

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.



AGENDA
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Council Chambers, 305 West Third Street
May 10, 2022
Regular Meeting - 5:00 to 6:30 PM

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

- 1. Dial Phone Number: (888) 475-4499**
- 2. Enter Meeting ID: 862 3737 4054**
- 3. Passcode: 963969**

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.

The public may 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. ATTEND THE MEETING AT THE LOCATION LISTED ABOVE: Submit a speaker card to the City Clerk.
2. EMAIL COMMENTS OR SIGN UP TO SPEAK REMOTELY BEFORE THE MEETING
 - a. 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/citymeetings.
 - b. Submit an email to cityclerk@oxnard.org no later than 3 p.m. on the day of the meeting (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.
 - c. Contact the City Clerk's Office at (805) 385-7803 to submit your request.
3. PROVIDING PUBLIC COMMENTS REMOTELY DURING THE MEETING
 - a. To provide public comment during the meeting dial (888) 475-4499 and enter the Meeting ID and Passcode listed above as the Zoom details for this meeting. When the Mayor announces the particular item on the agenda you want to speak on, press *9 to raise your hand while in the zoom waiting room. Once called on, press *6 to unmute your phone.
 - b. Public comments on agenda items will be taken following the announcement of the item. After the item is announced, members of the public may register or otherwise be recognized for the purpose of providing public comment.

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

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)

* 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 April 26, 2022 regular meeting as presented.

Legislative Body: Finance & Governance Committee

Contact: Rose Chaparro, (805) 385-7805

D. REPORTS

1. Human Resources Department

SUBJECT: Agreement for Workers' Compensation Claims Administration and Adjustment Services. (0/5/5)

RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council approve and authorize the Mayor to execute Agreement No. A-8455 with CorVel Enterprise Comp., Inc., in an amount not to exceed \$1,515,000 for a 5-year term for workers' compensation claims administration and adjustment services.

Please click the following link to view the required Measure M pre-recorded presentation video: https://youtu.be/zpKrwm_l0j0

Contact: Steve Naveau, (805) 385-7947

2. Finance Department

SUBJECT: Resolution of City Council and Oxnard Financing Authority Approving the Issuance of Up to \$19,200,000 in Principal of 2022 Local Obligation Revenue Refunding Bonds to Refund the Series 2012 Bonds. (10/5/5)

RECOMMENDATION: That the Finance and Governance Committee recommend City Council and City of Oxnard Financing Authority Board approve and authorize the following:

1. Resolution of the City Council of the City of Oxnard approving a first amendment to local agency financing documents and the execution of certain certificates relating to the issuance by the City of Oxnard Financing Authority of refunding revenue bonds for the purpose of refunding its outstanding Series 2012 Bonds.
2. Resolution of the Board of Directors of the City of Oxnard financing authority authorizing

the sale, issuance, and delivery of not more than \$19,200,000 in principal amount of Local Obligation Revenue Refunding Bonds (Special District Bond) and approving certain documents and authorizing certain actions in connection therewith.

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

Contact: Betsy George, (805) 200-5400

3. 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 \$340,627 for a new not-to-exceed agreement amount of \$1,458,505 for information technology software and services.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/JbwsRAR4LQY>

Contact: Helen Miller, (805)385-7446

4. Finance Department

SUBJECT: Introduction to FY 2022-23 Proposed Operating Budget. (0/20/20)

RECOMMENDATION: That the Finance and Governance Committee recommend that City Council and Housing Authority Board conduct a public hearing on the Fiscal Year (FY) 2022-23 proposed budget on June 7, 2022, for the City of Oxnard and Oxnard Housing Authority and provide staff direction regarding any adjustments to the proposed budget, in preparation for final budget adoption on June 21, 2022.

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

<https://www.youtube.com/watch?v=UztBV5NxFK8>

Contact: Betsy George, (805) 200-5400

5. Public Works Department

SUBJECT: Fiscal Year 2022-23 Landscape Maintenance Districts Initiation of Proceedings, Declaration of Intention to Levy and Collect Assessments, and Scheduling of Public Hearing. (0/5/5)

RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council acting as the legislative body of the City of Oxnard's landscape maintenance districts (LMDs):

1. Adopt a resolution initiating proceedings for the annual levy and collection of assessments for Fiscal Year 2022-23 within the City's LMDs; and

2. Adopt a resolution declaring intention to levy and collect assessments for Fiscal Year 2022-23 within the City's LMDs pursuant to the Landscaping and Lighting Act of 1972.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/BV5fuNmthsk>

Contact: Michael Wolfe, (805) 385-8055

6. Public Works Department

SUBJECT: Fiscal Year 2022-23 Special Tax Levy for Community Facility Districts No. 1, 2, 3, 4, 5 and 2000-3. (0/10/10)

RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council acting as the legislative body for Community Facilities Districts (CFD) No. 1, 2, 3, 4, 5 and 2000-3:

1. Adopt a resolution setting a special tax rate within CFD No. 1 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
2. Adopt a resolution setting a special tax rate within CFD No. 2 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
3. Adopt a resolution setting a special tax rate within CFD No. 3 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;
4. Adopt a resolution setting a special tax rate within CFD No. 4 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;
5. Adopt a resolution setting a special tax rate within CFD No. 5 (Riverpark) for Fiscal Year 2022-23;
6. Adopt a resolution setting a special tax rate within CFD No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) for Fiscal Year 2022-23; and
7. Authorize the Public Works Director, or designee, to execute an agreement for Billing of Direct Assessments with the Ventura County Auditor-Controller to provide the service of placement of direct assessments on the Ventura County Secured Tax Roll.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/xPaqXgH4yho>

Contact: Michael Wolfe, (805) 385-8055

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT



**FINANCE AND GOVERNANCE COMMITTEE
AGENDA REPORT**

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

DATE: May 10, 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 April 26, 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 04 26 2022 Finance & Governance

MINUTES
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Regular Meeting
APRIL 26, 2022

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 5:03 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. Member Gabriela Basua, Member Gabriel (Gabe) Teran, and Chair John C. Zaragoza were present in person.

Councilmember Basua joined the meeting at 5:08 p.m.

Staff members present in person were Ashley Golden, Assistant City Manager; Shiri Klima, Deputy City Manager; Stephen M. Fischer, City Attorney; Jason Zaragoza, Deputy City Attorney; Betsy George, Chief Financial Officer; Michael Wolfe, Public Works Director; Brian Yanez, Assistant Public Works Director; Todd Vasquez-Housley, Environmental Resources Division Manager; Jay Duncan, Call Center Manager; and Rose Chaparro, City Clerk were also present.

Staff members that participated via videoconference were Alexander Nguyen, City Manager; Beth Ward, Police Department Records and Property Manager; Victor Zambrano, Public Works Utilities Finance Officer; Sabrina Rodriguez, Community Development Department Management Analyst; Chandra Crudup, Public Works Financial Analyst; Amy Van Atta, Fire Department Management Analyst; Janet Almaras, Public Works Management Analyst; Alexander Hamilton, Fire Chief; and Eden Alomeri, Revenue & Licensing Director & Assistant City Treasurer.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA (None received.)

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Finance & Governance Committee approve the minutes of the April 12, 2022 regular meeting as presented.

It was moved by Member Teran, seconded by Member Zaragoza, to approve the Information/Consent item as presented. VOTE: Teran and Zaragoza voted in favor; the motion carried 2-0. Councilmember Basua was absent during this vote.

D. REPORTS

1. City Manager Department

SUBJECT: Revenue Assessment and Revenue Development project and Creation of a comprehensive Oxnard Master Fee Schedule. (0/10/5)

RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council adopt a Master Fee Schedule.

Ashley Golden, Assistant City Manager, introduced the team that worked on this special project. Assistant City Manager Golden introduced Beth Ward, Records and Property Manager, Police Department; Victor

Zambrano, Utilities Finance Officer, Public Works; Sabrina Rodriguez, Management Analyst, Community Development; Chandra Crudup, Financial Analyst, Public Works; Amy Van Atta, Management Analyst, Fire Department; and Janet Almaras, Management Analyst, Public Works. Council thanked and acknowledged the team for their work on this special project.

The team presented and answered the Committee's questions. No public comments were received. Discussion ensued among the Committee and staff.

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

2. Public Works Department

SUBJECT: Utility Rates Assistance Program (Project Assist) Update. (0/10/5)

RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council:

1. Adopt a resolution for the Utility Ratepayers Assistance Program (Project Assist) for Fiscal Year 2022-23 to assist eligible Oxnard residents and authorize staff to grant financial relief equal to a monthly \$15.00 maximum credit per utility bill charged to customers who meet the eligibility requirements discussed in this staff report; and
2. Authorize staff to direct up to \$145,000 from penalty fees charged to City utility customers who pay their bills late to fund the Utility Ratepayers Assistance Program (Project Assist) in Fiscal Year 2022-23.

Michael Wolfe, Public Works Director, presented and answered the Committee's questions. Jay Duncan, Call Center Manager and Eden Alomeri, Revenue & Licensing Director & Assistant City Treasurer were also available to answer questions. No public comments were received. Discussion ensued among the Committee and staff.

Member Teran made a motion to recommend to Council to consider increasing the credit amount from \$15, to a \$20 - \$25 dollar credit, per utility bill.

It was moved by Member Teran, seconded by Member Basua, to approve the recommended action as presented. VOTE: Basua, Teran, and Zaragoza 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 5:33 p.m.

ROSE CHAPARRO
City Clerk

JOHN C. ZARAGOZA
Chair



FINANCE AND GOVERNANCE COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.1

DATE: May 10, 2022

TO: Finance & Governance Committee

FROM: Steve Naveau, Human Resources Director, (805) 385-7947, steve.naveau@oxnard.org

SUBJECT: Agreement for Workers' Compensation Claims Administration and Adjustment Services. (0/5/5)

RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council approve and authorize the Mayor to execute Agreement No. A-8455 with CorVel Enterprise Comp., Inc., in an amount not to exceed \$1,515,000 for a 5-year term for workers' compensation claims administration and adjustment services.

Please click the following link to view the required Measure M pre-recorded presentation video: https://youtu.be/zpKrwrm_10j0

BACKGROUND

Staff is requesting authorization to enter into Agreement No. A-8455 with CorVel Enterprise Comp., Inc. ("CorVel") to provide workers' compensation claims management services, which include investigative, adjustment, administrative and legal support services for the City's claims associated with employee industrial injuries. The agreement is for a 5-year term and is in an amount not-to-exceed \$1,515,000 (an average of \$303,000 per year).

Workers' Compensation claims administration and adjustment is the process of tracking, controlling and resolving claims for injuries to City employees occurring on the job.

In January 2022, a Request for Proposal (RFP) was issued and advertised on the City's website and sent to 13 vendors known to perform this work. The City received a total of ten (10) proposals. Based upon the criteria identified in the RFP, City staff evaluated the proposals and selected 3 firms as finalists for oral interviews. Of these top 3 firms, CorVel was ultimately selected as the most qualified to perform the work due to its overall responsiveness to the RFP, the most advantageous staffing model to the City, demonstrated public agency experience, the experience and ability of its staff, and the firm's operating philosophy. CorVel also provided the best pricing structure compared to all other proposers. This agreement would be for a five-year term at the following estimated amounts per year (each fiscal year includes a CPI factor estimated at 5% and an allowance for additional costs pursuant to the Rates and Cost Exhibit of the Agreement):

FY 22-23: \$ 280,175*
FY 23-24: 287,934
FY 24-25: 301,330
FY 25-26: 315,395
FY 26-27: 330,166

Total \$1,515,000

* Includes first year start-up costs of \$5,000

This item is being added to the May 17, 2022 City Council meeting agenda due to the need for an implementation/transition period of 45 days prior to the July 1, 2022 start date.

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 costs of Agreement No. A-8455 will be budgeted annually in the Workers' Compensation Fund 702 (account# 702-1702-852.82-09-Svcs Other Prof/Contract) annually over the 5-year term to cover the cost of the agreement. The annual cost of services from CorVel are estimated to be lower than with the City's previous workers' compensation claims management provider.

Prepared by: Mike More, Human Resources Manager

ATTACHMENTS

1. Attachment No 1 - A-8455 CorVel Enterprise Comp Inc vf
2. Attachment No 2 - FGC Presentation WC TPA

**AGREEMENT FOR PROFESSIONAL SERVICES
COVER PAGE**

- (1) Agreement Start Date: July 1, 2022
- (2) Consultant: CorVel Enterprise Comp., Inc.
- (3) Services: Workers' compensation claims administration and adjustment services.
- (4) Schedule of Services: Ongoing third party administration services over a 5-year term.
- (5) Agreement Ending Date: June 30, 2027
- (6) Total Agreement Amount: Not to Exceed \$1,515,000
- (7) City's Project Manager: Human Resources Manager
- (8) Consultant's Project Manager: Laura Day, Vice President
- (9) Insurance Coverage: INS-A
- (10) Addresses for Notice:

FOR CONSULTANT:

CorVel Enterprise Comp, Inc.
1920 Main Street Suite 900
Irvine CA 92614
Attn: Legal Department

And

CorVel Corporation
10750 4th Street
Rancho Cucamonga CA 91730
Attn: Laura Day, Vice President

FOR CITY:

City of Oxnard Human Resources
300 West Third Street, 1st Floor
Oxnard, CA 93030
Attn: Risk Manager

- (11) Contact Emails:

*CONSULTANT'S PROJECT
MANAGER:*

Laura_day@corvel.com

CITY'S PROJECT MANAGER:

mike.more@oxnard.org

The Agreement for Professional Services is attached hereto and incorporated herein by this reference. The following exhibits are also attached hereto and incorporated herein by this reference into the Agreement:

- ☒ Scope of Services Exhibit
- ☒ Description of Services Exhibit
- ☒ Claims Administration Standards Exhibit
- ☒ Rates and Costs Exhibit
- ☒ Insurance Exhibit (INS-A)
- ☒ CareMc License Agreement and My Care Smartphone Claims App Attachment Exhibit

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT FOR PROFESSIONAL SERVICES ("Agreement") is entered into in Ventura County, California, on the date that is written as "(1) Agreement Start Date" on the Cover Page, which is attached hereto and incorporated herein by this reference. This Agreement is entered by and between the City of Oxnard ("City") and the person or entity listed as "(2) Consultant" on the Cover Page, subject to the following terms and conditions:

1. Scope of Services. Consultant shall provide to City the services listed as "(3) Services" on the Cover Page (the "Services"). Consultant shall provide the Services during the term of this Agreement, as set forth below, according to the schedule written as "(4) Schedule of Services" on the Cover Page, and as further explained in the Scope of Services Exhibit, which is attached hereto and incorporated herein by this reference. In the event of any conflict between the terms of this Agreement and any incorporated document(s), the terms of this Agreement shall control.
2. Standard of Performance. Consultant shall undertake and complete the Services to conclusion using the standard of care, skill and diligence normally provided by a professional person in the performance of similar consulting services.
3. Correction of Errors. Consultant shall correct, at its expense, all errors which may be disclosed during review of the Services. Should Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by City, and the cost thereof shall be paid by Consultant.
4. Term. This Agreement shall begin on the date that is written as "(1) Agreement Start Date" on the Cover Page and shall end on the date that is written as "(5) Agreement Ending Date" on the Cover Page. Time is of the essence in this Agreement.
5. Compensation. For the Services performed during the term of this Agreement, City shall pay Consultant an amount not to exceed the amount that is listed as "(6) Total Agreement Amount" on the Cover Page, at the rates listed in Rates and Costs Exhibit, attached hereto and incorporated herein by this reference. The rates in Rates and Costs Exhibit shall be in effect through the end of this Agreement. Except as otherwise expressly provided in this Agreement, City shall not be responsible for expenses incurred by Consultant in performing the Services.
6. Invoices. Consultant shall submit a payment request to City by the end of each calendar month listing the Services provided, costs of those Services, and total amount due for the month. Each invoice must also list the current balance on the Agreement, including that invoice, as well as the months remaining on the term of the Agreement. Invoices may be emailed to: invoices@oxnard.org.
7. Acceptance of Payment. Consultant's acceptance of final payment made pursuant to this Agreement shall constitute a release of City from all claims and liabilities for compensation to Consultant for anything completed, finished or relating to the Services. City's payment shall not constitute nor be deemed a release of the responsibility and liability of Consultant for the accuracy and competency of the information provided and/or the Services performed hereunder, nor shall such payment be deemed to be an assumption of responsibility or liability by City for any defect or error in the Services performed by Consultant and its employees, agents and subcontractors. Consultant shall provide City with a completed Request for Taxpayer Identification Number and Certification, as issued by the Internal Revenue Service. If any sales tax is due for the Services performed by Consultant or materials or products provided to City by Consultant, Consultant shall pay the sales tax. City shall not reimburse Consultant for sales taxes paid by Consultant.
8. Non-Appropriation of Funds. Payments to be made to Consultant by City for the Services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted and unencumbered appropriation of City. In the event City does not appropriate sufficient funds for payment of the Services beyond the current fiscal year, this Agreement shall cover payment for the Services only up to the conclusion of the last fiscal year in which City appropriated sufficient funds and shall automatically terminate at that fiscal year's conclusion.

9. Coordination of Services. The Services shall be coordinated with the person in the position listed in “(7) City’s Project Manager” on the Cover Page, subject to the direction of the City Manager and Department Director. Consultant hereby designates the person in the position listed in “(8) Consultant’s Project Manager” on the Cover Page as the person responsible for the Services who shall coordinate with City’s Project Manager in making binding decisions in line with this Agreement on behalf of Consultant.

10. Personnel. Consultant represents that it has, or shall secure at its own expense, all personnel required to perform the Services. Any person who performs engineering services pursuant to this Agreement shall be licensed as a Civil Engineer by the State of California and in good standing. Consultant shall make reasonable efforts to maintain the continuity of Consultant’s staff who are assigned to perform the Services. Consultant may associate with or employ associates or subcontractors in the performance of the Services, but at all times shall Vendor be responsible for its associates and subcontractors’ labor, advice or materials provided in furtherance of providing the Services. Should any of Consultant’s employees, assigns or subcontractors not conduct him- or herself appropriately, as determined by the City’s Project Manager, in the process of providing the Services or any portion thereof, the City’s Project Manager may notify the Consultant’s Project Manager, who shall immediately handle the problem, as determined appropriate by him or her, such that the problem does not persist.

11. Additional Work. City may request additional specified work under this Agreement. The City’s Project Manager must authorize all such work in writing before commencement. Consultant shall perform such work, and City shall pay for such additional work, in accordance with Rates and Costs Exhibit. Should the work not fall under any such listed rate or cost, Consultant shall submit a quote for all additional work, which the City’s Project Manager must approve in writing by before any such work may commence. The City shall compensate Consultant for any work that does not fall under a rate or cost listed in the Rates and Costs Exhibit, and for which Consultant did not obtain the City’s Project Manager’s written approval before work commenced, as determined by the City’s Project Manager in his or her sole discretion.

12. Audit. City shall have the option of inspecting, auditing and/or reproducing all records and other written materials used by Consultant in preparing its billings to City as a condition precedent to any payment to Consultant. Consultant will promptly furnish all documents requested by City. Additionally, if this Agreement is in excess of \$10,000, the State Auditor may examine and audit Consultant for a period of 3 years after final payment under the Agreement. Regardless of whether a State audit is permitted, Consultant shall maintain and preserve all such records for a period of at least 3 years after final payment under the Agreement. Consultant shall include a copy of this Section 12 in all contracts with its subcontractors, and Consultant shall be responsible for immediately obtaining those records or other written material from its subcontractors upon a request by the State Auditor and/or City.

13. Termination. City may terminate this Agreement at any time, with or without cause and without penalty, upon 15 days prior written notice. Such termination shall be effective on the date specified in the notice, or if no date is specified, then 10 calendar days from the date of delivery or mailing of such notice. Consultant may terminate this Agreement at any time, with or without cause and without penalty, upon 30 days prior written notice. Such termination shall be effective on the date specified in the notice, or if no date is specified, then 10 calendar days from the date of delivery or mailing of such notice and only if all assignments accepted by Consultant have been completed before the date of termination. In the event of termination of this Agreement by either party due to no fault or failure of performance by Consultant, City shall pay Consultant compensation for all Services satisfactorily completed in accordance with all of the terms and provisions of this Agreement, as determined by the City, before the effective date of termination; provided, in no event shall the Consultant receive an amount exceeding that which would have been paid to Consultant for the full performance of the Services.

14. Hold Harmless, Defense and Indemnity.

If Consultant provides any architectural, landscape architectural, engineering or land surveying (“design professional”) services, to the maximum extent permitted by law, Consultant shall hold harmless, defend, and indemnify City, its legislative and advisory bodies, and the City’s officials, directors, officers, employees, and agents (collectively, “Indemnitees”) from and against any and all claims, demands, causes of action, damages,

injuries, liabilities, losses, penalties, fines, judgments, costs or expenses, including reimbursement of attorneys' fees, court costs and costs of alternative dispute resolution, including but not limited to those relating to death or injury to any person and injury to any property (collectively, "Claims"), to the extent that the Claims arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant or of any of its officers, employees, subcontractors or agents in the performance of the Agreement or in the failure to comply with any of the obligations contained in this Agreement. Consultant's obligation to defend is a separate and distinct obligation from Consultant's duty to indemnify and applies through final judgment, including exhaustion of any appeals. Consultant shall be obligated to defend Indemnitees in all legal, equitable, administrative, or special proceedings, with counsel approved by the City Attorney, to the extent required herein immediately upon tender to Consultant of the Claim in any form or at any stage of an action or proceeding. The defense obligation includes the obligation to provide independent defense counsel if Consultant asserts that the liability is caused in whole or in part by the negligence or willful misconduct of any of the Indemnitees.

If Consultant provides no design professional services, to the maximum extent permitted by law, Consultant shall hold harmless, defend and indemnify the Indemnitees from and against any and all Claims, which arise out of, pertain to, or relate to the performance of this Agreement, or the failure to comply with any of the obligations contained in this Agreement, by Consultant or of any of its officials, directors, officers, employees, subcontractors, or agents. Consultant's obligation to defend is a separate and distinct obligation from Consultant's duty to indemnify and applies through final judgment, including exhaustion of any appeals. Consultant shall be obligated to defend Indemnitees in all legal, equitable, administrative, or special proceedings, with counsel approved by the City Attorney, immediately upon tender to Consultant of the Claim in any form or at any stage of an action or proceeding. The defense obligation includes the obligation to provide independent defense counsel if Consultant asserts that the liability is caused in whole or in part by the negligence or willful misconduct of any of the Indemnitees.

a. The review, acceptance or approval of Consultant's work or work product by any of the Indemnitees shall not affect, relieve or reduce Consultant's indemnification or defense obligations. This Section 14 shall survive completion of the Services or termination of this Agreement. The provisions of this Section 14 shall not be restricted by and does not affect the provisions of this Agreement relating to insurance.

15. Insurance. Consultant shall obtain and maintain during the performance of any services under this Agreement the insurance coverages listed within the insurance document stated in "(9) Insurance Coverage" on the Cover Page and in the Insurance Exhibit, which is attached hereto and incorporated herein by this reference, unless the City's Risk Manager waives, in writing, the requirement that Consultant obtain and maintain such insurance coverages. Consultant shall, before performance of any Services, file with the City's Risk Manager evidence of insurance coverage as specified in "(9) Insurance Coverage" on the Cover Page and in the Insurance Exhibit. Maintenance of insurance coverages by Consultant is a material element of this Agreement. Consultant's failure to maintain or renew insurance coverages or to provide renewal evidence, and any lapse in insurance coverage, may be considered a material breach of this Agreement.

16. Documents and Materials.

a. All final computations, exhibits, files, plans, correspondence, reports, drawings, designs, data, photographs, specifications, information, images, video files, media, or other deliverables prepared, created, drawn, calculated, photographed or developed by Consultant pursuant to this Agreement ("Documents and Materials") shall be the City's property without restriction or limitation upon its use, duplication or dissemination. All Documents and Materials shall be considered "works made for hire," and all Documents and Materials and any and all intellectual property rights arising from their creation, including, but not limited to, all copyrights and other proprietary rights, shall be and remain the property of the City without restriction or limitation upon their use, duplication or dissemination by the City. Consultant shall not obtain or attempt to obtain copyright protection as to any Documents and Materials. Consultant hereby assigns to the City all ownership and any and all intellectual property rights to the Documents and Materials that are not otherwise vested in the City pursuant to this Section 16.

b. Consultant shall deliver all Documents and Materials to City's Project Manager upon completion of the Services or termination of this Agreement without additional cost or expense to the City. Additionally,

anytime at City's request, City shall be entitled to possession of, and Consultant shall furnish to City's Project Manager within 10 calendar days, any or all of the Documents and Materials without additional cost or expense to the City. In both situations, if Consultant prepares Documents and Materials on a computer, Consultant shall provide City with said Documents and Materials both in a printed format and in an electronic format that is acceptable to the City. Consultant may retain copies of these Documents and Materials but must request permission from the City before use, duplication or dissemination of these Documents and Materials for any purpose other than for the Services provided to the City pursuant to this Agreement.

c. Any substantive modification of the Documents and Materials by City staff or any use of the completed Documents and Materials for other City projects, or any use of incomplete Documents and Materials, without the written consent of Consultant, shall be at City's sole risk and without liability or legal exposure to Consultant.

d. Consultant warrants and represents that it has secured all necessary licenses, consents or approvals to use any instrumentality, thing or component as to which any intellectual property right exists, including computer software, used in the rendering of the Services and the production of all Documents and Materials, and that the City has full legal title to and the right to use, duplicate or disseminate the Documents and Materials. Consultant shall defend, indemnify and hold Indemnitees harmless from any loss, claim or liability in any way related to a claim that City's use of any of the Documents and Materials is violating federal, state or local laws, any contractual provisions, or any laws relating to trade names, licenses, franchises, copyrights, patents or other means of protecting intellectual property rights and/or interests in products or inventions. Consultant shall bear all costs arising from the use of patented, copyrighted, trade secret or trademarked documents, materials, equipment, devices or processes in connection with its provision of the services and Documents and Materials. In the event the use of any of the Documents and Materials by the City is held to constitute an infringement and the use of any of the same is enjoined, Consultant, at its own expense, shall: secure for City the right to continue using the Documents and Materials by suspension of any injunction, or by procuring a license or licenses for City; or modify the Documents and Materials so that they become non-infringing while remaining in compliance with the requirements of this Agreement.

e. This Section 16 shall survive the termination of this Agreement.

17. Confidentiality of Information.

a. For the purposes of this Agreement, "Confidential Information" means all information, in whatever form transmitted, relating to the past, present or future business affairs of the City, including without limitation, (i) technical information, including patent, copyright, trade secret, and other proprietary information, techniques, sketches, drawings, models, inventions, processes, apparatus, equipment, algorithms, software programs, software source documents, and formulas; or (ii) non-technical information, including without limitation finances, financial and accounting data and information, suppliers, customers, customer lists, purchasing data and any other information belonging to the City or to a third party whose information is in the City's possession or control under obligations of confidentiality, and which is disclosed to Consultant or is developed by Consultant in whole or in part at the City's expense.

b. All Documents and Materials shall be considered Confidential Information and shall not be reproduced, transmitted, disclosed or used by the Consultant without the written consent of the City, except as may be necessary for Consultant to fulfill its obligations to the City.

c. Notwithstanding the above, these limitations shall not apply to information that (i) is already known to Consultant at the time of that information's disclosure or becomes publicly known through no wrongful act or omission of Consultant, (ii) is communicated to a third party with the express written consent of City and is not subject to restrictions on further use or disclosure, (iii) is independently developed by Consultant and has no relation to this Agreement, or (iv) is required by law, court order, court-issued subpoena or other legal process to be disclosed; provided, however, that before making such disclosure, Consultant shall immediately provide City with written notice and a reasonable opportunity for City to object to the disclosure or to take action to maintain the confidentiality of the information, unless such prior disclosure is legally impermissible.

d. Consultant shall use reasonable care to protect the Confidential Information. In the event of a breach or threatened breach of this Agreement, City shall be entitled to obtain an injunction prohibiting any such breach, the costs of which shall be paid by Consultant. Any relief granted shall be in addition to and not in lieu of any other legal or equitable relief, including money damages. The parties acknowledge that Confidential Information is valuable and unique and that disclosure of the Confidential Information in breach of this Agreement may result in irreparable injury to the City.

e. Other than an obligation upon the City to deal in good faith, the City makes no warranties and shall bear no liability or responsibility for errors or omissions in any Confidential Information disclosed under this Agreement or for any business decisions made by Consultant in reliance on any Confidential Information disclosed under this Agreement.

f. This Section 17 shall survive the termination of this Agreement.

18. Independent Contractor. Consultant is and shall at all times remain, as to City, a wholly independent contractor. Neither City nor any of its employees or agents shall have control over the conduct of Consultant or any of its employees, except as stated in this Agreement. Consultant has and shall retain the right to exercise full control over the employment, direction, means of performance, location, compensation and discharge of all persons assisting Consultant, and it is free to dispose of all portions of its time which it is not obligated to devote to City in such a manner and to such persons, firms, or corporations as Consultant wishes except as expressly provided in this Agreement. This Agreement shall not be interpreted to prevent or preclude Consultant from rendering any services for Consultant's own account or to any other person or entity as Consultant in its sole discretion shall determine; provided, however, that performing such services shall not materially interfere with the Services Consultant shall perform for the City. Except as City's Project Manager specifies in writing, Consultant and its employees and agents have no authority, express or implied, to act on behalf of City in any capacity, to incur any debt, obligation or liability on behalf of City, bind City in any manner, or otherwise act on behalf of City as an agent. Consultant and its employees are not employees of City. Consultant and its employees are not entitled to receive from City any of the benefits or rights afforded employees of City, including but not limited to reserve leave, sick leave, vacation leave, holiday leave, compensatory leave, Public Employees Retirement System benefits, and health, life, dental, long-term disability and workers' compensation insurance benefits. Consultant shall not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City. Consultant agrees to pay all required taxes on amounts paid to Consultant under this Agreement, and to indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant shall be solely responsible for, and shall save City harmless from, all matters relating to the payment of Consultant's subcontractors, material suppliers, directors, officers, employees, agents and representatives, including compliance with social security requirements, federal and State income tax withholding, and all other regulations governing employer-employee relations, as applicable. City shall have the right to offset against the amount of any compensation due to Consultant under this Agreement any amount due to City from Consultant as a result of its failure to promptly pay to City any reimbursement or indemnification arising under this Section 18.

19. Nondiscriminatory Employment. Consultant shall not unlawfully discriminate against any individual based on race, color, religion or religious creed, national origin, ancestry, ethnic group identification, primary language, physical disability, mental disability, medical condition, genetic information, marital status, gender, gender identity, gender expression, sex, sexual orientation, age, immigration status, citizenship or military and veteran status. Consultant understands and agrees that it is bound by and will comply with all legal nondiscrimination mandates. For every subcontractor who will perform Services, Consultant shall be responsible for such subcontractor's compliance with this Section 19.

20. Consultant's Representations. Consultant represents, covenants and guarantees that: a) Consultant is licensed, qualified, and capable of furnishing the labor, materials, and expertise necessary to perform the Services in accordance with the terms and conditions set forth in this Agreement; b) there are no obligations, commitments, or impediments of any kind that will limit or prevent Consultant's full performance under this Agreement; c) to the extent required by the standard of practice, Consultant has investigated and considered the scope of Services

performed, has carefully considered how the Services should be performed, and understands the facilities, difficulties and restrictions attending performance of the Services under this Agreement.

21. Compliance with Laws. In performing the Services under this Agreement, Consultant shall comply with all applicable laws, ordinances and regulations. Before providing any Services under this Agreement, Consultant shall, at its own expense, obtain and maintain all required certificates, licenses and permits, including a City business tax certificate.

22. Conflict of Interest. If, in performing the Services set forth in this Agreement, Consultant makes, or participates in, a “governmental decision” as described in Title 2, Section 18701(a)(2) of the California Code of Regulations, or performs the same or substantially all the same duties for City that would otherwise be performed by a City employee holding a position specified in City's conflict of interest code, Consultant shall be subject to City's conflict of interest code, the requirements of which include the filing of one or more statements of economic interests disclosing the relevant financial interests of Consultant's personnel providing the Services set forth in this Agreement. Furthermore, Consultant shall not to accept any employment or representation during the term of this Agreement or within 12 months after completion of the Services which is or may likely make Consultant “financially interested,” as provided in California Government Code Sections 1090 and 87100, in any decisions made by City on any matter in connection with which Consultant has been retained pursuant to this Agreement.

23. Fictitious Name. If Consultant has a fictitious name, Consultant shall submit to City a new Fictitious Business Name Statement approved by any California county before Consultant's prior Fictitious Business Name Statement expires if such expiration may occur during the term of this Agreement, including any term amendment.

24. Non-Assignability. This Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's personnel's unique competence, experience and specialized personal knowledge. Consultant shall not assign or transfer any interest in this Agreement or any part thereof, whether by assignment or novation, without City's prior written consent, which may be withheld for any reason or for no reason at all. Any purported assignment without written consent shall be null, void, and of no effect, and Consultant shall hold harmless, defend and indemnify Indemnitees from and against all Claims arising from or relating to any unauthorized assignment.

25. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Consultant.

26. Applicable Law; Venue. The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of California, excluding California's choice of law rules. Venue for any such action relating to the Agreement shall be in the Ventura County Superior Court.

27. Titles. The titles used in this Agreement are for convenience only and shall in no way define, limit or describe the scope or intent of this Agreement or any part of it.

28. Force Majeure. Neither City nor Consultant shall be responsible for delays or failures in performance resulting from acts beyond the control of either party. Such acts shall include but are not be limited to acts of God, riots, acts of war, epidemics, fire, earthquakes, or other disasters.

29. Authority. Any person executing this Agreement on behalf of Consultant warrants and represents that s/he has the authority to execute this Agreement on behalf of Consultant and to bind it to the performance of these obligations.

30. Binding Agreement. The parties do not intend this Agreement to be binding upon them and shall not be held liable to its terms until it is fully executed by all required signers.

31. Integration; Amendment. This Agreement, including any other documents incorporated herein by specific reference, constitutes the entire and integrated agreement of City and Consultant regarding the subject matter described herein. This Agreement supersedes all prior oral or written communications, negotiations,

representations, agreements and promises. This Agreement may not be modified or amended, nor any provision or breach waived, except in a writing, signed by both parties, that expressly refers to this Agreement.

32. Construction. In the event of any asserted ambiguity in or dispute regarding the interpretation of any matter herein, the interpretation of this Agreement shall not be resolved by any rules of construction providing for interpretation against the party who causes the uncertainty to exist or who drafted the Agreement in whole or in part.

33. No Waiver. Waiver by either party of any one or more of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement. In no event shall the making by City of any payment to Consultant constitute or be construed as a waiver by City of any breach of covenant, or any default that may then exist on the part of Consultant, and the making of any such payment by City shall in no way impair or prejudice any right or remedy available to City with regard to such breach or default.

34. Attorneys' Fees. The prevailing party shall be entitled to recover reasonable costs, attorneys' fees (including the reasonable value of the services rendered by the City Attorney's Office) and expenses, including investigation fees and expert witness fees, in addition to any other relief to which that party may be entitled, in any legal action or other proceeding, including an action for declaratory relief, for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with this Agreement.

35. Notice. Except as otherwise required by law, a notice or communication authorized or required by this Agreement shall be in writing and shall be deemed received—on (a) the day of delivery if delivered by hand or overnight courier service during City's regular business hours or (b) the third business day following deposit in the United States mail, postage prepaid—to the addresses listed as "(10) Addresses for Notice" on the Cover Page or at such other address as one party may notify the other in writing.

36. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one and the same agreement. A signed copy of this Agreement transmitted by email to Project Managers' emails listed in "(11) Contact Emails" on the Cover Page or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes.

37. Severability. If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have executed the Agreement on the date that is written as “(1) Agreement Start Date” on the Cover Page.

CITY OF OXNARD

CORVEL ENTERPRISE COMP., INC.

☐ John C. Zaragoza, Mayor¹ _____ Date _____
☐ Alexander Nguyen, City Manager _____
☐ Daniel White, Purchasing Manager _____
☐ , Buyer _____

Brandon O’Brien, CFO _____ Date _____

Richard Schweppe, Assistant Treasurer _____ Date _____

ATTEST:

Rose Chaparro, City Clerk (only if Mayor signs) _____ Date _____

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney (always required) _____ Date _____

¹ The City Council must authorize and the Mayor must sign any agreement over \$200,000 annually. The City Manager may authorize and sign any agreement over \$100,000 but up to \$200,000 annually. The Purchasing Manager may authorize and sign any agreement up to \$100,000 annually. A Buyer may authorize and sign any agreement up to \$25,000 annually.

SCOPE OF SERVICES EXHIBIT

- I. Consultant shall administer the workers' compensation claims of City in accordance with the Public Risk Innovation, Solutions, and Management (PRISM) Claims Administration Guidelines attached hereto as the Claims Administration Standards Exhibit.
- II. Consultant shall ensure that all workers' compensation claims are processed in accordance with California law, codes, rules, and regulations as promulgated by the Administrative Director and the Manager of the Office of Self-Insured Plans (OSIP) of the Department of Industrial Relations (DIR).
- III. Consultant shall initiate prompt processing of all claims presented to Consultant upon notification by City in writing, facsimile transmission, electronically, or via telephone.
- IV. Staffing and Caseload
 - a. Consultant shall provide the following staffing model to service City's workers compensation claims:
 - i. 1 Claims Supervisor
 - ii. 2 full-time dedicated Indemnity Adjusters
 - iii. 1 designated Future Medical/Medical-Only Adjuster
 - iv. 1 Claims Assistant support staff
 - v. 1 Benefit Tech support staff
 - b. Consultant agrees that each Indemnity Adjuster shall have a caseload not to exceed 150 open indemnity claims. Indemnity claims are counted as one claim. Future medical claims and medical only claims are counted as two-to-one (2:1) indemnity claims.
- V. Penalties
 - a. Any penalties assessed to City for delays in benefits that are the direct result of the delay by Consultant shall be the responsibility of Consultant. Any penalties that are assessed as of the direct result of delay by City shall be the responsibility of City.
 - b. Any penalties assessed by the Division of Workers' Compensation Audit Unit for which Consultant made negligent error as identified by a State auditor shall be the responsibility of Consultant. City shall be responsible for paying penalties for which City has made a negligent error as identified by a State auditor.
 - c. Consultant shall be responsible for any and all penalties that are the result of late payments pursuant to the statutory requirements for timely payments. If the penalties are paid from the trust fund as an add-on to a bill or benefit, Consultant shall reimburse City on a quarterly basis. The check and a report outlining all penalties shall be submitted to the City within thirty (30) calendar days after the quarter ends on March 31, June 30, September 30, and December 31.
- VI. Medicare Set Aside Allocations and SCHIP Reporting
 - a. Provide an account manager and designated back-up to timely report to the reporting agent all judgments, settlements, awards, above the threshold limits as periodically required by the Medicare, Medicaid, and SCHIP Extension Act of 2001 (MMSEA) for all Medicare-eligible claimants.
 - b. Protect Medicare's interest in both conditional liens and future payments of medical expenses for all Medicare-eligible claimants to the extent it is reasonably appropriate because of the exposure, the injuries, and the then-existing and future anticipated medical treatment costs.

- c. Hold harmless, defend, and indemnify the City for any fines or Medicare reimbursements required to be paid as a result of Consultant's failure to timely report any Medicare-eligible judgments, awards, or settlements, or for any claim that there was a failure on the part of Consultant to adequately protect Medicare's conditional or future medical payment rights of reimbursement.

VII. Financial Administration

- a. City will establish a zero-balance bank trust account from which Consultant shall make all indemnity, medical, and allocated loss expense payments. Payment authorization limits and payment policies will be established by City and reviewed from time to time with Consultant. Consultant's monthly service fee shall not be paid from the trust account.
- b. Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible.
- c. All allocated loss expenses shall be charged to the applicable claim file out of the City's trust account.
- d. The City or its designated representative shall be authorized to visit Consultant's facilities to perform claims audits. All data and documents pertaining to the City's claims shall be made available to City or its designated auditor, at no additional cost to City.
- e. No charges to City for payments made on behalf of persons who were not valid employees of City at the date of injury shall be accepted for payment by the City.
- f. Consultant shall assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services pursuant to this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement. Each adjuster shall have passed the State of California Department of Industrial Relations, Self Insurance Administrator's Examination; or, as a minimum requirement, no less than one (1) adjuster shall not have successfully passed this State examination. However, an adjuster that has not passed the State examination shall be enrolled in appropriate courses leading to certification within two (2) years.
- g. Consultant shall ensure that other personnel, such as management, clerical, accounting, and data processing staff, which may be required to satisfactorily provide the services required under this Agreement, shall be provided by Consultant with the agreed fee schedule under the RATES AND COSTS EXHIBIT incorporated into this Agreement. City understands that the personnel referred to in this paragraph need not be dedicated to the exclusive use of the City.
- h. Consultant shall reconcile the bank trust account on a monthly basis and provide the reconciliation in Microsoft Excel format to City electronically via secure email.

VIII. Claims Reporting: Consultant shall provide all of the following reports to City on a monthly basis or as requested

- a. Workers' Compensation Claim Detail Report: this report includes individual claim information that can be filtered and arranged according to a multitude of report parameters and valuations. This report includes individual claim information that can be valued as of different points in time.
- b. Workers compensation claims summary reports by annual reporting period.
- c. Payment Register Detail Report: this report summarizes payments issued between two dates and can be filtered and arranged according to different report parameters.

- d. Loss Experience Summary Report: this report shows the number of open and closed claims and associated financial information that can be filtered and arranged according to different report parameters.
- e. OSHA Form 300 – This is the OSHA Log of Work-Related Illness and Injuries. Federal law requires employers to record all reportable injuries and illness that occur in the workplace on this form.
- f. OSHA Form 300A – This is the OSHA Summary of Work-Related Injuries and Illnesses. Federal law requires employers to post this form in the workplace annually.
- g. OSHA Form 301 – This is the OSHA Injury and Illness Incident Report which is required by the United States Department of Labor's Occupational Safety and Health Administration (OSHA) for employer provided workplace incident records.
- h. Workers' Compensation Lag Time Report: this report shows the lag time between the date the injury occurred, the date the employer was notified and the date the injury was reported to Consultant. This report helps to understand how costly lag times may be affecting the workers' compensation program.
- i. Claims Scorecard: this report compares major data elements over certain time periods. In addition, the Claims Scorecard provides exception reporting commonly requested to help manage specific claims responsible for the majority cost of the program.
- j. Claims Safety Dashboard: this report is an interactive tool that allows the user to view information sorted by various filters and displayed on easy-to-read graphs. Information is displayed on up to six different information panels based on each user's account and dashboard preference settings.
- k. Ad Hoc Reporting: Ad hoc report inquiries can be made with data elements captured in the claims system. Most ad hoc reports are available in PDF and Excel formats. These reports can be run instantly or scheduled for regular output.
- l. 4850 Benefits Reporting including future liability, total incurred with 4850 benefits, total incurred without 4850 benefits and vouchers, and any excess insurance or subrogation recoveries.
- m. Listing of any administrative penalties paid during each month with the responsible party noted for each penalty paid. Consultant shall issue a check payable to City for reimbursement of any administrative penalties during the month which were the responsibility of Consultant. The check shall be submitted to City within 30 days of each monthly report.
- n. Report of subrogation claims showing each employee's name, claim number, date of injury, paid amount with 4850 benefits, paid amount without 4850 benefits, future liability, total incurred with 4850 benefits, total incurred without 4850 benefits and vouchers, and any excess or subrogation recoveries.
- o. Reports as required by the City's excess workers compensation carrier (PRISM).
- p. Annual OSIP Report: Public Entities Self-Insurer's Annual Report as required by the Department of Industrial Relations Office of Self-Insurance Plans.
- q. Other reports as listed by Consultant in its response to the RFP:
 - i. Annual Report to the State of California
 - ii. Monthly Listing of Open Claims by Department/Division
 - iii. Monthly Listing of Alphabetical Listing of All Active Claims
 - iv. Monthly Listing of Open Indemnity Claims
 - v. Bi-Weekly Indemnity Payments Report
 - vi. Monthly List of All Currently Denied Claims
 - vii. List of Delayed Claims to Include Expenses Paid During Delay Period
 - viii. Report of Litigation Referrals
 - ix. Report of Litigation Fees
 - x. Medical Case Management Claims

- xi. Excess Insurance Claims
- xii. Graphs for Each City Department Showing Severity and Frequency
- xiii. Graphs Showing Number of Injuries by Nature of Injury for each City Department and Combined
- xiv. Graphs Showing Number of Injuries by Body Part for each City Department and Combined
- xv. Days Lost Due to Injury
- xvi. Average Cost of Injury for Each City Department and Combined

IX. Online Access

- a. Consultant shall provide access to an online Executive Dashboard which provides a dynamic and interactive overview of City's program.
- b. Consultant shall provide access to an online reporting system so that City employees can run custom, standard, or ad-hoc reports as needed.
- c. Online access shall be provided to, at a minimum, 4 employees of City at no additional charge.

X. Training

- a. Consultant will provide the City's staff with in-service training on changes, proposed changes and statutes, and rules and regulations.
- b. Consultant shall provide City staff with training on an online Executive Dashboard as needed.
- c. Consultant shall provide City staff with training on its online reporting system.

XI. Meetings

- a. Consultant shall conduct claims review meetings every two months with City.
- b. Consultant will provide a comprehensive overview of the City's program during annual stewardship meetings.

DESCRIPTION OF SERVICES

Workers' Compensation Claims Management Services Terms and Conditions

I. DESCRIPTION OF WORKERS' COMPENSATION CLAIMS MANAGEMENT SERVICES

- (a) City shall promptly notify Consultant of all incidents subject to the services described in this Agreement.
- (b) First report of loss services involve gathering pertinent information related to a work injury and reporting such information to the appropriate state industrial accident board or commission as required by law, and is used to facilitate Consultant's initial review of the claim to determine whether the claim is likely to be medical-only or lost time and to help guide the initial determination of Services as defined under Section 1 of the Agreement that may be required ("First Report Services").
- (c) Consultant's Workers' Compensation Claims Management services provide City with a process to comply with City's workers' compensation issues in the applicable jurisdiction. Consultant shall provide workers' compensation claims management services set forth herein to City on behalf of employees that sustain work related injuries ("Injured Employees"). Consultant may subcontract with a third party to provide some portion or all of its claims management services obligations hereunder.

II. DELIVERY OF FIRST REPORT OF LOSS SERVICES

- (a) Consultant shall provide First Report Services to City upon receipt by Consultant of specific requests from City. Prior to the implementation of Consultant First Report Services and as required during the Term of this Agreement, City may provide Consultant with instructions regarding the scope and extent of the First Report Services to be performed by Consultant. Absent such instruction, Consultant First Report Services shall be performed as described below.
- (b) City shall initiate First Report Services by (i) entering such information online through CareMC, (ii) calling Consultant via a toll free number provided by Consultant, or (iii) faxing such information to the Consultant intake specialist. City or the City representative entering such information on CareMC, making such calls, or faxing such information shall provide Consultant with all information required to complete the First Report of Loss form required by the applicable state ("Required Information"). Required Information generally includes the following: name/address of claimant, date of incident, description of injuries, social security number, date of birth, employer, salary, and other descriptive information reasonably required by Consultant, and may include information required by applicable statute (e.g., employer TIN). Consultant shall (i) provide sufficient staff to handle all incoming calls, and (ii) be prepared to complete First Report of Loss forms for all applicable states.
- (c) Once the Required Information is validated and confirmed by a Consultant representative, First Report of Loss forms will be made available to City through the CareMC Application. Consultant will, upon request of City, provide a hard copy of the completed First Report of Loss form to the City. An electronic copy shall be available to City via CareMC. To the extent permitted by the applicable state industrial accident board or commission, the Required Information shall be transmitted electronically.
- (d) To the extent required by applicable statute or otherwise agreed in writing by Consultant, Consultant will file additional reports on earlier-filed First Reports of Loss ("Subsequent Reports").
- (e) Unless agreed to otherwise in writing by the parties, any questions or concerns from an industrial accident board or commission concerning First Reports of Loss forms completed by Consultant hereunder will be handled directly by Consultant. All such inquiries will receive an initial response within the next business day following Consultant's receipt of the inquiry. Consultant will keep City apprised of any inquiries it receives and the response thereto. Consultant will send a written response to the inquiry within five (5) business days outlining the nature of the inquiry and the resolution of same by Consultant. A copy

of such response will also be sent to the attention of the designated City representative if requested in writing by City. City shall have the right, but not the obligation, at any time and at City's expense, to interject itself into the inquiry between Consultant and the industrial accident board or commission, and in connection therewith to resolve the inquiry in a manner acceptable to City at its sole discretion, in which case City shall defend, indemnify and hold harmless Consultant from and against any claim, liability, damages or costs arising from City's handling of such inquiry or the resolution thereof.

III. DELIVERY OF CLAIMS MANAGEMENT SERVICES

(a) City shall arrange so that all claims and all related bills of any type, as well as all other correspondence that City receives relating to such claims, are sent directly to Consultant. Consultant shall perform all of the following "Claims Services" in connection with each portion of a Claim related to Workers' Compensation benefit payments:

Claims requiring work beyond the standard scope for each claim type will be invoiced at the next higher rate. The following section indicates the basis for the categorization of claims fees. City will be provided with reports that provide full transparency of the fees invoiced. Claims are defined hereunder as follows:

- Record Only – system notation of an event that does not require any claims handling, including contact or investigation. These are used solely for the purpose of record keeping.
- Medical Only – claims where time-off does not exceed the state waiting period and the scope of work is within the parameters noted in the Pricing section ("Fees"), Exhibit B.
- Indemnity – claims not otherwise classified as either Record Only or Medical Only as defined under Rates and Costs Exhibit.
- Lost Time - claims not otherwise classified as either Record Only or Medical Only as defined under Rates and Costs Exhibit.

All Claims Services provided by Consultant under this Agreement shall be performed in accordance with the guidelines set forth hereunder of this Workers' Compensation Claims Management Services Description of Services Schedule:

- (i) Consultant shall immediately assign each new Indemnity Claim and Medical Only Claim to Consultant's designated claims professional.
- (ii) Utilizing Consultant's CareMC Application or other applicable Consultant Online System, Consultant shall maintain a chronological record of all Claims Services performed by Consultant.
- (iii) Consultant shall make all filings related to Indemnity Claims and Medical Only Claims with the appropriate state Workers' Compensation regulatory authorities.
- (iv) Consultant shall maintain a complete and accurate claim file for each Indemnity Claim and Medical Only Claim.
- (v) Consultant shall perform reasonable and necessary administrative and clerical work including, without limitation, the following:
 - (A) Investigate all Indemnity Claims and Medical Only Claims.
 - (B) Determine and evaluate any coverage and/or compensability issues and provide City with appropriate recommendations and advice regarding the same.
 - (C) Adjust, handle, or settle to a conclusion those Indemnity Claims and Medical Only Claims that Consultant believes the City is legally obligated to pay under applicable state law and regulations, and in accordance with the authority granted to Consultant by City under the Agreement.

- (D) Prepare checks for payments of Indemnity claims, Medical Only Claims and Allocated Loss Adjustment Expenses.
 - (E) Prepare documents as necessary to close out Indemnity Claims and Medical Only Claims.
- (b) Consultant shall process claims and process the disbursement of benefit payments to claimants and providers entitled to such payments from City. Funding for the payment of all benefits to claimants, providers, vendors and “allocated loss adjustment expenses” (as defined below) is the sole responsibility of City and City agrees to be liable for and fund all proper claims processed by Consultant. Such payment shall be made through a bank account established by Consultant. There shall be one account established for claims relating to First Reports of Loss arising on or after July 1, 2022(the “bank account”). Consultant shall provide City with a check register in a mutually agreed format for each check run drawn on a bank account prior to mailing of the checks. Consultant also will provide City information as necessary for City to prepare periodic bank account reconciliation reports. City agrees to pay into the bank account funds sufficient to pay approved claims and to maintain the advance deposit set forth below and to provide Consultant with such authorizations as shall be necessary to make the required instruments valid claims against City. Notwithstanding the other provisions of this Agreement, if payments are not made when due, City shall be in default and subject to immediate termination by a prior thirty (30) day notice from Consultant to City with ability to cure by City to the satisfaction of Consultant, and Consultant shall have no liability for claims, penalties or other damages arising out of or relating to any such failures on the part of City.
- (i) City shall make an initial advance deposit into the bank account in an amount equal to One Hundred Thousand Dollars (\$100,000.00).
 - (ii) Allocated loss adjustment expenses (“ALAE”) generally encompasses costs which can be directly allocated to a particular claim. As used herein, that term shall include, but not necessarily be limited to, the following: claim adjustment costs and expenses incurred by Consultant or its subcontractor and allocated by Consultant to the investigation, adjustment and settlement or defense of a claim for benefits, including, without limitation, attorneys’ fees and disbursements; pre- and post- judgment interest; court reporter services and transcripts; deposition charges and transcripts; fees for service of process or summons; court costs; courier/express mail; appeal bonds and filing fees; travel, printing costs related to trials and appeals; witness and expert fees and expense; alternate dispute resolution fees and expense; mediation fees and expense; arbitration fees and expense; ombudsman fees and expense; medical examinations and reviews to determine issues such as causal connection, length or extent of disability, degree of permanency, and other issues related to determining liability of the City; laboratory costs; engineering fees and expense; autopsy fees and expense; independent adjuster and private investigator fees and expense; surveillance and activity checks; photography; fees and expense related to the defense of controverted or litigated claims, including subrogation recovery; medical cost containment expense including, but not limited to, medical bill auditing expenses, hospital and other treatment utilization reviews, including precertification/preadmission and concurrent or retrospective reviews; peer reviews; preferred medical provider network or similar organization expenses; medical fee review panel expense; pharmacy benefit management expense; drug testing expense; indexing fees; expense and fees related to Medicare set aside agreements; vocational rehabilitation or return to work expense; telephonic and field medical case management expense; fees and expense for reproduction of medical and/or hospital records; fees for police reports, birth certificates, death certificates, OSHA reports and other similar regulatory authority reports; copying fees assessed by a vendor other than TPA; translation services; legal bill

- audit expenses; other costs and expenses reasonably incurred and related to the investigation and defense of claims or the protection and collection of subrogation rights of the City; and other expenses that are not defined as losses and are directly related to and directly allocated to the handling of a particular claim for services that are required to be performed by statute or regulation. Unless expressly stated as a separate fee or otherwise included within Consultant's service fees, each of the above ALAE items is subject to reimbursement at the rate charged.
- (c) Consultant shall provide City with payment services through Check Writing services in accordance with specifications mutually agreed by City and Consultant.
 - (i) The checks referred to in Section II (d) will be drawn on Consultant's account at Wells Fargo Bank, Portland, Oregon or Consultant's account at such other bank as the parties of this Agreement may mutually accept, as evidenced by a letter or written document signed by both parties (hereafter, the "Bank"), with City identified on each check as the insurer or any insurance carrier as such may be required. Check Writing services shall also include IRS form 1099 filing and associated follow-up, bank reconciliation, and bank fees specifically related to such processing if City is using Consultant's bank account. Otherwise, such services will be subject to an additional fee.
 - (d) Consultant agrees to provide the following services to City relating to the processing and payment of claims:
 - (i) to receive claims and process payment of benefits in accordance with applicable State(s) program guidelines required for the payment of workers' compensation claims;
 - (ii) to correspond with the claimants, providers of services and vendors if additional information is deemed necessary to complete the processing of claims;
 - (iii) to determine the amount of benefits payable;
 - (iv) to provide notice to claimants as to the reason(s) for denial of benefits (when such are denied) and to provide for the review of such denied claims;
 - (v) to receive and process for payment claims for benefits incurred prior to the Effective Date in consideration for the separate fees established in the attached hereunder Rates and Costs Exhibit; and
 - (vi) at City's request, to provide specified additional services for such fees as the parties mutually agree;
 - (e) Consultant is not in any way to be deemed an insurer, underwriter or guarantor with respect to any benefits payable under City's workers' compensation program.
 - (f) Consultant may rely on instructions received from such person or persons as City may from time to time designate in writing, provided that no such instruction may vary the terms of this Agreement.
 - (g) Unless otherwise directed by City or precluded by law, Consultant shall seek subrogation recoveries on behalf of City and shall provide City with any recoveries obtained, minus the attorneys' fees and costs incurred in obtaining such recoveries. City represents and warrants that its workers' compensation program provides for rights of subrogation. City delegates and/or assigns these subrogation rights and third party recovery rights to Consultant as its agent for purposes of subrogation only, provided that City pre-approve all subrogation recoveries. City shall assist Consultant in its subrogation efforts by providing requested information and documentation. Consultant may engage the services of a subrogation management firm to assist with the identification and management of subrogation cases. The fees charged by the subrogation management firm will be deducted from any recovery. In those cases where the subrogation recovery efforts of the claimant's attorney should be compensated, City delegates to Consultant full authority to act on behalf of the City to negotiate reasonable attorneys' fees. In those instances where City's subrogation lien, in the

opinion of Consultant, should be compromised or abandoned, City delegates to Consultant full authority to act on behalf of City to compromise or abandon the lien. Any determination by Consultant with respect to subrogation liens shall be final and conclusive, unless rejected by the City or overturned by order of a court of competent jurisdiction.

