated to rise in total by $7.1 million, there is an offsetting $4.4 million loss in fees and charges for services due to a delay in implementing EMS services.

*Expenditures:* FY 2021-22 General Fund expenditures are now projected at $184.8 million, $17.3 million dollars below the revised budget total of $202.1 million. The decrease in estimated expenditures primarily results from three main factors: $4.1 million of anticipated net personnel savings due to unfilled positions, $6.4 million in reduced operating costs (of which $5.5 million is due to the EMS delay), and $6.8 million of anticipated carryover to FY 2022-23 for multi-year projects that had projected spending in FY 2021-22 that is now anticipated to occur in future fiscal years.

*Available Fund Balance:* The FY 2021-22 General Fund Adopted Budget assumed a starting fund balance at July 1, 2021, of $20.8 million, or 10.4% of expenditures plus transfers out. The actual fund balance proved to be somewhat higher at $29.3 million, primarily due to actual FY 2020-21 sales tax revenue, fees, and other revenues coming in higher than estimated.

The City's mid-year projections for General Fund revenues ($202.2 million) and expenditures including transfers out ($184.8 million) would result in a FY 2021-22 net operating surplus of $17.4 million. Adding the projected net operating surplus of $17.4 million to the starting fund balance of $29.3 million and subtracting $6.8 million projected carryover committed for multi-year projects yields a projected ending fund balance at June 30, 2022, of $39.9 million, or 21.6% of expenditures and transfers out. Of the $39.9 million projected ending fund balance, $19.5 million is committed for reimbursing the City's Utility Enterprise Funds for prior years' Infrastructure Use Fees (IUF).

For additional detail, refer to the General Fund tables in the attached Powerpoint presentation (slides 4 & 5).

Measure O (Half-Cent Sales Tax) Fund (104)

*Revenues:* FY 2021-22 Measure O Fund revenues are now projected at $20.0 million, up $0.7 million from the revised budget of $19.3 million. The increase is a result of higher projected sales and use tax revenue based on the most recent two strong sales quarters of 2021.

*Expenditures:* FY 2021-22 Measure O Fund expenditures are now projected at $20.0 million, about $2.0 million (or 9.7%) lower than the revised budget of $22.2 million. Of the $2.0 million reduction, approximately $0.2 million is the anticipated annual operational savings resulting mostly from vacancy savings for programs such as College Parks, Safe Home Safe Family and lower recreational activities impacted by the Omicron surge (such as PAL and Preschool to You). The remaining reduction represents $1.8 million that will be carried over to FY2023 for one-time projects.

*Available Fund Balance:* The FY 2021-22 Measure O Fund Adopted Budget assumed a starting fund balance at July 1, 2021 of $5.8 million. The actual fund balance proved to be higher at $11.4 million, primarily due to unspent capital appropriations and multi-year projects that are carried out to future years.

Updated FY 2021-22 projections for Measure O Fund revenues ($20.0 million) and expenditures ($20.0 million) would result in a slight deficit for the FY 2021-22 operating budget. Subtracting anticipated carryover of $1.8 million from the starting fund balance of $11.4 million yields a projected available ending fund balance at June 30, 2022, of $9.5 million.

For additional detail, refer to the Measure O Fund table in the attached PowerPoint presentation (slide 6)

Water Funds (601 & related)

*Revenues:* FY 2021-22 Water Fund revenues are now projected at $68.6 million, down $1.9 million from revised budget of $70.6 million. The decrease is primarily a result of $1.3 million projected decline in Fees and Charges due the IUF related rate reduction, $0.2 million lower interest earnings, and $0.4 million lower fines and forfeitures as certain fines and penalties continue to be temporarily suspended due to the COVID-19 pandemic.

*Expenditures:* FY 2021-22 Water Fund expenditures are now projected at $92.1 million, lower by $54.7 million (37.2%) compared to the revised budget of $146.8 million. The decrease in estimated expenditures is primarily a result of $4.9 million in operational savings, which includes supplies, services, and chemical purchases and $49.8 million in spending on capital projects initially budgeted for the current fiscal year that are now projected to occur in future fiscal years.

*Available Fund Balance:* The FY 2021-22 Adopted Budget assumed a starting fund balance for the Water Fund at July 1, 2021, of $67.6 million. The actual fund balance proved to be somewhat higher at $83.9 million, primarily due to the 2021A Water Refunding Bond proceeds.

The FY 2021-22 projections explained above for Water Fund revenues ($68.6 million) and expenditures ($92.1 million) would result in net annual activity of a negative $23.5 million of which $18.3 million in capital project expenses will be funded with 2021A Water Refunding Bond Proceeds received in FY 2020-21. The 2021A bond proceeds are included in the $83.9 million starting fund balance. Subtracting the projected negative net operating activity of $23.5 million from the starting fund balance of $83.9 million and subtracting $37.0 million projected carryover of multi-year commitments yields a projected available ending fund balance at June 30, 2022, of $23.4 million, or 25.5% of expenditures plus transfers out.

For additional detail, refer to the Water Funds table in the attached PowerPoint presentation (slide 7).

Wastewater Funds (611, 621 & related)

FY 2021-22 Wastewater Fund revenues are now projected at $52.4 million, down by $22.0 million from the revised budget of $74.4 million. Of the $22.0 million decrease, $21.7 million is a delayed draw-down from the State Revolving Fund (SRF) Loan. Projects funded from the loan will carryover to FY 2022-23; both spending and draw-down will occur in later years. The remaining $0.3 million decline is the result of IUF related rate adjustment and lower projected interest earnings.

*Expenditures:* FY 2021-22 Wastewater Fund expenditures are now projected at $39.2 million, lower by $66.6 million (63%) from the revised budget of $105.9 million. The decrease in estimated expenditures results almost entirely from capital projects budgeted for the current fiscal year, the spending for which is now projected to occur in future fiscal years, plus $2.0 million of reduced operating costs for professional services, supplies, and chemicals.

*Available Fund Balance:* The FY 2021-22 Adopted Budget assumed a starting fund balance for the Wastewater Fund at July 1, 2021, of $58.0 million. The actual fund balance proved to be higher, at $63.9 million, due primarily to unspent capital appropriations. The beginning fund balance of $63.9 million excludes the $28.5 million of unspent capital appropriations and FY 2020-21 carryover for the SRF Loan which will be drawn-down based on future spending on those capital projects.

The FY 2021-22 projections explained above for Wastewater Fund revenues ($52.4 million) and expenditures ($39.2 million) would result in net annual activity of $13.2 million. Adding the projected net annual activity during FY 2021-22 of $13.2 million to the starting fund balance at July 1, 2021 of $63.9 million and then subtracting the $14.0 million of projected carryover (again this excludes SRF) yields a projected ending available fund balance at June 30, 2022 of $63.1 million, which represents 160.7% of annual expenditures.

For additional detail, refer to the Wastewater Funds table in the attached PowerPoint presentation (slide 8).

Environmental Resources Funds (631 & related)

FY 2021-22 Environmental Resources Fund revenues are now projected at $61.1 million, up $7.7 million from the revised budget of $53.4 million. Of the $7.7 million increase, $10.2 million is a result of a draw-down for the acquisition of refuse trucks funded through an equipment Line of Credit. The increased revenue from the Line of Credit is anticipated to be offset by $2.5 million in lower operating revenues. The $2.5 million projected decline is a result of $0.9 million from the IUF related rate reduction, $1.2 million of lower Materials Recovery Facility (MRF) recycled commodity sales and tipping fees, and $0.4 million lower interest earnings and lower fines and forfeitures as certain fines and penalties continue to be temporarily suspended due to the COVID-19 pandemic.

*Expenditures:* FY 2021-22 Environmental Resources Fund expenditures are now projected at $69.3 million, down $10.8 million (13.5%) from the revised budget total of $80.1 million. The decrease in estimated expenditures primarily results from $7.8 million of capital projects budgeted for the current fiscal year, the spending for which will now occur in future fiscal years, plus $3.0 million of reduced operational costs for green waste processing, recycling buybacks, waste hauling supplies, and savings from supplies, machinery, and equipment contracts.

*Available Fund Balance:* The FY 2021-22 Adopted Budget assumed a starting fund balance for the Environmental Resources Fund at July 1, 2021, of $33.0 million. The actual fund balance was $33.2 million.

The FY 2021-22 projections explained above for Environmental Resources Fund revenues ($61.1 million) and expenditures ($69.3 million) would result in net annual activity during FY 2021-22 of a negative ($8.2) million. Subtracting the projected net FY 2021-22 operating deficit of $8.2 million from the starting fund balance at July 1, 2021 of $33.2 million and subtracting the $7.8 million projected unspent capital appropriations to be carried over into FY 2022-23 yields a projected ending available fund balance at June 30, 2022 of $17.2 million, which represents 25% of annual expenditures.

For additional detail, refer to the Environmental Resources Funds table in the attached PowerPoint presentation (slide 9).

Recommended $1.0 million appropriation for Public Liability Fund (701)

The Human Resources Department is requesting a $1.0 million appropriation from the available fund balance of the Public Liability Fund due to a significant increase in the liability insurance premium in FY 2021-22 and the settlement of a litigation matter.

Recommended $0.16 million appropriation for Workers' Compensation Fund (702)

The Human Resources Department is requesting a $162,947 appropriation from the available fund balance of the Workers Compensation Fund due to increased State of California self-insurance fees as a result of increased claims payments during 2021-22.

Position Control Resolution

Staff requests the following edits to the Position Control Resolution, which lists the City's positions:

1. City Manager's Office: add one Management Analyst II. This position will primarily serve as the City's public records advocate. No budget adjustment is needed (will be absorbed by the available FY 2021-22 budget).
2. Cultural and Community Services Department-Library: reclassification of one Library Circulation Supervisor to Library Services Supervisor. This is a revision to the title that was added in the FY 2021-22 Adopted Budget. No budget adjustment is needed (will be absorbed by the available FY 2021-22 budget).
3. Department of Billing & Licensing: reclassification of one Customer Service Rep II to Sr. Customer Service Representative. An increase in more complicated collections/taxation as a result of three years' back billing for business taxes with approximately 5,000-6,000 needing to be processed with more to be identified in future years. These transactions require a higher level of expertise with sensitive and confidential data from state agencies. In addition, these transactions often bring a higher level of customer interaction and resistance. No budget adjustment is needed (will be absorbed by the available FY 2021-22 budget).
4. Finance Department: one position reclassification and one new authorization within the Finance Department is required. A reclassification of the vacant Financial Analyst II position to an Accountant III position (no change in salary range) to better meet the needs of the General Accounting Division. The Accountant III will be responsible for complex accounting transactions. One new Accountant II is needed for additional General Accounting Division support. No budget adjustment is needed (will be absorbed by the available FY 2021-22 budget).
5. Police Department: reclassification of 28 Police Officer III's to Police Corporal (no change in salary range) and reclassification of one Police Word Processor III to Police Records Supervisor due to increased job duties. No budget adjustment is needed (will be absorbed by the available FY 2021-22 budget).
6. Public Works Department-Fleet Division: reclassification of one Customer Service Rep I to Account Clerk II. The duties performed by this position are consistent with the Account Clerk classification. No budget adjustment is needed (will be absorbed by the available FY 2021-22 budget).

<u>Classification and Salary Schedule Resolution</u>

Staff requests the following edits to the Classification and Salary Schedule Resolution:

1. Establish salary range for new Accountant III and Police Corporal positions described under Position Control Resolution above
2. Increase hourly rate for Crossing Guard due to increase in minimum wage
3. Establish salary range for Homeless Programs Assistant (position was added in the FY 2021-22 Adopted Budget; this action is needed to correct omission from salary range resolution)
4. Increase salary range for Public Safety Trainee to be more comparable to surrounding agencies

## STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the five strategic priorities adopted by City Council on March 16, 2021.

## FINANCIAL IMPACT

The financial impact of each recommended action is spelled out in the Discussion section that describes that action.

*Prepared by: Beth Vo, Budget Manager, Tanya Williams, Financial Analyst III*

**ATTACHMENTS**

1. Budget Appropriation FY21-22 Mid-Year
2. Amended Position Resolution
3. Amended Classification and Salary Schedule Resolution
4. FY21-22 Budget Mid-Year Review Presentation

# REQUEST FOR BUDGET APPROPRIATION

**Department:** Finance **Date:** February 15, 2022

**Project/Program Manager:** Betsy George **Phone:** (805) 200-5400

**Reason for Appropriation:**

FY21-22 Mid-year adjustment / appropriations

| Accounts and Descriptions | | AMOUNT |
|---|---|---|
| **Fund: 701-PUBLIC LIABILITY & PROPERTY DAMAGE** | | |
| **Expenditures/Transfers Out** | | |
| **RISK MANAGEMENT (1704)** | | |
| 701-1704-852.82-51 | LIABILITY CLAIMS EXPENSE | 1,000,000 |
| | Sub-total Expenditures | 1,000,000 |
| | **Net Change to Fund Balance** | **(1,000,000)** |
| **Fund: 702-WORKERS' COMPENSATION FUND** | | |
| **Expenditures/Transfers Out** | | |
| **WORKERS' COMPENSATION (1702)** | | |
| 702-1702-856.83-71 | TAXES AND FILING FEES | 162,947 |
| | Sub-total Expenditures | 162,947 |
| | **Net Change to Fund Balance** | **(162,947)** |
| | **Net Appropriation Change** | **1,162,947** |

**Approvals**

Department Director ______________________

Chief Financial Officer ______________________

City Manager ______________________

BA# (Finance Use Only)______________

BA Doc# (Finance Use Only)___________

**REQUIRES CITY COUNCIL AUTHORIZATION**

Revised : 2/23/2012

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. ________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AMENDING RESOLUTION NO. 15,470 AUTHORIZING FULL-TIME EQUIVALENT POSITIONS PURSUANT TO CHAPTER 4 OF THE CITY PERSONNEL RULES AND REGULATIONS

WHEREAS. Chapter 4, Section 4.7 of the City of Oxnard Personnel Rules and Regulations provides that the City Manager from time to time may revise the number of positions in each classification as necessary to perform the work of the classification, provided that the total expense to be incurred for such work shall be limited to the amount appropriated by the City Council for the classification: and

WHEREAS, the City Council has reviewed the revisions and finds that they are desirable and in the interest of maintaining an efficient municipal organization.

