



**CITY COUNCIL  
AGENDA REPORT**

**TYPE OF ITEM: Report**  
**AGENDA ITEM NO.: 2**

**DATE:** October 23, 2018

**TO:** City Council  
Finance Authority

**FROM:** Jesus Nava  
Assistant City Mgr

**SUBJECT:** Wastewater Revenue Refunding Bonds, Series 2018 (Refunding of Variable Rate 2004B and 2006 Bonds). (20/10/10)

**CONTACT:** Jesus Nava, Assistant City Mgr  
Jesus.Nava@oxnard.org, (805) 385-7479

**RECOMMENDATION:**

That the City Council approve the following Resolution:

1. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE ISSUANCE AND SALE OF WASTEWATER REVENUE REFUNDING BONDS, SERIES 2018 TO REFINANCE OUTSTANDING BONDS, AUTHORIZING EXECUTION OF INDENTURE OF TRUST, AND AUTHORIZING EXECUTION OF AND APPROVING RELATED AGREEMENTS AND OFFICIAL ACTIONS; and

That the City of Oxnard Financing Authority approve the following Resolution:

2. RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF OXNARD FINANCING AUTHORITY, AUTHORIZING PROCEEDINGS AND AGREEMENTS RELATING TO THE REFINANCING OF CITY WASTEWATER SYSTEM IMPROVEMENTS AND AUTHORIZING OFFICIAL ACTIONS.

**BACKGROUND**

The City of Oxnard Financing Authority (the "Authority") issued \$23,975,000 Variable Rate Demand Wastewater Revenue Bonds 2004 Series B (the "2004 Bonds") and \$12,575,000 Wastewater Revenue Bonds Series 2006 (the "2006 Bonds") to fund wastewater system improvements. In addition, in 2007, the City entered into a swap transaction with Royal Bank of Canada (the "Swap Agreement"), in a notional amount of \$23,975,000, with an effective date

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of June 21, 2007 which served as an interest rate hedge for the 2004 Bonds. The notional par amount and amortization included in the interest rate swap agreement matches the 2004 Bonds. As of October 9, 2018, the estimated mark-to-market termination value for the Swap Agreement was \$2.1 million. The interest rate currently being paid on the 2004 Bonds is 6.59% (includes swap rate and LOC fees) and the average interest rate being paid on the 2006 Bonds is 4.93%.

The City Council and Fiscal Policy Task Force have directed City staff to develop a financing plan that can remove risks related to the Swap Agreement and future letter of credit renewals, while at the same time providing cash flow savings to the City from low fixed interest rates available in the current market. Recent credit rating discussions with Standard & Poor's have indicated that the existing financing structure and financial exposure to the Swap Agreement is considered a credit-negative. The Authority and City took action earlier in 2018 to restructure and remove the exposure to existing swaps on the 2003 and 2006 general fund lease revenue bonds.

The proposed restructuring of the 2004 Bonds will provide present value savings (estimated at \$585,000, or 4.0% of refunded par), and (1) enhances budgetary predictability for the City's Wastewater Enterprise Fund by locking in a fixed interest rate and re-amortizing the principal to achieve level payments; (2) eliminates future interest rate and letter of credit renewal risks; and (3) eliminates 3rd party interest rate swap risks because the RBC swap will be terminated as part of the refinancing.

#### 2006 Bond Refinancing

In addition to the restructuring of the 2004 Bonds, the Authority and City also have the opportunity to refinance the 2006 Bonds for lower interest rates. The 2006 Bonds are fixed-rate bonds and have no swap or counter-party exposure. It is anticipated that the refinancing bonds will maintain the same final maturity (no extension of bond debt service). Present value savings for the refunding of the 2006 Bonds is estimated at \$680,000, or 7.5% of refunded par.

Combined, annual savings from the refunding of the 2004B and 2006 Bonds is estimated to be \$90,000. Per the Resolution attached, the City has set a minimum NPV savings threshold of 3.0% of refunded par for the wastewater refunding.

#### Financing Plan

Fixed interest rates on the 2018 Refunding Wastewater bonds are anticipated to average 3.65%. The All-In financing cost, including all costs of issuance and the swap termination fee of approximately \$2.1M, the all-in cost of borrowing is about 5.15%, which is 0.70% lower than the 5.85% the City is currently paying on the 2004 and 2006 Bonds (combined average interest rate).

The attached City resolution (Attachment A) approves the following documents related to the Bonds.

Wastewater Revenue Refunding Bonds, Series 2018 (Refunding of Variable Rate 2004B & 2006) (20/10/10)  
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- (1) the draft Indenture of Trust;
- (2) the draft Preliminary Official Statement;
- (3) the draft Escrow Deposit and Trust Agreements;
- (4) the Bond Purchase Contract

The Resolution also authorizes the Mayor, the City Manager and/or the Interim Chief Finance Officer to execute and deliver any and all documents necessary to carrying out the transactions contemplated by the Indenture of Trust, the Bond Purchase Contract, and any other miscellaneous certificate and/or document necessary to complete the transaction.

The attached City of Oxnard Financing Authority (COFA) resolution (Attachment B) approves the following documents related to the Bonds.

- (1) the draft Escrow Deposit and Trust Agreements;

The Resolution also authorizes the Chairman, Vice-Chairperson, Executive Director, and the Interim Chief Finance Officer, and Secretary and any other officers of the Authority to execute and deliver any and all documents necessary to carrying out the transactions contemplated by the Indenture of Trust, the Bond Purchase Contract, and any other miscellaneous certificate and/or document necessary to complete the transaction.

## **STRATEGIC PRIORITIES**

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

## **FINANCIAL IMPACT**

Based on current interest rates and the current swap termination value, present value savings is estimated at \$1.3 million, or 5.3% of total refunded par. Annual cash flow savings will be dependent on the timing of the sale of the bonds and then existing market conditions, the final structure of the bonds, rating of the bonds, and the ability to obtain a debt service reserve fund surety bond from a municipal bond insurer. Assuming a surety bond, cash flow savings are estimated at about \$90,000 annually from FY 2019 through FY 2036.

Attachments:

Attachment A: City Resolution  
 Attachment B: COFA Resolution  
 Attachment C: Draft Preliminary Official Statement  
 Attachment D: Draft Indenture of Trust  
 Attachment E: Draft Bond Purchase Contract  
 Attachment F: 2004 Escrow Deposit and Trust Agreement

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Attachment G: 2006 Escrow Deposit and Trust Agreement  
Attachment H: Continuing Disclosure Agreement

*Prepared by: Jesús Nava, Assistant City Manager and Mike Meyers, VP, NHA Advisors*

## **ATTACHMENTS:**

Attachment A: Oxnard 2018 Wastewater RBs - Resolution of the City Council-c2 (10-15-2018)

Attachment B: Oxnard 2018 Wastewater RResolution of the Board of Directors of the City of Oxnard Financing Au-c2 (10-15-2018)

Attachment C: Oxnard 2018 Wastewater Revenue Bonds - Official Statement 4841-9692-4789....doc

Attachment D: Oxnard 2018 Wastewater RBs - Indenture of Trust-c1

Attachment E: DOCSOC\_1909657v2 - Bond Purchase Contract - City of Oxnard - 2018 Wastew...

Attachment F: Oxnard 2018 Wastewater RBs -(2004) Escrow Deposit and Trust Agreement-c1

Attachment G: Oxnard 2018 Wastewater RBs - (2006) Escrow Deposit and Trust Agreement-c1

Attachment H: Oxnard Wastewater CDA 4810-6668-6328 v.1-c2

## CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE  
ISSUANCE AND SALE OF WASTEWATER REVENUE REFUNDING BONDS, SERIES  
2018 TO REFINANCE OUTSTANDING BONDS, AUTHORIZING EXECUTION OF  
INDENTURE OF TRUST, AND AUTHORIZING EXECUTION OF AND APPROVING  
RELATED AGREEMENTS AND OFFICIAL ACTIONS

WHEREAS, the City through the City of Oxnard Financing Authority (the “Authority”) caused to be issued its \$23,975,000 Variable Rate Demand Wastewater Revenue Bonds 2004 Series B (the “2004 Bonds”), for the purpose of financing Wastewater System improvements for the City; and

WHEREAS, the City through the Authority issued its \$12,575,000 Wastewater Revenue Bonds Series 2006 (the “2006 Bonds”); and

WHEREAS, the 2004 Bonds were secured by payments to be made under an Installment Purchase Agreement, dated as of November 1, 2004, between the City and the Authority (the “2004 Installment Purchase Agreement”); and

WHEREAS, the 2006 Bonds were secured by payments to be made under an Installment Purchase Agreement, dated as of May 1, 2006, by and between the City and the Authority (the “2006 Installment Purchase Agreement”); and

WHEREAS, in order to hedge against rising interest rates and maximize delivery of capital projects financed with proceeds of the 2004 Bonds, the City entered into a swap transaction with Royal Bank of Canada (such transaction being hereinafter referred to as the “Swap Agreement”), in a notional amount of \$23,975,000, with an effective date of June 21, 2007; and

WHEREAS, the City is authorized pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), to issue its revenue bonds for the purpose of refunding any outstanding indebtedness of the City which is payable from the revenues of the Wastewater System, and the City Council has determined that it is in the interests of the City at this time to provide for the issuance of its Wastewater Revenue Refunding Bonds, Series 2018 (the “Bonds”) under the Bond Law to refund the 2004 Bonds and the 2006 Bonds; and

WHEREAS, the City has determined that the Bonds will be sold to J.P. Morgan Securities, LLC, as Senior Underwriter, and Samuel A. Ramirez & Co., Inc., as Co-Manager, collectively, as Underwriters, and there has been presented to the City a form of bond purchase contract (the “Bond Purchase Contract”); and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the City Council obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds, including

debt instruments such as the Bonds, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds; and

WHEREAS, it is anticipated that the Bonds will be issued with fixed interest rates, as tax-exempt bonds, and may include a series of taxable bonds, and that the proceeds of the Bonds will be applied pursuant to the provisions of the Indenture as finally executed and delivered (i) to pay the redemption price of the 2004 Bonds and 2006 Bonds; (ii) to finance, or to reimburse the payment of, a fee relating to the termination of the Swap Agreement; (iii) to fund a debt service reserve fund, and (iv) to pay costs incurred in connection with the issuance of the Bonds; and

WHEREAS, the City Council wishes at this time to authorize all proceedings relating to the issuance and sale of the Bonds and all other agreements and documents relating thereto.

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

Section 1. Issuance of Bonds. The City Council hereby authorizes the issuance of the Bonds under and pursuant to the Bond Law and an Indenture of Trust (the “Indenture”) by and between the City and Wells Fargo Bank, National Association, as trustee, so long as the combined net present value savings to be achieved by the issuance of the Bonds shall be at least 3.0% of the combined principal amount of the 2004 Bonds and the 2006 Bonds remaining outstanding. The City Council hereby approves the Indenture in substantially the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the Mayor, the City Manager and/or the Interim Chief Finance Officer (together the “Authorized Officers”), whose execution thereof shall be conclusive evidence of such approval. The Authorized Officers are hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Indenture. The good faith estimates required by Senate Bill 450 relating to the Bonds are set forth in Exhibit A hereto.

The proceeds of the Bonds shall be applied to (i) cause the redemption of the 2004 Bonds and 2006 Bonds, (ii) finance, or reimburse the City for the payment of, a fee in connection with the termination of the Swap Agreement, (iii) fund a debt service reserve fund, either in cash or provide a debt service reserve insurance policy, and (iv) pay costs incurred in connection with the issuance of the Bonds, all in accordance with the provisions of this Resolution and the Indenture.

Section 2. Approval of Bond Purchase Contract and Conditions of Approval. The form of Bond Purchase Contract presented at this meeting is hereby approved and the Authorized Officers are each individually hereby authorized to accept, for and in the name of the City, such Bond Purchase Contract 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, provided that the aggregate principal amount of Bonds to be sold



pursuant to the Bond Purchase Contract shall not exceed \$30,000,000 million, which may include a series of bonds of which the interest paid on such Bonds is includable as income for federal tax purposes and the Underwriters' discount or fee (not including any original issue discount or premium on the bonds) shall not exceed 0.50% of the principal amount of Bonds sold, and provided that, with respect to the 2004 Bonds and 2006 Bonds, in each case, the net present value savings is at least 3.00% on a combined basis.

Section 3. Official Statement; Continuing Disclosure. The City Council hereby authorizes the Authorized Officers to approve and to deem nearly final, within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, a form of Preliminary Official Statement describing the Bonds. Distribution of such Preliminary Official Statement by the Underwriter is hereby approved. The Authorized Officers are hereby authorized and directed to approve any changes in or additions to such Preliminary Official Statement for the purpose of finalizing such document, and the execution thereof by the Authorized Officers shall be conclusive evidence of approval of any such changes and additions. The City Council hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the City by the Authorized Officers. The Authorized Officers are further authorized to sign on behalf of the City a continuing disclosure certificate with respect to the financing, in such form as may be approved by Bond Counsel.

Section 4. Approval of Escrow Deposit and Trust Agreements. The City Council hereby authorizes the refunding of the 2004 Bonds and the 2004 Installment Purchase Agreement and the refunding of the 2006 Bonds and the 2006 Installment Purchase Agreement with the proceeds of the Bonds. The forms of each Escrow Deposit and Trust Agreement which provides for (i) the defeasance and prepayment of the 2004 Bonds and 2006 Bonds, respectively, (ii) the creation and administration by the Wells Fargo Bank, National Association, as Escrow Agent, of the Escrow Fund for the benefit of the owners of 2004 Bonds and 2006 Bonds, respectively, and (iii) the performance of other duties by the Escrow Agent, is approved in the form on file with the City Clerk, and the Authorized Officers are each individually authorized to execute and deliver, on behalf of the City, such Escrow Deposit and Trust Agreements with respect to each of the 2004 Bonds and 2006 Bonds. If the Authorized Officers so determine, the Escrow Agreements may be replaced with refunding instructions to be given to the Trustee for the 2004 Bonds and 2006 Bonds.

Section 5. Swap Termination. Any Authorized Officer of the City is hereby authorized to make any changes to the Swap Agreement, the ISDA Master Agreement, including Schedule, Credit Support Annex and Confirmation as necessary to effectuate any changes necessary for the issuance of the Bonds and the termination of the Swap Agreement, the approval of such changes to be conclusively evidenced by the execution and delivery of the amending documentation relating thereto by the City. Any Authorized Officer is authorized to terminate any portion of the Swap Agreement, and pay such termination fee thereof with proceeds of the Bonds, or funds on hand with the City to be reimbursed with proceeds of the Bonds. The City Manager is authorized to employ an advisor as to the amount of the termination payment for the Swap.

Section 6. Modifications. The approval of the Indenture, the Escrow Deposit and Trust Agreements, the Preliminary Official Statement and Bond Purchase Contract, given by this Resolution shall apply to any modification or amendment of any of said agreements which is

agreed upon and approved by Bond Counsel and the Authorized Officers as being necessary to carry out the provisions thereof and the authorization and direction provided in this Resolution.

Section 7. Official Actions. The Authorized Officers are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate the issuance and sale of the Bonds, obtain a rating from a reputable rating agency, and any of the other transactions contemplated by the agreements and documents approved pursuant to this Resolution. Any Authorized Officer is authorized to obtain municipal bond insurance or a debt service reserve fund policy for the Bonds. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

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Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED this \_\_\_\_ day of October, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Tim Flynn, Mayor

ATTEST:

\_\_\_\_\_  
Michelle Ascencion, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Stephen Fischer, City Attorney

## 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 City by NHA Advisors, LLC as municipal advisor to the City (the “Municipal Advisor”), each with respect to the Bonds.

**Principal Amount.** The Municipal Advisor has informed the City that, based on the City’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$27,200,000 (the “Estimated Principal Amount”).

**True Interest Cost of the Bonds.** The Municipal Advisor has informed the City 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, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.65%.

**Finance Charge of the Bonds.** The Municipal Advisor has informed the City 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, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$2,750,000.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the City 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, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserve fund funded with proceeds of the Bonds, is \$24,750,000.

**Total Payment Amount.** The Municipal Advisor has informed the City 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, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$35,500,000.

The foregoing estimates constitute good faith estimates only. 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 City's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on 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 and other factors beyond the control of the City.