- (h) Consultant shall assist, cooperate and participate with City, carriers and reinsurers in connection with claim reviews and audits and catastrophic injury claim analysis and excess claim related reporting.

IV. SERVICE CRITERIA, STANDARDS AND GUIDELINES

- (a) Assignments: City will notify Consultant, either via CareMC, telephone or facsimile, that City's employee has sustained a work related injury. All new Lost Time claims will be acknowledged and established by Consultant within the next business day following such notice. The acknowledgement will include the name and contact information of the assigned Adjuster.
- (b) Contacts: As warranted, and always with regard to lost time, or anticipated lost time claim situations, initial contact with the injured employee will be made within the next business day following receipt of a new assignment claim. Contact with the Physician, and employer, if required will be made by the next business day.
- (c) Investigation: Completed and documented within 30 days from date of assignment.

Case Management Services Terms and Conditions

1. DESCRIPTION OF SERVICES

- (a) Case management services are provided to manage a claimant's case in order to identify the most appropriate rehabilitative treatment and/or most cost-effective health care alternatives ("Case Management Services"). CorVel's nurse case managers may confer with the adjuster, attending physician, other medical providers, employer(s), attorney(s), the claimant and the claimant's family.
- (b) In certain states if requested by City, Case Management Services may include vocational rehabilitation services.

2. DELIVERY OF SERVICES

- (a) Consultant shall provide Case Management Services to City upon receipt by Consultant of specific requests from City as mutually agreed by both parties under the special handling instructions.
- (b) Telephonic Case Management: Telephonic case management ("TCM") includes a four-point contact with claimant, employer, claims professional and provider. Consultant case managers ("CMs") do the following: (i) facilitate communication among all appropriate parties regarding the diagnosis, prognosis and treatment plan provided by claimant's treating physician, (ii) channel or direct claimant to a PPO Network provider as appropriate, (iii) monitor and facilitate treatment planning, (iv) coordinate early return to work, and (v) subsequently provide periodic assessments of treatment and return to work plans. CMs may recommend additional services or coordinate claim closure, as appropriate.
- (c) Medical/Field Case Management: Consultant's medical/field case management ("Medical Case Management" or "MCM") personnel perform field based case management services as directed by the employer and/or Authorized TPA which may include on-site contact with claimant, employer, and provider, as well as telephonic communication with the claims professional. MCM's provide the CM services set forth in Section 1A (Description of Services" for Case Management Services above.
- (d) Vocational Case Management: Vocational case management services may include the following: (i) coordinating return to work, (ii) providing job analysis, (iii) assisting with job placement, (iv) providing expert testimony, (v) assisting with job development, (vi) providing job analysis of essential and non-essential duties for employers under the American's With Disabilities Act, (vii) providing vocational testimony, (viii) providing advice regarding job seeking skills, and (ix) providing transferable skills analysis.
- (e) Utilization Review:
 - (i) Consultant's utilization management program reviews proposed inpatient hospital admissions and ambulatory care to determine the appropriateness, frequency, length of stay, and setting for such proposed treatment. In addition, Consultant can monitor and assess the appropriate utilization of treatment for all orthopedic and soft tissue injuries requiring ambulatory diagnostics and treatment.
 - (ii) In California, certain medical diagnostics, treatments and durable medical equipment can be approved at the claims professional level. Utilizing the Adjuster Only Approval letter allows the claim specialist to expedite medically necessary care, meet California Division of Workers' Compensation (DWC) regulations and Senate Bill 1160 that requires all treatment determinations are included in a database reportable to the DWC. This process is completed by Consultant's California Utilization Management departments.
 - (iii) Consultant nurses make recommendations to the claims adjuster based on nationally accepted medical guidelines, including Optimed Managed Care System, a clinical protocol software; the American College of Occupational and Environmental Medicine (ACOEM) Occupational

Medicine Practice Guidelines: Evaluation and Management of Common Health Problems and Functional Recovery in Workers; other nationally accepted treatment practice guidelines, as well as any state mandated treatment guidelines.

- (iv) Any nurse recommendations for limitation or denial of care based on lack of medical necessity are reviewed by a Consultant Physician Advisor. The Physician Advisor makes a final recommendation to the claims adjuster to approve or deny. If a final recommendation is made to deny treatment, the treating physician is notified in writing of the decision and the appeals process.

(f) Pre-Hab (*Surgery Preparation*) and Rehabilitation (*Recovery*) Services:

Consultant provides Case Management Pre-Hab (*Surgery Preparation*) and Rehabilitation (*Recovery*) Services through a platform provided by Consultant's vendor PeerWell utilizing a smart phone based application (the "Platform") providing injured claimant(s) requiring a digital PreHab (surgery preparation) and Rehab (recovery) program to be used for specific musculoskeletal conditions. City's injured claimant will need to have a smartphone, Ipad or tablet to download and accept the app's terms and conditions. Such service shall be used in conjunction with Consultant's telephonic or field case management services. If City's injured claimant does not activate the Platform app, there will be no fee billed to City. Consultant's Pre-Hab (*Surgery Preparation*) and Rehabilitation (*Recovery*) Services will be made available to injured claimants with an existing claim in conjunction with any medical care, where the injured worker requests such care.

3. PROFESSIONAL FEE

- (a) Consultant's case management nurses and vocational rehabilitation counselors are required to be licensed in the jurisdictions they provide patient care or counseling. Consultant's case managers may provide care in multiple jurisdictions. Such case managers are required to maintain multiple state licenses and corresponding continuing education credits in maintaining these licenses. Additionally, Consultant's case managers are required to utilize up to date nationally recognized treatment guidelines, including American College of Occupational and Environmental Medicine (ACOEM), Official Disability Guidelines (ODG) and the MDGuidelines. An incremental professional fee as described hereunder in the attached Rates and Costs Exhibit shall be invoiced to City for the substantial costs associated with obtaining and maintaining the national guidelines for Consultant's case management nurses. Such professional fee allows Consultant to maintain the applicable licenses and certifications for Consultant's case managers as well as keeping appropriate treatment guidelines up to date.

Care Advocacy Services Terms and Conditions

1. DESCRIPTION OF SERVICES

- (a) Care Advocate nurse service (“Care Advocate nurse”) are provided immediately following the work injury to guide the claimant’s injury recovery, up to 30 days following injury. The Care Advocate nurses oversee clinical assessment of the injury severity, validate/secure medical information, act as patient advocates and set expectations for medical care and return to work. They identify the most appropriate treatment and/or most cost-effective health care alternatives. Care Advocate nurses may confer with the adjuster, attending physician, other medical providers, employer(s), attorney(s), the patient and the patient’s family.

2. DELIVERY OF SERVICES

- (a) Consultant shall provide Care Advocate Services as described hereunder and in Section 2 to City upon receipt by Consultant of specific requests from City, however unless otherwise agreed to by the parties, those cases that meet the Care Advocate referral criteria as mutually agreed shall be automatically referred to the Care Advocate Service.
- (b) Care Advocate nurse service: Care Advocate nurse service includes a four-point contact with claimant, employer, claims professional and provider. Consultant care advocates do the following: (i) facilitate communication among all appropriate parties regarding the diagnosis, prognosis and treatment plan provided by claimant’s treating physician, (ii) channel or direct claimant to a PPO Network provider as appropriate, (iii) monitor and facilitate treatment planning, (iv) coordinate early return to work, and (v) subsequently provide periodic assessments of treatment and return to work plans up to 30 days following the work injury. Care Advocate nurses may recommend additional services or coordinate claim closure, as appropriate.
- (c) Care Advocate nurses are responsible for completing detailed documentation within CareMC focusing on the claimant’s medical condition, treatment plan and return to work status. Documentation includes but is not limited to primary injury diagnosis, comorbidities, treatment plan, medical goals, obstacles to recovery, work status and return to work.
- (d) Care Advocate nurses act as nurse consultants to the claim team.
- (e) Care Advocate nurses act as claimant advocates.
- (f) Care Advocate nurses assess appropriate medical follow-up, work closely with the claim team to identify potential barriers to recovery that may require further follow-up or additional services and develop medical action plans to ensure timely recovery and restoration of function.

Bill Audit, Review and Payment Services Terms and Conditions

1. DESCRIPTION OF SERVICES

- (a) Consultant’s proprietary bill review program enables an application of the appropriate standard fee schedules or usual and customary values, includes PPO, Technical and Clinical Review, and CERiS, applied to provider bills.

2. DEFINITIONS

Bill (per Bill): Each transaction of a bill is considered a separate per bill count. Consultant is able to logically link transactions across logical sequences, but each is its own bill transaction.

Clean/Prepared Bill: When the provider charges are deemed to be an accurate reflection of the services rendered based on the provider's documentation. CorVel's network solutions savings such as Clinical Review and Technical Evaluation as defined hereunder such Description of Services and other review types can be applied first to the bill for the bill to qualify for the Prepared Bill status. Once at the prepared bill state Standard Fee Schedule savings can be applied.

Clinical Review: An additional level of review performed by nurses, system, or coding experts to evaluate appropriateness, relatedness of submitted charges with provided documentation.

Implant Analysis: Review of implant charges submitted to a proprietary pricing database and documentation. Implant Analysis results are included as part of Clinical Review.

Line Item Bill Review (LIBR):

Out of Network Line Item Bill Review:

- Original charge data
- U&C review by zip code
- Fee re-bundling and error removal
- Separation of charges by diagnosis/procedure
- Facility to facility cost comparison
- Individual facility chargemaster analysis and price trending

Fair and Reasonable - Universal Chargemaster: The Universal Chargemaster is a compilation of individual hospital line item descriptions from over 85% of the nation's hospitals. It is a virtual thesaurus of hospital billing terms, codes and abbreviations. Specific, unique line item descriptions are defined by the Universal Chargemaster and appropriately compared to the same service or supply for other hospitals in the same geographical area.

Minimum Transaction Fee (MTF): For each bill transaction if the fees on a bill transaction instance do not meet the minimum transaction fee amount, the difference between the fees and the min transaction fee will be automatically added to the fees.

Negotiations: A one time or ongoing agreement with the provider to accept a specific payment amount.

PPO Network Access: A preferred provider organization (PPO) is a medical care arrangement in which medical professionals and facilities provide services at a negotiated/contracted rate. PPO medical and healthcare providers are called preferred providers.

Provider Sendback: Sendbacks occurring when a bill instance does not have enough supporting information from the provider to be a Prepared Bill. The bill is sent back to the provider requesting further information.

Standard Fee Schedule: Savings defined as the amount reduced from the Prepared Bill status to the jurisdictional state fee schedule amounts when those amounts are expressly assigned a specific value, not through reference methodologies developed by a third party or federal agency.

Substantive Denials: Sendbacks occur when a bill instance does not have enough supporting information from the provider to be a Prepared Bill. The bill is sent back to the provider requesting further information. If the provider does not provide the necessary supporting information after 90 days of the send-back status all bill savings will be considered Substantive Denial Savings and charged accordingly through an automatic bill instance. If the bill is later submitted through another bill instance with further information from the provider, another review will occur which may reverse all or part of the Substantive Denial savings and fees.

Technical Evaluation: Applicable to bills when reimbursement is not fully addressed in the jurisdictional fee schedule. State regulations may require payment to be made in accordance with payment methodologies developed by a third party (typically the Centers for Medicare and Medicaid Services (CMS)), often with exceptions or special exemptions added by the state.

UCR: “UCR” is defined as:

- Usual – A charge is considered “Usual” if it is the fee that most providers in the area charge for the same service.
- Customary – A charge is considered “Customary” if it is within the range of fees that most providers who practice in the area charge.
- Reasonable – A charge is considered “Reasonable” if it is both usual and customary or if it is justified by the City because of complexity. City, Consultant or its designees use a nationally recognized third party database for UCR charges.

In determining UCR prevailing rates, customers, Consultant or their designees use either (a) Consultant’s Enhanced Bill Review database or other nationally recognized databases to provide benchmarks for hospital charges in a hospital Health Care Provider’s geographic area and (b) databases provided by FAIR Health, Inc. or other nationally recognized databases to provide benchmarks for charges by non-hospital Health Care Providers in the applicable geographic area. The UCR prevailing rate is the 80th percentile of the relevant database benchmark for the fees and charges in provider’s geographic area.

3. DELIVERY OF SERVICES

(a) City’s Obligations

- (i) During the term of this Agreement, unless agreed to otherwise by the parties in writing, City shall utilize Consultant exclusively for audit, review and repricing services for Bills related to workers’ compensation claims. A breach of the foregoing obligation shall constitute a material breach under this Agreement. Without limiting any other remedies available under law, a breach of the foregoing obligation with respect to PPO (as defined hereunder in Peer Review Description of Services) Provider Bills will result in immediate termination of all PPO discounts provided by Consultant as defined under the Rates and Costs Exhibit.

(b) Consultant’s Obligations Consultant shall provide bill review services defined hereunder and described herein to City upon receipt of specific requests from City. In the absence of instructions from City to the contrary, which Consultant must approve, Bill Review Services shall be performed as described herein.

- (i) Bill Review Services shall be completed within a reasonable period of time of Consultant’s receipt by Consultant of all necessary billing information from City (“Complete Billing Information”).
- (ii) To facilitate timely processing Consultant shall process (A) each Provider Bill within a reasonable period of time and within industry standards after Consultant’s receipt thereof, and (B) batches of Provider Bills on a daily basis or as volume dictates.

- (iii) Consultant shall process PPO Provider reimbursements on behalf of City in accordance with industry standards from receipt of the corresponding bill review audit analysis from Consultant.
 - (iv) Consultant will be responsible for monitoring, “flagging” and returning to City duplicate copies of a Bill (“Duplicates”).
 - (v) Any conflicts or complaints from medical providers (“Complaints”) concerning Bill Review Services completed by Consultant initially will be handled directly by Consultant. Consultant will provide an initial response to a Complaint and will send a written response to the complainant that summarizes the nature of the Complaint and the steps Consultant has taken to resolve it. City may be asked to interject itself into a Complaint between Consultant and a medical provider to resolve the Complaint in a manner acceptable to City and as needed by Consultant. Notwithstanding the foregoing, City shall retain full responsibility for payment of all benefits and any other expenses or services required to be paid or provided under applicable policies or state and federal workers’ compensation laws.
 - (vi) Consultant agrees to supply City in the Consultant’s standard format a transmission reflecting the results of the Bill Review Services provided hereunder.
- (c) Savings for the Fee schedule or usual and customary service shall be:
- (i) for states having a Standard Fee Schedule: (A) the medical provider’s original bill amount; less (B) the billed amount resulting from the allowance based on specified conversion factor(s) multiplied by referenced value(s).
 - (ii) for states not having a state mandated Fee Schedule: (A) the medical provider’s original bill amount; less (B) the bill amount resulting from UCR.
- (d) Scanning Services
- (i) Consultant will provide Scanning Services and, when appropriate, Optical Character Recognition (“OCR”) Services. Consultant will timely and within industry standards, scan all bills and attached medical notes delivered to Consultant necessary for providing Bill Review services. Subject to applicable law and obtaining any required authorizations, Consultant also shall provide Scanning Services for additional claim-related documentation.
 - (ii) All material scanned by Consultant hereunder shall be accessible to City through CareMC.

Clinical and Technical Assessment Services Terms and Conditions

1. DESCRIPTION OF SERVICES

- (a) Clinical and Technical Assessment Services. Consultant provides this service to evaluate state specific complex rules and verify coding by providers when appropriate and supported by documentation. This can include clinical review to validate coding is correct for all applicable provider bills, ambulatory surgical center bills, and all hospital bills (inpatient and outpatient) including:
 - (i) review and analysis of codes, charges, and billing structure for incorrect coding, incorrect billing, bundling, and up-coding of procedures which affect Standard Fee Schedule values;
 - (ii) review of bills, records, and documentation by a nurse and/or by a coder;
 - (iii) separation of charges not related to the compensable injury;
 - (iv) review and apply complex state specific rules;
 - (v) application of utilization review determinations and clinical edits;
 - (vi) diagnostic related group validation (i.e., verification that the diagnostic related group billed is appropriate for the services rendered); and
 - (vii) cost shifting of revenue and CPT codes.

2. DELIVERY OF SERVICES

- (a) Consultant will timely and within industry standards, complete Review Services and return the reviewed Bills to City, with any adjustments to identified overcharges.
- (b) Savings for the review services shall be:
 - (i) for states having a state mandated Standard Fee Schedule: (A) the bill amount in the Fee Schedule; less (B) the bill amount resulting from the nurse review services.
 - (ii) for states not having a state mandated Standard Fee Schedule: (A) the medical provider's original bill amount; less (B) the bill amount resulting from the nurse review services.
 - (iii) for states having a state mandated Standard Fee schedule (A) the medical provider's original bill amount; less (B) the bill amount resulting from technical review services.
 - (iv) for states not having a state mandated Standard Fee Schedule: (A) the medical provider's original bill amount; less (B) the bill amount resulting from the technical review services.
- (c) Consultant Responsibilities
 - (i) Consultant shall pay bills reviewed by Consultant in a timely manner in accordance with all state guidelines, and City agrees to waive any secondary vendor bill review and/or other retrospective reviews regarding all bills for which Consultant has secured a reduction from the original billed charges.
 - (ii) If a medical provider submits an appeal, the bill will be reviewed again and, if any adjustment is necessary, Consultant will provide that information on the Explanation of Review (EOR).

CERiS
(Hospital Bill Itemization Review Services; Negotiation Services; Implant Cost Review Service)
Terms and Conditions

1. DESCRIPTION OF SERVICES

- (a) Hospital Line Itemization Review Services. CERiS, a wholly owned subsidiary of CorVel Corporation, performs Services on Hospital Bills (inpatient and outpatient) consisting of procurement of actual bill itemization including (i) a line-by-line validation and comparison of the itemization description charges actually billed by a particular hospital to what CMS billing guidelines allow to be separately billed for in order to disallow inappropriate charges, and then will compare the valid itemization descriptions to the average itemization description charges utilized by other hospitals within a pre-designated geographic area, and (ii) a review of charges that fall outside of any pre-contracted discounts or fee schedules, and generates payment recommendations in accordance with the City's "Payors Allowable" language. This service does not itself include negotiation services nor Implant Cost Services.
- (b) Negotiation Services. (CERiS) will provide negotiation services with respect to all Hospital Bills (inpatient and outpatient). Consultant will contact the provider for agreement of the negotiated rate. A signed agreement regarding such rates will be maintained by Consultant. Consultant will use its commercially reasonable efforts to enter into an agreement with providers regarding negotiated rates in accordance with a mutually agreed upon schedule.
- (c) Implant Cost Review Service. (CERiS) includes Implant Cost Review services with respect to the applicability of the City's "Payors Allowable" plan or policy language that specifically addresses implant payments. Consultant will identify and provide the manufacturers implant cost through its proprietary repository of national implant invoice data. Consultant then determines the recommended payment in accordance with the City's "Payors Allowable". In the event there is insufficient implant invoice data for the requested implant, Consultant will notify the City and Consultant shall not be responsible for any costs, fees, damages or penalties for any such inability of Consultant to produce a cost savings per City's request.

2. DELIVERY OF SERVICES

- (a) When applicable Consultant will timely within industry standards, complete CERiS Services and return the reviewed Hospital Bills to City, together with a written summary of any adjustments to identified overcharges.
- (b) Savings for the CERiS Services shall be:
 - (i) for states having a state mandated Fee Schedule: (A) the bill amount in the Fee Schedule; less (B) the bill amount resulting from CERiS Services.
 - (ii) for states not having a state mandated Fee Schedule: (A) the medical provider's original bill amount; less (B) the bill amount resulting from the CERiS Services.
- (c) City Responsibilities
 - (i) City shall pay bills reviewed by Consultant in a timely manner in accordance with all state guidelines, and agrees to waive any bill audit and/or other retrospective reviews regarding all bills for which Consultant has secured a reduction from the original billed charges.
 - (ii) City will identify all bills that are not eligible for CERiS Services due to: (A) compensability; (B) a pre-negotiated rate with City or other previously established discount; (C) services that are "review only" due to litigation or other non-payment issues; and (D) duplicate bills.
- (d) If a medical provider questions the adjustment and/or balance bills the patient, and the claim payor notifies Consultant of such communication, Consultant will provide documentation of its findings. If

the hospital provides corrective or qualifying information sufficient to alter our original adjustments, Consultant will revise its report, advise the claim payor of the new, corrected adjustment. Only in the event of a successful appeal of the reduction of the bill by the medical provider shall City be entitled to receive a credit for the portion of the fee previously charged for the amount of the adjustment successfully appealed.

Preferred Provider Network Access Services (PPO) **Terms and Conditions**

I. DESCRIPTION OF SERVICES

- (a) Consultant's preferred provider organization is a network of hospitals, physicians and other providers ("Participating Providers") that offer services at pre-negotiated Provider rates ("PPO Network"). Consultant also provides state certified preferred provider organization networks in states that maintain such networks.

II. DELIVERY OF SERVICES

- (a) Consultant will provide City with access to its PPO Network provided it is the exclusive preferred provider organization utilized by City. Consultant may at any time and in its sole discretion add and/or terminate any provider to or from the PPO Network.
- (b) Consultant will provide City with a web-based directory of its PPO Network providers.
- (c) City agrees that, during the Term of this Agreement City will not contract directly or indirectly with Participating Providers made known to City under this Agreement.
- (d) City will make reasonable effort to channel all Covered Persons to the Participating Providers as are allowed under the laws of that service area or state.

CAREIQ Services **Terms and Conditions**

I. DESCRIPTION OF SERVICES

CareIQ is Consultant Nationwide Ancillary Benefit Management Program. CareIQ's network is comprised of direct provider contracts, affiliate networks and national vendor agreements. CareIQ is responsible to pay rendering providers timely for covered and approved services performed.

The CareIQ Ancillary Benefit Management Program includes; referral management and coordination, billing and invoicing, credentialed provider network management, and/or clinical oversight of treatment.

Services Included; Durable Medical Equipment, Home Healthcare, Transportation, Interpretation, Imaging and Diagnostics, Independent Medical Examinations, Age of Injury Determinations, Physical Therapy, Occupational Therapy, and other Rehabilitation and Ancillary Healthcare services.

II. PAYMENT FOR CAREIQ SERVICES

Consultant shall invoice and bill the CareIQ Services directly to the specific claims file.

Consultant reserves the right to increase and amend the rates set forth herein by notifying City of such amendment in writing, and City shall, if such amendment is unacceptable, have thirty (30) days from the date said notice is received to reject such amendment by delivery of written notice of rejection to Consultant. If Consultant does not receive such notice of termination within such thirty (30) day period, the amendment to the rates shall be deemed accepted by City and this Agreement shall continue in full force and effect, as so amended.

Pharmacy Benefit Program Terms and Conditions

I. DESCRIPTION OF SERVICES.

- (a) Consultant shall be the exclusive provider of a Pharmacy Program inclusive of a PBM and a Provider Network representing participating pharmacy providers that are obligated upon and after identification of a participant within Consultant's PBM to:
 - i. Accept a contracted rate, and
 - ii. Apply mandated processes and Consultant's Formulary and Concurrent Drug Utilization Review program at point-of-service before dispensing prescribed medications.

II. DEFINITIONS.

- (a) "AWP" shall mean the Average Wholesale Price for a Brand or Generic Drug Product. Consultant bases City pricing off of the reported AWP value from Medi-Span and the date of service.
- (b) "AWP Discount" shall mean the PBM discounts Consultant applies, per City's negotiated rates, to covered brand and generic drug products, Compound Drugs and specialty medications.
- (c) "Brand Drug" shall mean a covered drug defined as a brand name drug in PBM proprietary Generic Code Conversion ("GCC") logic.
- (d) "Compound Drugs" shall be systematically identified when processing through the PBM via the Formulary. Drug compounding is often regarded as the process of combining, mixing, or altering ingredients to create a medication tailored to the needs of an individual patient. Compounding includes the combining of two or more drugs. Compounded drugs are not FDA-approved.
- (e) "Concurrent Drug Utilization Review" ("DUR") shall mean the algorithm systematically applied at a participating pharmacy before dispensing that considers the Presenting Drug's safety and efficacy in context with other drugs that have been dispensed. In addition, the algorithm includes applicable protocols and guidelines based on the Presenting Drug and specific claim history, such as the time period from the last fill of the same Drug.
- (f) "First Fill" shall mean a prescription filled by a Participating Pharmacy for a limited supply of Covered Drugs for a claim that is not, at the time, eligible. First Fill transactions follow Consultant's First Fill Formulary. The First Fill Formulary is for the immediate treatment of injuries, including common exposure drugs/vaccines. The pharmacy is instructed to fill any formulary prescription written by the treating physician, whether or not the claim is accepted as a workers' compensation claim. Most claims are ultimately accepted.
- (g) "Formulary" shall mean Consultant's Workers' Compensation Standard or state specific drug/drug class and brand/generic specific triggers systematically applied at a Participating Pharmacy before dispensing a Presenting Drug that prompts the pharmacy through its adjudication system to either: dispense the Presenting Drug, convert from brand to generic, and attain approval to dispense.
- (h) "Generic Drug" shall mean a Covered Drug, whether identified by its chemical, proprietary, or non-proprietary name, that (i) is accepted by the FDA as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient; and (ii) defined as a generic drug in

PBM proprietary GCC logic. In the adjudication process, Consultant applies City's negotiated Generic Drug discount rate to the AWP value of covered generic drugs.

- (i) "GCC" refers to PBM proprietary Generic Code Conversion logic. GCC logic converts Medi-Span codes to the brand and generic codes used for claims adjudication.
- (j) "Good Samaritan (Emergency) Fill" shall mean a limited supply of Covered Drugs that are outside of the Formulary and typically dispensed outside of normal business hours (overnight, weekends or holidays) by a Participating Pharmacy without City's or Consultant's approval in order to meet, in the pharmacist's professional judgment, an immediate or urgent need. City is responsible for payment of drug charges processed through good samaritan fills; Consultant assumes no liability.
- (k) "Mail Order Program" or "Home Deliver Program" shall mean the managed program from which Covered Drugs are dispensed and billed through Consultant's PBM. A pharmacy's status as a mail order pharmacy does not indicate participation in the Consultant PBM Mail Order Program. Mail Order participation is limited to designated pharmacies operating within the strict parameters of Consultant's Mail Order Program.
- (l) "Multi Source Brand" shall mean a Covered Drug specified as a brand name drug available from more than one manufacturer as determined by Consultant primarily using a combination of data fields provided to Consultant by Medi-Span (or another nationally available reporting source that may be selected by Consultant). Multi Source Brand Drugs are eligible for conversions to Generic Drugs at the Participating Pharmacy.
- (m) "Multi Source Generic" shall mean a Covered Drug specified as a multi source generic drug as determined by Consultant primarily using a combination of data fields provided to Consultant by Medi-Span (or another nationally available reporting source that may be selected by Consultant). Generic Drugs in their six month exclusivity period or limited supply drugs may be excluded from Multi Source Generic Drugs.
- (n) "PBM" shall mean Pharmacy Benefits Manager. Consultant performs as the PBM on behalf of its Citys.
- (o) "Presenting Drug" shall mean the drug ordered by the prescriber and presented on a signed prescription to a Participating Pharmacy and processed through Consultant's PBM.
- (p) "Rate application exceptions," per Billing and Payments of Pharmacy Program (below) sections (d) and (e), apply when either State Fee Schedule AWP values or City's negotiated pharmacy benefit management AWP discount rates are lower than Consultant's Acquisition Price. Consultant's Acquisition Price reflects Consultant's cost of the Covered Drug plus a processing and management fee.
- (q) "Single Source Brand" shall mean a Covered Drug specified as a brand name drug available from only one manufacturer as determined by Consultant primarily using a combination of data fields provided to Consultant by Medi-Span (or another nationally available reporting source that may be selected by Consultant). Single Source Brand Drugs are not eligible for conversions to Generic Drugs.
- (r) "Single Source Generic" shall mean a Covered Drug as determined by Consultant that may not have been purchased by pharmacies at standard Multi Source Generic Drug rates because of limited manufacturers, limited supply or exclusivity rights. In the adjudication process, City's Brand Drug AWP Discount value may be applied to Single Source Generic Drugs.

- (s) “Specialty Medications” shall mean certain pharmaceuticals, biotech or biological drugs, that are Covered Drugs used in the management of chronic or genetic disease, including but not limited to, injectable, infused, or oral medications, or products that otherwise require special handling. In the adjudication process, City’s Claims Professional’s approval is required, and City’s Brand Drug AWP Discount value and dispensing fee may be applied irrespective of the Presenting Drug’s GCC status.

III. DELIVERY OF SERVICES.

- (a) Consultant shall provide its Pharmacy Program’s PBM and Network for the benefit of City.
- (b) Eligibility, First Fill, Pharmacy Identification (ID) Cards, and Mail Order/Home Delivery.

Pharmacy ID cards contain the necessary data elements to enable a Participating Pharmacy provider to electronically process through and transmit claim data to Consultant’s PBM. The electronic transmission that occurs at the point of sale is required for application of Formulary, Concurrent Drug Utilization Review and contractual pricing.

- i. City agrees to promptly provide Consultant all information needed to produce and distribute Pharmacy ID cards to eligible claimants. Subject to applicable law, City will instruct eligible claimants to use the Pharmacy ID cards at participating network providers in order to facilitate the Pharmacy Program.
 - ii. Distribution of Pharmacy ID cards does not guarantee that Pharmacy ID cards will be appropriately utilized by eligible claimants or Participating Pharmacies; therefore, City understands that claims assigned by Pharmacies to third party billers or paper bills submitted by the Pharmacies are not adjudicated through the prospective PBM.
 - iii. Consultant, agrees to produce and distribute Pharmacy ID cards to Eligible Claimants upon receipt of all necessary Eligible Claimant information from City. Consultant will also send an introduction letter to the Eligible Claimant along with the Pharmacy ID card.
- a. Consultant will provide access for Eligible Claimants to the PBM Mail Order Program. Consultant will work with City to establish the parameters of the Mail Order Program and the process which will be utilized to encourage Eligible Claimant use of the Mail Order Program.
- (c) Consultant’s PBM will present a proprietary or state mandated Formulary to City. Upon presentation of identification to a Participating Pharmacy, the Formulary will trigger the Participating Pharmacy’s adjudication system to either:
 - i. Automatically dispense certain medications, or Obtain Prior Authorization (PA) approval from claims professional to dispense,
- (d) Consultant’s PBM will implement a Concurrent Drug Utilization Review (“DUR”) program on behalf of City, Concurrent DUR includes a review of the drug history at the time the prescription is presented. Absent City’s directions, DUR shall be performed in accordance with Consultant’s PBM’s standard service model.

IV. BILLING AND PAYMENTS OF PHARMACY PROGRAM.

- (a) Financial obligations of parties.
 - (i) City shall be financially responsible for all drug charges incurred by claimants for dispensed medications processed under Consultant’s PBM. Consultant assumes no liability for drug charges with the exceptions noted below in subsection iii.

- (ii) If the Consultant claims professional determines, upon receipt of Consultant's PBM invoice, that specific formulary and non-formulary drugs should not have been dispensed, the Consultant claims professional should inform the PBM as soon as possible.
 - 1. The pharmacy benefit management will request a reversal from the Participating Pharmacy. If granted, Consultant will reverse the drug charges, however, if the Pharmacy does not grant the pharmacy benefit management's request, City is responsible for payment of the drug charges; Consultant assumes no liability for drug charges with the exceptions noted below in subsection iii.
- (iii) Upon receipt of an invoice, Consultant claims professional may timely dispute charges for drugs that were dispensed in error, triggering Consultant's PBM to reverse the drug charges, by notifying Consultant for any of the following reasons:
 - 1. Consultant's PBM and/or the Participating Pharmacy's violation of Formulary or Utilization Review Parameters set forth in City's DUR program, or in the Claimant Level Formulary; or
 - 2. Duplicate or inadvertent entries or other clerical mistakes on a PBM invoice.

(b) Invoicing and Payment.

On a per Covered Drug basis Consultant will apply daily for all drug charges and fees related to the PBM directly to the claim file.

Consultant shall invoice and bill directly all prescription fees to the specific claims file.

Consultant uses Medi-Span as our AWP data source. Consultant's Medi-Span database is updated daily and AWP values are applied on the date of dispense.

In all states with the exception of California, City will be billed the lessor of the state fee schedule AWP or the Consultant's negotiated rate.

- (c) Both parties understand that pricing indices historically used (including under this Agreement) for determining the financial components of pharmacy billing rates are outside the control of Consultant and City. The parties also understand there are extra-market industry, legal, governmental and regulatory activities which may lead to changes relating to, or elimination of, these pricing indices that could alter the financial positions and expectations of both parties as intended under this Agreement.

Both parties agree that, upon entering into this Agreement and thereafter, their mutual intent has been and is to maintain pricing neutrality as intended and not to benefit one party to the detriment of the other. Accordingly, to preserve this mutual intent, if pricing neutrality does change and Consultant undertakes any or all of the following:

- (i) Changes the AWP source, or other source if AWP is not applicable, across its book of business (e.g., from Medi-Span to First Databank); or
- (ii) Maintains AWP, or other source if AWP is not applicable, as the pricing index with an appropriate adjustment in the event the AWP, or other, methodology and/or its calculation is changed, whether by the existing or alternative sources; or
- (iii) Transitions the pricing index from AWP, or other source if AWP is not applicable, to another index or benchmark (e.g., to Wholesale Acquisition Cost);

City's negotiated PBM pricing will be modified as reasonably and equitably necessary to maintain the pricing intent under this Agreement.

V. CALIFORNIA MODIFICATION

On April 15, 2016, the State of California Department of Industrial Relations applied the new Federal Upper Limit (FUL) index to the California Pharmacy Workers' Compensation Fee Schedule. The new FUL index has resulted in a need for Consultant to modify our current pricing structure based on the fee schedule changes and our contract language.

The FUL's impact and the modification is limited to generic drugs; brand drug pricing will not change. As per our contract, the modification will maintain "pricing neutrality" between both parties.

Peer Review/Medical Records Review Program Terms and Conditions

I. DESCRIPTION OF SERVICES.

- (a) Consultant shall provide access, and deliver the services described hereunder in connection with such access, to a panel of medical professionals who have been credentialed by Consultant as “Credentialed Providers” and who will perform Peer Review (“Peer Reviews”) and Medical Record Reviews (“MRRs”).
- (b) Peer Review/Medical Record Review is defined as the process of reviewing and commenting on the work, decisions and/or recommendations by one’s equal (peer) to ensure that it meets specific criteria such as federal and state regulations, and nationally accepted standards of care in rendering medical services.

II. DELIVERY OF SERVICES.

- (a) Consultant shall work only with Credentialed Providers under this Agreement. “Credentialed Providers” are medical professionals with respect to whom Consultant has performed its standard credentialing process. Consultant shall also verify that the medical professionals who are Credentialed Providers meet all applicable statutory and/or legal requirements regarding who can conduct a Peer Review or MRR.
- (b) City shall have the right to nominate medical professionals as candidates for addition to the panel of Credentialed Providers provided by Consultant for access by City (“Credentialed Panel”), subject to such medical professionals being credentialed by Consultant as Credentialed Providers.
- (c) City shall have the right, with written notice to Consultant, to request that Consultant cease using a specific medical professional from the Credentialed Panel for City’s claimants. Upon receipt of such notice from City, Consultant shall promptly cease using the specified medical professional as requested by City in such notice.
- (d) City may submit a request for a Peer Review or a MRR via phone, fax, or electronically via Consultant’s CareMC website, if applicable.
- (e) Consultant shall ensure that the MRR is assigned to a provider within 2 business days of receipt of request or in accordance with applicable State law.
- (f) Consultant will copy required medical records for the Peer Review or MRR as provided by the City’s file handler or legal office. Consultant will obtain additional medical records as requested.
- (g) Consultant shall deliver to City completed Peer Review and MRR reports within 7 business days of assignment to the Credentialed Provider. Prior to such delivery to City, Consultant shall complete its quality review of such report.
- (h) Consultant shall provide City quarterly activity reports within twenty (20) business days following the applicable quarter.

Medicare Set-Aside Services

Terms and Conditions

I. DESCRIPTION OF SERVICES

- a. Medicare Set-Asides: Consultant provides an extensive review of medical records and medical bills, producing a comprehensive report and cost projection outlining future Medicare eligible costs in anticipation of settling out future medical care on a City's employee or insured individual. Costs are determined through Consultant's proprietary Bill Review system as well as utilization of the online Red Book™ access for medication costs. Red Book™ is the accepted authority by Centers for Medicare Services ("CMS") for pricing on all medications.
- b. Life Care Plans/Future Cost Projections: Life Care Plans/Future Cost Projections are a plan for optimal utilization of health care dollars that document objective view of the future health needs, services and related costs. It provides for comprehensive reports summarizing medical treatment and care and outlining lifetime needs for a City's employee or injured individual when they are catastrophically injured. Life Care Plans/Future Cost Projections are also used both for litigious settlements as well as projecting reserves setting.
- c. Medicare Conditional Payment Resolution: Consultant's service includes securing Medicare Conditional Payment letters and disputing the Medicare Conditional Payments unrelated to the claim. Consultant communicates directly with the Medicare contractors, the CRC (Commercial Repayment Center) or BCRC (Benefits Coordination & Recovery Center) to resolve the Medicare Conditional Payment debt.

II. DELIVERY OF SERVICES OF MEDICARE SET ASIDES

- a. City shall provide the Consultant Medicare Set-Aside Hub office with a copy of the first report of injury, most recent two years of medical records and medical bills including indemnity payout, all operative reports, IMEs/AMEs as well as orders rendered by the workers' compensation judicial system. Appropriate releases for completion of request for service will be forwarded either to the City or, at the City's request, directly to counsel representing the injured worker to obtain the injured worker's signature.
- b. City may submit a request for a Medicare Set-Aside via email, phone, fax, or electronically via Consultant's CareMC website, if applicable.
- c. A certified Medicare Consultant ("Consultant") will review the medical records and bill summary, prepare a detailed summary of the records and a projection for future medical expense which are Medicare eligible. If requested, the Consultant will also provide a projection of those costs which are not Medicare eligible in order to provide the City with their total medical exposure.
- d. The Consultant will return the completed Medicare Set-Aside report to the City within fifteen (15) business days of receiving all relevant medical records and related information. If a rated age is warranted, the Consultant will acquire same. If the Medicare status of injured party is unknown or unclear, a request for Medicare status will be submitted to the Social Security Administration. Once the Medicare status is known, the Coordination of Benefits Contractor will be notified and conditional payments requested.

- e. Upon City's request, Consultant Medicare Set-Aside Hub office will submit through the web-portal all required documents to enable CMS to review and approve the proposal. Items submitted include the Medicare Set-Aside report, the tentative settlement amount, along with other required documentation, to the Centers for Medicare & Medicaid Services (CMS). Upon receipt, Consultant Medicare Set-Aside Hub office will forward the CMS Determination letter to the City. Final executed settlement documents (reflecting CMS recommended Medicare Set-Aside amount) will be provided to Consultant Medicare Set-Aside Hub by the City/counsel and then forwarded by Consultant to CMS through the web-portal.
- f. Upon request from City, Consultant shall provide City quarterly activity report within twenty (20) business days following the applicable quarter.

III. DELIVERY OF SERVICES OF LIFE CARE PLANS/FUTURE COST PROJECTIONS

- a. City shall provide all available medical records and billing to Consultant Medicare Set-Aside Hub office as well as any other pertinent records for initial review.
- b. For a Life Care Plan, a visit to the residence of the City's employee or injured individual with interview of claimant and family will be conducted after permission is acquired by the City. The interview will include evaluation of the home setting, extensive information gathering, and pictures of the various equipment and housing structures.
- c. Letters will be sent to all treating physicians to obtain their opinions on future medical treatments including medications and therapies for the claimant. The physician's opinions will be included as recommendations within the Life Care Plan summaries.
- d. Future cost projections are utilized to immediately set reserves for future medical needs regarding catastrophic or major injuries. Home visits are not conducted for a future cost projection.
- e. City may submit a request for a life care plan or future cost projection via email, phone, fax, or electronically via Consultant's CareMC website, if applicable.

**Medicare Agent Services
Liability Claims
Terms and Conditions**

I. DESCRIPTION OF SERVICES

In order to assist City, as a Responsible Reporting Entity (“RRE”), in complying with the mandatory quarterly electronic reporting requirements issued by the Centers for Medicare/Medicaid Services (“CMS”) under the Medicare/Medicaid and S-CHIP Extension Act of 2007, Section 111 (the “Act”) regarding certain injured parties who are Medicare Beneficiaries, Consultant provides Medicare Agent services as described below subject to the provisions of the final regulations to be issued by CMS.

II. DESCRIPTION OF MEDICARE AGENT SERVICES

- (a) Upon designation as City’s Medicare Agent, Consultant shall provide City assistance with City’s registration as a RRE.
- (b) Consultant and City will establish a manual interface to facilitate the exchange of specific claims data required to be reported to CMS under the Act; thereafter, as City’s designated Medicare Agent, Consultant will initiate a test file interface with CMS within the statutory timeframes required by CMS under the Act.
- (c) Upon successful completion of the test file interface, Consultant will commence an ongoing monthly query process on behalf of City where Consultant will transmit through the CMS Query Tool certain basic claims data elements (claimant name, social security number, date of birth and gender) on the liability claims the City provides to Consultant via the manual interface, for CMS to determine if such claim data elements match a valid CMS record indicating Medicare eligibility. Consultant will report the results of such query on CareMC and in a Monthly Eligibility Query report for City to review. In the event the Medicare Reporting Queue determines any such liability claim is invalid due to an error or missing information, then City shall be responsible for reviewing, researching and correcting such claims data from the Monthly Eligibility Query report supplied by Consultant to the City, for resubmission by Consultant through the CMS Query Tool on the next monthly query process transmission; provided, however, if City so requests, Consultant will provide such research regarding Medicare eligibility at an additional hourly rate and such research shall include claimant’s name, social security number, date of birth, gender and any other required data field.
- (d) Once it is determined through the Medicare Reporting Queue that a liability claimant is Medicare eligible, the City will provide Consultant through the manual interface all data elements necessary to commence the transmission of mandatory quarterly electronic claims reporting of those liability claimants to the CMS Benefits Coordination & Recovery Center (BCRC) on City’s behalf within the specific 7-day reporting period assigned to City by CMS. A copy of the initial report shall also be posted by Consultant on CareMC for City to review. The BCRC will confirm either acceptance of the Medicare eligible claims thus reported or return any files for which data is missing or incorrect. Consultant shall post on CareMC and provide Quarterly Claim Submission reports to the City with any error reports from the BCRC showing such files containing missing or incorrect data for City to research and correct by the manual interface to Consultant. Once corrected, Consultant will enter the data and resubmit such files to the BCRC during the next quarterly reporting file.
- (e) Consultant, as City’s designated Medicare Agent, will continue to electronically transmit to the BCRC on a quarterly basis all new and updated liability claims provided by the City to Consultant through the manual interface, identified through the Medicare Reporting Queue and the City provided Consultant the necessary data to report the City’s Medicare eligible claims.
- (f) Consultant, as City’s designated Medicare Agent, will also electronically transmit to the BCRC any monetary settlement data received by the City to Consultant through the manual

interface on City's Medicare eligible claims.

(g) Consultant shall provide City quarterly activity reports within twenty (20) business days following the applicable quarter.

III. LIMITATION OF LIABILITY REGARDING MEDICARE AGENT SERVICES

In order to assist City, as a RRE, in complying with the mandatory quarterly electronic reporting requirements issued by the CMS under the Medicare/Medicaid and S-CHIP Extension Act of 2007, Section 111 (the "Act") regarding certain injured parties who are Medicare Beneficiaries, Consultant agrees to provide Medicare Agent services as described in the Case Management Services Description of Services attached hereto subject to the provisions of the final regulations to be issued by CMS, including information relating to such claimant, and the establishment and maintenance of an electronic data interface with CMS's computer system to the extent required by law and within the time period required by CMS so as to avoid the incurrence of penalties and fines ("RRE Reporting Obligations").

(a) In order for City to meet its RRE Reporting Obligations, City shall promptly review the results of the Medicare Reporting Queue, research any errors or missing data and resubmit such corrected or missing data promptly to Consultant within the applicable timeframes so that Consultant can timely report such corrected or missing data to CMS.

(b) In the event that information supplied by City to Consultant is incorrect, incomplete or untimely delivered and prevents Consultant from completing a timely transmission to CMS, or leads to errors in transmissions to CMS, City shall be solely responsible for promptly resubmitting corrected data to Consultant, and Consultant will not be liable for any damages, fines, penalties or other amounts to the extent arising from such incorrect, incomplete or untimely delivered information. Consultant shall notify City via a posting on CareMC and the Quarterly Claim Submission report if Consultant receives notice from CMS that a transmission submitted by Consultant on behalf of City as an RRE contains incorrect, incomplete or untimely delivered information. The City shall correct errors necessary to complete successful transmission to CMS.

(c) City shall release Consultant from any and all penalties or other fines imposed by CMS and its related governmental agencies, in the event information supplied by City to Consultant is incorrect, incomplete or untimely delivered and prevents Consultant from submitting a report to CMS or leads to errors in submissions to CMS.

Clearinghouse Payer Agent Services Program Terms and Conditions

1. DESCRIPTION OF SERVICES

- (a) Clearinghouse Payer Agent Services: Consultant shall act as City's agent under this Agreement. Consultant's clearinghouse receives bills from health care providers in electronic form, verifies the data integrity of the information on the bills, and routes directly to Consultant's Bill Review system for completion of Consultant's Bill Review service. Explanation of Benefit (EOB) information will be transmitted to providers from Consultant in the ANSI 835 format. Consultant will send 835 data to health care providers via its clearinghouse upon Consultant's completion and approval of all Explanation of Benefits (EOB's) via Consultant's Bill Review service in compliance with the local governing state laws and regulations.
- (b) Compliance with applicable law: Consultant shall ensure that Clearinghouse Services are provided in compliance with the applicable laws, statutes, rules and regulations of the state service shall be provided in. City agrees to timely provide to Consultant information and assistance requested by Consultant and reasonably required to ensure such compliance.

2. SETUP AND DELIVERY OF SERVICES

- (a) Routing Directly to Bill Review: A test sample of City's bills will be pulled from the clearinghouse test system and imported to the bill review test system. Bill review results will be output to City through the existing format. Routing bills through Consultant's Test bill review system may require three to four weeks. Consultant will make reasonable efforts to begin testing within five business days of the request for services.

3. PRICING STRUCTURE

The cost of Clearinghouse Payer Agent Services is as follows:

- For City for which Consultant provides bill review services – No additional charge

Advocacy 24/7 Nurse Triage Services **Terms and Conditions**

Consultant shall provide to City the following Services related to Nursing Coordination of Care Services:

- Answer calls received 24 hours a day/7 days per week on Consultant maintained City triage telephone line.
- Instruct the caller / injured employee on first aid and or initial injury treatment.
- Facilitate assessment at a designated outpatient clinic or emergency room as needed.
- Follow up with the injured employee within 24 hours of initial report to evaluate current condition.
- Document all calls and communicate to appropriate parties.

An incident shall encompass

- The nurse receipt of the initial call,
- The gathering of necessary information and distribution of said information to the appropriate parties, and
- One clinical follow-up to the injured employee in the first 24 hours following the initial call.

Medication Review Services **Terms and Conditions**

I. DESCRIPTION OF SERVICES.

- (a) Consultant acknowledges there is a subset of patients in the system that do not improve despite extensive diagnostic testing and numerous treatments. Consultant knows these relatively fewer cases drive a disproportionate amount of costs. Interestingly, these “creeping catastrophic” claims often present as a simple strain or sprain injury or diffuse spinal pain. There is ample data to suggest that bio-psychosocial factors can amplify, sustain or mitigate a patient’s perception of disability in these cases. Consultant shall use clinical modeling to identify those patients at risk for delayed recovery and apply an interdisciplinary bio-psychosocial approach to their care.
- (b) Consultant offers a variety of interventions that are recommended depending on the severity and chronicity of the claim. They can be utilized separately or integrated in a more comprehensive management plan again depending on claim severity and patient characteristics.

II. DELIVERY OF SERVICES.

Medication Review:

- Consultant’s contracted physician will evaluate the medical necessity of each currently used or prescribed medication.
- Consultant’s contracted physician will recommend elimination of duplicative medications.
- Consultant’s contracted physician will determine and recommend medications that may replace and be equally or more effective than one or a group of currently

- used/prescribed medications.
- Consultant's contracted physician will recommend medications that are pharmacologically similar to currently used or prescribed medications when available at a lower cost (same or similar class, less cost, generic when available).
- Consultant's contracted physician will attempt Peer to Peer contact by calling the PTP.
- Consultant's contracted physician will provide the City a written agreement from the prescribing physician (if agreement is reached) for alternate treatment plan.
- On cases where agreement is not met between Consultant and the primary treating physician a written report will be generated and sent to the City that includes a written summary of all activity that will include recommendations, rationales and potential savings identification made by Consultant's contracted physician.
- Allowances will be made for the attending primary treating physician to bill for their time spent on the teleconference at the applicable fee schedule.

Wellness Program:

Cases can be initially referred to a network of cognitive behavioral therapists who function to help the patient/claimant improve their pain coping skills, change their perception of disability and decrease fear-avoidance behaviors that are often a significant barrier for return to work.

TeleHealth Services Terms and Conditions

Consultant shall provide TeleHealth visits to City's injured employees who opt for such service for as level of care determinations are made through our 24/7 nurse triage hotline. A TeleHealth visit is a single synchronous virtual consultation through Consultant's third party vendor platform between a qualified professional and a claimant ("TeleHealth").

Consultant's 24/7 triage nurses are trained to provide an initial assessment and will provide immediate referral to medical care when needed. Nurses may refer to TeleHealth as appropriate (i.e., musculo-skeletal injuries).

- TeleHealth virtual visits are always an "option" for the injured employee.
- If opted by the injured employee, Consultant connects the injured employee to a physician immediately via a computer, tablet or phone.
- If the injured employee decides that he/she does not want a TeleHealth visit, Consultant will immediately offer to schedule the injured employee with a traditional, in-person PPO medical provider located at a convenient, clinic-based location.

A TeleHealth "visit" is defined as "A Consultation Unit" is a single synchronous consultation through the Platform between a Qualified Professional and a patient."

Workers' Compensation Lien Resolution Services Terms and Conditions

1. DESCRIPTION OF SERVICES

a) Lien Resolution Services. Consultant shall provide Lien Resolution Services for City through its CareMC Application to control and provide resolution and closures to lien file cases. Consultant shall utilize industry standard processes including having Consultant attend Workers Compensation Appeals Board ("WCAB") conferences & trials, and negotiate as required or applicable.

b) Workers Compensation Appeals Boards Serviced:

AHM – Anaheim	SBR – San Bernardino
OXN - Oxnard	SDO – San Diego
POM – Pomona	VNO – Van Nuys
RIV- Riverside	SAC – Sacramento
ANA - Santa Ana	OAK – Oakland
LBO – Long Beach	SFO – San Francisco
LAO – Los Angeles	STK – Stockton
MDR – Marina Del Rey	

c) Workers Compensation Appeals Boards Serviced on a case-by-case basis:

SBA – Santa Barbara	RED – Redding
SLO – San Luis Obispo	FRE – Fresno
SJO – San Jose	BAK – Bakersfield

2. DELIVERY OF SERVICES

a) Claim Referral. Lien resolution services are on a referral basis per claim and subject to prior City approval.

b) Reporting. Consultant shall provide monthly reports at no charge to City.

c) Case-in-chief walk-through service.

(i) Consultant shall provide Walk-throughs for pro-per cases, and as needed for litigated claims.

(ii) City's claims adjuster professional shall provide referrals for each lien resolution settlement agreement.

(iii) Consultant shall prepare all required documentation and file packets, obtain the adjudicating number and the order approving from the judges at the WCAB.

(iv) Results are reported by Consultant to City weekly at the end of the same week they are assigned.

d) Service and Review of Initial Discovery.

Consultant shall review, gather and serve all documents relevant to the case and the outstanding liens that will be necessary to satisfy the requirements of discovery and due process, including, but not limited to: Settlement documents, medical reports, Request for Authorizations ("RFA's") Utilization Review ("UR") determinations, objection letters, and bill review.

e) Declaration of Readiness Filings.

Consultant shall utilize an electronic filing of a declaration of readiness to proceed to request a hearing date with the WCAB in order to facilitate or expedite Lien Resolution and/or Litigation (if necessary).

f) Attendance at the WCAB for Lien Conference and/or Lien Trials

Consultant shall have its own experienced hearing representatives appear at the WCAB on behalf of the City with the goal of resolving any outstanding liens, or moving towards litigation (if necessary).

g) Litigation Review and Support

Consultant shall review and analyze the lien claimant evidence provided in support of Consultant's position when a matter is set for a lien trial.

h) Consultant's Obligations

- (i) Consultant shall provide Lien Resolution Services as described herein to City upon receipt of specific referral from City. In the absence of instructions from City to the contrary, which Consultant must approve, Lien Resolution Services shall be performed as described herein.
- (ii) Consultant shall complete its Lien Resolution Services within sixty (60) days of referrals without litigation, provided there are no delays from litigation.
- (iii) Any conflicts or complaints from providers and/or their lien claimant vendors ("Complaints") concerning Lien Resolution Services completed by Consultant initially will be handled directly by Consultant. Consultant will provide an initial response to a Complaint within one (1) business day following the date on which Consultant received the Complaint. Consultant will send a written response to the complainant within five (5) business days that summarizes the nature of the Complaint and the steps Consultant has taken to resolve it. A copy of this response will be sent to the attention of the designated City account representative. Different or more specific parameters of Consultant's authority to respond to and resolve Complaints hereunder may be agreed to mutually by the parties. Further, City shall have the right, but not the obligation, at any time, to interject itself into a Complaint between Consultant and a provider and to resolve the Complaint in a manner acceptable to City at its sole discretion. Notwithstanding the foregoing, City shall retain full responsibility for payment of all benefits and any other expenses or services required to be paid or provided under applicable policies or state and federal workers' compensation laws.
- (iv) Consultant agrees to supply City, at no additional cost, a transmission or report in the format in which it is then customarily stored by Consultant reflecting the results of Lien Resolution Services provided monthly. Such data shall be provided as to further allow for the application of Lien Resolution Service fees to the individual claim file and the payment of said fees.

3. PRICING PROCESSES

- (a) Pricing is based on a percent of savings after fee schedule application. There is a per lien cap that ensures the client pays no more than this maximum amount per lien. Some items, such as a walk-through service and an adequacy hearing are billed at a flat rate.
- (b) Method of Pricing: Percentage of savings per lien after fee schedule is applied, versus total billed amount. Savings is defined as the difference between total claimed lien amount after fee schedule reduction and final lien settlement amount, or amount ordered paid by WCAB.
- (i) For liens not subject to Official Medical Fee Schedules ("OMFS") nor Usual and Customary, pricing will be calculated at percentage of savings from overall difference between total amount billed and final lien settlement amount.
- (c) Authority to resolve liens without determination of OMFS granted by employer to expedite file closure will be invoiced at a reduced percentage of savings from the billed amount.
- (d) Litigation pricing is applied to liens that are the subject of a pre-trial conference statement. This includes, but is not limited to: service of trial exhibits, review of lien claimant trial exhibits, pre-trial and post-trial briefings as well as points & authorities, petitions for reconsideration, and petitions for costs and/or sanctions for frivolous litigation.

Claim Referral:

Lien resolution services are on a referral basis per claim, and subject to client approval.

CLAIMS ADMINISTRATION STANDARDS EXHIBIT

The following Standards (“Standards”) have been adopted by the Public Risk Innovation, Solutions, and Management (PRISM) Joint Powers Authority in accordance with Article 18(b) of its Joint Powers Agreement. It is the intent of these Standards to ensure compliance with all applicable Labor Code and California Code of Regulations Sections. In the event that there exists a conflict between the Standards, the Labor Code or the Code of Regulations, the most stringent requirement shall apply. **These Standards are hereby incorporated into this Agreement between City and Consultant. To the extent that the Scope of Services Exhibit conflicts with these Standards, the Scope of Services Exhibit shall take precedence.**

I. CLAIM HANDLING - ADMINISTRATIVE

A. Case Load

1. Each claims examiner assigned to the Member should handle a targeted caseload of 150 but not to exceed 165 claims. In situations where caseloads include future medical and medical only claims, these claims shall be counted as 2:1 in the caseload limit.
2. Supervisory personnel should not handle a caseload, although they may handle specific issues or a small number of conflict claims.

B. Case Review and Documentation

1. Documentation shall reflect any significant developments in the file and include a plan of action. Plan of action statements shall be updated at the time of examiner diary review.
2. The examiner shall review indemnity and medical-only files at intervals not to exceed 45 calendar days. Future medical files shall be reviewed at intervals not to exceed 90 calendar days.
3. The supervisor shall review all new claims within 60 calendar days of initial set up and subsequently monitor activity on indemnity files at intervals not to exceed 120 calendar days. Future medical files shall be reviewed by the supervisor at intervals not to exceed 180 calendar days.
4. File contents shall comply with Code of Regulations Sections 10101, 10101.1 and 15400, and be kept in a neat and orderly fashion. If claims are maintained in a paperless system, documents shall be clearly identified (e.g., medical report, WCAB Orders, legal, etc.).