NOW, THEREFORE. the City Council of the City of Oxnard resolves to amend Resolution No. 15,470 with the following changes to the adopted FY 21/22 position allocations as specified:

| Department | Title | Adopted 21/22 | Proposed Change | New Allocation |
|---|---|---|---|---|
| City Manager | Management Analyst II (Public Records Advocate) | 0 | 1 | 1 |
| Cultural & Community Services | Library Circulation Supervisor | 1 | -1 | 0 |
| | Library Services Supervisor | 0 | 1 | 1 |
| Dept. of Billing & Licensing | Customer Service Rep II | 8 | -1 | 7 |
| | SR. Customer Service Rep | 1 | 1 | 2 |
| Finance | Accountant II | 2 | 1 | 3 |
| | Financial analyst II | 3 | -1 | 2 |
| | Accountant III | 0 | 1 | 1 |
| Police | Police Officer III | 28 | -28 | 0 |
| | Police Corporal | 0 | 28 | 28 |
| | Police Word Processor III | 1 | -1 | 0 |
| | Police Records Supervisor | 1 | 1 | 2 |
| Public Works: Fleet | Customer Service Rep I | 1 | -1 | 0 |
| | Account Clerk II | 0 | 1 | 1 |
| GRAND TOTAL | | 44 | 2 | 46 |

PASSED AND ADOPTED this 15th day of February, 2022, by the following vote:

YES:

NOES:

ABSENT:

ABSTAIN:

____________________________
John C. Zaragoza, Mayor

ATTEST:

____________________________
Rose Chaparro, City Clerk

APPROVED AS TO FORM:

____________________________
Stephen M. Fischer, City Attorney

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. ________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AMENDING RESOLUTION NO. 15,471 AUTHORIZING AND APPROVING CLASSIFICATION AND SALARY SCHEDULES PURSUANT TO CHAPTER 4 OF THE CITY PERSONNEL RULES AND REGULATIONS

WHEREAS, Chapter 4, Article 4.5 of the City of Oxnard Personnel Rules and Regulations requires that the City of Oxnard classification listing all classes of positions in the general city service be established by resolution of the City Council; and,

WHEREAS, Chapter 4, Article 4.7 of the City of Oxnard Personnel Rules and Regulations provides that the City Manager from time to time may revise the number of positions in each classification as necessary to perform the work of the classification, provided that the total expense to be incurred for such work shall be limited to the amount appropriated by the City Council for the classification; and,

WHEREAS, Chapter 4, Article 4.8 of the City of Oxnard Personnel Rules and Regulations provides that the City Manager shall recommend to the City Council the creation of a new or additional position allocated to an existing class whenever possible; otherwise, the City Manager shall recommend to the City Council the creation of a new classification; and,

WHEREAS, Chapter 4, Article 4.9 of the City of Oxnard Personnel Rules and Regulations requires City Council approval to establish a new classification title and salary range.

NOW, THEREFORE, the City Council of the City of Oxnard resolves to amend Exhibit "A" of Resolution No. 15,471 in accordance with Chapter 4, Articles 4.5, 4.7, 4.8 and 4.9 of the City of Oxnard Personnel Rules and Regulations, by adding the following five (5) classifications and establishing salary ranges for those classifications effective February 15, 2022:

| Salary Grade | Classification Title | FLSA Status | Union Code | Compensation Frequency | Hourly (H)/Salary (S) Range |
|---|---|---|---|---|---|
| M22 | Accountant III | E | OMMA | Salaried | $61,998.14 - $103,881.65 (S) |
| A00 | Crossing Guard | N | SEIU | Hourly | $15.2484 - $23.6552 (H) |
| A40 | Homeless Programs Assistant | N | SEIU | Hourly | $21.9559 - $34.0609 (H) |
| P99 | Police Corporal | N | OPOA | Hourly | $38.5906 - $49.4878 (H) |
| X51 | Public Safety Trainee | N | UNREP. | Hourly | $34.9343 (H) |

PASSED AND ADOPTED this 15th day of February, 2022, by the following vote:

YES:

NOES:

ABSENT:

ABSTAIN:

____________________________
John C. Zaragoza, Mayor

ATTEST:

____________________________
Rose Chaparro, City Clerk

APPROVED AS TO FORM:

____________________________
Stephen M. Fischer, City Attorney

# FY 2021-22 BUDGET MID-YEAR REVIEW

Finance and Governance Committee

February 8, 2022

Betsy George, Chief Financial Officer

CITY OF OXNARD CALIFORNIA

# RECOMMENDATION



That the Finance and Governance Committee:

1. Receive an update on the FY 2021-22 revenue and expenditure projections for major funds, and authorize staff to make the presentation to City Council, incorporating any updates or new information that may arise in the interim;

2. Recommend that City Council approve a budget appropriation request in the amount of $1,000,000 to Public Liability Fund (701) and $162,947 to Workers' Compensation Fund (702) for an overall total appropriation of $1,162,947;

3. Recommend that City Council adopt a resolution approving amendments to the position control resolution; and

4. Recommend that City Council adopt a resolution approving amendments to the classification and salary resolution.

# GENERAL FUND (101) SUMMARY (IN MILLIONS)



| | FY21-22 Revised Budget (Oct. 2021) | FY21-22 Year-End Estimates | $ Change | % Change |
|---|---|---|---|---|
| **Beginning Available Fund Balance, July 1, 2021** | **$29.3** | **$29.3** | | |
| **Revenues:** | | | | |
| Property Tax & Transfer Tax | 64.2 | 65.2 | 0.9 | 1.5% |
| Sales Tax - Measure E | 51.9 | 53.8 | 1.9 | 3.7% |
| Sales Tax | 36.6 | 39.6 | 3.0 | 8.3% |
| Franchise Tax | 3.9 | 4.1 | 0.1 | 3.8% |
| Business License Tax | 6.3 | 6.1 | (0.2) | -3.0% |
| Transient Occupancy Tax | 4.6 | 4.7 | 0.2 | 4.3% |
| Other Non-Tax Revenues | 32.2 | 28.8 | (3.4) | -10.5% |
| **Total Revenues** | **199.6** | **202.2** | **2.7** | **1.3%** |
| **Expenditures by Category:** | | | | |
| Police | 70.8 | 67.9 | (2.9) | -4.1% |
| Fire | 31.7 | 29.8 | (1.9) | -5.9% |
| Cultural & Community Services | 13.6 | 12. | (1.6) | -12.1% |
| Public Works | 23.1 | 22.3 | (0.8) | -3.5% |
| Administrative Departments | 34.3 | 30.3 | (4.0) | -11.7% |
| Non-Departmental & Transfers | 28.7 | 22.6 | (6.1) | -21.2% |
| **Total Expenditures** | **202.1** | **184.8** | **(17.3)** | **-8.6%** |
| Net Annual Activity Surplus/(Deficit) | (2.6) | 17.4 | | |
| Carryover (One-Time Projects) to FY22-23 | | 6.8 | | |
| **Projected Ending Available Fund Balance, June 30, 2022** | **26.74** | **39.92** | | |
| **Projected Fund Balance as a % of Expenditures** | **13.2%** | **21.6%** | | |
| Target Reserve Level | 12% | 12% | | |

# GENERAL FUND (101) REVENUES (IN MILLIONS)



| | FY21-22 Revised Budget (Oct. 2021) | FY21-22 Year-End Estimates | $ Change | % Change |
|---|---|---|---|---|
| **Beginning Available Fund Balance, July 1, 2021** | **$29.3** | **$29.3** | | |
| **Revenues:** | | | | |
| 01-PROPERTY TAX | 63.5 | 64.2 | 0.7 | 1.1% |
| 02A-SALES TAX - MEASURE E | 51.9 | 53.8 | 1.9 | 3.7% |
| 02-SALES TAX | 36.6 | 39.6 | 3.0 | 8.3% |
| 03-FRANCHISES | 3.9 | 4.1 | 0.1 | 3.8% |
| 04-BUSINESS LICENSE TAX | 6.3 | 6.1 | -0.2 | -3.0% |
| 05-TRANSIENT OCCUPANCY TAX | 4.6 | 4.7 | 0.2 | 4.3% |
| 06-DEED TRANSFER TAX | 0.7 | 1.0 | 0.2 | 32.7% |
| 07-BLDG FEES/PERMITS | 1.7 | 1.9 | 0.2 | 10.6% |
| 08-INTERGOVERNMENTAL | 2.3 | 2.4 | 0.1 | 6.1% |
| 09-FEES/CHARGES | 11.2 | 6.8 | -4.4 | -39.3% |
| 10-FINES/FORFEITURES | 2.5 | 2.5 | 0.0 | -1.1% |
| 12-INDIRECT COST REIMB | 8.3 | 8.3 | 0.0 | 0.0% |
| 13-INTEREST | 1.3 | 0.8 | -0.4 | -33.7% |
| 15-TRANSFERS IN | 1.7 | 1.7 | 0.0 | -1.8% |
| 16-OTHER REVENUE | 2.9 | 4.2 | 1.3 | 43.6% |
| 17-SPECIAL ASSESSMENTS | 0.3 | 0.2 | -0.1 | -28.7% |
| **Total Revenues** | **199.6** | **202.2** | **2.7** | **1.3%** |

# GENERAL FUND (101) EXPENDITURES (IN MILLIONS)



| | FY21-22 Revised Budget (Oct. 2021) | FY21-22 Year-End Estimates | $ Change | % Change |
|---|---|---|---|---|
| **Expenditures by Department:** | | | | |
| CCS - LIBRARY | 4.8 | 4.6 | -0.1 | -3.0% |
| CCS - RECREATION | 8.8 | 7.3 | -1.5 | -17.0% |
| CITY ATTORNEY | 2.8 | 2.6 | -0.3 | -9.4% |
| CITY CLERK | 0.7 | 0.7 | 0.0 | 0.2% |
| CITY COUNCIL | 0.6 | 0.7 | 0.0 | 4.7% |
| CITY MANAGER | 2.5 | 2.2 | -0.3 | -11.7% |
| COMMUNITY DEVELOPMENT | 13.8 | 12.0 | -1.8 | -13.2% |
| DEPARTMENT OF BILLING & LICENSING | 1.5 | 1.3 | -0.2 | -11.3% |
| FINANCE | 6.8 | 6.0 | -0.8 | -11.5% |
| FIRE | 31.7 | 29.8 | -1.9 | -5.9% |
| HOUSING | 2.2 | 1.6 | -0.6 | -29.0% |
| HUMAN RESOURCES | 3.4 | 3.3 | -0.1 | -2.2% |
| NON-DEPARTMENTAL | 28.7 | 22.6 | -6.1 | -21.2% |
| POLICE | 70.8 | 67.9 | -2.9 | -4.1% |
| PW - ADMINISTRATIVE SERVICES | 0.3 | 0.3 | 0.0 | -2.8% |
| PW - CONSTRUCTION AND DESIGN SERVICES | 3.1 | 2.7 | -0.3 | -10.4% |
| PW - GENERAL SERVICES | 16.0 | 15.9 | -0.2 | -0.9% |
| PW - TRAFFIC ENG. & OPERATIONS | 3.7 | 3.4 | -0.3 | -8.7% |
| **Total Expenditures** | **202.1** | **184.8** | **-17.3** | **-8.6%** |

# MEASURE O FUND 104 (IN MILLIONS)



| | FY21-22 Revised Budget (Oct. 2021) | FY21-22 Year-End Estimates | $ Change | % Change |
|---|---|---|---|---|
| **Beginning Available Fund Balance, July 1, 2021** | **$11.4** | **$11.4** | | |
| **Revenues:** | | | | |
| Half Cent Sales Tax | 17.3 | 18.0 | 0.7 | 4.0% |
| General Fund Loan Payment | 1.9 | 1.9 | 0.0 | 0.0% |
| Interest Income | 0.1 | 0.1 | 0.0 | 0.0% |
| **Total Revenues** | **19.3** | **20.0** | **0.7** | **3.6%** |
| **Expenditures by Category:** | | | | |
| Other Community Improvements | 3.4 | 1.5 | -1.9 | -54.9% |
| Parks & Open Spaces | 4.0 | 3.8 | -0.3 | -6.4% |
| Public Safety & Gang Prevention | 12.6 | 12.5 | 0.0 | -0.2% |
| Traffic & Road Improvements | 2.2 | 2.2 | 0.0 | 0.0% |
| **Total Expenditures** | **22.2** | **20.0** | **-2.1** | **-9.7%** |
| Net Annual Activity | -2.9 | -0.1 | | |
| Carryover (One-Time Projects) to FY22-23 | | 1.8 | | |
| **Projected Ending Available Fund Balance, June 30, 2022** | **8.5** | **9.5** | | |

# WATER FUNDS (IN MILLIONS)

| | FY21-22 Revised Budget (Oct. 2021) | FY21-22 Year-End Estimates | $ Change | % Change |
|---|---|---|---|---|
| **Beginning Available Fund Balance, July 1, 2021** | **$83.9** | **$83.9** | | |
| **Revenues:** | | | | |
| 09-FEES/CHARGES | 62.1 | 60.8 | -1.3 | -2.1% |
| 10-FINES/FORFEITURES | 0.5 | 0.1 | -0.4 | -83.2% |
| 13-INTEREST | 2.6 | 2.4 | -0.2 | -8.6% |
| 15-TRANSFERS IN | 0.2 | 0.2 | 0.0 | 0.0% |
| PROCEEDS - SALE OF BONDS | 0.0 | 0.0 | 0.0 | |
| INFRASTRUCTURE USE FEE REPAYMENT | 5.1 | 5.1 | 0.0 | 0.0% |
| 16-OTHER REVENUE | 0.0 | 0.1 | 0.0 | 71.5% |
| **Total Revenues** | **70.6** | **68.6** | **-1.9** | **-2.7%** |
| **Expenditures by Type:** | | | | |
| 1-PERSONNEL | 10.2 | 8.5 | -1.7 | -16.7% |
| 2-OTHER O&M EXPENSE | 106.6 | 65.5 | -41.1 | -38.6% |
| 3-DEBT SERVICE | 13.0 | 13.0 | 0.0 | 0.0% |
| 4-CAPITAL OUTLAY | 13.0 | 1.1 | -11.9 | -91.2% |
| 5-TRANSFERS OUT | 0.0 | 0.0 | 0.0 | 0.0% |
| 6-INTERNAL FIXED CHARGES | 4.0 | 4.0 | 0.0 | 0.0% |
| **Total Expenditures** | **146.8** | **92.1** | **-54.7** | **-37.2%** |
| Net Annual Activity | -76.2 | -23.5 | | |
| Projected CIP Carryover to FY22-23 | | 37.0 | | |
| **Projected Ending Available Fund Balance, June 30, 2022** | **$7.7** | **$23.4** | | |
| **Fund Balance as % of Expenditures** | **5.2%** | **25.5%** | | |
| Target Reserve Level | 25% | 25% | | |

# WASTEWATER FUNDS (IN MILLIONS)



| | FY21-22 Revised Budget (Oct. 2021) | FY21-22 Year-End Estimates | $ Change | % Change |
|---|---|---|---|---|
| **Beginning Available Fund Balance, July 1, 2021** | **$63.9** | **$63.9** | | |
| **Revenues:** | | | | |
| 09-FEES/CHARGES | 47.7 | 47.5 | -0.2 | -0.4% |
| 10-FINES/FORFEITURES | 0.0 | 0.0 | 0.0 | |
| 13-INTEREST | 0.5 | 0.4 | -0.1 | -26.9% |
| 16-OTHER REVENUE | 0.0 | 0.0 | 0.0 | |
| PROCEEDS - SALE OF BONDS / LOAN | 22.6 | 0.9 | -21.7 | -96.0% |
| INFRASTRUCTURE USE FEE REPAYMENT | 3.6 | 3.6 | 0.0 | 0.0% |
| **Total Revenues** | **74.4** | **52.4** | **-22.0** | **-29.5%** |
| **Expenditures by Type:** | | | | |
| 1-PERSONNEL | 10.7 | 9.7 | -1.0 | -9.3% |
| 2-OTHER O&M EXPENSE | 77.3 | 14.5 | -62.8 | -81.3% |
| 3-DEBT SERVICE | 9.5 | 9.5 | 0.0 | -0.3% |
| 4-CAPITAL OUTLAY | 5.7 | 2.9 | -2.8 | -49.7% |
| 5-TRANSFERS OUT | 0.0 | 0.0 | 0.0 | 0.0% |
| 6-INTERNAL FIXED CHARGES | 2.8 | 2.8 | 0.0 | 0.0% |
| **Total Expenditures** | **105.9** | **39.2** | **-66.6** | **-62.9%** |
| Net Annual Activity | -31.5 | 13.2 | | |
| Projected CIP Carryover to FY22-23 | | 14.0 | | |
| **Projected Ending Available Fund Balance, June 30, 2022** | **$32.4** | **$63.1** | | |
| **Fund Balance as % of Expenditures** | **30.6%** | **160.7%** | | |
| Target Reserve Level | 25% | 25% | | |