BOARD OF DIRECTORS OF  
THE CITY OF OXNARD FINANCING AUTHORITY

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF OXNARD  
FINANCING AUTHORITY, AUTHORIZING PROCEEDINGS AND AGREEMENTS  
RELATING TO THE REFINANCING OF CITY WASTEWATER SYSTEM  
IMPROVEMENTS AND AUTHORIZING OFFICIAL ACTIONS

WHEREAS, the City through the City of Oxnard Financing Authority (the “Authority”) caused to be issued its \$23,975,000 Variable Rate Demand Wastewater Revenue Bonds 2004 Series B (the “2004 Bonds”), for the purpose of financing Wastewater System improvements for the City; and

WHEREAS, the City through the Authority issued its \$12,575,000 Wastewater Revenue Bonds Series 2006 (the “2006 Bonds”); and

WHEREAS, the 2004 Bonds were secured by payments to be made under an Installment Purchase Agreement, dated as of November 1, 2004, between the City and the Authority (the “2004 Installment Purchase Agreement”); and

WHEREAS, the 2006 Bonds were secured by payments to be made under an Installment Purchase Agreement, dated as of May 1, 2006, by and between the City and the Authority (the “2006 Installment Purchase Agreement”); and

WHEREAS, the City is authorized pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), to issue its revenue bonds for the purpose of refunding any outstanding indebtedness of the City which is payable from the revenues of the Wastewater System, and the City Council has determined that it is in the interests of the City at this time to provide for the issuance of its Wastewater Revenue Refunding Bonds, Series 2018 (the “Bonds”) under the Bond Law to refund the 2004 Bonds and the 2006 Bonds; and

WHEREAS, the City has determined that the Bonds will be sold to J.P. Morgan Securities, LLC, as Senior Underwriter and Samuel A. Ramirez & Co., Inc., as Co-Manager there has been presented to the City a form of bond purchase contract (the “Bond Purchase Contract”); and

WHEREAS, a portion of the proceeds of the Bonds will be deposited in an escrow fund and will be applied by the Authority and the City to redeem the 2004 Bonds and the 2006 Bonds on the first date on which such securities may be redeemed or prepaid pursuant to two separate Escrow Deposit and Trust Agreements.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY the Board of Directors of the City of Oxnard Financing Authority as follows:

Section 1. Above Recitals True and Correct. The Board of Directors of the Authority find that the above-stated recitals are true and correct.

Section 2. Approval of Documents. The Board of Directors hereby approves each Escrow Deposit and Trust Agreement in substantially the respective form on file with the Secretary, together with such additions thereto and changes therein as the Bond Counsel shall deem necessary, desirable or appropriate, the execution of which by the Chairman, Vice-Chairperson, Executive Director or Interim Chief Finance Officer shall be conclusive evidence of the approval of any such additions and changes.

Section 3. Official Actions. The Chairman, Vice-Chairperson, Executive Director, and the Interim Chief Finance Officer, and Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including obtaining a rating on the Bonds, and including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the transactions as described herein in connection with the issuance and sale of the Bonds.

[Remainder of page intentionally left blank]

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED this \_\_\_\_ day of October, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Tim Flynn, Chairman

ATTEST:

\_\_\_\_\_  
Michelle Ascencion, Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Stephen Fischer, Authority Counsel

## PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2018

NEW ISSUE – FULL BOOK-ENTRY

RATING S&amp;P: “\_\_\_\_\_”

*In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the 2018 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” herein.*

\$ \_\_\_\_\_ \*

## CITY OF OXNARD

## Wastewater Revenue Refunding Bonds, Series 2018

Dated: Date of Delivery

Due: June 1, as shown on inside cover

**Authority for Issuance.** The bonds captioned above (the “2018 Bonds”) are being issued by the City of Oxnard (the “City”) pursuant to the provisions of Sections 53570 et seq. and 53580 et seq. of the California Government Code, a resolution adopted by the City Council of the City on \_\_\_\_\_, 2018 and an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018 (the “Indenture”) by and between the City and Wells Fargo Bank, National Association, as trustee for the 2018 Bonds (the “Trustee”).

**Use of Proceeds.** The 2018 Bonds are being issued to provide funds to (i) refund the City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds 2004 Series B and the City of Oxnard Financing Authority Wastewater Revenue Project Bonds, Series 2006, (ii) purchase debt service reserve surety for the 2018 Bonds, and (iii) pay the costs of issuing the 2018 Bonds. See “FINANCING PLAN.”

**Security for the 2018 Bonds.** The 2018 Bonds are payable from and secured by the City’s pledge of Net System Revenues under the Indenture, defined generally as gross revenues received from the City’s Wastewater System (the “Wastewater System”), less maintenance and operation costs of the Wastewater System. See “SECURITY FOR THE 2018 BONDS.”

**Bond Terms; Book-Entry Only.** The 2018 Bonds will bear interest at the rates shown below, payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2019, and will be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The 2018 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of the 2018 Bonds will not receive certificates representing their interests in the 2018 Bonds. Payments of the principal of, premium, if any, and interest on the 2018 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2018 Bonds. See “THE 2018 BONDS – General Provisions.”

**Redemption.** The 2018 Bonds are subject to optional and mandatory sinking account redemption prior to maturity. See “THE 2018 BONDS – Redemption.”

**Bond Insurance.** The scheduled payment of principal of and interest on a portion, or all, of the 2018 Bonds (such maturities insured to be specified in the final Official Statement) when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2018 Bonds by \_\_\_\_\_. See “BOND INSURANCE” herein.

[INSURER LOGO]

NEITHER THE 2018 BONDS NOR THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF OR INTEREST THEREON CONSTITUTE A DEBT OR A LIABILITY OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2018 BONDS ARE SECURED SOLELY BY THE PLEDGE OF NET SYSTEM REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2018 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF 2018 BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2018 BONDS.



The 2018 Bonds are offered when, as and if issued and received by the Underwriters and subject to the approval as to their legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel. Certain legal matters will also be passed upon for the City by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed upon for the City by Best Best & Krieger LLP, Riverside, California, as general counsel to the City, and for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, as Underwriters' counsel. It is anticipated that the 2018 Bonds will be delivered in definitive form through DTC on or about \_\_\_\_\_, 2018.

**J.P. Morgan**

**Ramirez & Co., Inc.**

The date of this Official Statement is: \_\_\_\_\_, 2018.

\* Preliminary; subject to change.

\$ \_\_\_\_\_ \*

**MATURITY SCHEDULE**

<b>Maturity Date (June 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>(1)</sup></b>
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\$ \_\_\_\_\_ % Term 2018 Bonds due June 1, 20\_\_ Yield: \_\_\_\_\_% Price \_\_\_\_\_ %  
CUSIP<sup>†</sup> No. \_\_\_\_\_

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. Copyright© 1999-2018 American Bankers Association. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP® numbers are provided for convenience of reference only. The City, the Municipal Advisor or the Underwriters does not take any responsibility for the accuracy of such numbers.

\* Preliminary; subject to change.

## **CITY OF OXNARD**

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### **MAYOR AND CITY COUNCIL**

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

### **CITY OFFICIALS**

Alexander Nguyen, *City Manager*  
 Jesus Nava, *Assistant City Manager*  
 Rosemaire Gaglione, *Director of Public Works*  
 Michelle Ascension, *City Clerk*  
 Stephen Fischer, *City Attorney*  
 Phillip S. Molina, *City Treasurer*  
 Dave Millican, *Interim Chief Financial Officer*

### **PROFESSIONAL SERVICES**

#### **MUNICIPAL ADVISOR**

NHA Advisors, LLC  
 San Rafael, California

#### **BOND COUNSEL**

Best Best & Krieger LLP  
 Riverside, California

#### **DISCLOSURE COUNSEL**

Nixon Peabody LLP  
 Los Angeles, California

#### **TRUSTEE/ESCROW BANK**

Wells Fargo Bank, National Association  
 Los Angeles, California

#### **VERIFICATION AGENT**

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## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the 2018 Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2018 Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful. This Official Statement has been deemed final, as of its date, by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

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

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking” statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the City with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the City.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The issuance and sale of the 2018 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

While the City maintains an internet website for various purposes, the information provided on that website is not incorporated by reference as part of this Official Statement and none of the information on that website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the 2018 Bonds or any other bonds or obligations of the City.

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## OFFICIAL STATEMENT

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### CITY OF OXNARD

### Wastewater Revenue Refunding Bonds, Series 2018

### INTRODUCTION

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2018 Bonds to potential investors is made only by means of the entire Official Statement.*

**City of Oxnard.** The City of Oxnard (the “City”) is located in western Ventura County (the “County”) on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the largest city in the County, with a population estimated at 208,000 in 2017, accounting for over 24% of the County’s population. The City has a diversified economic base composed of agriculture and related business, retail, various services, and governmental agencies.

The City was incorporated as a general law city on June 30, 1903 and operates under a council-manager form of government. The City is governed by a five-member City Council elected at large for four-year alternating terms, with the exception of the Mayor, who is directly elected for a two-year term.

**Authority for Issuance.** The 2018 Bonds are authorized pursuant to the provisions of Sections 53570 *et seq.* and 53580 *et seq.* of the California Government Code, a resolution adopted by the City Council of the City on \_\_\_\_\_, 2018 (the “City Resolution”), and an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018 (the “Indenture”), between the City and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

**Form of 2018 Bonds.** The 2018 Bonds will be dated their date of delivery and will be issued in fully registered form, without coupons, in the minimum denominations of \$5,000 or any integral multiple thereof. See “THE 2018 BONDS – General Provisions.” When delivered, the 2018 Bonds will be registered in the name of The Depository Trust Company, New York, New York (“DTC”), or its nominee. DTC will act as securities depository for the 2018 Bonds. Individual purchases of 2018 Bonds will be made in book-entry form only in the principal amount of \$5,000 each or any integral multiple thereof. Purchasers of the 2018 Bonds will not receive certificates representing the 2018 Bonds purchased. See “THE 2018 BONDS - Book-Entry Only System” and “APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

**Purpose of the 2018 Bonds.** The 2018 Bonds are being issued to provide funds to (i) refund the City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds 2004 Series B and the City of Oxnard Financing Authority Wastewater Revenue Project Bonds, Series 2006, (ii)

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\* Preliminary; subject to change.

purchase debt service reserve surety for the 2018 Bonds, and (iii) pay the costs of issuing the 2018 Bonds. See “FINANCING PLAN.”

***Pledge of Net System Revenues.*** The 2018 Bonds are payable from the entire Wastewater System of the City, including without limitation all improvements, works, or facilities owned, controlled, or operated by the City to provide wastewater service as such improvements, works, or facilities now exist, together with all additions to improvements of and extensions to said Wastewater System later constructed or organized (the “Wastewater System”). “Net System Revenues,” are generally defined as “System Revenues” received from the Wastewater System, less the amount of Maintenance and Operation Costs of the Wastewater System becoming payable in such period. See “SECURITY FOR THE 2018 BONDS – Pledge of Net System Revenues” and “WASTEWATER SYSTEM.”

***Existing Additional Obligations.*** The 2018 Bonds are payable from and secured by a first pledge of and lien on Net System Revenues on a parity with certain obligations of the City relating to the City of Oxnard Financing Authority Wastewater Revenue Project Bonds, Series 2010A, City of Oxnard Financing Authority Wastewater Revenue Project Bonds, Series 2010B (Federally Taxable Build America Bonds) and City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 2014. See “SECURITY FOR THE 2018 BONDS – Existing Additional Obligations.”

***Rate Covenants.*** The City shall fix, prescribe, and collect fees, rates, and charges for the Wastewater System which will be at least sufficient to yield during each Fiscal Year Net System Revenues equal to the sum of (a) one hundred percent (100%) of the Debt Service for such Fiscal Year and the amounts, if any, then due and owing to the Insurer under the Reserve Policy, if applicable, plus (b) the amount by which the amount on deposit in the Wastewater Revenue Fund on the last day of the immediately preceding Fiscal Year was less than twenty-five percent (25%) of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the Indenture.

See “SECURITY FOR THE 2018 BONDS – Rate Covenants.” See APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for definitions of defined terms used herein.

***Bond Insurance.*** The scheduled payment of principal of and interest on a portion, or all, of the 2018 Bonds (such maturities insured to be specified in the final Official Statement) when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2018 Bonds by \_\_\_\_\_ (the “Insurer”). See “BOND INSURANCE” herein.

***Reserve Account.*** A Reserve Account (the “Reserve Account”) will be established under the Indenture for the 2018 Bonds in an amount equal to the Reserve Requirement. The “Reserve Requirement” is defined as an amount equal to, at any date of determination, the least of (i) ten percent (10%) of the original par amount of the 2018 Bonds, (ii) Maximum Annual Debt Service with respect to the 2018 Bonds, or (iii) 125% of average annual debt service on the 2018 Bonds; provided, further that the City may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. See “SECURITY FOR THE 2018 BONDS – Reserve Account.”

The City will satisfy the Reserve Requirement with respect to the 2018 Bonds by depositing the Reserve Policy in the Reserve Account in accordance with the Indenture. “Reserve Policy” means the municipal bond debt service reserve insurance policy relating to the 2018 Bonds issued by the Insurer.

***Issuance of Additional Obligations.*** The City may issue or incur additional obligations and bonds on a parity with or subordinate to the 2018 Bonds, provided that the conditions set forth in the Indenture are met. See “SECURITY FOR THE 2018 BONDS - Additional Obligations.”

***Payment.*** Principal of the 2018 Bonds will be payable in each of the years and in the amounts set forth on the cover page hereof at the office of the Trustee. Interest on the 2018 Bonds will be paid by check or draft of the Trustee mailed by first class mail to the person entitled thereto. See “THE 2018 BONDS – General Provisions.” Initially, interest on and principal and premium, if any, of the 2018 Bonds will be payable when due by wire of the Trustee to the Depository DTC which will in turn remit such interest, principal and premium, if any, to DTC Participants (as defined herein), which will in turn remit such interest, principal and premium, if any, to Beneficial Owners (as defined herein) of the 2018 Bonds. See “THE 2018 BONDS - Book-Entry Only System” and “APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

***Redemption.*** The 2018 Bonds are subject to optional and mandatory sinking account redemption prior to their stated maturity dates. See “THE 2018 BONDS – Redemption.”

***Risks of Investment.*** The 2018 Bonds are repayable only from certain money available to the City from its Wastewater System. For a discussion of some of the risks associated with the purchase of the 2018 Bonds, see “BOND OWNERS’ RISKS.”

Neither the 2018 Bonds nor the obligation of the City to pay principal of or interest thereon constitutes a debt of the City, the County of Ventura, the State of California or any of its political subdivisions within the meaning of any constitutional limitation on indebtedness, or a pledge of the full faith and credit of the City or the County of Ventura. The 2018 Bonds are secured solely by the pledge of Net System Revenues of the City and certain funds held under the Indenture.

## FINANCING PLAN

### The Refunding Plan

The City of Oxnard Financing Authority (the “Authority”) previously issued its Variable Rate Demand Wastewater Revenue Bonds 2004 Series B (the “2004 Bonds”), of which \$\_\_\_\_\_ are currently outstanding.

The Authority also previously issued its Wastewater Revenue Project Bonds, Series 2006 (the “2006 Bonds,” together with the 2004 Bonds, the “Refunded Bonds”), of which \$\_\_\_\_\_ are currently outstanding.

Proceeds of the 2018 Bonds, together with certain funds made available through the refunding of the Refunded Bonds, will be deposited with Wells Fargo Bank, National Association, as escrow agent and trustee for the Refunded Bonds (the “Escrow Bank”), pursuant to an Escrow Agreement, dated as of \_\_\_\_\_ 1, 2018, by and between the City and the Escrow Bank. Amounts so deposited will be [invested in certain federal securities and held][held uninvested] by the Escrow Bank and will be sufficient to redeem the Refunded Bonds on \_\_\_\_\_, 2018.

[\_\_\_\_\_, as verification agent (the “Verification Agent”), upon delivery of the 2018 Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it by the City, relating to the sufficiency of moneys and/or federal securities and the interest thereon to provide for the defeasance of the Refunded Bonds. The report of the Verification Agent will include a statement to the effect that the scope of its engagement is limited to verifying the mathematical

accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or information coming to its attention, subsequent to the date of its report.]

### **Estimated Sources and Uses of Funds**

The estimated sources and uses of funds relating to the 2018 Bonds are as follows:

Sources:

Principal Amount of 2018 Bonds

Original Issue Premium/Discount

Released Funds Relating to the Refunded Bonds

*TOTAL SOURCES*

Uses:

Deposit to Escrow Fund

Deposit to Costs of Issuance Fund<sup>(1)</sup>

*TOTAL USES*

---

<sup>(1)</sup> Costs of Issuance include legal fees, fees of the Municipal Advisor, underwriter's discount, bond insurance and reserve surety premium, printing costs, rating agency fees and other miscellaneous expenses.

### DEBT SERVICE SCHEDULE

Annualized debt service on the 2018 Bonds assuming no optional redemption is presented below.