5. Medical Only Claims

- a. If a medical-only claim is still open at 90 calendar days, it shall be transferred to an indemnity examiner.
- b. If, at any time, it is anticipated there will be indemnity benefits paid, the claim shall be transferred to an indemnity claim type.
- c. If the medical-only claim remains open at 180 days, the claim shall be converted to an indemnity claim type, unless there is documentation showing that medical treatment will be ending and the claimant will be discharged from care within the next 30 days, or the claimant is only seeking treatment for a blood-borne pathogen exposure protocol.

C. Communication

1. Telephone Inquiries

Return calls shall be made within 1 working day of the original telephone inquiry. All documentation shall reflect these efforts.

2. Incoming Correspondence

All correspondence received shall be clearly stamped with the date of receipt.

3. Return Correspondence

All correspondence requiring a written response shall have such response completed and transmitted within 5 working days of receipt.

4. Ongoing Claimant Contact

On cases involving unrepresented injured workers who are off work, telephone contact shall be made at a minimum of once every 30 days and within 3 working days after discharge from the hospital or outpatient facility following a surgical procedure. This is in addition to nurse case management involvement on claims where nurse casemanagers are assigned.

D. Fiscal Handling

1. Fiscal handling for indemnity benefits on active cases shall be balanced with appropriate file documentation on a semi-annual

basis and prior to sending a benefit termination notice to verify that statutory benefits are paid appropriately. Balancing is defined as, “an accounting of the periods and amounts due in comparison with what was actually paid”.

2. In cases of multiple losses with the same person, payments shall be made on the appropriate claim file.

E. Medicare Reporting

Mandatory reporting to the Center for Medicaid Services (CMS) shall be completed directly or through a reporting agent in compliance with Section

111 of the Medicare Medicaid and SCHIP Extension Act of 2007 (“MMSEA”). Medicare eligibility shall be documented in the claim file at time of settlement evaluation.

II. CLAIM CREATION

A. Three-Point Contact

Three-point contact shall be conducted on all claims with the non-represented injured worker, employer representative and treating physician within 3 working days of receipt of the claim by the third party administrator or self-administered entity. If a nurse case manager is assigned to the claim, initial physician contact may be conducted by either the claims examiner or the nurse case manager. This initial contact should be substantive and clearly documented in the claim file. In the event a party is non-responsive, there shall be evidence of at least three documented attempts to reach the individual.

B. Compensability

1. The initial compensability determination (accept claim, deny claim or delay acceptance pending the results of additional investigation) and the reasons for such a determination shall be made and documented in the file within 14 calendar days of the filing of the claim with the employer. In the event the claim is not received by the third party administrator or self-administered entity within 14 calendar days of the filing of the claim with the employer, the third party administrator or self-administered entity shall make the initial compensability determination within 7 calendar days of receipt of the claim.
2. Delay of benefit letters shall be mailed in compliance with the Division of Workers’ Compensation (DWC) guidelines. In the

event the employer does not provide notice of lost time to the third party administrator or self-administered entity timely to comply with DWC guidelines, the third party administrator or self-administered entity shall mail the benefit letters within 7 calendar days of notification.

3. The final compensability determination shall be made by the claims examiner or supervisor within 90 calendar days of employer receipt of the claim form.

C. AOE/COE Investigation

If a decision is made to delay benefits on a claim, an AOE/COE investigation shall be initiated within 3 working days of the decision to delay. This may include, but is not limited to, assigning out for witness/injured worker statements, initiating the QME/AME process, requesting medical records, etc.

D. Reserves

1. Using the information available at claim file set up, an initial reserve shall be established for the most probable case value.
2. The initial reserve shall be electronically posted to the claim within 14 calendar days of receipt of the claim.

E. Indexing

All claims shall be reported to the Index Bureau at time of initial set up and re-indexed on an as needed basis thereafter. Blood borne pathogen exposure claims are an exception to this requirement.

The EIA maintains membership with the Index Bureau that members can access.

III. CLAIM HANDLING – TECHNICAL

A. Payments

1. Initial Temporary and Permanent Disability Indemnity Payment
 - a. The initial indemnity payment shall be issued to the injured worker within 14 calendar days of knowledge of the injury and disability. In the event the third party administrator or self-administered entity is not notified of the injury and disability within 14 calendar days of the employer's knowledge, the third party administrator

or self-administered entity shall make payment within 7 calendar days of notification. Initial permanent disability payments shall be issued within 14 calendar days after the date of last payment of temporary disability. Effective 1/1/2013, permanent disability payments shall be issued upon approval of an Award pursuant to Labor Code Section 4650(b)(2). Prior to a PD Award, advances may be due if the employer has not offered the employee a position paying at least 85% of their wages and compensation at time of injury or the employee is not employed in a position paying at least 100% of their wages and compensation at time of injury. This shall not apply with salary continuation.

- b. The properly completed DWC Benefit Notice shall be mailed to the employee within 14 calendar days of the first day of disability. In the event the third party administrator or self-administered entity is not notified of the first day of disability until after 14 calendar days, the DWC Benefit Notice shall be mailed within 7 calendar days of notification.
- c. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document.
- d. Overpayments shall be identified and reimbursed timely where appropriate. The third party administrator or self-administered entity shall request reimbursement of overpaid funds from the party that received the funds. If necessary, a credit shall be sought as part of any resolution of the claim.

2. Subsequent Temporary and Permanent Disability Payments

- a. Eligibility for indemnity payments subsequent to the first payment shall be verified, except for established long-term disability.
- b. Ongoing indemnity payments shall be paid in accordance with Labor Code Section 4650(c).
- c. Subsequent DWC benefit notices shall be issued in accordance with CCR 9812.
- d. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document.

3. Final Temporary and Permanent Disability Payments

- a. All final indemnity payments shall be issued timely.
- b. The appropriate DWC benefit notices shall be issued in accordance with CCR 9812.
- c. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7. of this document.

4. Award Payments

- a. The claim file shall reflect demonstrated efforts to initiate/batch payments on undisputed Awards, Commutations, or Compromise and Release agreements within 10 working days following receipt of the appropriate document, unless the Award indicates payment is due sooner.
- b. For all claims in the primary workers' compensation program (PWC) and/or excess reportable claims, copies of all Awardsshall be provided to the Authority at time of payment.

5. Medical Payments

- a. Medical treatment billings (physician, pharmacy, hospital, physiotherapist, etc.) shall be reviewed for correctness, approved for payment and paid within 60 days of receipt.
- b. The medical provider shall be notified in writing within 30 days of receipt of an itemized bill if a medical bill is contested, denied or incomplete.
- c. A bill review process should be utilized whenever possible. There should be participation in a PPO and/or MPN wheneverpossible.

6. Injured Worker Reimbursement Expense

- a. Reimbursements to injured workers shall be issued within 15 working days of the receipt of the claim for reimbursement.
- b. Advance travel expense payments shall be issued to the injured worker 10 working days prior to the anticipated date of travel.

7. Penalties

- a. Penalties shall be coded so as to be identified as a penalty payment.
- b. If the Member utilizes a third party administrator, the Member shall be advised of the assessment of any penalty for delayed payment and the reason thereof, and the administrator's plans for payment of such penalty, on a monthly basis.
- c. If the Member utilizes a third party administrator, the Member, in their contract with the administrator, shall specify who is responsible for specific penalties.

B. Medical Treatment

1. Each Member shall have in place a Utilization Review process as set forth in Labor Code Section 4610.
2. Disputes regarding utilization review determinations shall be resolved using the Independent Medical Review process set forth in Labor Code Section 4610.5.
3. Nurse case managers shall be utilized where appropriate. Rationale for assignment and continued necessity shall be documented in the claim notes at each regular diary review.
4. If enrolled in a Medical Provider Network, the network shall be utilized whenever appropriate.

C. Apportionment

1. Investigation into the existence of apportionment shall be documented.
2. If potential apportionment is identified, all efforts to reduce exposure shall be pursued.

D. Disability Management

1. The third party administrator or self-administered entity shall work proactively to obtain work restrictions and/or a release to full duty on all cases. The TPA or self-administered entity shall notify a designated Member representative immediately upon receipt of temporary work restrictions or a release to full duty,

and work closely with the Member to establish a return to work as soon as possible.

2. The third party administrator or self-administered entity shall notify a designated Member representative immediately upon receipt of an employee's permanent work restrictions so that the Member can determine the availability of alternative, modified or regular work.
3. If there is no response within 20 calendar days, the third party administrator or self-administered entity shall follow up with the designated Member representative.
4. Members shall have in place a process for complying with laws preventing disability discrimination, including Government Code Section 12926.1, which requires an interactive process with the injured worker when addressing a return to work particularly with permanent work restrictions.
5. Third party administrators or self-administered claims professional shall cooperate with members to the fullest extent, in providing medical and other information the member deems necessary for the member to meet its obligations under federal and state disability laws.

E. Supplemental Job Displacement Benefits

1. Supplemental Job Displacement Benefits – Dates of injury on or after 1/1/04 and before 1/1/13: Benefits pursuant to Labor Code Section 4658.5 shall be timely provided. Dates of injury on or after 1/1/13: Benefits pursuant to Labor Code 4658.7 shall be timely provided.
2. The third party administrator or self-administered entity shall secure the prompt conclusion of SJDB.

F. Reserving

1. Reserves shall be reviewed at regular intervals and at time of any significant event, e.g., surgery, P&S/MMI, return to work, etc., and adjusted accordingly. This review shall be documented in the file regardless of whether a reserve change was made. Where the SIP model does not apply, claims shall be reserved for the most probable value.
2. Indemnity reserves shall reflect actual temporary disability indemnity exposure with 4850 differential listed separately.

3. Permanent disability indemnity exposure shall include life pension reserve if appropriate.
4. Future medical claims shall be reserved in compliance with CCR 15300 (b)(4) allowing adjustment for reductions in the approved medical fee schedule, undisputed utilization review, medically documented non-recurring treatment costs and medically documented reductions in life expectancy.
5. Allocated expense reserves shall include medical cost containment, legal, investigation, copy service and other related fees.
6. A reserve worksheet shall be utilized and/or detailed rationale substantiating reserve levels shall be documented within the claim file.

G. Resolution of Claim

1. Within 10 working days of receiving medical information indicating that a claim can be finalized, the claims examiner shall begin appropriate action to finalize the claim.
2. Follow up finalization efforts shall continue and be documented at regular diary reviews until resolution is complete.
3. Settlement value shall be documented appropriately utilizing all relevant information.
4. Where settlement includes resolution of future medical for a Medicare beneficiary or an expected Medicare beneficiary, the settlement shall document the strategy to protect Medicare's secondary payer status.
5. Pursuant to CCR15400.2, claim files with awards for future benefits shall be reviewed for administrative closure two years after the last provision of benefits.

H. Settlement Authority

1. No agreement shall be authorized involving liability, or potential liability, of the Authority without the advance written consent of the Authority. The member shall be notified of any settlement request submitted to the EIA.
2. The third party administrator shall obtain the Member's authorization on all settlements or stipulations in excess of the

settlement authority provided in any provision of the individual contract between the Member and the claims administrator.

3. Proof of settlement authorization(s) shall be maintained in the claim file.

IV. LITIGATED CASES

The third party administrator or self-administered entity shall establish written guidelines for the handling of litigated cases. The guidelines should, at a minimum, include the points below, which may be adopted and incorporated by reference as "the guidelines".

1. The third party administrator or self-administered entity shall promptly initiate investigation of issues identified as material to potential litigation. The Member shall be alerted to the need for in-house investigation, or the need for a contract investigator who is acceptable to the Member. The Member shall be kept informed on the scope and results of investigations.
2. The third party administrator or self-administered entity shall, in consultation with the Member, assign defense counsel from a list approved by the Member. Initial referral and ongoing litigation management shall be timely and appropriate. The third party administrator or self-administered entity shall maintain control of the ongoing claim activities.
3. Settlement proposals directed to the Member shall be forwarded by the third party administrator, self-administered entity or defense counsel in a concise and clear written form with a reasoned recommendation. Settlement proposals shall be presented to the Member as directed so as to insure receipt in sufficient time to process the proposal.
4. Knowledgeable Member personnel shall be involved in the preparation for medical examinations and trial, when appropriate or deemed necessary by the Member so that all material evidence and witnesses are utilized to obtain a favorable result for the defense.
5. The third party administrator or self-administered entity shall comply with any reporting requirement of the Member.

V. SUBROGATION

1. In all cases where a third party (other than a Member employee or agent) is responsible for the injury to the employee, attempts to obtain information regarding the identity of the

responsible party shall be made within 14 calendar days of recognition of subrogation potential.

2. Once identified, the third party shall be contacted within 14 calendar days with notification of the Member's right to subrogation and the recovery of certain claim expenses.
3. If the third party is a governmental entity, a claim shall be filed with the governing board (or State Board of Control as to State entities) within 6 months of the injury or notice of the injury. If the third party is a non-governmental entity, a complaint shall be filed in civil court within 2 years in order to preserve the statute of limitations.
4. Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the Member shall be entitled.
5. If the injured worker brings a civil action against the party responsible for the injury, the claims administrator shall consult with the Member about the value of the subrogation claim and other considerations. Upon Member authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action.
6. Whenever practical, the claims administrator shall aggressively pursue recovery in any subrogation claim. They should attempt to maximize the recovery for benefits paid, and assert a credit against the injured worker's net recovery for future benefit payments.
7. Member (and EIA if applicable) approval is required to waive pursuit of subrogation or agree to a settlement of a third party recovery. This approval shall be documented in the claim file. In cases of self-administered entities, a process shall be documented noting the authority levels within the member organization to waive pursuit of subrogation or agree to a settlement of a third party recovery.

VI. EXCESS COVERAGE

- A. Claims meeting the definition of reportable excess workers' compensation claims as defined by the Memorandum of Coverage Conditions Section shall be reported to the Authority within 5 working days of the day on which it is known the criterion is met. Utilize the Excess Workers' Compensation First Report Form available through the EIA website.

- B. Subsequent reports shall be transmitted to the Authority on a quarterly basis on all indemnity claims and on a semi-annual basis on all future medical claims or sooner if claim activity warrants, or at such other intervals as requested by the Authority, in accordance with Underwriting and Claims Administration Standards. Utilize the Excess Workers' Compensation Status Report Form available through the EIA website, or a comparable form to be approved by the Authority.
- C. Reimbursement requests shall be submitted in accordance with the Authority's reporting and reimbursement procedures on a quarterly or semi-annual basis depending on claims payment activity. Utilize the Excess Workers' Compensation Claim Reporting and Reimbursement Procedures available through the EIA website.
- D. A closing report with a copy of any settlement documents not previously sent shall be sent to the Authority.

Following is the history of amendments to this document:

Amended: March 4, 1988
Amended: October 7, 1988
Amended: October 6, 1995
Amended: October 1, 1999
Amended: June 6, 2003
Amended: March 2, 2007
Amended: July 1, 2009
Amended: July 1, 2011
Amended: March 2, 2012
Amended: October 4, 2013
Amended: July 1, 2019

RATES AND COSTS EXHIBIT

Workers' Compensation Claims Administration

Description	Pricing
Life of Contract Flat Annual Fee ¹ Includes 90 IND claims and 150 MO claims per year (<i>annual averages are reviewed at the end of each contract year to assess staffing. We do not anticipate a claim swing; these thresholds are simply put in place as a "guardrail"</i>) Plus all open claims (approx. 328 IND and 14 MO) Per claim Fee after maximum number of claims:	\$255,175.00
Medical-Only	\$175.00
Indemnity	\$1,300.00
Employer's Liability	\$1,300.00

Program Management

Description	Pricing
Data Conversion - Per Data Source	Included
Implementation Fee - One Time Fee	\$5,000.00
CareMC Access - Per Annum ² First 5 Full Access Users	Included
Each User over 5 - Per User, Per Year	\$1,000.00

¹ Includes Assistance with Self-Insured Data for State Reports, State Statistical Reporting & All State Filing Requirements

² Includes Executive Dashboard, Claim Details, Claims Summary Screen & Claims Reporting

Account Management and Technical Support

Description	Pricing
Account Management Staff	Included
(Optional Service, not to be engaged without the City's consent)	
Electronic Data Transmission	
Monthly File	\$250.00
Weekly File	\$600.00
Daily File	\$2,000.00
Training – Onsite and Online	Included
Technical Support	Included
State EDI Files	Included
Monthly Reporting	Included
Ad hoc Report Programming - Per Hour	\$200.00
Communication Materials/Posters	Pass through printing cost
Annual Banking Fees	One account included
Additional Account(s) - Per Account	\$1,000.00
Carrier TPA Oversight Fees ¹	Bill from Carrier to Client

¹ Fees charged by the carrier (Oversight fees, Tail Claim transfer / takeover fees, etc.) are the responsibility of the client and will be billed directly to the client by the carrier or by Consultant should Consultant be invoiced for such fees.

Intake and Immediate Intervention Services

Description	Pricing
Claim Intake (includes one FNOL distribution) - Per Intake	Included
Incident Only Reporting - Per Incident	Included
Advocacy 24/7 - Per Call	\$95.00
Telehealth Services	Fee Schedule or U&C value by CPT code

Allocated Expense Fees

Legal Services

Description	Pricing
Subrogation	25% of Recoveries
Legal Bill Auditing ¹	2.5% of gross legal charges reviewed
Indexing and OFAC Compliance - Per Index	\$15.00

¹ Fees will never exceed the savings generated

Bill Review Services

Description	Pricing
Bill Review: Includes Standard Fee Schedule and UCR - Per Bill ^{1,2}	\$8.50
+ Network Solutions Includes: ² Clinical Review, Implant Analysis, Line Item Bill Review, Negotiations, PPO Network Access, Substantive Denials, Technical Evaluation	24% of Savings
Minimum Transaction Fee ²	\$8.50
State EDI, Scanning/OCR, Initial 1099 Provider Notification Letter	Included

¹ Includes bill intake, document imaging, file upload, state EDI's, and initial 1099 provider notification letters.

² Minimum transaction fee (MTF) per bill transaction. Applied per transaction if all other applicable fees do not meet the minimum transaction fee. Applies to all transactions, including but not limited to, Specialty Bills, Duplicate Bills and bills sent for Re-consideration or Re-evaluation. There is a maximum bill review transaction fee of \$15,000.00.

Patient Management

Description	Pricing
Telephonic Case Management, Field Case Management and Return to Work Coordinator - Per Hour Alaska, California, Hawaii and New York All Other States ^{1,2}	\$135.00 \$124.00
Vocational Rehabilitation - Per Hour ²	\$175.00
Specialty Services (Catastrophic, Life Care Plan, Medicare Conditional Payments, Medicare Set Asides, Bilingual) - Per Hour	\$206.00
Nurse Utilization Review - Per Review	\$150.00
Physician Utilization Review - Per Review	\$275.00
UR Authorization Only (Adjuster Review) - CA - Per Review	\$40.00
Care Advocate - Per Claim	\$50.00
PeerWell App Access - Per Claim (One-Time Fee)	\$500.00

¹ Fee applies to all States with the exception of premium states (CA, HI, AK, and NY).

² Statutory rates supersede if applicable.

Prevailing IRS Mileage Rate applies.

Each invoice for Case Management Services shall have an additional professional service fee of \$39.00 billed to City.

Pharmacy Solutions

Description	Pricing
Retail Pharmacies	
Brand	AWP -17% + \$3.00 dispensing fee
Generic	AWP -45% + \$3.00 dispensing fee
Mail Order	
Brand	AWP -18% + \$2.00 dispensing fee
Generic	AWP -55% + \$2.00 dispensing fee
Clinical Modeling	
Integration of Pharmacy Data	Included
Dynamic Calculation/Display in Care ^{MC}	Included
Pharmacy Interventions	
Certified Pharmacy Technician	Included
Rx Nurse	Included
Nurse Management	Case Management hourly rate
Pharmacy Review - Per Review	\$375.00
Cognitive Behavioral Therapy - Per Hour	\$250.00
Medication Review - Per Hour	\$250.00

Ancillary Benefit Management Services

Description	Pricing
Medical Imaging Services	Varies by State and Diagnostic
Independent Medical Exam	See 2022 IME/Peer Fee Schedule
Physical and Occupational Therapy	Varies by State
Durable Medical Equipment	Varies by State and Equipment
IME Peer Review - Per Hour	See 2022 IME/Peer Fee Schedule
Transportation	Varies by State and Service
Translation	Varies by State and Service Level

Medicare Agent Reporting

Description	Pricing
Set up and engagement	Included
Monthly Maintenance	Included
Quarterly Reporting	Included

California Lien Program

Description	Pricing
Set up fee/minimum fee - Per Lien ¹	\$50.00
Percent of savings off Fee Schedule	20% of savings
Lien Cap	\$3,000.00
Lien Conference	\$500.00
Lien Trial	
Half Day	\$500.00
Full Day	\$750.00
DOR Filing	Included
Service and Review of Initial Discovery	Included
Litigation Review and Support - Per Hour	\$125.00

¹ Deducted from total fee if over \$100.00

State Certified Managed Care Networks

Description	Pricing
Implementation, Filing, Setup (one-time fee) ¹	
Standard Network - CA MPN	\$2,500.00 per network
Standard Network - CA MPN & CA Kaiser	\$3,500.00 per network
Custom Network - CA MPN	\$5,000.00 per network
Administration ²	CA MPN: +\$2.50/bill
Optional Services (Appointment Scheduling, Training, Panel Creation, etc.)	Varies by State

¹ Implementation & administration for all other MCOs (AR MCO, CT MCO, FL MCA, GA MCO, MN MCO, NE MCO, NH MCO, NJ MCO, OK CMP & WV MHCP) are included in bill review fees. Each applicable state represents a separate network.

² Additional bill fee is applied to all Bill Review transactions relating to the applicable state regardless of the bill's network utilization.

*The above pricing per claim is based on handling of all claims that occur and are reported during the agreement period. If life of contract pricing is selected, claims will be handled until closed or until the end of the agreement period, whichever comes first. If life of claim pricing is selected, claims will be handled until closed. Pricing is valid for first year of the contract. At the end of the first year and each year thereafter, all fees outlined on the claims and managed care pricing sheet shall increase the greater of CPI or 3.5%.
Any service not identified in this proposal will be provided at a later time.*

(2) **Fees for Additional Professional Services:** If City requires any additional professional services from Consultant relating to the Services or the CareMC Application, including but not limited to integration of the CareMC Application with EDI or other City systems, City shall submit a written request to Consultant for such services. Consultant shall, in good faith, consider providing such services at its then-current professional services fee rate and standard terms and conditions.

(3) **Billing and Payments for Case Management.** Consultant will invoice City monthly for all fees related to Case Management Services directly to the specific claims file. Billing for Case Management is based on actual time per activity. Activity is based on ten (10) minute, a sixth (.17) of an hour, units. Time billed that exceeds the base billing unit multiple, i.e., 10 minutes, 20 minutes, etc., will be converted to the next billing unit.

INSURANCE EXHIBIT INS-A



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/14/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh Risk & Insurance Services 17901 Von Karman Avenue, Suite 1100 (949) 399-5800; License #0437153 Irvine, CA 92614 Attn: Newportbeach.Certrequest@marsh.com	CONTACT NAME: <table style="width: 100%;"> <tr> <td style="width: 60%;">PHONE (A/C, No, Ext):</td> <td style="width: 40%;">FAX (A/C, No):</td> </tr> <tr> <td colspan="2">E-MAIL ADDRESS:</td> </tr> </table>	PHONE (A/C, No, Ext):	FAX (A/C, No):	E-MAIL ADDRESS:	
PHONE (A/C, No, Ext):	FAX (A/C, No):				
E-MAIL ADDRESS:					
INSURER(S) AFFORDING COVERAGE					
INSURER A : Travelers Property Casualty Company of America					
INSURER B : The Continental Insurance Company					
INSURER C : Allied World National Assurance Company					
INSURER D :					
INSURER E :					
INSURER F :					

COVERAGES **CERTIFICATE NUMBER:** LOS-002469765-93 **REVISION NUMBER:** 23

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GENTL AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC OTHER:			TJGLSA9K05728221	04/30/2021	04/30/2022	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY			TJCAP9K05729421	04/30/2021	04/30/2022	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Comp./Coll. Ded. \$ 500
B	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 10,000			CEU6075991079	04/30/2021	04/30/2022	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	UB2P6911372151K (AOS) UB2P6408322151R (AZ,MA,NE,WI)	04/30/2021 04/30/2021	04/30/2022 04/30/2022	☒ PER STATUTE ☐ OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Managed Healthcare Prof. Liab.			0313-1676 (SIR: \$2,500,000)	11/30/2021	11/30/2022	Per Claim (Limit in USD) 5,000,000 Aggregate 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Evidence of Insurance.

CERTIFICATE HOLDER

CorVel Enterprise Comp, Inc. 1920 Main Street Suite 900 Irvine, CA 92614	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Marsh Risk & Insurance Services</i>
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ACORD 25 (2016/03)

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INSURANCE REQUIREMENTS FOR CONSULTANTS (WITH ERRORS AND OMISSIONS REQUIREMENT)

1. Consultant shall obtain and maintain during the performance of any services under this Agreement the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of services hereunder by Consultant, its agents, representatives, employees or subconsultants.

a. Commercial General Liability Insurance, including Contractual Liability, 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 CG 0001). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. 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 Insurance Services Office automobile liability coverage (Occurrence Form CA0001) covering Code No. 1, "any auto;"

c. Professional liability/errors and omissions insurance appropriate to Consultant's profession to a minimum coverage of \$1,000,000, with neither Consultant nor listed subconsultants having less than \$500,000 individually. The professional liability/errors and omissions insurance must be project specific with at least a one year extended reporting period, or longer upon request.

d. Workers' compensation insurance in compliance with the laws of the State of California, and employer's liability insurance in an amount not less than \$1,000,000 per claimant. Additionally, the workers' compensation policy shall include a waiver of all rights of subrogation which the insurer may have against the City.

2. Consultant shall, prior to performance of any services, file with the Risk Manager certificates of insurance with original endorsements effecting coverage required by this Exhibit INS-A. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Risk Manager. All certificates and endorsements are to be received and approved by the Risk Manager before commencement of services. City reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be sent via email (or fax if necessary) to the Risk Manager, addressed as follows (do not send hard copies):

City of Oxnard
Insurance Compliance
Reference No. _____
P.O. Box 100085 – OX
Duluth, GA 30096
Via Email: cityofoxnard@ebix.com
Via Fax: 678-259-1007

3. Consultant agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled, or reduced in coverage or limits without 30 days' prior written notice to the Risk Manager. The Risk Manager shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Consultant agrees that the commercial general liability and business automobile liability insurance policies shall be endorsed to name City, its City Council, officers, employees, agents and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, its City Council, officers, employees, agents and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Exhibit INS-A or substitute forms containing the same information and acceptable to the Risk Manager shall be used to provide the endorsements (ISO form CG 2010 11/85 or if not available, CG 2010 with an edition date prior to 01/04 and CG 2037).**

5. The coverages provided to City shall be primary and not contributing to or in excess of any existing City insurance or self-insurance coverages (**this must be endorsed**). Additionally, the workers' compensation policy shall include a waiver of all rights of subrogation which the insurer may have against the City. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its City Council, officers, employees and volunteers. The insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. The insurer shall declare any deductibles or self-insured retentions to and be approved by the Risk Manager. At the option of the Risk Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its City Council, officers, employees and volunteers, or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

7. All insurance standards applicable to Consultant shall also be applicable to Consultant's subconsultants. Consultant agrees to maintain appropriate agreements with subconsultants and to provide proper evidence of coverage upon receipt of a written request from the Risk Manager.

INSTRUCTION FOR SUBMITTING INSURANCE CERTIFICATES AND ENDORSEMENT FORMS

Certificates of Insurance

The sample accord form on the following page is provided to facilitate your preparation and submission of certificates of insurance. You may use this or any industry form that shows coverage as broad as that shown on the attached sample. **Please note the certificate holder address must be as shown on the attached sample accord form with the contract number and insurance exhibit identification information completed.** Improperly addressed certificates may delay the contract start-up date because the City's practice is to return unidentifiable insurance certificates to the insured for clarification as to the contract number. **Cancellation provisions must be endorsed to the policy. Modifying the certificate does not change coverage or obligate the carrier to provide notice of cancellation.**

Endorsement Forms

Original endorsements are required for commercial general liability and business automobile liability insurance policies and must be attached to the applicable certificate of insurance. City preference is that the Consultant/insurer use the endorsement forms which are attached. Substitute forms will be accepted, however, as long as they include provisions comparable to the sample accord form.

INS-A.doc

ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

PRODUCER		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
CODE	SUB-CODE	COMPANIES AFFORDING INSURANCE COVERAGE	
INSURED		COMPANY LETTER A	SPECIFY COMPANY NAMES IN THIS SPACE
		COMPANY LETTER B	

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY [x] COMMERCIAL GENERAL LIABILITY [] CLAIMS MADE [x] OCCUR. [x] OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$1,000,000 PRODUCTS COMP/OP AGG. \$1,000,000 PERSONAL & ADV. INJURY \$1,000,000 EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
A	AUTOMOBILE LIABILITY [x] ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE \$1,000,000 LIMIT BODILY INJURY \$ (Per person) BODILY INJURY \$ (Per accident) PROPERTY DAMAGE \$
A	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
A	OTHER Errors and omissions insurance or malpractice insurance available for the insured's profession				Minimum coverage \$1,000,000 Each consultant/ & listed sub-consultant \$500,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

CERTIFICATE HOLDER

CITY OF OXNARD

Attn: Insurance Compliance

Reference No. _____

P.O. Box 100085 – OX

Duluth, GA 30096

Via Email: cityofoxnard@ebix.com

Via Fax: 678-259-1007

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

[illegible]

CONSULTANT ENTERPRISE COMP, INC. CAREMC LICENSE AGREEMENT

This CareMC License Agreement (this “License Agreement”) is entered into as of July 1, 2022 (the “Effective Date”) by and between CorVel Enterprise Comp, Inc., a wholly-owned subsidiary of CorVel Corporation (“Consultant”), 1920 Main Street, Suite 900, Irvine, CA 92614 (“Consultant”) and City of Oxnard (“City”).

RECITALS

WHEREAS, Consultant has developed a proprietary software solution (the “CareMC Application”) which is accessible via the Consultant web site located at URL www.caremc.com (the “CareMC Site”), through which Consultant provides its customers with the option of utilizing certain Third Party Claims Administration Services and bundled Managed Care Services, including certain Bill Review Services, online (such automated and online components of Consultant’s Managed Care Services, “Online Services”); and **WHEREAS**, Consultant has developed a proprietary smartphone application (“My Care Services” smartphone app) for City and City’s claimants accessible via claimant’s own independent smartphone including but not limited to Apple’s iOS 7.0+ or Android 4.0+ or other smartphone device with such access capabilities; and

WHEREAS, Consultant provides its customers with the option of accessing certain Third Party Claims Administration Services and bundled Managed Care Services by means of Consultant’s proprietary software solution (the “CareMC Application”) via the Consultant web site located at the URL “www.caremc.com” (the “CareMC Site”); and

WHEREAS, Consultant and City have entered into a Professional Services Agreement (A-8455); and

WHEREAS, City desires to be provided with access to and use of the CareMC Application by means of an Internet browser under the terms and conditions set forth in this License Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, the promises made herein, and other good and valuable consideration the receipt which is hereby acknowledged, the parties agree as follows:

1. ACCESS TO THE CAREMC APPLICATION

A. Terms of Use. The parties acknowledge and agree that the terms and conditions under which particular Third Party Claims Administration Services and bundled Managed Care Services are provided by Consultant and the terms and conditions under which City may access and use the CareMC Application in order to utilize the online and automated components of such Third Party Claims Administration Services and bundled Managed Care Service (the “Online Services”) shall be governed by the terms and conditions of this License Agreement.

B. My Care App. City agrees and acknowledges the terms and conditions that City’s claimants shall agree upon by utilizing Consultant’s My Care App as described hereunder as Attachment A to this License Agreement.

C. Registration Information. Prior to accessing the CareMC Application, City shall provide Consultant with certain registration information requested therein (“Registration Information”). City represents and warrants that (i) the Registration Information City provides is true, accurate, current and complete, and (ii) the Registration Information will be updated as necessary to keep such data true, accurate, current and complete.

D. Passwords and Levels of Access. As soon as practicable after the execution of this License Agreement, Consultant shall provide a master password to City that allows City initial access to the Online Services (the “Master Password”). City shall then designate a group of Authorized Users. The group of Authorized Users (“Restricted Users”) shall have access to all data available on the CareMC Site including data that constitutes or contains “personally identifiable information” (“PII Data”) as such term is defined in any applicable state or federal statutes or regulations. Each Restricted User shall initially access the Online Services by means of the Master Password, then shall be required to choose his/her own unique password (each, a “Restricted Password”) for all future access.

E. Security of Passwords. City acknowledges and agrees that it shall be solely responsible for (i) selecting Authorized Users, (ii) assigning the various levels of authority and access each Authorized User may have to the CareMC Application, Online Services and City Data, including by determining which Authorized Users shall be Non-Restricted Users, (iii) ensuring that only Authorized Users have access to the Master Password, only Restricted Users have access to the Restricted Passwords and only Non-Restricted Users have access to Non-Restricted Passwords, (iv) implementing a system to control, track and account for all Restricted Passwords and Non-Restricted Passwords, (v) strictly maintaining the confidentiality and integrity of the Master Password, Restricted Passwords and Non-Restricted Passwords and levels of authority among Authorized Users, and (iv) ensuring that Authorized Users shall at all times comply with the terms and conditions of this License Agreement. City further agrees that it shall notify Consultant immediately in writing if the security or integrity of a password has been compromised.

F. City Data. Responsibility for ensuring that the content and data input into the CareMC Application by City or Authorized Users (“City Data”) is accurate, reflects City’s requirements and is entered correctly lies solely with City. All data generated by and through City’s use of the CareMC Application and Online Services shall reside on Consultant’s server. Consultant reserves the right to temporarily suspend access to any City Data that it determines, in its sole discretion, violates the terms and conditions of this License Agreement or any applicable laws.

G. Changes to the CareMC Application. Consultant reserves the right, at any time in its sole discretion and without liability to City, to delete or change features of the CareMC Application, CareMC Site or Online Services provided such changes do not materially alter the functionality, efficiency or performance of the CareMC Application.

2. LICENSE AND RESTRICTIONS

A. Limited License. Subject to the terms and conditions of this License Agreement, Consultant grants to City during the License Term (as defined in Section 8A below) a limited, non-exclusive, non-transferable, non-sublicensable license to access and use, and allow Authorized Users to access and use, the CareMC Application via the CareMC Site solely for City's own internal business use and operations. City shall access and use the CareMC Application in accordance with the user's guides and online instruction provided to City by Consultant ("Documentation") and all applicable laws, statutes, rules and regulations.

B. Restrictions. City shall not, and shall not allow Authorized Users or any third party to (i) rent, lease, re-license or otherwise provide access to the CareMC Application or Online Services to any third party, (ii) alter, modify or create derivative works of the CareMC Application, (iii) use any reverse compilation, decompilation or disassembly techniques or similar methods to determine any design structure, concepts and construction method of the CareMC Application or replicate the functionality of the CareMC Application for any purpose, or (iv) copy the CareMC Application or any content, materials, information and other data provided by Consultant on the CareMC Site or used in providing the Online Services ("Consultant Content") and/or Documentation without Consultant's prior written consent.

C. Third Parties. City shall not allow any third party to have access to the CareMC Application or Online Services without prior written consent of Consultant and ensuring that (i) such third party enters into a legally enforceable written agreement with Consultant, or (ii) Consultant and City shall enter into a Letter Agreement whereby City assumes all responsibility and liability for access by such third party.

D. Ownership. Consultant owns and shall retain all right, title and interest in and to the CareMC Application, Documentation, CareMC Site, Online Services, Consultant Content and any intellectual property rights inherent therein or arising therefrom. In addition to Consultant's rights in the individual elements of the Consultant Content, Consultant owns a copyright in the selection, coordination, arrangement and enhancement of the Consultant Content. Neither City nor any Authorized User shall obtain any ownership rights, express or implied, or any other rights other than those expressly set forth herein in the CareMC Application, Documentation or Consultant Content.

E. Compliance Monitoring and Audits. Consultant may monitor and perform remote audits of City's use of the CareMC Application and CareMC Site for the purpose of verifying that City and Authorized Users are using the CareMC Application in compliance with the terms of this CareMC License Agreement. Consultant reserves the right, to temporarily suspend City's or any Authorized User's access to the CareMC Application in the event City or such Authorized User engages in, or Consultant in good faith suspects is engaged in, any unauthorized conduct. Upon such suspension, Consultant shall immediately inform City of such suspension and though the support of City resolve any issue which has arisen within a commercially reasonable timeframe.

3. INFRASTRUCTURE, MAINTENANCE AND SUPPORT

A. Consultant Infrastructure Obligations. Subject to City's compliance with the terms and conditions of this License Agreement, Consultant shall be responsible for providing and maintaining the hardware, software and other equipment required to host the CareMC Application for City ("CareMC Infrastructure"). The CareMC Infrastructure is subject to modification by Consultant from time to time for purposes such as adding new functionality, maximizing operating efficiency and upgrading hardware, provided such modifications shall not in the aggregate degrade the performance of the Online Services utilized by City. City understands and acknowledges that such modifications may require changes to City's Internet access and/or telecommunications infrastructure to maintain City's desired level of performance. Consultant shall give City reasonable prior written notice of any such modifications.

B. City Infrastructure Obligations. Except for the CareMC Infrastructure, which will be provided by Consultant, City shall be responsible for obtaining and maintaining all hardware, software, equipment, Internet access and/or telecommunications services and other items or services furnished by third party vendors or providers ("Third Party Providers") required to enable City to access and use the CareMC Application and CareMC Site as contemplated hereunder.

C. Support. Consultant will provide general support regarding questions on the CareMC Application and CareMC Site via email and by telephone from Monday through Friday between the hours of 5:00 a.m. and 6:00 p.m. Pacific Standard Time, excluding holidays.

D. Scheduled Maintenance. Consultant will use reasonable efforts to (i) perform any scheduled downtime outside of City's normal business hours, (ii) notify City of all scheduled downtimes at least seventy-two (72) hours in advance, and (iii) perform software updates to the CareMC Application with minimal disruption to City's use of the Online Services.

E. System Monitoring. Consultant will use reasonable efforts to continuously monitor its web servers and database servers to ensure that they are functioning properly.

F. Security. Consultant will implement and use reasonable efforts to maintain secure systems through the use of firewalls, virtual private networks (VPN), and other security technologies. Consultant will use reasonable efforts to as pursuant to applicable laws report to City any confirmed breach of Consultant's systems affecting City Data within seventy-two (72) hours .

G. Disaster Recovery and Backup. Consultant will use reasonable efforts to perform nightly backups of essential data on its web servers and database servers. Consultant has implemented third party backup and restoration technology to enable high speed recovery of data. Consultant utilizes redundant load balanced industry standard servers for 24x7, 365 day access, except for regularly scheduled system maintenance and upgrade processes. SQL Server databases are hosted on clustered servers offering fall-over capability, redundant

communication links, and load balanced application servers. Backup tapes are restored into a test environment not less than quarterly to confirm validity of backups. The CareMC Site has redundant inbound Internet and Intranet connectivity.

H. Professional Managed Care Services. If City requires any additional professional services relating to the CareMC Application or Online Services from Consultant including but not limited to integration with City's electronic data interfaces (EDIs) or other City systems, City shall submit a written request to Consultant for such services. Consultant shall, in good faith, consider providing such services at its then-current professional services fee rate and standard terms and conditions.

4. REPRESENTATIONS AND WARRANTIES

A. City Representations. City represents that (i) it has the legal authority to provide the City Data to Consultant hereunder, and (ii) it is fully aware and knowledgeable of and shall comply with its duties and responsibilities with respect to the privacy and confidentiality of medical records and protected health information under applicable federal and state laws, including but not limited to those imposed by applicable state and federal privacy and security laws. Upon written notice to City, Consultant may modify or temporarily suspend City's access to and use of the CareMC Application, Online Services and/or CareMC Site as necessary to comply with any law or regulation.

B. Consultant Warranties. Consultant warrants that (i) it shall use commercially reasonable professional practices and good workmanship in providing the CareMC Application, and (ii) City support will be performed consistent with generally accepted industry standards. These warranties extend only to City.

C. Exclusive Remedy. For any breach of the foregoing warranties, Consultant's entire liability and City's exclusive remedy will be the correction of the problems or errors that cause the breach of warranty, if feasible, or termination of the Agreement.

5. DISCLAIMERS AND LIMITATIONS OF LIABILITY

A. Disclaimers. TO THE EXTENT ALLOWED BY APPLICABLE LAW, EXCEPT FOR THE LIMITED WARRANTIES DESCRIBED IN SECTION 4B ABOVE, CONSULTANT MAKES NO OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AND EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, GOOD TITLE, SATISFACTORY QUALITY AND NONINFRINGEMENT. CITY SPECIFICALLY ACKNOWLEDGES AND AGREES AS FOLLOWS:

(i) Internet Usage. City acknowledges that the Internet is essentially an unregulated, insecure and unreliable environment, and that the ability of City to access and use the CareMC Application is dependent on the Internet and hardware, software and services provided by various Third Party Providers. CONSULTANT SHALL NOT BE RESPONSIBLE FOR CITY'S INABILITY TO ACCESS OR USE THE CAREMC APPLICATION TO THE EXTENT SOLELY CAUSED BY FAILURES OR INTERRUPTIONS OF ANY HARDWARE, SOFTWARE OR SERVICES PROVIDED BY CITY OR THIRD PARTY PROVIDERS.

(ii) CareMC Application. CITY ACKNOWLEDGES AND AGREES THAT CONSULTANT DOES NOT WARRANT THAT THE CAREMC APPLICATION OR ONLINE SERVICES ARE ERROR FREE, THAT CITY WILL BE ABLE TO ACCESS OR USE THE CAREMC APPLICATION OR ONLINE SERVICES WITHOUT PROBLEMS OR INTERRUPTIONS, OR THAT THE CAREMC SITE AND CAREMC APPLICATION ARE NOT SUSCEPTIBLE TO INTRUSION, ATTACK OR COMPUTER VIRUS INFECTION.

B. Exclusion of Damages.

(i) Exclusion of Damages. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS OR LOST REVENUES) UNDER THIS AGREEMENT, WHETHER OR NOT FORESEEABLE AND REGARDLESS OF WHETHER CLAIMS UNDER THIS AGREEMENT ARE BROUGHT UNDER TORT, CONTRACT OR ANY OTHER LEGAL OR EQUITABLE THEORY.

(iii) Acknowledgment. The parties acknowledge that the limitations and disclaimers set forth in this Agreement were an essential element in setting consideration under this Agreement.

6. INDEMNIFICATION

A. Mutual Indemnification. Subject to section 6D below, each party shall defend any third party claim against the other party arising from the death of or physical injury to any person or damage to the indemnified party's property to the extent proximately caused by the negligence of the indemnifying party or its agents or employees, and indemnify and hold harmless the other party and its respective officers, directors and employees from and against damages, liabilities and reasonable costs and expenses, including reasonable legal fees ("Losses") incurred in connection therewith.

B. Indemnification by Consultant. Subject to Section 6D below, Consultant shall defend any third party suit or action against City to the extent such suit or action is based on a claim that City's permitted use of the CareMC Application under this Agreement constitutes an infringement of a United States patent, trademark, trade name, trade secret, copyright or other United States intellectual property right, and Consultant will pay those Losses finally awarded against City in any monetary settlement or final, non-appealable judgment of such suit or action which are specifically attributable to such claim. This indemnity does not apply to any claims based on City's use of the CareMC Application (i) in violation of this Agreement or the Documentation (as defined in the CareMC License Agreement), (ii) in combination with any other software, hardware, network or system where the alleged infringement relates to such combination, or (iii)

based on Consultant's compliance with City's instructions, designs or specifications where the alleged infringement relates to such compliance. If any portion of the CareMC Application becomes, or in Consultant's opinion is likely to become, the subject of a claim of infringement, then Consultant may, at its option and expense, procure for City the right to continue using the CareMC Application or replace or modify the affected portion of the CareMC Application so that it becomes non-infringing. If neither alternative is reasonably available, Consultant may terminate this Agreement. THE FOREGOING STATES CONSULTANT'S ENTIRE LIABILITY AND CITY'S SOLE REMEDY FOR INFRINGEMENT CLAIMS.

C. City Indemnification. Subject to Section 6D below, City shall defend, indemnify and hold harmless Consultant from Losses arising out of or relating to (i) City's misuse of, modification to, rejection of or failure to implement on a timely basis any of Consultant's recommendations made hereunder, (ii) acts or omissions by Consultant that were undertaken at the express direction of City, (iii) City's use of the CareMC Application in violation of the terms of the CareMC License Agreement, (iv) data or content included in or omitted from City Data (as defined in the CareMC License Agreement), (v) subject to Section 6A above, any claim by an employee of City or City's insureds brought against Consultant due to the recommendations made by Consultant hereunder and not caused by a breach by Consultant of its obligations hereunder in providing such recommendations, and (vi) any claim described in Section 6B(i)-(iii) above.

D. Conditions. The parties' indemnification obligations under this Section 6 are contingent upon: (i) the indemnified party giving prompt written notice to the indemnifying party of any claim under this Section (provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent, and only to the extent, that the indemnifying party shall have been actually prejudiced as a result of such failure), (ii) the indemnifying party having the right, but not the obligation, to assume sole control of the defense or settlement of the claim, and (iii) at the indemnifying party's request and expense, the indemnified party cooperating in the investigation and defense of such claim(s). If the indemnifying party assumes the defense of any claim hereunder, the indemnified party shall be entitled to participate in (but not control) such defense and to retain its own counsel, at its own expense. The indemnifying party shall not settle or consent to an adverse judgment in any such claim that adversely affects the rights or interests of the indemnified party or imposes additional obligations on the indemnified party, without the prior express written consent of the indemnified party.

7. INSURANCE

A. Consultant Insurance. Consultant, at its sole expense, agrees to maintain, at all times during the term of the Agreement, the required professional liability, errors and omissions, workers' compensation, general, and auto liability insurance coverages as set forth on the Certificate of Insurance provided with the executed Service Agreement with an effective date of *[insert date]*.

B. City Insurance. City, at its sole expense, agrees to keep in force comprehensive general liability insurance and professional liability insurance with coverage limits in accordance with acceptable industry standards for the term of this Agreement. Upon request by Consultant, City shall furnish Consultant with a certificate of such insurance. City shall provide Consultant with prior written notice of any cancellation, non-renewal or material change to any such insurance coverages pursuant to its insurance policies. It is agreed that City shall be deemed in compliance with this Section 7B by being self-insured under terms and conditions and with sufficient reserves as is customary within the industry for companies of comparable size and operations.

8. LICENSE TERM AND TERMINATION

A. Term. The Term of the License Agreement shall run coterminous with the Master Agreement unless terminated pursuant to Section 8B or 8C hereunder this License Agreement.

B. Termination for Convenience. Either party shall have the right to terminate this License Agreement for any reason or for no reason, upon ninety (90) days written notice to the other party.

C. Termination for Cause. This License Agreement may be terminated by either party for cause as follows: (i) upon thirty (30) days written notice if the other party breaches or defaults under any material provision of this Agreement and does not cures such breach prior to the end of such thirty (30) day period, (ii) effective immediately and without notice if the other party ceases to do business, or otherwise terminates its business operations, except as a result of an assignment, as permitted under the terms and conditions of this License Agreement, or (iii) effective immediately and without notice if the other party becomes insolvent or seeks protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other (and not dismissed within ninety (90) days).

D. Effect. Except to the extent expressly provided to the contrary herein, any right of action for breach of the License Agreement prior to termination, and the following provisions shall survive the termination of this License Agreement: Sections 1G, 2D, 4, 5 and 6. Additionally, upon termination or expiration of the License Agreement (i) Consultant shall provide City with any proprietary data belonging to City, in the current format in which it is stored at Consultant at the termination of the License Agreement, (ii) all licenses granted under this License Agreement shall terminate immediately, (iii) all rights to use the CareMC Application and Online Services shall cease immediately, and (iv) each party shall promptly return all information, documents, manuals and other materials belonging to the other party related to this License Agreement, whether in printed or electronic form, except as otherwise provided in this License Agreement, including without limitation all confidential information of the other party then currently in its possession.

9. CONFIDENTIALITY

A. Definition of Confidential Information. "Confidential Information" shall mean any non-public data, information and other materials regarding the products, services or business of a party (and/or, if either party is bound to protect the confidentiality of any third

party's information, of a third party) provided to either party by the other party where such information is marked or otherwise communicated as being "proprietary" or "confidential" or the like, or where such information should, by its nature, be reasonably considered to be confidential and/or proprietary. Without limiting the foregoing, the parties agree that (i) the CareMC Application, Documentation, Consultant Content (as defined in the in the CareMC License Agreement) and all software, source code, source documentation, inventions, know-how, and ideas, updates and any documentation and information relating thereto constitutes Confidential Information of Consultant, (ii) the City Data (as defined in the CareMC License Agreement) constitute Confidential Information of City, and (iii) this Agreement, the Exhibits and Schedules attached hereto, and the terms and conditions set forth herein and therein are Confidential Information of both parties.

B. Disclosure and Use of Confidential Information. The Confidential Information disclosed by either party ("Disclosing Party") to the other ("Receiving Party") constitutes the confidential and proprietary information of the Disclosing Party and the Receiving Party agrees to treat such Confidential Information in the same manner as it treats its own similar proprietary information, but in no case will the degree of care be less than reasonable care. The Receiving Party shall use the Confidential Information of the Disclosing Party only in performing under this Agreement and shall retain the Confidential Information in confidence and not disclose it to any third party (except as authorized under this Agreement) without the Disclosing Party's express written consent. The Receiving Party shall disclose the Disclosing Party's Confidential Information only to those employees and contractors of the Receiving Party who have a need to know such information for the purposes of this Agreement, and such employees and contractors must be bound by this Agreement or have entered into agreements with the Receiving Party containing confidentiality provisions covering the Confidential Information with terms and conditions at least as restrictive as those set forth herein.

C. Exceptions. Notwithstanding the foregoing, the parties' confidentiality obligations hereunder shall not apply to information which: (i) is already known to the Receiving Party prior to disclosure by the Disclosing Party, (ii) becomes publicly available without fault of the Receiving Party, (iii) is rightfully obtained by the Receiving Party from a third party without restriction as to disclosure, (iv) is approved for release by written authorization of the Disclosing Party, (v) is developed independently by the Receiving Party without use of or access to the Disclosing Party's Confidential Information, or (v) is required to be disclosed by law, rule, regulation, court of competent jurisdiction or governmental order, provided, however, that the Receiving Party shall advise the Disclosing Party of the Confidential Information required to be disclosed promptly upon learning thereof in order to afford the Disclosing Party a reasonable opportunity to contest, limit or assist the Receiving Party in crafting the disclosure, and then such disclosure shall be made only to the extent necessary to satisfy such requirements.

D. Use of Data. Nothing shall prohibit Consultant from using aggregate, non-identifying, statistical data generated through its customers', including City, use of the CareMC Application and Online Services for analytical purposes, provided that Consultant shall not use or disclose any such data or information in a manner that would reveal the identity of, or other confidential information concerning, City. Such aggregate, non-identifying statistical data could include, without limitation, statistics regarding usage of the CareMC Application and Online Services, the number of case referrals generated through the CareMC Application and Online Services and the efficiencies gained by Consultant customers through their use of the CareMC Application and Online Services.

10. GENERAL PROVISIONS

A. Choice of Law. This Agreement shall be governed by and construed under the laws of the State of California and the United States without regard to conflicts of laws provisions thereof. The parties expressly agree that the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from application to this Agreement. The parties submit to the jurisdiction of the United States federal courts for the State of California and agree, that said courts have the sole and exclusive jurisdiction over any cause of action arising under or in connection with this Agreement.

B. Compliance with Laws. Both parties shall comply with all federal, state, and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

C. Contacts for Notices. All written notice required or permitted hereunder shall be in writing and shall be sufficient if personally delivered or sent by facsimile or internationally recognized delivery service to the address or fax number set forth below, unless such address or fax number is changed by notice, to the other party, as permitted hereunder. Any notices shall be deemed given on the date received, as indicated (i) by receipt of electronic answer back in the case of facsimile, or (ii) the records of the delivery service, if by courier.

If to Consultant:
 CorVel Corporation
 1920 Main Street, Suite 900
 Irvine, California 92614
 Attn: Legal Department
 Phone: (949) 851-1473
 Fax: (866) 434-2469
 Email: Corporate_Legal@Consultant.com
 If to City:

City of Oxnard Human Resources
 300 West Third Street, 1st Floor
 Oxnard, CA 93030
 Attn: Risk Manager

D. Assignment. Neither this Agreement nor any rights, licenses or obligations hereunder, may be assigned by either party without the prior written consent of the non-assigning party. Notwithstanding the foregoing, Consultant may assign this Agreement to any acquiror of all or of substantially all of Consultant's equity securities, assets or business related to the subject matter of this Agreement. Any attempted assignment in violation of this Agreement shall be void and without effect.

E. Severability. Should any term of this Agreement be declared void or unenforceable by any arbitral tribunal or court of competent jurisdiction, such declaration shall have no effect on the remaining terms hereof, which shall continue in full force and effect.

F. Waiver. The failure of either party to enforce any rights granted hereunder or to take action against the other party in the event of any breach hereunder shall not be deemed a waiver by that party as to subsequent enforcement of rights or subsequent actions in the event of future breaches.

G. Relationship of the Parties. The relationship of Consultant and Licensee established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed (i) to give either party the power to direct or control the day-to-day activities of the other, or (ii) to constitute the parties as partners, franchisee-franchiser, joint venturers, co-owners or otherwise as participants in a joint or common undertaking, or otherwise give rise to fiduciary obligations between the parties.

H. Force Majeure. Except for the obligation to make payments, nonperformance by either party shall be excused to the extent that performance is rendered impossible by war, acts of terrorism, strikes, fire, flood, governmental acts or orders or restrictions, failure of suppliers, or any other reason where failure to perform is beyond the control of the non-performing party.

I. Entire Agreement. This Agreement constitutes the entire, final, complete and exclusive agreement between the parties and supersedes all previous agreements or representations, oral or written, relating to the subject matter of this Agreement. This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party. Both parties acknowledge having read the terms and conditions set forth in this Agreement and all attachments hereto, understand all terms and conditions, and agree to be bound thereby.

J. Counterparts. This Agreement may be executed in two counterparts, each of which shall be an original and together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties by their duly authorized representatives have executed this Agreement as of the Effective Date set forth above.

CORVEL ENTERPRISE COMP, INC.

CITY OF OXNARD

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT A

My Care Smartphone Claims App Attachment End User License Agreement

Such access shall provide City's claimants an opportunity to review the current status of their individual claim. For access by City claimant, such City claimant will be required to have a smartphone including but not limited to an Apple iOS 7.0+ smartphone or Android 4.0+ smartphone or other smartphone device with such access capabilities. City acknowledges the terms of Attachment A hereunder which shall be a part of the My Care App and which the End User ("Claimant") shall be responsible for. The My Care App is at no costs to City for these Services.

Terms are non-negotiable as these are part of the Smart Phone App

PLEASE READ THIS LICENSE AGREEMENT BEFORE USING THE APP. USE OF THE APP INDICATES END USER'S ACCEPTANCE OF THIS END USER LICENSE AGREEMENT. IF END USER DOES NOT AGREE WITH THE TERMS, END USER SHOULD NOT USE THE APP.

1. License Grant; License Restrictions. Either of Consultant Enterprise Comp, Inc. or Consultant Healthcare Corporation, as applicable, ("Consultant") provides the mobile software application program and user manual(s) or help files contained therein, and any modifications, updates, revisions, or enhancements thereto received by End User from Consultant (collectively, the "App"), and licenses its use solely pursuant to the terms stated below:

- a. End User is granted a nontransferable license to use the App under the terms stated in this Agreement for personal use. End User may not use the App for commercial purposes. Title and ownership of the App and of the copyright in the App remains with Consultant;
- b. The App may be used by End User on a single mobile device, which End User owns or uses and for which the App is designed to operate;
- c. End User may not make copies, translations, or modifications of or to the App. End User may not alter, obscure, or remove the copyright notice on any copy of the App;
- d. End User may not assign, sell, distribute, lease, rent, sublicense, or transfer the App or this license or disclose the App to any other person. End User may not reverse-engineer, disassemble, or decompile the App or otherwise attempt to discover the source code or structural framework of the App; and
- e. Consultant may terminate this Agreement and the license granted hereunder at any time. This Agreement and the license granted hereunder automatically terminates if End User fails to comply with any provision of this Agreement. End User agrees upon termination to: (i) cease using the App and providing or accessing any data or information by or through the App, and (ii) destroy the App, together with all copies, modifications, and merged portions in any form, including any copy on End User's mobile device or on any computer.

2. Limited Warranty. The App is provided "AS IS" and with all faults. NO WARRANTIES ARE EXPRESSED AND NONE SHALL BE IMPLIED. CONSULTANT SPECIFICALLY EXCLUDES ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT. CONSULTANT DOES NOT WARRANT THAT USE OF THE APP WILL BE UNINTERRUPTED OR ERROR-FREE.

3. Maintenance & Support. The App is maintained by Consultant or its subcontractors. From time to time, Consultant may provide modifications, updates, revisions, or enhancements, all of which are offered pursuant to the terms and conditions of this Agreement. Consultant does not provide support to End Users. All support requests should be directed at End User's employer or other person responsible to manage End User's claims and not at Consultant.