# ENVIRONMENTAL RESOURCES FUNDS (IN MILLIONS)



| | FY21-22 Revised Budget (Oct. 2021) | FY21-22 Year-End Estimates | $ Change | % Change |
|---|---|---|---|---|
| **Beginning Available Fund Balance, July 1, 2021** | **$33.2** | **$33.2** | | |
| **Revenues:** | | | | |
| 09-FEES/CHARGES | 49.5 | 47.4 | -2.1 | -4.3% |
| 10-FINES/FORFEITURES | 0.3 | 0.1 | -0.2 | -77.1% |
| 13-INTEREST | 0.3 | 0.2 | -0.2 | -47.4% |
| INFRASTRUCTURE USE FEE REPAYMENT | 3.3 | 3.3 | 0.0 | 0.0% |
| 16-OTHER REVENUE | 0.0 | 10.2 | 10.2 | 298311.8% |
| **Total Revenues** | **53.4** | **61.1** | **7.7** | **14.5%** |
| **Expenditures by Type:** | | | | |
| 1-PERSONNEL | 22.6 | 22.5 | -0.2 | -0.7% |
| 2-OTHER O&M EXPENSE | 35.6 | 25.4 | -10.2 | -28.6% |
| 3-DEBT SERVICE | 2.1 | 2.1 | 0.0 | 0.0% |
| 4-CAPITAL OUTLAY | 11.1 | 10.7 | -0.4 | -3.9% |
| 5-TRANSFERS OUT | 0.1 | 0.1 | 0.0 | 0.0% |
| 6-INTERNAL FIXED CHARGES | 8.5 | 8.5 | 0.0 | 0.0% |
| **Total Expenditures** | **80.1** | **69.3** | **-10.8** | **-13.5%** |
| Net Annual Activity | -26.7 | -8.2 | | |
| Projected CIP Carryover to FY22-23 | | 7.8 | | |
| **Projected Ending Available Fund Balance, June 30, 2022** | **$6.5** | **$17.2** | | |
| **Fund Balance as % of Expenditures** | **8.1%** | **24.9%** | | |
| Target Reserve Level | 25% | 25% | | |

# RECOMMENDATION

That the Finance and Governance Committee:

1. Receive an update on the FY 2021-22 revenue and expenditure projections for major funds, and authorize staff to make the presentation to City Council, incorporating any updates or new information that may arise in the interim;

2. Recommend that City Council approve a budget appropriation request in the amount of $1,000,000 to Public Liability Fund (701) and $162,947 to Workers’ Compensation Fund (702) for an overall total appropriation of $1,162,947;

3. Recommend that City Council adopt a resolution approving amendments to the position control resolution; and

4. Recommend that City Council adopt a resolution approving amendments to the classification and salary resolution.

CITY OF OXNARD CALIFORNIA

# QUESTIONS

CITY OF OXNARD CALIFORNIA

**FINANCE AND GOVERNANCE COMMITTEE**
**AGENDA REPORT**

**REPORTS**
**AGENDA ITEM NO. D.4**

**DATE:** February 8, 2022

**TO:** Finance & Governance Committee

**FROM:** Betsy George, Chief Financial Officer, 805-200-5400, betsy.george@oxnard.org

**SUBJECT:** CalPERS Pension Liability Update – Presentation on Unfunded Accrued Liability (UAL), Concept of Restructuring UAL for a Lower Interest Rate and Recommendation to Initiate a Validation Process. (15/20/10)

## RECOMMENDATION

That the Finance and Governance Committee:

1. Receive a presentation from the City's municipal advisor on the current status and projections for the CalPERS pension program, and discuss the concept of restructuring the City's UAL;
2. Provide feedback to staff and the municipal advisor as to whether a validation process should be initiated in order to preserve future options to restructure the UAL initially at a lower interest rate than CalPERS is charging the City on the UAL debt; and
3. If "yes" on #2 above, recommend City Council approve a resolution authorizing the initiation of a validation process and form of Trust Agreement.

(Presentation will be live upon consultant's request).

## BACKGROUND

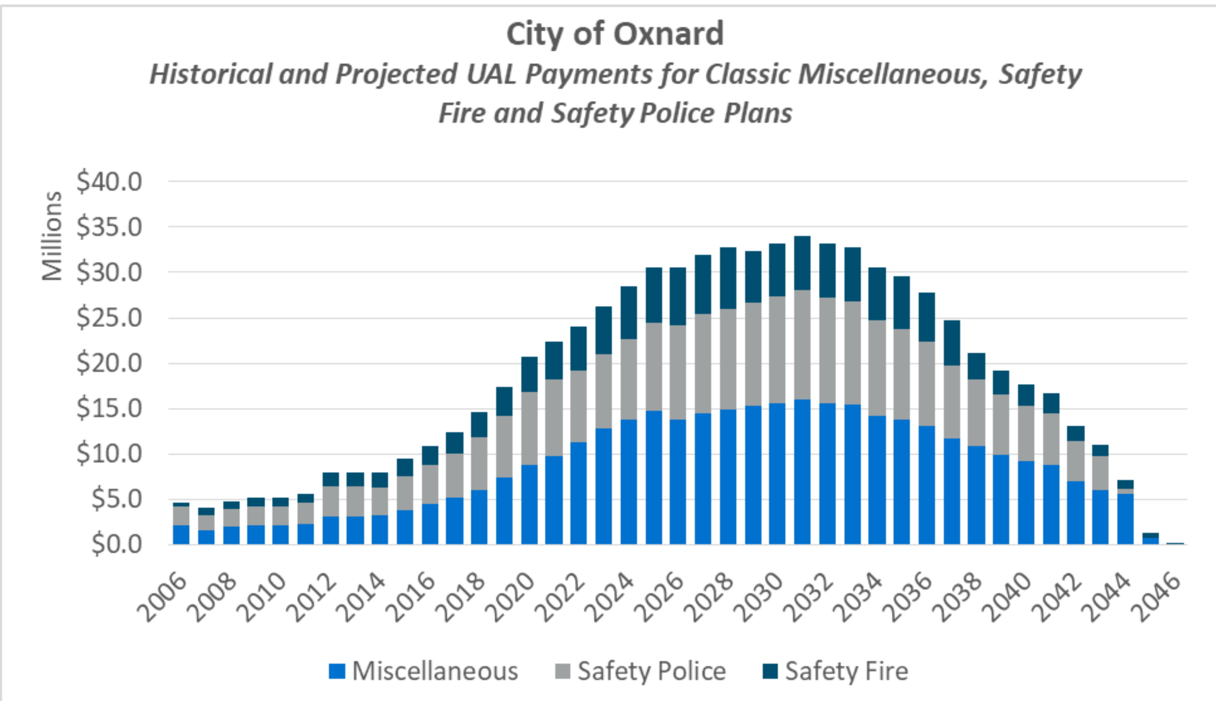
NHA Advisors, LLC ("NHA"), the City's municipal advisor, will be making a presentation regarding the City's historical pension costs, recent CalPERS assumption changes and contribution projections. NHA and staff made four previous presentations related to this subject in 2018 and 2019 as shown below:

- **February 2018** – Presentation to Fiscal Policy Task Force (FPTF) on CalPERS Pension Costs; Projections on Tax Override and General Fund Impact
- **March 201**8 – Presentation to City Council on CalPERS Pension Costs, Reserve Levels and Debt Covenants
- **February 2019** – F&GC Update Presentation on CalPERS Costs; Introduction to Cost Management Strategies
- **May 2019** – F&GC Follow Up CalPERS Presentation; Additional Detail on Cost Management Strategies (Fresh Start, Section 115 Trust, ADPs, UAL Restructuring)

**Over the last 11 years, the City's unfunded accrued liability ("UAL") for its CalPERS Miscellaneous and Safety Plans has grown from approximately $94 million (6/30/2010 valuation) to approximately $322**

**million (6/30/2021 valuation).** The Miscellaneous Plan covers all non-Safety employees and represents about $153 million of the City's total current UAL. The City Safety Plans covers police and fire employees and represents about $169 million of the total overall UAL. This UAL represents the shortfall/gap between what is needed to pay retiree benefits versus how much in current assets the City actually has in its accounts with CalPERS. The UAL has rapidly increased primarily due to CalPERS investment underperformance and changes to its actuarial assumptions, primarily its discount rate. The discount rate is what CalPERS expects to earn annually, as well as the interest rate that it charges its members (like Oxnard) on this UAL debt. That discount rate was over 8% in the early 2000's and has been reduced several times over the last 15 years. In November 2021 CalPERS reduced the discount rate from 7.0% to 6.8%. Lowering of the discount rate results in increases to the City's contributions to its CalPERS retirement plans.

As shown in the chart below, the City's annual UAL payments have increased from about $5 million in FY 2010, to over $10 million in FY 2016 to about $24 million for FY 2022. Based on the most recent report, they are projected to grow to over $30 million by FY 2025.




While not yet reflected in the recent actuarial report, the City's overall UAL is expected to decrease to about $250 million once the new reports are released late this year and the strong 21.3% investment gains from FY 2021 and the new 6.8% discount rate are incorporated. Based on this projected UAL reduction, it is anticipated that the increase in annual UAL payments will be less rapid (projected new peak of $24 to $27 million over the next decade). However, the reduction in the discount rate to 6.8% will also increase the City's Normal Cost payments, which are separate from the UAL, and relate to the annual pension costs for current employees. These costs are expected to rise from the current annual level of $15 million, to $18 million by FY 2023/24, offsetting a portion of the expected reduction in UAL payments resulting from the 21.3% gain.

Rising pension costs are a widespread issue facing municipalities nationally. Building upon the initial work completed in 2018 and 2019 and developing a thoughtful, multi-pronged strategy to address these costs is highly recommended by staff and NHA.

While these cost increases are significant and need to be addressed strategically, the City is in a favorable position relative to other California cities. The City's voter-approved Property Tax Override (PTO) (which roughly covers about 60-70% of the Safety Fire and Safety Police Plan costs) has been levied since

1952. Based on an annual actuarial study completed each year to determine how much of the City's pension costs are legally eligible to be repaid by the PTO, annual revenue from the tax has recently ranged from about $13 million to $15 million. As a percentage of the City's overall CalPERS costs (Safety and Miscellaneous), this PTO has covered approximately 30% to 45% in recent years. The City is one of 21 cities in the State that collects a voter-approved PTO specifically for pension costs.

In addition to the PTO levy being limited by the actuarially determined amount each year, the PTO levy also carries a maximum tax levy constraint of 0.076637% of assessed valuation. Based on the recent rise in pension costs, the City has been at or close to this limit in recent years, and it is projected that the City will be at this maximum for the next decade (and likely beyond). For a property owner with a $500,000 assessed value (not market value), the annual PTO is approximately $380.

With the PTO levy projected to be at or near the maximum, any future pension cost increases (for example, from future CalPERS investment underperformance) will be absorbed by the City's General Fund and Utility Funds (water, wastewater, environmental resources).

**DISCUSSION**

The City is currently evaluating various pension cost management strategies, including executing a Fresh Start (new debt repayment shape with CalPERS), Additional Discretionary Payments (ADPs) to CalPERS, and the creation of a new Section 115 Trust (separate trust dedicated to pension and OPEB expenses). All three of these concepts involve using cash reserves and future potential surplus revenues to pay more than is required to accelerate the reduction in the pension liability. **All three of these strategies are available to the City at this time and will be further evaluated over the next six months.** (Some may not be viable or recommended through this evaluation process.)

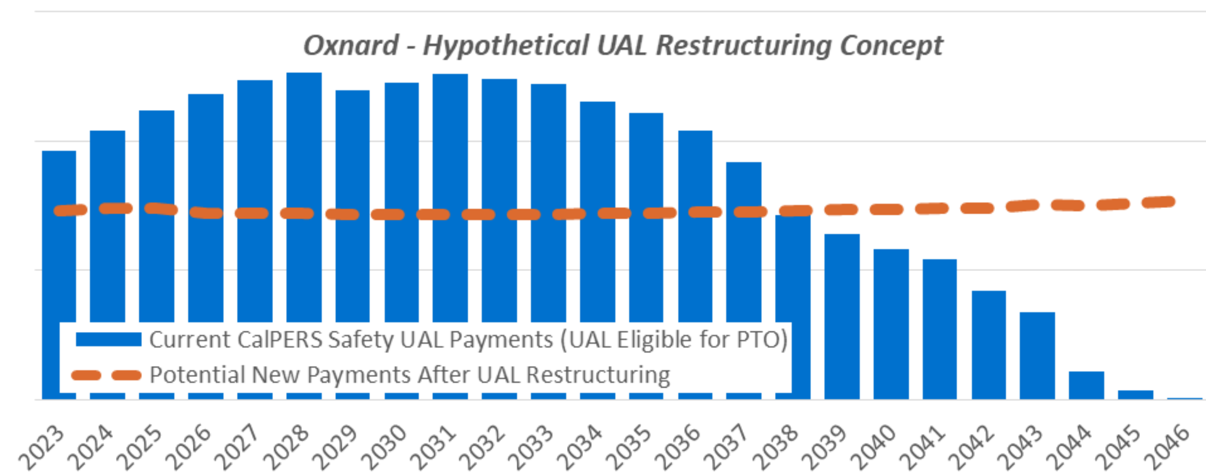
Another strategy is to restructure the UAL debt through the issuance of a pension obligation bond. This would entail converting higher interest rate debt with CalPERS (6.8%) to lower interest rate debt (current market rates between 3.25% and 3.75%). While a significant amount of additional due diligence and analysis (including a thorough risk assessment) needs to be completed, the primary benefits of this option include (1) reducing the PTO levy on City property owners, (2) generating cash flow savings to the City and a more predictable debt repayment shape and (3) creating additional resiliency for the City to absorb future economic shocks and/or potential future increases in UAL due to CalPERS not realizing projected investment results.

**The issuance of a pension obligation bond is not viable until** a judicial validation process is completed (Ventura County Superior Court). The validation process typically takes three to four months to complete (discussed below). Given the recent upward pressure on interest rates, and the ability to continue a robust financial evaluation process and investigation of all cost management strategies concurrently with this validation process, staff recommends that this process be initiated through the City Council approval of the attached Resolution. Adoption of the Resolution would authorize the issuance of the Pension Obligation Bonds (POB) and allow the City to proceed with the judicial validation action to validate the legality of the POB in the Court. **Nothing in this action would obligate Council to issue a POB in the future as there would be subsequent approvals of disclosure documents required to actually issue a POB.**

The City is considering issuing a POB to pay off a portion of its UAL to achieve several objectives:

- **Fiscal Sustainability Tool:** Ability to "re-shape" the City's overall pension repayment in a way that creates enhanced long-term fiscal sustainability, budgetary predictability, and enhanced resiliency to future economic shocks.
- **Taxpayer Savings:** By reducing the City's pension payments, the City can reduce the PTO levy on its property owners. Based on very preliminary estimates, the annual savings to a resident with a $500,000 property (assessed valuation) is about $70.

- **Budgetary Savings:** In reducing the debt payments to a lower level, the City is projected to realize budgetary savings, which could be used to address other City priorities (e.g., streets, parks, trees, sidewalks, alleys, economic development, youth programs, senior programs, and public safety). Based on the preliminary bond sizing shown in the good faith estimates ($200M), estimated savings to the City is projected at over $35 million for the next 12 years, or about $3 million annually on average.
- **Interest Rate Savings "Arbitrage":** City can borrow at rates much lower (currently ≈ 3.25% to 3.75% depending on term and credit) than the current CalPERS rate (6.80%). Similar to refinancing a higher interest rate mortgage, a POB would allow the City to convert higher interest rate debt to lower interest rate debt and create a significant amount of savings on its debt payments.
- **Increase Funding Ratio:** Current funding levels (investments to liabilities) for the City's CalPERS retirement plans are about 70%; issuing a POB could increase the ratio to healthier levels (90% to 100%), helping to ensure the long-term viability of the retirement program.
- **Modify Maturity:** Shorten or lengthen repayment period as deemed most fiscally appropriate.
- **Leverage Savings through Improved Policies:** City Council and staff can memorialize the intended uses of potential savings through new adopted policies if desired.