Bond Year Ending <u>June 1</u>	<u>Principal of 2018 Bonds</u>	<u>Interest of 2018 Bonds</u>	<u>Total Bond Debt Service</u>
--------------------------------------	--------------------------------	-------------------------------	--------------------------------

**Total:**

Annualized debt service on the 2018 Bonds and Existing Additional Obligations is presented below.

Bond Year Ending <u>June 1</u>	<u>2013 Bonds</u>	<u>2014 Bonds</u>	<u>2018 Bonds</u>	<u>Total</u>
--------------------------------------	-------------------	-------------------	-------------------	--------------

**Total:**



## THE 2018 BONDS

### Authority for Issuance

The 2018 Bonds are authorized pursuant to the provisions of Sections 53570 et seq. and 53580 et seq. of the California Government Code, a resolution adopted by the City Council of the City on \_\_\_\_\_, 2018, and the Indenture.

### General Provisions

***Bond Terms.*** The 2018 Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000, so long as no Bond has more than one maturity date. The 2018 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

***Payments of Principal and Interest.*** Interest on the 2018 Bonds will be payable on June 1 and December 1 in each year, beginning June 1, 2019 (each an “Interest Payment Date”) to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date. While the 2018 Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Bond will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2018 Bonds.

If there exists a default in payment of interest due on any Interest Payment Date, interest will be payable on a payment date established by the Trustee to the persons in whose names the 2018 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the 2018 Bonds not less than 15 days preceding such special record date.

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2018 Bonds will be payable in lawful money of the United States of America.

***Calculation of Interest.*** The 2018 Bonds will be dated the Closing Date and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to May 15, 2019, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

### Redemption

***Optional Redemption.*** The 2018 Bonds maturing on or before June 1, 20\_\_ are not subject to optional redemption prior to maturity. The 2018 Bonds maturing on June 1, 20\_\_ and thereafter are subject to redemption prior to their stated maturity at the option of the City, as a whole or in part on any date, by such maturities as are selected by the City from any available source of funds on or after \_\_\_\_\_ 1, 20\_\_ at a redemption price equal to the principal amount of the 2018 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

***Mandatory Sinking Account Redemption.*** The 2018 Bonds maturing on June 1, \_\_\_\_\_ (the “Term Bonds”) are subject to mandatory redemption, in part by lot, from Sinking Account payments in the amounts and on the dates set forth in the following schedule on June 1, 20\_\_ and on June 1 in each year thereafter, respectively, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the Term Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption will be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated in a Written Request filed by the City with the Trustee.

**Term Bonds Maturing June 1, \_\_\_\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal <u>Amount</u></b>
-------------------------------------	------------------------------------

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of Term 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 may be directed by the City, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Term Bonds, as set forth in a Written Request of the City. The par amount of any Term Bonds so purchased by the City in any twelve-month period immediately preceding any May 15 in the table above will be credited towards and will reduce the principal amount of Term Bonds required to be redeemed on the succeeding June 1.

***Selection of 2018 Bonds for Redemption.*** Whenever provision is made in the Indenture for the optional redemption of less than all of the 2018 Bonds, the Trustee shall select the 2018 Bonds to be redeemed from all 2018 Bonds or such given portion thereof not previously called for redemption, among series and among maturities as directed by the City and by lot within a maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair; provided, however, that if less than all of the 2018 Bonds are called for redemption at any one time, upon the written direction of the City, the City shall specify a reduction in any pending Sinking Account payments.

***Notice of Redemption.*** Notice of redemption shall be mailed by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before any redemption date, to respective Owners of any 2018 Bonds designated for redemption at their addresses appearing on the Registration Books, and to the Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the 2018 Bonds of such series (or all 2018 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and Bond numbers of the 2018 Bonds to be redeemed, the maturity or maturities of the 2018 Bonds to be redeemed and in the case of 2018 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said 2018 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2018 Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the proceedings for such redemption or the cessation of accrual of interest from and after the

redemption date. Notice of redemption of 2018 Bonds shall be given by the Trustee, at the expense of the City, for and on behalf of the City.

With respect to the optional redemption of the 2018 Bonds, the City may instruct the Trustee to include a statement in the notice of such redemption which shall state that such redemption is conditioned upon the receipt by the Trustee on or before the date fixed for such redemption of sufficient funds for such purpose. In the event that sufficient funds shall not have been deposited with the Trustee on or before the date fixed for redemption, the Trustee shall promptly notify the Owners in the same manner in which notice was sent that such redemption is cancelled and the notice thereof shall be deemed to be cancelled and rescinded.

***Effect of Redemption.*** Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2018 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2018 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2018 Bonds so called for redemption shall cease to accrue, said 2018 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said 2018 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All 2018 Bonds redeemed pursuant to the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed.

### **Book-Entry Only System**

The 2018 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the 2018 Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2018 Bonds. Purchasers of the 2018 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See “APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for further information regarding DTC and the book-entry system.

### **BOND INSURANCE**

[TO COME]

### **SECURITY FOR THE 2018 BONDS**

#### **Pledge of Net System Revenues**

***First and Exclusive Lien on Net System Revenues.*** Under the Indenture, the City transfers, places a charge upon, assigns and sets over to the Trustee, for the benefit of the Owners, that portion of the Net System Revenues which is necessary to pay the principal of and interest on the 2018 Bonds in any Fiscal Year, together with all moneys on deposit in the Debt Service Fund, and such portion of the Net

System Revenues is irrevocably pledged to the punctual payment of the principal or Redemption Price of and interest on the 2018 Bonds. The Net System Revenues may not be used for any other purpose while any of the 2018 Bonds remain Outstanding, except that out of Net System Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by the Indenture, including Additional Obligations. See “SECURITY FOR THE 2018 BONDS – Additional Obligations.” This pledge constitutes a first, direct and exclusive charge and lien on the Net System Revenues for the payment of the principal of and interest on the 2018 Bonds in accordance with the terms thereof.

***Net System Revenues.*** The Indenture defines Net System Revenues as the amount of the System Revenues received from the Wastewater System during such period, less the amount of Maintenance and Operation Costs of the Wastewater System becoming payable during such period.

“System Revenues” means, for any Fiscal Year or other period, all rates, fees, and charges received for, and all other income and receipts derived by the City from, the operation of the Wastewater System or arising from the Wastewater System, determined in accordance with generally accepted accounting principles, including all proceeds of insurance covering business interruption loss relating to the Wastewater System, investment earnings on such amounts, and all other money howsoever derived by the City from the operation of the Wastewater System or arising from the Wastewater System; provided, however, that System Revenues shall include fees and charges collected during such Fiscal Year or other period, but only to the extent that such fees and charges could be properly expended on a Wastewater System Project for which the proceeds were used or are available to be used.

“Maintenance and Operation Costs” means, for any Fiscal Year or other period, the reasonable and necessary costs spent or incurred by the City for maintaining and operating the Wastewater System, calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including Administrative Costs, salaries and wages of employees, payments to employee retirement systems (to the extent paid from System Revenues), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, or engineers, and insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the 2018 Bonds, this Indenture, or any Additional Obligations, including any amounts required to be deposited in the Rebate Fund pursuant to the Tax Certificate, but excluding in all cases (i) depreciation and replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions, or improvements to the Wastewater System, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation, (iv) charges for the payment of principal and interest on any general obligation bond heretofore or hereafter issued for Wastewater System purposes, and (v) charges for the payment of any debt service on the Obligations or on any obligation subordinate to the Obligations.

### **Existing Additional Obligations**

The City of Oxnard Financing Authority (the “Authority”) previously issued its Wastewater Revenue Refunding Bonds, Series 2013 and Wastewater Revenue Refunding Bonds, Series 2014 (collectively, the Prior Bonds”), currently outstanding in the aggregate principal amount of \$\_\_\_\_\_. The Prior Bonds are secured by installment payments payable by the City under their respective installment purchase agreements (the “Existing Additional Obligations”). Such installment payments are secured by Net System Revenues on a parity with the 2018 Bonds.

## Wastewater Revenue Fund

In order to carry out and effectuate the pledge and lien of Net System Revenues to payment of debt service on the 2018 Bonds, the City will covenant and agree in the Indenture that all System Revenues, when and as received, will be held by the City in trust and will be deposited by the City in its Wastewater Revenue Fund (the "Wastewater Revenue Fund") and will be accounted for through and held in trust in the Wastewater Revenue Fund, and the City will only have such beneficial right or interest in any of such money as provided in the Indenture. All System Revenues will be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

All System Revenues will be transferred, disbursed, allocated and applied solely to the uses and purposes set forth below:

(1) Operating Costs. The City will first pay from the moneys in the Wastewater Revenue Fund the Maintenance and Operation Costs as such costs become due and payable.

(2) Debt Service Fund. On or before the second Business Day prior to each Interest Payment Date, beginning the second Business Day prior to June 1, 2019, the City will transfer from the Wastewater Revenue Fund to the Trustee for deposit in the Debt Service Fund, which the Trustee will establish and maintain, the following amounts:

(i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date, plus

(ii) beginning June 1, 20\_\_\_\_, an amount equal to the aggregate amount of Principal Installments (including any Sinking Fund Installments) becoming due and payable on all Outstanding Bonds on the next succeeding Principal Installment Date.

All interest earnings and profits or losses on the investment of amounts in the Debt Service Fund (described below) shall be deposited in or charged to the Debt Service Fund and applied to the purposes thereof. No transfer and deposit need be made into the Debt Service Fund if the amount contained therein, taking into account investment earnings and profits, is at least equal to the Interest Requirement or Principal Installments to become due on the next Interest Payment Date or Principal Installment Date upon all Outstanding Bonds.

(3) Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner described above in subsections (1) and (2), any moneys remaining in the Wastewater Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

## Debt Service Fund

The Indenture provides that the Trustee will establish and maintain a Debt Service Fund.

Prior to each Interest Payment Date, the Trustee will withdraw from the Debt Service Fund an amount equal to the Interest Requirement payable on such Interest Payment Date, and will cause this amount to be applied to the payment of interest when due. Prior to each Principal Installment Date, the Trustee will withdraw from the Debt Service Fund an amount equal to the principal amount of the Outstanding Serial Bonds, if any, maturing on that Principal Installment Date, and will cause the same to be applied to the payment of the principal of 2018 Bonds when due.



## Reserve Account

A Reserve Account will be established under the Indenture for the 2018 Bonds in an amount equal to the Reserve Requirement. The “Reserve Requirement” is defined as an amount equal to, at any date of determination, the least of (i) ten percent (10%) of the original par amount of the 2018 Bonds, (ii) Maximum Annual Debt Service with respect to the 2018 Bonds, or (iii) 125% of average annual debt service on the 2018 Bonds; provided, further that the City may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

The City will satisfy the Reserve Requirement with respect to the 2018 Bonds by depositing the Reserve Policy (as defined herein) in the Reserve Account in accordance with the Indenture.

In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee will promptly notify the City of such fact. Promptly upon receipt of any such notice, the City will transfer to the Trustee an amount sufficient to maintain the Reserve Requirement of the Reserve Account. If there will then not be sufficient Net System Revenues on deposit in the Wastewater Revenue Fund to transfer an amount sufficient to maintain the Reserve Requirement of the Reserve Account, the City will be obligated to continue making transfers as Tax Revenues become available in the Wastewater Revenue Fund until there is an amount sufficient to maintain the Reserve Requirement of the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there will be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of the 2018 Bonds then Outstanding, except that so long as the City is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each June 1 and December 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and will be transferred either (i) to the Interest Account, the Principal Account and Sinking Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the City will have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then, at the Request of the City, such amount will be transferred as directed by the City.

The Reserve Requirement with respect to the 2018 Bonds will be satisfied by the delivery of the Reserve Policy to the Trustee. The Trustee will credit the Reserve Policy to the Reserve Account. Under the terms and conditions of the Reserve Policy, the Trustee will deliver to the Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee will comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Account and applied for the purposes thereof. The City will reimburse the Insurer for all draws under Reserve Policy in accordance with the terms of the Reserve Policy and the Indenture.

The City is not obligated to replace Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2018 Bonds are Outstanding, amounts are not available under the Reserve Policy other than in connection with a draw on the Reserve Policy.

## Rate Covenants

The City will make the following covenants in the Indenture with respect to Charges for the Wastewater System:

The City will fix, prescribe, and collect fees, rates, and charges for the Wastewater System which will be at least sufficient to yield during each Fiscal Year Net System Revenues equal to the sum of

(a) one hundred percent (100%) of the Debt Service for such Fiscal Year and the amounts, if any, then due and owing to the Insurer under the Reserve Policy, if applicable, plus

(b) the amount by which the amount on deposit in the Wastewater Revenue Fund on the last day of the immediately preceding Fiscal Year was less than twenty-five percent (25%) of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges Additional Obligations

Under the Indenture the City may issue “Additional Obligations” (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the City payable from and secured by a pledge of and lien upon any of the Net System Revenues) only in compliance with the following conditions.

***Additional Obligations and Indebtedness.*** In addition to the 2018 Bonds, the City may, by a “Additional Obligations Instrument” (as defined in Appendix A), issue or incur other loans, advances or indebtedness payable from Net System Revenues to be derived from the Wastewater System, to provide financing for the Wastewater System, in such principal amount as may be determined by the City. The City may issue or incur any such Additional Obligations subject to the following specific conditions:

(a) there will not have occurred and be continuing an Event of Default under the terms of this Indenture.

(b) the City obtains or provides a certificate or certificates prepared by a Consultant showing that

(i) the Net System Revenues as shown by the books of the City for the twelve (12) calendar months ending prior to the incurring of such Additional Obligations shall have amounted to at least the sum of (x) one hundred percent (100%) of Debt Service for such twelve (12) calendar month period, plus (y) the amount by which the amount on deposit in the Wastewater Revenue Fund on the date prior to the first day of such twelve (12) calendar month period was less than twenty-five percent (25%) of Maximum Annual Debt Service; for purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the City, which have not been subject to audit by an Independent Certified Public Accountant if audited financial statements for the Fiscal Year or period are not available;

(ii) the estimated Net System Revenues for the twelve (12) calendar months following the date of incurring such Additional obligations will be at least equal to one hundred percent (100%) of Debt Service on all Obligations to be outstanding immediately after the incurring of such Additional Obligations; and



(iii) the amount on deposit in the Wastewater Revenue Fund on the date of incurring such Additional Obligations is at least equal to twenty-five percent (25%) of Maximum Annual Debt Service as of the date of incurring of such Additional Obligations.

(c) For purposes of the computations to be made as described above, the determination of the Net System Revenues:

(i) may take into account any increases in rates and charges that relate to the Wastewater System and will take into account any reduction in such rates and charges that will be effective prior to or at the time of incurring such proposed Additional Obligations;

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

(iii) for the period contemplated by clause (ii) above, Maintenance and Operation Costs of the Wastewater System will be deemed to be the same as for the period for which a calculation is done pursuant to clause (i) above, but adjusted, if deemed necessary by the Consultant, for any increased Maintenance and Operation Costs of the Wastewater System which are, in the judgment of the Consultant, essential to maintaining and operating the Wastewater System, including any additions or betterments thereto to be made with the proceeds of such Additional Obligations.

The certificate or certificates described above will not be required if the Additional Obligations being incurred are for the purpose of refunding then outstanding Obligations and at the time of the incurring of such Additional Obligations a certificate of an Authorized Official will be delivered showing that Maximum Annual Debt Service on all outstanding Obligations after the incurring of such Additional Obligations will not exceed Maximum Annual Debt Service on all Obligations outstanding prior to the incurring of such Additional Obligations.

### **Eminent Domain Proceeds**

The Indenture provides that if all or any part of the Wastewater System is taken by eminent domain proceedings, the City will deposit all Net Proceeds with the Trustee in a special fund in trust and apply those funds to the cost of acquiring or constructing or financing Improvements to the Wastewater System if the following conditions are met:

(a) the City first secures and files with the Trustee a Certificate of the City showing (i) the estimated loss in annual Net System Revenues, if any, suffered, or to be suffered, by the City by reason of such eminent domain proceedings, (ii) a general description of the Improvements to the Wastewater System then proposed to be acquired or constructed by the City from such Net Proceeds, and (iii) an estimate of the additional Net System Revenues to be derived from such Improvements; and

(b) the Trustee, on the basis of such Certificate of the City, determines that such additional Net System Revenues will sufficiently offset the loss of Net System Revenues, resulting from such eminent domain proceedings so that the ability of the City to meet its obligations under the Indenture will not be substantially impaired, which determination will be final and conclusive.

If these conditions are met, the City will then promptly proceed with the acquisition or construction or financing of such Improvements substantially in accordance with such Certificate of the

City and payments therefor will be made by the Trustee from such Net Proceeds and from other moneys of the City lawfully available therefor, and any balance of such Net Proceeds not required by the City for these purposes will be deposited in the Wastewater Revenue Fund.