4. Consent to use Data. All data or information submitted by End User through the App shall be used by Consultant in accordance with Consultant's Privacy Policy posted at:
<http://www.Consultant.com/privacy-policy/>

5. Limitations of Liability (End User). IN NO EVENT WILL CONSULTANT'S LIABILITY FOR ACTUAL DIRECT DAMAGES ARISING OUT OF THIS AGREEMENT OR THE USE OR PERFORMANCE OF THE APP EXCEED \$100. IN NO EVENT WILL CONSULTANT BE LIABLE FOR ANY LOST PROFITS, SALES, BUSINESS, DATA, COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES OR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES RESULTING FROM THE USE OF THE APP OR OTHERWISE ARISING FROM THIS AGREEMENT, AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. The parties agree that the above limits represent a reasonable allocation of risk.

6. Governing Law; Exclusive Jurisdiction. This Agreement is governed by the laws of California. End User agrees that the federal or state courts sitting in State of California, shall be the exclusive courts of jurisdiction and venue for any litigation, special proceeding or other proceeding as between the parties that may be brought, or arise out of, or in connection with, or by reason of this Agreement. The United Nations Convention on Contracts for the International Sale of Goods is expressly disclaimed.

7. Indemnification (End User). End User shall defend, indemnify and hold harmless Consultant from and against damages, liabilities and reasonable costs and expenses, including reasonable legal fees arising out of or relating to: (i) End User's use of the App in violation of the terms of this Agreement, (ii) data or content included in or omitted from content and data input into the App by End User or any other third party using End User's mobile device, and (iii) any claim by an employee of End User or End User's insureds brought against Consultant due to the recommendations made by Consultant through the App.

8. Disclaimer. Consultant shall not be responsible or liable for any third party claims arising from the negligent acts, errors, omissions, willful misconduct or fraud caused by End User in connection with its use of the App or otherwise attributable this Agreement.

9. Assignment. End User may not assign any of End User's rights or delegate any of End User's obligations under this Agreement without the prior written consent of Consultant. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their respective successors and permitted assigns.

10. Notice. All notices required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed by first class mail to the address listed below.

11. Severability. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force.

12. Waiver. The waiver by either party of a breach of any provision of this Agreement or the failure by either party to exercise any right hereunder shall not operate or be construed as a waiver of any subsequent breach of that right or as a waiver of any other right.

13. Export Administration. End User agrees to comply fully with all relevant export laws and regulations of the United States ("Export Laws") to assure that neither the App nor any direct product thereof is (1) exported, directly or indirectly, in violation of Export Laws; or (2) are used for any purposes prohibited by the Export Laws, including, without limitation, nuclear, chemical, or biological weapons proliferation.

14. Entire Agreement. This Agreement shall constitute the complete agreement between the parties and supersede all prior or contemporaneous agreements or representations, written or oral, concerning the subject matter of this Agreement. This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party; no other act, document, usage or custom shall be deemed to amend or modify this Agreement.

15. Survival. The provisions of Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 shall survive the termination of this Agreement.

Copyrights

Copyright © 2014 Consultant. All rights reserved.

This documentation and the corresponding App are the property of Consultant and are licensed to the user under the terms of this End User License Agreement. Unauthorized use or copying of the App, documentation, or any other associated materials is a violation of state and federal laws. These materials must be returned to Consultant if so demanded.

5-YEAR AGREEMENT WITH CORVEL ENTERPRISE COMP., INC. FOR THIRD PARTY LIABILITY ADMINISTRATION SERVICES

Presented to the Finance and Governance Committee

Mike More, Human Resources Manager

May 10, 2022



RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council approve and authorize the Mayor to execute Agreement No. A-8455 with CorVel Enterprise Comp., Inc. in an amount not to exceed \$1,515,000 for a 5-year term for workers' compensation claims administration and adjustment services.

BACKGROUND

- The City currently contracts with Acclamation Insurance Management Services, Inc. (AIMS) for workers' compensation claims administration services
 - Original Agreement: 5-Year term from July 1, 2012 – June 30, 2017
 - First Amendment: 5-year term from July 1, 2017 – June 30, 2022
- Staff conducted an RFP in January 2021 for workers' compensation claims administration services
 - Distributed RFP directly to 12 firms known to perform this work
 - Posted on [publicpurchase.com](https://www.publicpurchase.com)
 - Advertised on the City's website
 - 10 proposals received
 - Human Resources Department staff reviewed proposals and interviewed top 3 ranked firms

RESULTS

- CorVel Enterprise Comp., Inc. selected as the most qualified firm to be awarded the agreement
 - Overall responsiveness to the RFP
 - Most advantageous staffing model
 - Demonstrated public agency experience
 - Experience and ability of its staff
 - Competitive pricing structure
- Total cost of the agreement is not to exceed \$1,515,000 over 5 years (includes CPI factor estimated at 5% and an allowance for additional costs pursuant to the Rates and Cost Exhibit of the Agreement):

FY 22-23:	\$ 280,175*
FY 23-24:	287,934
FY 24-25:	301,330
FY 25-26:	315,395
FY 26-27:	<u>330,166</u>
Total	\$1,515,000

* Includes start-up costs of \$5,000

RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council approve and authorize the Mayor to execute Agreement No. A-8455 with CorVel Enterprise Comp., Inc. in an amount not to exceed \$1,515,000 for a 5-year term for workers' compensation claims administration and adjustment services.

Financial Impact

- None in the current fiscal year.
- This agreement will begin July 1, 2022 and is included as part of the FY 2022-23 Budget.



QUESTIONS



FINANCE AND GOVERNANCE COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.2

DATE: May 10, 2022

TO: Finance & Governance Committee

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

SUBJECT: Resolution of City Council and Oxnard Financing Authority Approving the Issuance of Up to \$19,200,000 in Principal of 2022 Local Obligation Revenue Refunding Bonds to Refund the Series 2012 Bonds. (10/5/5)

RECOMMENDATION

That the Finance and Governance Committee recommend City Council and City of Oxnard Financing Authority Board approve and authorize the following:

1. Resolution of the City Council of the City of Oxnard approving a first amendment to local agency financing documents and the execution of certain certificates relating to the issuance by the City of Oxnard Financing Authority of refunding revenue bonds for the purpose of refunding its outstanding Series 2012 Bonds.
2. Resolution of the Board of Directors of the City of Oxnard financing authority authorizing the sale, issuance, and delivery of not more than \$19,200,000 in principal amount of Local Obligation Revenue Refunding Bonds (Special District Bond) and approving certain documents and authorizing certain actions in connection therewith.

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

BACKGROUND

In 2012, the City of Oxnard Financing Authority ("Authority" or "City") issued 2012 Local Obligation Revenue Bonds ("LORBs"), Series A Senior Lien Bonds and Series B Subordinate Lien Bonds (the "2012A Bonds" and "2012B Bonds," respectively). The 2012A Bonds had an original par of \$19,505,000 and the 2012B Bonds had an original par of \$9,060,000. Combined, they have an outstanding balance of \$18,765,000. This balance reflects some early prepayments by taxpayers within the underlying Assessment District and Community Facilities Districts. The 2012A and 2012B Bonds were issued to purchase prior obligations that refunded the 2002 Assessment District No. 2001-1 Bonds, 2002 CFD No. 1 Bonds, and 2003 CFD No. 2000-3 Bonds. The 2012A and 2012B Bonds have a final maturity of September 2, 2033, and a first optional redemption of September 2, 2022. The 2012A Bonds have an S&P rating of "A-". The 2012B Bonds are non-rated.

Refunding Analysis and Structure

Based on current market rates, the City can refund the 2012A and 2012B Bonds with the 2022 Local Obligation Revenue Refunding Bonds ("2022 Bonds") to achieve interest rate savings. Based on current market

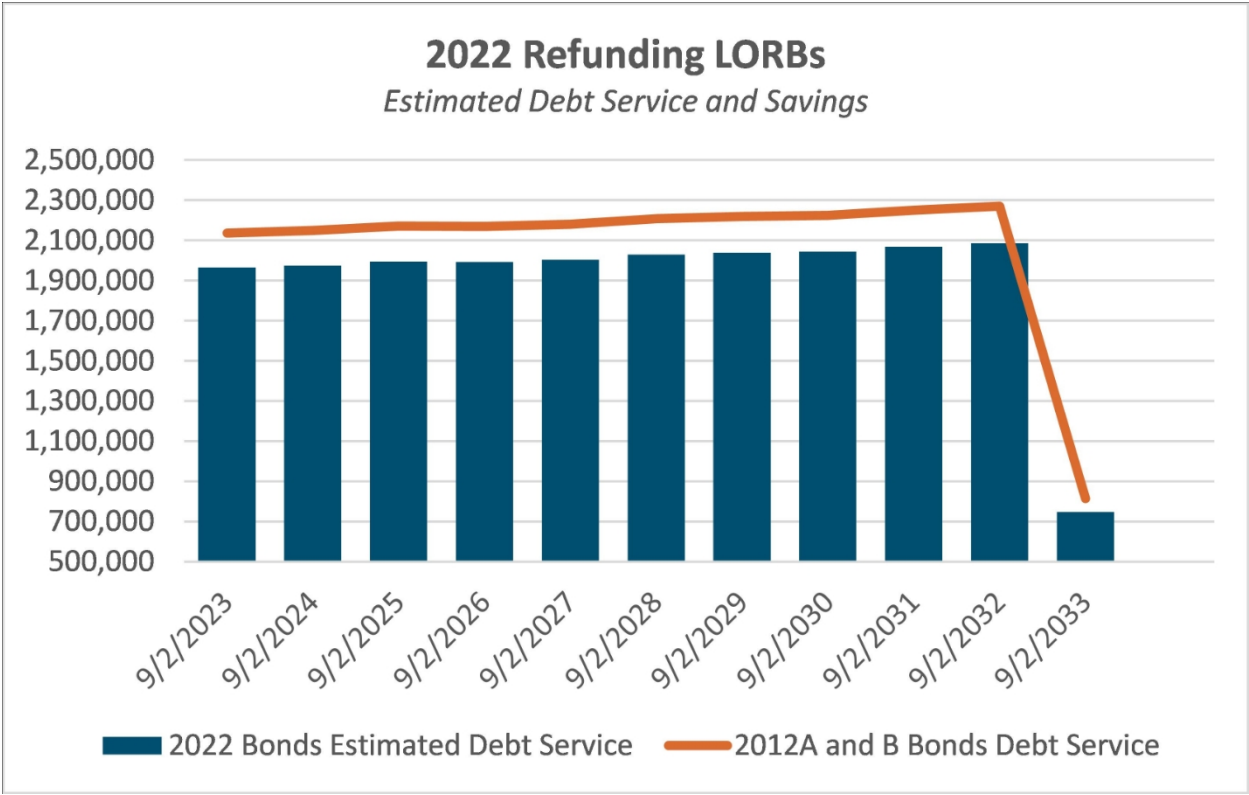
rates, the annual cash flow savings are estimated to average \$170,000 per year from 2023 through 2033, a total of \$1.85 million in cumulative cashflow savings. This equates to \$1.15 million in net present value savings (over 6.3% of refunded par). These savings are based on current interest rates and would be subject to change with the market.

All savings will be credited against the assessment and special tax levies to the benefit of property owners in Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange), CFD NO. 1 (Westport at Mandalay Bay), and CFD No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange).

The 2022 Bonds are expected to preserve the current aggregate structure of the 2012A and 2012B Bonds, with the total debt service escalating at an average of 1% per year. The final maturity on the 2022 Bonds will remain 9/2/2033 (same final maturity as the 2012A/B Bonds).

Relative to the structure of the 2012A and 2012B Bonds, the 2022 Bonds will be sold as one series that refunds both of those prior series. Accordingly, the senior/subordinate structure is no longer needed given the development that has occurred within the Assessment District and Community Facilities Districts since the 2012A and 2012B Bonds were sold.

In the graph below, the blue bars represent the anticipated debt service on the 2022 Bonds, while the orange line represents the combined debt service on the 2012A and 2012B Bonds. The amount by which the orange line is higher than the blue bars represents anticipated annual cashflow savings this proposed refunding would generate on the bond payments due from 2023 through 2033.



Summary of Legal Documents

The issuance of the 2022 Bonds will require the Board of the City of Oxnard Financing Authority to approve resolutions and authorize an Indenture of Trust, a Placement Agent Agreement, and Irrevocable Refunding Instructions. The 2022 Bonds also require the City Council to approve the First Amendments to the Local Agency Financing Documents. Those legal documents are briefly summarized below:

Authorizing Resolutions - the Authorizing Resolutions authorize the legal documents and also authorize City staff to execute those legal documents for the 2022 Bonds. It also authorizes City staff to finalize the 2022 Bond provided it is within not-to-exceed parameters of \$19,200,000 principal, 3.87% true interest cost, and a maximum term of 9/2/2033. These not-to-exceed parameters are conservative and represent the “worst case” scenario under which City staff would be authorized to issue the bonds. A refunding with these parameters would result in 3% net present value savings, the minimum amount identified under the City’s adopted debt management policy. In reality, the refunding is expected to result in greater savings, as discussed herein.

Indenture of Trust - the Indenture of Trust formalizes the relationship between the City of Oxnard Financing Authority (issuing the 2022 Bonds) and Computershare Trust Company, N.A. as trustee for the 2022 Bonds. The Indenture describes the terms of the 2022 Bonds, including the payment terms and schedule, prepayment options, other covenants related to the 2022 Bonds, and other administrative items.

Placement Agent Agreement – the Placement Agent Agreement between the City and Piper Sandler & Co. (“Piper Sandler”), which is acting as placement agent for the 2022 Bonds. This agreement defines Piper Sandler’s role in placing the 2022 Bonds with the selected bank and identifies the amount to be paid to Piper Sandler for services provided in that role. This fee is contingent upon a successful closing of the 2022 Bonds.

Irrevocable Refunding Instructions - the Irrevocable Refunding Instructions provide detailed instruction to Computershare Trust Company regarding the process of refunding the 2012A and 2012B Bonds. As such, it details the establishment of required funds, the application of monies toward refunding the 2012A and 2012B Bonds, and logistical items related to required noticing and escrow management for the 2012A/B Bonds.

First Amendment to Local Agency Financing Documents – the First Amendment to Local Agency Financing Documents amends the original 2012 documents to instead refer to the 2022 Bonds and documents. The Authority and underlying special districts and assessment district pledge repayment of the 2022 Bonds just as repayment of the 2012A and 2012B Bonds was originally pledged under the original Local Agency Financing Documents.

Anticipated Timing

The anticipated schedule for the 2022 Bonds is outlined below:

Timeline	Task
May 10, 2022	Finance & Governance Committee
Mid/Late May	Receive Proposals from banks; Select winning bank
Late May through Mid-June	Work with selected bank to lock interest rate and finalize terms of the 2022 Bonds
June 30, 2022	City Council considers 2022 Bonds
Mid-July 2022	Close 2022 Refunding Bonds, funds transferred into escrow
September 2, 2022	Refund 2012A and 2012B Bonds

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to reinforce, stabilize, improve, and strengthen the organizational foundation of the City in order to build a modern, high-functioning City government that effectively and efficiently supports the operating departments in providing high-quality services and programs for our residents and businesses.

FINANCIAL IMPACT

The 2022 Bonds are expected to result in approximately \$170,000 average annual savings from September 2023 to September 2033. This totals \$1.85 million in cumulative cashflow savings through final maturity of the bonds. In present value terms, this equals approximately \$1.15 million in savings net of all costs of issuing the bonds, including a City fee to compensate the City's General Fund for staff time associated with working on the refunding on behalf of taxpayers.

The savings mentioned here will be enjoyed by taxpayers within Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange), CFD NO. 1 (Westport at Mandalay Bay), and CFD No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange). The taxpayers will see these savings starting with fiscal year 2022-23 tax levies.

Prepared by: NHA Advisors

ATTACHMENTS

1. Oxnard 2022 LORBs - First Amendment to Local Agency Financing Documents-c1
2. Oxnard 2022 LORBs - Irrevocable Refunding Instructions-c1
3. Oxnard 2022 LORBs - Placement Agent Agreement
4. Oxnard 2022 LORBs - Indenture of Trust-c1
5. Oxnard 2022 LORBs - Resolution of the Authority-c1
6. Oxnard 2022 LORBs - Resolution of the City-c1
7. 2022 LORBs Presentation - 5.10.22 FG 220419

FIRST AMENDMENT TO
LOCAL AGENCY FINANCING DOCUMENTS

by and among

CITY OF OXNARD FINANCING AUTHORITY

and

CITY OF OXNARD

and

CERTAIN COMMUNITY FACILITIES DISTRICTS OF THE
CITY OF OXNARD

and

COMPUTERSHARE TRUST COMPANY, N.A., as Fiscal Agent

Dated as of July 1, 2022

This FIRST AMENDMENT TO LOCAL AGENCY FINANCING DOCUMENTS (“First Amendment”) is made and entered into as of this 1st day of July, 2022, by and among the CITY OF OXNARD FINANCING AUTHORITY (“Authority”), a joint powers authority organized and existing under the laws of the State of California (“State”); the CITY OF OXNARD (“City”), a general law city organized and existing pursuant to the laws of the State on behalf of CITY OF OXNARD ASSESSMENT DISTRICT NO. 2001-1 (RICE AVENUE/HIGHWAY 101 INTERCHANGE) (the “AD”), COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY) OF THE CITY OF OXNARD (“CFD No. 1”), and CITY OF OXNARD COMMUNITY FACILITIES DISTRICT NO. 2000-3 (OXNARD BOULEVARD/HIGHWAY 101 INTERCHANGE) (“CFD No. 2000-3” and, together with the AD and the CFD No. 1, the “Special Districts”) each of CFD No. 1 and CFD No. 200-3 are organized and existing pursuant to the Mello-Roos Community Facilities Act of 1982 as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State (“Mello-Roos Act”); and COMPUTERSHARE TRUST COMPANY, N.A. (“Bank”), a national banking association organized and existing under the laws of the United States of America. The Authority, the City, the Special Districts and the Bank may hereinafter be referred to individually as a “Party” or collectively as the “Parties.”

RECITALS

A. The Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (“Bond Law”), and is authorized pursuant to Article 4 of the Act to (i) purchase, with the proceeds of its bonds, bonds issued by a local agency and to hold such bonds and (ii) issue bonds to pay the cost of any public capital improvement.

B. The Authority issued its \$19,505,000 City of Oxnard Public Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series 2012A Bonds”), and its \$9,060,000 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series 2012B Bonds”, and together with the Series 2012A Bonds, the “Series 2012 Bonds”), for the purpose of acquiring the (i) the \$11,835,000 City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$8,750,000 Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$7,980,000 City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012 (the “CFD No. 2000-3 Bonds” and, together with the AD Bonds and the CFD No. 1 Bonds, the “Acquired Obligations”) issued to refund certain Assessment District, CFD No. 1, and CFD No. 2000-3 bond issues. Each series of Acquired Obligations was issued pursuant to a separate Fiscal Agent Agreement, each dated as of August 1, 2012, by and between the City and the Bank with respect to the AD Bonds, and between the respective CFD and the Bank, as fiscal agent (the “Fiscal Agent Agreements”), as such Acquired Obligations and Fiscal Agent Agreements (collectively, the “Local Agency Financing Documents”) are further identified in Exhibits A and B, respectively, attached hereto and incorporated herein,

C. For the purpose of redeeming and defeasing the outstanding 2012 Authority Bonds, the Authority has determined to issue the City of Oxnard Public Financing Authority 2022 Local Obligation Revenue Refunding Bonds (Special District Bonds) in the aggregate initial principal amount of \$_____ (“2022 Authority Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2022, by and between the Authority and the Bank, as trustee (“2022 Authority Indenture”).

D. Pursuant to the 2022 Authority Indenture, the 2022 Authority Bonds will be secured by the same pledge of funds derived from the Acquired Obligations and Fiscal Agent Agreements, which Acquired Obligations will remain outstanding and in the ownership and possession of the Authority, held through the Bank, as trustee, and will not be re-issued or refunded.

E. The Local Agency Financing Documents contain certain references to the 2012 Authority Bonds and the 2012 Authority Indenture, and the Local Agency Financing Documents shall be amended upon the issuance of the 2022 Authority Bonds to reference the 2022 Authority Bonds and 2022 Authority Indenture, as provided herein.

F. In order to accommodate the pledge and assignment of the Acquired Obligations to the payment of the 2022 Authority Bonds as set forth in the 2022 Authority Indenture, the Parties wish to enter into this First Amendment and have duly authorized such First Amendment.

G. The Parties hereto agree that the Acquired Obligations have previously been delivered to the Authority or the Bank, as trustee of the 2012 Authority Bonds, as appropriate, and that such Acquired Obligations shall remain in such capacity upon issuance of the 2022 Authority Bonds and do not require a notation.

AGREEMENT

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

Section 1. Incorporation of Recitals and Definitions. All of the foregoing Recitals are true and correct and are incorporated in this First Amendment by reference.

Section 2. Definitions. For purposes of this First Amendment, the terms hereinafter set forth have the following meanings:

“Acquired Obligations” means, collectively, (i) the \$11,835,000 City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$8,750,000 Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$7,980,000 City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax

Refunding Bonds, Series 2012 (the “CFD No. 2000-3 Bonds”).

“2012 Authority Bonds” means collectively, \$19,505,000 City of Oxnard Public Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series 2012A Bonds”), \$9,060,000 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series 2012B Bonds”).

“2012 Authority Indenture” means that certain Indenture of Trust, by and between the Authority and the Bank, as trustee, dated as of August 1, 2012.

“2022 Authority Bonds” means the City of Oxnard Public Financing Authority 2022 Local Obligation Revenue Refunding Bonds (Special District Bonds), issued pursuant to the Bond law in the aggregate principal amount of \$_____.

“2022 Authority Indenture” means that certain Indenture of Trust, by and between the Authority and the Bank, as trustee, dated as of July 1, 2022.

“Authority” means the City of Oxnard Financing Authority, a joint exercise of powers agency.

“Authority Bonds Reserve Fund” means the Reserve Fund established for the 2022 Authority Bonds under the 2022 Authority Indenture.

“Authority Bonds Reserve Funds Proportionate Share” means, if the District is a Delinquent District (as defined in subsection (1) of Section 4.03 of the Authority Indenture), an amount determined by dividing the deficiency in the amounts that were paid by the Fiscal Agent for such Delinquent District to the Authority Trustee in payment of Debt Service on the Bonds in any Bond Year (as a result of a deficiency in the collection of Special Tax Revenues) by the amount withdrawn from the Reserve Fund to pay Debt Service on the 2022 Authority Bonds in that same Bond Year.

“Authority Indenture” means the 2022 Authority Indenture.

“Bank” means Computershare Trust Company, N.A.

“Bond Law” means the Marks Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“

“Fiscal Agent Agreements” means, collectively,

(i) that certain Fiscal Agent Agreement relating to City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 dated as of August 1, 2012, by and between City and the Bank, as fiscal agent;

(ii) that certain Fiscal Agent Agreement relating to the \$8,750,000 Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax

Refunding Bonds, dated as of August 1, 2012, by and between Community Facilities District No. 1 and the Bank, as fiscal agent;

(iii) that certain Fiscal Agent Agreement relating to the \$7,980,000 City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012, dated as of August 1, 2012, by and between Community Facilities District No. 2003-1 and the Bank, as fiscal agent;

“Local Agency Financing Documents” means, collectively the Fiscal Agent Agreements and all other documents and agreements executed in connection with the issuance and sale of the Acquired Obligations necessary to secure the repayment thereof or ownership thereof by the Authority, as further identified in Exhibit B attached hereto and incorporated herein.

“Special Districts” means, City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) (the “AD”), Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard (“CFD No. 1”), and City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) (“CFD No. 2000-3”).

Section 3. Amendments to Local Agency Financing Documents.

(a) Upon the issuance of the 2022 Authority Bonds and the defeasance of the outstanding 2012 Authority Bonds, all Local Agency Financing Documents currently in effect that refer to the 2012 Authority Bonds and/or the 2012 Authority Indenture (however such terms are designated therein), shall at that time be deemed amended to instead refer to the 2022 Authority Bonds and/or 2022 Authority Indenture, as applicable.

(b) Upon the issuance of the 2022 Authority Bonds and defeasance of the outstanding 2012 Authority Bonds, all Fiscal Agent Agreements shall at that time be deemed amended to include the provisions set forth in subparagraphs (i) through (v) below. Terms used in such subparagraphs and not defined herein have the meaning(s) set forth in the applicable CFD Fiscal Agent Agreement.

(i) References in this Section 3(c) to the Fiscal Agent Agreements shall conform to the definition set forth in Section 2 hereof.

Section 4. Non-Objection to Authority Pledge of Acquired Obligations. The City and the Special Districts each expressly acknowledge the pledge of the Acquired Obligations to the payment of the 2022 Authority Bonds pursuant to the terms of the 2022 Authority Indenture, effective upon the issuance of the 2022 Authority Bonds and the defeasance of the outstanding 2012 Authority Bonds, and hereby confirm their consent and non-objection to such pledge by the Authority.

Section 5. Confirmation of Special Tax Pledge. Each applicable CFD expressly acknowledges and confirms that the Acquired Obligations of each applicable CFD are secured by

a first pledge of the Special Tax Revenues of the corresponding CFD as further set forth in Section, 2.11, Section 4.01 and Article IV of the Fiscal Agent Agreements.

Section 6. **Due Authority.** Each individual signing this First Amendment warrants and represents that he or she has been duly authorized by appropriate action of the Party he or she represents to enter into this First Amendment on behalf of such Party.

Section 7. **Other Actions Authorized.** Each of the Parties hereto are hereby authorized to take all other and future actions necessary or desirable to carry out the provisions hereof.

Section 8. **Binding Effect.** This First Amendment shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and assigns.

Section 9. **Interpretation.** If any terms of this First Amendment are in conflict with the terms of any of the Local Agency Financing Documents, the terms of this First Amendment shall supersede any conflicting provisions in the Local Agency Financing Documents. Otherwise, except as amended by this First Amendment, the provisions of the Local Agency Financing Documents shall remain in full force and effect.

Section 10. **Applicable Law.** This First Amendment shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in such State.

Section 11. **Counterpart Signatures.** This First Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the date first above written.

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Name:
Title:

**CITY OF OXNARD for and on behalf of
COMMUNITY FACILITIES DISTRICT NO. 1
OF THE CITY OF OXNARD ,**

**COMMUNITY FACILITIES DISTRICT NO.
2003-1 OF THE CITY OF OXNARD ,**

and

**CITY OF OXNARD, for ASSESSMENT
DISTRICT 2001-1**

By: _____
Name:
Title:

*-Signature Page-
First Amendment to Local Agency Financing Documents*

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Fiscal Agent**

By: _____
Name:
Title:

EXHIBIT A

THE CFD'S AND LOCAL AGENCY OBLIGATIONS

CFD No.	CFD Name	Bond Caption

EXHIBIT B

LOCAL AGENCY FINANCING DOCUMENTS

“Local Agency Financing Documents” includes, but is not limited to, the following documents relating to the Local Agency Obligations:

A.

B.

IRREVOCABLE REFUNDING INSTRUCTIONS

These IRREVOCABLE REFUNDING INSTRUCTIONS (these “Instructions”), dated as of _____, 2022, are given by the CITY OF OXNARD FINANCING AUTHORITY, a joint exercise of powers authority existing under the laws of the State of California (the “Authority”), to COMPUTERSHARE TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as successor in interest to WELLS FARGO BANK, NATIONAL ASSOCIATION, acting as trustee (the “Trustee”) for the hereinafter defined Series 2012 Bonds;

WITNESSETH:

WHEREAS, the Authority issued its \$19,505,000 City of Oxnard Public Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series 2012A Bonds”), and its \$9,060,000 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series 2012B Bonds,” and together with the Series 2012A Bonds, the “Series 2012 Bonds”), pursuant to an Indenture of Trust, dated as of August 1, 2012, (the “Prior Indenture”) by and between the Authority and Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, National Association, acting as trustee thereunder (the “Prior Trustee”); and

WHEREAS, the Authority has determined that it is in the best financial interests of the Authority to refund, at this time, the outstanding Series 2012 Bonds; and

WHEREAS, in order to provide funds for such purpose, the Authority is issuing its City of Oxnard Financing Authority 2022 Local Obligation Revenue Refunding Bonds (Special District Bonds) (the “Series 2022 Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, to defease and redeem a portion of the outstanding Series 2012 Bonds, as designated herein (the “Defeased Bonds”); and

WHEREAS, the Series 2022 Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2022, (the “2022 Indenture”) between the Authority and Computershare Trust Company, N.A., as trustee; and

WHEREAS, the Authority wishes to give these Instructions to the Prior Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and redemption of a portion of the outstanding Series 2012 Bonds.

NOW, THEREFORE, the Authority hereby irrevocably instructs the Prior Trustee as follows:

Section 1. Establishment of the Series 2012 Bonds Refunding Fund. The Trustee shall establish and hold within the Principal Account established pursuant to Section 5.05 of the Prior Indenture, separate and apart from all other funds and accounts held by it, a special fund known as the “Series 2012 Bonds Refunding Fund” (the “Refunding Fund”) established in the Indenture. All amounts on deposit in the Refunding Fund are hereby irrevocably pledged as a special trust

fund for the payment of regularly scheduled principal and interest thereon and the redemption of the outstanding Series 2012 Bonds, as identified in Schedule 1 attached hereto, on _____, 2022. Neither the Trustee nor any other person shall have a lien upon or right of set off against the amounts at any time on deposit in the Refunding Fund, and such amounts shall be applied only as provided herein.

Section 2. Deposit into the Series 2012 Bonds Refunding Fund; Investment of Amounts. Concurrently with delivery of the Series 2022B Bonds, the Authority shall cause to be deposited in the Refunding Fund the amount of \$ _____ in immediately available funds which represents \$ _____ on hand in the funds and accounts relating to the Series 2012 Bonds, plus the amount of \$ _____ of Series 2022 Bonds proceeds. The Authority hereby directs the Trustee to invest the proceeds in the investments set forth in Schedule 2 attached hereto and herein incorporated.

The Authority signifies that by making the deposit described herein, it is discharging the Series 2012 Bonds pursuant to Sections 10.03 of the Indenture.

Section 3. Proceedings for Redemption of Series 2012 Bonds. The Authority hereby irrevocably elects, and directs the Trustee, to redeem, on _____, 2022, from amounts on deposit in the Refunding Fund, the Series 2012 Bonds pursuant to the provisions of the Indenture. The Trustee shall provide notice of such redemption in accordance with the Indenture in order to allow for the redemption of the Series 2012 Bonds on _____, 2022, as shown in Schedule 3 hereto.

Section 4. Application of Funds to Redeem Series 2012 Bonds. The Trustee shall apply the amounts on deposit in the Refunding Fund to pay the regularly scheduled payments of principal and interest on the Series 2012 Bonds and to redeem the outstanding Series 2022 Bonds, as identified in Schedule 1 attached hereto, on _____, 2022 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, all in accordance with the Indenture.

Section 5. Transfer of Remaining Funds. Any amounts on deposit in the Refunding Fund shall be used for the purpose of paying interest on and the principal of any outstanding bonds pursuant to the Indenture, as amended or supplemented. Any amounts on deposit in the Refunding Fund or any other funds and accounts related to the Series 2012 Bonds following redemption or defeasance of the Series 2012 Bonds shall be transferred to the Interest Account established under the 2022 Indenture to be used solely for the purpose of paying interest on the Series 2022B Bonds.

Section 6. Amendment. These Instructions shall be irrevocable by the Authority. These Instructions may be amended or supplemented by the Authority, but only if the Authority shall file with the Trustee (a) an opinion of nationally recognized bond counsel engaged by the Authority stating that such amendment or supplement will not, of itself, adversely affect the exclusion from gross income of interest on the Series 2012 Bonds under federal income tax law, and (b) a certification of an independent accountant or independent financial adviser engaged by the Authority stating that such amendment or supplement will not affect the sufficiency of funds invested and held hereunder to make the payments required by Section 4.

Section 7. Application of Certain Terms of the Indenture. All of the terms of the Indenture relating to the payment of principal of and interest and repayment premium, if any, on the Series 2012 Bonds and the redemption thereof, and the protections, immunities and limitations from liability afforded the Trustee, are incorporated in these Instructions as if set forth in full herein.

Section 8. Counterparts. These Instructions may be signed in several counterparts, each of which will constitute an original, but all of which will constitute one and the same instrument.

[Signature page follows]

Section 9. Governing Law. These Instructions shall be construed in accordance with and governed by the laws of the State of California.

**CITY OF OXNARD FINANCING
AUTHORITY**

By: _____

Chief Financial Officer

ACCEPTED:

COMPUTERSHARE TRUST COMPANY, N.A.
as Trustee

By: _____
Authorized Officer

*-Signature Page-
Irrevocable Refunding Instructions*

SCHEDULE 1

BONDS TO BE REDEEMED

**Maturity Date
(September 2)**

Principal Amount

**CUSIP
(Base CUSIP)**

SCHEDULE 2

ESCROW INVESTMENTS

<u>Purchase Date</u>	<u>Type of Security</u>	<u>Type of SLGS</u>	<u>Maturity Date</u>	<u>First Interest Payment Date</u>	<u>Par Amount</u>	<u>Rate</u>	<u>Max Rate</u>	<u>Total Cost</u>

ESCROW CASH FLOW

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Net Escrow Receipts</u>

SCHEDULE 3

NOTICE OF OPTIONAL REDEMPTION

\$19,505,000

**ORIGINAL PRINCIPAL AMOUNT CITY OF
OXNARD PUBLIC FINANCING AUTHORITY
LOCAL OBLIGATION REVENUE BONDS (2012
SPECIAL DISTRICT BOND REFINANCINGS),
SERIES A SENIOR LIEN BONDS**

AND

\$9,060,000

**ORIGINAL PRINCIPAL AMOUNT CITY OF
OXNARD FINANCING AUTHORITY LOCAL
OBLIGATION REVENUE BONDS (2012 SPECIAL
DISTRICT BOND REFINANCINGS), SERIES B
SUBORDINATE LIEN BONDS**

_____, 2022

NOTICE IS HEREBY GIVEN pursuant to Section 4.01(d) of the Indenture of Trust, dated as of August 1, 2012 between the City of Oxnard Financing Authority (the “Authority”) and Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, National Association (the “Trustee”) that the below indicated Bonds (the “Bonds”) are, subject to the following paragraph, to be redeemed in full on _____, 2022 (the “Redemption Date”) at a price equal to 100% of the principal amount represented thereby together with interest accrued to the Redemption Date.

<u>CUSIP</u>	<u>Maturity Date</u>	<u>Principal Redeemed</u>	<u>Redemption Price</u>
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All outstanding Bonds called for redemption are subject to full redemption on the Redemption Date and no holder of any Bond shall have the right to elect to retain such Bond. Interest represented by the Bonds will cease to accrue on and after the Redemption Date.

All Bonds must be surrendered to the Trustee for purchase not later than 3:30 p.m. Eastern Time on the Redemption Date. Payment of the Redemption Price on the Bonds redeemed will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner:

Delivery Instructions

Please call Bondholder Services at _____ with any questions.

Holders of the Bonds presenting their certificates in person for same day payment must surrender their certificate(s) by 1:00 P.M. CST on or after the Redemption Date and a check will be available for pick up after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the Bond holder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond, you are not required to endorse the Bond to collect the Redemption Price.

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at _____ and click on the **“Bondholder Information”** link.

IMPORTANT NOTICE

Under the Job and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 24% will be withheld if tax identification number is not properly certified.

Subject to the redemption of the Bonds on the Redemption Date, all interest on the Bonds will cease to accrue from and after the Redemption Date, and from and after the Redemption Date such Bonds shall no longer be entitled to any lien, benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such redeemed Bonds except to receive payment of the Redemption Price.

The method of presentation and delivery of a Bond is at the option and risk of the holder of each Bond. If mail is used, insured registered mail, return receipt requested is suggested.

COMPUTERSHARE TRUST COMPANY, N.A.,
as Trustee

Date: _____, 2022

April 19, 2022

Betsy George, Chief Financial Officer
City of Oxnard
300 West Third Street
Oxnard, CA 93030

Re: Placement Agent Engagement Letter
City of Oxnard, California
2022 Local Obligation Revenue Refunding Bonds

Dear Ms. George:

This letter confirms the agreement (the “Agreement”) between Piper Sandler & Co. (“Piper Sandler” or “we” or “us”) and the City of Oxnard (the “Issuer” or “you”) as follows:

1. **Engagement.** The Issuer engages Piper Sandler to act as its exclusive representative to assist you on a best efforts basis in placing the proposed private transaction (the “Transaction”) of the above-referenced Securities. You acknowledge and agree that Piper Sandler’s engagement hereunder is not an agreement by Piper Sandler or any of its affiliates to underwrite, place or purchase the Securities or otherwise provide any financing to you. We may decline to participate in the Transaction if we reasonably determine that the Transaction has become impractical or undesirable. We accept this engagement upon the terms and conditions set forth in this agreement.

As currently contemplated, the Transaction will be a placement of the Securities with gross proceeds of approximately \$16,000,000. You may in your discretion postpone, modify, abandon or terminate the Transaction prior to closing. Sale and delivery of the Securities by the Issuer and purchase by the purchasers will occur on the day of closing (“Closing Date”).

During the term of our engagement, we will as directed by you and as appropriate to the Transaction, provide the following services:

- (a) consult with you in planning and implementing the Transaction;
 - (b) assist you in reviewing any transaction materials (the “Transaction Materials”) we mutually agree are beneficial or necessary to the consummation of the Transaction;
 - (c) assist you in preparing for due diligence conducted by potential investors;
 - (d) identify potential investors and use our reasonable commercial efforts to assist in arranging sales of the Securities to investors;
 - (e) consult with you in structuring the investment; and
 - (f) assist you in negotiating definitive documentation.
2. **Fees and Expenses.**
 - (a) For our services, you agree to pay us:

- (1.) a placement agent fee of **\$25,000** from the gross proceeds received by you on all sales of the Securities payable by wire transfer of immediately available funds at closing. For avoidance of doubt, the fee shall not be payable in the event a closing of the Transaction does not occur.

3. ***Representations, Warranties and Agreements of the Issuer.***

You represent and warrant to, and agree with us, that:

- (a) the Securities will be sold by you in compliance with the requirements for exemptions from registration or qualification of, and otherwise in accordance with, all federal and state Securities laws and regulations;
- (b) all financial projections that have or will be made available to Piper Sandler by you or any of your representatives in connection with the Transaction (the "Projections") have been and will be prepared in good faith and will be based upon assumptions believed by you to be reasonable (it being understood that projections by their nature are inherently uncertain and no assurances are being given that the results reflected in the Projections will be achieved);
- (c) you will make available to us and each purchaser such documents and other information which we and each purchaser reasonably deem (the "Transaction Materials") appropriate and will provide access to your officers, directors, employees, accountants, counsel and other representatives and will provide each purchaser and us opportunities to ask questions and receive answers from these persons; it being understood that we and each purchaser will rely solely upon such information supplied by you and your representatives without assuming any responsibility for independent investigation or verification thereof;
- (d) you agree to be responsible for the accuracy and completeness of any Transaction Materials to the extent of federal securities laws applicable to the Transaction. You agree to notify us promptly of any material adverse changes, or development that may lead to any material adverse change, in your business, properties, operations, financial condition or prospects and concerning any statement contained in any Transaction Material, or in any other information provided to us, which is not accurate or which is incomplete or misleading in any material respect;
- (e) On the Closing Date, you will deliver or cause to be delivered to the Placement Agent:

(2.) The Opinion of Bond Counsel to the Issuer, dated the Closing Date relating to:

- (i) the validity of the Securities;
- (ii) exemption from registration and qualification under federal and state securities law; and
- (iii) the tax-exempt status of the Securities, together with a reliance letter from such counsel, dated the Closing Date and addressed to us and in a form acceptable to us.

4. ***Other Matters Relating to Our Engagement.*** You acknowledge that you have retained us solely to provide the services to you as set forth in this agreement. As placement agent, Piper Sandler may provide advice concerning the structure, timing, terms, and other similar matters concerning the Transaction. You acknowledge and agree that: (i) the primary role of Piper Sandler as a

placement agent, is to place securities to investors in an arms-length commercial transaction and that Piper Sandler has financial and other interests that differ from your interests (ii) Piper Sandler is not acting as a municipal advisor, financial advisor or fiduciary to you or any other person or entity and has not assumed any advisory or fiduciary responsibility to you with respect to the transaction contemplated herein and the discussions, undertakings and proceedings leading thereto (irrespective of whether Piper Sandler has provided other services or is currently providing other services to you on other matters) (iii) the only obligations Piper Sandler has to you with respect to the transaction contemplated hereby expressly are set forth in this agreement and (iv) you have consulted your own legal, accounting, tax, financial and other advisors, as applicable, to the extent deemed appropriate in connection with the transaction contemplated herein.

5. **Disclosure.** Attached to this letter are regulatory disclosures required by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board to be made by us at this time because of this engagement. We may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures. It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the Securities. If our understanding is incorrect, please notify the undersigned immediately.
6. **Termination.** You or we may terminate our engagement under this agreement, with or without cause, upon ten days' written notice to the other party. The fee, expense reimbursement, your representations, warranties and agreements and miscellaneous provisions of this agreement will survive any termination of our engagement under this agreement.
7. **Section Headings.** Section headings contained herein are for convenience of reference only and are not part of this agreement.
8. **Amendment.** This agreement may be amended only by a written instrument executed by each of the Parties. The terms of this agreement may be waived only by a written instrument executed by the party waiving compliance.
9. **Entire Agreement.** This agreement embodies the entire agreement and understanding between you and us and supersedes all prior agreements and understandings relating to the subject matter of this agreement.
10. **No Assignment.** This agreement has been made by the Issuer and Piper Sandler, and no other person shall acquire or have any right under or by virtue of this agreement.
11. **Governing Law.** This agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this agreement or the negotiation, execution or performance of this agreement, will be governed by and construed in accordance with the laws of New York. You and we hereby waive all right to trial by jury in any action, proceeding, or counterclaim (whether based upon contract, tort or otherwise) in connection with any dispute arising out of this agreement or any matters contemplated by this agreement.
12. **Consent to Jurisdiction; Service of Process.** The parties each hereby (a) submits to the jurisdiction of any state or federal court sitting in the County of New York, State of New York for the resolution of any claim or dispute with respect to or arising out of or relating to this agreement or the relationship between the parties (b) agrees that all claims with respect to such actions or proceedings may be heard and determined in such court, (c) waives the defense of an inconvenient forum, (d) agrees not to commence any action or proceeding relating to this agreement other than in a state or federal court sitting in the County of New York, State of New York and (e) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other

jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 16. Nothing in this agreement will affect the right of any party to this agreement to serve process in any other manner permitted by law.

13. **Effectiveness.** This agreement shall become effective upon its execution by duly authorized officials of all parties hereto and shall be valid and enforceable from and after the time of such execution.
14. **Severability.** In the event any provision of this agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. You and us will endeavor in good faith negotiations to replace the invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid or unenforceable provisions.
15. **Counterparts.** This agreement may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which shall be an original and all of which shall constitute but one and the same instrument.
16. **Notices.** Any notice required or permitted to be given under this agreement shall be given in writing and shall be effective from the date sent by registered or certified mail, by hand, facsimile or overnight courier to the addresses set forth on the first page of this agreement with a copy sent to the General Counsel of such Party.
17. THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

Please confirm that the foregoing correctly and completely sets forth our understanding by signing and returning to us the enclosed duplicate of this engagement agreement.

Sincerely,



Renee Vancho, Senior Vice President
Piper Sandler & Co.

Acknowledgement and Approval of Engagement
and Receipt of Appendix A Disclosures

Betsy George, Chief Financial Officer
City of Oxnard

Date: _____

Appendix A – G-17 Disclosure

Thank you for engaging Piper Sandler & Co. to serve as your placement agent. We are writing to provide you with certain disclosures relating to the captioned bond issue (Bonds), as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019).¹

Piper Sandler intends to serve as a placement agent respecting the Bonds and not as a financial advisor or municipal advisor to you. As part of our services as a placement agent, we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

Standard Disclosures

- Disclosures Concerning the Placement Agent Role:
 - MSRB Rule G-17 requires us to deal fairly at all times with both municipal issuers and investors.
 - Our primary role in this transaction is to facilitate the sale and purchase of municipal securities between you and one or more investors for which we will receive compensation.
 - Unlike a municipal advisor, a placement agent does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The placement agents have a duty to purchase the Bonds from the Issuer at a fair and reasonable price but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
 - In the event an official statement is prepared, the placement agent will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.²
- Disclosures Concerning the Placement Agent's Compensation:
 - The placement agent will be compensated by a fee that was negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the placement agent fee will be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the placement agent may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

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

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

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

² Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

You have been identified by the Issuer as a primary contact for the Issuer's receipt of these disclosures, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately. We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth above. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgment that you received these disclosures.

Depending on the structure of the transaction that the Issuer decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

Appendix B – Fixed Rate Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds (“Fixed Rate Bonds”), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue Fixed Rate Bonds. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities, whether for their benefit or as a conduit issuer for a nongovernmental entity. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.

General Obligation Bonds. “General obligation (GO) bonds” are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. The debt service on “unlimited tax” GO bonds are paid from ad valorem taxes which are not subject to state constitutional property tax millage limits, whereas “limited tax” GO Bonds are subject to such limits.

General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest or principal, the holders of general obligation bonds generally will have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds. “Revenue bonds” are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit, and you (or, if you are a conduit issuer, the obligor, as described in the following paragraph) are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a

tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

Some revenue bonds (conduit revenue bonds) may be issued by a governmental issuer acting as a conduit for the benefit of a private sector entity or a 501(c)(3) organization (the obligor). Conduit revenue bonds commonly are issued for not-for-profit hospitals, educational institutions, single and multi-family housing, airports, industrial or economic development projects, and student loan programs, among other obligors. Principal and interest on conduit revenue bonds normally are paid exclusively from revenues pledged by the obligor. Unless otherwise specified under the terms of the bonds, you are not required to make payments of principal or interest if the obligor defaults.

The description above regarding "Security" is only a summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all the following (generally, the obligor, rather than the issuer, will bear these risks for conduit revenue bonds):

Issuer Default Risk. You may be in default if the funds pledged to secure your bonds are not enough to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Bonds payable from the general fund, particularly bonds without a defined revenue stream identified to pay debt service, reduce your flexibility to balance the general fund. Because a fixed debt service payment is required to be paid regardless of how your general fund is impacted by revenue losses or by increased expenses, you have less flexibility in the options available to you in assuring a balanced budget for your general fund.

General Fund Obligations that are Project Based. Some general fund obligations are issued for projects which are expected to generate revenues that will pay for some or all of the debt service on the bonds. In the event the project does not generate the anticipated levels of revenues available for debt service, or, in the extreme case, does not create any revenue available for debt service, you may need to make payments from other available general fund revenues. This may force you to reduce other expenditures or to make difficult decisions about how to pay your debt service.

obligation while meeting other expenditure needs.

General Fund Obligations that are Subject to Annual Appropriation. Some general fund obligations require that debt service is subject to annual appropriation by your governing body. If your governing body decides not to appropriate payments for debt service, your credit ratings may be negatively impacted and you may be forced to pay a higher interest rate on future debt issuance or may be unable to access the market for future debt issuance.

For all bonds, a default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, it may be necessary for you to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

Redemption Risk. Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. If interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk. If your financing plan contemplates refinancing some or all the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required.

Reinvestment Risk. You may have proceeds from the issuance of the bonds available to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as “negative arbitrage”.

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to several requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If tax-exempt bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the bonds.

INDENTURE OF TRUST

by and between

**COMPUTERSHARE TRUST COMPANY, N.A.,
as Trustee**

and

CITY OF OXNARD FINANCING AUTHORITY

Dated as of _____, 2022

Relating to:

**\$ _____
City of Oxnard Financing Authority
2022 Local Obligation Revenue Refunding Bonds
(Special District Bonds)**

INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of _____, 2012 (this “Indenture”), is by and between the City of Oxnard Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “Authority”), and Computershare Trust Company, N.A., a national banking association organized and existing under and by virtue of the laws of the United States and having a corporate trust office in Los Angeles, California, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated October 9, 1991, by and among the City of Oxnard, California (the “City”), the Redevelopment Agency of the City of Oxnard, and the Housing Authority of the City of Oxnard, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and the Authority is authorized pursuant to Article 4 of the Act (the “Bond Law”) to incur indebtedness for the purpose of financing and refinancing capital projects of the City;

WHEREAS, the Authority issued its \$19,505,000 City of Oxnard Public Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series 2012A Bonds”), and its \$9,060,000 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series 2012B Bonds”, and together with the Series 2012A Bonds, the “Series 2012 Bonds”, for the purpose of acquiring the (i) the \$11,835,000 City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$8,750,000 Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$7,980,000 City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012 (the “CFD No. 2000-3 Bonds” and, together with the AD Bonds and the CFD No. 1 Bonds, the “Acquired Obligations”) issued to refund certain Assessment District, CFD No. 1, and CFD No. 2000-3 bond issues;

WHEREAS, the Authority has determined to issue its refunding bonds for the purposes of causing the early redemption of the Series 2012 Bonds and achieving debt service savings which will be secured the Acquired Obligations and designated as 2022 Local Obligation Revenue Refunding Bonds (Special District Bonds), in the aggregate principal amount of \$_____ (the “Bonds”) all pursuant to and secured by this Indenture in the manner provided herein;

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

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

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby grant and agree as follows:

GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the registered owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Authority of all of the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, mortgage, assign, and pledge the following to Computershare Trust Company, N.A., as Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority hereinafter set forth:

GRANTING CLAUSE FIRST

All right, title, and interest of the Authority in and to the Revenues and the Acquired Obligations, including all extensions and renewals of its terms, if any, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and receipt for any income, revenues, issues, profits, insurance proceeds, and other sums of money payable to or receivable by the Authority under the Acquired Obligations or any other document delivered pursuant to the terms of the Acquired Obligations, whether payable pursuant to the Acquired Obligations or otherwise, to bring actions and proceedings under the Acquired Obligations or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Acquired Obligations, including all proceeds of the foregoing and any investment income thereon;

GRANTING CLAUSE SECOND

All moneys, securities, investments, and funds from time to time held by the Trustee under this Indenture, including all Revenues, moneys, and securities held by the Trustee in all funds and accounts under this Indenture (except the Rebate Fund and the Expense Fund), and all other rights and property of every name and nature from time to time hereafter by delivery or by writing of any kind, tangible or intangible, assigned, pledged, or transferred as and for additional security hereunder to the Trustee by the Authority or the City, or by anyone in either's behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof, including all proceeds of the foregoing and all investment income thereon;

TO HAVE AND TO HOLD all and singular the trust estate above granted (the “Trust Estate”), whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security, and protection of all present and future registered owners of the Bonds executed and delivered under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Authority, or its respective successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, on the dates and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article V hereof, and shall pay, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by them, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payment under this Indenture, the rights hereby granted shall cease, determine, and be void; otherwise this Indenture to be and remain in full force and effect;

NOW, THEREFORE, THIS INDENTURE FURTHER 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 Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; EQUAL SECURITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion, or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Acquired Obligations” means, collectively, the AD Bonds, the CFD No. 1 Bonds, and the CFD No. 2000-3 Bonds.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

“AD Bonds” means the City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012, dated as of the date of their delivery to the Authority as the initial purchaser thereof and issued in the aggregate principal amount of \$11,835,000 by the City under and pursuant to the Refunding Act.

“AD Bonds Fiscal Agent Agreement” means that certain Fiscal Agent Agreement, dated as of August 1, 2012, by and between the City and Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, National Association, as fiscal agent, establishing the terms and conditions pertaining to the issuance and administration of the AD Bonds.

“Administrative Costs” means the annual costs of administering the Bonds, including, without limitation, the annual fees and expenses pertaining to the servicing of the Bonds and the provision of continuing disclosure pertaining to the Bonds or the Authority as required by Rule 15c2-12 of the Securities and Exchange Commission and any applicable continuing disclosure agreement pertaining to the Bonds. Such fees and expenses shall include, but not be limited to, any or all of the following: the fees and expenses of the Trustee (including any fees and expenses of its counsel) and the expenses of the Authority in carrying out its duties hereunder, which expenses include, but are not limited to, calculating the rebate obligation, if any, for the Bonds, undertaking any annual audits of the Bonds, and undertaking any annual or event continuing disclosure requirement. In addition to the costs of consultants and attorneys incurred in undertaking such duties, the expenses of the Authority shall also include an allocable share of the salaries of staff of the Authority or the City directly related thereto and a proportionate amount of general administrative overhead related thereto, any rebate obligation due and owing the United States government, and all other costs and expenses of the Authority or the Trustee incurred in connection with the discharge of their respective duties hereunder and, in the case of the Authority, in any way related to the administration of the Authority. Administrative Costs also includes any Unfunded Special District Administrative Expenses.

“AD Prepayment Account” means the Prepayment Account of the Redemption Fund established by the Fiscal Agent pursuant to the provisions of the AD Bonds Fiscal Agent Agreement.

“Agreement” means that certain Joint Exercise of Powers Agreement, dated as of October 9, 1991, by and among the City, the Redevelopment Agency of the City of Oxnard, and the Housing Authority of the City of Oxnard, as duly amended and supplemented from time to time.

“Assessment District” means City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange).

“Authority” means the City of Oxnard Financing Authority, a joint powers authority organized and existing under the Agreement and under and by virtue of the laws of the State of California.

“Authorized Denomination” means the amount of \$5,000 or any integral multiple thereof.

“Authorized Representative” means: (a) with respect to the Authority, its Chairman, Vice Chairman, Controller, Assistant Controller, Executive Director, or Secretary, or any other Person

designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairman, Executive Director, or Controller and filed with the City and the Trustee; (b) with respect to the City, CFD No. 1, and CFD No. 2000-3, the City Manager, the Assistant City Manager, the Chief Financial Officer, the Financial Services Manager, or any other Person designated as an Authorized Representative of the City, CFD No. 1, or CFD No. 2000-3 by a Written Certificate signed on behalf of the City, CFD No. 1, or CFD No. 2000-3 by the City Manager, the Assistant City Manager, the Chief Financial Officer, or the Financial Services Manager and filed with the Authority and the Trustee; (c) with respect to the Trustee, the Senior Vice President, any Vice President, any Assistant Vice President, or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

“Available Amount” means an amount calculated by adding, as of the date of such calculation, (i) the amount on deposit in the Reserve Fund, and (ii) the amount on deposit in the Residual Account, less (a) the CFD No. 1 Residual Amount, (b) the CFD No. 2000-3 Residual Amount, and (c) any amounts determined by the Authority, in consultation with the City, to be needed to pay for debt service on the Bonds on September 2, 2032, or to be used for the payment of rebate or other expenses).

“Average Annual Debt Service” means the average annual debt service on the Bonds, based upon a Bond Year during the term of such Bonds.

“Bond Counsel” means Best Best & Krieger LLP or any law firm that is a firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excluded from gross income for purposes of Section 103 of the Code, which firm is selected by the Authority in connection with the issuance of the Bonds.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as amended from time to time.

“Bond Year” means, with respect to the Bonds or the Acquired Obligations, the period beginning on the Closing Date and ending on September 2, 2022, and each successive 12-month period thereafter until there are no longer any Bonds Outstanding.

“Bonds” means, the \$_____ original principal amount of City of Oxnard Financing Authority 2022 Local Obligation Revenue Refunding Bonds (Special District Bonds).

“Business Day” means a day that is not a Saturday, Sunday, or legal holiday on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are closed, or a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Cash Flow Certificate” means a certificate prepared by an Independent Special District Administrator which, as to a redemption of Bonds pursuant to Section 4.01 hereof, (i) directs the redemption of Bonds among maturities of the Bonds or of Bonds among maturities of the Bonds, as applicable, as necessary, after giving effect to such redemption, so as to maintain as close as practicable the level of Revenue coverage that existed for the Bonds as of the Date of Delivery,

and (ii) certifies that after such redemption the Revenues scheduled to be received from the Acquired Obligations will be sufficient in time and amount (together with funds then held under this Indenture representing payments made pursuant to the Acquired Obligations and available to pay debt service on the Bonds, but excluding amounts, if any, on deposit in the Reserve Fund) to make all remaining scheduled payments of principal of and interest on the Outstanding Bonds.

“CFD No. 1” means Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard.

“CFD No. 1 Bonds” means the Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds, dated as of the date of their delivery to the Authority as the initial purchaser thereof and issued in the aggregate principal amount of \$8,750,000 by CFD No. 1 under and pursuant to the Mello-Roos Act.

“CFD No. 1 Bonds Fiscal Agent Agreement” means that certain Fiscal Agent Agreement dated as of August 1, 2012, by and between CFD No. 1 and Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, National Association, as fiscal agent, establishing the terms and conditions pertaining to the issuance and administration of the CFD No. 1 Bonds.

“CFD No. 1 Prepayment Account” means the Prepayment Account of the Bond Service Fund established by the Fiscal Agent pursuant to the provisions of the CFD No. 1 Bonds Fiscal Agent Agreement.

“CFD No. 1 Residual Amount” means the amount of [\$714,798.57], which is the approximate aggregate amount on deposit in the Reserve Fund allocable to the CFD No. 1 Bonds.

“CFD No. 2000-3” means City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange).