*Note: Graphic is being utilized for presentation purposes to demonstrate potential "smoothing of payments"*

During the May 2019 public workshop, the market for pension obligation bonds was untested, with only a handful of agencies having issued bonds after 2010. With interest rates dropping to historically low levels in the last couple years, combined with strong investor interest, pension issuance has significantly increased (since 2020) with over 80 CalPERS members (mostly cities) having restructured their UAL. Examples include San Ramon, Poway, La Habra, Oroville, Fort Bragg, National City, Paramount, Bellflower, Lakeport, Montclair, Corona, Santa Ana, Orland, Commerce, San Anselmo, Sanger, San Fernando, Buena Park, Redondo Beach, Covina, Whittier, El Segundo, Auburn, Willows, Corte Madera, Manhattan Beach, Orange, Ukiah, Chula Vista, Downey, El Cajon, Coachella, Gardena, Arcadia, Placentia, Torrance, Azusa, Larkspur, Marysville, Grass Valley, Riverside, Pomona, West Covina, Ontario, Carson, Pasadena, Glendora, Hawthorne, and La Verne. **Other cities that collect a similar PTO to Oxnard have restructured their UAL, including Maywood, El Monte, San Fernando, Montebello, Huntington Beach, Monrovia, and Inglewood.**

Current market rates for recent financings ranged from 2.54% to 4.25%, with rates dictated by market conditions at the time of pricing, credit rating of the issuer, and length of term of the bonds. Most cities who issued pension bonds in 2021 achieved rates between 2.54% and 3.50%.

**Validation Process** – Through the approval of the resolution (including the form of an indenture of trust), pension obligation bonds are authorized (necessary for the court validation process to begin) and the City Council is granting legal counsel authority to proceed with the judicial validation process. The resolution also gives staff authority to continue the financial analysis and process for identifying restructuring options and the risk analysis.

The judicial validation process is the first step in the issuance process. The goal is to receive a court judgment confirming that the City may issue POBs payable from legally available funds without violating the constitutional debt limit set forth in Article XVI, Section 18, of the California Constitution that applies to the City's use of its General Fund revenues. The validation process typically takes between three to four months to complete but could be delayed depending on the impact of COVID-19 and other factors outside the City's control. The City expects, at the conclusion of the validation process, that the Ventura County Superior Court will enter a judgment in favor of the City that the pension-related obligation of the City (i.e., the City's UAL, existing at the current time and as may accrue in the future) represents an "obligation imposed by law," which may be refunded via issuance of POBs payable from any legally available funds. Numerous prior court cases have determined that pension liabilities are obligations imposed by law, and, therefore, may be refunded with POBs without violating the constitutional debt limitation. This process is required to give bond investors assurance as to the validity of the bonds they are purchasing.

While the validation process is ongoing (for three to four months), City staff and the financing team will continue to explore the various restructuring alternatives available with POBs in more depth. This will include a more in-depth evaluation of various sizes and repayment shapes, and the corresponding projected savings to taxpayers and to the City. Importantly, a thorough risk assessment will be conducted by the City's third party actuary, Bartel and Associates, to quantify potential downside scenarios of future CalPERS investment underperformance. This is the core risk of any UAL restructuring and is summarized below.

**Reinvestment Risk:** Actual savings from the restructuring will be dependent on two factors: (1) actual interest rates at the time of pricing and (2) future CalPERS returns, which is unknown at the time of bond issuance. Generally speaking, the City will be better off if CalPERS earnings rate exceeds the POB interest rate (3.25 – 3.75%) over the term of the financing. While past performance doesn't guarantee future results, CalPERS average historical returns are 6.9% (last 20 years) and 8.4% (last 30 years).

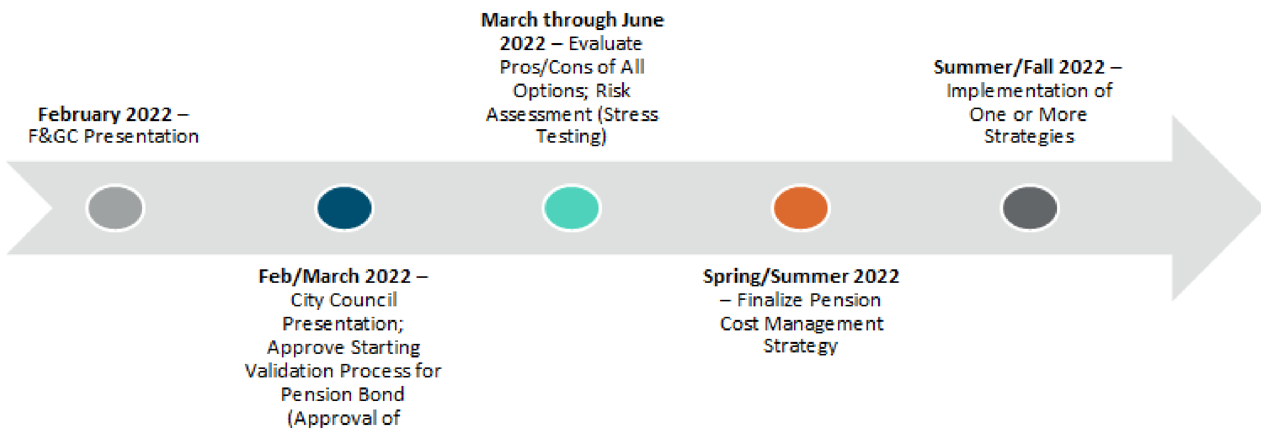
Assessing and mitigating reinvestment risk will be a key objective as the City and its financing team evaluate and refine restructuring options for City Council's consideration. The City will be working with its financing team and other experts (i.e., actuaries, underwriters, etc.) to properly quantify the reinvestment risk of the various options so that staff and City Council can make a more informed decision on any UAL restructuring. **Based on this risk assessment, or changing market conditions (i.e., rising interest rates), it may be recommended that the City not pursue a restructuring at that time.**

**SCHEDULE**

If the City Council approves the resolution, the validation process will be initiated. Key milestones of the validation process are listed below:

- City Council passes a resolution authorizing the sale of POB
- File Validation Action with Ventura County Superior Court
- Receive Order for Publication of Summons from the Court
- Publication of notice in local newspaper
- Waiting period for any responding party to file a response to the action
- Court enters default judgment if there is no responding party
- 30-day appeal period for the judgment

As noted earlier, staff and its financing team will continue to evaluate all cost management strategies, including the pros, cons and risks of each, and bring this information to the Committee at another workshop this Spring. After the evaluation process, staff will return to Council for further discussion of the strategies discussed above.




## ENGAGEMENT OF FINANCING TEAM

The Resolution also appoints various members of the Financing Team. NHA Advisors LLC is designated to serve as municipal advisor to the City; Norton Rose Fulbright US LLP is designated to serve as bond counsel and disclosure counsel to the City. NHA has worked on over 20 CalPERS UAL restructurings in the last 18 months. Norton Rose Fulbright US LLPhas worked on many of these UAL restructuring projects and also has extensive experience with other cities who collect a pension tax override.

## GOOD-FAITH ESTIMATES

Good-faith estimates related to a potential issuance of POBs in 2022 are attached to this staff report. These estimates assume a bond size of $200 million and a maturity that matches the same term as the City's UAL payments to CalPERS. As noted earlier however, the City and its financing team will be evaluating a myriad of options during the evaluation process. Sizes could range from as low as $10 million, or up to $300 million or more, with repayment options of different terms and shapes. Options will include targeting specific plans (Safety versus Miscellaneous), as well as both plans. These choices will impact where the cash flow savings will likely be directed: to residents, to the City, or to both. All these options and analysis will be presented to the committee this Spring.

## STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy - working towards securing long-term financial sustainability and contributing to replenishing the City's financial reserves.

## FINANCIAL IMPACT

If the City ultimately decides to issue a POB (after validation and upon future City Council approvals), it is expected that significant savings will be generated for the benefit of taxpayers and the City.

Most of the financing costs associated with a potential POB are contingent upon the issuance of the POB and would be financed through the debt issuance. However, some of these costs are non-contingent. Other fees would include the legal fees for Norton Rose Fulbright US LLP related to the validation process, hourly consulting fees for the continued education and evaluation process conducted by NHA Advisors (under NHA's current approved contract), and fees for actuarial services (paid to City's actuary, Bartel and Associates) if a comprehensive risk assessment/stress-testing process is initiated. Sufficient budget appropriations exist in the Finance Department and the City Attorney's Office to cover non-contingent costs anticipated to be incurred in FY 2021-22.

*Prepared by: NHA Advisors*

**ATTACHMENTS**

1. Presentation
2. Authorizing Resolution - Oxnard - 2022 Pension Obligation Bonds (1)
3. Oxnard 2022 POB - Good Faith Estimates 220128
4. Trust Agreement - City of Oxnard- 2022 POB

CITY OF OXNARD CALIFORNIA

# ADDRESSING RISING PENSION COSTS

## PRESENTATION TO FINANCE AND GOVERNANCE COMMITTEE

NHA | ADVISORS
Financial & Policy Strategies. Delivered.

FEBRUARY 8, 2022

# Addressing Rising CalPERS Pension Costs

## Timeline of Educational Workshops and Proposed Spring 2022 Process

**February 2018** – F&GC Presentation on CalPERS Pension Costs; Projections on Tax Override and General Fund Impact

**March 2018** – Presentation to City Council on CalPERS Pension Costs, Reserve Levels and Debt Covenants

**February 2019** – F&GC Update Presentation on CalPERS Costs; Introduction to Cost Management Strategies

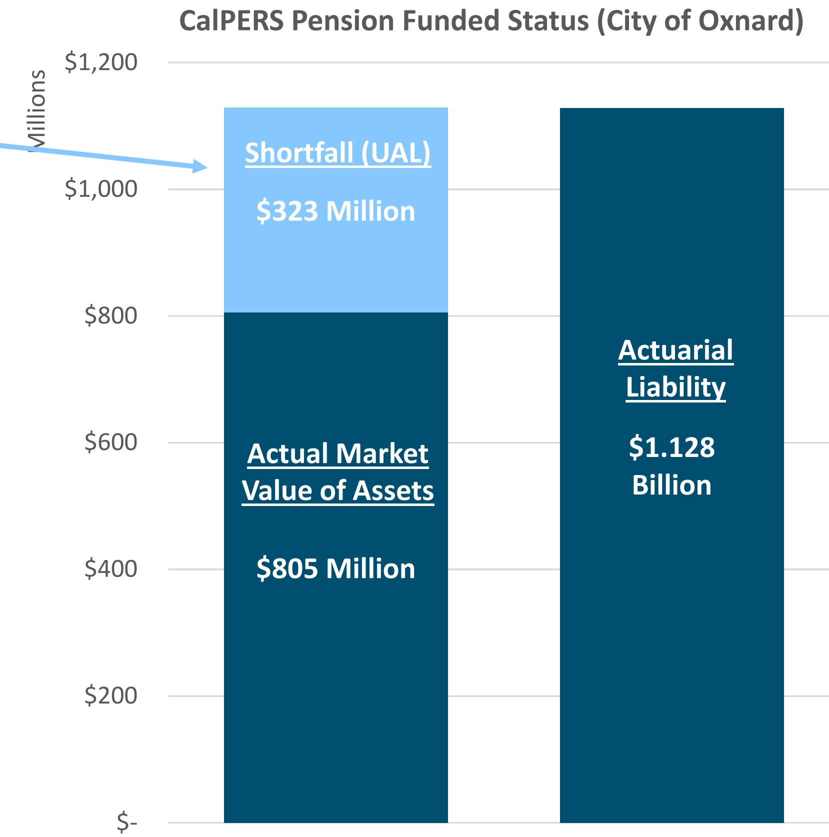
**May 2019** – F&GC Follow Up CalPERS Presentation; Additional Detail on Cost Management Strategies (Section 115 Trust, ADPs, UAL Restructuring)

**Spring 2022** – Continued Evaluation of Cost Management Strategies and Development of Multi-Pronged Cost Management Strategy

# Addressing Rising CalPERS Pension Costs

## CalPERS 101 – What is an Unfunded Accrued Liability (UAL)?

- **Unfunded Accrued Liability (UAL):** Shortfall between what the City is required to have in assets VS. what it actually has in assets
  - **What the City is Required to Have – Actuarial Liability:** CalPERS actuaries calculate how much the City is required to have in its account with them to pay out benefits to City retirees over the next 30-40 years
  - **What the City Actually Has – Market Value of Assets:** Actual value of assets that the City has on deposit with CalPERS; *Almost all public agencies have less assets than required and have a UAL*
- CalPERS charges a 6.8% interest rate on the UAL debt (known as the "discount rate")




CITY OF OXNARD CALIFORNIA

NHA ADVISORS Financial & Policy Strategies. Delivered.