If these conditions are not met, then such Net Proceeds will be held in trust by the Trustee and applied to the payment of the 2018 Bonds of such Series as they become due by their terms, and, pending such application, such remaining moneys may be invested by the Trustee in the manner provided in the Indenture.

### **Casualty Insurance Proceeds**

The City will covenant in the Indenture that it will at all times maintain such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Wastewater System is damaged or destroyed, such part will be restored to use.

The Net Proceeds of insurance against accident to or destruction of the physical Wastewater System will be used for repairing or rebuilding the damaged or destroyed portions of the Wastewater System (to the extent that such repair or rebuilding is determined by the City to be useful or of continuing value to the Wastewater System), and to the extent not so applied, will be held in trust by the Trustee and applied to the payment of the 2018 Bonds of such Series as they become due by their terms, and, pending such application, such remaining moneys may be invested by the Trustee in the manner provided in the Indenture.

Any such insurance must be in the form of policies or contracts for insurance with insurers of good standing and will be payable to the City, or may be in the form of self-insurance by the City. The City will establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.

## **THE WASTEWATER SYSTEM**

### **General**

The Wastewater System provides wastewater treatment services for the residents of Oxnard, the neighboring City of Port Hueneme, the Channel Island Beach Community Services District, Las Posas Estates, the Naval Base Ventura County (Port Hueneme and Point Mugu), and other smaller unincorporated areas of Ventura County. Its principal facilities consist of the secondary wastewater treatment plant (the "Treatment Plant") and an ocean outfall.

The City provides wastewater collection services for the residents and businesses. The City wastewater collection system includes approximately 430 miles of sewer pipelines and 15 wastewater pump stations.

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

Plant that resulted in the Treatment Plant's then reported design capacity of 22.6 million gallons per day ("MGD").

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

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

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

## Governance

The Wastewater System is operated by the Wastewater Division (the "Wastewater Division"), a unit of the Utility Services Branch of the City's Public Works Department. The Wastewater Division employs a staff of 72 full time equivalent employees. The Utility Services Branch's management team consists of a Utility Services Manager (acting in the capacity of Assistant Public Works Director), a Wastewater Division Manager, a Wastewater Operations Manager, a Wastewater Collection and Maintenance Manager and a Technical Services Manager. The Utility Services Manager is responsible for the overall management of the Wastewater Division, as well as the water section of the City's Water Resources Division. The Wastewater Division Manager reports directly to the Utility Services Manager. The Wastewater Division Manager manages, coordinates, and directs the operation and maintenance of the wastewater and storm water programs. The Wastewater Operations Manager maintains full secondary wastewater treatment plant to meet regulatory compliance and prevent beach pollution. The Wastewater Collection and Maintenance Manager maintains the City's wastewater treatment plant, 400 miles of wastewater collection system and 15 sewer lift stations. The Technical Services Manager provides regulatory compliance oversight to the City's industrial and business community, and regional customers.

### [PROVIDE BIOS OF CITY MANAGER AND CHIEF FINANCIAL OFFICER]

*Public Works Director.* Rosemarie Gaglione serves as the Public Works Director and oversees \$200 million annual budget and 470 staff members. Ms. Gaglione has over 30 years of experience in managing Public Works Department, including streets, engineering, parks, fleet, maintenance, water, wastewater, recycled water, storm water, and environmental resources divisions. Ms. Gaglione is a registered Professional Civil Engineer in the State of California. [HOW MANY YEARS WITH THE CITY?]

*Assistant Public Works Director.* Thien Ng serves as the Assistant Public Works Director and has over 28 years of experience in managing public works utilities, including water, wastewater, recycled water, storm water, and environmental resources facilities. Mr. Ng has extensive experience in planning, design, and construction of public utility facilities. Mr. Ng is a registered Professional Civil and Chemical Engineer in the State of California. [HOW MANY YEARS WITH THE CITY?]

*Wastewater Division Manager.* Jan Hauser serves as the Wastewater Division Manager and has over 35 years of experience in managing water and wastewater utilities. Mr. Hauser oversees Wastewater Division \$30 million annual budget and 72 staff members. Mr. Hauser has a Bachelor of Science degree in electrical engineering from Michigan University and a Master of Science degree in Civil and

Environmental Engineering from University of California, Davis. [HOW MANY YEARS WITH THE CITY?]

### Employees and Employee Benefits

The wastewater collection, operations, maintenance, source control, and storm water staff members are represented by the International Union of operating Engineers (“IUOE”). The current memorandum of understanding between the City and IUOE expires on September 30, 2019.

The administrative, laboratory technician, and laboratory assistant staff members are represented by Service Employees International Association (“SEIU”). The current memorandum of understanding between the City and SEIU expires on June 30, 2019.

The managers and supervisors are represented by Oxnard Mid Manager’s Association (“OMMA”). The current memorandum of understanding between the City and OMMA expires on September 30, 2019.

See Appendix F for information with respect to the City’s pension plans and other post-employment benefits. Currently the Wastewater System is responsible for approximately \_\_\_\_% of the total benefit costs.

### Service Area and Customers

The Treatment Plant currently serves a population of over 230,000 with an average flow of about 23.73 MGD. The following table shows the history of flow through the Treatment Plant, broken down according to its three major user groups, for fiscal years 2013-14 through 2017-18.

**TABLE \_\_\_\_**  
**OXNARD WASTEWATER TREATMENT PLANT**  
**AVERAGE DAILY FLOW (MILLIONS OF GALLONS PER DAY)**

Fiscal Year	Oxnard	Port Hueneme	Channel Island Beach CSD	Las Posas Estates	Naval Base Ventura County	Other Unincorporated	Total
2013-14	19.67	1.23	0.92	0.16	0.67	0.49	23.14
2014-15	18.64	1.26	0.92	0.16	0.65	0.44	22.07
2015-16	16.78	1.19	0.92	0.16	0.61	0.43	20.09
2016-17	17.22	2.07	0.92	0.16	0.52	0.43	21.32
2017-18	19.25	2.30	0.92	0.16	0.65	0.45	23.73

Source: City of Oxnard

As of December 31, 2017, the Wastewater System had 39,580 active service accounts, of which 37,062 are residential, 2,485 are commercial, and 33 are industrial. The following table shows the annual growth in the number of the Wastewater System's active service accounts since December 31, 2013.

**TABLE \_\_\_\_**  
**WASTEWATER SYSTEM**  
**ACTIVE SERVICE ACCOUNTS**

<b><u>Date</u></b>	<b><u>Residential</u> <u>Accounts</u></b>	<b><u>Commercial</u> <u>Accounts</u></b>	<b><u>Industrial</u> <u>Accounts</u></b>	<b><u>Total</u> <u>Accounts</u></b>	<b><u>Percentage</u> <u>Increase</u></b>
12/31/13	36,378	2,503	25	38,906	--
12/31/14	36,636	2,497	24	39,156	0.6
12/31/15	36,745	2,489	33	39,266	0.3
12/31/16	36,970	2,492	31	39,493	0.6
12/31/17	37,062	2,485	33	39,580	0.2

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Source: City of Oxnard

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The Wastewater System's 10 largest wastewater customers in order of billing for the fiscal year ending June 30, 2018 are listed in the following table:

**TABLE \_\_\_\_**  
**WASTEWATER SYSTEM**  
**TEN LARGEST CUSTOMERS BY ORDER OF BILLING**  
**FOR TWELVE-MONTH PERIOD ENDING JUNE 30, 2018**

<u>Customer Name</u>	<u>Twelve-Month Billing Through June 30, 2018</u>	<u>Percent of Total Revenue</u>
Procter & Gamble Paper Product	\$1,192,148	3.32%
City of Oxnard Desalter	738,052	2.06
Boskvich Farms	467,723	1.30
New Indy Containerboard	402,177	1.12
CBC Naval Base – Port Hueneme	391,306	1.09
Sunrise Growers, Inc	269,282	0.75
J M Smucker Company	196,813	0.55
Puretec	194,116	0.54
Terminal Freezer	157,232	0.44
Gills Onions	<u>156,951</u>	<u>0.44</u>
<b>Total:</b>	<b>\$4,165,800</b>	<b>11.61%</b>

Source: City of Oxnard

### Capital Improvement Plan

The City's wastewater utility has planned for the renewal, replacement, and improvement of capital facilities and infrastructure to meet current and future system needs. These capital requirements can be financed from ongoing, annual appropriations, or financed through the sale of revenue bonds. In the case of bond financing, the resulting debt service becomes an annual requirement for the purpose of calculating wastewater utility user fees.

The City has identified a back log of capital improvements that must be addressed to reduce risk associated with the wastewater facilities, increase operational efficiency and reliability, address issues of sustainability and performance, and respond to increasing regulatory requirements. The City Public Works Integrated Master Plan (the "Master Plan"), prepared in May 2017, found significant deficiencies that warrant many repairs and replacements to the City's existing treatment plant.

After the completion of the Master Plan, the City began developing a refined Capital Improvement Plan ("CIP") for the next 10 years. At the time the Master Plan was prepared, the ten-year CIP included \$309 million in treatment plant and collections systems projects aimed at addressing emergency concerns and rehabilitating or replacing aging infrastructure. The projects included in the CIP are split into 3 categories by priority and timing of implementation.

In years 1 and 2, the City plans to repair high risk facilities which have been identified as health and safety concerns or urgent need to maintain plant functionality.

For years 3 through 5 the City has planned rehabilitation activities necessary to maintain required minimum redundancy and treatment facilities.

For years 6 through 10 the City plans to abandon older facilities that have reached the end of their useful life (1975 or older), repurpose and renew other facilities to provide a modern treatment process (such as membrane bioreactor or other technology), and make efficiency improvements including reduced pumping and more efficient treatment equipment.

## **Insurance**

[TO COME]

## **Environmental Compliance**

On July 16, 2017, the Treatment Plant experienced a power outage from Southern California Edison. The wastewater treatment plant is equipped with emergency standby generators but the generators failed to transfer electrical load into the wastewater treatment plant electrical system. During the power outage, some of the treated primary effluent was bypassed into the chlorine contact tank (“CCT”) which comingled with the treated secondary effluent in the CCT and discharged into the ocean outfall pipeline. The City immediately conducted sampling and posted warning signs at the beach areas. No beach contaminations were observed. On August 29, 2017, the Los Angeles Regional Water Quality Control Board (Regional Board) issued a notice of violation (“NOV”) to the City. The reason for the NOV is because the Treatment Plant violated the National Pollution Discharge Elimination System permit of unauthorized bypass of primary treated effluent. The NOV states what the Regional Board's legal options are regarding a potential fine, but the NOV does not state—and City staff does not at this time otherwise know—what amount, if any, the Regional Board plans to fine the City and what possible alternative actions, if any, the Regional Board is considering.

## **Sources of Wastewater System Revenues**

The Wastewater System has two main sources of revenues: (i) monthly wastewater user charges billed and paid according to separate rate schedules for residential, commercial and industrial accounts and (ii) wastewater connection fees billed and paid prior to the issuance of any building permit for the construction of new residential, commercial or industrial structures in the City.

## **Wastewater Rates and Charges**

The Wastewater System’s monthly wastewater usage rates and charges are adopted by the City Council of the City and are not subject to review by any state or local governmental agency. On May 23, 2017, the City Council adopted annual wastewater rates fiscal years 2017-18 through FY 2021-22. Through Ordinance No. 2917, the adopted rates provide for 5.25% annual increases commencing on July 1, 2017 and then on January 1 of each year commencing January 1, 2018 through January 1, 2021. The adopted wastewater rates were set based on the findings and projections provided in the Wastewater Cost of Service Study completed in March 2017. See “LITIGATION – Measure M.”

Furthermore, after notice is provided as required by law, the adopted rates are automatically adjusted over a fix-year period for inflation in the cost of operating the Wastewater System that exceed the forecasted inflation contained in the Wastewater Cost of Service Study.

The City of Port Hueneme, the Channel Island Beach Community Services District and the Naval Base Ventura County (Port Hueneme and Point Mugu) have reserved a portion (\_\_\_\_%) of the Treatment



Plant's capacity. The City calculates the operation and maintenance costs of the Treat Plant and determines the regional partners' share of such operation and maintenance costs. Currently, the regional partners are responsible for 14.25% of the treatment costs of the Treatment Plant. The City charges monthly wastewater discharge, monthly biological oxygen demand discharge and monthly suspended solids discharge fees based on the amount of flow and loads discharged to the Treatment Plant.

Residential usage rates are levied on the basis of a flat monthly fee, currently \$31.53 per month for single family detached residential units and variable rate fees based on 60% or 80% of metered potable water consumption depending on lot size. Similarly, multi-family customers are charged a flat monthly fee of \$23.07 per unit for one to six units and \$11.50 per unit for seven or more units and variable rate fees based on 90% of metered potable water consumption. Residents of Las Posas are located outside of the City limit and are not charged additional rate fees. Only fixed charges are levied to Las Posas residents. Single-family residential dwelling units located in Las Posas are charged a flat monthly fee of \$83.32. Multi-family residential dwelling units located in Las Posas are charged a flat monthly fee of \$58.18. As of January 1, 2018, variable rate fees are as follows:

**TABLE \_\_\_\_**  
**CITY OF OXNARD MONTHLY WASTEWATER USAGE RATES**  
**RESIDENTIAL CUSTOMERS**  
(Rate Per Hundred Cubic Feet)

<u><b>Type of Customer</b></u>	<u><b>Usage Rate</b></u>
<b>Single Family Residential</b>	
0 to 9 HCF/Mo.	\$2.06
>9 to 18 HCF/Mo.	2.29
>18 HCF/Mo.	3.19
<b>Single Family Residential (Large Lots) <sup>(1)</sup></b>	
0 to 16 HCF/Mo.	\$2.06
>16 to 25 HCF/Mo.	2.29
>25 HCF/Mo.	3.19
<b>Multifamily, Multi-Unit Residential</b>	
0 to 6 HCF/Mo. <sup>(2)</sup>	\$1.67
>6 to 12 HCF/Mo. <sup>(2)</sup>	1.87
>12 HCF/Mo. <sup>(2)</sup>	2.60

<sup>(1)</sup> Rate per hundred cubic feet.

<sup>(2)</sup> Tiers for multifamily/multi-unit residential wastewater rates are variable and are determined by multiplying each tier by the number of units.

Source: City of Oxnard

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Commercial and industrial customers are billed on either a formula basis that includes both flow and water quality characteristics or a non-formula basis determined by a percentage of metered potable consumption.

**TABLE \_\_\_\_**  
**CITY OF OXNARD MONTHLY WASTEWATER USAGE RATES**  
**COMMERCIAL AND INDUSTRIAL CUSTOMERS**

**INDUSTRIAL FORMULA**

<b><u>Category</u></b>	<b><u>Rate</u></b>
Flow Rate	\$3,222.23 per Million Gallons
BOD Rate	734.22 per Thousand Pounds
SS Rate	580.67 per Thousand Pounds

**COMMERCIAL FORMULA**  
Rate Per Hundred Cubic Feet

<b><u>Type of Customer</u></b>	<b><u>Usage Rate</u></b>
<b>Commercial/School<sup>(1)</sup></b>	
0 to 50 HCF/Mo.	\$3.68
>50 to 930 HCF/Mo.	4.59
> 930 HCF/Mo.	9.18
<b>Restaurant<sup>(2)</sup></b>	
0 to 20 HCF/Mo.	\$3.68
>20 to 160 HCF/Mo.	4.59
>160 HCF/Mo.	9.18
<b>Laundry/Laundromat<sup>(3)</sup></b>	
0 to 105 HCF/Mo.	\$3.68
>105 to 525 HCF/Mo.	4.07
> 525 HCF/Mo.	5.07
<b>Los Posas Commercial/Institutional<sup>(1)</sup></b>	
0 to 50 HCF/Mo.	\$3.68
>50 to 930 HCF/Mo.	4.07
> 930 HCF/Mo.	5.07

<sup>(1)</sup> Variable charge based on 85% of metered potable water consumption.

<sup>(2)</sup> Variable charge based on 80% of metered potable water consumption.

<sup>(3)</sup> Variable charge based on 90% of metered potable water consumption.