“CFD No. 2000-3 Bonds” means the City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012, dated as of the date of their delivery to the Authority as the initial purchaser thereof and issued in the aggregate principal amount of \$7,980,000 by CFD No. 2000-3 under and pursuant to the Mello-Roos Act.

“CFD No. 2000-3 Bonds Fiscal Agent Agreement” means that certain Fiscal Agent Agreement dated as of August 1, 2012, by and between CFD No. 2000-3 and Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, National Association, as fiscal agent, establishing the terms and conditions pertaining to the issuance and administration of the CFD No. 2000-3 Bonds.

“CFD No. 2000-3 Prepayment Account” means the Prepayment Account of the Bond Service Fund established by the Fiscal Agent pursuant to the provisions of the CFD No. 2000-3 Bonds Fiscal Agent Agreement.

“CFD No. 2000-3 Residual Amount” means the amount of [\$651,891.15], which is the approximate aggregate amount on deposit in the Reserve Fund allocable to the CFD No. 2000-3 Bonds.

“City” means the City of Oxnard, California.

“Closing Date” means the date on which the Bonds are delivered to the Original Purchaser, being the Date of Delivery or, as to the Acquired Obligations, the date such Acquired Obligations are delivered to the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale, and delivery of the Bonds, the acquisition of the Acquired Obligations, and the refunding of the improvement bonds and special tax bonds refunded through the sale and delivery of the Acquired Obligations, including, but not limited to, compensation, fees, and expenses of the City, CFD No. 1, CFD No. 2000-3, the Authority, the Trustee, and their respective counsel, compensation to any financial consultants, certified public accountants, market economists, or the Original Purchaser, other legal fees and expenses, filing and recording fees and costs, costs of preparation and reproduction of documents, and costs of printing.

“Date of Delivery” means the date the Bonds are delivered to the Original Purchaser thereof.

“Depository” or “Securities Depositories” means The Depository Trust Company, 55 Water Street, 22nd Floor, New York, New York 10041-0099, Attn. Call Notification Department, Facsimile transmission: (212) 855-7232, or, in accordance with the then current guidelines of the Securities and Exchange Commission, such other depositories, or no such depositories, as the Authority may indicate in a certificate of the Authority to the Trustee.

“Event of Bankruptcy” means, with respect to any Person, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Person as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

“Event of Default” means any of the events specified in Section 7.01 herein.

“Expense Fund” means the fund by that name established with the Trustee pursuant to Section 3.04.

“Extraordinary Redemption Proceeds” means the proceeds of the extraordinary redemption, in whole or in part, of (a) the principal of, premium (if any) on, and interest on the AD Bonds with funds attributable to the prepayment of any reassessment lien securing such AD Bonds, (b) the principal of, premium (if any) on, and interest on the CFD No. 1 Bonds with funds attributable to the prepayment of any special tax lien securing such CFD No. 1 Bonds, or (c) the principal of, premium (if any) on, and interest on the CFD No. 2000-3 Bonds with funds attributable to the prepayment of any special tax lien securing such CFD No. 2000-3 Bonds.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by, the United States of America; and

(b) direct obligations of any department, agency, or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other 12-month period hereafter selected and designated as the official fiscal year period of the Authority and certified to the Trustee in writing by an Authorized Representative of the Authority.

“Indenture” means this Indenture of Trust, dated as of August 1, 2012, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

“Independent Certified Public Accountant” means a nationally recognized certified public accountant or nationally recognized firm of certified public accountants appointed by the Authority, and who, or each of whom: (a) is judged by the Authority to have extensive experience with respect to the preparation of financial statements; (b) is in fact independent and not under the domination of the Authority, the City, CFD No. 1, or CFD No. 2000-3; (c) does not have any substantial interest, direct or indirect, with the Authority, the City, CFD No. 1, or CFD No. 2000-3; and (d) is not connected with the Authority, the City, CFD No. 1, or CFD No. 2000-3 as an officer or employee thereof, but who may be regularly retained by either the Authority, the City, CFD No. 1, or CFD No. 2000-3 to make reports to such client.

“Independent Special District Administrator” means a consultant or firm of consultants appointed by the Authority, and who, or each of whom: (a) is judged by the Authority to have experience (i) advising public agencies as a financial consultant or assessment engineer with respect to the issuance of bonds for assessment districts and community facilities districts or (ii) administering bonds issued for assessment districts and community facilities districts on behalf of the issuers of such bonds; (b) is in fact independent and not under the domination of the Authority; (c) does not have any substantial interest, direct or indirect, with the Authority, other than as Original Purchaser; and (d) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to make reports to the Authority. A consultant or firm engaged by the City to administer the AD Bonds, by CFD No. 1 to administer the CFD No. 1 Bonds, or by CFD No. 2000-3 to administer the CFD No. 2000-3 Bonds may be an Independent Special District Administrator.

“Information Services” means the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board; and, in accordance with then current guidelines of the

Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Interest Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Interest Payment Date” means March 2 and September 2 in each year, commencing September 2, 2022, so long as any Bonds remain Outstanding.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service for the Bonds, as the case may be, during the current or any future Bond Year.

“Mello-Roos Act” means the Mello-Roos Community Facilities Act of 1982, as amended, set forth in Chapter 2.5 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53311).

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns. “Nominee” has the meaning given to such term in Section 2.09.

“Office” means the designated corporate trust office or agency of the Trustee in Los Angeles, California, or such other offices as may be specified to the Authority by the Trustee in writing, and the designated corporate trust office of any successor trustee.

“Original Purchaser” means

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore or thereupon being authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds referred to under Section 11.10; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner” or “Bond Owner,” whenever used herein with respect to a Bond, means the Person in whose name the ownership of such Bond is registered on the Registration Books.

“Participant” has the meaning given to such term in Section 2.09.

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

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

“Prime Rate” has the meaning given to such term in Section 3.03(a)(4).

“Principal Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Prior Indenture” means the Indenture of Trust, dated as of August 1, 2012 (the “Prior Indenture”), by and between the Authority and the Prior Trustee.

“Prior Trustee” means Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, National Association, acting as trustee thereunder.

“Program Fund” means the fund by that name established with the Trustee pursuant to Section 3.05.

“Rebatable Arbitrage” has the meaning given to such term in Section 6.08(b)(i). “Rebate Fund” means the account by that name established pursuant to Section 6.08(a).

“Rebate Regulations” means the Proposed and Temporary Treasury Regulations issued under Section 148 of the Code.

“Record Date” means the fifteenth (15th) day (whether or not such day is a Business Day) of the calendar month preceding each Interest Payment Date.

“Redemption Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Refunding Act” means the Refunding Act of 1984 for 1915 Improvement Act Bonds, being Division 11.5 (commencing with Section 9500) of the Streets and Highways Code of the State of California.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

“Related Documents” means, collectively, this Indenture, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, the CFD No. 2000-3 Bonds Fiscal Agent Agreement, the AD Bonds, the CFD No. 1 Bonds, and the CFD No. 2000-3 Bonds.

“Reserve Fund” means the fund by that name established with the Trustee pursuant to Section 3.03(a).

“Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service for the Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Bonds, or (iii) ten percent (10%) of the original principal amount of the Bonds; provided, however, that the Reserve Requirement as of any such date of

calculation shall not exceed the Reserve Requirement calculated as of the Closing Date. As of the Closing Date, the Reserve Requirement is \$_____.

“Residual Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Revenue Fund” means the fund by that name established pursuant to Section 5.01.

“Revenues” means (a) all amounts derived from or with respect to the Acquired Obligations, including, without limitation, the reassessments collected within the Assessment District, the special taxes collected within CFD No. 1, and the special taxes collected within CFD No. 2000-3, and (b) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder, excepting therefrom the Rebate Fund.

“S&P” means S&P Global, and its successors and assigns.

“Special Record Date” means the date established by the Trustee pursuant to Section 2.02(b) as a record date for the payment of defaulted interest on the Bonds, if any.

“State” means the State of California.

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

“Tax Certificate” means that certain certificate of the Authority by that name delivered on the Closing Date.

“Trustee” means Computershare Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

“Unfunded Special District Administrative Expenses” means those annual costs of the administration of the AD Bonds, the CFD No. 1 Bonds, the CFD No. 2000-3 Bonds, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, and the CFD No. 2000-3 Bonds Fiscal Agent Agreement in excess of the proceeds of the annual assessments or special taxes for administrative costs and surcharges for collection costs and registration costs which may be collected for the Assessment District, CFD No. 1, or CFD No. 2000-3 on the tax roll by the City, CFD No. 1, or CFD No. 2000-3, as applicable.

“Verification Report” has the meaning given to such term in Section 10.05(a).

“Written Certificate,” “Written Order,” or “Written Request” of the Authority, the City, CFD No. 1, or CFD No. 2000-3 means, respectively, a written certificate, written order, or written request signed in the name of the Authority by any Authorized Representative thereof, in the name of the City by any Authorized Representative thereof, in the name of CFD No. 1 by any Authorized Representative thereof, or in the name of CFD No. 2000-3 by any Authorized Representative

thereof. Any such certificate, order or request may, but need not, be combined in a single instrument with any other instrument, opinion, or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such certificate, order or request shall include the statements provided for in Section 1.02.

“Yield” shall have the meaning given to such term as set forth in the Tax Certificate for the Bonds.

SECTION 1.02 Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture, except any certification of destruction pursuant to Section 11.05 hereof, with respect to compliance with any provision hereof shall include (a) a statement that the Person making or giving such certificate or opinion has read such 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 certificate or opinion is based; (c) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority, the City, CFD No. 1, or CFD No. 2000-3 may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion, or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority, the City, CFD No. 1, or CFD No. 2000-3, as the case may be) upon a certificate or opinion of or representation by an officer of the Authority, the City, CFD No. 1, or CFD No. 2000-3, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, the City, CFD No. 1, or CFD No. 2000-3, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel or accountants may certify to different matters, respectively.

SECTION 1.03 Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine, or feminine gender, as appropriate.

(b) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof, and shall not affect the meaning, construction, or effect hereof.

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

SECTION 1.04 Indenture Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, and the Owners of the Bonds. The pledge made in this Indenture and the provisions, covenants, and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection, and security of all present and future Owners of the Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any other Bonds.

ARTICLE II

THE BONDS

SECTION 2.01 Authorization of Bonds. The Authority hereby authorizes the issuance of two (2) series of Bonds hereunder and under the Bond Law, which shall constitute special obligations of the Authority, for the purpose of providing moneys to finance the acquisition by the Authority of the Acquired Obligations. Such Bonds are hereby designated the 2022 City of Oxnard Financing Authority Local Obligation Revenue Refunding Bonds (Special District Bonds). The maximum aggregate principal amount of Bonds authorized to be issued and Outstanding under this Indenture shall equal \$ _____. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal of and interest on all such Bonds, subject to the covenants, provisions, and conditions herein contained.

SECTION 2.02 Terms of the Bonds.

(a) The Bonds shall be issued in fully registered form without coupons in any Authorized Denomination. The Bonds shall be dated as of the Date of Delivery, shall mature (subject to prior redemption, as herein provided) in the principal amounts maturing or payable and bear interest as follows:

<u>Maturity Date</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2023		
2024		
2025		
2026		
2030		
2033 (maturity)		

(b) Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated ‘on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event

it shall bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Date of Delivery, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each interest Payment Date. Interest with respect to the Bonds shall be calculated on the basis of 360 days per year, comprised of twelve 30-day months. Interest shall be paid on each Interest Payment Date to the Persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than ten (10) calendar days prior to such Special Record Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; or by wire transfer made on such Interest Payment Date to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who shall have requested such transfer pursuant to written notice filed with the Trustee on or before the preceding Record Date.

(c) The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee. Payment of principal on any Bond shall be made only upon presentation and surrender of such Bond at the Office of the Trustee.

(d) The Bonds shall be subject to redemption as provided in Article IV.

SECTION 2.03 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. The Trustee shall not be obligated to make any transfer of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount in an Authorized Denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

SECTION 2.04 Exchange of Bonds. The Bonds may be exchanged at the Office of the Trustee for a Bond in a like aggregate principal amount of Bonds of Authorized Denominations and of the same maturity. The Authority may charge a reasonable sum for each new Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds and except in the case of the first exchange of any definitive Bond in the form in which it is originally issued) and the Trustee shall require the payment by the Bond Owner requesting such

exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be obligated to make any exchange of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

SECTION 2.05 Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds (the “Registration Books”), which Registration Books shall be open to inspection during regular business hours and upon reasonable prior notice by the Authority, the City, CFD No. 1, and CFD No. 2000-3 and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such Registration Books, the ownership of the Bonds as hereinbefore provided.

SECTION 2.06 Form and Execution of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A hereto. The Bonds shall be executed in the name and on behalf of the Authority with the facsimile signature of its Chair (or any duly authorized deputy to the Chair) attested by the manual or facsimile signature of its Secretary. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the forms set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.07 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed, or typewritten, shall be of such Authorized Denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 2.08 Bonds Mutilated, Lost, Destroyed, or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Authority and the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in replacement for the Bond so lost, destroyed, or stolen (or if any such Bond shall have matured, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed, or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

SECTION 2.09 Book-Entry. The Bonds shall be initially issued in the form of a single, fully registered Bond for each maturity (which may be typewritten). Upon initial issuance, the ownership of such Bonds shall be registered in the name of the Nominee identified below as nominee of the Depository. Except as hereinafter provided, all of the Outstanding Bonds shall be registered in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section (the “Nominee”). The initial Nominee shall be Cede & Co., as Nominee of the Depository.

With respect to the Bonds registered in the name of the Nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any broker-dealers, banks, and other financial institutions from time to time for which the Depository holds Bonds as securities depository (the “Participant”) or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Authority nor the Trustee shall have any responsibility or obligation (unless the Authority is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Authority redeems the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Registration Books, of any amount with respect to principal of or interest on the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the holder and absolute Owner of such Bond for the purpose of payment of principal and interest with respect to such Bond for the purpose of giving notices of redemption if applicable, and other matters with respect to such Bond for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Authority shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owner of a Bond, as shown in the Registration Books, or his respective attorney duly

authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Bond, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the Authority to make payments of principal and interest pursuant to this Indenture. Upon delivery by the Depository to the Owners of the Bond, and the Authority of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

In the event (i) the Depository determines not to continue to act as securities depository for the Bonds or (ii) the Depository shall no longer so act and gives notice to the Authority of such determination, then the Authority will discontinue the book-entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new, single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in the register in the name of the Nominee, but shall be registered in whatever name or names owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 and the Authority shall prepare and deliver Bonds to the Owners thereof for such purpose.

In the event of a reduction in aggregate principal amount of Bonds Outstanding or an advance refunding of part of the Bonds outstanding, the Depository, in its discretion, (a) may request the Authority to prepare and issue a new Bond or (b) may make an appropriate notation on the Bond indicating the date and amounts of such reduction in principal, but in such event the Authority records maintained by the Trustee shall be conclusive as to what amounts are Outstanding on the Bond, except in the case of final maturity, in which case the Bond must be presented to the Trustee prior to payment.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal and interest with respect to such Bond and all notice with respect to such Bonds shall be made and given respectively, as instructed by the Depository and acceptable to the Authority.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS AND TRANSFERS FROM THE FISCAL AGENT; ACQUISITION OF ACQUIRED OBLIGATIONS

SECTION 3.01 Issuance of the Bonds. At any time after the execution of this Indenture, the Authority may execute, and upon the Written Request of the Authority, the Trustee shall authenticate and deliver, Bonds in the aggregate principal amount of \$_____.

SECTION 3.02 Application of Proceeds of the Bonds and Transfers from the Fiscal Agent.

The proceeds in the amount of \$ _____ received on the Date of Delivery from the sale of the Bonds shall be delivered in trust with the Trustee, and the Trustee shall immediately deposit the proceeds as follows:

- (1) \$ _____ shall be transferred to the Prior Trustee for the early redemption of the Series 2012 Bonds;
- (2) \$ _____, representing the Reserve Requirement, shall be deposited in the Reserve Fund;
- (3) \$ _____ shall be deposited in the Residual Account of the Revenue Fund; and
- (4) \$ _____ shall be deposited in the Expense Fund.

In addition, the Trustee shall deposit \$ _____ (representing a portion of the accrued interest on the CFD No. 1 Bonds) transferred to the Trustee pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement and \$ _____ (representing a portion of the accrued interest on the CFD No. 2000-3 Bonds) transferred to the Trustee pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement in the Interest Account of the Revenue Fund.

SECTION 3.03 Reserve Fund. (a) Establishment of Reserve Fund.

(1) The Trustee shall establish and maintain a separate reserve fund to be applied solely to the payment of debt service on the Bonds, designated as the “Reserve Fund.” The Trustee shall deposit the amount specified in Section 3.02(a) in the Reserve Fund. The Trustee shall administer the funds in the Reserve Fund as provided in this Section 3.03.

(2) If on any Interest Payment Date the amount in the Interest Account shall be less than the amount required for the interest payable with respect to the Bonds on such date, the Trustee shall withdraw from the Reserve Fund and deposit into the Interest Account the amount of such deficiency.

(3) If on any Interest Payment Date the amount in the Principal Account shall be less than the amount required for the principal payable with respect to the Bonds on such date, the Trustee shall withdraw from the Reserve Fund and deposit into the Principal Account the amount of such deficiency.

(4) If on September 3rd of any year the amount of cash on deposit in the Senior Reserve Fund exceeds the Reserve Requirement, the Trustee shall on such date transfer such excess from the cash then on deposit in the Reserve Fund to the Residual Account.

(5) Not later than three (3) days following the date that the Bonds are no longer Outstanding and all Administrative Costs have been paid in full, then the Trustee shall transfer all monies in the Reserve Fund to the Residual Account.

(b) Calculation of Available Amount. At or around June 1, 2031, the Trustee shall calculate the Available Amount and transmit such calculation to the City, it being understood that the City will reduce the Fiscal Year 2031-2032 assessment levy in the Assessment District in an amount equal to the Available Amount. Amounts equal in the aggregate to the Available Amount shall be withdrawn proportionately from the Reserve Fund to pay, on September 2, 2032, a portion of the debt service on the Bonds.

SECTION 3.04 Expense Fund. The Trustee shall establish and maintain a separate fund to be known as the “Expense Fund.” The moneys deposited into the Expense Fund shall be utilized to pay the Costs of Issuance and Administrative Costs, as set forth in a Written Request of the Authority, the City, CFD No. 1, or CFD No. 2000-3 containing the respective amounts to be paid to the designated payees. The Trustee shall pay all such Costs of Issuance and Administrative Costs upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition. On September 3 of each year, the Trustee shall transfer any funds then held in the Expense Fund to the Residual Account.

SECTION 3.05 Program Fund.

The Trustee shall establish and maintain a separate fund to be known as the “Program Fund.” The Trustee shall receive the Acquired Obligations from the Prior Trustee and hold all of the Acquired Obligations therein for the benefit of the Authority and the Owners..

SECTION 3.06 Closing Documents. Prior to or concurrent with the acquisition of either of the Acquired Obligations with amounts on deposit in the Program Fund, there shall have been filed with the Authority and the Trustee as to such Acquired Obligation all of the following documents, in each case in form and substance satisfactory to the Authority.

(a) Original fully executed copies of all agreements and other instruments pursuant to which such Acquired Obligation is authorized, sold, and issued or incurred, including, without limitation, the applicable fiscal agent agreement;

(b) The fully executed Acquired Obligation or other instrument evidencing such Acquired Obligation registered in the name of the Authority pursuant to this Indenture;

(c) A separate Written Certificate of the City, CFD No. 1, and CFD No. 2000-3, as applicable, stating that all of the documents referred to in (a) and (b) above have been duly executed by the City, CFD No. 1, and CFD No. 2000-3, as applicable, and that the Persons executing such documents on their behalf have been duly authorized to do so;

(d) Certified copies of all resolutions of the governing body of the City (on behalf of itself and as the legislative body of CFD No. 1 or CFD No. 2000-3, as applicable) approving and authorizing the issuance of the Acquired Obligation and the documents referred to in (a) and (b) above;

(e) An opinion of Bond Counsel which: (a) states that the Acquired Obligation is a valid and binding obligation of the City, CFD No. 1, or CFD No. 2000-3, as applicable,

enforceable in accordance with its terms, subject to customary bankruptcy, equitable remedy and other exceptions, and (b) contains such other opinions and addresses such other matters as are commonly provided by Bond Counsel for tax-exempt bonds similar to the type of the Acquired Obligation and as may reasonably be required by the Authority or the Original Purchaser; and

(f) Such other opinions, documents, and other information as may be reasonably required by the Authority, Bond Counsel, or counsel to the Original Purchaser.

SECTION 3.07 Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the acquisition of the Acquired Obligations. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01 Redemption.

(a) **Optional Redemption.** The Bonds maturing on or before September 2, ____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after September 2, ____, may be redeemed at the option of the Authority prior to maturity on any date on or after September 2, ____, in whole or in part in any Authorized Denomination (by lot within any maturity), as directed by the Authority in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

(b) **Extraordinary Redemption.** The Bonds or any portion of a Bond in any Authorized Denomination shall be subject to extraordinary redemption prior to maturity, in whole on any date, or in part on any Interest Payment Date, pro rata among maturities as directed by the Authority in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from funds transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable, at the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, ____, through March 2, ____	103%
September 2, ____, and March 2, ____	102
September 2, ____, and March 2, ____	101
September 2, ____, thereafter	100

(c) Mandatory Sinking Fund Redemption. The Bonds maturing on September 2, _____, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

<u>Mandatory Redemption Date</u> <u>(September 2)</u>	<u>Principal Amount</u>
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In the event of any optional or extraordinary redemption of Bonds maturing on September 2, _____, pursuant to Subsection (a) or (b) above, the schedule of mandatory sinking fund installments in Subsection (c) above shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000. The Authority shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate.

(d) Purchase in Lieu of Redemption. In lieu of depositing cash with the Trustee as and for payment of the redemption price of any Bonds pursuant to this Section 4.01, and after complying with the Cash Flow Certificate requirements set forth in Section 4.02 below, amounts on deposit in the Principal Account, the Interest Account, and the Redemption Account may be used and withdrawn by the Trustee at any time prior to the selection of Bonds for such redemption having taken place with respect to such amounts, upon a Written Order of the Authority for the purchase of such Bonds 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 the Authority may, in its discretion, determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date. All Bonds so purchased shall be delivered to the Trustee for cancellation.

SECTION 4.02 Selection of Bonds for Redemption. Subject to Section 4.01, whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the amounts and maturities of Bonds for redemption in accordance with the Written Order of the Authority to be provided to the Trustee not less than 45 days prior to the redemption date.

Each Written Order of the Authority provided in accordance with this Section 4.02 shall be accompanied by a Cash Flow Certificate.

Whenever less than all the outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee will select the particular Bonds to be redeemed randomly by lot and in selecting the Bonds for redemption the Trustee will treat each Bond of a denomination of more than five thousand dollars (\$5,000) as representing that number of Bonds of five thousand dollars (\$5,000) denomination which is obtained by dividing the principal amount of such Bond by five thousand dollars (\$5,000), and the portion of any Bond of a denomination of more than five thousand dollars (\$5,000) to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption in whole or in part on such date.

SECTION 4.03 Notice of Redemption.

(a) Contents of Notice. Notice of redemption shall be mailed by the Trustee promptly upon receipt of moneys to be applied to the redemption of Bonds, by first class mail, postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, such notice to be mailed not more than sixty (60) nor less than thirty (30) calendar days prior to the redemption date. Each notice of redemption shall state the redemption date, the place or places of redemption, and the CUSIP numbers and the Bond numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective Authorized Denominations of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal amount relating thereto or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, plus premium and accrued interest, if any, and through which date such interest will accrue, and that from and after such date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the Office of the Trustee. Neither the failure of any Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Bonds or the cessation of accrual of interest thereon. A certificate of the Trustee that notice of redemption has been given as provided for in this Section 4.03(a) shall be conclusive as against all parties, and it shall not be open to any Owner to show that he or she failed to receive notice of such redemption.

(b) Notice to Others. In addition to the notice given pursuant to Subsection (a) of this Section, the notice of redemption described in Subsection (a) shall be given on the same day by either first class mail, postage prepaid, or facsimile transmission to the Securities Depositories and to at least one of the Information Services. Neither the failure to give the notice described in this Subsection nor any defect therein shall in any manner affect the redemption of the Bonds; provided further, that failure to provide such notice to the Securities Depositories or the Information Services shall not affect the validity of proceedings for the redemption of any Bonds.

(c) Given on Behalf of Authority. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

SECTION 4.04 Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of an Authorized Denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

SECTION 4.05 Effect of Notice of Redemption. Notice having been given as aforesaid, and moneys for the redemption (including the interest to the applicable date of redemption), having been set aside in the Redemption Account or any of the accounts therein, the Bonds shall become due and payable on said date of redemption, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the redemption price thereof, together with interest accrued and unpaid to said date of redemption and premium, if any.

If, on said date of redemption, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date of redemption and premium, if any, shall be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said date of redemption, interest represented by said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

When any Bonds (or portions thereof) have been duly called for redemption prior to maturity pursuant to the provisions of this Article IV or with respect to which irrevocable instructions to call such Bonds for redemption prior to maturity at the earliest redemption date have been given to the Trustee pursuant to the provisions of this Article IV and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds (or portions thereof) as provided for in this Indenture, then such Bonds (or portions thereof) shall no longer be deemed Outstanding and shall be surrendered to the Trustee.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Article IV shall be canceled upon surrender thereof and delivered to the Trustee.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS OF PRINCIPAL AND INTEREST

SECTION 5.01 Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Acquired Obligations and all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Indenture (except the Rebate Fund and the Expense Fund) are hereby pledged by the Authority, to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute a first lien on and security interest in such assets, and shall attach, be perfected and be valid and binding from and after delivery of the Bonds by the Trustee, upon the physical delivery thereof.

(b) The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title, and interest of the Authority in the Acquired Obligations, when and as issued or incurred. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received,

by the Authority and shall forthwith be paid by the Authority to the Trustee for deposit to the Revenue Fund. The Trustee also shall be entitled to and may take all steps, actions, and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under and with respect to its Acquired Obligations.

(c) Upon receipt, all Revenues shall be promptly deposited by the Trustee thereof in a special fund designated as the "Revenue Fund" within which there shall be an Interest Account, Principal Account, Redemption Account, and a Residual Account, each of which the Trustee shall establish, maintain and hold in trust. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

SECTION 5.02 Allocation of Revenues. As Revenues (other than Extraordinary Redemption Proceeds, which shall be deposited in the Redemption Account pursuant to Section 5.05) are received in each calendar year commencing in 2022, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain in trust separate and distinct from the other funds and accounts established hereunder) the following amounts on the following dates and 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 a lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) On March 2 and September 2 of each year, the Trustee shall deposit in the Interest Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on such date on the Bonds.

(b) On September 2 of each year, the Trustee shall deposit in the Principal Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal coming due and payable, on such date on the Outstanding Bonds.

(c) On March 2 and September 2 of each year, the Trustee shall deposit in the Reserve Fund an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Reserve Fund to equal the Reserve Requirement.

(d) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (c) above, the Trustee shall deposit in the Expense Fund such amount as may be requested in a Written Request of an Authorized Representative of the Authority for the payment of Administrative Costs.

(e) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (d) above, the Trustee shall deposit in the Rebate Fund all amounts which the Authority directs to be deposited therein pursuant to Section 6.08.

(f) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (e) above, the Trustee shall deposit in the Residual Account of the Revenue Fund the amount then on deposit in the Revenue Fund.

SECTION 5.03 Application of Interest Account.

Subject to the provisions of this Indenture, all amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as the same shall become due and payable or, at the Written Request of the Authority filed with the Trustee, to apply to the payment of accrued interest on any Bonds purchased by the Authority in lieu of redemption pursuant to Section 4.01(c). Any amounts on deposit in the Interest Account or any subaccount thereof on any Interest Payment Date and not required to pay interest then due and payable on the Bonds shall be retained in such Interest Account.

SECTION 5.04 Application of Principal Accounts.

Subject to the provisions of this Indenture, all amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal of the Bonds upon the stated maturity thereof.

SECTION 5.05 Application of Redemption Account. All Extraordinary Redemption Proceeds shall be deposited into the Redemption Account. Subject to the provisions of this Indenture, all amounts deposited in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner and upon the terms and conditions specified in Section 4.01(b), at the next succeeding date of redemption for which notice has been given and at the principal amount thereof. Additionally, any amounts for the redemption of Bonds pursuant to Section 4.01(a) may be deposited into the Redemption Account in a manner instructed by the Authority in writing to the Trustee. At any time prior to selection of Bonds for redemption, the Trustee may apply amounts on deposit in the Redemption Account to the purchase of Bonds pursuant to the provisions of Section 4.01(d).

SECTION 5.06 Application of Residual Account.

(a) Amounts in the Residual Account in excess of \$_____ (which amount is equal to approximately 10% of the average annual debt service on the Bonds as of the Closing Date) may, at any time and at the written direction of the Authority, be (i) transferred to the Expense Fund if the amount therein is insufficient to pay Costs of Issuance or Administrative Costs, (ii) transferred to the Rebate Fund, or (iii) transferred to the Redemption Account.

(b) Three (3) Business Days prior to each Interest Payment Date, the Trustee shall transfer all monies deposited in the Residual Account to the Revenue Fund to be applied in accordance with Section 5.02.

(c) Promptly following the date that the Bonds are no longer Outstanding, all funds on deposit in the Residual Account, including transfers from the Reserve Fund pursuant to Section 3.03 shall be remitted (i) in the amount of the CFD No. 1 Residual Amount to the City for refund to the property owners within CFD No. 1 as determined by an Authorized Officer of the City, (ii) in the amount of the CFD No. 2000-3 Residual Amount to the City for refund to the property owners within CFD No. 2000-3 as determined by an Authorized Officer of the City, and (iii) in the amount of the balance of the Residual Account to the City for refund to the property owners within the Assessment District in the manner set forth in Section 8885 of the California Streets and Highways Code.

(d) Amounts in the Residual Account shall be invested in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a Yield not in excess of the Yield on the Bonds, unless, in the opinion of Bond Counsel, investment at a higher Yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds then Outstanding.

SECTION 5.07 Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority two (2) Business Days prior to the making of such investment. Permitted Investments may be purchased at such prices as the Authority shall determine. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee pursuant to Section 6.07 and such additional limitations or requirements consistent with the foregoing as may be established by the Written Request of the Authority. Moneys in all funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent timely written direction from the Authority, the Trustee shall invest any funds held by it in Permitted Investments described in clause (15) of the definition thereof. Investment of cash on deposit in the Reserve Fund shall have an average weighted term to maturity not greater than five (5) years.

Unless otherwise provided in this Indenture, all interest, profits, and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be deposited in the Revenue Fund, except that (a) earnings on the investment of amounts in the Residual Account of the Revenue Fund, the Reserve Fund (subject to Section 3.03(a) hereof) shall be deposited into the Residual Account of the Revenue Fund and (b) earnings on the investment of amounts in the Rebate Fund shall be retained therein. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund from which such accrued interest was paid.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at the lesser of cost or par value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section 5.07.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage

confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transactions statements which include details for all investment transactions made by the Trustee hereunder.

ARTICLE VI

PARTICULAR COVENANTS

SECTION 6.01 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture and received by the Authority or the Trustee.

SECTION 6.02 Extension of Payment of Bonds. The Authority 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 purchaser of such Bonds or by any other arrangement. Nothing in this Section shall be deemed to limit the right of the Authority 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 6.03 Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture or any Supplemental Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

SECTION 6.04 Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Acquired Obligations, and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid, and binding special obligations of the Authority in accordance with their terms, and the Authority shall at all times, to the extent permitted by law, defend, preserve, and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all Persons whomsoever.

SECTION 6.05 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Bond proceeds, the Revenues, the Acquired Obligations, and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, the City, CFD No. 1, and CFD No. 2000-3 during

regular business hours and upon reasonable prior notice and under reasonable circumstances as agreed to by the Trustee.

SECTION 6.06 Waiver of Laws. The Authority 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 Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

SECTION 6.07 [RESERVED].

SECTION 6.08 Rebate Fund.

(a) **Establishment of Rebate Fund.** With respect to the Bonds the Trustee shall establish a special fund designated as the “Rebate Fund” (the “Rebate Fund”) and shall comply with the requirements of Subsection (b) below. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 6.08, and the Tax Certificate, unless the Authority obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(b) **Rebate Fund.** The following requirements shall be satisfied with respect to a Rebate Fund:

(i) **Annual Computation.** Within 55 calendar days of the end of each fifth Bond Year with respect to the Bonds and of the final maturity or redemption of the Bonds, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage in accordance with Section 148(f)(2) of the Code and Section 1.148-2 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)) and for this purpose treating the last day of the applicable Bond Year as a computation date within the meaning of Section 1.148-8(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) **Rebatable Amount Transfer.** Within 55 calendar days of the end of each applicable Bond Year with respect to the Bonds, upon the Authority’s written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, if and to the extent required, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (b). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the applicable Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Authority, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee shall, pursuant to the written direction of the Authority, pay to the United States Treasury, out of amounts in each Rebate Fund,

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

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

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit with the Trustee for deposit in the Rebate Fund an amount received from any legally available source, equal to such deficiency in the particular Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (b) shall be made to the Internal Revenue Service on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Authority and provided to the Trustee or shall be made in such other manner as the Authority shall direct the Trustee, as provided under the Code.

(c) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in Subsection (b), may, upon the receipt of written directions from the Authority, be transferred by the Trustee to the Authority and utilized in any manner by the Authority.

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

SECTION 6.09 Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The Authority will not take or omit to take any action, and will not make any use of the proceeds of the Bonds or of any other monies or property which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) Arbitrage. The Authority will not make any use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, and will not take or omit to

take any action which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guarantee. The Authority will not make any use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

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

(5) Miscellaneous. The Authority will not take any action inconsistent with its expectations stated in the Tax Certificate executed on the Closing Date by the Authority in connection with the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

SECTION 6.10 Collection of Revenues Under Acquired Obligations. The Trustee shall collect all Revenues payable with respect to the Acquired Obligations promptly as such Revenues become due and payable, and shall enforce and cause to be enforced all rights of the Trustee under and with respect to the Acquired Obligations.

SECTION 6.11 Disposition of Acquired Obligations. The Authority shall not sell or otherwise dispose of the Acquired Obligations, or any interest therein, unless either (a) there shall have occurred and be continuing an Event of Default hereunder or (b) upon the written direction of the Authority the proceeds derived by the Trustee from the sale or other disposition of the Acquired Obligations are sufficient to enable the Trustee to optionally redeem or discharge pursuant to Article X all Bonds then Outstanding.

SECTION 6.12 Further Assurances. The Authority will make, execute, and deliver any and all such further indentures, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

SECTION 7.01 Events of Default. The following events shall be Events of Default:

(a) if default shall be made by the Authority in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) if default shall be made by the Authority in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable;

(c) if default shall be made by the Authority in the observance of any of the other covenants, agreements, or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) calendar days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of Bonds at the time Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall, subject to the provisions of Section 12.09, not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected; and

(d) the occurrence of an Event of Bankruptcy with respect to the Authority.

SECTION 7.02 Remedies Upon Event of Default. If any Event of Default shall have occurred and be continuing, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding may, upon notice in writing to the Authority, exercise any and all remedies available pursuant to law or granted with respect to such Event of Default.

SECTION 7.03 Other Remedies of Bond Owners. Subject to the provisions of Section 7.07, any Bond Owner shall have the right, for the equal benefit and protection of all Bond Owners similarly situated:

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

(b) by suit, action, or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners' rights; or

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

SECTION 7.04 Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Authority shall be immediately upon receipt by the Authority be transferred by the Authority to the Trustee and shall be deposited by the Trustee in the Revenue Fund, and all amounts held in the Revenue Fund by the Trustee, and all Revenues and any other funds then held or thereafter received by the Authority or the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

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

(b) To the payment of the principal of 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 Indenture, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds 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 the Bonds on such date to the Persons entitled thereto, without any discrimination or preference.

Immediately upon the payment of any delinquent amounts that caused the occurrence of an Event of Default triggering the application of the provisions of this Section 7.04 to the Revenues and any other applicable funds so as to remedy such Event of Default, the provisions of Section 5.02 shall apply to the allocation of Revenues.

SECTION 7.05 Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture, the Bond Law, and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, the Bond Law, or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action, or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

SECTION 7.06 Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the affected series of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction.

SECTION 7.07 Limitation on Bond Owners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Agreement, the Bond Law, or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of 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, and (c) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) calendar days after such written 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 or under law; 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 affect, disturb, or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Bond Law, or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had, and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.08 Absolute Obligation of Authority. Nothing in Section 7.07 or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor and received by the Authority or the Trustee, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.09 Termination of Proceeding. In case any proceedings taken by the Trustee or any one or more Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bond Owners, then in every such case the Authority, the Trustee, and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder,

severally and respectively, and all rights, remedies, powers, and duties of the Authority, the Trustee, and the Bond Owners shall continue as though no such proceedings had been taken.

SECTION 7.10 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.11 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01 Duties and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with Subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Authority, and to the Bond Owners notice of such resignation at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor

Trustee shall have been appointed and have accepted appointment within 45 calendar days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties, and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in this Subsection, the Authority shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) calendar days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee shall be a trust company or bank having the powers of a trust company, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state agency. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this Subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

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

(g) The Trustee shall not be responsible for the sufficiency, timeliness, or enforceability of the Revenues or the reviewing of any report or certificate required to be provided hereunder.

(h) The Trustee shall not be accountable for the use or application by the Authority, the City, CFD No. 1, CFD No. 2000-3, or any other party of any funds which the Trustee has released under this Indenture.

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

SECTION 8.02 Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion, or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under Subsection (c) of Section 8.01 shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its Bond of authentication on the Bonds. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to the Authority or others in accordance with this Indenture except as the application of any moneys paid to it in its capacity as Trustee. 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 action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than 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 Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

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

(f) The Trustee assumes no responsibility or liability for 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 indemnification and releases from liability granted herein to the Trustee shall extend to the directors, officers and employees of the Trustee.

SECTION 8.04 Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, bond, report, opinion, bonds, 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 Bond Counsel or other counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, the Trustee shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

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 his title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Authority, and such Bond shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this indenture in reliance upon such Bond, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

SECTION 8.05 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable prior notice to the inspection of the Authority, the City, and their agents and representatives duly authorized in writing.

SECTION 8.06 Compensation and Indemnification. The Authority shall pay to the Trustee from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees, and other disbursements and those of their attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture. The Authority shall reimburse the Trustee for advances of the Trustee's funds hereunder with interest at the maximum rate allowed by law. Subject to Section 7.04 hereof, the Trustee shall not have any lien for the payment of such compensation on any funds or accounts established hereunder and not on any of the Revenues. The Authority further agrees to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the Authority to compensate and indemnify the Trustee hereunder shall survive the termination and discharge of this Indenture and the resignation or removal of the Trustee. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

ARTICLE IX

MODIFICATION OR AMENDMENT OF INDENTURE

SECTION 9.01 Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds of the affected series then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this Subsection (a), the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Authority, the Trustee, and the Owners of the Bonds may also be modified or amended from time to time and at any time by a

Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

- (1) to add to the covenants and agreements of the Authority contained in this Indenture other covenants and agreements thereafter to be observed, or to pledge or assign additional security for the Bonds (or any portion thereof);
- (2) to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision contained in this Indenture, or as to any other provisions of this Indenture as the Authority may deem necessary or desirable, in any case which do not adversely affect the security for the Bonds granted hereunder;
- (3) to modify, amend, or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions, and provisions as may be permitted by said act or similar federal statute; and
- (4) to modify, amend, or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America.

SECTION 9.02 Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the Authority, the Trustee, and all Owners of Bonds Outstanding shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bond or Bonds Outstanding at the time of such execution and presentation of his Bond or Bonds for that purpose at the Office of the Trustee a suitable notation shall be made on such Bond or Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bond or Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bond or Bonds then Outstanding, upon surrender for cancellation of such Bond or Bonds, in equal aggregate principal amount of the same interest rate and maturity.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Indenture. The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

- (a) by paying or causing to be paid the principal of and redemption premium, if any, and interest on the Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust (pursuant to an escrow agreement), at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority including without limitation any amounts due and owing the Trustee hereunder, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements, and other obligations of the Authority under this Indenture shall cease, terminate, become void, and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of Authorized Representatives of the Authority and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent herein provided for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as shall be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver all moneys or securities or other property held by it pursuant to this Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Authority.

SECTION 10.02 Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate, and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.03 Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

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

(b) Non-callable Federal Securities described in clause (a) of the definition thereof, the principal of, premium, if any, and interest on which when due as determined by the Independent Certified Public Accountant will provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such funds to the payment of such principal and interest with respect to such Bonds.

SECTION 10.04 Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or otherwise as provided in this Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Indenture and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the written request and cost of the Authority) first mail, by first-class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Liability of Authority Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, neither the Authority nor any member thereof shall be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for the payment of the principal of or interest on the Bonds. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03 Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Authority, the Trustee, the City, CFD No. 1, CFD No. 2000-3, and the Owners of the Bonds, any legal or equitable right, remedy, or claim under or in respect of this Indenture or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, CFD No. 1, CFD No. 2000-3, and the Owners of the Bonds.

SECTION 11.04 Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

SECTION 11.05 Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and in accordance with its retention policy then in effect.

SECTION 11.06 Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality, or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issuance of the

Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

SECTION 11.07 Notices. All notices or communications herein required or permitted to be given to the Authority or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telecopy or by being deposited, postage prepaid, in a post office letter box, addressed as follows:

If to Authority:	City of Oxnard Financing Authority 300 West Third Street Oxnard, CA 93030 Attn: Controller
If to the Trustee:	Computershare Trust Company, N.A. CTSO Mail Operations Attention: _____ MAC: N9300-070 600 South 4th Street, 7th Floor Minneapolis, MN 55415
	with a copy to:
	Computershare Trust Company, N.A. 333 S. Grand Avenue, Floor 5 Los Angeles, CA 90071-1504 Attention: Corporate Trust Services
If to the City, CFD No. 1, or CFD No. 2000-3	City of Oxnard 300 West Third Street Oxnard, CA 93030 Attention: Chief Financial Officer

SECTION 11.08 Evidence of Rights of Bond Owners. Any request, consent, or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent, or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent, or other instrument or writing may be proved by the Bond of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent, or other instrument 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 registered Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

SECTION 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the Authority shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09.

SECTION 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 but without any liability for interest thereon.

SECTION 11.11 Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof

SECTION 11.12 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such previous non-Business Day.

SECTION 11.13 Waiver of Personal Liability. No member, officer, agent, or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.14 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.15 Governing Laws. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

(Signature page follows)

IN WITNESS WHEREOF, the City of Oxnard Financing Authority has caused this Indenture to be signed in its name by its Chairman and attested by its Secretary and Computershare Trust Company, N.A., in its acceptance of the trusts and duties created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF OXNARD FINANCING
AUTHORITY

By: _____
John C. Zaragoza, Chairman

ATTEST:

By: _____
Rose Chaparro, Secretary

COMPUTERSHARE TRUST COMPANY,
N.A., as Trustee

By: _____
Authorized Officer

*-Signature Page-
Indenture of Trust*

EXHIBIT A
FORM OF BOND

No. R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF OXNARD FINANCING AUTHORITY
2022 LOCAL OBLIGATION REVENUE REFUNDING BONDS
(SPECIAL DISTRICT BOND)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____ %	September 2, 20__		

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Oxnard Financing Authority (the “Authority”), a joint powers authority created pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Law”), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount stated above, in lawful money of the United States of America and to pay interest thereon in like lawful money from the Interest Payment Date (as defined herein) next preceding the date of authentication of this Bond (as defined herein) (unless this Bond is authenticated after a Record Date (as defined herein) and on or prior to the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date stated above, or unless this Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date stated above, or unless interest is in default on this Bond on such date, in which case it shall bear interest from the last date interest was paid in full or from its Dated Date if no interest has been paid) until payment of such principal sum shall be discharged as provided in the Indenture (as defined herein) at the Interest Rate per annum stated above, payable semiannually on each March 2 and September 2 (each, an “Interest Payment Date”), commencing September 2, 2022. The principal (or redemption price) hereof is payable at

the corporate trust office of Computershare Trust Company, N.A. (together with any successor trustee under the Indenture, the “Trustee”), in Los Angeles, California (or such other office designated by the Trustee, herein called the “Office of the Trustee”). Interest hereon is payable (except as otherwise provided in the Indenture with respect to defaulted interest) by check mailed on each Interest Payment Date to the Registered Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (the “Record Date”) at the address shown on the registration books maintained by the Trustee, or by wire transfer made on such Interest Payment Date to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds (as defined in the Indenture) who shall have requested such transfer pursuant to written notice filed with the Trustee on or before the preceding Record Date. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “City of Oxnard Financing Authority 2022 Local Obligation Revenue Refunding Bonds (Special District Bonds) (the “Bonds”), in the aggregate principal amount of \$ _____, all issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Law (commencing with Section 6584) (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of July 1, 2022 (the “Indenture”), by and between the Authority and the Trustee, issued for the purpose of acquiring the Acquired Obligations. The term “Acquired Obligations” is defined in the Indenture as, collectively, (i) the \$11,835,000 original principal amount City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$8,750,000 original principal amount Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$7,980,000 original principal amount City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012. Reference is hereby made to the Indenture (a copy of which is on file at the Office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the Owners of the Bonds, of the nature and extent of the security for the Bonds, of the rights, duties, and immunities of the Trustee, and of the rights and obligations of the Authority thereunder. The capitalized terms used herein shall have the meanings ascribed to such terms in the Indenture unless otherwise specified herein. The Registered Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are limited, special obligations of the Authority and are payable solely from Revenues, derived primarily from payments made with respect to the Acquired Obligations acquired with the proceeds of the Bonds. The Bonds are secured by a first pledge and assignment of the Revenues and of certain amounts held in the funds and accounts established pursuant to the Indenture; subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds are not a lien or charge upon the funds or property of the Authority, except to the extent of the aforesaid pledge and assignment. The Bonds are not a debt of the City or the State of California and the City and said State are not liable for the payment thereof. The Authority has no taxing power.

The Bonds maturing on or before September 2, _____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after September

2, _____, may be redeemed at the option of the Authority prior to maturity on any date on or after September 2, _____, in whole or in part in any Authorized Denomination (as defined in the Indenture) (by lot within any maturity), as directed by the Authority in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

The Bonds or any portion of a Bond in any Authorized Denomination shall be subject to extraordinary redemption prior to maturity, in whole on any date, or in part on any Interest Payment Date, pro rata among maturities as directed by the Authority in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from funds transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable, at the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, _____, through March 2, _____	103%
September 2, _____, and March 2, _____	102
September 2, _____, and March 2, _____	101
September 2, _____, thereafter	100

The Bonds maturing on September 2, _____, are subject to mandatory redemption in part on September 2, commencing September 2, 2023, in the amounts and on the dates set forth in the Indenture at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium.

In the event of any optional or extraordinary redemption of Bonds maturing on September 2, 20____, the schedule of mandatory sinking fund installments shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000. The Authority shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate.

Notice of redemption shall be mailed by first-class mail, postage prepaid, no earlier than sixty (60) nor less than thirty (30) calendar days prior to the redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books held by the Trustee. Each notice of redemption shall state the redemption date, the place or places of redemption, the fact that such redemption is subject to cancellation, the CUSIP numbers and the bond numbers of the Bonds to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective multiples of \$5,000 of the principal amount thereof to be redeemed. Each such notice shall also state that on said redemption date there will become due and payable on each of said Bonds the principal amount relating thereto or, in the case of a Bond to be redeemed in part only, of said specified portion of the principal thereof, plus accrued interest,

if any, 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 Office of the Trustee. Neither the failure of any Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Bond or the cessation of accrual of interest thereon.

If an Event of Default shall occur, the principal of all Bonds may be declared due and payable and become subject to redemption upon the conditions, in the manner, and with the effect provided in the Indenture.

The Bonds are issuable as fully-registered Bonds in the denomination of \$5,000 each or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged, at the Office of the Trustee, for a like aggregate principal amount of Bonds of the same interest rate and of other Authorized Denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of Authorized Denomination or Authorized Denominations, for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (1) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the Owner thereof, or (2) reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds prior to or on a parity with the lien created by the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

It is hereby certified and recited by the Authority that any and all conditions, things, and acts required to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by the Bond Law, and by the Constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Bond Law, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the signature of the Chairman of the Authority and attested by the signature of the Secretary of the Authority, all as of the Dated Date.

CITY OF OXNARD FINANCING
AUTHORITY

By: _____
John C. Zaragoza
Chairman

ATTEST:

By: _____
Rose Chaparro
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated on the date set forth below.

Dated: _____, 2022

COMPUTERSHARE TRUST COMPANY,
N.A.

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____

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

the within Bond and do(es) hereby irrevocably constitute and appoint _____

_____ attorney, to transfer the same on the books of
the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

EXHIBIT B

PERMITTED INVESTMENTS

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

(2) Direct obligations (see footnote 1 below) of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

(a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest

(b) Federal Housing Administration - debentures

(c) General Services Administration - participation certificates

(d) Government National Mortgage Association (“GNMAs”) - guaranteed mortgage-backed securities and guaranteed participation certificates

(e) Small Business Administration - .guaranteed participation certificates and guaranteed pool certificates

(f) U.S. Department of Housing & Urban Development - local authority bonds

(g) U.S. Maritime Administration - guaranteed Title XI financings

(h) Washington Metropolitan Area Transit Authority - guaranteed transit bonds

(3) Direct obligations¹ of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

(a) Federal National Mortgage Association (“FNMA”) - senior debt obligations rated Aaa by Moody’s and AAA by S&P

The following are explicitly excluded from the securities enumerated in clauses (a) and (b):

¹ The following are explicitly excluded from the securities enumerated in clauses (a) and (b):

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

- (a) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
 - (b) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
 - (c) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
 - (d) Collateralized Mortgage-Backed Obligations (“CMOs”).
- (a) Federal Home Loan Mortgage Corporation (“FHLMCs”) - participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
 - (b) Federal Home Loan Banks - consolidated debt obligations
 - (c) Student Loan Marketing Association - debt obligations
 - (d) Resolution Funding Corporation - debt obligations
- (4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.
- (5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.
- (6) Certificates of deposit, savings accounts, deposit accounts, or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund.
- (7) Certificates of deposit, deposit accounts, federal funds, or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank’s short-term certificates of deposit are rated P-1 by Moody’s and A-1 or better by S&P (not considering holding company ratings).
- (8) Investments in money-market funds rated AAAM or AAAM-G by S&P. Such money market funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.
- (9) State-sponsored investment pools rated AA- or better by S&P.
- (10) Repurchase agreements that meet the following criteria:

(a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

(b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in clauses 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMAs, FNMAs, or FHLMCs. The repurchase agreement shall require (i) the Trustee or an independent third party acting solely as agent for the Trustee (the "Agent") to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) Business Days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the Authority and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof

(g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.

(h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities:

i. insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

ii. failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or

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

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

(a) A master agreement or specific written investment agreement governs the transaction.

(b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.

(d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

(e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.

(f) The investment agreement shall provide for the delivery of collateral described in clause i or ii below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:

i. U.S. Government Securities at 104% of principal plus accrued interest; or

ii. Obligations of GNMA, FNMA, or FHLMC (described in clauses 2(d), 3(a), and 3(b) above) at 105% of principal and accrued interest.

(g) The investment agreement shall require the Trustee or the Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

i. the last quoted “bid” price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;

ii. valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or

iii. the lower of two (2) bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

(h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account, and registered in the name of the Trustee or the Agent.

(i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause 1 1 (f) above, the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee, or other penalty, upon not more than two (2) Business Days’ notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

i. In the event of a deficiency in the debt service account;

ii. Upon acceleration after an event of default;

iii. Upon refunding of the Bonds in whole or in part;

iv. Reduction of the Reserve Requirement for the Bonds; or

v. If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

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

(j) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:

i. Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;

ii. Insolvency of the provider or the guarantor (if any) under the investment agreement;

iii. Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;

iv. Failure by the provider to make a payment or observe any covenant under the agreement;

v. The guaranty (if any) is terminated, repudiated, or challenged; or

vi. Any representation of warranty furnished to the Trustee or the Authority in connection with the agreement is false or misleading.

(1) The investment agreement must incorporate the following general criteria:

i. "Cure periods" for payment default shall not exceed two (2) Business Days;

ii. The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee;

iii. If the investment agreement is for the Reserve Fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate;

iv. The provider shall be required to immediately notify the Trustee of any event of default or any suspension, withdrawal, or downgrade of the provider's ratings; and

v. The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim.

(12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or, better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in clauses 1, 2, and 3 above.

(e) The forward delivery agreement shall include the following provisions:

i. The permitted securities must mature at least one (1) Business Day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

ii. The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

iii. Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of debt service fund and Reserve Fund replenishments.

iv. The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency, or receivership of the provider, the securities will not be considered to be a part of the provider's estate.

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

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

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

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

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

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

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

(c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five (5) years or less.

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BOARD OF DIRECTORS OF
THE CITY OF OXNARD FINANCING AUTHORITY

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF CITY OF OXNARD FINANCING
AUTHORITY AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF NOT MORE
THAN \$19,200,000 IN PRINCIPAL AMOUNT OF ITS 2022 LOCAL OBLIGATION
REVENUE REFUNDING BONDS (SPECIAL DISTRICT BOND) AND APPROVING
CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION
THEREWITH

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), has the authority, among other things, pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California) (the "Act"), to incur indebtedness for the purpose of financing and refinancing capital projects of the City; and

WHEREAS, the Authority issued its \$19,505,000 City of Oxnard Public Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the "Series 2012A Bonds"), and its \$9,060,000 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the "Series 2012B Bonds", and together with the Series 2012A Bonds, the "Series 2012 Bonds," for the purpose of acquiring (i) the \$11,835,000 City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the "AD Bonds"), (ii) the \$8,750,000 Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the "CFD No. 1 Bonds"), and (iii) the \$7,980,000 City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012 (the "CFD No. 2000-3 Bonds" and, together with the AD Bonds and the CFD No. 1 Bonds, the "Acquired Obligations") issued by the City, CFD No. 1, and CFD No. 2000-3, respectively, to refund certain Assessment District, CFD No. 1, and CFD No. 2000-3 bond issues, the Authority has determined to issue its 2022 Local Obligation Revenue Refunding Bonds (Special District Bond) (the "Bonds"); and

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

WHEREAS, the Authority proposes to enter into an Indenture of Trust (the "Indenture") by and between the Authority and Computershare Trust Company, N.A., as trustee (the "Trustee"), to provide for the issuance of the Bonds; and

WHEREAS, each series of Acquired Obligations was issued pursuant to a separate Fiscal Agent Agreement, each dated as of August 1, 2012 by and between the City and respective CFD and Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, N.A.

(the “Bank”), as fiscal agent (the “Fiscal Agent Agreements”) (collectively, the “Local Agency Financing Documents”); and

WHEREAS, the Local Agency Financing Documents contain certain references to the Series 2012 Bonds and the 2012 Indenture, and the Local Agency Financing Documents shall be amended upon the issuance of the Bonds to reference the Bonds and Indenture; and

WHEREAS, in order to accommodate the pledge and assignment of the Acquired Obligation to the payment of the Bonds, as set forth in the Indenture, there has been presented to the Board a form of First Amendment to Local Agency Financing Documents to be entered into among the Authority, the City, Certain Community Facilities Districts of the City of Oxnard, and Computershare Trust Company, N.A., as Fiscal Agent (the “Fiscal Agent”) which agreement amends provisions of the documents relating to the Series 2012 Bonds in the Local Agency Financing Documents; and

WHEREAS, the Authority determined that the Bonds should be offered for private placement, have requested Piper Sandler & Co. to serve as placement agent (the “Placement Agent”) and have received a term sheet from _____ (the “Purchaser”); and

WHEREAS, there has been presented a Private Placement Agreement (the “Private Placement Agreement”) which sets forth the terms and conditions for the delivery of the financing; and

WHEREAS, the Authority has appointed NHA Advisors LLP, as municipal advisor (the “Municipal Advisor”) to, among other things, advise the City and the Authority with respect to Bond interest rates, professional fees, and other financing matters relating to the issuance of the Bonds; and

WHEREAS, the Authority has appointed Best Best & Krieger LLP as bond counsel (“Bond Counsel”) to prepare proceedings for the issuance, sale, and delivery of the Bonds in connection with the issuance of the Bonds; and

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

- (a) the Indenture;
- (b) the Private Placement Agreement;
- (c) First Amendment to Local Agency Financing Documents ; and
- (d) Irrevocable Investment Instructions for the Series 2012 Bonds.

WHEREAS, moneys will be set aside by the Authority to prepay the Series 2012 Bonds will be deposited under Irrevocable Refunding Instructions to be given by the Authority to Computershare Trust Company, N.A., as Trustee for the Series 2012 Bonds (the “2012 Trustee”); and

WHEREAS, as the result of the passage of SB 450 that became effective on January 1, 2018, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the Authority obtain from an underwriter, municipal advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the Bonds, good faith estimates of: (a) the true interest cost of the Bonds, (b) the finance charge of the Bonds, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the Bonds received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all payments on the Bonds calculated to the final date of maturity plus the fees and charges paid to third parties not paid with the proceeds of the Bonds; and

WHEREAS, in accordance with Section 5852.1, the Authority has obtained such good faith estimates from NHA Advisors, the Authority's municipal advisor, and such estimates are disclosed in Exhibit A to this Resolution (the "SB 450 Summary"); and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY the Board of Directors of the City of Oxnard Financing Authority as follows:

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

Section 2. The Authority's issuance of the Bonds pursuant to the Act to refund the Series 2012 Bonds will provide "significant public benefits" (as such term is defined in Government Code Section 6586) to the citizens of the City because it is expected that such use will provide demonstrable savings in effective interest rate costs, or more efficient delivery of local agency services to residential and commercial development.