# Addressing Rising CalPERS Pension Costs

## City of Oxnard's Growing UAL

- Like all other agencies statewide, the City's UAL with CalPERS has significantly increased over the last decade given CalPERS assumptions changes and investment underperformance
  - City's UAL debt has **grown from $94M to over $300M over last 11 years**
    - Projected to decrease to $250M after strong 21.3% investment gains from FY 2021 are incorporated and discount rate reduced from 7.0% to 6.8%
- Annual payments for the City to pay off this debt have **doubled just in the last 5 years, from $12M to $24M**
- In addition to the UAL payments each year, the City also currently pays approximately $15M in Normal Costs (payment for current employees) annually
  - This amount expected to jump to $18M in FY 2023/24

# Addressing Rising CalPERS Pension Costs

## Oxnard's Pension Tax Override for Portion of CalPERS Safety Plan Costs

- Since 1952, the City has assessed a voter-approved property tax override (PTO) on its residents to pay for a portion of pension costs for its Safety Plan (not Miscellaneous Plan)
  - The maximum levy allowed is 0.07766% of assessed valuation
    - About $380 annually for a home valued at $500,000
  - Every year, the City also has a 3rd party actuary verify what % of the annual CalPERS expenses can legally be paid for by the PTO (in case it is lower than the max levy stated above)
- Based on the actuarial analysis, and projected CalPERS costs, it is **expected that the levy on residents will remain at or near the maximum amount for the foreseeable future (at least the next 10 years)**
- All costs beyond those covered by the PTO, and any future additional costs (from CalPERS investment underperformance) will be a **direct burden on the General Fund and other City Funds**

# Common Cost Management Strategies to Manage Growing UAL Debt

## These Strategies Were Introduced in 2019 to F&GC and City Council

**Prepay UAL early in Fiscal Year**

- Obtain a 3.3% discount
- *City does this annually*

**Fresh Start Amortization offered by CalPERS**

- Pros: Smooths payment, shortens repayment period; reduces overall interest paid from shorter amortization period
- Cons: New structure "locked-in" + increased annual payments in near term; still amortized at discount rate
- *Not a popular option given reduced flexibility*

**Use Cash Reserves/Surplus to Pay Extra (two options)**

- Section 115 Trust - Separate trust dedicated to pension/Other-Post Employment Benefits (OPEB)
- Lump Sum Pay Down of UAL – Reduce UAL through "Additional Discretionary Payments" (ADPs)
- *Very common; hundreds of agencies across state use these methods annually*

**Restructure All or Portion of Remaining UAL**

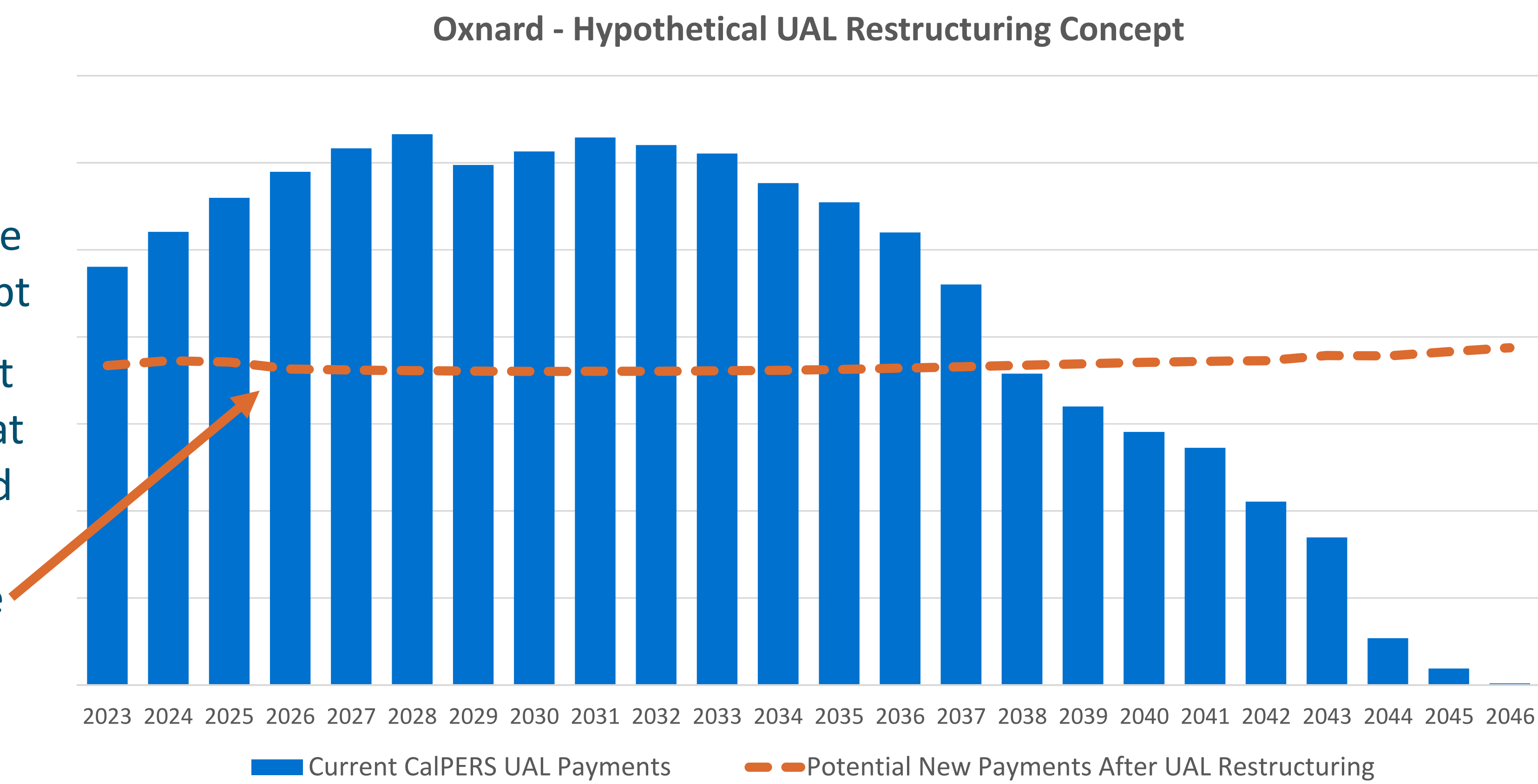
- Restructure portion of UAL at lower bond interest rate (i.e. 3.25-3.75% vs. CalPERS rate of 6.8%) and "smooth out" payments for enhanced budget predictability, resiliency & lower taxes on residents
- Requires court validation to be able to execute this strategy
- **Core risk is CalPERS re-investment risk (should be quantified through actuarial study)**
- *Very common recently given low interest rates; about 80+ CalPERS members have restructured some or all of their UAL in last two years*

CITY OF OXNARD CALIFORNIA

# Addressing Rising CalPERS Pension Costs

## UAL Restructuring – Graphical Depiction

- Allows agencies to:
  - Reduce interest rate paid on debt
  - Smooth out payments at a lower and more predictable level



# Why Evaluate the Merits of a UAL Restructuring?

## Key Benefits for City of Oxnard

| | |
|---|---|
| **CUT INTEREST RATE IN HALF** | • Lower interest rate on portion of CalPERS UAL Debt from 6.80% to ≈ 3.25-3.75% (current market) on pension bond debt |
| **AFFORDABILITY / BUDGETARY SAVINGS** | • Create a more affordable and predictable debt repayment shape to enhance long-term fiscal sustainability<br>• Based on preliminary analysis, over $35M of est. savings to City over next 12 years* |
| **LOWER AND MORE EQUITABLY SPREAD TAXES** | • Based on preliminary analysis, the PTO levy could be lowered by roughly 20% on residents over the next decade*<br>• For $500K AV household, **that is about $70 per year of lower taxes*** |
| **GENERAL FUND FINANCIAL RESILIENCY** | • By lowering its annual debt payment, the City could absorb a significant amount of new UAL debt added in the future (if CalPERS underperforms) with minimal impact on the City's General Fund |

** Preliminary estimate*

# Addressing Rising CalPERS Costs

## Spring 2022 Recommended Process

- Staff would like to continue the work initiated in 2018 and 2019 and go deeper into exploring all cost management strategies available
  - Staff and NHA would evaluate the pros, cons, risks and viability of each option during Spring of 2022 and present results at an additional workshop
- In order to make the UAL Restructuring (Pension Bond) a viable option, the City must undergo a court validation process to confirm that the UAL is truly a debt
  - ≈ 4-month process in Ventura County Superior Court
  - Validation process DOES NOT lock City into issuing a pension bond; it simply provides the City with the option to do so in the future (this year, 10 years from now, never, etc.) if it chooses to and if other future formal City Council approvals are executed
- Staff recommends starting the validation process now to run concurrently with the Spring evaluation process of all cost management strategies

# Addressing Rising CalPERS Costs

## Recommended 2022 Evaluation Process

**February 2022** – F&GC Presentation

**Feb/March 2022** – City Council Presentation; Approve Starting Validation Process for Pension Bond (Approval of Resolution and Trust Agreement)

**March through June 2022** – Evaluate Pros/Cons of All Options; Risk Assessment (Stress Testing)

**Spring/Summer 2022** – Finalize Pension Cost Management Strategy

**Summer/Fall 2022** – Implementation of One or More Strategies

CITY OF OXNARD CALIFORNIA

# QUESTIONS

## RECOMMENDATION

That the Finance and Governance Committee:

1. Receive a presentation from the City's municipal advisor on the current status and projections for the CalPERS pension program, and discuss the concept of restructuring the City's Unfunded Accrued Liability (UAL);

2. Provide feedback to staff and the municipal advisor as to whether a validation process should be initiated in order to preserve future options to restructure the UAL initially at a lower interest rate than CalPERS is charging the City on the UAL debt; and

3. If "yes" on #2 above, recommend City Council approve a resolution authorizing the initiation of a validation process and form of Trust Agreement.

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. ____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE ISSUANCE AND DELIVERY OF PENSION OBLIGATION BONDS TO REFUND CERTAIN OUTSTANDING PENSION OBLIGATIONS OF THE CITY TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, AND AUTHORIZING A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, the City of Oxnard, California (the "City") is a municipal corporation and a general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, the City is obligated by the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"), to make payments to the System relating to pension benefits accruing to the System's members.

WHEREAS, the City is obligated specifically to make certain payments to the California Public Employees' Retirement System (the "System") in respect of current and retired safety employees under the pension programs of the System that amortize such obligations over a fixed period of time (the "Pension Obligation"); and

WHEREAS, the Pension Obligation is evidenced by a contract or contracts with the System with respect to safety employees of the City, as heretofore and hereafter amended from time to time (collectively, the "CalPERS Contract"); and

WHEREAS, a portion of the benefits under the CalPERS Contract reflect benefits given to City fire and police officers granted under a contract originally approved by the voters of the City in an election held on October 23, 1951; and

WHEREAS, since July 22, 1952 the City Council has generally annually set an ad valorem property tax rate for the purpose of providing revenue to pay all or a portion of the Pension Obligation of the City under the CalPERS Contract; and

WHEREAS, once the property tax rate is established for the fiscal year, the City reports the rate to the Ventura County Auditor-Controller to place the *ad valorem* property tax (the "Retirement Tax") on the property tax roll of the County; and

WHEREAS, the City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") to issue bonds for the purpose of refunding any evidence of indebtedness of the City; and

WHEREAS, the City desires to issue one or more series of bonds (the "Pension Obligation Bonds") for the purpose of refunding obligations under the CalPERS Contract and thereby providing funds to the System in payment of the Pension Obligation; and

WHEREAS, there is on file with the City Council the proposed form of Trust Agreement (the "Trust Agreement") to be entered into between the City and a trustee to be named therein (the "Trustee"), relating to the Pension Obligation Bonds and Additional Bonds, including the form of bonds attached thereto as an exhibit;

NOW, THEREFORE, the City Council of the City of Oxnard resolves as follows:

<u>Section 1.</u> This City Council hereby finds and declares that the issuance of the Pension Obligation Bonds to refund Pension Obligations of the Safety and Miscellaneous Plans (ID 6606606569), and the other actions contemplated by this Resolution are in the best interests of the City.

<u>Section 2.</u> The Pension Obligation Bonds will be in substantially the form attached to the Trust Agreement, with such changes therein, deletions therefrom and additions thereto as the City Manager may approve in a form approved by the City Attorney, such approval to be conclusively evidenced by the execution and delivery of the Pension Obligation Bonds. The Pension Obligation Bonds will be issued as current interest fixed rate bonds and bear such series and subseries designations as necessary or convenient. The aggregate initial principal amount of the Pension Obligation Bonds may not exceed (i) the lesser of $_________ or (ii) the amount of the Pension Obligation (as confirmed by the System) remaining unpaid on the Safety and Miscellaneous Plans described above on the date of issuance of the Pension Obligation Bonds, plus an additional amount to pay costs of issuance of the Pension Obligation Bonds, original issue discount, if any, and underwriter's discount on the Pension Obligation Bonds. The Underwriter's discount, excluding original issue discount, may not exceed ___% of the aggregate principal amount of the initial series of Pension Obligation Bonds. The maximum all-in true interest cost with respect to the Pension Obligation Bonds may not exceed ___% per annum. The Pension Obligation Bonds will mature not later than 30 years following their date of issuance.

<u>Section 3.</u> The Pension Obligation Bonds shall constitute an obligation imposed by law, pursuant to the Constitution and the laws of the State of California, including the Retirement Law. Payment of the principal of and interest on the Pension Obligation Bonds is not limited to any special source of funds and shall be payable from any legally available moneys or funds of the City, including, as applicable, revenues from the Retirement Tax. The Retirement Tax may only be applied to the Safety Police Plan and/or Safety Fire Plan.

<u>Section 4.</u> The proposed form of Trust Agreement, between the City and the Trustee, on file with the City Clerk, is approved. The Mayor, the City Manager, the Director of Finance and the City Clerk (each an "Authorized Representative") are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the City, to execute and deliver the Trust Agreement, substantially in the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto (including, without limitation, changes, deletions and additions as may be required by a municipal bond insurer, if any) as such

Authorized Representative approves, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement.

Section 5. If an Authorized Representative determines that it will be advantageous to the City to purchase municipal bond insurance or secure other credit or liquidity enhancement with respect to some or all of the Pension Obligation Bonds, such Authorized Representative or designee is authorized to do so upon determining that such purchase is in the best interest of the City.

Section 6. If an Authorized Representative determines that it will be advantageous to the City to privately place some or all of the Pension Obligation Bonds, such Authorized Representative or designee is authorized to do so upon determining that such placement is in the best interest of the City; provided, that the limitations set forth in Section 9 above are not exceeded; provided, further, that compensation for any placement agent of the City shall not exceed $________.

Section 7. The Authorized Representatives of the City are, and each of them is, authorized and directed to do any and all things, including bringing a validation action under Section 860 *et seq*. of the California Code of Civil Procedure and to take any and all actions (including any required publications of summons or other notice) and execute and deliver any and all documents which they or any of them deem necessary or advisable to consummate the transactions contemplated by this Resolution and the Trust Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution and the Trust Agreement.

Section 8. Each Authorized Representative and all other officers of the City are authorized and directed, for and in the name and on behalf of the City to do any and all things and take any and all other actions, including to purchase municipal bond insurance/surety or secure other credit or liquidity enhancement with respect to some or all of the Pension Obligation Bonds, the publication of any notices necessary or desirable in connection with the sale of the Pension Obligation Bonds and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments and other documents, which they, or any of them, deem necessary or advisable to consummate the issuance and sale of any series of Pension Obligation Bonds and otherwise the consummation of the transactions as described herein.

Section 9. All actions heretofore taken by any Authorized Representative or any officer, employee or agent of the City or any legal counsel to the City with respect to the issuance, delivery and sale of the Pension Obligation Bonds or in connection with or related to any of the agreements referred to herein, are hereby approved, confirmed and ratified.

Section 10. This Resolution may be executed with electronic signatures in accordance with Government Code of the State of California §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature.

Section 11. The Mayor, or presiding officer, is hereby authorized to affix their signature to this Resolution signifying its adoption by the City Council of the City of Oxnard, and the City Clerk, or their duly appointed deputy, is directed to attest thereto

Section 12. This Resolution becomes effective immediately upon adoption.

PASSED AND ADOPTED THIS ___ DAY OF _________ 2022.

AYES:

NOES:

ABSENT:

ABSTAIN:

____________________________________
John C. Zaragoza, Mayor

ATTEST:

_______________________________
Rose Chaparro, City Clerk

APPROVED AS TO FORM:

_______________________________
Stephen M. Fischer, City Attorney

## EXHIBIT C

## SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by NHA Advisors, LLC, the City's Municipal Advisor (the "Municipal Advisor").

*Principal Amount.* The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is $199,810,000.00 (the "Estimated Principal Amounts").

*True Interest Cost of the Bonds.* The Municipal Advisor has informed the City that, assuming that the respective Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.6176394%.

*Finance Charge of the Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is $1,099,240.00.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any capitalized interest on the Bonds paid or funded with proceeds of the Bonds, is $198,710,760.00.

*Total Payment Amount.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the respective proceeds of the Bonds, calculated to the final maturity of the Bonds, is $301,291,965.39.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on January 28, 2022. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on various factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

# TRUST AGREEMENT

between the

CITY OF OXNARD

and

[TRUSTEE],
as Trustee

Dated as of [As of Date]

$[Par Amount]
City of Oxnard
Taxable Pension Obligation Bonds,
Series 2022

TABLE OF CONTENTS

TABLE OF CONTENTS (cont'd)

THIS **TRUST AGREEMENT** made and entered into as of [As of Date] (the "Trust Agreement") by and between [TRUSTEE], a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the "Trustee") and the CITY OF OXNARD (the "City"), a general law city duly organized and validly existing under the laws of the State of California.