Source: City of Oxnard

A minimum monthly fee is charged to commercial customers and schools as follows:

<u>Type of Customer</u>	<u>Fee</u>
Commercial	\$20.95
Restaurant	19.43
Laundry	96.38
School	73.52

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Source: City of Oxnard

The following table shows how the City's fiscal year 2017-18 monthly wastewater usage charges for single family detached-unit residential customers compared with the monthly rates of some of its neighboring cities as of August 17, 2018:

**TABLE \_\_\_\_**  
**WASTEWATER SYSTEM**  
**COMPARABLE MONTHLY WASTEWATER USAGE CHARGE FOR**  
**AVERAGE SINGLE FAMILY DETACHED-UNIT RESIDENTIAL CUSTOMER**

<u>City</u>	<u>Rate</u>
Moorpark (VC District)	\$ 26.00
Thousand Oaks	29.07
Port Hueneme	36.00
Simi Valley	36.08
<b><i>Oxnard</i></b>	<b><i>46.36</i></b>
Ventura (City of)	46.84
Camarillo	53.65
Ojai Valley Sanitation Distr.	57.60
Channel Islands	67.25
Santa Paula	85.39
Fillmore	103.36

---

Source: City of Oxnard

The average residential customer wastewater charge for the City is within the range of charges by neighboring cities. The differences in average charges can be attributed to the level of capital improvements to the Wastewater System's facilities, including the Treatment Plant, and the flatness of the terrain which impacts the frequency sewer cleaning and the need for pump stations.

### **Wastewater Connection Fees**

The City Council of the City also periodically establishes wastewater connection fees which are also not subject to review by any state or local government agency. These fees consist of a wastewater treatment plant component (Treatment Facility Related Infrastructure Fee) and a wastewater conveyance system component (Conveyance Facility Related Connection Fee). Ordinance No. 2709 (read on November 22, 2005 and adopted on December 6, 2005) permitted the City Council to adopt the following schedule of wastewater connection fees, which have not been revised since their effective date:

**TABLE \_\_\_\_**  
**WASTEWATER SYSTEM**  
**SCHEDULE OF CONNECTION FEES**

**METER EQUIVALENCY FACTORS**

<u>Meter Size</u>	<u>Meter Equivalency Factor</u>
5/8", 3/4"	1
1"	2
1-1/2"	3
2"	5
3"	11
4"	17
6"	33
7"	53
10"	113
12"	180

---

Source: City of Oxnard

- A. Treatment Facility Related Infrastructure Fee shall be paid which shall be the sum of the Flow, Biological Oxygen Demand (BOD) and Suspended Solid (SS) charges, based upon the following schedule:

1. Flow Charges (Utilizing Equivalency Factors for Water Meter Size)

<u>Volume</u>	<u>Rate</u>
All Users Meter Equivalency Factor X	\$1,627.00

2. Biological Oxygen Demand (BOD) Charges (Utilizing Equivalency Factors for Strength and Meter Size)

	<u>Strength</u>	<u>Rate</u>
Single Family Residential	1 X Meter Equiv. Factor X	\$1,235.00
	Non-Formula Commercial Class Users:	
Other	1 X Meter Equiv. Factor X	\$1,235.00
Laundries	1.6 X Meter Equiv. Factor X	\$1,235.00
Restaurants	2 X Meter Equiv. Factor X	\$1,235.00
All Formula Users	2 X Meter Equiv. Factor X	\$1,235.00

3. Suspended Solids (SS) Charges (Utilizing Equivalency Factors For Strength and Meter Size)

	<u>Strength</u>	<u>Rate</u>
Single Family Residential	1 X Meter Equiv. Factor X	\$936.00
	Non-Formula Commercial Class Users:	
Other	1.3 X Meter Equiv. Factor X	\$936.00
Laundries	1 X Meter Equiv. Factor X	\$936.00
Restaurants	3.2 X Meter Equiv. Factor X	\$936.00
All Formula Users	3.4 X Meter Equiv. Factor X	\$936.00

4. Meter Equivalency Factors for Residential Other Than Detached Single Family Dwellings for Which a Common Meter is Permissible

For residential units which can be serviced with a common meter, the fees shall be according to an average occupancy factor as follows.

Mobile Home Parks -  $1.9/3.3$  X number of mobile home spaces plus equivalency factor for meter that would be required for common facilities that require wastewater service.

Apartments -  $2.4/3.3$  X number of service connections plus equivalency factor for meter that would be required for common facilities that require wastewater service.

- B. In addition to the above, the Conveyance Facility Related Connection Fee shall be charged as follows:

For All Connections

For any connection to the wastewater conveyance system, the fee shall be determined by the size of the water meter needed to serve the development, based on a charge of \$1,458.00 per water meter equivalency factor as described in Section A and as noted below for all but mobile homes, and apartments:

Meter Equivalency Factors for Residential Other than Detached Single-Family Dwellings for Which a Common Meter is Permissible

For residential units which can be serviced with a common meter the fees shall be according to a calculated factor as follows.

Mobile Home Parks -  $1.9/3.3$  X number of mobile home spaces plus equivalency factor for meter that would be required for common facilities that require wastewater service.

Apartments -  $2.4/3.3$  X number of service connections plus equivalency factor for meter that would be required for common facilities that require wastewater service.

## **Billing and Collection Procedures and Delinquencies**

[Customers are billed on a monthly basis for approximately 30 day periods. Bills are due upon presentation and are considered delinquent after 21 days. If the amount due is unpaid after 30 days, a late charge of 10% of the current charges is assessed. When late charges are assessed, a late notice is mailed to the customer stating the date their service will be terminated if the account is not brought current. The customer is allowed 14 days after the notice is mailed to pay, or service will be terminated. Two working days prior to termination of service, a notice of closure is delivered to the service address and a notice fee of \$[11.00] is charged to the account. If the customer still does not pay, service is terminated and a turn-off fee of \$[64.00] is charged to the account. The customer must pay outstanding fees and charges before water service is restored. Delinquencies during the past five years have been approximately 1.88% of the amount billed to customers.] *[Update]*

## Financial Information

*Financial Statements.* A copy of the most recent audited financial statements (the “Financial Statements”) of the City, including information on the Water System, prepared by the City’s Finance Department and audited by \_\_\_\_\_ (the “Auditor”) is included as Appendix B hereto. The Auditor’s letter concludes that the Financial Statements present fairly, in all material respects, the financial position of the City as of June 30, 2017, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. The Financial Statements should be read in their entirety with particular emphasis on those pages dealing with the City’s enterprise funds. The Auditor has not reviewed or audited this Official Statement.

The summary historical operating results contained under “Historical and Projected Operating Results and Debt Service Coverage” are derived from the Financial Statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto. The Auditor has not reviewed or audited the summary operating results or any other portion of this Official Statement.

### Historical and Projected Operating Results and Debt Service Coverage

The following tables show a five-year historical summary of the Wastewater System’s operating results for fiscal years 2012-13 through 2016-17, together with the estimated figures for fiscal year 2017-18 and projected figures for fiscal years 2018-19 through 2022-23. All projected revenues include only previously approved rate increases. The City Council adopted wastewater rates that provide for 5.25% annual increases through the projected period shown. Operating expenditures are projected to grow between 2% and 3% depending on the type of expense. Depreciation expenses are not included in budgeted and future years.

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**TABLE \_\_\_\_\_**  
**WASTEWATER SYSTEM**  
**HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE<sup>(1)</sup>**

	<u>(Actual)</u> <u>2012-13</u>	<u>(Actual)</u> <u>2013-14</u>	<u>(Actual)</u> <u>2014-15</u>	<u>(Actual)</u> <u>2015-16</u>	<u>(Actual)</u> <u>2016-17</u>
<b>OPERATING REVENUES</b>					
Charges for Services	\$28,729,237	\$27,593,808	\$28,871,226	\$29,071,061	\$35,888,451
Connection Fees/Development Fees	1,572,676	1,221,482	195,356	480,158	2,509,289
Interest Income	47,455	160,831	94,894	61,596	43,912
Miscellaneous and reimbursements	696,347	2,520,090	3,007,558	1,071,464	1,168,033
<b>Total Operating Revenues</b>	<u>\$31,045,715</u>	<u>\$31,496,211</u>	<u>\$32,169,034</u>	<u>\$30,684,279</u>	<u>\$39,609,685</u>
<b>OPERATING EXPENSES<sup>(2)</sup></b>					
	\$18,763,458	\$19,406,289	\$23,548,005	\$21,786,745	\$20,434,186
<b>NET SYSTEM REVENUES</b>	\$12,282,257	\$12,089,922	\$8,621,029	\$8,897,534	\$19,175,499
<b>ANNUAL DEBT SERVICE</b>					
2003 Bonds	\$3,667,063	--	--	--	--
2004 Series A (Fixed Rate)	4,087,725	4,087,725	\$2,043,863	--	--
2004 Series B Bonds (Variable Rate)	2,040,586	2,053,704	2,074,323	2,049,895	1,998,878
2016 Bonds	796,330	795,530	799,330	797,530	795,330
2013 Bonds	--	3,368,430	3,364,820	3,366,495	3,362,745
2014 Bonds	--	0	1,859,613	3,599,250	3,599,250
<b>Total Annual Debt Service</b>	<u>\$10,591,704</u>	<u>\$10,305,389</u>	<u>\$10,141,948</u>	<u>\$9,813,170</u>	<u>\$9,756,203</u>
<b>DEBT SERVICE COVERAGE RATIO<sup>(3)</sup></b>	1.16	1.17	0.85	0.91	1.97
Wastewater Revenue Fund Cash					
Cash Required at 25% of Maximum Annual Debt Service ("MADS")	\$8,965,061	\$7,458,868	\$8,598,028	\$6,016,659	\$12,173,302
Surplus Cash After 25% MADS Requirement	\$2,647,926	\$2,576,347	\$2,535,487	\$2,471,998	\$2,465,541
	\$6,317,135	\$4,882,521	\$6,062,541	\$3,544,661	\$9,707,761

(1) Totals may not add due to rounding.

(2) Expenses exclude depreciation and capital outlay.

(3) The debt service coverage ratio is calculated by dividing net revenues by the total annual debt service. The debt service coverage ratio does not take into consideration the balance in the Wastewater Revenue Fund for purposes of satisfaction of the City's rate covenant. See "SECURITY FOR THE 2018 BONDS – Rate Covenant."

Source: City of Oxnard

**TABLE \_\_\_\_\_**  
**WASTEWATER SYSTEM**  
**PROJECTED OPERATING RESULTS AND DEBT SERVICE COVERAGE<sup>(1)</sup>**

	(Estimated) <u>2017-18</u>	(Projected) <u>2018-19</u>	(Projected) <u>2019-20</u>	(Projected) <u>2020-21</u>	(Projected) <u>2021-22</u>	(Projected) <u>2022-23</u>
<b>OPERATING REVENUES</b>						
Charges for Services	\$36,062,883	\$39,109,500	\$39,891,690	\$40,689,524	\$41,503,314	42,333,381
Connection Fees/Development Fees	879,831	1,279,500	1,279,500	1,279,500	1,279,500	1,279,500
Interest Income	222,386	209,600	365,822	350,760	626,811	453,600
Miscellaneous and reimbursements	1,219,065	682,200	695,844	713,093	723,957	738,436
<b>Total Operating Revenues</b>	<b>\$38,384,165</b>	<b>\$41,280,800</b>	<b>\$42,232,856</b>	<b>\$43,032,877</b>	<b>\$44,133,582</b>	<b>\$44,804,916</b>
<b>OPERATING EXPENSES<sup>(2)</sup></b>	<b>\$19,985,782</b>	<b>\$21,941,226</b>	<b>\$22,927,198</b>	<b>\$23,469,878</b>	<b>\$24,109,290</b>	<b>\$24,719,247</b>
<b>NET SYSTEM REVENUES</b>	<b>\$18,398,383</b>	<b>\$19,339,574</b>	<b>\$19,305,658</b>	<b>\$19,562,999</b>	<b>\$20,024,292</b>	<b>\$20,085,669</b>
<b>ANNUAL DEBT SERVICE</b>						
2004 Series B Bonds (Variable Rate)	2,098,975	--	--	--	--	--
2006 Bonds	796,943	--	--	--	--	--
2013 Bonds	3,366,995	3,363,495	3,367,245	--	--	--
2014 Bonds	3,599,250	3,599,250	3,599,250	7,274,250	7,270,500	7,272,750
2018 Bonds <sup>(3)</sup>	--	2,810,620	2,475,000	2,168,250	2,168,500	2,171,000
2020 Bonds (Estimated)	--	--	--	3,200,000	3,200,000	3,200,000
<b>Total Annual Debt Service</b>	<b>\$9,862,163</b>	<b>\$9,773,366</b>	<b>\$9,441,495</b>	<b>\$12,642,500</b>	<b>\$12,639,000</b>	<b>\$12,643,750</b>
<b>DEBT SERVICE COVERAGE RATIO<sup>(4)</sup></b>	<b>1.87</b>	<b>1.98</b>	<b>2.04</b>	<b>1.55</b>	<b>1.58</b>	<b>1.59</b>

(1) Totals may not add due to rounding.

(2) Expenses exclude depreciation and capital outlay.

(3) Preliminary; subject to change.

(4) The debt service coverage ratio is calculated by dividing net revenues by the total annual debt service. The debt service coverage ratio does not take into consideration the balance in the Wastewater Revenue Fund for purposes of satisfaction of the City's rate covenant. See "SECURITY FOR THE 2018 BONDS – Rate Covenant."

Source: City of Oxnard

## **BOND OWNERS' RISKS**

The following describes certain special considerations and risk factors affecting the payment of and security for the 2018 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2018 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the 2018 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2018 Bonds. There can be no assurance that other considerations will not materialize in the future.

### **Wastewater System Demand and Growth**

There can be no assurance that the local demand for the services provided by the Wastewater System will be maintained at levels described in this Official Statement under the heading "WASTEWATER SYSTEM." Reduction in the level of demand due to conservation efforts of the City, or other factors, could require an increase in rates or charges in order to produce Net System Revenues sufficient to comply with the City's rate covenant in the Indenture. Such rate increases could increase the likelihood of nonpayment, and could also further decrease demand. There can be no assurance that any other entity with regulatory authority over the Wastewater System will not adopt further restrictions on operation of the Wastewater System.

### **Net System Revenues; Rate Covenants**

Net System Revenues are dependent upon the demand for wastewater services, which can be affected by population factors, regulations, or problems with the City's treatment facilities. There can be no assurance that wastewater service demand will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for wastewater services could require an increase in rates or charges in order to comply with the rate covenants contained in the Indenture. The City's ability to meet its rate covenants is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the 2018 Bonds.

### **City Expenses**

There can be no assurance that expenses of the City will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in quality standards, increases in the cost of operation or other expenses could require substantial increases in rates or charges in order to comply with the rate covenants in the Indenture. Such rate increases could drive down demand for wastewater and related services or otherwise increase the possibility of nonpayment of the 2018 Bonds.

### **[Drought Measures]**

**State Orders.** On January 17, 2014, the California Governor declared a drought state of emergency (the "Declaration") with immediate effect. The Declaration includes the following orders, among others:

(a) local urban water suppliers, including the City, are encouraged to implement their local water shortage contingency plans; the City's plan is discussed under the subcaption "–City Response to Drought;"

(b) local urban water suppliers, including the City, are encouraged to update their urban water management plans to prepare for extended drought conditions;



(c) the California Department of Water Resources (“DWR”) and the State Water Resources Control Board (the “SWRCB”) are directed to expedite the processing of water transfers;

(d) the SWRCB is directed to put water rights holders on notice that they may be required to cease or reduce water diversions in the future;

(e) the SWRCB is directed to consider modifying requirements for reservoir releases or diversion limitations; and (f) DWR is directed to take necessary actions to protect water quality and supply in the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (the “Bay-Delta”), including the installation of temporary barriers or temporary water supply connections, while minimizing impacts to aquatic species. In addition, on July 15, 2014, the SWRCB adopted emergency measures requiring water suppliers to implement mandatory Statewide water conservation actions.

On March 17, 2015, the SWRCB adopted additional emergency regulations limiting outdoor irrigation to two days per week, extending certain measures set forth in the July 15, 2014 action for an additional 270 days, prohibiting outdoor irrigation for 48 hours following rain and prohibiting restaurants from serving water to customers unless requested. It is anticipated that the City will comply with the new regulations through its Water Conservation Ordinance (the “Ordinance”), as discussed under the subcaption “—City Response to Drought.”

On April 1, 2015, the California Governor issued an executive order extending the measures set forth in the Declaration and adopting the following additional orders, among others: (i) the SWRCB is directed to impose restrictions to reduce potable urban water usage, including usage by commercial, industrial and institutional properties and golf courses, by 25% from 2013 amounts through February 28, 2016; portions of a water supplier’s service area with higher per capita use must achieve proportionally greater reductions than areas with lower per capita use; (ii) DWR is directed to lead a statewide initiative to replace 50 million square feet of lawns with drought tolerant landscaping; (iii) the California Energy Commission is directed to implement a rebate program for replacement of inefficient appliances; (iv) urban water suppliers are required to provide monthly water usage, conservation and enforcement information; (v) service providers are required to monitor groundwater basin levels in accordance with California Water Code § 10933; (vi) permitting agencies are required to prioritize approval of water infrastructure and supply projects; and (vii) DWR is required to plan salinity barriers in the Bay-Delta. On May 6, 2015, the SWRCB adopted regulations in response to the Governor’s executive order that require the City to effect a 32% reduction from 2013 water usage. The City has complied with the State mandates on conservation.