Section 3. The Indenture is approved in substantially the form presented to this meeting. The Chair, Vice-Chair, the Executive Director, Chief Financial Officer and Secretary of the Board of Directors (each an "Authorized Representative") are each individually authorized and directed, for and in the name of the Authority, to execute and deliver the Indenture with such changes, insertions, and omissions as such Authorized Representative shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The document named "Irrevocable Refunding Instructions" to be given by the Authority to the 2012 Trustee is hereby approved and any of the Authorized Representatives are each individually authorized to execute, acknowledge and deliver said instruction on behalf of the Authority in substantially the form hereby approved with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The financing terms presented to the Authority are approved as follows: maximum principal amount of financing is \$19,200,000; maximum interest rate with respect to the financing is 3.87%, except in the event of default, or if interest payable on the Bonds is determined to be taxable, such rate may increase as agreed upon in the Indenture, and maximum final maturity for the financing is September 2, 2033.

Section 6. The Authority hereby approves the Private Placement Agreement in substantially the form on file with the Secretary, together with such additions thereto and

changes therein as Bond Counsel shall deem necessary, desirable or appropriate, the execution of which by the Authorized Representatives shall be conclusive evidence of the approval of any such additions and changes.

Section 7. The Board approves the form of the First Amendment to Local Agency Financing Documents as presented to the Board at the meeting at which this resolution is adopted, together with any changes therein or additions thereto which are deemed advisable by any Authorized Representative, upon consultation with Bond Counsel, and any Authorized Representative are hereby authorized and directed for and in the name and on behalf of the Authority to execute the final form of the First Amendment to Local Agency Financing Documents.

Section 8. The Bonds, in an aggregate principal amount not to exceed \$19,200,000, designated "City of Oxnard Financing Authority 2022 Local Obligation Revenue Refunding Bonds (Special District Bonds)," are authorized to be issued, sold, and delivered by the Authority in accordance with the terms and provisions of the Indenture and the Private Placement Agreement. The proceeds from the sale of the Bonds shall be deposited as provided in the Indenture. The Authorized Representatives are each individually authorized and directed, for and in the name of the Authority, to execute (manually or by facsimile) and deliver the Bonds with such changes, insertions, and omissions as the officer executing the same shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. Computershare Trust Company, N.A., is appointed as Trustee under and pursuant to the Indenture, with the respective powers and duties of said office as set forth therein. The Trustee is requested and directed to execute and deliver the Bonds to the Purchaser in accordance with written instructions to be executed on behalf of the Authority by an Authorized Representative.

Section 10. The Authorized Representatives and any other proper officer of the Authority are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by the Indenture, the Private Placement Agreement, First Amendment to Local Agency Financing Documents, the Irrevocable Refunding Instructions, and this Resolution and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, tax certificates, and certificates necessary and desirable to accomplish the transactions described in such documents or as set forth above.

Section 11. All actions previously taken by this Board and by the officers and staff of the Authority with respect to the matters addressed by this Resolution are approved, ratified, and confirmed.

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Section 12. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED this ____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza, Chairman

ATTEST:

Rose Chapparo, Secretary

APPROVED AS TO FORM:

Stephen Fischer, Authority Counsel

STATE OF CALIFORNIA)
COUNTY OF VENTURA) ss.
CITY OF OXNARD)

I, Rose Chapparo, Secretary of the City of Oxnard Financing Authority, do hereby certify the attached to be a true and correct copy of City of Oxnard Financing Authority Resolution No. _____, adopted at the Oxnard City Council Meeting held on _____, 2022. The original resolution is on file in the City Clerk's Office at 300 W. Third Street, Oxnard, California 93030.

DATED this ____ day of _____, 2022.

Rose Chapparo
Secretary

EXHIBIT A

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 Authority by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$19,111,000, (the "Estimated Principal Amount").

True Interest Cost of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, their 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 3.25%.

Finance Charge of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, their 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 \$275,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$16,924,976.

Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$22,629,974, which excludes any reserves or capitalized interest paid or funded with proceeds of the Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of April 19, 2022, and are based on market conditions prevailing at the time of preparation of such estimates. 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 Estimated Principal Amount, (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 Authority's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of the Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the Bonds and other 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, national, international and other factors beyond the control of the Authority, or the Municipal Advisor.

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF CITY OF OXNARD APPROVING A FIRST AMENDMENT TO LOCAL AGENCY FINANCING DOCUMENTS AND THE EXECUTION OF CERTAIN CERTIFICATES RELATING TO THE ISSUANCE BY THE CITY OF OXNARD FINANCING AUTHORITY OF REFUNDING REVENUE BONDS FOR THE PURPOSE OF REFUNDING ITS OUTSTANDING SERIES 2012 BONDS

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “Authority”), has the authority, among other things, pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California) (the “Act”), to incur indebtedness for the purpose of financing and refinancing capital projects of the City; and

WHEREAS, the Authority issued its \$19,505,000 City of Oxnard Public Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series 2012A Bonds”), and its \$9,060,000 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series 2012B Bonds”, and together with the Series 2012A Bonds, the “Series 2012 Bonds,” for the purpose of acquiring (i) the \$11,835,000 City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$8,750,000 Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$7,980,000 City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012 (the “CFD No. 2000-3 Bonds” and, together with the AD Bonds and the CFD No. 1 Bonds, the “Acquired Obligations”) issued by the City, CFD No. 1, and CFD No. 2000-3, respectively, to refund certain Assessment District, CFD No. 1, and CFD No. 2000-3 bond issues, the Authority has determined to issue its 2022 Local Obligation Revenue Refunding Bonds (Special District Bond) (the “2022 Authority Bonds”); and

WHEREAS, as part of the issuance of the Series 2012 Bonds, and to secure the repayment thereof, the Authority purchased and acquired, among other special tax bonds, the Acquired Obligations, pursuant to the provisions of the Bond Law, the Mello-Roos Act and separate Fiscal Agent Agreements, each dated as of August 1, 2012, by and between the City or respective CFD and Computershare Trust Company, N.A., as successor in interest to Wells Fargo Bank, N.A. (the “Bank”), as fiscal agent (the “Fiscal Agent Agreements”) (collectively, the “Local Agency Financing Documents”); and

WHEREAS, pursuant to the Indenture of Trust for the 2022 Authority Bonds, the 2022 Authority Bonds will be secured by the same pledge of funds derived from the Acquired Obligations and Local Agency Financing Documents, defined below, which Acquired Obligations will remain outstanding and in the ownership and possession of the Authority, held through the Bank, as trustee, and will not be re-issued or refunded; and

WHEREAS, the Authority proposes to enter into an Indenture of Trust (the “Indenture”) by and between the Authority and Computershare Trust Company, N.A., as trustee (the “Trustee”), to provide for the issuance of the 2022 Authority Bonds; and

WHEREAS, the Local Agency Financing Documents contain certain references to the Series 2012 Bonds and the 2012 Indenture, and the Local Agency Financing Documents shall be amended upon the issuance of the 2022 Authority Bonds to reference the 2022 Authority Bonds and Indenture; and

WHEREAS, in order to accommodate the pledge and assignment of the Acquired Obligation to the payment of the 2022 Authority Bonds, as set forth in the Indenture, there has been presented to the Board a form of First Amendment to Local Agency Financing Documents to be entered into among the Authority, the City, Certain Community Facilities Districts of the City of Oxnard, and Computershare Trust Company, N.A., as Fiscal Agent (the “Fiscal Agent”) which agreement amends provisions of the documents relating to the Series 2012 Bonds in the Local Agency Financing Documents; and

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

Section 1. Findings. This Council finds that the preceding recitals are true and correct.

Section 2. Approval of First Amendment to Local Agency Financing Documents; Execution of Certificates. The form of the First Amendment to Local Agency Financing Documents as presented to this City Council, together with any changes therein or additions thereto which are deemed advisable by the Mayor, the Vice-Mayor, the City Manager, or Chief Finance Officer, upon consultation with Best Best & Krieger LLP, Bond Counsel, are hereby authorized and directed for and in the name and on behalf of the City to execute the final form of the First Amendment to Local Agency Financing Documents, together with any certificates in connection with the delivery of the 2022 Authority Bonds.

Section 3. Official Actions. The Officers of the City are hereby 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 actions, provide certificates of representations which they, or any of them, may deem necessary or advisable in the issuance, sale and delivery of the 2022 Authority Bonds.

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Resolution No. _____

Page 3

PASSED AND ADOPTED this ____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

John C. Zaragoza, Mayor

ATTEST:

Rose Chapparo, City Clerk

APPROVED AS TO FORM:

Stephen Fischer, City Attorney

Resolution No. _____

Page 4

STATE OF CALIFORNIA)
COUNTY OF VENTURA) ss.
CITY OF OXNARD)

I, Rose Chapparo, City Clerk of the City of Oxnard, do hereby certify the above and foregoing to be a true and correct copy of City of Oxnard City Council Resolution No. _____, adopted by the Oxnard City Council at the meeting held on _____, 2022. The original is on file in the City Clerk's office.

DATED: _____, 2022.

Rose Chapparo
City Clerk

City of Oxnard

2022 Local Obligation Revenue Refunding Bonds (Refunding Series 2012A and B Bonds)

PRESENTATION TO FINANCE & GOVERNANCE COMMITTEE
MAY 10, 2022



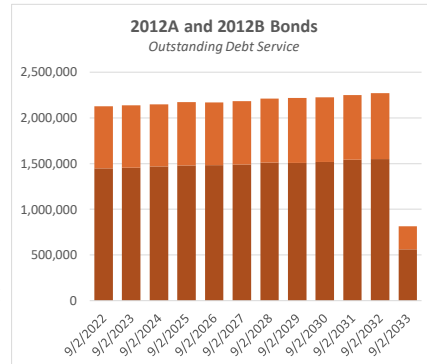
Recommendations

- ▶ That the:
 - ▶ City Council of the City of Oxnard approving a first amendment to local agency financing documents and the execution of certain certificates relating to the issuance by the City of Oxnard Financing Authority of refunding revenue bonds for the purpose of refunding its outstanding Series 2012 Bonds.
 - ▶ Board of Directors of the City of Oxnard financing authority authorizing the sale, issuance, and delivery of not more than \$19,200,000 in principal amount of Local Obligation Revenue Refunding Bonds (Special District Bond) and approving certain documents and authorizing certain actions in connection therewith.



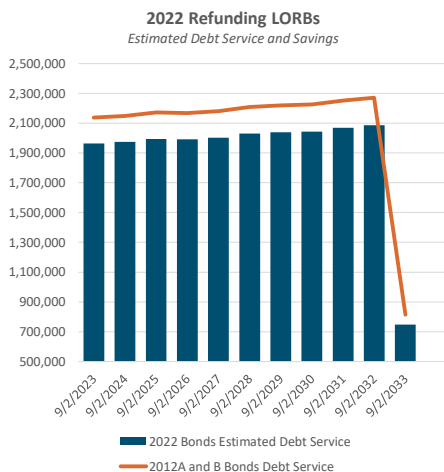
Background on 2012 A&B Bonds

- ▶ Original Issued principal: \$28,565,000
 - ▶ Combined Outstanding Par: \$18,765,000
- ▶ Bonds issued to purchase underlying bonds related to Assessment District 2001-1 (Rice Avenue/Highway 101), CFD No. 1 (Westport at Mandalay Bay), and CFD No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange)
 - ▶ Debt service payments on the 2012 Bonds come from assessments and special taxes in those areas
- ▶ Series A are “senior” with “A-” credit rating and Series B as “subordinate” without a credit rating
- ▶ Combined annual debt service escalation ~1% per year through 2032; step down in 2033



Refunding Opportunity

- ▶ Despite moves up in interest rates, there is an opportunity for the City to refund outstanding debt and reduce annual taxes in the Assessment District/Community Facilities Districts
- ▶ Bonds are expected to be sold directly to an investor (a bank) through a private placement
- ▶ Based on current market estimates we would expect a refunding true interest cost of 3.25% (vs 4.87% avg interest rate on 2012 A&B Bonds)
- ▶ Taxpayers could see approximately \$170,000 average annual debt service savings on the 2022 Bonds from 2023 through 2033
 - ▶ \$1.85 million cumulative cashflow savings, net of all cost of issuing the bonds
 - ▶ \$1.15 million in today's terms, net of all cost of issuing the bonds



City's Financing Team

City of Oxnard Financing Authority	• Issuer for the 2022 Bonds
NHA Advisors	• City's municipal financial advisor
Best Best & Kreiger	• Bond Counsel
Piper Sandler	• Placement agent
NBS	• Special Tax Consultant
Computershare Trust Company	• Bond trustee

Summary of Legal Documents

Authorizing Resolutions

- Authorize legal documents and authorize City staff to execute documents
- Identifies not-to-exceed amounts related to the 2022 Bonds

Indenture of Trust

- Formalizes the relationship between City of Oxnard Financing Authority and Computershare Trust Company
- Terms of 2022 Bonds, including payment schedule, prepayment provisions

Placement Agent Agreement

- Defines Piper Sandler's role in placing the 2022 Bonds with the bank and identifies amount to be paid to Piper Sandler
- Fees paid contingent on successful close

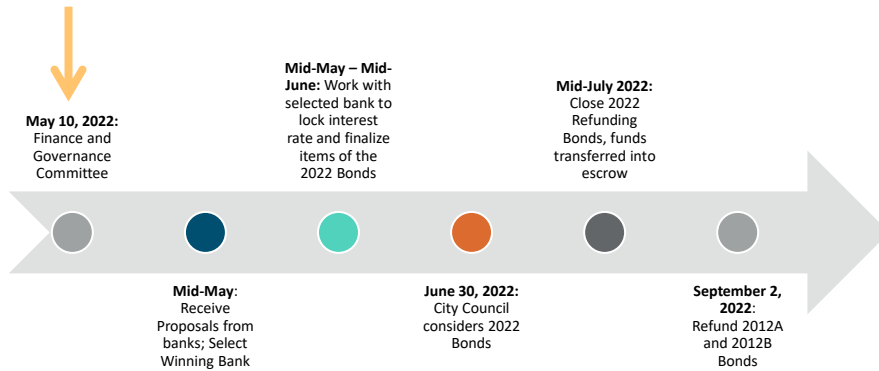
Irrevocable Refunding Instructions

- Detailed instructions to Computershare regarding process of refunding 2012A and 2012B Bonds (establishment of required funds, application of monies, logistical items)

First Amendment to Local Agency Financing Documents

- Amends the original 2012 documents to instead refer to the 2022 Bond and documents and Authority pledges repayment

Anticipated Timing



Recommendations

- ▶ That the:
 - ▶ City Council of the City of Oxnard approving a first amendment to local agency financing documents and the execution of certain certificates relating to the issuance by the City of Oxnard Financing Authority of refunding revenue bonds for the purpose of refunding its outstanding Series 2012 Bonds.
 - ▶ Board of Directors of the City of Oxnard financing authority authorizing the sale, issuance, and delivery of not more than \$19,200,000 in principal amount of Local Obligation Revenue Refunding Bonds (Special District Bond) and approving certain documents and authorizing certain actions in connection therewith.

Questions?



FINANCE AND GOVERNANCE COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.3

DATE: May 10, 2022

TO: Finance & Governance Committee

FROM: Helen Miller, Chief Information Officer, (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 \$340,627 for a new not-to-exceed agreement amount of \$1,458,505 for information technology software and services.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/JbwsRAR4LQY>

BACKGROUND

The City uses CentralSquare (formerly Superion, formerly SunGard) HTE/NaviLine as its Enterprise Resource Planning (ERP) software that's been in place since 1992. This software supports financial, payroll, purchasing, utility billing, and business licensing functions. Currently, the City pays the vendor approximately \$200,000 per fiscal year for the use, support, and maintenance of the HTE system. Although HTE is currently in the process of being replaced with Tyler Munis ERP, the City continues to require additional services from the vendor. These services are estimated to cost up to an additional \$340,627 over the remaining 13 months of the three-year agreement terminating on June 30, 2023. The additional services are:

- New third-party software fees – CentralSquare acquired several technology companies which 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 or City of Oxnard 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. For example, 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. Not accepting credit cards may result in a loss of revenue for the City and resident abrasion due to inconvenience.
- 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
HTE user license, support, hosting, disaster recovery	\$174,575	\$183,304	\$192,469
Credit card Transaction Manager, processing fees	\$10,000	\$10,000	0
CryWolf Alarm management system - Police	0	\$15,000	\$15,000
Public Administrator software - Utilities Billing	0	\$5,000	\$5,000
Analytics NOW Financial reporting system - Finance	0	\$20,000	\$20,000
HTE ERP upgrade and change costs	0	0	\$80,000
Contingency, 15%	0	\$34,996	\$46,870
TOTAL, per fiscal year	\$184,575	\$268,300	\$359,339

Agreement A-8011 had a three-year spending authorization of \$540,000. The First Amendment to the agreement added an additional \$577,878 for a total not-to-exceed amount of \$1,117,878. The current estimate of FY 2017 through FY 2023 expenditures with the vendor is estimated to be \$1,458,505. This amount represents an expected increase of \$340,627 and it is through this Second Amendment to the agreement that staff is requesting this authorization to increase the agreement's not to exceed value to \$1,458,505.

TABLE 2 – CentralSquare A-8011 Agreement, 7/1/2020 through 6/30/2023

	Council Approved Amt*	Actual Cost*	Description
Executed A-8011 original agreement	\$540,000*	\$607,581*	FY 17/18 + 18/19 + 19/20 actuals
Executed 1 st amendment	\$577,878*	\$491,585*	FY 20/21 + 21/22 actuals
Proposed 2 nd amendment	\$340,627	\$359,339	FY 22/23 estimated
TOTAL, revised not to exceed	\$1,458,505	\$1,458,505	

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 supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to reinforce, stabilize, improve and strengthen the organizational foundation of the City in order to build a modern, high-functioning City government that effectively and efficiently supports the operating departments in providing high-quality services and programs for our residents and businesses.

FINANCIAL IMPACT

Funds for this expenditure are/will be budgeted in Information Technology Department's FY 21-22 and FY 22-23 budgets as well as in other department or project specific budgets such as Finance, Police, Public Works, and Tyler ERP project, as applicable. Annual expenditures with the vendor may continue to increase until the new ERP system has been fully implemented due to ongoing business-technology services required until the Tyler ERP project is fully executed (which is currently targeted to occur in 2025). This second amendment to CentralSquare's software license agreement A-8011 supports continued and uninterrupted use of the vendor for delivering resident services and sustaining City department operations.

Prepared by: Gary Krumian, Programmer Analyst, Helen Miller, Chief Information Officer

ATTACHMENTS

1. A-8011 Superion 1st Amendment
2. A-8011 Superion Original Agreement
3. Finance and Governance 5_10_22 Agenda D3

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 Superior, LLC, a CentralSquare Company (“CentralSquare”, “Superior” or “Vendor”). This First Amendment amends the Agreement entered into on October 3, 2017 by City and Vendor.

RECITALS

WHEREAS, Superior LLC is now an entity owned by CentralSquare Technologies and is now called Superior 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

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 Karagosa

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 Superior Solutions Agreement (00005934) dated August 6, 2018 (Agreement), between **Superior, LLC (Superior)** 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. Lake Mary, FL 32746 DocuSigned by:		300 West 3 rd Street, Suite 202 Oxnard, CA 93030	
By:	<i>Todd Dooley</i> 013ABBAZDCAG4EB...	By:	
Print Name:	Todd Dooley	Print Name:	
Print Title:	CFO	Print Title:	
Date Signed:	March 18, 2020 DocuSigned by:	Date Signed:	
By:	<i>Danilo Gargiulo</i> AAASB6CFC387424...		
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 were 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
300 W. 3rd Street, Suite 202
Oxnard, CA 93030

For CentralSquare: CentralSquare Technologies LLC
Attn: Legal & Contracts Department
1000 Business Center Drive
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 Superior. 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



CENTRAL SQUARE

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 3 rd 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.

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

time of disclosure to the Recipient. Confidential Information of Superior 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 Superior 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 Superior has made at Customer's request to any Component System in accordance with a Superior-generated specification, but without any other changes whatsoever by any person or entity. Each Custom Modification for which Superior 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 Superior enough information to enable Superior to replicate the deviation on a computer configuration that is both comparable to the Equipment and that is under Superior's control. Further, with regard to each Custom Modification, "Defect" means a material deviation between the Custom Modification and the Superior-generated specification and documentation for such Custom Modification, and for which Defect Customer has given Superior enough information to enable Superior to replicate the deviation on a computer configuration that is both comparable to the Equipment and that is under Superior'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 Superior's help desk by means of: (i) Superior's web helpline; (ii) the placement of a telephone call; or (iii) the sending of an e-mail, in each case, in accordance with Superior's then-current policies and procedures for submitting such communications.

2. Services.

(a) Types of Services. During the term of this Agreement, Superior 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 Superior with such facilities, equipment and support as are reasonably necessary for Superior 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 Superior 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, Superior reserves the right to increase the Improvements fees. An increase in annual fees shall require written agreement of Superior 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 Superior for actual travel and living expenses that Superior 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 Superior'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 Superior'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 Superior with a valid tax exemption certificate; otherwise, absent proof of Customer's direct payment of such tax amounts to the applicable taxing authority, Superior will invoice Customer for and Customer will pay to Superior 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 Superior 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. Choice of Law; Severability. 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. Entire Agreement. 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, Superior 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

SUPERIOR

DocuSigned by:
[Signature] 9/7/2017
Tom Amburgey, VP & General Manager Date
Lisa Neumann 9/7/17
Lisa Neumann Controller Date

ATTEST:

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

APPROVED AS TO FORM:

[Signature] For 9/11/17
Stephen M. Fischer, City Attorney Date

APPROVED AS TO CONTENT:

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

[Signature] 9/11/17
Keith Brooks, Date
Department Head

APPROVED AS TO AMOUNT:

[Signature] 4 Oct 2017
Greg Nyhoff, City Manager Date

APPROVED AS TO INSURANCE:

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

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 Superior 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 Superior 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.

Improvements Surcharge Imposed In Certain Instances: 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, Superior 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 Superior'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 Superior's Maintenance obligations, Superior 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 Superior "Telephone Support" hour occurring after Superior's receipt of the Notification:

Priority	Description	Response Goal*	Resolution Goal*
Urgent 1	A support issue shall be considered Urgent when it produces a Total System Failure; meaning Superior's Component Systems are not performing a process that has caused a complete work stoppage.	Superior has a stated goal to respond within 60 minutes of the issue being reported and have a resolution plan within 24 hours.	Although resolution times vary depending on the exact issue and customer environment, Superior 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.
Critical 2	A support issue shall be considered Critical when a critical failure in operations occurs; meaning Superior'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.	Superior has a stated goal to respond within two hours of the issue being reported.	A resolution plan details the steps necessary to understand and possibly resolve the issue.
Non-Critical 3	A support issue shall be considered Non-Critical when a non critical failure in operations occurs; meaning Superior's Component Systems are not performing non-critical processes, but the system is still usable for its intended purpose or there is a workaround.	Superior has a stated goal to respond within four hours of the issue being reported.	
Minor 4	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.	Superior has a stated goal to respond within 24 hours of the issue being reported.	

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

Supplement to the Superior 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 Superior Corporate Travel and Expense Reimbursement Policy. Travel and living expenses actually incurred in prior months for which Superior is seeking reimbursement, shall also be invoiced monthly.

4. Other issues:

- a. Upon commencement of this contract, the Customer will provide Superior 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 Superior 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 Superior/Systems Recovery, 1000 Business Center Dr., Lake Mary, FL 32746 or FAX: 407-386-8878.
- d. Customer acknowledges that should Superior receive multiple declarations of state of disaster/emergency, Superior 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 Superior Systems Recovery, 1000 Business Center Dr., Lake Mary, FL 32746 or FAX: 407-386-8878.
- f. All tapes or other backup medium provided to Superior will be returned to Customer.
- g. Any hardware or software provided by Superior in performance of this Schedule A-Order Form is owned by Superior and is not the property of the Customer.

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 Superior 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 Superior Transaction Manager during the prior month, or
2. Five point five cents (\$.055) for each transaction processed by the Superior Transaction Manager during the prior month provided that Customer utilizes a Superior 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 Superior Transaction Manager may occur at any time as may be required and such changes will be effective upon Superior LLC's written notice to each customer who utilizes the Superior Transaction Manager services.

For the purpose of the Superior Transaction Manager, the term "transaction " means a transaction that is submitted to the Superior 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 Superior LLC, Customer may terminate usage of the Superior Transaction Manager subscription effective upon the last day of the month in which the notice period concludes.

The Superior 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, Superior 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 Superior 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 Superior 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 Superior LLC, a CentralSquare Company Software License Agreement A-800 I

Finance & Governance Committee

May 10, 2022

Helen Miller, Chief Information Officer

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 Superior LLC, a CentralSquare Company, in the amount of \$340,627 for a new not-to-exceed agreement amount of \$1,458,505 for information technology software and services.

- 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 \$340,627 over the next 13 months of the three-year agreement terminating on 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

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

Description	FY 20-21	FY 21 -22 estimated	FY 22-23 estimated
HTE user license, support, hosting, disaster recovery	\$174,575	\$183,304	\$192,469
Credit card Transaction Manager, processing fees	\$10,000	\$10,000	0
CryWolf Alarm management system - Police	0	\$15,000	\$15,000
Public Administrator software - utilities billing	0	\$5,000	\$5,000
Analytics NOW Financial reporting system - Finance	0	\$20,000	\$20,000
HTE ERP upgrade and change costs	0	0	\$80,000
Contingency, 15%	0	\$34,996	\$46,870
TOTAL, per fiscal year	\$184,575	\$268,300	\$359,339

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.

TABLE 2 – CentralSquare A-8011 Agreement, 7/1/2020 through 6/30/2023

	Council Approved Amt*	Actual Cost*	Description
Executed A-8011 original agreement	\$540,000*	\$607,581*	FY 17/18 + 18/19 + 19/20 actuals
Executed 1 st amendment	\$577,878*	\$491,585*	FY 20/21 + 21/22 actuals
Proposed 2 nd amendment	\$340,627	\$359,339	FY 22/23 estimated
TOTAL	\$1,458,505	\$1,458,505	

- Executed agreement A-8011, 3-year spending authorization: \$540,000
- Executed first amendment, added \$577,878 for revised not-to-exceed: \$1,117,878
- FY 2023 estimated cost increase, \$359,339 (see previous slide)
- Proposed second amendment, adds \$340,627 for revised not to exceed = \$1,458,505

- 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 Superior LLC, a CentralSquare Company, in the amount of \$340,627 for a new not-to-exceed agreement amount of \$1,458,505 for information technology software and services.



QUESTIONS



FINANCE AND GOVERNANCE COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.4

DATE: May 10, 2022

TO: Finance & Governance Committee

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

SUBJECT: Introduction to FY 2022-23 Proposed Operating Budget. (0/20/20)

RECOMMENDATION

That the Finance and Governance Committee recommend that City Council and Housing Authority Board conduct a public hearing on the Fiscal Year (FY) 2022-23 proposed budget on June 7, 2022, for the City of Oxnard and Oxnard Housing Authority and provide staff direction regarding any adjustments to the proposed budget, in preparation for final budget adoption on June 21, 2022.

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

<https://www.youtube.com/watch?v=UztBV5NxFK8>

BACKGROUND

On April 27, 2022, a budget preview presentation was released to the public. On May 4, 2022, the City Manager and Chief Financial Officer presented the proposed budget to the Inter-Neighborhood Council Organization (INCO).

The figures presented are preliminary and may be revised between the May 10, 2022, Finance and Governance Committee and the June 7, 2022, City Council/ Housing Authority Board public hearing. No significant changes are anticipated, any adjustments will be the result of reviewing each assumption, estimated expenditure, and projected revenue comparing all figures to the most current information available. Changes will be highlighted at the public hearing.

This agenda report covers projected revenues and available fund balances for the City's five major funds: General Fund, Measure O (Half- Cent Sales Tax) Fund, Water Fund, Wastewater Fund, and Environmental Resources (solid waste) Fund. The City Manager's Budget Message and the full draft budget document (Budget Book) will be published on May 25, 2022, 14 days ahead of the June 7, 2022, public hearing.

A public hearing on the proposed budget is required by law. For FY 2022-23, the Citywide preliminary proposed budget is approximately \$613,300,000, which includes the General Fund group, landscape maintenance and community facilities district funds, special revenue funds, assessment district funds, enterprise funds, internal service funds and Housing Authority funds, and excludes operating transfers.

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

DISCUSSION

General Fund (101)

Revenues: General Fund revenues are projected at \$208.0 million, \$8.4 million (4.2%) greater than the prior year budget. The projected change is primarily due to a \$7.2 million increase in sales tax revenues, which includes the 1% Bradley Burns sales tax and 1.5% Measure E sales and use tax, as the region and City continue to recover from the pandemic-induced recession and process of goods and services increase due to global inflationary pressures.

Property values continue to rise; the median home price in Oxnard increased 13.3% to \$850,000 in March 2022 compared to March 2021. Since March 2020, the median home price in Oxnard is up 30.7% or \$200,000. The City's revenue projection for its portion of levied property tax for FY 2022-23 is projected to grow by \$3.2 million (5.1%) to \$66.7 million.

Transient occupancy (hotel) tax revenue is projected to return to pre-pandemic levels at \$5.6 million in FY 2022-23.

Finally, service fees and charges are projected to decrease substantially (\$4.2 million in total). The reduction is primarily a result of \$4.0 million in service fees and charges for ambulance services billing budgeted in FY 2021-22, but never implemented. The City's new pre-hospital emergency medical services (EMS) program was challenged by the County, who currently runs EMS service throughout all of Ventura County, and the court ruled in the County's favor. The deferred implementation will also reduce budgeted General Fund expenditures.

Expenditures: General Fund expenditures are projected at \$212.6 million; \$11.8 million (5.9%) higher than FY 2021-22 original budget. The increase, overall, is related to the City's restore and improve efforts. With the passing of Measure E, the City Manager and staff developed a three-year plan to restore and improve services. FY 2022-23 is year two of those actions and initiatives. The increase in estimated expenditures primarily results from \$5.5 million additional spending on capital improvement projects (CIP), \$10.9 million in departmental needs, \$4.1 million higher salaries for competitive job environment and pay parity, \$2.1 million debt payment on an anticipated streets and alley bond, and \$3.0 higher IUF reimbursement. These increases are offset by \$6.2 million of anticipated net personnel savings due to unfilled positions and \$5.7 million due to the EMS implementation delay. The vacancy savings are an expenditure variance compared to the prior year budget, because the \$9.2 million in vacancy savings budgeted in FY 2021-22 was accounted for in the ending fund balance calculation, rather than an offset to expenditures.

Over the last six years, every time the City has conducted a count of vacant positions, the overall vacancy rate has always been at least 10%. In FY 2021-22, although the HR Department hired approximately 260 regular hire employees, over 40 percent of those were promotions that did not reduce the net amount of vacant positions.

From the City Council's overall fiscal management perspective, it is unrealistic in the aggregate, across the entire General Fund, to assume that every authorized position will be filled on July 1, 2021, and remain filled through June 30, 2022. Experience teaches that the City always has a significant percentage of authorized but vacant positions at any given time due to retirements, promotions, jobs taken elsewhere, new hires not making it through probation, other employees being terminated, and so forth.

The increased organizational emphasis on recruiting highlighted in the City Manager's Budget Message leads the Finance Department to conclude that a reasonable vacancy rate assumption for the General Fund during FY 2022-23 is 6%, compared to FY 2021-22 assumption of 9%.

Additional details on the \$10.9 million department needs can be found in the attached presentation. Details on

the \$5.5 million CIP increase in General Fund expenditures can be found in the proposed 2022-2027 City of Oxnard Five-Year Capital Improvement Program item presented at the Public Work Committee on April 26, 2022 (<https://oxnardca.civicclerk.com/Web/Player.aspx?id=4416&key=-1&mod=-1&mk=-1&nov=0>).

FY 2022-23 Ending Available Fund Balance: The City's mid-year estimates result in a projected ending fund balance at June 30, 2022, of \$39.9 million, or 21.6% of expenditures and transfers out.

Total General Fund revenue for FY 2022-23 (\$208.0 million) minus the total proposed General Fund expenditures plus transfers out (\$212.6 million) yields a net annual operating deficit of \$4.6 million. Annual operation deficits are expected in both FY 2022-23 and FY 2023-24 as reimbursement payments of \$10.0 and \$9.5 million, respectively, are made to the City's Utility Enterprise Funds for prior years' Infrastructure Use Fees (IUF). The estimated starting fund balance at July 1, 2022, of \$39.9 million less the \$4.6 million projected deficit spending would yield an ending fund balance at June 30, 2023, of \$35.4 million, or 16.6% of expenditures and transfers out.

The City Council's policy is for a General Fund reserve (available ending fund balance) of 12% and staff's target is 15%.

For additional detail, refer to the General Fund tables in attached PowerPoint slides 3 and 4.

Measure O Fund (104)

Revenues: FY 2022-23 revenue from the Measure O half-cent sales (transactions and use) tax is projected at \$18.2 million, a \$0.9 million (5.1%) increase over the FY 2021-22 budget. Adding \$41,500 of interest income and the annual \$1.9 million repayment by the General Fund for the 2015 loan made by the Measure O Fund produces total projected revenue of \$20.1 million for the budget year.

Expenditures: FY 2022-23 expenditures from the Measure O Fund are proposed at \$19.1 million, representing a continuation of programs previously funded by Measure O and year-one of the proposed weaning schedule. Measure O, per the original November 2008 ballot measure, will terminate in 2029. The City must prepare to lose the Measure O stream of revenue and to reabsorb the programs currently funded by Measure O into the General Fund or other funds. A seven-year weaning schedule was proposed at the April 28, 2022, Measure O Citizen Oversight Committee; the Committee supported staff's recommendation.

In year-one of the weaning schedule, Fire Station 8 operational expenditures totaling \$4.8 million are proposed to be moved into the General Fund and one-time General Fund expenditures will be moved to the Measure O fund. The one-time expenditures proposed to be moved from General Fund to Measure O in FY 2022-23 are \$2.3 million citywide alleyway resurfacing, \$0.5 million fixing library Wi-Fi, \$0.3 million technology equipment replacement/upgrades, and to achieve interest expense savings a \$1.8 million prepayment on the Station 8 bonds (on top of the required annual payment of \$1.4 million).

Available Fund Balance: The mid-year estimates presented to City Council on March 1, 2022, result in a projected ending fund balance at June 30, 2022, of \$7.9 million. Projected revenues in FY 2022-23 less the proposed expenditures suggest positive net operating activity of \$1.1 million. The projected positive net operating margin of \$1.1 million added to the projected beginning available fund balance of \$7.9 million yields a projected ending available fund balance at June 30, 2023, of \$9.0 million.

For additional detail, refer to the Measure O table in attached PowerPoint slide 6.

Water Fund

Revenues: FY 2022-23 Water Fund revenues are projected to total \$70.5 million, most of which are utility fees

from users.

Expenditures: FY 2022-23 Water Fund expenditures are proposed at \$81.5 million, including a reduction of \$11.4 million of CIP projects, most of which is reflected in the "Other O&M Expense" budget line, because the majority of Water related CIP will be spent on contract services. The one-time ratepayer credit of \$4.8 million in FY 2021-22 is the other factor attributing to the proposed \$15.4 million (15.9%) reduction in expenditures for the FY 2022-23 budget year.

Available Fund Balance: The mid-year estimates presented to City Council on March 1, 2022, result in a projected ending available fund balance at June 30, 2022, of \$23.4 million. The total projected fund balance, excluding previously committed CIP of \$37.0 million is projected to be \$60.4 million. Projected revenues for FY 2022-23, less the proposed expenditures, suggest net operating deficit of \$10.9 million. The projected net operating deficit subtracted from the projected beginning available fund balance yields a projected ending available fund balance at June 30, 2023, of \$12.5 million, which represents 15.4% of annual expenditures. The City Council policy target for available fund balance is 25%.

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

Wastewater Fund

Revenues: FY 2022-23 Wastewater Fund revenues are projected to total \$68.4 million, excluding the \$27.1 million intrafund transfer between Wastewater Treatment and Wastewater Collection, which is required for City Council budget appropriation purposes, but has no effect on the overall Wastewater Fund. Over 70% of Wastewater Fund revenue is from utility fees paid by users. Another nearly 25% comes from the State Water Resources Control Board in the form of grants or loans for specific CIP projects.

An additional \$3.0 million of revenue from the General Fund is projected as a result of the repayment of Infrastructure Use Fees. This is lower by \$0.6 million compared to FY 2021-22 due to the overall decrease in total reimbursement to all Utility Funds from \$12.0 million to \$10.0 million. In FY 2021-22, the Street Fund reimbursed \$7.0 million and the General Fund reimbursed \$5.0 million. In FY 2022-23, per the Court's reimbursement schedule, the General Fund will reimburse a total of \$10.0 million allocated between the three Utility Funds. No further reimbursements are due from the Street Fund.

Expenditures: FY 2022-23 Wastewater Fund expenditures are proposed at \$73.0 million, including an increase of \$8.1 million of CIP projects, most of which is reflected in the "Other O&M Expense" budget line, because the majority of Wastewater related CIP will be spent on contract services, just like in the Water Fund. Personnel increases include the addition of two maintenance workers, an engineer, and two inspectors to enhance the City's wastewater compliance enforcement. The one-time ratepayer credit of \$3.0 million in FY 2021-22 is off-setting the increases in personnel and CIP, resulting in a total proposed increase of \$5.6 million (8.3%) reduction in expenditures for the FY 2022-23 budget year.

Available Fund Balance: The mid-year estimates presented to City Council on March 1, 2022, result in a projected ending available fund balance at June 30, 2022, of \$63.1 million. Projected revenues for FY 2022-23, less the proposed expenditures suggest net operating deficit of \$4.6 million. The projected net operating deficit subtracted from the projected beginning available fund balance yields a projected ending available fund balance at June 30, 2023, of \$58.5 million. This represents just over 80% of annual expenditures excluding the intrafund transfers. The City Council policy target for available fund balance is 25%, which has been exceeded due to the City's recent success in securing grants and low-interest loans from the State to pay for wastewater capital improvement projects. Furthermore, that fund balance will be used to pay for the longer-range capital improvement program required by the wastewater enterprise.

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

Environmental Resources Fund

Revenues: FY 2022-23 Environmental Resources Fund revenues are projected to total \$50.0 million. Nearly all of the revenue is paid by users via utility fees. The primary reason for the \$2.6 million (5.4%) decrease in fees and charges is that the recycled material scrap market has experienced a downward trend in market prices. This impacts revenues the City is able to generate by selling recyclable waste. As with the Water Fund and the Wastewater Fund, an additional \$2.8 million of revenue from the General Fund is projected as a result of the repayment of Infrastructure Use Fees; see "Wastewater" discussion above.

Expenditures: FY 2022-23 Environmental Resources Fund expenditures are proposed at \$56.0 million, a \$10.1 million decrease (15.3%) compared to FY 2021-22 budget. The proposed expenditure includes \$2.1 million of CIP projects -- most of which is reflected in the "Other O&M Expense" budget line because most of the CIP will be spent on contract services, just like in the Water Fund and the Wastewater Fund. This is a decrease of \$4.9 million to the annual budget in alignment with the FY 2022-23 CIP presented to the Public Works Committee on April 26, 2022. The one-time ratepayer credit of \$2.8 million in FY 2021-22 and the proposed \$2.7 million reduction to Buy Back Recycles in Other O&M Expense are also major contributors to the proposed decrease in expenditures for the FY 2022-23 budget year. Due to restrictive COVID-19 protocols and reduced hours, area recycling centers have redirected their volume from the City's Del Norte Facility to other processing facilities. Efforts to remediate staffing shortages and increase Materials Recovery Facility (MRF) operating hours are underway and could increase revenue generated from selling recyclables as well as the cost to buy back recyclables.

Available Fund Balance: The mid-year estimates presented to City Council on March 1, 2022, result in a projected ending available fund balance at June 30, 2022, of \$17.2 million. Projected revenues for FY 2022-23 less proposed expenditures suggest net operating deficit of \$6.0 million. The projected net operating deficit subtracted from the projected beginning available fund balance yields a projected ending available fund balance at June 30, 2023, of \$11.3 million, which represents 20.1% of annual expenditures. The City Council policy target for available fund balance is 25%.

For additional detail, refer to the Environmental Resource Funds table in attached PowerPoint slide 9.

STRATEGIC PRIORITIES

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to restore and increase quality services and programs that enrich Oxnard's diverse community, promotes safe neighborhoods, encourages community engagement, and supports our residents in their efforts to improve their quality of life.

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to reinforce, stabilize, improve, and strengthen the organizational foundation of the City in order to build a modern, high-functioning City government that effectively and efficiently supports the operating departments in providing high-quality services and programs for our residents and businesses.

This agenda item supports the Economic Development strategy. The purpose of the Economic Development strategy is to focus on the retention and expansion of Oxnard businesses by increasing the skills and employability of our local workforce, invite new business investments, and target site-based redevelopment opportunities.

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to preserve and improve our roads, utilities, parks, trees, water supply and natural resources through effective planning, prioritization, and an equitable and efficient use of available funding.

This agenda item supports Public Safety strategy. The purpose of the Public Safety strategy is to restore and modernize the delivery of public safety services to provide for the safety of our neighborhoods and health of our community.

FINANCIAL IMPACT

Conducting this public hearing on the budget does not have a financial impact until such time as the City Council adopts the FY 2022-23 Operating Budget, which is scheduled for June 21, 2022. The financial impact of each recommended action is spelled out in the Discussion section that describes that action.

The budget document is scheduled to be published on the City's website by the close of business, Wednesday, May 25, 2022, at <https://www.oxnard.org/city-department/finance/city-budget-documents/>.

Prepared by: Betsy George, Chief Financial Officer

ATTACHMENTS

1. Budget Preview Presentation
2. Additional FY2022-23 Proposed Budget Slides for F&GC



Fiscal Year 2022-2023

BUDGET PREVIEW

May 4, 2022



Overview

1 Big Picture: Where We Were, Where We Are Going

2 Budgeting 101

- a. Where Do Your Taxes Go
- b. Three Years of Restoration Budgets

3 Fiscal Year 2022-23

- a. General Fund Revenue and Proposed Expenditures
- b. All Funds Proposed Expenditures
- c. Measure O Weaning Schedule

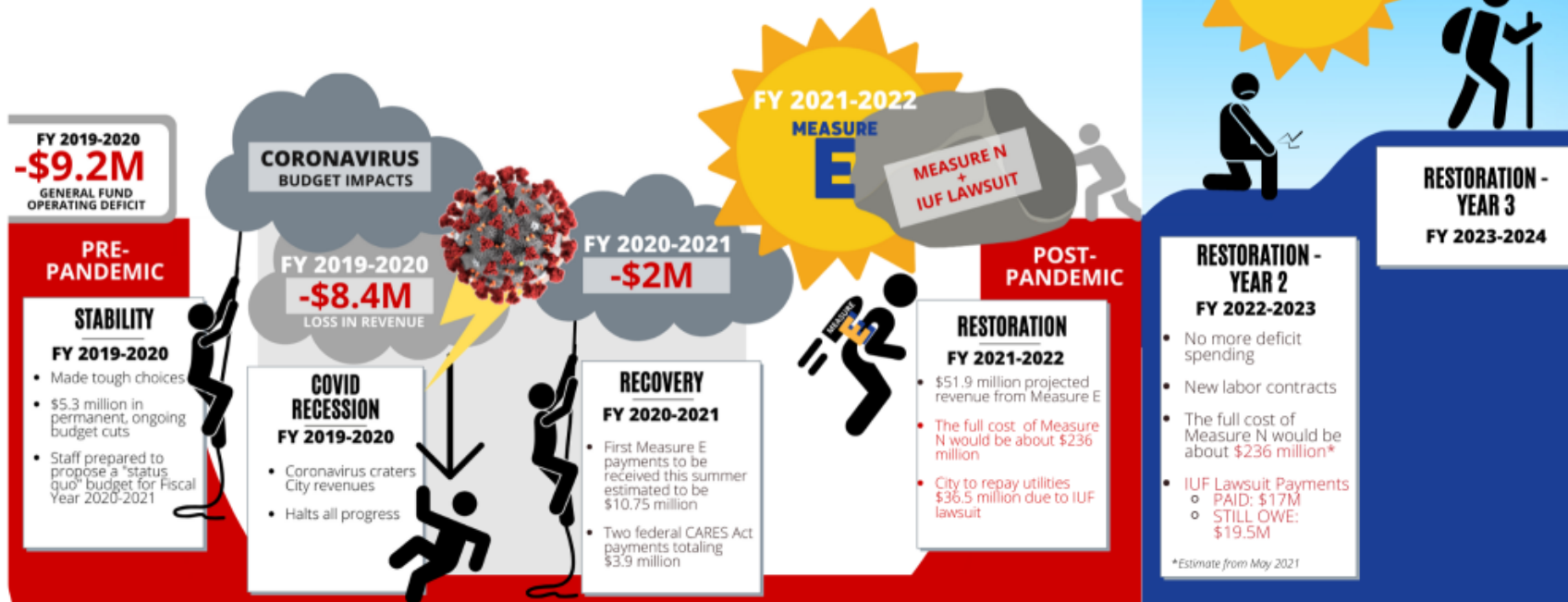
4 Conclusion

- a. Challenges in the Year Ahead
- b. Organizational Effectiveness

1

Big Picture: Where We Were, Where We Are Going

Pre- and Post-Pandemic Budget Impacts



2021 - 2025 CITY COUNCIL 5-YEAR PRIORITIES

Quality of Life

1. Restore and enhance youth programs and launch the **Oxnard Arts Academy** for local youth in South Oxnard
2. Restore and enhance senior programs and build the **Council-approved new Senior Center**
3. Continue to address homelessness in Oxnard
4. Build an **Aquatics Center** in South Oxnard
5. Reopen the Carnegie Art Museum and create a process to study the Oxnard PACC

Economic Development

1. Focus on business retention and expansion and new business attraction
2. Train and prepare residents for employment at local businesses through the Oxnard Employee Pipeline
3. Revitalize the Hueneme/Saviers/Pleasant Valley/Channel Islands Corridor
4. **Renovate 4th St** between Downtown and train station to create a safe connection between the transit center and downtown
5. Create a new **Zócalo** in South Oxnard

Public Safety

1. Maintain 911 emergency response times
2. Maintain fire protection services
3. Restore Neighborhood Police program
4. Restore and possibly increase paramedic squads
5. Create a modern disaster preparedness program to prepare the City for response and recovery from earthquakes, flooding and other disasters

* Modest and incremental implementation of security cameras; data driven by OPD

* Modest and incremental implementation of a lifeguard program

Infrastructure and Natural Resources

1. Restore proper **street paving cycle**
2. Restore proper maintenance of parkways and medians, tree trimming cycle, and clean up the gateways to the City
3. **Ensure adequate future water supply**
4. Repair **alleys**
5. Repair **seawalls**

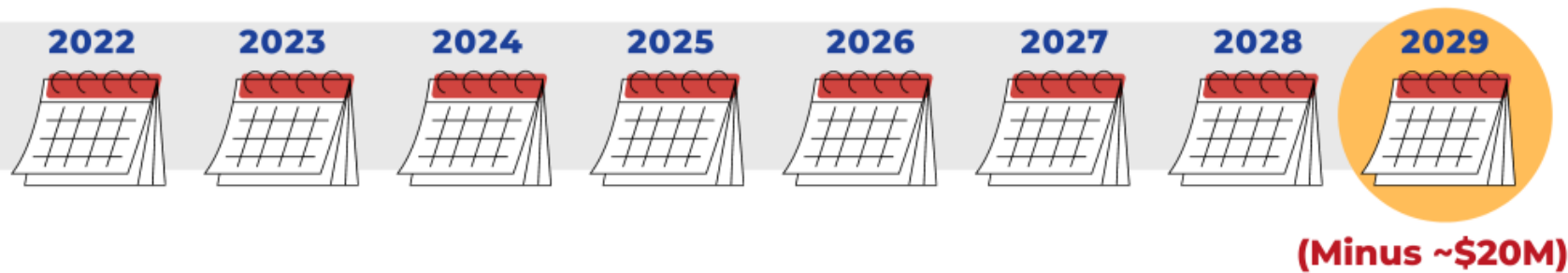
Organizational Effectiveness

1. Secure long-term financial sustainability
2. Replenish the City's financial reserves and establish sufficient reserves to respond to disasters such as earthquakes and floods
3. Invest in appropriate staffing levels to get the job done
4. Strengthen the City's cybersecurity
5. Invest in staff training and development

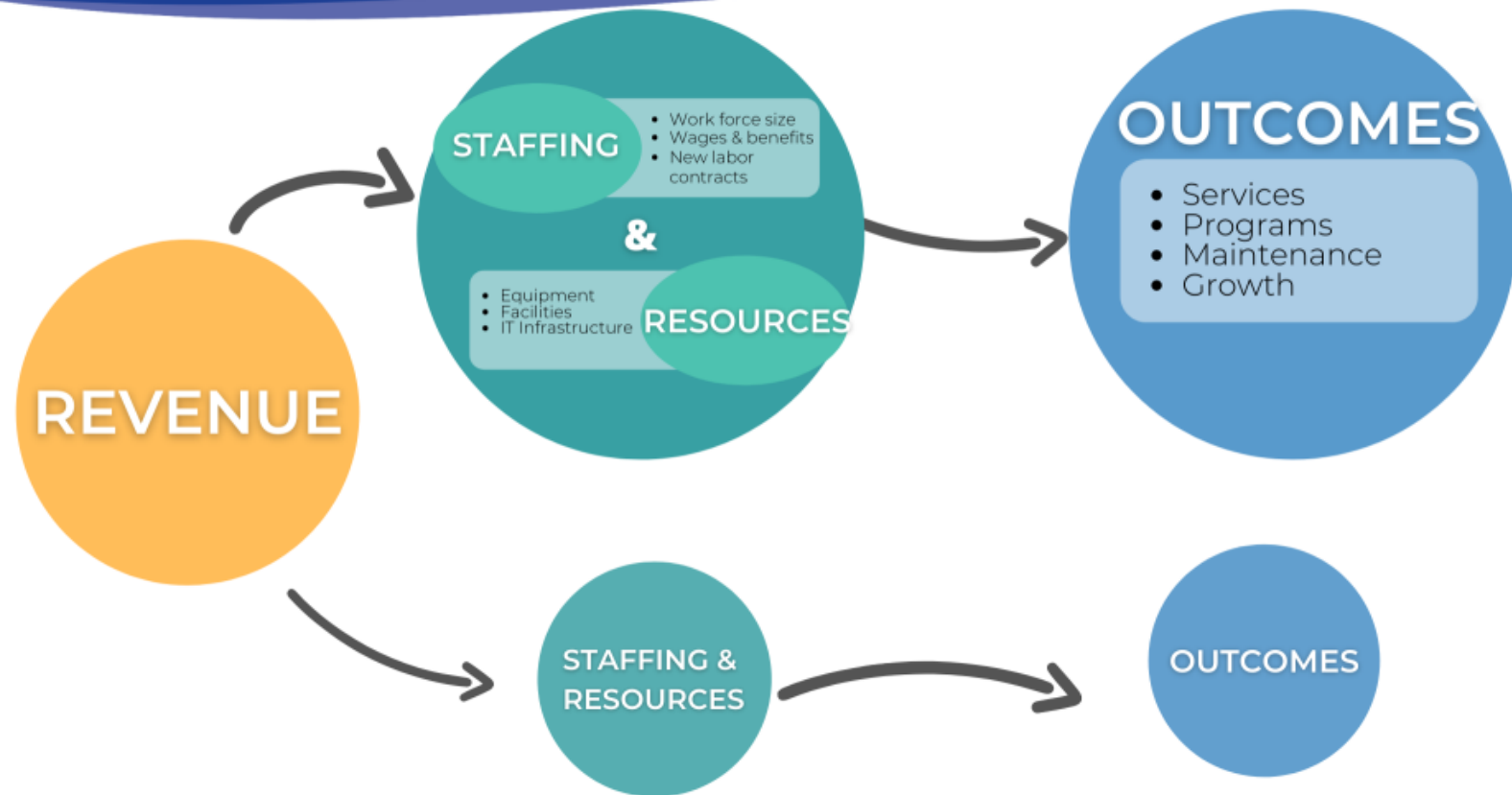


FISCAL RESPONSIBILITY:

PLANNING WITH 2029 BUDGET IN MIND



Organizational Effectiveness



Challenges in the Year Ahead



New Labor
Contracts



Inflation



Supply Chain
Disruption



Energy Costs



Potential New
Covid-19 Impacts



"The Great Resignation"



Inventory of Deferred
Maintenance Mounting



New Lawsuits Likely

Challenges in the Year Ahead

A recruitment poster for McDonald's. The top half has a yellow background with the text 'START BUILDING YOUR FUTURE TODAY' in black. The bottom half has a white background with a list of benefits, each preceded by a red checkmark in a box. To the right of the list is the McDonald's golden arches logo. On the far right, a partial view of a person in a blue McDonald's uniform with a name tag that says 'ALEXA' is visible. At the bottom, it says 'Start your application today at careers.mcdonalds.com'.