**W I T N E S S E T H:**

**WHEREAS**, on October 23, 1951 the voters of the City approved a measure adopting Ordinance 422, directing the City to participate in the State of California retirement system, now known as the California Public Employees' Retirement System (the "System"), making police officers and firefighters members of the System, and on January 23, 1952 the City Council of the City approved an agreement with the System; and

**WHEREAS**, the City is obligated by the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"), to make payments to the System relating to pension benefits accruing to the System's members, including the City; and

**WHEREAS**, the City is obligated specifically to make certain payments to the System in respect of current and retired public safety employees under the pension programs of the System that amortize such obligations over a fixed period of time, including normal costs (collectively, the "Pension Obligation"); and

**WHEREAS**, the Pension Obligation is evidenced by a contract or contracts with the System with respect to public safety employees of the City, as heretofore and hereafter amended from time to time (collectively, the "CalPERS Contract"); and

**WHEREAS**, since July 22, 1952 the City Council has generally annually set an *ad valorem* property tax rate for the purpose of providing revenue to pay all or a portion of the Pension Obligation of the City under the CalPERS Contract; and

**WHEREAS**, once the property tax rate is established for the fiscal year, the City reports the rate to the Ventura County Auditor-Controller to place the *ad valorem* property tax (the "Retirement Tax") on the property tax roll of the County; and

**WHEREAS**, the City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") to issue bonds for the purpose of refunding any evidence of indebtedness of the City; and

**WHEREAS**, for the purpose of refunding the City's obligations to the System evidenced by the CalPERS Contract and thereby providing funds to the System in payment of the Pension Obligation, the City has determined to issue its bonds in one or more series, including the City of Oxnard Taxable Pension Obligation Bonds, Series 2022 (the "Series 2022 Bonds"), all pursuant to and secured by this Trust Agreement providing for the issuance of the Series 2022 Bonds and, collectively with Additional Bonds (as defined herein), the "Bonds," all in the manner provided herein; and

**WHEREAS**, 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 to secure the payment of the principal thereof and interest thereon, the City has authorized the execution and delivery of this Trust Agreement; and

**WHEREAS**, all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the City payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto 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 Trust Agreement have been in all respects duly authorized;

**NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH**, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, 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 considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

## DEFINITIONS; EQUAL SECURITY

**Section 1.01.** Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

"Act" means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California.

"Additional Bonds" means all Bonds of the City authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III.

"Aggregate Principal Amount" means, as of any date of calculation, the principal amount of the Bonds referred to.

"Authorized Denominations" means $5,000 principal amount or any integral multiple thereof.

"Authorized Representative" means the Mayor (or in their absence, the Mayor Pro Tem), the City Manager and the Assistant City Manager of the City of Oxnard and their respective designees designated in writing to the Trustee.

"Beneficial Owner" means the beneficial owner of each such Bond, determined under the rules of DTC.

"Bond Fund" means the Bond Fund established in Section 4.01(a) of the Trust Agreement.

"Bonds" means the Series 2022 Bonds and all Additional Bonds.

"Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

"CalPERS Contract" means the contract(s) relating to the Safety Plan – Fire (ID 6606606569) and Safety Plan – Police (ID 6606606569), each between the City and the System, as heretofore and hereafter amended from time to time.

"Certificate of the City" means an instrument in writing signed by any one of the Authorized Representatives of the City or such officer's designee, or by any other officer of the City duly authorized by the City Council of the City in writing to the Trustee for that purpose. If and to the extent required by the provisions of Section 11.07, each Certificate of the City shall include the statements provided for in Section 11.07.

"City" means the City of Oxnard, California.

"Closing Date" means ___________, 2022, the date on which the Series 2022 Bonds are delivered to the original purchaser for the Series 2022 Bonds.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement executed by the City in connection with the Series 2022 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the City, initially being in Los Angeles, California. The Trustee may designate in writing to the City and the Owner such other office or agency from time to time for purposes of registration, transfer, exchange, payment or redemption of Bonds.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the Underwriter or placement agent, fees and charges for preparation, execution and safekeeping of the Bonds, premiums for bond insurance, if any, and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund established in Section 2.12(b) of this Trust Agreement.

"Defeasance Securities" means:

(1) Cash; and

(2) Obligations of or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including:

- U.S. Treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

"DTC" means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds including any such successor appointed pursuant to Section 2.07 hereof.

"Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its fiscal year in accordance with applicable law.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the City, and who, or each of whom --

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

[“Insurance Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2022 Bonds when due.]

[“Insurer” means ______________, or any successor thereto or assignee thereof.]

“Interest Account” means the account by that name established in Section 4.02 of this Trust Agreement.

“Interest Payment Date” means each [June 1 and December 1, commencing June 1, 20__.]

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the City.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except

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

(2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and

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

“Owner” means any person who shall be the registered owner of any Outstanding Bond.

“Permitted Investments” means any of the following to the extent permitted by the laws of the State:

(1) Defeasance Securities;

(2) 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

- Rural Economic Community Development Administration

- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

(3) 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 issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Insurer;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P Global Ratings and which mature not more than three hundred sixty (360) calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P Global Ratings and which matures not more than two hundred seventy (270) calendar days after the date of purchase;

(6) Investments in a money market fund rated at the time of purchase "AAAm" or "AAAm-G" or better by Standard & Poor's Ratings Services, including funds for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or 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

(A) which are rated at the time of purchase, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P Global Ratings or any successors thereto; or

(B) which are fully secured as to interest and principal and redemption premiums, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment of such interest and principal and redemption premiums, 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 (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premiums, 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;

(8) Municipal obligations rated at the time of purchase “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by S&P Global Ratings; and

(9) The Local Agency Investment Fund (as that term is defined in Section 16429.1 of the Government Code of the State, as such Section may be amended or re-codified from time to time).

The value of the above investments shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall have no duty in connection with the determination of fair market value other than to follow: (i) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (ii) the investment directions of the City. The Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system;

(b) As to certificates of deposit and bankers’ acceptances, the face amount thereof; and

(c) [As to any investment not specified above, the value thereof established by prior agreement among the City, the Trustee and, if applicable, the Insurer].

“Principal Account” means the account by that name established in Section 4.02 of this Trust Agreement.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Amount” means as to any Bond, the principal amount thereof.

“Principal Payment Date” means each June 1, commencing June 1, 20__.

"Rating Agencies" means S&P Global Ratings or, if S&P Global Ratings no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as S&P Global Ratings or other nationally recognized rating agency then maintains a rating on the Bonds.

"Record Date" means the close of business on the 15th day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

"Refunding Fund" means the fund by that name established in Section 2.12(a) of this Trust Agreement.

"Representation Letter" means the Letter of Representations from the City and the Trustee to DTC, or any successor securities depository for the Bonds.

"Retirement Law" means the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended.

"Retirement Tax" has the meaning ascribed to such term in the recitals.

"Retirement Tax Revenues" means all of the revenues received by or payable to the City from the Retirement Tax levied annually to pay for the Pension Obligation.

"Serial Bonds" means Bonds for which no sinking fund payments are provided.

"Series" means all of the Bonds designated as being within a certain series, regardless of variations in maturity date, interest rate, redemption and other provisions, and any Bonds thereafter issued in transfer or exchange for such Bonds pursuant to this Trust Agreement.

"Series 2022 Bonds" means the Bonds of the City of that Series designation authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Section 2.02 hereof.

"State" means the State of California.

"Surplus Account" means the account by that name established in Section 4.02 of this Trust Agreement.

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

"System" means the California Public Employees' Retirement System.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Trust Agreement" means this Trust Agreement, dated as of [As of Date], between the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

"Trustee" means [TRUSTEE], or any other association or corporation which may at any time be substituted in its place as provided in Section 6.01.

"Underwriter" means ________________________.

"Written Request of the City" means an instrument in writing signed by any one of the Authorized Representatives of the City or such officer's designee, or by any other officer of the City duly authorized by the City Council of the City in writing to the Trustee for that purpose.

**Section 1.02.** Trust Agreement Constitutes Contract. In consideration of the acceptance of the Bonds by the Owners thereof, the Trust Agreement shall be deemed to be and shall constitute a contract among the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to provide for the payment of the interest on, principal of, and redemption premium (if any) on, all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the City shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

## ISSUANCE OF SERIES 2022 BONDS; GENERAL BOND PROVISIONS

**Section 2.01.** Authorization and Purpose of Series 2022 Bonds. The City has reviewed all proceedings heretofore taken relative to the authorization of the Series 2022 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2022 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the City is now duly authorized, pursuant to each and every requirement of the Act, to issue the Series 2022 Bonds in the form and manner and for the purpose provided herein and that the Series 2022 Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

The obligations of the City under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Neither the Bonds nor the obligation of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

**Section 2.02.** Terms of the Series 2022 Bonds; General Bond Provisions. The Series 2022 Bonds shall be designated "City of Oxnard Taxable Pension Obligation Bonds, Series 2022" and shall be in the aggregate principal amount of $[Par Amount]. The Series 2022 Bonds shall be dated the date of original delivery, shall be issued only in fully registered form in denominations of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000) (not exceeding the principal amount of Series 2022 Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following table:

| Payment Date (June 1) | Principal Amount | Rate of Interest |
|---|---|---|

The Series 2022 Bonds shall bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on the Interest Payment Dates for the Series 2022 Bonds. The Series 2022 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event they shall bear interest from their dated date; provided, however, that if at the time of authentication of any Series 2022 Bond interest is then in default on the Outstanding Series 2022 Bonds, such Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2022 Bonds. Payment of interest on the Series 2022 Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the Series 2022 Bonds registration books kept by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such registered owner at the address as it appears in such books; provided that upon the written request of an Owner of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Owner.

The principal of the Series 2022 Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee. Payment of the principal of the Series 2022 Bonds shall be made upon the surrender thereof at maturity or on redemption prior to maturity at the Corporate Trust Office of the Trustee.

**Section 2.03.** Redemption of Series 2022 Bonds.

(a) Optional Redemption. The Series 2022 Bonds maturing on or before June 1, 20__ shall not be subject to optional redemption prior to maturity. The Series 2022 Bonds maturing on or after June 1, 20__ shall be subject to redemption prior to their maturity date, at the option of the City, pro rata within a maturity on any date on or after June 1, 20__, at a redemption price equal to the principal amount of the Series 2022 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium. In the event of a redemption pursuant to this Section 2.03(a) and (c), the City shall provide the Trustee with a revised sinking fund schedule, described below, giving effect to the redemption so completed.

(b) Mandatory Sinking Fund Redemption. The Series 2022 Term Bonds maturing on June 1, 20__, are subject to mandatory sinking fund redemption on June 1 in each year, commencing June 1, 20__, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate principal amounts and on June 1 in the years set forth in the following table:

| Redemption Date (June 1) | Principal Amount |
|---|---|

* Maturity Date

The Series 2022 Term Bonds maturing on June 1, 20__, are subject to mandatory sinking fund redemption on June 1 in each year, commencing June 1, 20__, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate principal amounts and on June 1 in the years set forth in the following table:

| Redemption Date (June 1) | Principal Amount |
|---|---|

* Maturity Date

(c) Make-Whole Optional Redemption. [From the date of issuance, the Series 2022 Bonds maturing on June 1, _________ and June 1, _______ (together, the "Make-Whole Bonds") are subject to redemption prior to their stated maturity, at the option of the City, from lawfully available funds, as a whole or in part (by pro rata pass-through distribution of principal within a maturity as described below), on any date, at a redemption price equal to the greater of:

(1) 100% of the principal amount of such Make-Whole Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Make-Whole Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Make-Whole Bonds are to be redeemed, discounted to the date on which such Make-Whole Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus __ basis points, date.

plus, in each case, accrued interest on such Make-Whole Bonds to be redeemed to the redemption date. The Make-Whole Bonds maturing on June 1, 20__ and June 1, 20__ are also subject to the optional redemption set forth in Section 2.03(a) above on or after June 1, 20__.

"Treasury Rate" as such term is used above means, with respect to any redemption date for a particular Series 2022 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2022 Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the City in a Written Request of the City to the Trustee, the redemption price of the Make-Whole Bonds to be redeemed at the option of the City will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City, at the City's expense to calculate such redemption price. The City and the Trustee may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.]

(e) Selection of Bonds for Redemption. If less than all of the outstanding Bonds are to be redeemed prior to maturity, redemption payments will be made on a pro rata basis within a maturity to each Owner in whose name such Bonds are registered at the close of business on the 15th day of the calendar month immediately preceding the redemption date. So long as the Bonds are held in book-entry form, Bonds equal to $5,000 or any integral multiple thereof will be redeemed within a maturity on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the portions of the Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

It is the City's intent that the redemption allocations described in this Trust Agreement with respect to the Bonds within a maturity be made on a pro rata pass-through distribution of principal basis. However, the City can provide no assurance that DTC, the Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis.

"Pro rata" means, in connection with any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the specific maturity of the Bonds held by an Owner of such Bonds, and the denominator of which is equal to the total amount of such maturity of Bonds, then Outstanding.

(d) Notice of Redemption. If the City elects to redeem Bonds as provided above, the City shall, at least 45 days (or such lesser number of days acceptable to the Trustee) prior to the redemption date, give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds to be redeemed among maturities. Notice of redemption shall be mailed by first class mail or electronically transmitted by the Trustee, on behalf and at the expense of the City, not less than 20 nor more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. The Trustee shall also provide such additional notice of redemption of Bonds at the time and as may be required by the MSRB.

Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series and date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed.

Each notice of optional redemption shall also state that such optional redemption may be rescinded by the City and that, unless such redemption is so rescinded, and provided that on said date funds are available for payment in full of the Bonds then called for redemption, on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to give notice pursuant to this Section 2.03 to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so mailed shall not affect the sufficiency of the proceedings for redemption.

The City shall have the right to rescind any optional redemption by providing the Trustee with written notice of such rescission at least two Business Day prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

**Section 2.04.** Form of Bonds. The Bonds and the authentication endorsement and assignment to appear thereon shall be substantially in the form set forth in Exhibit A.

**Section 2.05.** Execution of Bonds. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed to execute each of the Bonds on behalf of the City, and the City Clerk of the City is hereby authorized and directed to countersign each of the Bonds on behalf of the City. The signature of the Mayor (or in his absence, the Mayor Pro Tem) and the City Clerk may be by printed or otherwise reproduced by electronic reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds. Only those Bonds bearing thereon a certificate of authentication in the form provided for herein, executed manually or electronically and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

**Section 2.06.** Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bonds for cancellation at the Corporate Trustee 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 City shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same series and maturity for a like aggregate principal amount. 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 City. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege. Prior to any transfer of the Bonds outside the book-entry system, (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

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

The Trustee shall not be required to register the transfer of or exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 2.03.

**Section 2.07.** Book-Entry Bonds. Notwithstanding any provision of this Trust Agreement to the contrary, the transfer provisions of Section 2.06 hereof do not apply if the ownership of the Bonds is in book-entry form.

(a) Except as provided in subparagraph (d) of this Section 2.07, the registered Owner of all of the Bonds shall be DTC, and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Notwithstanding anything to the contrary contained in this Trust Agreement, payment of interest with respect to any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date for the Bonds at the address indicated on the Record Date or special record date for Cede & Co. in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.09 hereof or as otherwise provided in the Representation Letter.