On November 13, 2015, the Governor issued Executive Order B-36-15, which calls for an extension of urban water use restrictions until October 31, 2016 should drought conditions persist through January 2016.

On February 2, 2016, the SWRCB extended its previous emergency regulations through October 2016 while making available credits and adjustments of up to 8% in urban water suppliers’ conservation mandates based upon climate, water-efficient growth and investments in drought-resilient supply sources. On May 18, 2016, the SWRCB adopted a statewide water conservation approach that replaces the prior percentage reduction-based water conservation standard with a localized “stress test” approach that mandates urban water suppliers act now to ensure at least a three year supply of water to their customers under drought conditions.

On April 7, 2017, the Governor issued an executive order (the “2017 Executive Order”) which terminates the January 17, 2014 executive order discussed above (except with respect to certain counties within the State) and rescinds the 2015 Executive Order. The 2017 Executive Order continues to require

the SWRCB to develop standards for urban water suppliers to set water use efficiency targets and restrict wasteful water use, as provided in the 2016 Executive Order. Currently, most of Los Angeles County is experiencing severe drought and precipitation was approximately 31% of average through April 2018 for downtown Los Angeles.

***City Response to Drought.*** The City Council has the authority to declare a water shortage and establish corresponding mandatory conservation measures. The City classifies the severity of the water shortage using stages, designated 1 to 4, each of which corresponds to the relative degree to which the City water supply is likely to be reduced.

In response to the State Declaration which required that water suppliers, such as the City, implement mandatory conservation measures by August 1, 2014, the City declared a Stage 2 Water shortage condition within the City and adopted mandatory water conservation measures to address the ongoing severe drought conditions. The resolution was adopted during the July 29, 2014 meeting and became effective immediately. The City's resolution prohibits and imposes a range of water conservation measures that are designed to reduce consumption of potable water in a variety of uses. Failure to comply with the water conservation measures is punishable by a fine of up to \$100 for a first violation; \$200 for a second violation within one year and \$500 for a third and every additional violation within one year. Since the severe drought emergency was lifted in 2017, the City's mandatory water conservation actions have not been enforced but they are still in effect.

When the City Council declares a water shortage, the water rates that are based on volume should be adjusted to reflect the level of severity and corresponding mandatory water conservation percentage reflected in the water shortage condition declaration.

### **Future Land Use Regulations**

Development within the City's service area is contingent upon the future construction and acquisition of a number of public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities and street lighting, as well as the necessary local in-tract improvements. The installation of the necessary infrastructure improvements and the construction of the residential development are subject to the receipt of discretionary approvals from a number of public agencies concerning the layout and design of the development, the nature and extent of the improvements, land use, health and safety requirements and other matters. The failure to obtain any such approval could adversely affect the planned land development within the City.

In addition, there can be no assurance that land development operations within the City will not be adversely affected by future government policies, including, but not limited to, governmental policies to restrict or control development.

### **Proposition 218**

[On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 also extends the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes, assessments, fees and charges imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees or charges, except those which are pledged to the repayment of debt. If such a repeal or reduction in City

fees or charges were to occur, and it was held that any such taxes, assessments, fees or charges were not pledged to any debt repayment, the City's ability to pay debt service could be adversely affected.

In addition, while the matter is not free from doubt, Proposition 218 imposed restrictions on the levy of charges for "property-related services." In July 2006 the California Supreme Court confirmed that a public agency's charges for ongoing water delivery are "fees and charges" within the meaning of Proposition 218. As a result, voters within the boundaries of the City could adopt an initiative measure that reduced or repealed water rates and charges levied by the City, although it is not clear (and has not been determined by State courts) whether such action would be enforceable where such fees and charges are pledged to the repayment of indebtedness.

The City believes that its fees for water service will not be adversely affected by the application of the procedural requirements of Proposition 218, and that Proposition 218 would not have any immediate adverse effect on its ability to operate its Wastewater System. However, there can be no assurance of the availability of remedies to protect fully the interest of the holders of the 2018 Bonds. In addition, Proposition 218 affects the levy of rates and charges of certain public agency customers of the City.] *[Under review]*

### **Constitutional Limit on Appropriations, Fees and Charges**

If a portion of the Wastewater System rates or connection charges were determined by a court to exceed the reasonable costs of providing service, any fee which the City charges may be considered to be a "special tax," which under Articles XIII A or XIII D of the California Constitution must be authorized by a two-thirds vote of the affected electorate. This requirement is applicable to the City's rates for service provided by the Wastewater System. The reasonable cost of service provided by the Wastewater System has been determined by the State Controller to include depreciation and allowance for the cost of capital improvements. In addition, the State courts have determined that fees such as connection fees (capacity charges) will not be special taxes if they approximate the reasonable cost of constructing Wastewater System improvements contemplated by the local agency imposing the fee. Such court determinations have been codified in the Government Code of the State of California (Section 66000 et seq.).

Under Article XIII B of the California Constitution, state and local government entities have an annual "appropriations limit" which limits their ability to spend certain moneys called "appropriations subject to limitation," which consists of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. In general terms, the "appropriations limit" is to be based on certain Fiscal Year 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIII B, if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The City is of the opinion that the rates and use charges imposed by the City in connection with the Wastewater System do not exceed the costs it reasonably bears in providing such services.

### **Limitations on Remedies Available to Bondowners**

The ability of the City to comply with its covenants under the Indenture and to generate Net System Revenues sufficient to pay principal of and interest on the 2018 Bonds may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "Proposition 218" below. Furthermore, any remedies available to the owners of the 2018 Bonds

upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Indenture, the rights and obligations under the 2018 Bonds and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2018 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

### **Seismic Considerations**

The City is located in a seismically active area of California. If there were to be an occurrence of severe seismic activity in the area of the City, there could be an interruption in the service provided by the Wastewater System, resulting in a temporary reduction in the amount of Net System Revenues available to pay debt service when due on the 2018 Bonds.

### **Cybersecurity**

As a recipient and provider of personal, private and sensitive information, the City and its departments face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

*[Discuss any Cyber attacks on the city that have occurred]*

*[Discuss the City's current cyber security policies]*

No assurances can be given that the City's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial.

### **Climate Change**

The change in the earth's average atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the frequency and severity of extreme weather events and cause substantial flooding.

*[Discuss City's Climate Action and Adaptation Plan]*

The City cannot predict the timing, extent, or severity of climate change and its impact on the City's operations and finances. Also, additional actions to address climate change may be necessary and the City can give no assurances regarding the impact of such actions on the City's operations and finances.

## **Environmental Regulation**

The kind and degree of wastewater treatment which is effected through the Wastewater System is regulated, to a large extent, by the federal government and the State of California. Treatment standards set forth in federal and State law control the operations of the Wastewater System and mandate its use of technology. In the event that the federal government, acting through the Environmental Protection Agency, or the State of California, acting through the Department of Health Services, or additional federal or State legislation, should impose stricter wastewater quality standards upon the Wastewater System, the City's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses. It is not possible to predict the direction which federal or state regulation will take with respect to drinking water quality standards, although it is likely that both will impose more stringent standards with attendant higher costs.

## **No Obligation to Tax**

The obligation of the City to pay the principal of and interest on the 2018 Bonds does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay principal of and interest on the 2018 Bonds does not constitute a debt or indebtedness of the City, the City, the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction.

## **Change in Law**

The State has experienced budgetary shortfalls in recent fiscal years, although it is currently expected to finish the current fiscal year with a budget surplus. The City cannot predict what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures, and it is possible that future legislation will impact revenues of local agencies. These developments at the State level will most likely adversely affect local governments. However, the City does not currently anticipate that the State budget problems will materially adversely impact the operation of the City's Wastewater System.

## **Geologic and Topographic**

The value of the Wastewater System, and the ability to generate System Revenues, is contingent upon the ability of the City to deliver water to its customers. The financial stability of the City can be adversely affected by a variety of factors, particularly those which may affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements and floods) and climatic conditions (such as droughts and tornadoes). The City is in an active geological area.

Engineering standards require that some of these factors be taken into account, to a limited extent, in the design of improvements, including the Wastewater System. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur which may result in damage to improvements in varying degrees,



and such damage may entail significant repair or replacement costs, and there can be no assurance that such repair or replacement will occur. Under any of these circumstances, the public and private improvements within the City in general may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

The area encompassed by the City, like that in much of California, may be subject to unpredictable seismic activity. Occurrence of earthquakes could cause an interruption of deliveries of water to and from the City until repairs could be effected, thus possibly diminishing the value of the Wastewater System and the amount of Net System Revenues.

The components of the Wastewater System are located in a flood insurance rate zone designated by the Federal Emergency Management Agency (“FEMA”) as “Zone B.” According to FEMA, Zones B, C, and X refer to flood insurance rate zones that are not within the 100-year floodplain and are therefore not considered to pose a flood hazard. The term “100-year flood” refers to the flood elevation that has a one percent chance of being equaled or exceeded in any given year. A base flood may also be referred to as a “100-year storm” and the area inundated during the base flood is sometimes called the “100-year floodplain.” The 100-year flood, which is the standard used by most federal and state agencies, is used by the National Flood Insurance Program as the standard for floodplain management and to determine the need for flood insurance.

### **Secondary Market for 2018 Bonds**

There can be no guarantee that there will be a secondary market for the 2018 Bonds or, if a secondary market exists, that any 2018 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Federal Tax-Exempt Status of the 2018 Bonds**

The Internal Revenue Code of 1986, as amended (the “Code”) imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the 2018 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Bond proceeds, limitations on the investment earnings on 2018 Bonds proceeds prior to expenditure, a requirement that certain investment earnings on the Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the Internal Revenue Service (the “IRS”). The City has covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the 2018 Bonds as taxable, retroactively to the date of issuance of such 2018 Bonds.

### **IRS Audit of Tax-Exempt Issues**

The IRS has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the 2018 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2018 Bonds might be affected as a result of such an audit of the 2018 Bonds (or by an audit of similar obligations).

## **Additional Obligations**

As described in “SECURITY FOR THE 2018 BONDS – Additional Obligations” above, the Indenture permits the City to issue Additional Obligations, its obligations under which would be payable on a parity with the payment of debt service of the 2018 Bonds. In the event of a decline in Net System Revenues available to pay debt service on the 2018 Bonds, the existence of Additional Obligations could adversely affect the City’s ability to pay debt service on the 2018 Bonds.

## **TAX MATTERS**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2018 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2018 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, provided however, that for the purpose of calculating federal corporate alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2018 Bonds. The City has covenanted to comply with certain restrictions designed to insure that interest on the 2018 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2018 Bonds being included in federal gross income, possibly from the date of original issuance of the 2018 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2018 Bonds may adversely affect the value of, or the tax status of interest on, the 2018 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2018 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. As one example, legislative proposals are announced from time to time which generally would limit the exclusion from gross income of interest on obligations like the 2018 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2018 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2018 Bonds. Prospective purchasers of the 2018 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2018 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the exclusion from gross income of interest on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Best Best & Krieger LLP.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2018 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2018 Bonds might be affected as a result of such an audit of the 2018 Bonds (or by an audit of other similar bonds).

Although Bond Counsel is of the opinion that interest on the 2018 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2018 Bonds may otherwise affect a Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bond Owner or the Owner's other items of income or deduction, and Bond Counsel expresses no opinion regarding any such other tax consequences.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

### **CERTAIN LEGAL MATTERS**

Best Best & Krieger, LLP, Bond Counsel, will render an opinion with respect to the validity of the 2018 Bonds, the form of which opinion is set forth in Appendix D. Bond Counsel has assumed no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will also be passed upon for the City by Nixon Peabody LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City by its City Attorney. Payment of the fees and expenses of Disclosure Counsel is contingent upon issuance of the 2018 Bonds.

### **FINANCIAL STATEMENTS**

The City's comprehensive annual financial report for the Fiscal Year ended June 30, 2017, included in Appendix B, have been audited by Eadie & Payne LLP (the "Auditor"). The Auditor was not requested to consent to the inclusion of its report in Appendix B and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in the Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

### **MUNICIPAL ADVISOR**

NHA Advisors, LLC, San Rafael, California, is employed as Municipal Advisor to the City in connection with the issuance of the 2018 Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the 2018 Bonds is [contingent] upon the issuance and delivery of the 2018 Bonds. The Municipal Advisor does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2018 Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.



## RATING

S&P Global Ratings (“S&P”) has assigned the 2018 Bonds a rating of “\_\_\_\_\_.” Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the 2018 Bonds.

The City and the Underwriters have undertaken no responsibility either to bring to the attention of the owners of the 2018 Bonds any proposed change in or withdrawal of a rating or to oppose any such proposed revision or withdrawal, however. Any such downward change in or withdrawal of a rating might have an adverse effect on the market price or marketability of the 2018 Bonds.

## LITIGATION

There is no controversy or litigation of any nature now pending against the City (with service of process having been completed), or to the knowledge of its officers, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2018 Bonds, or contesting the validity of the 2018 Bonds, any proceeds of the City, concerning the issuance or sale thereof, pledge or application of the money or security provided for payment of the 2018 Bonds, or the existence or powers of the City.

There are currently various litigation matters pending against the City. The City does not believe that these actions materially adversely affect the collection of System Revenues or the payment of debt service on the 2018 Bonds.

### *Measure M Litigation*

The City is currently a party in a suit filed with the Ventura County Superior Court, City of Oxnard v. Aaron Starr. The City filed suit against the sponsor of the “Measure M Initiative” ballot measure, claiming the Measure M Initiative was invalid because it set wastewater rates too low. The Measure M Initiative, which received the required votes for passage, repealed wastewater service charges adopted on January 26, 2016 and effective on March 1, 2016. The City’s suit claimed the Measure M initiative compelled the City to violate both State and Federal laws and regulations, and therefore could not be legally enforced. The City was granted a temporary restraining order on the implementation of the Measure M Initiative by the trial judge, which remained in place until new wastewater rates adopted by the City Council on May 23, 2017 became effective on July 1, 2017, none of which are subject to the Measure M Initiative. Following trial, the judge ruled against the City, and judgment in the case was entered on August 1, 2018. The City has not yet decided whether to file an appeal, and currently has until January 28, 2019, to make that decision. If the City does not appeal the judgment (or appeals and loses), it will likely have to refund the amount of the increased rates collected while the temporary restraining order was in effect (up to \$5.2 million dollars, to be paid from the City’s Wastewater Fund). That refund would be determined through a separate lawsuit that was filed as a class action and is currently pending in the Ventura Superior Court (Aaron Starr and Nancy Pedersen vs City of Oxnard).

### *Infrastructure Use Fee Litigation*

The City is currently a party in a lawsuit filed in Ventura County Superior Court, Aaron Starr v. City of Oxnard. Mr. Starr filed suit against the City to challenge the legality of the City’s collection of

infrastructure use fees paid by the City's utility funds to the City's General Fund. The suit calls for the reimbursement of all infrastructure use fees paid to date (approximately \$21 million) to the City's utility funds and eliminating the infrastructure use fee charge in all future years. A ruling in favor of Mr. Starr could potentially compel the City to transfer back approximately \$7 million to the City's Wastewater Fund from the City's General Fund. No trial dates have been set for Aaron Starr v. City of Oxnard.

### CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the 2018 Bonds to provide certain financial information and operating data relating to the City and the Wastewater System by not later than March 31 of each year commencing with the report for the 2017-18 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the Dissemination Agent with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") or any successor assigned by the Municipal Securities Rulemaking Board or Securities and Exchange Commission. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events by the City is set forth in "APPENDIX C — FORM OF CONTINUING DISCLOSURE AGREEMENT."

During the last five years, the City and the Authority failed to comply in certain respects with continuing disclosure obligations related to outstanding bonded indebtedness. Such failures to comply included:

- the failure to file on a timely basis the City's audited financial statements for Fiscal Year 2014-15;
- the failure to file on a timely basis certain annual operating data required for three series of bonds for Fiscal Year 2014-15; and
- the failure to file or to file on a timely basis significant event notices pertaining to underlying rating changes for three series of bonds or of the bond insurers insuring such bonded indebtedness.

During the last five years, the successor agency to the City of Oxnard Community Development Commission failed to comply in certain respects with continuing disclosure obligations related to outstanding bonded indebtedness. Such failures to comply included:

- the failure to file on a timely basis the City's audited financial statements for Fiscal Year 2014-15;
- the failure to file on a timely basis certain annual operating data required for two series of bonds for Fiscal Years 2012-13 through 2015-16; and
- the failure to file on a timely basis a significant event notice pertaining to a 2014 rating change for the bond insurer for one series of bonds.