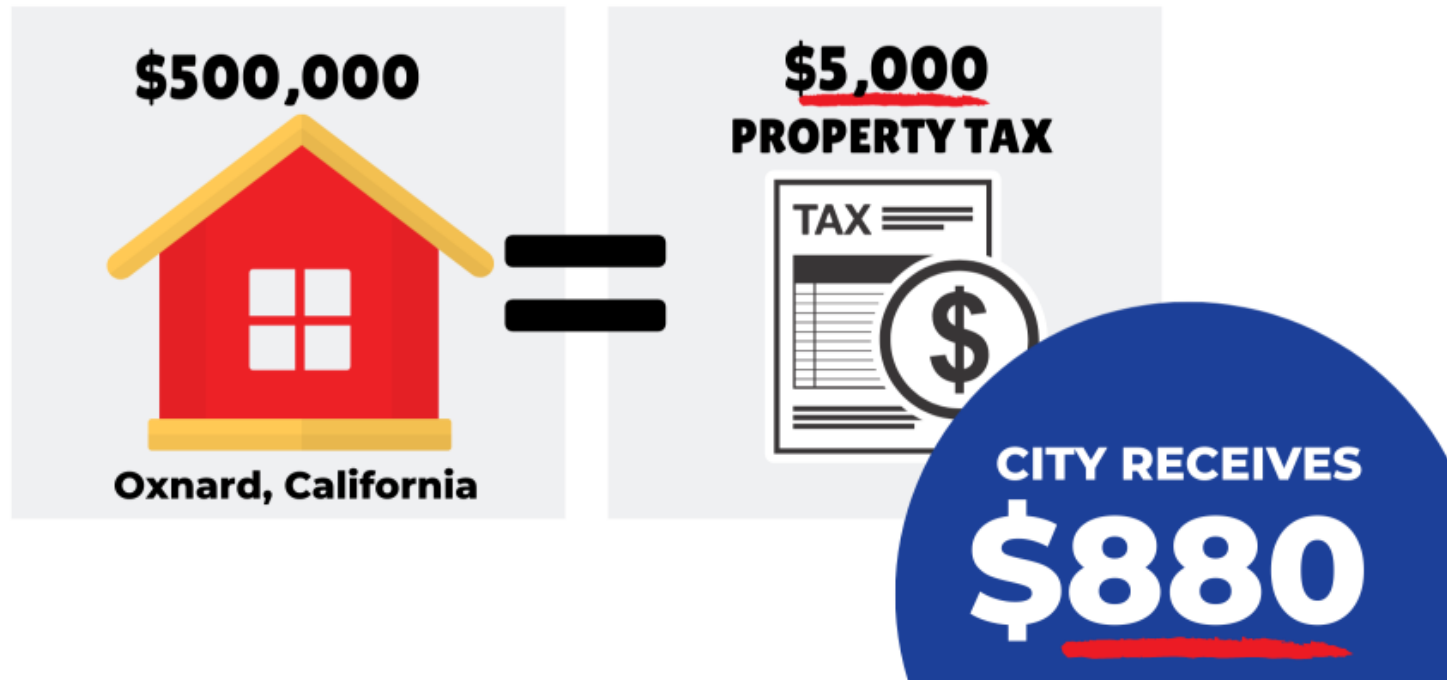
**START
BUILDING
YOUR FUTURE
TODAY**

- ☒ Competitive starting wage
- ☒ 30% employee discount
- ☒ Flexible hours
- ☒ Up to \$3,000 in tuition assistance

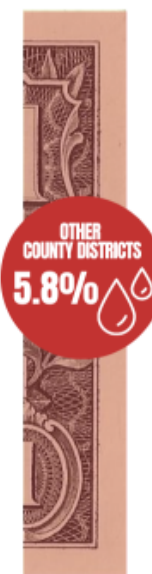
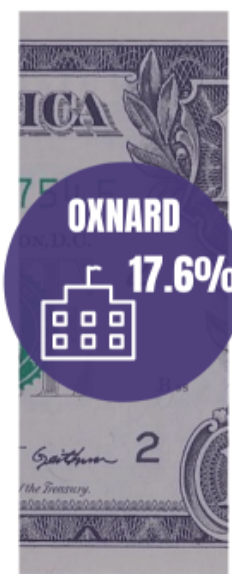
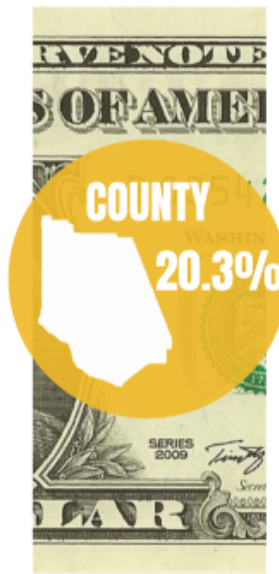
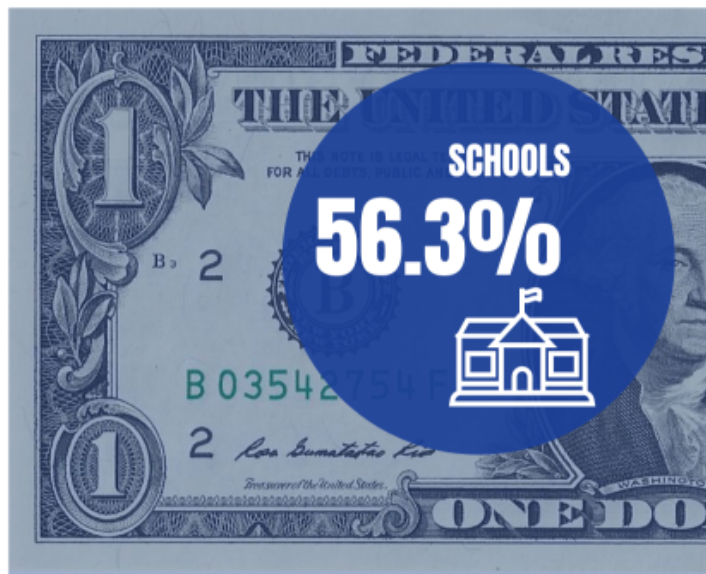
Start your application today at
careers.mcdonalds.com

2 Budgeting 101

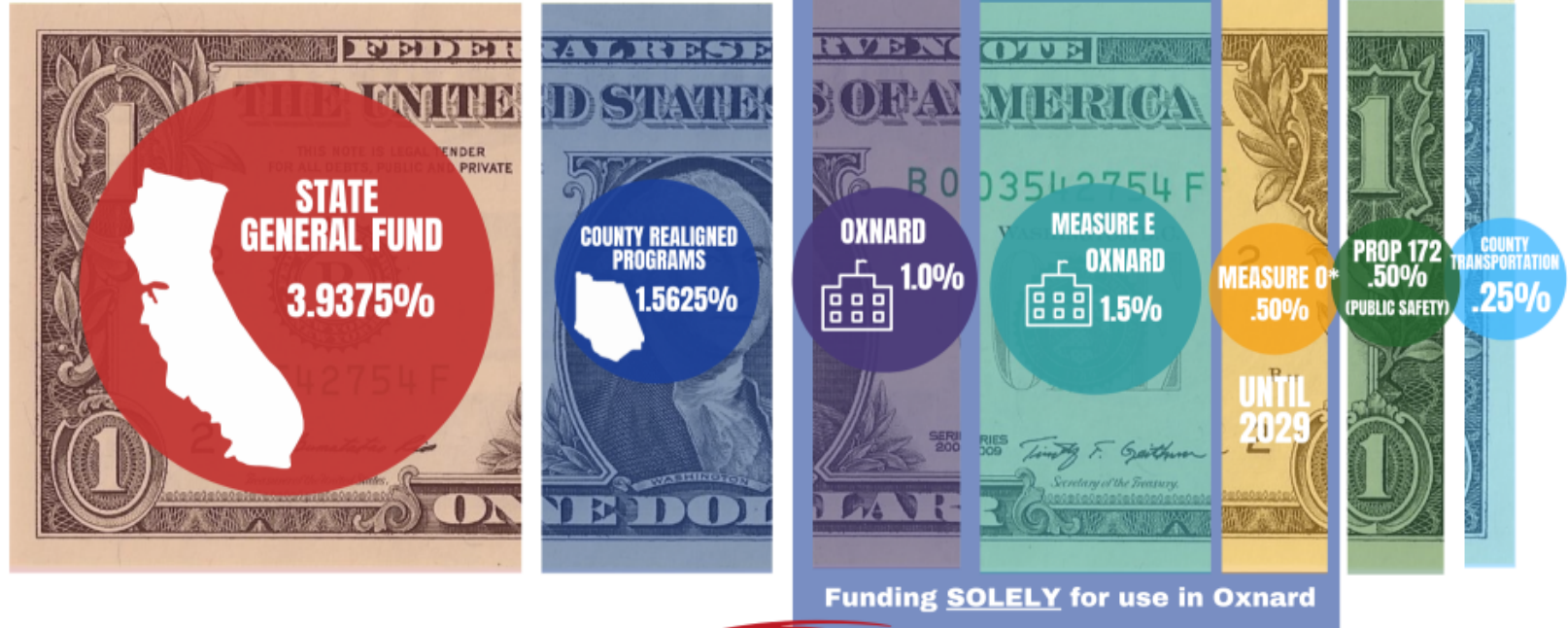
How much property tax money does the City actually get?



WHERE DO YOUR PROPERTY TAXES GO?



WHERE DO YOUR SALES TAXES GO?



*9.25% sales tax rate effective April 1, 2021; decreases to 8.75% in 2029

How Sales Tax is Applied

\$20 Shirt



Purchased in Oxnard

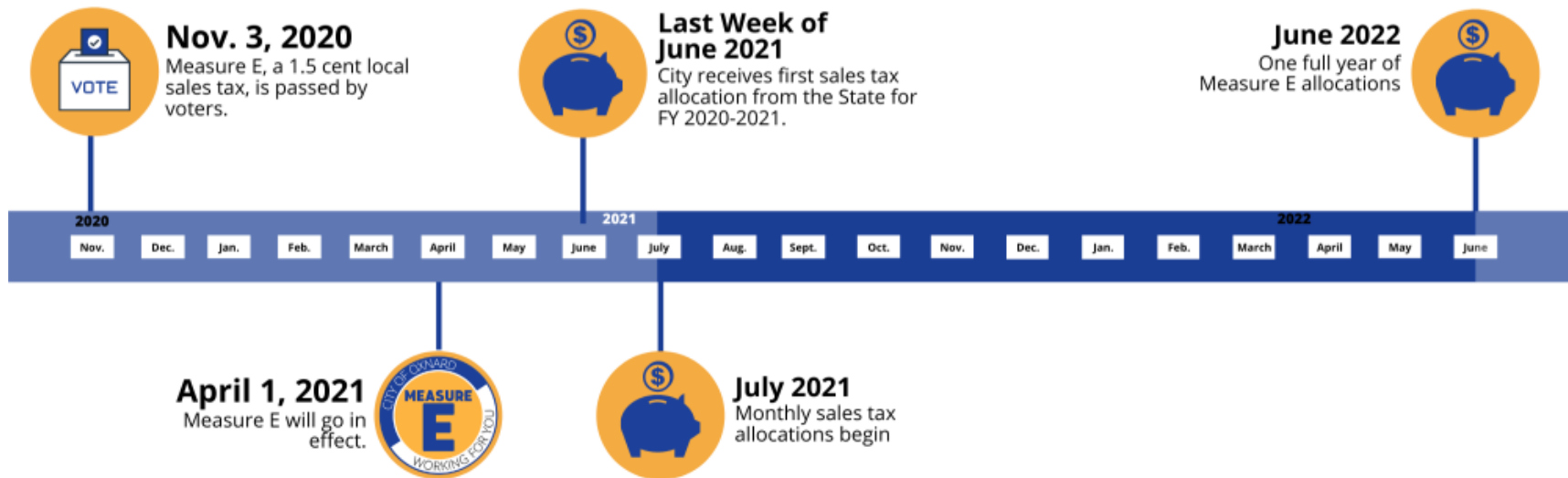


The City gets
60 cents
of the total \$1.85 in sales tax

MEASURE E

EXCELLENCE FOR OXNARD

IMPLEMENTATION TIMELINE





2ND OF THREE RESTORATION BUDGETS

FY 2021-2022 RESTORE



FY 2022-2023 RESTORE + IMPROVE



FY 2023-2024 RESTORE, IMPROVE + ADD



3

Fiscal Year 2022-23



Proposed Budget Highlights



FY 2022-23 Restoration Budget -Year 2

- **RECEIVED \$32M IN DEPARTMENT NEEDS FOR NEXT YEAR'S RESTORATIONS**
- **CAN ONLY AFFORD BETWEEN \$10-12M FOR NEXT YEAR'S NEEDS**
- **THE FOLLOWING ARE PRELIMINARY RECOMMENDATIONS FOR THE CITY COUNCIL TO CONSIDER**



2ND OF THREE RESTORATION BUDGETS



POLICE DEPARTMENT

Year 1 - Restore (Current Year)

- Restore staffing
- Increase from 6 to 9 officers assigned to the Neighborhood Policing Team
- Increase number of community events/activities from 62 to 153 that were attended by Neighborhood Policing Team

FY 21-22 Investment:
\$7,977,221

Year 2 - Restore and Improve (FY 22-23)

- Focus on recruitment and hiring continues to address police officer vacancies
- Continue to invest in staffing to improve service-delivery and 911 response times

Proposed FY 22-23 Investment:
\$928,679



2ND OF THREE RESTORATION BUDGETS



FIRE DEPARTMENT

Year 1 - Restore (Current Year)

- Host Oxnard Fire Academy fire academy with 21 recruits in order to catch up on staffing needs

Year 2 - Restore and Improve (FY 22-23)

- Invest in staffing to improve delivery of services to the community
- Improve fleet with safe and reliable fire apparatus and vehicles to ensure the public's continued safety and maximize firefighter capabilities
- Invest in EMS training and training aids

FY 21-22 Investment (net of EMS):
\$5,886,332

Proposed FY 22-23 Investment:
\$2,017,862



2ND OF THREE RESTORATION BUDGETS



PUBLIC WORKS

Year 1 - Restore (Current Year)

- Restore proper maintenance of parkways and medians, tree trimming cycle, and clean up the gateways to the City
- Restore Oxnard streets and alleys
- Support projects in City's Capital Improvement Program (CIP), which includes street improvements

Year 2 - Restore and Improve (FY 22-23)

- Continue to enhance parks and medians maintenance
- Enhance park maintenance contract to increase frequency of trash can service, loose litter removal, and other groundskeeping/maintenance services
- Grid prune of all residential, secondary street and parks trees on 5-year pruning cycle

FY 21-22 Investment (net of CIP):
\$10,273,893

Proposed FY 22-23 Investment:
\$2,382,557



2ND OF THREE RESTORATION BUDGETS



COMMUNITY DEVELOPMENT

Year 1 - Restore (Current Year)

- Measure F implementation and implementation of a permit expediting program
- Consultant plan check and document imaging

FY 21-22 Investment:
\$3,047,658

Year 2 - Restore and Improve (FY 22-23)

- Continue to invest in staffing to improve service delivery
- Investment of new ERP system software module that will create future permitting efficiencies*
- Consultant Plan Check Services
- Scanning services

Proposed FY 22-23 Investment:
\$1,236,832

*Included in non-general fund ERP budget



2ND OF THREE RESTORATION BUDGETS



CULTURAL AND COMMUNITY SERVICES

Year 1 - Restore (Current Year)

- Restore youth and senior services programs, Durley Park Youth Center, Colonia Basketball Gym Hours,
- Add Meet-Up, Clean Up events
- \$30K investment to expand Library Division's digital services

FY 21-22 Investment:
\$2,998,634

Year 2 - Restore and Improve (FY 22-23)

- Invest in additional staff to restore more services for youth, senior, and art programming

Proposed FY 22-23 Investment:
\$170,700

2ND OF THREE RESTORATION BUDGETS

IT | INTERNAL SERVICE FUND

Year 1 - Restore (Current Year)

- Commence implementation of new ERP system to overhaul decades old systems
- Commenced the migration of the City's security systems onto a current, common platform for improvements in response, management, and cost savings

FY 21-22 Investment:
\$2,957,398

Year 2 - Restore and Improve (FY 22-23)

- Invest in additional staff to improve service delivery
- Upgrade outdated equipment and software
- Modernization of public safety network edge infrastructure
- Enhanced cybersecurity

Proposed FY 22-23 Investment:
\$3,500,000



FY 2022-23 Proposed Budget

OVERVIEW BY DEPARTMENT*



POLICE	FIRE	PUBLIC WORKS	COMMUNITY DEVELOPMENT	CULTURAL AND COMMUNITY SERVICES	IT	FINANCE
TOTAL PROPOSED INVESTMENT \$71.8M	TOTAL PROPOSED INVESTMENT \$30.4M	TOTAL PROPOSED INVESTMENT \$20.2M	TOTAL PROPOSED INVESTMENT \$14.2M	TOTAL PROPOSED INVESTMENT \$14.1M	TOTAL PROPOSED INVESTMENT \$11.2M	TOTAL PROPOSED INVESTMENT \$7M

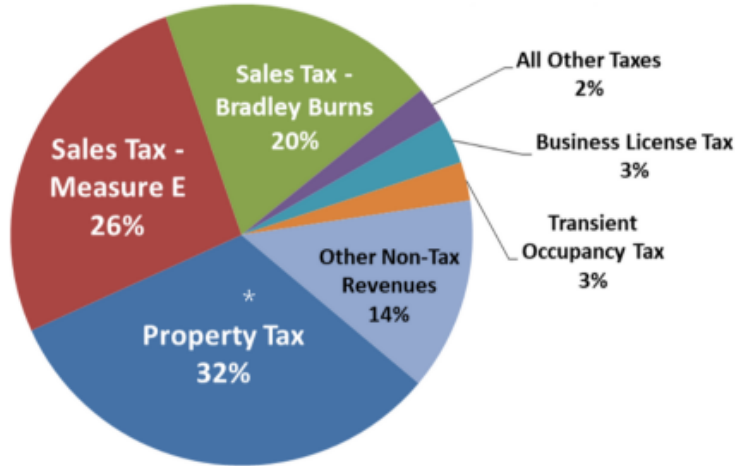
HUMAN RESOURCES	HOUSING	CITY MANAGER	CITY ATTORNEY	BILLING & LICENSING	CITY CLERK
TOTAL PROPOSED INVESTMENT \$3.6M	TOTAL PROPOSED INVESTMENT \$3M	TOTAL PROPOSED INVESTMENT \$2.7M	TOTAL PROPOSED INVESTMENT \$2.6M	TOTAL PROPOSED INVESTMENT \$1.5M	TOTAL PROPOSED INVESTMENT \$.7M

**Preliminary recommendations as of April 25, 2022*

General Fund FY 2022-23: Estimated Preliminary Revenues + Proposed Expenditures*

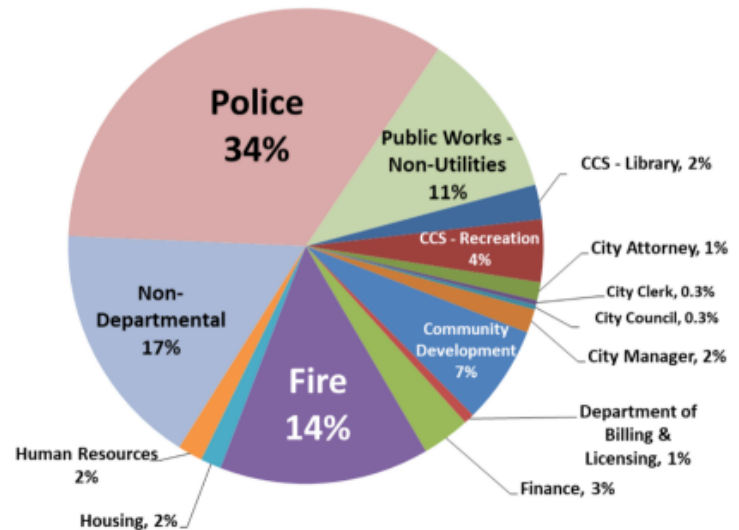
Revenue Sources

Proposed FY 2022-23
General Fund Revenues - \$208.0 (millions)*



Expenses (By Department)

Proposed FY 2022-23
General Fund Expenditures - \$212.6 (millions)*



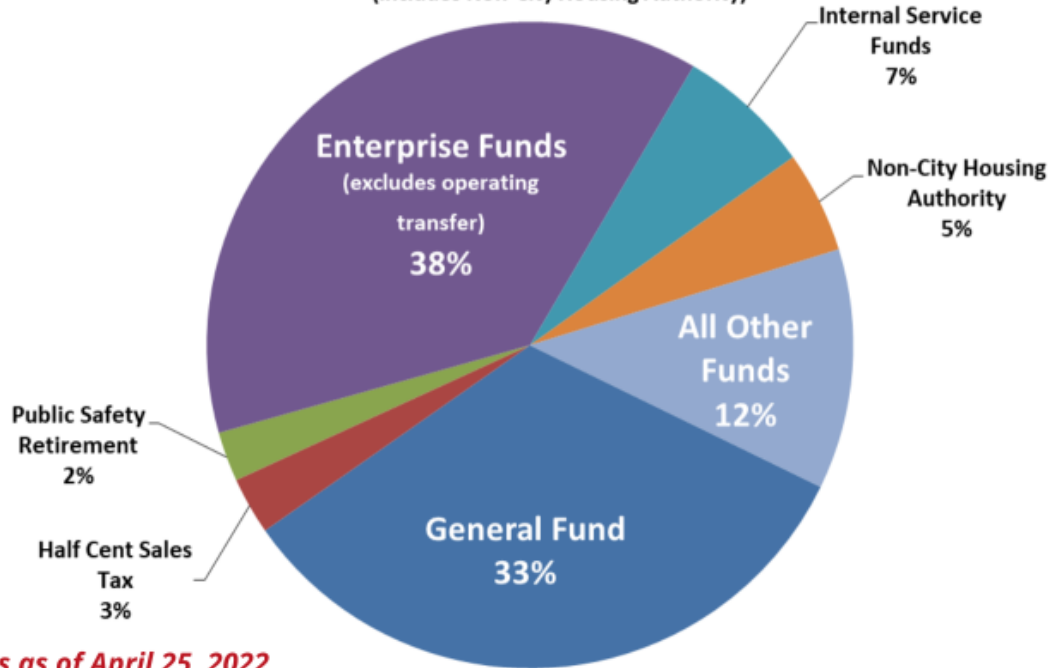
**Preliminary figures as of April 25, 2022*

Budget Overview: All Funds Proposed FY 2022-23 Expenditures



Proposed FY 2022-23 All Fund Expenditures* \$613.3 (millions)

(includes Non-City Housing Authority)



**Preliminary figures as of April 25, 2022*

Measure O Weaning Schedule

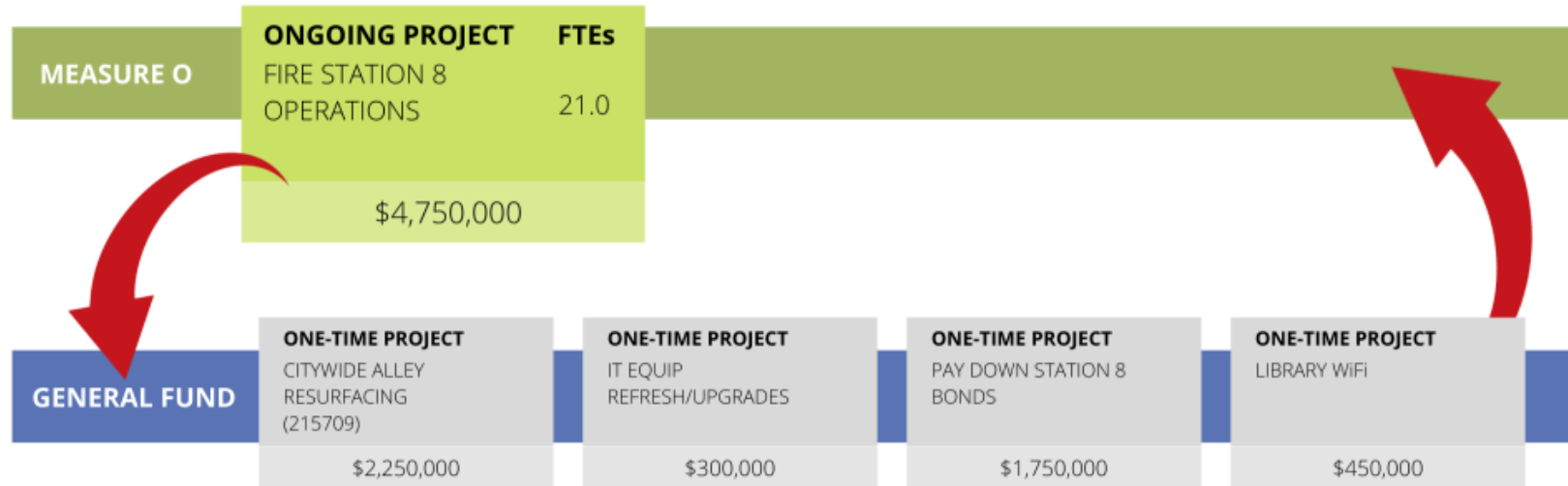


- **MEASURE O WILL SUNSET IN 2029, OR IF MEASURE N PREVAILS IN 2027**
- **THE MEASURE O WEANING SCHEDULE ALLOWS A TRANSITION SO THERE IS NO CLIFF WHEN MEASURE O SUNSETS**
- **THE MEASURE O COMMITTEE WILL REVIEW THE WEANING SCHEDULE AGAIN AND MAKE RECOMMENDATIONS TO THE CITY COUNCIL**

FY 2022-23 Measure O Recommended Weaning Schedule



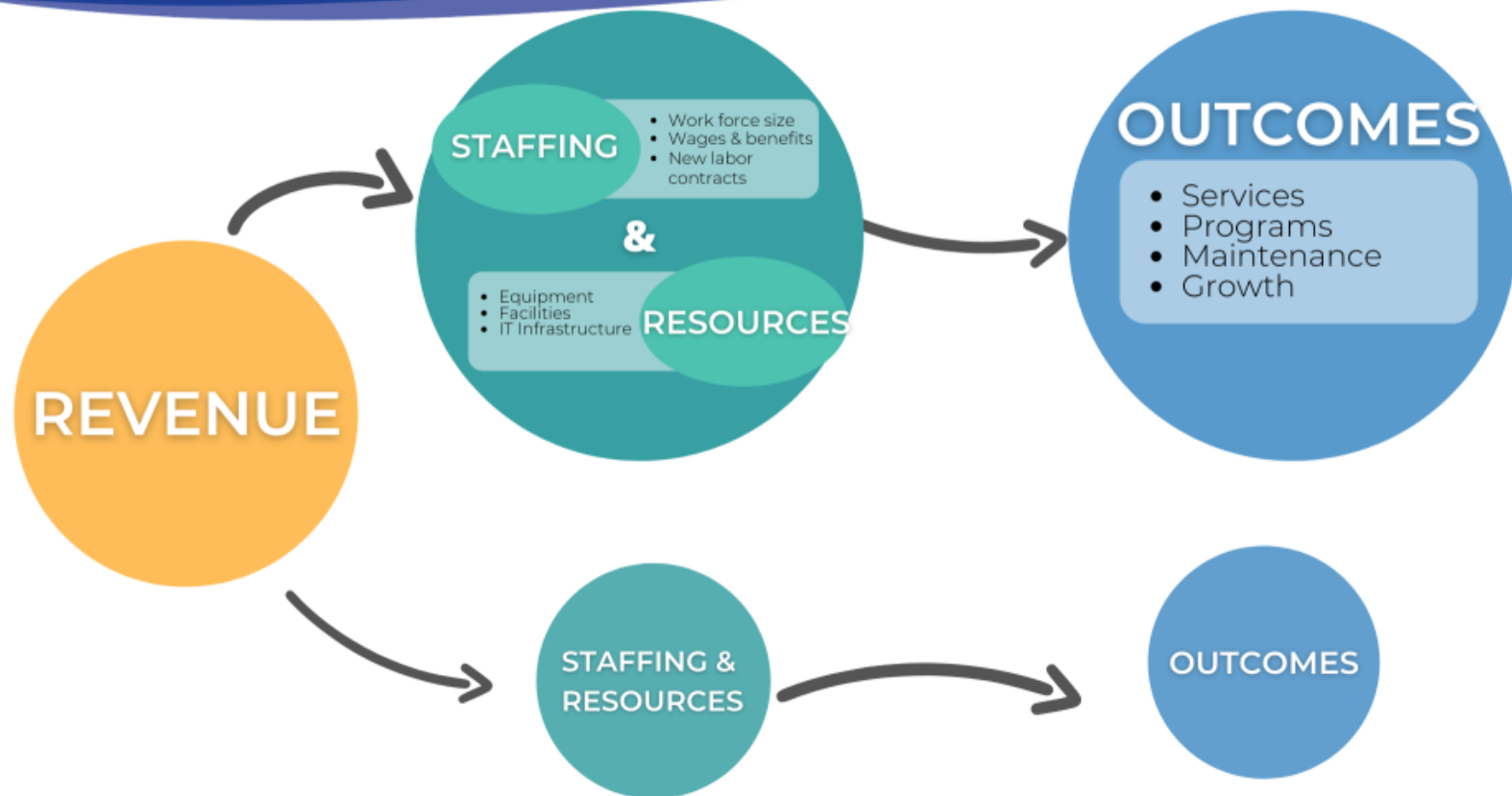
Example



4 Conclusion

**WHAT CAN WE ACHIEVE
WITH WHAT WE HAVE?**

Organizational Effectiveness

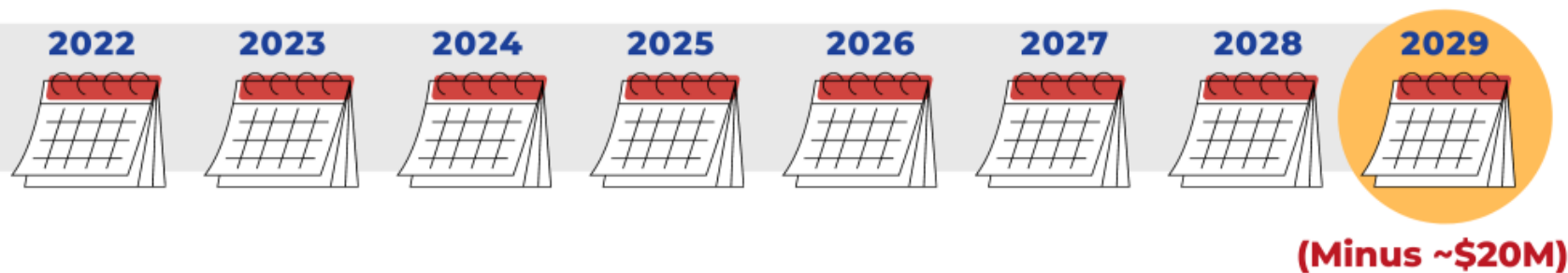


Organizational Effectiveness



FISCAL RESPONSIBILITY:

PLANNING WITH 2029 BUDGET IN MIND



Challenges in the Year Ahead



New Labor Contracts



Inflation



Supply Chain Disruption



Energy Costs



Potential New Covid-19 Impacts



"The Great Resignation"



Inventory of Deferred Maintenance Mounting



New Lawsuits Likely

What's Next

UPCOMING MEETINGS:

5/10/22

Finance and Governance Committee Meeting

6/7/22

**City Council Public Hearing on FY 2022-23
Operating Budget**

6/21/22

**City Council Adoption of the FY 2022-23 Operating
Budget and Capital Improvement Budget**



END OF PRESENTATION



FISCAL YEAR 2022-23 PROPOSED ANNUAL BUDGET

Finance and Governance Committee

May 10, 2022

Betsy George, Chief Financial Officer

That the Finance and Governance Committee recommend the City Council and Housing Authority Board conduct a public hearing on the Fiscal Year (FY) 2022-23 proposed budget on June 7, 2022 for the City of Oxnard and Oxnard Housing Authority and provide staff direction regarding any adjustments to the proposed budget, in preparation for final budget adoption on June 21, 2022.

GENERAL FUND (101) REVENUES (IN MILLIONS)

3

Revenues:	FY21-22 Adopted Budget	FY21-22 Year- End Estimates	FY22-23 Proposed Budget	\$ Change FY23 Proposed vs. FY22 Adopted	% Change
01-PROPERTY TAX	63.5	64.2	66.7	3.2	5.1%
02A-SALES TAX - MEASURE E	51.9	53.8	55.1	3.2	6.1%
02-SALES TAX	36.6	39.6	40.6	4.0	11.0%
03-FRANCHISES	3.9	4.1	4.2	0.3	6.8%
04-BUSINESS LICENSE TAX	6.3	6.1	6.7	0.4	6.7%
05-TRANSIENT OCCUPANCY TAX	4.6	4.7	5.6	1.1	23.1%
06-DEED TRANSFER TAX	0.7	1.0	1.0	0.3	36.7%
07-BLDG FEES/PERMITS	1.7	1.9	1.9	0.2	13.4%
08-INTERGOVERNMENTAL	2.3	2.4	2.5	0.2	9.2%
09-FEES/CHARGES	11.2	6.8	7.0	(4.2)	-37.6%
10-FINES/FORFEITURES	2.5	2.5	2.6	0.1	3.0%
12-INDIRECT COST REIMB	8.3	8.3	8.3	0.0	0.0%
13-INTEREST	1.3	0.8	0.9	(0.4)	-28.4%
15-TRANSFERS IN	1.7	1.7	1.7	(0.0)	0.0%
16-OTHER REVENUE	2.9	4.2	3.1	0.1	4.7%
17-SPECIAL ASSESSMENTS	0.3	0.2	0.2	(0.1)	-27.3%
Total Revenues	\$199.6	\$202.2	\$208.0	\$8.4	4.2%

Totals may not add due to rounding₂₈₄

GENERAL FUND (101) EXPENDITURES (IN MILLIONS)

Expenditures by Department:	FY21-22 Adopted Budget	FY21-22 Year-End Estimates	FY22-23 Proposed Budget	\$ Change FY23 Proposed vs. FY22 Adopted	% Change
CCS - LIBRARY	4.8	4.6	5.0	0.3	5.4%
CCS - RECREATION	8.8	7.3	9.0	0.2	2.2%
CITY ATTORNEY	2.7	2.6	2.6	(0.0)	-1.5%
CITY CLERK	0.7	0.7	0.7	0.0	1.6%
CITY COUNCIL	0.6	0.7	0.7	0.0	6.8%
CITY MANAGER	2.5	2.2	3.4	0.9	37.8%
COMMUNITY DEVELOPMENT	12.9	12.0	14.1	1.2	9.2%
DEPARTMENT OF BILLING & LICENSING	1.5	1.3	1.5	0.0	3.0%
FINANCE	6.8	6.0	7.0	0.2	3.0%
FIRE	31.6	29.8	30.4	(1.2)	-3.9%
HOUSING	2.2	1.6	3.0	0.8	37.2%
HUMAN RESOURCES	3.4	3.3	3.6	0.2	4.9%
NON-DEPARTMENTAL	24.2	22.6	35.6	11.5	47.4%
POLICE	70.8	67.9	71.8	0.9	1.3%
PUBLIC WORKS - ADMINISTRATIVE SERVICES	0.2	0.3	0.3	0.1	33.8%
PUBLIC WORKS - CONSTRUCTION AND DESIGN	3.1	2.7	3.1	(0.0)	-0.1%
PUBLIC WORKS - GENERAL SERVICES	20.4	15.9	17.5	(2.9)	-14.3%
PUBLIC WORKS - TRAFFIC ENG. & OPERATIONS	3.7	3.4	3.4	(0.3)	-8.5%
Total Expenditures	\$200.8	\$184.8	\$212.6	\$11.8	5.9%

GENERAL FUND (101) PROJECTED FUND BALANCE (IN MILLIONS)

5

	FY21-22 Year-End Estimates	FY22-23 Proposed Budget
Beginning Available Fund Balance, Jul 1	\$29.3	\$39.9
Net Annual Activity [Revenues Less Expenditures]	17.4	(4.6)
Estimated Multi-year CIPs Carryover from FY22 to FY23	6.8	
Projected Ending Available Fund Balance, June 30	\$39.9	\$35.4
Fund Balance as % of Annual Expenditures	22%	17%
Target Reserve Level	15%	15%

MEASURE O FUND 104 (IN MILLIONS)

	FY21/22 Adopted Budget	FY21-22 Year-End Estimates	FY22/23 Proposed Budget	\$ Change FY23 Proposed vs. FY22 Adopted	% Change
Beginning Available Fund Balance, Jul 1	\$5.8	\$9.8	\$7.9		
Revenues:					
Half Cent Sales Tax	17.3	18.0	18.2	0.9	5.1%
General Fund Loan Payment	1.9	1.9	1.9	0.0	0.0%
Interest Income	0.1	0.0	0.0	0.0	-51.8%
Total Revenues	19.3	19.9	20.1	0.8	4.3%
Expenditures by Category:					
Other Community Improvements	1.5	1.5	2.8	1.3	89.3%
Parks & Open Spaces	3.1	3.8	3.1	0.0	1.4%
Public Safety & Gang Prevention	11.4	12.5	8.7	(2.7)	-23.5%
Traffic & Road Improvements	2.2	2.2	4.5	2.3	102.4%
Total Expenditures	18.1	20.0	19.1	1.0	5.3%
Net Annual Activity	1.2	(0.1)	1.1		
Carryover (One-Time Projects) to FY22-23		1.8			
Projected Ending Fund Balance, June 30	\$7.0	\$7.9	\$9.0		

WATER FUNDS (IN MILLIONS)

7

	FY21-22 Adopted Budget	FY21-22 Year-End Estimates	FY22-23 Proposed Budget	\$ Change FY23 Proposed vs. FY22 Adopted	% Change
Beginning Available Fund Balance, July 1	\$67.6	\$83.9	\$23.4		
Revenues:					
09-FEES/CHARGES	62.1	60.8	62.1	(0.1)	-0.1%
10-FINES/FORFEITURES	0.5	0.1	0.3	(0.3)	-53.2%
13-INTEREST	2.6	2.4	2.4	(0.2)	-7.6%
15-TRANSFERS IN	0.2	0.2	1.5	1.4	847.2%
INFRASTRUCTURE USE FEE REPAYMENT	5.1	5.1	4.3	(0.9)	-16.7%
16-OTHER REVENUE	0.0	0.1	0.1	0.0	68.0%
Total Revenues	\$70.6	\$68.6	\$70.5	\$0.0	0.0%
Expenditures by Type:					
1-PERSONNEL	10.2	8.5	10.5	0.3	3.3%
2-OTHER O&M EXPENSE	63.7	65.5	50.9	(12.7)	-20.0%
3-DEBT SERVICE	13.0	13.0	14.4	1.5	11.3%
4-CAPITAL OUTLAY	1.2	1.1	1.2	0.0	0.0%
5-TRANSFERS OUT	0.03	0.03	0.03	0.0	1.9%
INFRASTRUCTURE USE FEE RATEPAYER CREDIT	4.8	0.0	0.0	(4.8)	-100.0%
6-INTERNAL FIXED CHARGES	4.0	4.0	4.4	0.4	9.7%
Total Expenditures	\$96.8	\$92.1	\$81.5	(\$15.4)	-15.9%
Net Annual Activity	(26.3)	(23.5)	(10.9)		
Projected CIP Carryover to FY22-23		37.0			
Projected Ending Available Fund Balance, June 30, 2022	\$41.3	\$23.4	\$12.5		
Fund Balance as % of Expenditures	42.7%	25.5%	15.4%		
Target Reserve Level	25%	25%	25%		

Totals may not add due to rounding.

WASTEWATER FUNDS (IN MILLIONS)

	FY21-22 Adopted Budget	FY21-22 Year-End Estimates	FY22-23 Proposed Budget	\$ Change FY23 Proposed vs. FY22 Adopted	% Change
Beginning Available Fund Balance, July 1	\$58.0	\$63.9	\$63.1		
Revenues:					
09-FEES/CHARGES	47.7	47.5	48.9	1.3	2.6%
10-FINES/FORFEITURES	0.00	0.00	0.01	0.0	0.0%
13-INTEREST	0.5	0.4	0.4	(0.1)	-27.3%
PROCEEDS - SALE OF BONDS / LOAN	22.6	0.9	16.0	(6.5)	-28.9%
INFRASTRUCTURE USE FEE REPAYMENT	3.6	3.6	3.0	(0.6)	-16.7%
Total Revenues *	\$74.4	\$52.4	\$68.4	(\$6.0)	-8.1%
Expenditures by Type:					
1-PERSONNEL	10.7	9.7	11.7	1.1	10.0%
2-OTHER O&M EXPENSE	38.6	14.5	46.7	8.1	21.0%
3-DEBT SERVICE	9.4	9.5	9.4	(0.0)	0.0%
4-CAPITAL OUTLAY	2.9	2.9	2.1	(0.8)	-27.8%
5-TRANSFERS OUT	0.03	0.03	0.03	0.0	1.9%
INFRASTRUCTURE USE FEE RATEPAYER CREDIT	3.0	0.0	0.0	(3.0)	-100.0%
6-INTERNAL FIXED CHARGES	2.8	2.8	3.0	0.2	7.8%
Total Expenditures *	\$67.4	\$39.2	\$73.0	\$5.6	8.3%
Net Annual Activity	7.0	13.2	(4.6)		
Projected CIP Carryover to FY22-23		14.0			
Projected Ending Available Fund Balance, June 30, 2022	\$65.0	\$63.1	\$58.5		
Fund Balance as % of Expenditures	96.3%	160.7%	80.1%		
Target Reserve Level	25%	25%	25%		

*Excludes Operational Txfr between Fund 611 & Fund 621

Totals may not add due to rounding

ENVIRONMENTAL RESOURCES FUNDS (IN MILLIONS)

9

	FY21-22 Adopted Budget	FY21-22 Year-End Estimates	FY22-23 Proposed Budget	\$ Change FY23 Proposed vs. FY22 Adopted	% Change
Beginning Available Fund Balance, July 1	\$33.0	\$33.2	\$17.2		
Revenues:					
09-FEES/CHARGES	49.5	47.4	46.8	(2.6)	-5.4%
10-FINES/FORFEITURES	0.3	0.1	0.3	0.0	2.0%
13-INTEREST	0.3	0.2	0.2	(0.2)	-49.4%
INFRASTRUCTURE USE FEE REPAYMENT	3.3	3.3	2.8	(0.6)	-16.7%
16-OTHER REVENUE	0.0	10.2	0.0	(0.0)	-10.4%
Total Revenues	\$53.4	\$61.1	\$50.0	(\$3.4)	-6.3%
Expenditures by Type:					
1-PERSONNEL	22.6	22.5	22.9	0.3	1.4%
2-OTHER O&M EXPENSE	29.3	25.4	21.8	(7.5)	-25.7%
3-DEBT SERVICE	2.1	2.1	2.1	(0.0)	-1.2%
4-CAPITAL OUTLAY	0.7	10.7	0.6	(0.1)	-11.3%
5-TRANSFERS OUT	0.1	0.1	0.1	0.0	1.9%
INFRASTRUCTURE USE FEE RATEPAYER CREDIT	2.8	0.0	0.0	(2.8)	-100.0%
6-INTERNAL FIXED CHARGES	8.5	8.5	8.5	(0.0)	-0.1%
Total Expenditures	\$66.1	\$69.3	\$56.0	(\$10.1)	-15.3%
Net Annual Activity	(12.8)	(8.2)	(6.0)		
Projected CIP Carryover to FY22-23		7.8			
Projected Ending Available Fund Balance, June 30, 2022	\$20.2	\$17.2	\$11.3		
Fund Balance as % of Expenditures	30.6%	24.9%	20.1%		
Target Reserve Level	25%	25%	25%		

Totals may not add due to rounding

That the Finance and Governance Committee recommend the City Council and Housing Authority Board conduct a public hearing on the Fiscal Year (FY) 2022-23 proposed budget on June 7, 2022 for the City of Oxnard and Oxnard Housing Authority and provide staff direction regarding any adjustments to the proposed budget, in preparation for final budget adoption on June 21, 2022.



QUESTIONS



FINANCE AND GOVERNANCE COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.5

DATE: May 10, 2022

TO: Finance & Governance Committee

FROM: Michael Wolfe, Public Works Director, (805) 385-8055, michael.wolfe@oxnard.org

SUBJECT: Fiscal Year 2022-23 Landscape Maintenance Districts Initiation of Proceedings, Declaration of Intention to Levy and Collect Assessments, and Scheduling of Public Hearing. (0/5/5)

RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council acting as the legislative body of the City of Oxnard's landscape maintenance districts (LMDs):

1. Adopt a resolution initiating proceedings for the annual levy and collection of assessments for Fiscal Year 2022-23 within the City's LMDs; and
2. Adopt a resolution declaring intention to levy and collect assessments for Fiscal Year 2022-23 within the City's LMDs pursuant to the Landscaping and Lighting Act of 1972.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/BV5fuNmthsk>

BACKGROUND

Special Districts is a division of the Public Works Department and manages a total of 48 assessment districts, including thirty-six (36) LMDs. These LMDs were formed pursuant to the Landscaping and Lighting Act of 1972 and require annual City Council action as the acting legislative body for the LMDs to update the assessments that appear in the Ventura County Tax Roll. Therefore, each year the City Council adopts a resolution to initiate proceedings, adopts a resolution declaring the intention to levy and collect assessments, and sets a public hearing date to receive public testimony.

DISCUSSION

NBS Government Finance Group (NBS) is contracted by the City as a consultant for Special Districts. NBS provides the annual Consolidated Engineers Report of the LMDs that estimates the annual costs for maintenance, operations, and repairs for each LMD. The Report also calculates the assessment rates required for these costs.

Approval of the attached resolutions accomplishes the following:

- Orders the preparation and filing of the Fiscal Year 2022-23 Consolidated Engineer's Report,
- Preliminarily approves the LMD assessments for Fiscal Year 2022-23,

- Declares intent to levy and collect assessments in the LMDs for Fiscal Year 2022-23,
- Identifies certain improvements and services to be provided in the LMDs for Fiscal Year 2022-2023,
- Sets the public hearing for the June 7, 2022, City Council meeting, and
- Requires the City Clerk to give notice at least ten days prior to the date of the public hearing by causing the Resolution to be published in a newspaper of general circulation within the City.

Following the City Council's action at the public hearing on June 7, 2022, the assessment information will be delivered to the County Auditor-Controller's Office, where it is processed for the collection of the Fiscal Year 3033-23 assessments. The deadline for delivering the assessment information to Ventura County is July 6, 2022.

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 General Benefit contribution, based on the budgeted expenses for the LMDs, totals \$82,780. An additional \$109,853 in General Fund subsidy is proposed to fund the estimated overages in utility expenses. The total Fiscal Year 2022-23 General Fund contribution is estimated to be approximately \$192,633.

Prepared by: Steve Howlett, Assistant Public Works Director

ATTACHMENTS

1. Resolution to Initiate Proceedings
2. FY 2022-2023 Consolidated Engineer's Report & Preliminary Assessment Rolls
3. Resolution of Intent to Levy - LMDs -FY22-23
4. City of Oxnard Special Districts Map
5. City of Oxnard Special Districts List
6. Presentation

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD INITIATING PROCEEDINGS FOR THE ANNUAL LEVY AND COLLECTION OF ASSESSMENTS FOR FISCAL YEAR 2022-23 WITHIN THE CITY'S LANDSCAPE MAINTENANCE DISTRICTS

WHEREAS, the City Council of the City of Oxnard (the "City Council") has by previous Resolutions formed the City's Landscape Maintenance Districts (the "Districts"), the listing of which are included in this Resolution as Exhibit A, pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500)* (the "Act"); and

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Districts and the preparation and filing of an Annual Engineer's Report (the "Engineer's Report"); and

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

1. The City Council hereby order NBS to prepare and file with the City Clerk the Engineer's Report concerning the levy and collection of assessments for the Districts for the Fiscal Year commencing July 1, 2022 and ending June 30, 2023 in accordance with *Chapter 3 Section 22622 of the Act*.

2. The City improvements within the Districts are described more fully in the Engineer's Report. The improvements authorized to be maintained are District-specific and vary between the Districts; the improvements provided may include, but are not limited to: ground cover, turf, trees, shrubs, the landscaped areas of detention basins, screen walls/fencing, park benches, trash containers, overhead structures, theme light poles, ornamental lighting, and sprinkler, irrigation and drainage systems, and may also include sidewalk and hardscape improvements along the landscaping, medians, entry monuments, mailboxes and associated appurtenant facilities. Park improvements, if applicable, vary by park and may include landscape and open space, playground structures, exercise stations, restrooms, benches, picnic tables, and litter receptacles.

Maintenance provided includes all necessary services, operations, administration and maintenance required to keep the above mentioned improvements in a healthy, vigorous and satisfactory condition which may include, but is not limited to: repair, removal or replacement of all or any part of the landscaping, sidewalks, medians, theme light poles or screen walls/fencing. Provision for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, mowing, spraying, fertilizing and treating for disease or injury. The tree trimming may not occur on an annual basis; therefore, the assessed amount is for the average annual cost. Removal of trimmings, rubbish, graffiti, debris and other solid waste from the landscaped areas, detention basins and screen walls/fencing.

3. There will be no substantial changes in existing improvements and services to the Districts for Fiscal Year 2022-23.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza, Mayor

ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

EXHIBIT A

CITY OF OXNARD

LANDSCAPE MAINTENANCE DISTRICT LISTING

District Name	Formation Date⁽¹⁾	Formation Resolution No.⁽¹⁾
Landscape Maintenance District No. 3 (River Ridge)	March 18, 1986	8983
Landscape Maintenance District No. 10 (Country Club Estates)	December 13, 1988	9587
Landscape Maintenance District No. 11 (St. Tropez)	January 3, 1989	9603
Landscape Maintenance District No. 12 (Standard Pacific)	March 28, 1989	9665
Landscape Maintenance District No. 13 (Le Village)	March 20, 1990	9894
Landscape Maintenance District No. 14 (California Cove)	June 5, 1990	9972
Landscape Maintenance District No. 16 (California Lighthouse)	July 9, 1991	10206
Landscape Maintenance District No. 23 (Greystone)	June 18, 1996	11071
Landscape Maintenance District No. 24 (Vineyards)	June 18, 1996	11072
Landscape Maintenance District No. 25 (The Pointe)	June 18, 1996	11073
Landscape Maintenance District No. 27 (Rose Island)	June 24, 1997	11259
Landscape Maintenance District No. 28 (Harborside)	June 24, 1997	11260
Landscape Maintenance District No. 30 (Haas Automation)	June 24, 1997	11261
Landscape Maintenance District No. 31 (Rancho De La Rosa)	June 23, 1998	11415
Landscape Maintenance District No. 32 (Oak Park)	February 23, 1999	11505
Landscape Maintenance District No. 33 (El Paseo)	October 19, 1999	11653
Landscape Maintenance District No. 34 (Sunrise Pointe & Sunset Cove)	October 19, 1999	11654
Landscape Maintenance District No. 36 (Villa Santa Cruz & Villa Carmel)	January 25, 2000	11684
Landscape Maintenance District No. 37 (Pacific Breeze)	January 25, 2000	11685
Landscape Maintenance District No. 38 (Aldea Del Mar)	November 28, 2000	11863
Landscape Maintenance District No. 39 (Promesa/Sueno & DR Horton/Seawinds)	March 6, 2001	11905
Landscape Maintenance District No. 40 (Cantada)	January 8, 2002	12078
Landscape Maintenance District No. 41 (Pacific Cove)	January 8, 2002	12079
Landscape Maintenance District No. 42 (Cantabria & Coronado)	May 14, 2002	12144
Landscape Maintenance District No. 43 (Greenbelt)	January 7, 2003	12295
Landscape Maintenance District No. 46 (Daily Ranch)	June 24, 2003	12440
Landscape Maintenance District No. 47 (Sycamore Place)	April 22, 2003	12355
Landscape Maintenance District No. 49 (Cameron Ranch)	June 3, 2003	12394

Landscape Maintenance District No. 50 (Pleasant Valley Senior Housing)	June 10, 2003	12404
Landscape Maintenance District No. 51 (Pfeiler)	April 19, 2005	12799
Landscape Maintenance District No. 52 (Wingfield)	February 1, 2005	12768
Landscape Maintenance District No. 53 (Huff Court)	June 7, 2005	12879
Landscape Maintenance District No. 54 (Meadowcrest)	March 28, 2006	13024
Landscape Maintenance District No. 55 (Wingfield West)	March 28, 2006	13025
Landscape Maintenance District No. 58 (Westwind)	June 6, 2006	13069
Landscape Maintenance District No. 60 (Artisan)	March 3, 2009	13604

(1) Source: City of Oxnard Resolution Initiating Proceedings for Fiscal Year 2020-21.

<https://www.oxnard.org/city-department/finance/special-assessment-districts/faqs-general-documents/>

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2022-23 WITHIN THE CITY'S LANDSCAPE MAINTENANCE DISTRICTS PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972.

WHEREAS, the City Council of the City of Oxnard (the "City Council") has by previous Resolutions formed the City's Landscape Maintenance Districts (the "Districts"), the listing of which are included in this Resolution as Exhibit A, pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500)* (the "Act"); and

WHEREAS, on May 17, 2022 the City Council approved Resolution No. _____ initiating proceedings for the annual levy and collection of assessments for Fiscal Year 2022-23; and

WHEREAS, NBS has filed with the City Clerk the Consolidated Engineer's Report (the "Report") (Attachment 2) concerning the cost of maintaining the landscaping in such Districts as shown in Exhibit A for the 2022-23 Fiscal Year and the amount of the special benefit received therefrom by each parcel within such Districts; and

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

1. The City Council preliminarily approves the Engineer's Report.
2. The City Council declares its intention to levy and collect assessments within the Districts for Fiscal Year 2022-23 in accordance with the Act.
3. A full and detailed description of the landscaping improvements, the boundaries of the Districts and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the Districts are contained in the Engineer's Report on file with the City Clerk which is made a part by reference.
4. Improvements and services to be provided for Fiscal Year 2022-23 within all Districts as reflected in Attachment 2 to this resolution.
5. Notice is hereby given that on June 7, 2022 at 6:00 p.m. in City Council Chambers, at 305 West Third Street, Oxnard, California, the City Council will hold a hearing on the levy of the proposed assessment, at which time all interested persons shall be afforded an opportunity to hear and be heard. Any interested person may, prior to the conclusion of the hearing, file a written protest with the City Clerk or, having previously filed a protest, file a written withdrawal of the protest. A written protest shall state all grounds of objection. A protest by a property owner shall contain a description sufficient to identify the property owned by that person.

6. At least 10 days prior to the date of the hearing, the City Clerk shall give notice of the hearing by causing this resolution to be published once in a newspaper of general circulation within the City.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza, Mayor

ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

EXHIBIT A

CITY OF OXNARD

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Landscape Maintenance District No. 60 (Artisan)	March 3, 2009	13604

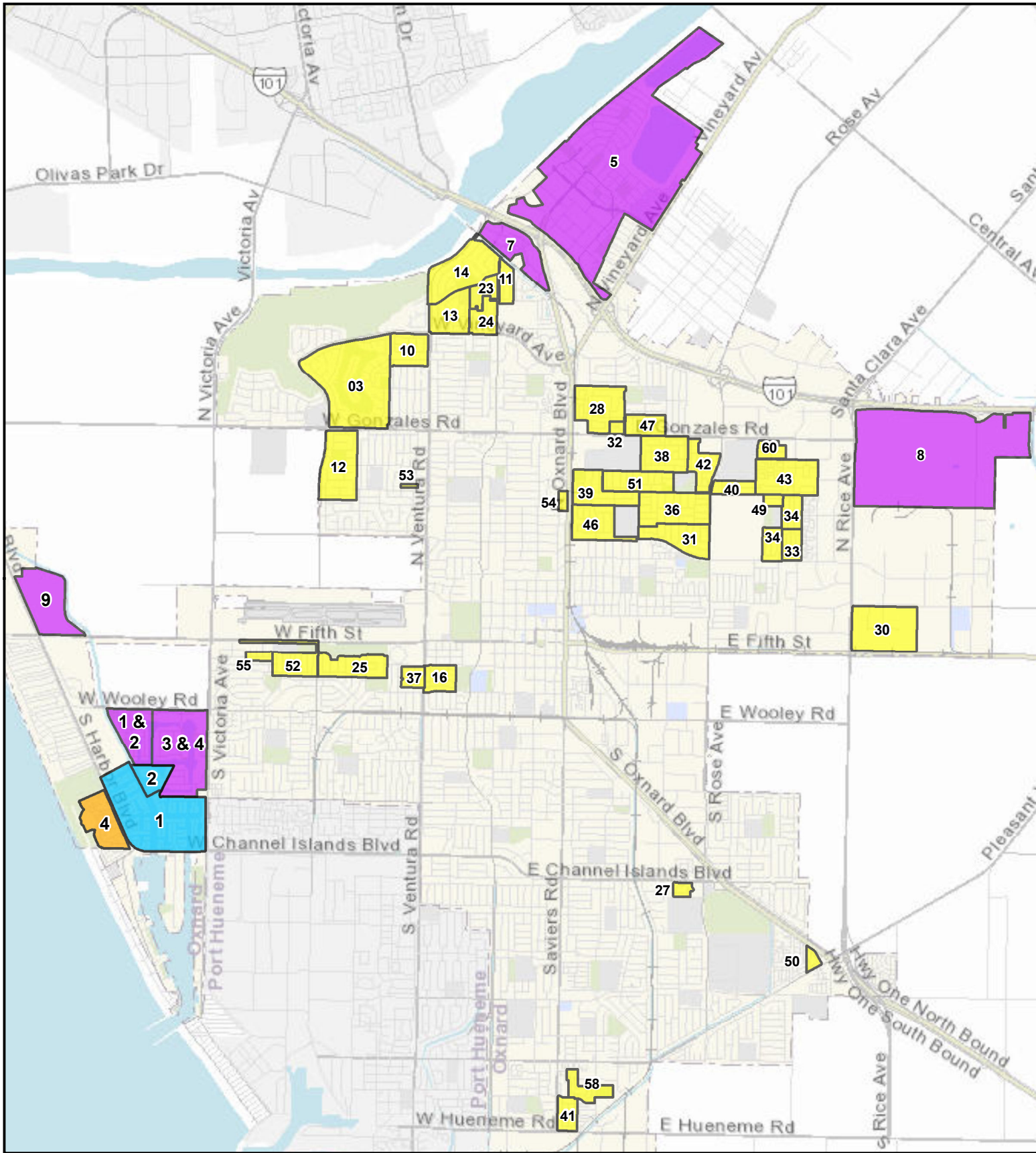
(1) Source: City of Oxnard Resolution Initiating Proceedings for Fiscal Year 2020-21.

EXHIBIT B

CITY OF OXNARD
CONSOLIDATED ENGINEER'S REPORT

DUE TO FILE SIZE, THE ENGINEER'S REPORT IS NOT BEING REPRODUCED FOR THE AGENDA PACKET, BUT IT IS AVAILABLE ONLINE AT WWW.OXNARD.ORG/CITY-MEETING AS WELL AS THE CITY CLERK'S OFFICE.

CITY OF OXNARD ASSESSMENT DISTRICTS



- | | |
|---|--|
| Maintenance Assessment District (District No.) | Community Facilities District (District No.) |
| Waterway Assessment District (Zone No.) | Landscape Maintenance District (District No.) |

CITY OF OXNARD – SPECIAL DISTRICTS

LANDSCAPE MAINTENANCE DISTRICT * COMMUNITY FACILITIES DISTRICTS
WATERWAYS ASSESSMENT DISTRICTS * MAINTENANCE ASSESSMENT DISTRICTS

COMMUNITY FACILITIES DISTRICTS	
1 & 2 – Westport at Mandalay Bay	7 – Wagon Wheel
3 & 4 – Seabridge at Mandalay Bay	8 – Sakioka Farms
5 – Riverpark	9 – Northshore at Mandalay Bay

LANDSCAPE MAINTENANCE DISTRICTS	
3 – Riverridge	37 – Pacific Cove
10 – Country Club	38 – Aldea Del Mar
11 – St Tropez	39 – El Sueno Promesa
12 – Standard Pacific	40 – Cantada
13 – Le Village	41 – Pacific Cove
14 – California Cove	42 – Cantabria/Coronado
16 – California Lighthouse	43 – Greenbelt
23 – Greystone	46 – Daily Ranch
24 – Vineyards	47 – Sycamore Place
25 – The Pointe	49 – Cameron Ranch
27 – Rose Island	50 – PV Senior Housing
28 – Harborside	51 – Pfeiler
30 – Haas Automation	52 – Wingfield
31 – Rancho De La Rosa	53 – Huff Court
32 – Oak Park	54 – Meadowcrest
33 – El Paseo	55 – Wingfield West
34 – Sunrise Pt/Sunset Cove	58 – Westwind
36 – Villa Santa Cruz	60 – Artisan

MAINTENANCE ASSESSMENT DISTRICT
4 – Mandalay Beach/Colony

WATERWAYS ASSESSEMENT DISTRICTS	
Zone 1 – Mandalay Bay Zone	2 – Harbour Island

FISCAL YEAR 2022-23 Landscape Maintenance Districts Initiation of Proceedings, Declaration of Intent to Levy and Collect Assessments, and Scheduling of Public Hearing

Finance & Governance Committee
May 10, 2022

City Council
May 17, 2022

Eric L. Storrie
Special Districts Manager

That the Finance and Governance Committee recommend that the City Council acting as the legislative body of the City of Oxnard Landscape Maintenance Districts (LMDs):

1. Adopt a resolution initiating proceedings for the annual levy and collection of assessments for Fiscal Year 2022-2023 within the City's LMDs; and
2. Adopt a resolution declaring intention to levy and collect assessments for Fiscal Year 2022-2023 within the City's LMDs pursuant to the Landscape and Lighting Act of 1972.