(b) The Bonds shall be initially executed and delivered in the form of separate single fully registered Bonds in the amount of each separate stated maturity of the Bonds. Upon initial execution and delivery, the ownership of such Bonds shall be registered in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.09 hereof in the name of Cede & Co., as nominee of DTC. The Trustee and the City shall treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners under this Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any person claiming a beneficial ownership interest in the Bonds under or through DTC, or any other person which is not shown on the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.09 hereof as being an Owner, with respect to (i) the accuracy of any records maintained by DTC; (ii) the payment by DTC of any amount of the principal, premium, if any, or interest on the Bonds; (iii) any notice which is permitted or required to be given to Owners under this Trust Agreement or the selection by DTC of any person to receive payment in the event of a partial redemption of the Bonds; or (iv) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal, premium, if any, and interest on the Bonds only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions of (d) below, no person other than DTC shall receive an executed Bond representing the right to receive principal, premium, if any and interest pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the term "Cede & Co." in this Trust Agreement shall refer to such new nominee of DTC.

(c) To qualify the Bonds for DTC's book-entry system, the City and the Trustee (if required) will execute, countersign and deliver to DTC the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 2.07 or in any other way impose upon the Trustee or the City any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof.

(d) If (i) DTC, including any successor as securities depository for the Bonds, determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that the incumbent securities depository shall no longer so act and delivers a written certificate to the Trustee to that effect, then the City will discontinue the book-entry system with the incumbent securities depository for the Bonds. If the City determines to replace the incumbent securities depository for the Bonds with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate fully registered Bond for the aggregate outstanding principal amount of Bonds of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the City, the Trustee and the successor securities depository for the Bonds as are not inconsistent with the terms of this Trust Agreement. If the City fails to identify another qualified successor securities depository for the Bonds to replace the incumbent securities depository, then the Bonds shall no longer be restricted to being registered in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for the Bonds, or its nominee, shall designate. In such event the City shall execute and deliver a sufficient quantity of Bonds as to carry out the transfers and exchanges provided in this Section and Sections 2.06 and 2.10 hereof. All such Bonds shall be in fully registered form in denominations authorized by this Trust Agreement.

(e) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest on such Bond and all notices with respect to such Bonds shall be made and given, respectively, as provided in the Representation Letter.

(f) In connection with any notice or other communication to be provided to Owners pursuant to this Trust Agreement by the City or the Trustee with respect to any consent or other action to be taken by Owner, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

**Section 2.08.** Exchange of Bonds. Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other Authorized Denominations. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the City. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required to exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 2.03.

**Section 2.09.** Bond Registration Books. The Trustee will keep at its Corporate Trust Office sufficient books for the registration and transfer of the Bonds which shall during normal business hours be open to inspection by the City, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

**Section 2.10.** Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond shall become mutilated the Trustee at the expense of the Owner shall thereupon authenticate and deliver, a new Bond of like tenor and 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. 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 be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a reasonable sum for each new Bond issued under this Section and of the expenses which may be incurred by the City and the Trustee in the premises. Any Bond issued 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 Trust Agreement with all other Bonds of the same series secured by this Trust Agreement. Neither the City nor the Trustee shall 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 issued 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.

**Section 2.11.** Temporary Bonds. The Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed or typewritten, shall be of such denominations as may be determined by the City, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the City, in accordance with the terms of the Act. If the City issues 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 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 Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Bonds delivered hereunder.

**Section 2.12.** Procedure for the Issuance of Series 2022 Bonds; Application of Bond Proceeds. At any time after the sale of the Series 2022 Bonds in accordance with the Act, the City shall execute the Series 2022 Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Series 2022 Bonds shall be authenticated and delivered by the Trustee to the Underwriter of the Series 2022 Bonds upon the Certificate of the City. The net proceeds of the Series 2022 Bonds in the amount of $___________ shall be applied to pay certain obligations of the City to the System pursuant to the Retirement Law and to pay Costs of Issuance as follows:

(a) The Trustee shall deposit $_________ of proceeds of the Series 2022 Bonds in a Refunding Fund, which the Trustee shall establish for the purpose of receiving such deposit. On the Closing Date for such Series 2022 Bonds, the Trustee shall promptly transfer all amounts in the Refunding Fund to the System pursuant to written instructions from an Authorized Representative.

(b) The Trustee shall deposit $_________ in the Costs of Issuance Fund, which fund the City hereby agrees to maintain with the Trustee. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay or reimburse the Costs of Issuance of the Series 2022 Bonds upon receipt of a Written Request of the City filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, instructions for making the payment, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is six months following the Closing Date for the Series 2022 Bonds or upon the earlier Written Request of the City, any remaining balance in the Costs of Issuance Fund shall be transferred to the Interest Account.

Upon receipt of the purchase price of Additional Bonds, if any, the Trustee shall set aside and deposit the proceeds received from such sale as set forth in the Supplemental Trust Agreement authorizing such Additional Bonds, which proceeds may be deposited in the following respective accounts or funds:

(i) The Trustee shall deposit the amount, if any, set forth in the Supplemental Trust Agreement authorizing such Additional Bonds in the respective Refunding Fund. On the Closing Date for such Bonds, the Trustee shall promptly transfer all amounts in the respective Refunding Fund to the System or to refund Bonds, as set forth in the Supplemental Trust Agreement authorizing such Additional Bonds.

(ii) The Trustee shall deposit the amount, if any, set forth in the Supplemental Trust Agreement authorizing such Additional Bonds in the respective Costs of Issuance Fund, which fund the City hereby agrees to maintain with the Trustee. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay or reimburse the respective Costs of Issuance of the Additional Bonds upon receipt of a Written Request of the City filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, instructions for making the payment, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is six months following the Closing Date for the Additional Bonds or upon the earlier Written Request of the City, any remaining balance in the respective Costs of Issuance Fund shall be transferred to the Interest Account.

(iii) The Trustee shall deposit the amounts set forth in the Supplemental Trust Agreement authorizing such Additional Bonds as necessary for the payment of principal of and interest on such Additional Bonds. Notwithstanding Section 4.02 hereof, the Supplemental Trust Agreement for such Additional Bonds shall establish separate accounts for the payment of principal and interest on such Additional Bonds.

**Section 2.13.** Validity of Bonds. The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

## ARTICLE III

## ISSUANCE OF ADDITIONAL BONDS

**Section 3.01.** Conditions for the Issuance of Additional Bonds. The City may at any time issue Additional Bonds hereunder, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The City shall be in compliance with all agreements and covenants contained herein.

(b) The issuance of such Additional Bonds shall have been authorized pursuant to the Act and shall have been provided for by a Supplemental Trust Agreement which shall specify the following:

(1) The purpose for which such Additional Bonds are to be issued; provided, that such Additional Bonds shall be applied solely for (i) the purpose of satisfying any obligation to make payments to the System pursuant to the Retirement Law relating to pension benefits accruing to the System's members, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) The authorized principal amount and designation of such Additional Bonds;

(3) The date and the maturity dates of and the sinking fund payment dates, if any, for such Additional Bonds;

(4) The interest payment dates for such Additional Bonds;

(5) The denomination or denominations of and method of numbering such Additional Bonds;

(6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(7) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account hereinafter referred to;

(8) Whether such Additional Bonds will or will not be secured by the Retirement Tax Revenues on a parity with any Outstanding Bonds so secured; and

(9) Such other provisions (including the requirements of a book-entry Bond registration system, if any) as are necessary or appropriate and not inconsistent herewith.

**Section 3.02.** Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, the City shall execute such Additional Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon such Additional Bonds shall be delivered by the Trustee to the purchaser thereof upon the Written Request of the City, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee:

(a) An executed copy of the Supplemental Trust Agreement authorizing the issuance of such Additional Bonds;

(b) A Written Request of the City as to the delivery of such Additional Bonds;

(c) An Opinion of Counsel to the effect that (1) the City has executed and delivered the Supplemental Trust Agreement, and the Supplemental Trust Agreement is valid and binding upon the City and (2) such Additional Bonds are valid and binding obligations of the City;

(d) A Certificate of the City stating that all requirements of Article III have been complied with and containing any other such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Bonds contained herein;

(e) A Certificate of the City (which may be included in the Certificate required under Section 3.02(d)) if the Additional Bonds will be secured by the Retirement Tax Revenues stating that for the Fiscal Year preceding the issuance of such Additional Bonds, Retirement Tax Revenues (assuming the Retirement Tax is levied at the maximum rate permitted under applicable law) would have been at least 1.20 times maximum annual debt service on the Outstanding Bonds and the Additional Bonds proposed to be issued secured by the Retirement Tax Revenues; and

(f) Such further documents, money or securities as are required by the provisions of the Supplemental Trust Agreement providing for the issuance of such Additional Bonds.

## ARTICLE IV

## SECURITY FOR THE BONDS; FUNDS AND ACCOUNTS

**Section 4.01.** Assignment and Pledge for the Bonds; Bond Fund; Deposits to Bond Fund.

(a) There is hereby created a special trust fund designated as the "Bond Fund" that shall be held and administered by the Trustee as provided in this Trust Agreement. The Bonds and any Additional Bonds shall be payable by the City from any source of legally available funds. The City hereby irrevocably assigns and pledges to the Trustee, in trust for the security of the Owners on the terms hereof all of the City's rights, title and interest in and to all money and securities for deposit in, or deposited in, the Bond Fund and any investment earnings thereon, and any collateral security for, and all proceeds of, any of the foregoing. The City shall, and hereby covenants to, take all action to levy, or cause to be levied, the Retirement Tax in accordance with applicable law, including the Constitution of the State, in an amount sufficient to pay debt service on all Outstanding Bonds that are secured by Retirement Tax Revenues, subject to the maximum tax rate imposed on the Retirement Tax by Section 96.31 of the Revenue and Taxation Code of the State of California. The City hereby irrevocably assigns and pledges to the Trustee the Retirement Tax Revenues in trust for the security of the Owners of the Series 2022 Bonds.

(b) The Trustee shall hold all the rights, title and interest received under this Section 4.01 and all money and securities (exclusive of money to which the Trustee is entitled in its own right as fees, indemnity, reimbursement or otherwise) received from the City or derived from the exercise of the City's powers hereunder in trust for the security of the Owners in accordance with the provisions hereof. The City shall from time to time execute, deliver, file and record such instruments as the Trustee may reasonably require to confirm, perfect or maintain the security created hereby and the assignment and pledge hereby of the rights, title and interest assigned and pledged by the City to the Trustee hereunder.

(c) The City shall promptly deposit or cause to be deposited with the Trustee on or before each Record Date an amount sufficient to pay the principal of, if any, and interest coming due on the next Interest Payment Date, including as applicable from Retirement Tax Revenues.

**Section 4.02.** Allocation of Moneys in Bond Fund. On or before each Interest Payment Date or date fixed for redemption of Bonds, the Trustee shall transfer from the Bond Fund, in immediately available funds, for deposit into the following respective accounts (each of which is hereby created and which the Trustee shall maintain in trust separate and distinct from the other funds and accounts established hereunder), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of funds sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

(a) Interest Account,

(b) Principal Account, and

(c) Surplus Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.02.

(a) Interest Account. On each Interest Payment Date, the Trustee shall set aside from the Bond Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) Principal Account. On or before each Principal Payment Date, the Trustee shall set aside from the Bond Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such Principal Payment Date into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such Principal Payment Date. No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such Principal Payment Date plus the aggregate amount of all sinking fund payments required to be made on such Principal Payment Date for all Outstanding Term Bonds.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each series and maturity, designated as the "Sinking Account" (the "Sinking Account"), inserting therein the series and maturity (if more than one such account is established for such series) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article II; provided that, at any time prior to giving such notice of such redemption, the Trustee may upon the Written Request of the City, apply moneys in such Sinking Account to the purchase for cancellation of Term Bonds of such series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the City, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such series and maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, as applicable, to reduce such mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds, as applicable, as they shall become due and payable, whether at maturity or redemption, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created.

(c) Surplus Account. On the Business Day following the last Interest Payment Date of each Fiscal Year, or on such other date as provided in a Supplemental Trust Agreement, any moneys remaining in the Bond Fund shall be deposited by the Trustee in the Surplus Account. So long as no event of default has occurred and is continuing, moneys deposited in the Surplus Account shall be transferred by the Trustee to or upon the order of the City, as specified in a Written Request of the City.

**Section 4.03.** Deposit and Investments of Money in Accounts and Funds. All money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments at the Written Request of the City filed with the Trustee at least two Business Days in advance of the making of such investment. If no Written Request of the City is received, the Trustee shall hold such funds uninvested. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. All interest, profits and other income received from any money so invested shall be deposited in the Bond Fund. The Trustee shall have no liability or responsibility for any loss resulting from any investment made or sold in accordance with the provisions of this Article IV, except for any loss due to the negligence or willful misconduct of the Trustee. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charge therefor. 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 agrees it will not receive such confirmations from the Trustee to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

## ARTICLE V

## COVENANTS OF THE CITY

**Section 5.01.** Punctual Payment and Performance; Budget and Appropriation. The City will punctually pay the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the City contained herein and in the Bonds. In furtherance of this covenant, the City shall in each Fiscal Year include in its budget a provision to provide funds in an amount sufficient to pay the principal, premium, if any, and interest on the Bonds coming due in such Fiscal Year, but only to the extent that such amounts exceed the amount of available funds then on deposit in the Bond Fund, and shall make annual appropriations for all such amounts. If such principal, premium, if any, and interest on the Bonds coming due in any Fiscal Year exceeds the sum of amounts budgeted in respect thereof, together with amounts then on deposit in the Bond Fund, then the City shall amend or supplement the budget to provide for such excess amounts.

The covenants contained in this Section shall be deemed to be and shall be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Trust Agreement agreed to be carried out and performed by the City.

**Section 5.02.** Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 5.02 shall be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

**Section 5.03.** No Senior Indebtedness Secured by Retirement Tax Revenues. No Additional Bonds or other indebtedness that is payable from or secured by Retirement Tax Revenues in whole or in part will be issued or incurred by the City on a basis senior to the Bonds, including any Additional Bonds.

**Section 5.04.** Additional Debt. The City expressly reserves the right to enter into one or more other agreements or indentures for any of its purposes, and reserves the right to issue other obligations for such purposes, subject to Section 5.03 hereof.

**Section 5.05.** Power to Issue Bonds. The City is duly authorized pursuant to law to issue the Bonds and to enter into this Trust Agreement. The Bonds and the provisions of this Trust Agreement are the legal, valid and binding obligations of the City in accordance with their terms. The Bonds and any Additional Bonds shall constitute obligations imposed by law.

**Section 5.06.** Accounting Records and Reports. The City will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of moneys on deposit in the funds and accounts established hereunder.

**Section 5.07.** Prosecution and Defense of Suits. The City will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent involving the failure of the City to fulfill its obligations hereunder; provided that the Trustee or any affected Owner at its election may appear in and defend any such suit, action or proceeding. The City, to the extent permitted by law, will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the City, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the negligence, willful misconduct or breach of duty by the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied or the resignation or removal of the Trustee.

**Section 5.08.** Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

**Section 5.09.** Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Trust Agreement or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

**Section 5.10.** Compliance with Continuing Disclosure Agreement. The City has undertaken responsibility for compliance with continuing disclosure requirements with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may or the Owners of at least 25% aggregate principal amount in Outstanding Bonds, and upon receipt of indemnification satisfactory to it, shall) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

## ARTICLE VI

## THE TRUSTEE

**Section 6.01.** The Trustee. [TRUSTEE], shall serve as the Trustee for the Bonds for the purpose of receiving all money which the City is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment at the Corporate Trust Office of the Trustee with the rights and obligations provided herein. The City agrees that it will at all times maintain a Trustee having a corporate trust office in Los Angeles or San Francisco, California.