During the last five years, the Oxnard Housing Authority failed to comply in certain respects with continuing disclosure obligations related to outstanding bonded indebtedness. Such failures to comply included the failure to file on a timely basis the Housing Authority's audited financial statements for Fiscal Years 2012-13 through 2016-17.

The City and its related entities subsequently made all remedial filings of all annual operating data, audited financial statements, and significant event notices covering the prior five-year period and have taken steps, which include the hiring of NHA Advisors, LLC as its dissemination agent. Additionally, the Oxnard Housing Authority amended its continuing disclosure undertaking relating to outstanding Oxnard Housing Authority indebtedness to modify the filing deadline date for subsequent reports beginning in 2018 from October 31 to March 31 to ensure compliance with future continuing disclosure.

Other than as set forth above, the City and its related entities believe that, in the last five years, the City and its related entities have materially complied with their respective continuing disclosure undertakings.

## UNDERWRITING

The 2018 Bonds are being purchased by J.P. Morgan Securities, LLC and Samuel A. Ramirez & Co., Inc. (the "Underwriters"). The Underwriters have agreed to purchase the 2018 Bonds at a purchase price of \$\_\_\_\_\_ (which is equal to the principal amount of the 2018 Bonds (\$\_\_\_\_\_), plus/less original issue premium/discount of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_).

J.P. Morgan Securities LLC ("JPMS") has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of CS&Co. and LPL will purchase 2018 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2018 Bonds that such firm sells.

The contract of purchase pursuant to which the 2018 Bonds are being purchased by the Underwriters provides that the Underwriters will purchase all of the 2018 Bonds if any are purchased. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The Underwriters may offer and sell the 2018 Bonds to certain dealers and others at prices or yields different from the prices or yields stated on the cover page of this Official Statement. In addition, the offering prices or yields may be changed from time to time by the Underwriters.

Although the Underwriters expects to maintain a secondary market in the 2018 Bonds after the initial offering, no guarantee can be made that such a market will develop or be maintained by the Underwriters or others.

## EXECUTION

The execution of this Official Statement and its delivery have been authorized by the City Council of the City.

CITY OF OXNARD

By: \_\_\_\_\_  
City Manager

**APPENDIX A**

**SUMMARY OF CERTAIN PROVISIONS  
OF THE INDENTURE OF TRUST**

Certain provisions of the Indenture are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

**APPENDIX B**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

**APPENDIX C**  
**FORM OF THE CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX D**

**FORM OF OPINION OF BOND COUNSEL**  
**(Closing Date)**

City of Oxnard  
300 West Third Street  
Oxnard, California 93030

Re:     \$\_\_\_\_\_ City of Oxnard Wastewater Revenue Refunding Bonds, Series 2018

Ladies and Gentlemen:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the City of Oxnard (the “City”) in connection with the issuance by the City of its \$\_\_\_\_\_ Wastewater Revenue Refunding Bonds, Series 2018 (the “Bonds”). The Bonds are being issued under that certain Indenture of Trust, dated as of \_\_\_\_\_ 1, 2018 (the “Indenture”), by and between Wells Fargo Bank, National Association, as trustee, and the City. The Bonds have been issued pursuant to the provisions of Article II (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the “Refunding Law”), and an authorizing resolution adopted by the City on \_\_\_\_\_, 2018 (the “Resolution”) approving the Indenture. The proceeds of the Bonds have been applied by the City to refinance certain improvements to the Wastewater System.

In such connection, we have reviewed the Indenture, the tax certificate of the City for the Bonds dated the date hereof (the “Tax Certificate”), certificates of the City and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We are admitted to the practice of law in the State of California and our opinions are limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion

in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

All terms not defined herein have the meaning ascribed to those terms in the Indenture.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Bonds have been duly and validly authorized by the City and are legal, valid and binding limited obligations of the City. The Bonds are secured and payable solely from sources provided therefor in the Indenture.

2. The Indenture has been duly authorized by the City, are valid and binding obligations of the City and are enforceable on the City in accordance with their respective terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, fraudulent conveyance or transfer, insolvency or other laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases; provided, however, that we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein.

3. The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture, except to the extent that the enforceability of the Indenture may be limited by moratorium, bankruptcy, reorganization, fraudulent conveyance or transfer, insolvency or other laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax provisions of the Code; it should be further noted, however, that, with respect to corporations, such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

5. Interest on the Bonds is exempt from State of California personal income tax.

Respectfully submitted,



## APPENDIX E

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the City believes to be reliable, but the City does not take responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity (and each individual yield in the case of bifurcated maturities) of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com); provided that nothing contained in such website is incorporated into this Official Statement.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2013 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their

purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit will agree to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City. The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Bonds. The City undertakes no obligation to investigate matters that would enable the City to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

THE CITY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AGENCY AND THE UNDERWRITERS ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR AN ERROR OR DELAY RELATING THERETO.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City deems reliable, but the City takes no responsibility for the accuracy thereof.

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

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

## APPENDIX F

### SELECTED REGIONAL ECONOMIC AND DEMOGRAPHIC DATA

*The following information related to the City of Oxnard, the County of Ventura and the State of California is supplied for informational purposes only. The Bonds do not constitute a general obligation debt of the City of Oxnard (the “City”), and the City has not pledged its full faith and credit or its taxing power to the repayment of the Bonds.*

#### General

The City is located in western Ventura County (the “County”) on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the largest city in the County, with a population estimated at 208,000 in 2017, accounting for over 24% of the County’s population. The City has a diversified economic base composed of agriculture and related business, retail, various services, and governmental agencies.

The City was incorporated as a general law city on June 30, 1903 and operates under a council-manager form of government. The City is governed by a five-member City Council elected at large for four-year alternating terms, with the exception of the Mayor, who is directly elected for a two-year term.

#### Population

The City’s population has grown from approximately 194,905 people in 2008 to approximately 208,000 in 2016. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 2008 through 2017.

**Population of  
City, County, State, and United States  
2008 through 2017 <sup>(1)</sup>**

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2008	194,905	794,778	38,134,496	304,094,000
2009	197,067	802,983	38,487,889	306,771,500
2010	200,004	825,298	37,332,685	309,348,193
2011	199,722	831,130	37,676,861	311,663,358
2012	200,390	835,416	38,011,074	313,998,379
2013	200,855	840,964	38,335,203	316,204,908
2014	203,645	846,119	38,680,810	318,563,456
2015	206,148	850,536	38,993,940	320,896,618
2016	206,997	849,738	39,250,017	323,127,513
2017	207,772	N/A	39,536,653	325,719,178

<sup>(1)</sup> Unless otherwise noted, estimates for City and County are as of January 1, and for the State and the United States are as of July 1.

Sources: United States Bureau of the Census.

## Employment and Personal Income

The following table sets forth the unemployment rate, total personal income, and per capita income in the City since fiscal year 2007-08.

### City of Oxnard Employment and Personal Income (Fiscal Years 2007-08 through 2016-17)

<u>Fiscal Year</u>	<u>Unemployment Rate</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income</u>
2007	6.1	\$3,494,586	\$18,463
2008	7.4	3,680,019	19,185
2009	11.0	3,751,908	19,352
2010	14.4	3,707,181	18,829
2011	14.2	3,739,475	18,697
2012	13.0	3,968,123	19,802
2013	10.1	4,018,506	20,007
2014	8.6	4,063,329	19,953
2015	5.8	4,112,210	20,210
2016	6.2	4,166,242	20,127
2017	5.6	4,149,665	19,972

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2017.

The following table sets forth the top employers in the City as of June 30, 2017.

### City of Oxnard Top Employers (As of June 30, 2017)

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
City of Oxnard	Government	1,406
St. John's Regional Medical Center	Medical	1,286
Haas Automation	Manufacturer	1,200
Frontier Communications	Communications	860
Procter & Gamble-Paper Products	Manufacturing	650
Boskovich Farms	Produce	610
Waterway Plastics Inc.	Manufacturing	600
Dole Berry Co.	Produce	500
Oxnard College	Education	500
Gills Onions	Produce	400

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2017.

## Taxable Retail Sales

Consumer spending in calendar year 2015 resulted in \$2.52 billion in taxable sales in the City, which is approximately 18.8% more than in calendar year 2011. The following table sets forth information regarding taxable sales in the City for each type of business for calendar years 2011 through 2015.

**City of Oxnard**  
**Taxable Retail Sales by Type of Business**  
**2011 to 2015**  
**(in thousands)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Motor Vehicles and Parts Dealers	\$ 379,666	\$ 437,495	\$ 483,755	\$ 522,560	\$ 557,468
Home Furnishings and Appliance Stores	130,962	129,447	134,845	134,740	137,872
Building Materials and Garden Equipment and Supplies	96,614	118,598	124,439	129,878	144,467
Food and Beverage Stores	93,340	96,718	102,128	111,430	137,686
Gasoline Stations	253,645	262,972	257,479	252,932	196,839
Clothing and Clothing Accessories Stores	80,811	87,509	95,741	104,941	113,533
General Merchandise Stores	286,540	304,546	316,222	314,382	269,768
Food Services and Drinking Places	201,967	215,340	231,391	255,262	278,569
Other Retail Group	109,500	113,004	118,247	121,728	127,820
Total Retail and Food Services	1,633,046	1,765,630	1,864,247	1,947,853	1,964,023
All Other Outlets	489,175	524,959	530,922	554,519	557,290
Total All Outlets	\$2,122,220	\$2,290,589	\$2,395,169	\$2,502,372	\$2,521,312

Source: California State Board of Equalization.

## Transportation

Oxnard is served by all major modes of transportation. Both U.S. Highway 101 and State Highway 1 pass through the City, linking it with the Los Angeles metropolitan area and Santa Barbara County. Rail passenger service is provided by AMTRAK, which has a station in the City. Two trains pass through daily in each direction and stop at the Oxnard station. Metrolink provides commuters from the Oxnard Transportation Center with several daily routes to the Los Angeles basin, including downtown Los Angeles. Union Pacific Railroad provides freight rail service through the City. The Ventura County Railroad Company connects Port Hueneme, the Ormond Beach Industrial Area, the Naval Construction Battalion Center, and surrounding industrial areas to the Union Pacific line. The Port of Hueneme, owned and operated by the Oxnard Harbor District, is the only commercial deep-draft harbor between Los Angeles and San Francisco. The port has five 600- to 700-foot berths and a 35-foot entrance channel depth. An \$18 million expansion of the port was completed in 1989, which included the addition of an automobile terminal and the construction of a new wharf. The port's acquisition of approximately 33 acres from the U.S. Navy in 1997 has enabled it to increase facilities for handling refrigerated containers and roll-on/roll-off cargoes. The Channel Islands Harbor is a modern 3,000 slip boat marina, which also serves the Oxnard area in the capacity of a recreational marina and covers approximately 310 acres. The Oxnard Airport is operated by Ventura County as a general and commercial aviation airfield. The Oxnard



Airport handles passenger as well as cargo services. Local bus service is provided by Gold Coast Transit, a regional public transit agency funded by the County and member cities. Service is available in Ojai, Ventura, Oxnard, and Port Hueneme. The Greyhound bus line provides passenger and parcel service from its Oxnard station. A multi-modal transportation center located in downtown Oxnard brings together all these forms of transportation.

## **Education**

There are 35 elementary, 8 junior high, and 5 senior high schools located in and immediately around the City, plus eight parochial and private schools. The City is served by Oxnard College, a California community college. The 119-acre campus is located on Rose Avenue between Channel Island Boulevard and Pleasant Valley Road. Oxnard College currently offers degree and certificate programs. The California State University campus at Channel Islands (CSUCI) opened in fall 2002 and has a current enrollment of over 3,700 students. In addition, two campuses of the University of California, Santa Barbara (UCSB) and Los Angeles (UCLA), one campus of the California State University, Northridge (CSUN), and two private universities, Pepperdine and California Lutheran University, are within a 50-minute drive.

## **Recreation**

The City offers its residents a wide range of recreational facilities. The beach parks, marina and neighborhood and regional parks add up to nearly 1,500 acres of park land. McGrath State Beach Park, located south of the Santa Clara River mouth, covers approximately 295 acres and includes over a mile of ocean frontage. Overnight camping and day picnics are the main use of that park. Oxnard Beach Park includes approximately 62 acres with concession stands and facilities for day picnics and sports. Silver Strand Beach, south of the Harbor entrance, and Hollywood Beach, north of the entrance, are day beach facilities. Channel Islands Harbor is a recreational boating marina administered by Ventura County. The City has over 30 neighborhood parks located throughout the City. A tennis and softball center is located at Community Center Park. Additionally, Wilson Park contains the largest senior citizen center in the Tri-County area.

The City owns River Ridge Golf Club, consisting of two 18-hole championship golf courses, the Vineyard Course and the Victoria Lakes Course. The City also owns a 1,600-seat Performing Arts Center located on Hobson Way in the center of the City.

## **City Labor Contracts**

[The City finalized labor contracts with three labor groups, SEIU, IUOE, and its mid-manager group, OMMA, in 2017. These labor contracts run through September 2019. The City is about to undertake labor negotiations with both Police and Fire unions, as their contracts are ending in August 2018.] *[Update]*

## **City's Pension Plans**

The City contributes to the California Public Employees Retirement System ("PERS"), a multiple-employer, public employee defined benefit plan, which acts as a common investment and administrative agent for participating public entities within the State. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other regular employees). The City's payroll for employees covered by PERS for the year ended June 30, 2016 was \$83,103,286. PERS issues a separate comprehensive annual financial report, and annual actuarial reports for the City's retirement plans. Copies of PERS' annual financial report may be obtained from their executive office at 400 "P" Street, Sacramento, California 95814, or at their



website at <http://www.calpers.ca.gov>. The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.

All City personnel are eligible to participate in PERS, becoming vested after five years of service. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits. Monthly retirement benefits are payable for life in an amount equal to a specified percentage as follows:

Miscellaneous Employees (ranging from 1.426% for employees who retire at age 50 to 2.418% for employees who retire at age 63 or over)	2% at age 55
	2% at age 62
Police Employees	3% at age 50
	2.7% at 57
Fire Employees	3% at age 50
	2.7% at 57

For employees hired on or before December 31, 2012 (“classic” employees), the benefits are calculated at the highest consecutive 12 months for miscellaneous employees and safety employees multiplied by a total number of years employed. For new (PEPRA) members, hired January 1, 2013 or later, final compensation is the average annual pensionable compensation for a 36-consecutive-month period of employment.

For employees hired on or before December 31, 2012, required employee contributions to PERS are 7% of compensation for miscellaneous employees and 9% of compensation for safety employees, which the City currently pays for regular employees. Under the California Public Employees’ Pension Reform Act of 2013 (PEPRA), for new employees hired on or after January 1, 2013, the required employee contributions to PERS are 6.00% of compensation for miscellaneous employees, 13.75% of compensation for safety Police employees, and 12.25% of compensation for safety Fire employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration.

PERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. The City’s contributions to PERS for the years ended June 30, 2017, and 2016 were \$22,209,040 and 22,332,568, respectively, and were equal to required contributions for each year. Contribution rates for each participating employer are determined based on the benefit structure established.

Currently, a significant portion of the contribution requirements for police and fire are funded with voter-approved property tax override. The maximum property tax rate is \$0.076637 per \$100 of assessed values within the City (except a portion of land annexed to the City in 1969). The estimated contribution amount for Fiscal Year 2017-18 for public safety employees is approximately \$18.6 million and the property tax override is expected to generate approximately \$13.75 million.

The funded status of each plan as of June 30, 2016, on an actuarial value of assets basis is as follows (dollar amounts in thousands):

	Market Value of Assets (MVA)	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio (MVA / AAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police	\$237,907	\$335,188	\$ 97,281	71.0%	\$25,539	366.55%
Fire <sup>(1)</sup>	98,572	144,000	45,427	68.5	9,030	503.07
Miscellaneous	312,347	430,113	110,657	73.8	52,251	211.80

(1) The amounts for Fire reflect the City's share of the PERS fire risk pool, which includes multiple fire agencies as well as the City's fire employees.

Source: 2017 City of Oxnard Comprehensive Annual Financial Report.

The actuarial studies referenced above incorporate recent changes in actuarial methods and assumptions. In the PERS' June 30, 2016 actuarial valuations, PERS used the new actuarial methods for the calculation of the projected contribution rates. CalPERS states that *"Projected results reflect the adopted changes to the discount rate... Actuarial Methods and Assumptions. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below do not reflect that the normal cost will decline over time as new employees are hired into PEPPRA or other lower cost benefit tiers."*

The projected rates for each plan as of June 30, 2016, the most recent actuarial valuation, are as follows:

	<b><u>Projected Future Employer Contribution Rates</u></b>					
	<b><u>2018-19</u></b>	<b><u>2019-20</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>	<b><u>2023-24</u></b>
Police	24.483%	25.5	27.5	27.5	27.5	27.5
Fire	12.965%	13.2	13.9	13.9	13.9	13.9
Miscellaneous	8.039%	8.5	9.4	9.4	9.4	9.4

Source: PERS June 30, 2016, actuarial valuations. The information in this table has been updated from the information set forth in the Remarketing Memorandum.