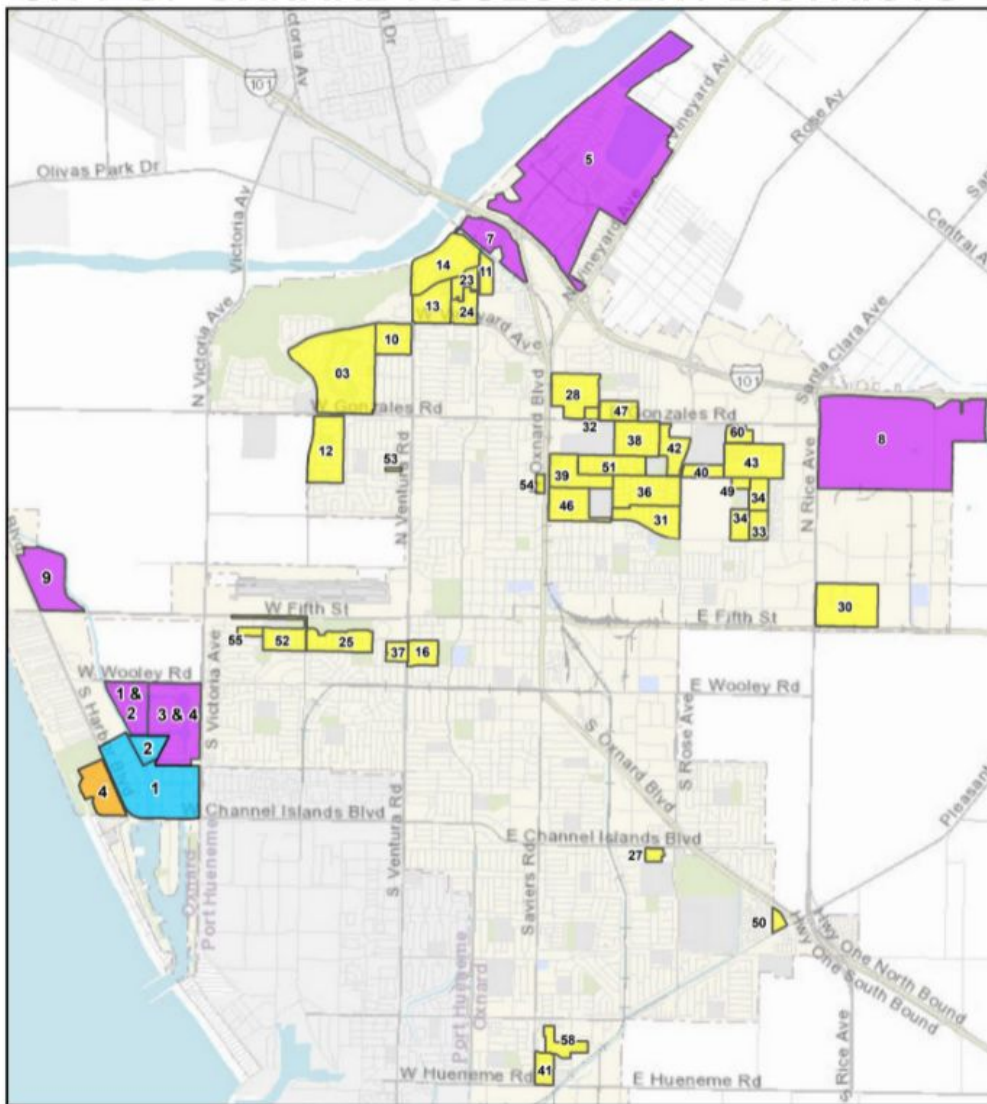
- The Special Districts Division of the Public Works Department manages 48 Assessment Districts which includes 36 LMDs.
- These Districts were formed pursuant to the Landscape and Lighting Act of 1972 and requires annual City Council action as the acting legislative body for the LMDs to update the assessments that appear in the Ventura County Tax Roll.
- Therefore, each year the City Council adopts a Resolution to Initiate proceedings, declare the Intention to Levy and Collect Assessments, and set the Public Hearing date for June 7, 2022 to receive public testimony.

- The City is contracted with NBS Financial Group (NBS) as a consultant for the Special Districts.
- NBS provides an Annual Engineers Report of the LMDs to estimate the annual costs of maintenance, operations, and repairs of the authorized improvements for each LMD.
- The Annual Engineers Report calculates the assessment rates required for these costs of maintenance, operations, and repairs.
- Approval of the Recommendation accomplishes the following:

- Orders the preparation and filing of the 2022-2023 Consolidated Engineer's Report
- Preliminarily approves the Landscape and Lighting Assessments within a total of thirty six (36) of the Districts
- Declares intent to levy and collect assessments in the Landscape Maintenance Districts for Fiscal Year 2022-23
- Identify certain improvements and services to be provided for Fiscal Year 2022-23 within the 36 Districts
- Sets a public hearing for June 7, 2022 at 6:00pm in the City Council Chambers
- Requires the City Clerk to give notice at least 10 days prior to the date of the hearing

- The General Benefit contribution based on the budgeted expenses for the Landscape Maintenance Districts totals \$82,780.
- An additional \$109,853 in General Fund subsidy is proposed to meet the estimated utility expense overage.
- The total Fiscal Year 2022-23 impact to the General Fund is \$192,633.

CITY OF OXNARD ASSESSMENT DISTRICTS



More information can be found at:

oxnard.org/city-department/finance/special-assessment-districts/

- | | |
|--|---|
| ■ Maintenance Assessment District (District No.) | ■ Community Facilities District (District No.) |
| ■ Waterway Assessment District (Zone No.) | ■ Landscape Maintenance District (District No.) |



QUESTIONS



**FINANCE AND GOVERNANCE COMMITTEE
AGENDA REPORT**

**REPORTS
AGENDA ITEM NO. D.6**

DATE: May 10, 2022

TO: Finance & Governance Committee

FROM: Michael Wolfe, Public Works Director, (805) 385-8055, michael.wolfe@oxnard.org

SUBJECT: Fiscal Year 2022-23 Special Tax Levy for Community Facility Districts No. 1, 2, 3, 4, 5 and 2000-3. (0/10/10)

RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council acting as the legislative body for Community Facilities Districts (CFD) No. 1, 2, 3, 4, 5 and 2000-3:

1. Adopt a resolution setting a special tax rate within CFD No. 1 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
2. Adopt a resolution setting a special tax rate within CFD No. 2 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
3. Adopt a resolution setting a special tax rate within CFD No. 3 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;
4. Adopt a resolution setting a special tax rate within CFD No. 4 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;
5. Adopt a resolution setting a special tax rate within CFD No. 5 (Riverpark) for Fiscal Year 2022-23;
6. Adopt a resolution setting a special tax rate within CFD No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) for Fiscal Year 2022-23; and
7. Authorize the Public Works Director, or designee, to execute an agreement for Billing of Direct Assessments with the Ventura County Auditor-Controller to provide the service of placement of direct assessments on the Ventura County Secured Tax Roll.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/xPaqXgH4yho>

BACKGROUND

CFD No. 1 Special Tax

On October 3, 2000, City Council adopted Resolution No. 11,823 establishing CFD No. 1. On October 24,

2000, City Council adopted Ordinance No. 2541, which was amended by Ordinance No. 2591 adopted on February 5, 2002, to levy a special tax sufficient to pay principal, interest, other periodic costs and administrative expenses with respect to the bonds of CFD No. 1. In each fiscal year thereafter, the Government Code requires the City Council to adopt a resolution levying the special tax rate for that fiscal year. Resolution No. 12,082 established a Revised Rate and Method for CFD No. 1. FY21-22 Special Tax was \$700,041.88, and staff anticipates this to be a comparable Special Tax for FY22-23 based on CPI and increased services expenses.

The reserve fund will be credited to property owners in the final year of the bonds, to the extent available. The remaining balance of the bonds after the September 1, 2022, debt service payment is \$6,110,000 with the final payment due on September 1, 2033.

CFD No. 2 Special Tax

On October 3, 2000, City Council adopted Resolution No. 11,825 establishing CFD No. 2. On October 24, 2000, City Council adopted Ordinance No. 2542, which was amended by Ordinance No. 2592 adopted on February 5, 2002, to levy a special tax sufficient to pay costs of the services and incidental expenses relating to the maintenance of CFD No. 2. In each fiscal year thereafter, the Government Code requires the City Council to adopt a resolution levying the special tax rate for that fiscal year. Resolution No. 12,082 established a Revised Rate and Method for CFD No. 2.

FY21-22 Special Tax was \$513,730.74, and staff anticipates this to be a comparable Special Tax for FY22-23 based on CPI and increased services expenses. The Westport CFD No. 2 Reserve Study was prepared by Association Reserves with a final version due in May 2022 for Fiscal Year 2022-23.

CFD No. 3 Special Tax

On December 14, 2004, City Council adopted Resolution No. 12,737 (the “Resolution of Formation”) establishing CFD No. 3 and Ordinance No. 2676 to levy a special tax sufficient to pay principal, interest, and other periodic costs and administrative expenses with respect to the bonds of CFD No. 3. In each fiscal year thereafter, the Government Code requires the City Council to adopt a resolution levying the special tax rate for that fiscal year. FY21-22 Special Tax was \$1,778,820.18 and staff anticipates this to be a comparable Special Tax for FY22-23 based on CPI and increased services expenses

There is no formal reserve fund for CFD No. 3 as the bonds were refinanced as a private placement in 2013 with no requirement to fund a reserve. The fund balance consists only of funds necessary to pay principal, interest, and administrative costs. After the September 1, 2022, debt service payment, the remaining balance of the bonds is \$19,795,000 with the final payment due on September 1, 2035.

CFD No. 4 Special Tax

On December 14, 2004, City Council adopted Resolution No. 12,739 (the “Resolution of Formation”) establishing CFD No. 4 and Ordinance No. 2677 to levy a special tax sufficient to pay certain costs of Services and Incidental Expenses relating to the maintenance of CFD No. 4. In each fiscal year thereafter, the Government Code requires the City Council to adopt a resolution levying the special tax rate for that fiscal year.

FY21-22 Special Tax was \$655,014.16, and staff anticipates this to be a comparable Special Tax for FY22-23 based on CPI and increased services expenses. The Seabridge CFD 4 Reserve Study was prepared by Association Reserves with a final version due in May 2022 for Fiscal Year 2022-23.

CFD No. 5 Special Tax

On September 13, 2005, City Council adopted Resolution No. 12,936 (the “Resolution of Formation”) establishing CFD No. 5. On September 20, 2005, City Council adopted Ordinance No. 2701 to levy a special tax sufficient to pay costs of the Services, Improvements, and Incidental Expenses set forth in Exhibit A attached to the Resolution of Formation and defined therein. Thereafter, in each fiscal year, the Government Code requires the City Council to adopt a resolution levying the special tax rate for that fiscal year.

CFD No. 5 is authorized to pay for any and all types of services authorized pursuant to Government Code Section 53313, which includes the following:

- Maintenance of parks, parkways, and open space
- Recreation program services, library services, maintenance services for elementary and secondary school sites and structures, and the operation and maintenance of museums and cultural facilities
- Flood and storm protection services
- Ongoing administrative fees
- Police protection services
- Fire protection and suppression services
- Ambulance and paramedic services
- Local park, recreation, parkway, and open-space facilities

The Resolution of Formation authorizes annual adjustments to the maximum special tax rates based upon the Consumer Price Index (CPI) with a floor of 2% and a cap of 5% annually.

With the exception of the Undeveloped Property land use classification, there is an increase in the tax rate of 2% for Fiscal Year 2022-23, which is consistent with prior years’ increases pursuant to the requirements contained in the rate and method of apportionment (“RMA”) for CFD No. 5. Pursuant to the special tax formula in the RMA, developed property is first levied up to 100% of their maximum special tax to meet the annual special tax requirement. If additional funds are needed, then undeveloped property is levied up to 100% of their maximum special tax to meet the remainder of the annual special tax requirement.

FY21-22 Special Tax was \$2,987,472.46, and staff anticipates this to be a comparable Special Tax for FY22-23 based on CPI and increased services expenses. The Riverpark CFD No. 5 Reserve Study was prepared by Association Reserves with a final version due in May 2022 for Fiscal Year 2022-23.

The attached Agreement for Billing of Direct Assessments is an agreement required by the County of Ventura for a continuation of services related to the inclusion of the City’s special taxes and special assessments on the Ventura County tax bills. In absence of this arrangement, the City would have to bill property owners directly for special taxes/assessments. This agreement is applicable to all assessment districts, community facilities districts and other special assessments administered by the City.

CFD No. 2000-3 Special Tax

Special Districts is a division of the Public Works Department and manages a total of 48 assessment districts, including five (5) non-bonded community facilities districts (CFDs.)

On July 24, 2001, City Council adopted Resolution No. 12,019 authorizing bonded indebtedness for CFD No. 2000-3 in the amount not to exceed \$15,000,000 to be paid by the levy of a special tax. Government Code Section 53340 requires that, prior to the first time the special tax is levied, the City Council adopts an ordinance setting the special tax rate (which states the maximum rate approved by the voters in the CFD at the time of

formation). Thereafter, in each fiscal year, the Government Code requires the City Council to adopt a resolution levying the special tax rate for that fiscal year. The special tax rate set by resolution each year may be less than the maximum rate set by the ordinance. On April 17, 2001, the City Council adopted Ordinance No. 2570 setting the special tax rate for CFD No. 2000-3.

The attached resolution sets the special tax rate for Fiscal Year 2022-23 for CFD No. 2000-3. The special tax is used to pay debt service on the CFD No. 2000-3 bonds and to pay expenses related to administration of the district.

The reserve fund will be credited to property owners in the final year of the bonds, to the extent available. The remaining balance of the bonds after the September 2022 debt service payment is \$4,340,000 with the final payment due on September 1, 2032.

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

CFD 1 and 2:

There will be no cost to the City's General Fund from approval of the resolutions levying the special taxes for CFD No. 1 and CFD No. 2 for FY 2022-23. Debt service costs and all administrative costs are included in the amount to be collected by the special taxes, which are levied against properties located in CFD No. 1 and CFD No. 2.

CFD 3 and 4:

There will be no cost to the City's General Fund from approval of the resolutions levying the special taxes for CFD No. 3 and CFD No. 4 for FY 2022-23. Debt service costs and all administrative costs are included in the amount to be collected by the special taxes, which are levied against properties located in CFD No. 3 and CFD No. 4.

CFD 5:

There will be no cost to the City's General Fund from approval of the resolution levying the special taxes for CFD No. 5 for FY 2022-23. All maintenance, service, and administrative costs are included in the amount to be collected by the special taxes, which are levied on properties located in CFD No. 5.

CFD 2000-3:

There will be no cost to the General Fund from approval of the resolution levying the special taxes for CFD No. 2000-3. Debt service costs and all administrative costs are included in the amount to be collected by the special taxes, which are levied against properties located in CFD No. 2000-3.

Prepared by: Steve Howlett, Assistant Public Works Director

ATTACHMENTS

1. Resolution Authorizing Levy of Special Tax CFD 1 FY 22-23
2. Resolution Authorizing Levy of Special Tax CFD 2 FY 22-23
3. Resolution Authorizing Levy of Special Tax CFD 3 FY 22-23

4. Resolution Authorizing Levy of Special Tax CFD 4 FY 22-23
5. Resolution Authorizing Levy of Special Tax CFD 5 FY 22-23
6. 2020-21 Agreement for Billing of Direct Assessments
7. Resolution Authorizing Levy of Special Tax 2000-3 FY 22-23
8. City of Oxnard Special Districts List
9. City of Oxnard Special Districts Map
10. Presentation

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY) OF THE CITY OF OXNARD AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY) FOR THE FISCAL YEAR 2022-23

WHEREAS, the City Council of the City of Oxnard (the “City”) previously established Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard (“CFD No. 1”) pursuant to the terms and provisions of the MelloRoos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311 (the “Act”); and

WHEREAS, the City Council of the City, acting as the legislative body of CFD No. 1, is authorized pursuant to Resolution No. 11,823 (the “Resolution of Formation”) and Resolution No. 12,082, establishing a Revised Rate and Method as described in Resolution No. 12,082, and Ordinance No. 2541 adopted by the City Council on October 24, 2000, as amended by Ordinance No. 2591 adopted on February 5, 2002 (the “Ordinance”), to levy a special tax sufficient to pay certain costs of the Services and Incidental Expenses (as defined in the Resolution of Formation); and

WHEREAS, it is now necessary and appropriate that this City Council levy and collect the special taxes for the Fiscal Year 2022-23 for the purpose specified in the Resolution of Formation and the Ordinance, by the adoption of a resolution as specified by the Act and the Ordinance; and

WHEREAS, the assessments are in conformance with Proposition 218; and

WHEREAS, the special taxes being levied hereunder are at the same rate or at a lower rate than provided by the Ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY), DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The special tax is imposed without regard to property valuation and is levied in compliance with the Act and the Ordinance.

SECTION 3. In accordance with the Act and the Ordinance, there is hereby levied upon the parcels within the District which are not otherwise exempt from taxation under the Act or the Ordinance special taxes for the Fiscal Year 2022-23 at the special tax rates set forth in the report prepared by NBS Government Finance Group for CFD No. 1 entitled “City of Oxnard Community Facilities District No. 1 (Westport at Mandalay Bay) Fiscal Year 2022-23 Levy” (the “Report”), attached hereto as Exhibit A and made a part hereof, which special tax rates do not exceed the maximum special tax rates set forth in the Ordinance. After adoption of this Resolution, the Chief Financial Officer of the City, or his or her designee, may make any necessary modifications to these special taxes to correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxed or in the amount to be charged to any category of parcels; provided, however, that any such

modifications shall not result in an increase in the special tax applicable to any category of parcels and is made prior to the submission of the tax rolls to the Ventura County Auditor.

SECTION 4. All of the collections of the special tax shall be used only as provided for in the Act and the Resolution of Formation. The special tax shall be levied only so long as needed to accomplish the purposes described in the Resolution of Formation.

SECTION 5. The special tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes except as such procedure may be modified by law and by this City Council.

SECTION 6. The Chief Financial Officer is hereby authorized and directed to transmit a certified copy of this Resolution and the Report to the Ventura County Auditor, together with other supporting documentation as may be required to place said special taxes on the secured property tax roll for the Fiscal Year 2022-23, and to perform all other acts which are required by the Act, the Ordinance, or by law in order to accomplish the purpose of this Resolution.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza, Mayor of the City Council of the City of Oxnard, acting on behalf of Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard
ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2 (WESTPORT AT MANDALAY BAY) OF THE CITY OF OXNARD AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2 (WESTPORT AT MANDALAY BAY) FOR THE FISCAL YEAR 2022-23

WHEREAS, the City Council of the City of Oxnard (the “City”) previously established Community Facilities District No. 2 (Westport at Mandalay Bay) of the City of Oxnard (“CFD No. 2”) pursuant to the terms and provisions of the MelloRoos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311 (the “Act”); and

WHEREAS, the City Council of the City, acting as the legislative body of CFD No. 2, is authorized pursuant to Resolution No. 11,825 (the “Resolution of Formation”) and Resolution No. 12,082, establishing a Revised Rate and Method as described in Resolution No. 12,082, and Ordinance No. 2542 adopted by the City Council on October 24, 2000, as amended by Ordinance No. 2592 adopted on February 5, 2002 (the “Ordinance”), to levy a special tax sufficient to pay certain costs of the Services and Incidental Expenses (as defined in the Resolution of Formation); and

WHEREAS, it is now necessary and appropriate that this City Council levy and collect the special taxes for the Fiscal Year 2022-23 for the purpose specified in the Resolution of Formation and the Ordinance, by the adoption of a resolution as specified by the Act and the Ordinance; and

WHEREAS, the assessments are in conformance with Proposition 218; and

WHEREAS, the special taxes being levied hereunder are at the same rate or at a lower rate than provided by the Ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2 (WESTPORT AT MANDALAY BAY), DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The special tax is imposed without regard to property valuation and is levied in compliance with the Act and the Ordinance.

SECTION 3. In accordance with the Act and the Ordinance, there is hereby levied upon the parcels within CFD No. 2 which are not otherwise exempt from taxation under the Act or the Ordinance special taxes for the Fiscal Year 2022-23 at the special tax rates set forth in the report prepared by NBS Government Finance Group for CFD No. 2 entitled “City of Oxnard Community Facilities District No. 2 (Westport at Mandalay Bay) Fiscal Year 2022-23 Levy” (the “Report”), attached hereto as Exhibit A and made a part hereof, which special tax rates do not exceed the maximum special tax rates set forth in the Ordinance. After adoption of this Resolution, the Chief Financial Officer of the City, or designee, may make any necessary modifications to these special taxes to

correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxed or in the amount to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the special tax applicable to any category of parcels and is made prior to the submission of the tax rolls to the Ventura County Auditor.

SECTION 4. All of the collections of the special tax shall be used only as provided for in the Act and the Resolution of Formation. The special tax shall be levied only so long as needed to accomplish the purposes described in the Resolution of Formation.

SECTION 5. The special tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes except as such procedure may be modified by law and by this City Council.

SECTION 6. The Chief Financial Officer is hereby authorized and directed to transmit a certified copy of this Resolution and the Report to the Ventura County Auditor, together with other supporting documentation as may be required to place said special taxes on the secured property tax roll for the Fiscal Year 2022-23, and to perform all other acts which are required by the Act, the Ordinance, or by law in order to accomplish the purpose of this Resolution.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza, Mayor of the City Council of the City of Oxnard, acting on behalf of Community Facilities District No. 2 (Westport at Mandalay Bay) of the City of Oxnard

ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY) OF THE CITY OF OXNARD AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY) FOR THE FISCAL YEAR 2022-23

WHEREAS, the City Council of the City of Oxnard (the “City”) previously established Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard (“CFD No. 3”) pursuant to the terms and provisions of the MelloRoos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311 (the “Act”); and

WHEREAS, the City Council of the City, acting as the legislative body of CFD No. 3, is authorized pursuant to Resolution No. 12,737 (the “Resolution of Formation”) and Ordinance No. 2676 adopted by the City Council on December 14, 2004, (the “Ordinance”) to levy a special tax sufficient to pay principal, interest, other periodic costs and administrative expenses with respect to bonds of CFD No. 3 (the “Bonds”) and to pay certain costs of the Public Improvements and Incidental Expenses (as defined in the Resolution of Formation); and

WHEREAS, it is now necessary and appropriate that this City Council provide for the levy and collection of the special taxes for the Fiscal Year 2022-23 for the purpose specified in the Resolution of Formation and the Ordinance, by the adoption of a resolution as specified by the Act and the Ordinance; and

WHEREAS, the assessments are in conformance with Proposition 218; and

WHEREAS, the special taxes being levied hereunder are at the same rate or at a lower rate than provided by the Ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY), DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The special tax is imposed without regard to property valuation and is levied in compliance with the Act and the Ordinance.

SECTION 3. In accordance with the Act and the Ordinance, there is hereby levied upon the parcels within the District which are not otherwise exempt from taxation under the Act or the Ordinance special taxes for the Fiscal Year 2022-23 at the special tax rates set forth in the report prepared by NBS Government Finance Group for CFD No. 3 entitled “City of Oxnard Community Facilities District No. 3 (Seabridge at Mandalay Bay) Fiscal Year 2022-23 Levy” (the “Report”) attached hereto as Exhibit A and made a part hereof, which special tax rates do not exceed the maximum special tax rates set forth in the Ordinance. After adoption of this Resolution, the Chief Financial

Officer of the City, or designee, may make any necessary modifications to these special taxes to correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxes or in the amount to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the special tax applicable to any category of parcels and is made prior to the submission of the tax rolls to the Ventura County Auditor.

SECTION 4. All of the collections of the special tax shall be used only as provided for in the Act and the Resolution of Formation. The special tax shall be levied only so long as needed to accomplish the purposes described in the Resolution of Formation.

SECTION 5. The special tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes except as such procedure has been modified by law and this City Council as set forth in the Indenture Between CFD No. 3 and Wells Fargo Bank, National Association, as Fiscal Agent dated as of October 1, 2005.

SECTION 6. As a cumulative remedy, if any amount levied as a special tax for payment of bond interest or principal, together with any penalties and other charges accruing under this Resolution, are not paid when due, the City Council may, not later than four years after the due date of the last installment of principal on the Bonds, order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax.

SECTION 7. The Chief Financial Officer is hereby authorized and directed to transmit a certified copy of this Resolution and the Report to the Ventura County Auditor, together with other supporting documentation as may be required to place said special taxes on the secured property tax roll for the Fiscal Year 2022-23, and to perform all other acts which are required by the Act, the Ordinance, or by law in order to accomplish the purpose of this Resolution.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza, Mayor of the City Council of the City of Oxnard, acting on behalf of Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard

ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 (SEABRIDGE AT MANDALAY BAY) OF THE CITY OF OXNARD AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 4 (SEABRIDGE AT MANDALAY BAY) FOR THE FISCAL YEAR 2022-23

WHEREAS, the City Council of the City of Oxnard (the “City”) previously established Community Facilities District No. 4 (Seabridge at Mandalay Bay) of the City of Oxnard (“CFD No. 4”) pursuant to the terms and provisions of the MelloRoos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311 (the “Act”); and

WHEREAS, the City Council of the City, acting as the legislative body of CFD No. 4, is authorized pursuant to Resolution No. 12,739 (the “Resolution of Formation”) and Ordinance No. 2677 adopted by the City Council on December 14, 2004, (the “Ordinance”), as amended by Resolution No. 15,104 adopted on April 3, 2018 (the “Resolution Reducing the Maximum Special Tax” to levy a special tax sufficient to pay certain costs of the Services and Incidental Expenses (as defined in the Resolution of Formation); and

WHEREAS, it is now necessary and appropriate that this City Council provide for the levy and collection of the special taxes for the Fiscal Year 2022-23 for the purpose specified in the Resolution of Formation and the Ordinance, by the adoption of a resolution as specified by the Act and the Ordinance; and

WHEREAS, the assessments are in conformance with Proposition 218; and

WHEREAS, the special taxes being levied hereunder are at the same rate or at a lower rate than provided by the Resolution Reducing the Maximum Special Tax;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 (SEABRIDGE AT MANDALAY BAY), DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The special tax is imposed without regard to property valuation and is levied in compliance with the Act and the Ordinance.

SECTION 3. In accordance with the Act and the Ordinance, there is hereby levied upon the parcels within the District which are not otherwise exempt from taxation under the Act or the Ordinance special taxes for the Fiscal Year 2022-23 at the special tax rates set forth in the report prepared by NBS Government Finance Group for CFD No. 4 entitled “City of Oxnard Community Facilities District No. 4 (Seabridge at Mandalay Bay) Fiscal Year 2022-23 Levy” (the “Report”) attached hereto as Exhibit A and made a part hereof, which special tax rates do not exceed the maximum special tax rates set forth in the Ordinance. After adoption of this Resolution, the Chief Financial

Officer of the City, or designee, may make any necessary modifications to these special taxes to correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxes or in the amount to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the special tax applicable to any category of parcels and is made prior to the submission of the tax rolls to the Ventura County Auditor.

SECTION 4. All of the collections of the special tax shall be used only as provided for in the Act and the Resolution of Formation. The special tax shall be levied only so long as needed to accomplish the purposes described in the Resolution of Formation.

SECTION 5. The special tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes except as such procedure may be modified by law and by this City Council.

SECTION 6. The Chief Financial Officer is hereby authorized and directed to transmit a certified copy of this Resolution and the Report to the Ventura County Auditor, together with other supporting documentation as may be required to place said special taxes on the secured property tax roll for the Fiscal Year 2022-23, and to perform all other acts which are required by the Act, the Ordinance, or by law in order to accomplish the purpose of this Resolution.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza, Mayor of the City Council of the City of Oxnard, acting on behalf of Community Facilities District No. 4 (Seabridge at Mandalay Bay) of the City of Oxnard

ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 5 (RIVERPARK) OF THE CITY OF OXNARD AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 5 (RIVERPARK) FOR THE FISCAL YEAR 2022-23

WHEREAS, the City Council of the City of Oxnard (the “City”) previously established Community Facilities District No. 5 (Riverpark) of the City of Oxnard (“CFD No. 5”) pursuant to the terms and provisions of the MelloRoos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311 (the “Act”); and

WHEREAS, this City Council of the City (this “City Council”), acting as the legislative body of CFD No. 5, is authorized pursuant to Resolution No. 12,936, adopted by this City Council on September 13, 2005 (the “Resolution of Formation”), and Ordinance No. 2701, adopted by this City Council on September 20, 2005 (the “Ordinance”), to levy a special tax sufficient to pay costs of the Services, Improvements, and Incidental Expenses set forth in Exhibit A attached to the Resolution of Formation in accordance with the provisions of the Rate and Method of Apportionment for City of Oxnard Community Facilities District No. 5 (Riverpark) (the “Rate and Method”), a copy of which is attached to the Resolution of Formation as Exhibit B; and

WHEREAS, it is now necessary and appropriate that this City Council, acting as the legislative body of CFD No. 5, levy and collect the special taxes for Fiscal Year 2022-23 for the purposes specified in the Resolution of Formation and the Ordinance, by the adoption of a resolution as specified by the Act and the Ordinance; and

WHEREAS, the assessments are in conformance with Proposition 218; and

WHEREAS, the special taxes being levied hereunder are at the same rate or at a lower rate than provided by the Ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 5 (RIVERPARK), DOES HEREBY FIND, RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

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

SECTION 2. The special tax is imposed without regard to property valuation and is levied in compliance with the Act and the Ordinance.

SECTION 3. In accordance with the Act, the Ordinance, and the Rate and Method, there is hereby levied upon the parcels within CFD No. 5 that are not otherwise exempt from taxation under the Act or the Ordinance special taxes for the Fiscal Year 2022-23 at the special tax rates set forth in the exhibit entitled “City of Oxnard Community Facilities District No. 5 (Riverpark) Fiscal Year 2022-23 Levy”, attached hereto as Exhibit A and made a part hereof by this reference, which special tax rates do not exceed the maximum special tax rates set forth in the Ordinance and the Rate and Method. After adoption of this Resolution, the Chief Financial Officer of the City, or his or her

designee, may make any necessary modifications to these special taxes to correct any errors, omissions, or inconsistencies in the listing or categorization of parcels to be taxed or in the amount to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the special tax applicable to any category of parcels and is made prior to the submission of the tax rolls to the Ventura County Auditor.

SECTION 4. All of the collections of the special tax shall be used only as provided for in the Act and the Resolution of Formation. The special tax shall be levied only so long as needed to accomplish the purposes described in the Resolution of Formation.

SECTION 5. The special tax shall be collected in the same manner as ordinary *ad valorem* taxes are collected and shall be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for *ad valorem* taxes except as such procedure may be modified by law and by this City Council.

SECTION 6. The Chief Financial Officer is hereby authorized and directed to transmit a certified copy of this Resolution and Exhibit A to the Ventura County Auditor, together with other supporting documentation as may be required to place said special taxes on the secured property tax roll for the Fiscal Year 2022-23, and to perform all other acts that are required by the Act, the Ordinance, the Rate and Method, or by law in order to accomplish the purpose of this Resolution.

SECTION 7. This Resolution shall take effect from and after its date of adoption.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN: _____

John C. Zaragoza, Mayor of the City Council of the City of Oxnard, acting on behalf of
Community Facilities District No. 5 (Riverpark) of the City of Oxnard

ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

(Note: Must be submitted on a agency letterhead.)

Set Printer Dialog settings for Comments and Forms to
DOCUMENT, so this note does not print on your letterhead.

AGREEMENT FOR BILLING OF DIRECT ASSESSMENTS

This Agreement For Billing of Direct Assessments ("Agreement") is made and entered into between the *Ventura County Auditor-Controller* and City of Oxnard ("Agency") to provide the service of placement of direct assessments on the Secured Tax Roll and distribution of collections to the **Agency**.

I. PROPERTY TAX SERVICES

Ventura County will place direct assessments on the Secured Tax Roll and distribute collections to the **Agency** at the same time and in the same manner as Ventura County property taxes are collected and distributed, and as authorized by law. The **Agency** will adhere to the policies and procedures established by the Ventura County Auditor-Controller as outlined in the Direct Assessment Submission Letter.

II. FEES FOR SERVICES

For billing, collection, correction and administration of direct assessments, the Ventura County Auditor-Controller shall collect the following charges:

- A. A Direct Assessment Line Fee for the original submission will be charged an amount per assessment per parcel that is set by the County via resolution by the Board of Supervisors at its annual Countywide Rates and Fees public hearing.
- B. For correction or removal of direct assessments requested by the **Agency** after extension of the tax roll, the Ventura County Auditor-Controller will collect \$23.00 per correction or removal. All corrections and removals must be submitted by the third Friday in February.
- C. An Administration and collection fee shall be charged in an amount not to exceed one-fourth of 1 percent of amounts collected.
- D. Collection fees and charges herein provided are subject to adjustment by the County via resolution of the Board of Supervisors at its annual Countywide Rates and Fees public hearing. The Ventura County Auditor-Controller reserves the right to increase or

decrease any charges herein provided, in proportion to any changes in costs incurred by the Auditor-Controller in providing the services described herein, provided that written notice of any increase or decrease in charges is given to the **Agency**.

III. **COLLECTION OF AUDITOR-CONTROLLER FEES**

Direct Assessment billing, correction and removal charges are deducted once a year, in the April Secured Apportionment. Collection and administrative fees are deducted from each Apportionment distribution.

IV. **REQUESTS FOR INFORMATION AND ACCOUNTING SERVICES**

The Ventura County Auditor-Controller publishes a report of direct assessments levied for the tax year by parcel to the Auditor-Controller's website in January, May and July. Requests for information and accounting services beyond what is posted to the Website will be considered extended services and will be subject to additional charges and fees.

v. **AUTHORITY FOR LEVY AND COMPLIANCE WITH LAW**

The authority for any levy, (i.e. resolution, ordinance or election), shall accompany requests for the levy of direct assessments. The **Agency** warrants that the taxes, fees, or assessments imposed by the **Agency** and collected pursuant to this Agreement comply with all requirements of state law, including but not limited to Articles XIIC and XIID of the California Constitution (Proposition 218).

The **Agency** hereby releases and forever discharges Ventura County and its officials, officers, agents, representatives and employees from any and all claims, demands, liabilities, costs and expenses, damages, causes of action, and judgments, in any manner arising out of the **Agency's** responsibilities and representations under this Agreement or other action taken by the **Agency** in establishing a special tax, fee, or assessment and implementing collection of special taxes, fees, or assessments as contemplated in and/or pursuant to this Agreement, including disputes related to lien priority.

The **Agency** further agrees to and shall defend, indemnify and hold harmless Ventura County and its officials, officers, agents, representatives and employees ("indemnified parties") from any and all claims, demands, liabilities, costs and expenses, damages, causes of action and judgments, in any manner arising out of any of the **Agency's** responsibilities and representations under this Agreement, or other action taken by the **Agency** in establishing a special tax, fee, or assessment and implementing collection of special taxes, fees, or assessments as contemplated in and/or pursuant to this Agreement, including disputes related to lien priority.

If any judgement is entered against any indemnified party as a result of action taken to implement this Agreement, the **Agency** agrees that Ventura County may offset the amount of any judgement paid by any indemnified party from any monies collected by Ventura County on the **Agency's** behalf, including property taxes, special taxes, fees, or assessments. Ventura County may, but is not required to, notify the **Agency** of its intent to implement any offset authorized by this paragraph.

VI. TERMS OF AGREEMENT

Upon execution, this Agreement terminates, supersedes and replaces all prior agreements between Ventura County Auditor-Controller and the **Agency** pertaining to the collection of direct assessments. This Agreement shall continue from year to year and shall be subject to cancellation by either party by giving a thirty-day written notice of cancellation to the other party.

VII. AUTHORITY

The above terms are accepted by the **Agency** and the undersigned further certifies that he/she is authorized to sign this Agreement and bind the **Agency** to its terms.

Authorized Signature: _____ Date: _____

Authorized Name: _____
(PRINT)

Title: _____
(PRINT TITLE)

For Auditor-Controller Use Only

Approved Signature: _____ Date: _____
SECTION MANAGER

Approved Name: _____
(PRINT)

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD, ACTING AS LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2000-3 (OXNARD BOULEVARD/HIGHWAY 101 INTERCHANGE), SETTING THE LEVY OF AN ANNUAL SPECIAL TAX FOR SUCH COMMUNITY FACILITIES DISTRICT FOR FISCAL YEAR 2022-23

WHEREAS, the CITY COUNCIL of the CITY OF OXNARD, CALIFORNIA (the “City Council”), has initiated proceedings, held a public hearing, conducted an election and received a favorable vote from the qualified electors to authorize the levy of a special tax in a community facilities district, all as authorized pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”) and this Community Facilities District is designated as COMMUNITY FACILITIES DISTRICT NO. 2000-3 (OXNARD BOULEVARD/HIGHWAY 101 INTERCHANGE) (the “District”); and

WHEREAS, the City Council, by the adoption of Ordinance No. 2570 (“Ordinance”) as authorized by Section 53340 of the Government Code of the State of California, has authorized the levy of special taxes within the District including the Improvement Areas established within such District to finance authorized services; and

WHEREAS, Government Code Section 53340 provides that the City Council may provide, by resolution, for the levy of special taxes in the current tax year at the same rates or at a lower rate than the rate provided for in the Ordinance levying such special taxes, if such resolution is adopted and a certified list of all parcels subject to the special tax levy including the amount of the special tax to be levied on each parcel for the current tax year (the “Certified Parcel List”) is timely filed by the clerk or other official designated by the City Council with the Auditor of the County of Ventura (the “County Auditor”) on or before August 10th of the applicable tax year; and

WHEREAS, the assessments are in conformance with Proposition 218; and

WHEREAS, the City’s Chief Financial Officer has prepared or caused to be prepared a Certified Parcel List;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Oxnard, acting as the legislative body of Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange), as follows:

SECTION 1. The above recitals are all true and correct.

SECTION 2. In accordance with the Act and the Ordinance, there is hereby levied upon the parcels within the District which are not otherwise exempt from taxation under the Act or the Ordinance special taxes for the Fiscal Year 2022-23 at the special tax rates set forth in the report prepared by NBS Government Finance Group entitled “City of Oxnard Community Facilities District No. 2000-3 (Oxnard Blvd/Highway 101 Interchange) Fiscal Year 2022-23 Levy” (the “Report”) attached hereto as Exhibit A and made a part hereof, which special tax rates do not exceed the maximum special tax rates set forth in the Ordinance. After adoption of this Resolution, the Chief Financial Officer of the City, or designee, may make any necessary

modifications to these special taxes to correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxes or in the amount to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the special tax applicable to any category of parcels and is made prior to the submission of the tax rolls to the Ventura County Auditor.

SECTION 3. The Chief Financial Officer is hereby authorized and directed to submit the Certified Parcel List to the County Auditor on or before July 1, 2022 or such later date to which the County Auditor may agree.

SECTION 4. The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected, and shall be subject to the same penalties and same procedure and sale in cases of any delinquency for ad valorem taxes, and the Tax Collector is hereby authorized to deduct reasonable administrative costs incurred in collecting any said special tax. Any special taxes that may not be collected on the County tax roll shall be collected through a direct billing procedure by the Treasurer of the City of Oxnard, acting for and on behalf of the District.

SECTION 5. The County Auditor is hereby directed to enter in the next County assessment roll on which taxes will become due, opposite each lot or parcel of land affected, in a space marked “public improvements, special tax” or by any other suitable designation, the installment of the special tax.

SECTION 6. The County Auditor shall, at the close of the tax collection period, promptly render to the District a detailed report showing the amount and/or amounts of such special tax installments, interest, penalties and percentages so collected and from what property collected, and also provide a statement of any percentages retained for the expense of making any such collection.

SECTION 7. This resolution shall become effective upon its adoption.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John C. Zaragoza Mayor of the City Council of the City of Oxnard, acting on behalf of Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) of the City of Oxnard

ATTEST:

Rose Chaparro, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

CITY OF OXNARD – SPECIAL DISTRICTS

LANDSCAPE MAINTENANCE DISTRICT * COMMUNITY FACILITIES DISTRICTS
WATERWAYS ASSESSMENT DISTRICTS * MAINTENANCE ASSESSMENT DISTRICTS

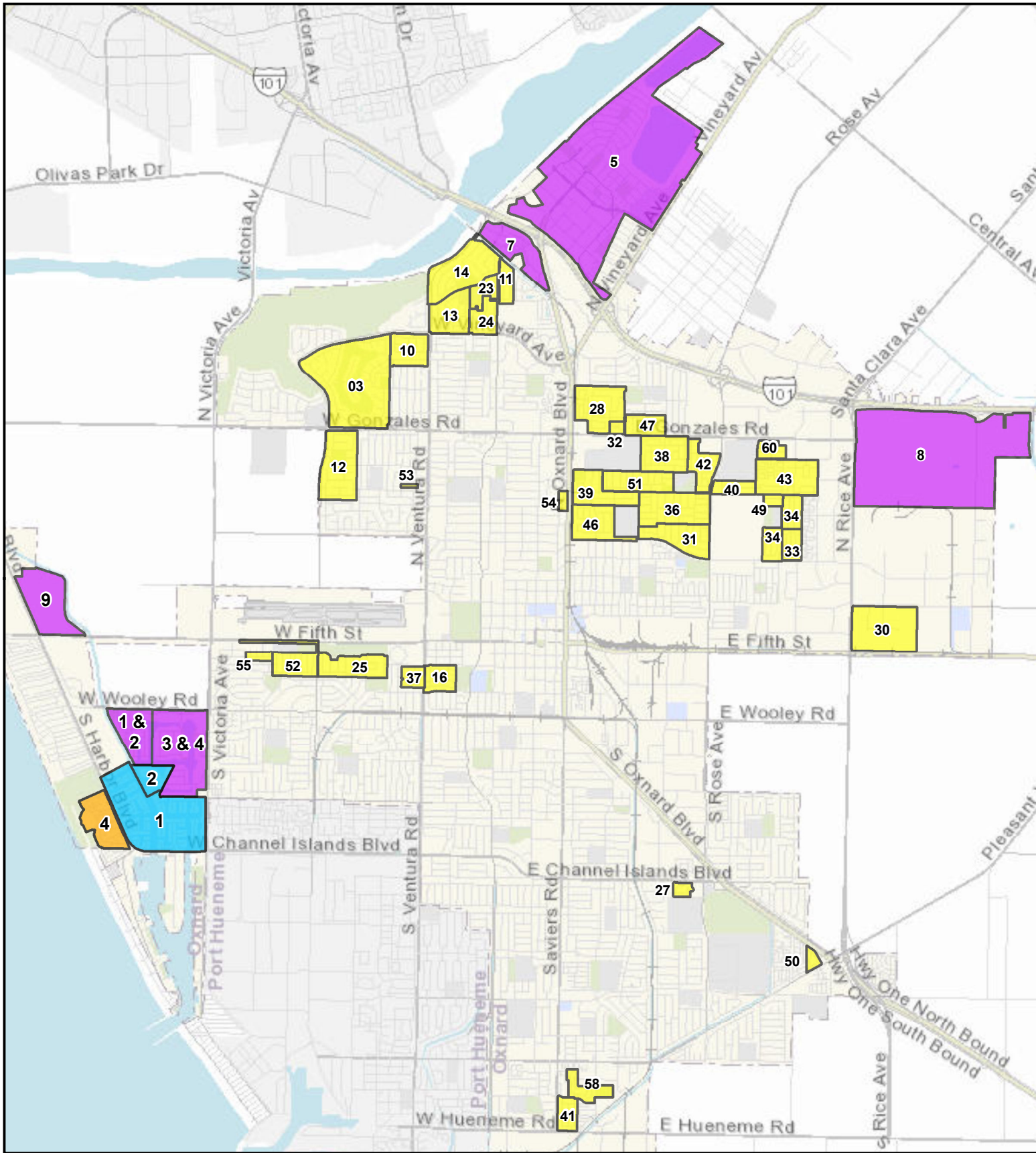
COMMUNITY FACILITIES DISTRICTS	
1 & 2 – Westport at Mandalay Bay	7 – Wagon Wheel
3 & 4 – Seabridge at Mandalay Bay	8 – Sakioka Farms
5 – Riverpark	9 – Northshore at Mandalay Bay

LANDSCAPE MAINTENANCE DISTRICTS	
3 – Riverridge	37 – Pacific Cove
10 – Country Club	38 – Aldea Del Mar
11 – St Tropez	39 – El Sueno Promesa
12 – Standard Pacific	40 – Cantada
13 – Le Village	41 – Pacific Cove
14 – California Cove	42 – Cantabria/Coronado
16 – California Lighthouse	43 – Greenbelt
23 – Greystone	46 – Daily Ranch
24 – Vineyards	47 – Sycamore Place
25 – The Pointe	49 – Cameron Ranch
27 – Rose Island	50 – PV Senior Housing
28 – Harborside	51 – Pfeiler
30 – Haas Automation	52 – Wingfield
31 – Rancho De La Rosa	53 – Huff Court
32 – Oak Park	54 – Meadowcrest
33 – El Paseo	55 – Wingfield West
34 – Sunrise Pt/Sunset Cove	58 – Westwind
36 – Villa Santa Cruz	60 – Artisan

MAINTENANCE ASSESSMENT DISTRICT
4 – Mandalay Beach/Colony

WATERWAYS ASSESSEMENT DISTRICTS	
Zone 1 – Mandalay Bay Zone	2 – Harbour Island

CITY OF OXNARD ASSESSMENT DISTRICTS



- | | |
|---|--|
| Maintenance Assessment District (District No.) | Community Facilities District (District No.) |
| Waterway Assessment District (Zone No.) | Landscape Maintenance District (District No.) |

SPECIAL DISTRICT FISCAL YEAR 22-23 ASSESSMENTS

Finance and Governance Committee
May 10, 2022

City Council
June 7, 2022

Eric L. Storrie
Special Districts Manager

RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council acting as the legislative body for Community Facilities Districts (CFD) No. 1, 2, 3, 4, 5 and 2000-3:

1. Adopt a resolution setting a special tax rate within CFD No. 1 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
2. Adopt a resolution setting a special tax rate within CFD No. 2 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
3. Adopt a resolution setting a special tax rate within CFD No. 3 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;
4. Adopt a resolution setting a special tax rate within CFD No. 4 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;

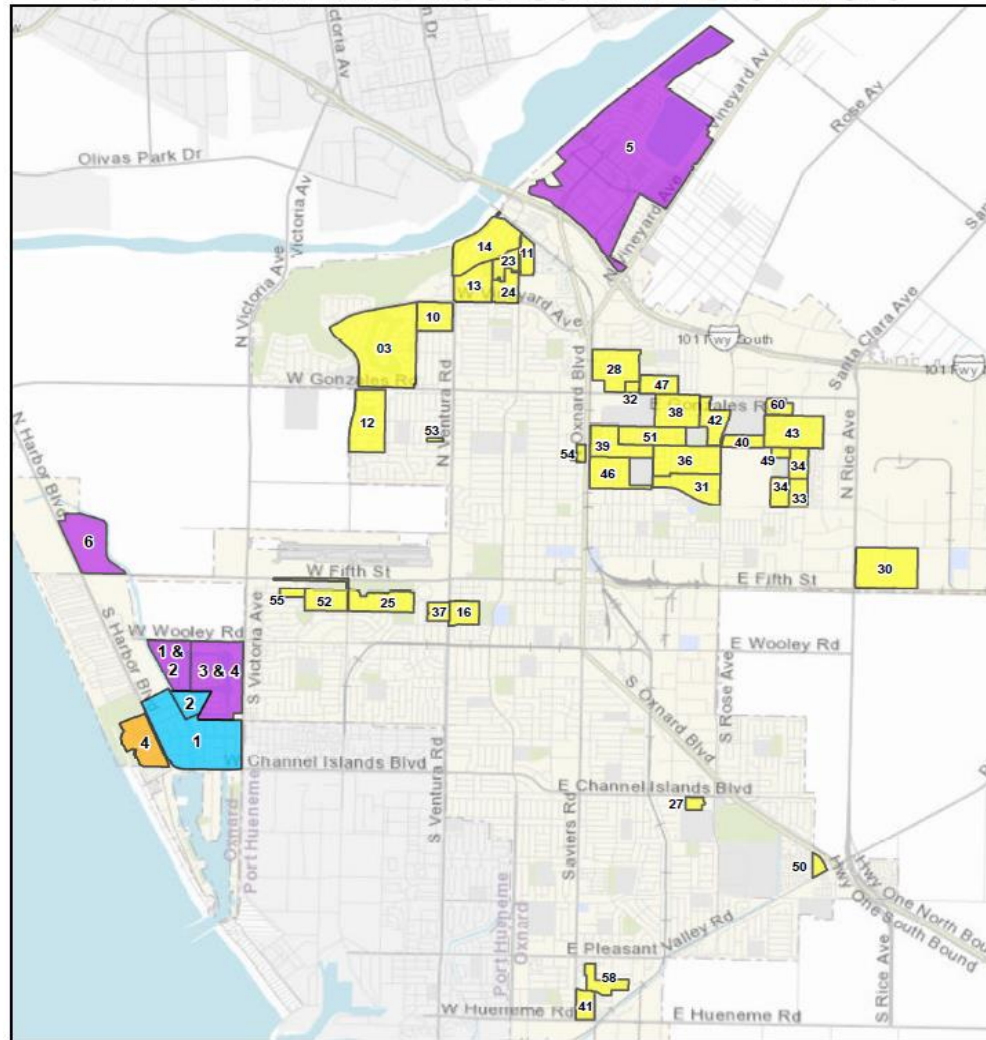
RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council acting as the legislative body for Community Facilities Districts (CFD) No. 1, 2, 3, 4, 5 and 2000-3:

5. Adopt a resolution setting a special tax rate within CFD No. 5 (Riverpark) for Fiscal Year 2022-23;
6. Adopt a resolution setting a special tax rate within CFD No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) for Fiscal Year 2022-23; and
7. Authorize the Public Works Director, or designee, to execute an agreement for Billing of Direct Assessments with the Ventura County Auditor-Controller to provide the service of placement of direct assessments on the Ventura County Secured Tax Roll.

MAP OF ASSESSMENT DISTRICTS IN CITY

CITY OF OXNARD ASSESSMENT DISTRICTS



- Maintenance Assessment District (District No.)
- Waterway Assessment District (Zone No.)
- Community Facilities District (District No.)
- Landscape Maintenance District (District No.)

Additional information can be found at: oxnard.org/city-department/publicworks

ADOPTION OF RESOLUTION FOR LEVY

COMMUNITY FACILITIES DISTRICTS 1 & 2 – WESTPORT AT MANDALAY BAY

CFD No. 1 Special Tax

- CFD No. 1 was created and approved to levy a special tax sufficient to pay principal, interest, other periodic costs and administrative expenses for the construction of Westport.
- Government Code requires the City Council to adopt a resolution levying the special tax rate for that fiscal year.
- Maximum special tax rate in FY 2022-23 for CFD No. 1 is \$956,171.65, the actual amount to be levied is still to be determined.
- Remaining balance of the bonds is \$6,110,000 with the final payment due on September 1, 2033.

CFD No. 2 Special Tax

- CFD No. 2 was created and approved to levy a special tax sufficient to pay costs of the services and incidental expenses relating to the maintenance of Westport at Mandalay Bay.

CFD No. 1 Special Tax

- The maximum special tax rate in FY 2022-23 is \$956,171.65
- Amount to be levied is to be determined

CFD No. 2 Special Tax

- The maximum special tax for CFD No. 2 for FY 2022-23 is \$839,589.80
- FY 2022-23 levy is to be determined
- CFD No. 2 did not receive a levy credit in FY 2021-22
- FY22-23 levy is expected to be comparable to FY21-22 and staff have met multiple times with the community to discuss wanted improvements and services.

- There will be no cost to the City's General Fund from approval of the resolutions levying the special taxes for CFD No. 1 and CFD No. 2 for FY 2022-23.
- Debt service costs and all administrative costs are included in the amount to be collected by the special taxes, which are levied against properties located in CFD No. 1 and CFD No. 2

ADOPTION OF RESOLUTION FOR LEVY

COMMUNITY FACILITIES DISTRICTS 3 & 4 – SEABRIDGE AT MANDALAY BAY

CFD No. 3 Special Tax

- In December 2004, City Council established CFD No. 3 and Ordinance No. 2676 to levy a special tax sufficient to pay principal, interest, and other periodic costs and administrative expenses with respect to the bonds.
- The remaining balance of the bonds is \$19,795,000 with the final payment due on September 1, 2035.
- On November 6, 2018, voters within Seabridge at Mandalay Bay approved Measure H which limited the amount of CFD No. 3 special tax revenue used to pay overhead costs of City employees to \$5,000 annually. The FY 2022-23 City overhead costs is equal to \$5,000.

CFD No. 4 Special Tax

- In December 2004, City Council established CFD No. 4 to levy a special tax sufficient to pay certain costs of Services and Incidental Expenses relating to the maintenance of Seabridge at Mandalay Bay
- On November 6, 2018, voters within Seabridge at Mandalay Bay approved Measures F and I
- Measure F amended the maximum special tax rates plus the approved annual escalation factor of 2%
- Measure I reduced the CFD No. 4 special taxes for harbor patrol costs to \$192,000 annually

CFD No. 3 Special Tax

- Maximum special tax rate in FY 2022-23 is \$3,043,616.18
- Total amount of special taxes to be levied is to be determined

CFD No. 4 Special Tax

- Maximum allowable tax for FY 2022-23 is \$1,318,388.05
- FY22-23 levy is expected to be comparable to FY21-22 and staff have met multiple times with the community to discuss wanted improvements and services

- There will be no cost to the City's General Fund from approval of the resolutions levying the special taxes for CFD No. 3 and CFD No. 4 for FY 2022-23.
- Debt service costs and all administrative costs are included in the amount to be collected by the special taxes, which are levied against properties located in CFD No. 3 and CFD No. 4

ADOPTION OF RESOLUTION FOR LEVY

COMMUNITY FACILITIES DISTRICT 5 – RIVERPARK

In September 2005, City Council established CFD No. 5, levying a special tax sufficient to pay costs of the Services, Improvements, and Incidental Expenses set forth by the Resolution of Formation

DISCUSSION

- Maximum special tax rate in FY 2022-23 is \$6,131,394.48
- FY22-23 levy is expected to be comparable to FY21-22 and staff have met multiple times with the community to discuss wanted improvements and services
- CFD No. 5 has an estimated fund balance of \$3.1 million. This fund balance is being retained to finance future capital projects including but not limited to: (i) the construction of a new control room for the Central Park Fountain and (ii) additional replacement of storm drain filtration devices
- Any levy credits for FY22-23 are to be determined

FINANCIAL IMPACT

- No cost to the City's General Fund from approval of the resolution levying the special taxes for CFD No. 5 for FY 2022-23
- All maintenance, service, and administrative costs are included in the amount to be collected by the special taxes, which are levied on properties located in CFD No. 5

ADOPTION OF RESOLUTION FOR LEVY

CFD 2000-3 OXNARD BLVD./HIGHWAY 101 INTERCHANGE

BACKGROUND

July 2001, City Council authorized bonded indebtedness for CFD No. 2000-3 in the amount not to exceed \$15,000,000 to be paid by the levy of a special tax

DISCUSSION

- Amount of Special Tax to be levied is to be determined
- Remaining balance of the bond is \$4,340,000.00 with the final payment due on September 1, 2032.

FINANCIAL IMPACT

- There will be no cost to the City's General Fund from the approval of the resolution levying the special taxes for CFD No. 2000-3
- Debt service costs and all administrative costs are incurred in the amount to be collected by the special taxes which are levied against the properties located in CFD No. 2000-3

RECOMMENDATION

Recommended action items:

1. Adopt a resolution setting a special tax rate within CFD No. 1 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
2. Adopt a resolution setting a special tax rate within CFD No. 2 (Westport at Mandalay Bay) for Fiscal Year 2022-23;
3. Adopt a resolution setting a special tax rate within CFD No. 3 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;
4. Adopt a resolution setting a special tax rate within CFD No. 4 (Seabridge at Mandalay Bay) for Fiscal Year 2022-23;

RECOMMENDATION

Recommended action items:

5. Adopt a resolution setting a special tax rate within CFD No. 5 (Riverpark) for Fiscal Year 2022-23;
6. Adopt a resolution setting a special tax rate within CFD No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) for Fiscal Year 2022-23; and
7. Authorize the Public Works Director, or designee, to execute an agreement for Billing of Direct Assessments with the Ventura County Auditor-Controller to provide the service of placement of direct assessments on the Ventura County Secured Tax Roll.

QUESTIONS?