The City may at any time, unless there exists any event of default as defined in Section 8.01, with 30 days prior notice remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business or national banking association and having a corporate trust office in Los Angeles or San Francisco, California, having 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 authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the City and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the City and shall destroy such Bonds and a certificate of destruction shall be delivered to the City. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an event of default, and after the curing of all events of default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any event of default (that has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

**Section 6.02.** Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the City, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such Owner's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in Aggregate Principal Amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Trust Agreement unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Owners for the payment of interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, shall not be answerable for the negligence or misconduct or any such attorney-in-fact, agent or receiver appointed by it in accordance with the standards specified above. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney or certified public accountant was selected by the Trustee with due care.

Whether or not therein expressly so provided, every provision of this Trust Agreement, or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the City), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to 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 and in accordance therewith.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

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

All immunities, indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, employees, officers and agents thereof.

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 Section 6.01, shall be the successor to the Trustee hereunder 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 hereunder, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 6.03.** Compensation and Indemnification of Trustee. The City covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the City will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct, including the negligence or willful misconduct of any of its officers, directors, agents or employees. The City, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense including legal fees and expenses incurred without negligence, willful misconduct or bad faith on the part of the Trustee, (i) arising out of or in connection with the acceptance or administration of the trusts created hereby or the exercise or performance of any of its powers or duties hereunder, and (ii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Bonds, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the City under this Section shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

## ARTICLE VII

## AMENDMENT OF THE TRUST AGREEMENT; SUPPLEMENTAL TRUST AGREEMENT

**Section 7.01.** Amendment of the Trust Agreement.

(a) This Trust Agreement and the rights and obligations of the City and of the Owners may be amended at any time by a Supplemental Trust Agreement 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 7.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, or extend the time of payment on any Bond without the express written consent of the Owner of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment.

(b) This Trust Agreement and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of, or notice to, any of the Owners for any one or more of the following purposes:

(i) to add to the agreements and covenants required herein to be performed by the City other agreements and covenants thereafter to be performed by the City, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved herein to or conferred herein on the City;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein and in any Supplemental Trust Agreement or in regard to questions arising hereunder which the City may deem desirable or necessary and not inconsistent herewith;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III (which shall be deemed not to adversely affect Owners);

(iv) to modify, amend or add to the provisions herein or in any Supplemental Trust Agreement to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statutes hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such statute or similar statute; or

(v) to modify, amend or supplement this Trust Agreement and any Supplemental Trust Agreement in any manner that does not materially adversely affect the interest of Owners of Bonds.

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Trust Agreement authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under this Trust Agreement or otherwise.

**Section 7.02.** Disqualified Bonds. Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this article, and shall not be entitled to consent to or take any other action provided in this article. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**Section 7.03.** Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the City 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 Owner of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Owner for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

**Section 7.04.** Amendment by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

**Section 7.05.** Attorney's Opinion Regarding Supplemental Agreements. The Trustee may obtain an Opinion of Counsel that any amendments or supplements to this Trust Agreement comply with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

## ARTICLE VIII

## EVENTS OF DEFAULT AND REMEDIES OF OWNERS

**Section 8.01.** Events of Default. If one or more of the following events (herein called "events of default") shall happen, that is to say:

(a) if default shall be made by the City in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the City in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the City in the performance of any of the agreements or covenants required herein to be performed by the City, and such default shall have continued for a period of 30 days after the City shall have been given notice in writing of such default by the Trustee or the Owners of not less than 25% in Aggregate Principal Amount of the Bonds at the time Outstanding, specifying such default and requiring the same to be remedied, provided, however, if the default stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(d) 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.

**Section 8.02.** Remedies Upon an Event of Default. Upon the occurrence and continuance of any event of default, the Trustee may, and upon the written request of Owners of not less than 51% of the Aggregate Principal Amount of Bonds then Outstanding, and upon being indemnified to its satisfaction, shall:

(a) by mandamus, suit, action or proceeding, compel the City and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Trust Agreement and the Bonds, and may require the carrying out of any or all such covenants and agreements of the City and the fulfillment of all duties imposed upon it by this Trust Agreement and by the Retirement Law.

(b) bring suit upon the defaulted Bonds.

(c) by suit, action or proceeding in equity, enjoin any acts or things which are unlawful, or the violation of any of the Owners' rights.

(d) by suit, action or proceeding in any court of competent jurisdiction, require the City and its members and employees to account as if it and they were the trustees of an express trust.

THE TRUSTEE SHALL HAVE NO RIGHT TO DECLARE THE PRINCIPAL OF OR INTEREST ON THE BONDS TO BE DUE AND PAYABLE IMMEDIATELY.

**Section 8.03.** Application of Revenues and Other Funds After Default. If an event of default shall occur and be continuing, all amounts then held or thereafter received by the Trustee under any of the provisions of this Trust Agreement shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees and expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and to the payment of the reasonable charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel, agents and advisors) incurred in and about the performance of its powers and duties under this Trust Agreement;

(b) To the payment of the principal and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Trust Agreement, as follows:

*First:* To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

*Second:* To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

(c) [To the payment of expenses of the Insurer.]

**Section 8.04.** Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Owners of the Bonds at the respective dates of maturity or upon prior redemption as provided herein, or shall affect or impair the right of such Owners, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds. A waiver of any default or breach of duty or contract by the Trustee or any Owner shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Owner 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 Owners by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the City, the Trustee and any Owner shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

**Section 8.05.** Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is an Owner, and the Trustee is hereby appointed (and the successive Owners, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

**Section 8.06.** Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners 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 at 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 Act or any other law.

**Section 8.07.** Limitation on Owners' Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 8.01 hereunder; (b) the Owners of at least a majority in Aggregate Principal Amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee. Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy hereunder; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

**Section 8.08.** Absolute Obligation of City. Nothing in this Section or in any other provision of this Trust Agreement or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of, premium, if any and interest on the Bonds to the respective Owners of the Bonds at their respective due dates as herein provided.

## ARTICLE IX

## DEFEASANCE

**Section 9.01.** Discharge of Bonds.

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

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the City shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.03, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the City or the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

**Section 9.02.** Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and 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 not look to the Trustee for the payment of such Bonds.

## ARTICLE X

## BOND INSURANCE

**Section 10.01.** Article X Provisions Controlling. Notwithstanding anything to the contrary herein, the provisions of this Article shall govern the Series 2022 Bonds while they remain Outstanding. [to be revised in accordance with insurance commitment, if any]

**Section 10.02.** General.

(a) The Insurer shall be deemed to be the sole Owner of the Series 2022 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners insured by it are entitled to take pursuant to the Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Trust Agreement and each Series 2022 Bond, each Owner of the Series 2022 Bonds appoints the Insurer as its agent and attorney-in-fact with respect to the Series 2022 Bonds and agrees that the Insurer may at any time during the continuation of any proceeding by or against the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of the Series 2022 Bonds delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each Owner of the Series 2022 Bonds in the conduct of any

Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Series 2022 Bonds for the Insurer's benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment.

(b) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2022 Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of this Trust Agreement which permits the purchase of Series 2022 Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Series 2022 Bond so purchased is not cancelled upon purchase.

(c) Any amendment, supplement, modification to, or waiver of, this Trust Agreement or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Owners of the Series 2022 Bonds or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(d) The rights granted to the Insurer under this Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Series 2022 Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners of the Series 2022 Bonds or any other person is required in addition to the consent of the Insurer.

(e) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2022 Bonds unless the Insurer otherwise approves.

(f) To accomplish defeasance of the Series 2022 Bonds, the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2022 Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement or other irrevocable written instructions to the Trustee (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2022 Bonds are no longer "Outstanding" under this Trust Agreement and (iv) a certificate of discharge of the Trustee with respect to the Series 2022 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City, the Trustee and the Insurer. The Insurer shall be provided with final drafts of the above referenced documentation not less than five Business Days prior to the funding of the escrow.

(g) Series 2022 Bonds shall be deemed "Outstanding" under this Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

(h) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of this Trust Agreement and the Series 2022 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with this Trust Agreement. This Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(i) Each of the City and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge under this Trust Agreement under applicable law. The Trustee's obligation shall be limited to only filing continuation statements.

(j) The Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2022 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(k) The City shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under this Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with this Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Trust Agreement or any other Related Document.

(l) The Insurer shall be entitled to pay principal or interest on the Series 2022 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Insurance Policy), whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(m) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Trust Agreement would adversely affect the security for the Series 2022 Bonds or the rights of the Owners of the Series 2022 Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(n) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2022 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

**Section 10.03.** Claims Upon the Insurance Policy and Payments by and to the Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under this Trust Agreement, moneys sufficient to pay the principal of and interest on the Series 2022 Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2022 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2022 Bonds and the amount required to pay principal of the Series 2022 Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Series 2022 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2022 Bonds registered to the then current Owner of the Series 2022 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2022 Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2022 Bond shall have no effect on the amount of principal or interest payable by the City on any Series 2022 Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2022 Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Series 2022 Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners of the Series 2022 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series 2022 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2022 Bonds under the sections hereof regarding payment of Series 2022 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2022 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of legally available funds of the City and Retirement Tax Revenues, as provided in Section 4.01(a), on a parity with debt service due on the Series 2022 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Series 2022 Bond payment date shall promptly be remitted to the Insurer.

**Section 10.04.** Information to be Provided to Insurer. The Insurer shall be provided with the following information by the City or Trustee, as the case may be:

(a) To the extent not otherwise filed with the MSRB's EMMA system, annual audited financial statements within 210 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under this Trust Agreement), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(b) Notice of any default known to the Trustee or City within five Business Days after knowledge thereof;

(c) Prior notice of the advance refunding or redemption of any of the Series 2022 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2022 Bonds;

(g) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(h) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents.

(i) The Insurer shall have the right to receive such additional information as it may reasonably request.

(j) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Series 2022 Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.

(k) The Trustee shall notify the Insurer of any failure of the City to provide notices, certificates and other information under this Trust Agreement and any Related Document.

(l) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in this Trust Agreement, no such issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance unless otherwise permitted by the Insurer.

(m) The Issuer shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Retirement Tax Revenues without the prior written consent of the Insurer.

(n) No contract relating to the Retirement Tax shall be entered into or any action taken by which the rights of the Insurer with respect to the pledge of the Retirement Tax Revenues may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

**Section 10.05.** Notice to Insurer. The notice address of the Insurer is: ____________.

## ARTICLE XI

## MISCELLANEOUS

**Section 11.01.** Benefits of this Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Trustee, the Insurer and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the City or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee, the Insurer and the Owners.

**Section 11.02.** Successor Is Deemed Included in All References to Predecessor. Whenever herein either the City or any member, officer or employee thereof or the Trustee is named or referred to, such reference shall be deemed to include the successor or assigns thereof, and all agreements and covenants required hereby to be performed by or on behalf of the City or the Trustee, or any member, officer or employee thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 11.03.** Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Trustee. Any declaration, request, consent or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Trustee or the City in good faith and in accordance therewith.

**Section 11.04.** Waiver of Personal Liability. No member, officer or employee of the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

**Section 11.05.** Acquisition of Bonds by City. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

**Section 11.06.** Destruction of Cancelled Bonds. Whenever provision is made for the return to the City of any Bonds which have been cancelled pursuant to the provisions hereof, the Trustee shall destroy such Bonds and furnish to the City a certificate of such destruction.

**Section 11.07.** Content of Certificates. Every Certificate of the City with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with. Any Certificate of the City may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the City, upon a representation by an officer or officers of the City unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 11.08.** Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound bond trustee accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

**Section 11.09.** 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<br>300 West 3rd Street<br>Oxnard, CA 93030<br>Attention: City Manager |
| If to the Trustee: | [TRUSTEE]<br><br>Attention: Corporate Trust |

**Section 11.10.** Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**Section 11.11.** 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 Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The City and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11.12.** Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

**Section 11.13.** Governing Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State of California.

**Section 11.14.** Insurer as Third-Party Beneficiary. The Insurer shall be a third-party beneficiary to this Trust Agreement while any Series 2022 Bond remains Outstanding hereunder.

**Section 11.15.** CUSIP Numbers. Neither the Trustee nor the City shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither City nor the Trustee shall be liable for any inaccuracies in such numbers.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the CITY OF OXNARD has caused this Trust Agreement to be signed in its name by the undersigned Authorized Representative and [TRUSTEE], in acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by the officer thereunder duly authorized, all as of the day and year first above written.

CITY OF OXNARD

By: ________________________________
Mayor

[TRUSTEE], as Trustee

By: ________________________________
Authorized Officer

## EXHIBIT A

## FORM OF SERIES 2022 BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**CITY OF OXNARD**
**TAXABLE PENSION OBLIGATION BONDS**
**SERIES 2022**

No. R- _____ $_________

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: __________________________ DOLLARS

The CITY OF OXNARD, duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "City"), for value received hereby, promises to pay to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Series 2022 Bond (unless this Series 2022 Bond is authenticated as of an Interest Payment Date or following the close of business on the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") to such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Series 2022 Bond is authenticated prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on ______ 1, 20__, and semiannually thereafter on each June 1 and December 1 (each an "Interest Payment Date"). Interest due on or before the maturity or prior redemption of this Series 2022 Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof; provided that upon the written request of a registered owner of $1,000,000 or more in aggregate principal amount of Series 2022 Bonds received by the Trustee (as hereinafter defined) prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

This Series 2022 Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Obligation Bonds, Series 2022" (the "Series 2022 Bonds") in aggregate principal amount of $[Par Amount].00, all of like tenor and date (except for variations relating to numbers, maturities and interest rates), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of [As of Date] (the "Trust Agreement"), between the City and [TRUSTEE], as trustee (the "Trustee") (copies of which are on file at the Corporate Trust Office of the Trustee).

Under the Trust Agreement, Additional Bonds and other obligations may be issued on a parity with the Series 2022 Bonds, but subject to the conditions and upon compliance with the procedures set forth in the Trust Agreement. The Series 2022 Bonds and any bonds or other obligations issued on a parity with the Series 2022 Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"). Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Series 2022 Bonds are issued, the rights of the registered owners of the Series 2022 Bonds, security for payment of the Series 2022 Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Series 2022 Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the City and the registered owner of this Series 2022 Bond, to all the provisions of which the registered owner of this Series 2022 Bond, by acceptance hereof, agrees and consents.

The Series 2022 Bonds are subject to redemption as provided in the Trust Agreement.

THE OBLIGATIONS OF THE CITY OF OXNARD HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF INTEREST AND PRINCIPAL WHEN DUE, ARE OBLIGATIONS OF THE CITY OF OXNARD IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTER CLAIM. NEITHER THE SERIES 2022 BONDS NOR THE OBLIGATION OF THE CITY OF OXNARD TO MAKE PAYMENTS ON THE SERIES 2022 BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY OF OXNARD, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This Series 2022 Bond is transferable only on a register to be kept for that purpose at the above-referenced office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Series 2022 Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Series 2022 Bond or Series 2022 Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The City and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Series 2022 Bond shall be overdue, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Series 2022 Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Series 2022 Bond to the extent of the sum or sums so paid.

This Series 2022 Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Series 2022 Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 2022 Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Series 2022 Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the City of Oxnard has caused this Series 2022 Bond to be executed in its name and on its behalf by the signature of the Mayor and to be countersigned by the signature of the City Clerk of the City of Oxnard, and has caused this Series 2022 Bond to be dated as of the original issue date specified above.

CITY OF OXNARD

By ______________________________
Mayor

Countersigned

________________________
City Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2022 Bonds described in the within-mentioned Trust Agreement which has been authenticated on ____________, 20__.

[TRUSTEE], as Trustee

By _________________________________
Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _______________ (Taxpayer Identification Number: __________) the within Series 2022 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ________________________ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Note: The signature to this Assignment must correspond with the name as written on the face of the Series 2022 Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: ___________________

Notice: Signature must be guaranteed by an eligible guarantor institution.

## CERTIFICATE OF INSURANCE

[to come if applicable]