The City cannot anticipate accuracy of the projections above or to what extent the contribution requirements of the City will increase in future years.

**Public Agency Retirement System Retirement Enhancement Plan.** The City established a Public Agency Retirement System Retirement Enhancement Plan ("PARS") effective January 1, 2003, for selected groups of miscellaneous employees (non-safety), Service Employees International Union (SEIU), International Union of Operating Engineers (IUOE), Management, and one of the two groups of Confidential employees. PARS is a defined benefit 401(a) tax-qualified multiple agency trust. PARS meets the requirements of a pension trust under California Government Code. The plan provides supplemental retirement benefits in addition to PERS. Phase II Systems is the PARS Trust Administrator. For employees meeting the eligibility requirements, the plan provides a benefit equal to the "3% at 60" plan factor (formula is a static 3% at age 60 and older), less the PERS "2% at 55" plan factors for all years of City service plus any military service purchased through PERS (prior to July 1, 2003) while an employee of the City.

Eligibility for an immediate benefit is defined as reaching age 50, completing five years of service, and retiring concurrently from both the City and PERS after leaving City employment. In

addition, a deferred benefit would be available to participants who complete five years of service. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Employees and the City contribute a total of 8% of eligible employees' gross wages. Current employee and city contributions by employee groups are as follows:

	<u>City Contributions</u>	<u>Employee Contributions</u>
IUOE	2.7%	5.3%
SEIU	3.5	4.5
Management	3.0	5.0
Confidential	2.5	5.5

In addition, the City is required to contribute the remaining amounts necessary to fund the benefit to its members using the actuarial basis recommended by PARS actuarial consultants. This contribution for the fiscal year ended June 30, 2016 was 1.55% of eligible employee gross wages. The City's payroll for employees covered by PARS for the year ended June 30, 2016, was \$31,089,909. PARS issues a separate comprehensive annual financial report. Copies of PARS annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660, or at their website at <http://www.pars.org>. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

For fiscal year 2016-17 the City recognized a pension expense of \$2,112,000 for the PARS plan. The City contributed \$4,360,966 to the plan in fiscal year 2016-17.

At June 30, 2017, the plan net position as a percentage of total pension liability was 64.48%. Net pension liability as a percentage of covered payroll was 104.66%

**Early Retirement Incentive Plan.** The City adopted a supplemental retirement plan to 48 eligible employees; this plan is administered by Phase II Systems, PARS Trust Administrator. The level of benefit is 7% of the employee's final base pay, payable through the employee's lifetime, with an option of payment for five to ten years, at the employee's election. The City's payable to the plan at June 30, 2017 was \$405,060.

**Post-Employment Health Care Benefit.** The City provides post-employment benefits for retired employees. Employees who retire from the City and receive a PERS pension are eligible for post-employment medical benefits. Retirees can enroll in any of the available PERS medical plans. This benefit continues for the life of the retiree and surviving spouse. Benefit provisions for PERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.). PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 "P" Street, Sacramento, California 95814, or at their website at <http://www.calpers.ca.gov>. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

The City contributes the minimum amount allowed under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The City's required monthly contribution for calendar year 2017 was \$128.00 per active member. The required contribution is based on pay-as-you-go financing requirements. Retirees must contribute any premium amounts in excess of the City contribution.

In fiscal year 2016-17, the City's annual OPEB (Other Post Employment Benefit) cost of \$2,381,329 was higher than the actual contribution of \$1,097,267. As of June 30, 2015, the unfunded actuarial accrued liability of the plan was \$25,758,026.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions (OPEB). This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. For the City, GASB 75 will be effective for the fiscal year ending June 30, 2018. The GASB has also issued Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. That statement is applicable to OPEB plans administered through one or more trusts which meet particular criteria. GASB 74 does not apply to the City, since its OPEB plan is not administered through a trust.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

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**INDENTURE OF TRUST**

**By and between the**

**CITY OF OXNARD**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
As Trustee**

**Dated as of \_\_\_\_\_, 2018**

**Relating to  
City of Oxnard  
\$ \_\_\_\_\_  
Wastewater Revenue Refunding Bonds,  
Series 2018**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into as of \_\_\_\_\_, 2018, by and between the CITY OF OXNARD, a municipal corporation organized and existing under the constitution and laws of the State of California (the "City"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created, as trustee (the "Trustee"),

### WITNESSETH:

WHEREAS, the City through the City of Oxnard Financing Authority (the "Authority") caused to be issued its \$23,975,000 Variable Rate Demand Wastewater Revenue Bonds 2004 Series B (the "2004 Bonds"), for the purpose of financing Wastewater System improvements for the City; and

WHEREAS, the City through the Authority issued its \$12,575,000 Wastewater Revenue Bonds Series 2006 (the "2006 Bonds"); and

WHEREAS, the 2004 Bonds were secured by payments to be made under an Installment Purchase Agreement, dated as of November 1, 2004, between the City and the Authority (the "2004 Installment Purchase Agreement"); and

WHEREAS, the 2006 Bonds were issued by payments to be made under an Installment Purchase Agreement, dated as of May 1, 2006, by and between the City and the Authority (the "2006 Installment Purchase Agreement"); and

WHEREAS, the City, after due investigation and deliberation, has determined that it is in the interests of the City at this time to provide for the issuance of its water revenue refunding bonds under this Indenture for the purpose of refunding the 2004 Bonds and 2006 Bonds and the 2004 Installment Purchase Agreement and the 2006 Installment Purchase Agreement, and to that end the City Council has heretofore adopted its Resolution No. \_\_\_\_, approving and authorizing the issuance of its City of Oxnard Wastewater Revenue Refunding Bonds, Series 2018 (the "Series 2018 Bonds") for such purposes;

WHEREAS, in order to provide for the authentication and delivery of the Series 2018 Bonds, to establish and declare the terms and conditions upon which the Series 2018 Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the City Council has authorized the execution and delivery of this Indenture;

WHEREAS, all of the Series 2018 Bonds will be secured by a pledge of the Net System Revenues, as defined herein, and certain other moneys and securities held by the City and the Trustee hereunder; and

WHEREAS, the City has determined that all acts and proceedings required by law necessary to make the Series 2018 Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the

City, 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, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Series 2018 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 Series 2018 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 Series 2018 Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Series 2018 Bonds, as follows:

## ARTICLE I

### DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

**SECTION 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Additional Obligations Instrument and of the Series 2018 Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Additional Obligations” means Obligations other than the Series 2018 Bonds.

“Administrative Costs” means the ordinary and necessary administrative costs and incidental expenses related to the Series 2018 Bonds, the Indenture, and any Additional Obligations, including, but not limited to Trustee fees (including any fees and expenses of its counsel) and fees incurred in connection with the calculation of arbitrage rebate due to the federal government with respect to the Series 2018 Bonds.

“Authorized Investments” means any of the following, but only to the extent that the same are acquired at Fair Market Value, 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 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;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farm Credit System Financial Assistance Corporation, (iii) Farmers Home Administration; (iv) General Services Administration; (v) U.S. Maritime Administration; (vi) Small Business Administration; (vii) Government National Mortgage Association (GNMA); (viii) U.S. Department of Housing & Urban Development (PHA's); (ix) Federal Housing Administration and (x) Federal Financing Bank;



(c) senior debt obligations rated “Aa” by Moody’s and “AA” by S&P issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, senior debt obligations of other government-sponsored agencies, obligations of the Resolution Funding Corporation (REFCORP) and senior debt obligations of other government sponsored agencies;

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

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

(f) investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(g) pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any City, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based upon an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s and S&P or any successors thereto; or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) investment agreements, supported by appropriate opinions of counsel, between the Trustee and a financial institution whose long-term debt has a Minimum Rating;

(i) Repurchase agreements (“Repos”) that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date. Repurchase Agreements must satisfy the following criteria:

1. Repos must be between the Trustee and a dealer bank or securities firm.

a. Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by S&P and Moody’s, or

b. Banks rated “A” or above by S&P and Moody’s.

2. The written repo contract must include the following:

a. Securities which are acceptable for transfer are:

(1) Direct U.S. governments

(2) Federal agencies backed by the full faith and credit of the U.S government (and FNMA and FHLMC)

b. The term of the repo may be up to 30 days

c. The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. The Trustee has a perfected first priority security interest in the collateral.

e. Collateral is free and clear of third-party liens and in the case of an SIPC broker was not acquired pursuant to a repo or reverse repo.

f. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate collateral.

g. Valuation of Collateral

(1) The securities must be valued by such dealer bank or securities firm weekly, marked-to-market at current market price plus accrued interest.

(a) The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. A legal opinion must be delivered to the Trustee to the effect that the Repo meets guidelines under state law for legal investment of public funds; and

(j) the Local City Investment Fund maintained by the State of California.

“Authorized Official” means the City Manager, Finance Director, Treasurer or any other officer of the City duly authorized by the City Council for that purpose.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Law” means Sections 53570 et seq. and 53580 et seq. of the California Government Code, as in effect on the Closing Date.

“Bond Registration Books” means the books maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Series 2018 Bonds.

“Bond Year” means the twelve-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“Certificate of the City” means a certificate in writing signed by an Authorized Official, or by any other officer of the City duly authorized by the City Council for that purpose.

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

“City Bonds” means all revenue bonds or notes of the City authorized, executed, issued, and delivered under and pursuant to the laws of the State of California, the payments of which are made from the Net System Revenues and which are on a parity with the Series 2018 Bonds. The term “City Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, and commercial paper.

“City Council” means the City Council of the City or any other legislative body of the City hereafter provided for pursuant to law.

“Consultant” means the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant, or accounting firm retained by the City to perform the acts and carry out the duties provided for such consultant in this Indenture. Such consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant, or accounting firm shall be recognized within its profession for work of the character required.

“Contract Payment Date” means any date on which Contract Payments are scheduled to be paid by the City under and pursuant to any Contract.

“Contract Payments” means debt service on the Series 2018 Bonds due and payable under this Indenture or the installment or lease payments of interest and principal or, if there are no separate payments of interest and principal, the installment or lease payments, scheduled to be paid by the City under and pursuant to the Contracts.

“Contracts” means the Series 2018 Bonds and all contracts or leases of the City authorized and executed by the City under and pursuant to the laws of the State of California, the debt service, installment or lease payments under which are payable from the Net System Revenues on a parity with the Series 2018 Bonds.

“Debt Service” means, for any Fiscal Year or other period, the sum of (i) the interest payable during such Fiscal Year or other period on all outstanding City Bonds, assuming that all outstanding serial City Bonds are retired as scheduled and that all outstanding term City Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any City Bonds), (2) that portion of the principal amount of all outstanding serial City Bonds maturing on any principal payment date which falls in such Fiscal Year or other period, (3) that portion of the principal amount of all outstanding term City Bonds required to be redeemed or paid on any redemption date which falls in such Fiscal Year or other period, and (4) that portion of the Contract Payments required to be made in such Fiscal Year or other period (except to the extent any interest is capitalized). For purposes of calculating Debt Service, the following assumptions shall be used:

- (i) in determining the principal amount due in each Fiscal Year or other period, payment shall be assumed to be made in accordance with any amortization schedule established for such Obligations, including any scheduled payment at maturity or mandatory redemption or prepayment of Obligations on the basis of value, and for such purpose, the scheduled payment at maturity or redemption payment or prepayment shall be deemed a principal payment;

(ii) in determining the interest due in each Fiscal Year or other period, interest payable at a fixed rate shall be assumed to be made at such fixed rate and on the required payment dates;

(iii) if any outstanding Obligations constitute Variable Rate Indebtedness, the interest rate on such Obligations shall be assumed to be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Obligations during the twelve (12) calendar months ending with the month preceding the date of calculation, or (b) the rate of interest on such Obligations on the date of calculation;

(iv) in the event that the City shall issue Additional Obligations that bear interest at a variable rate, such Additional Obligations shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation or, if the indebtedness is not yet outstanding, the initial rate (if established and binding), (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (1) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points.

Notwithstanding the foregoing, for purposes of any rate covenant measuring actual debt service coverage during a test period, Variable Rate Indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period;

(v) if moneys or Defeasance Obligations have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay Debt Service on specified Obligations, and such Obligations are discharged, or no longer outstanding, pursuant to the terms of the instrument under which they are issued or arise, then the Debt Service to be paid from such moneys or Defeasance Obligations, or from the earnings thereon, shall be disregarded and not included in calculating Debt Service;

(vi) the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

(vii) with respect to Contract Payments, including the Series 2018 Bonds, that are not comprised of separate payments of interest and principal but which, rather, are required pursuant to the instrument under which they arise to be paid in amounts sufficient to pay principal and interest on bonds, notes, or other obligations of an entity other than the City, for purposes of calculating Debt Service, interest payments and principal payment (whether at maturity or by redemption or prepayment) with respect to such bonds, notes, or other obligations shall be deemed to be interest payments and principal payments with respect to such Contract Payments; provided, however, that for

purposes of such calculation, the Contract Payment Dates applicable to such Contract Payments shall be used, whether or not such Contract Payment Dates coincide with the dates on which such Contract Payments are to be applied to the payment of interest and principal with respect to such bonds, notes, or other obligations.

“Closing Date” means the date upon which there is an exchange of the Series 2018 Bonds for the proceeds representing the purchase of such Series by the Original Purchaser thereof.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the City and dated the date of original execution and delivery of the Series 2018 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cost of Issuance Fund” means the Account by that name established pursuant to Section 3.04.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Series 2018 Bonds, including but not limited to compensation, fees and expenses of the City and the Trustee and their respective counsel, compensation to any financial consultants and underwriters, legal fees and expenses, filing and recording costs, rating City fees, costs of preparation and reproduction of documents and costs of printing.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.03.

“Defeasance Obligations” means (a) cash, (b) non-callable Federal Securities described in paragraph (a) of the definition thereof (“Treasuries”), (c) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated or (d) pre-refunded municipal obligations rated “AA” and “Aa” by S&P or Moody’s, respectively (or any combination thereof).

“Depository” means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository pursuant to Section 2.10.

“Depository System Participant” means any participant in the Depository’s book-entry system.

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

“Escrow Bank” means Wells Fargo Bank, National Association, acting as Escrow Bank under the Escrow Deposit and Trust Agreement.

“Escrow Deposit and Trust Agreement” means the Escrow Deposit and Trust Agreement, dated as of \_\_\_\_\_, 2018, by and among the City, the Authority and the Escrow Bank.



“Escrow Fund” means the fund of that name established and held by the Escrow Bank pursuant to the Escrow Deposit and Trust Agreement.

“Event of Default” means any of the events described in Section 8.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

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

- (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and
- (b) obligations of any department, City or instrumentality of the United States of America the timely payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30.

“Improvement” means any addition, extension, improvement, equipment, machinery or other facilities to or for the Wastewater System.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants appointed and paid by the City, and who, or each of whom-

- (a) is in fact independent and not under domination of the City;
- (b) does not have any substantial identity of interest, direct or indirect, with the City; and



(c) is not and no member of which is connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>), or such service or services as the Authority may designate in a certificate delivered to the Trustee.

“Insurer” means (i) \_\_\_\_\_ as provider of the Reserve Policy, and (ii) the provider of a municipal bond or financial guaranty insurance policy with respect to the Series 2018 Bonds (other than the Series 2018 Bonds) or with respect to an issue of bonds the proceeds of which are used to purchase the Series 2018 Bonds (other than the Series 2018 Bonds).

“Interest Payment Date” means, with respect to the Series 2018 Bonds, June 1 and December 1 in each year, beginning June 1, 2019.

“Maintenance and Operations Costs of the Wastewater System” means, for any Fiscal Year or other period, the reasonable and necessary costs spent or incurred by the City for maintaining and operating the Wastewater System, calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, and including Administrative Costs, salaries and wages of employees, payments to employee retirement systems (to the extent paid from System Revenues), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, or engineers, and insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the Series 2018 Bonds, this Indenture, or any Additional Obligations, including any amounts required to be deposited in the Rebate Fund pursuant to the Tax Certificate, but excluding in all cases (i) depreciation and replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions, or improvements to the Wastewater System, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation, (iv) charges for the payment of principal and interest on any general obligation bond heretofore or hereafter issued for Wastewater System purposes, and (v) charges for the payment of any debt service on the Obligations or on any obligation subordinate to the Obligations.

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

“Minimum Rating” means a long-term rating of A or better from S&P or Moody’s or a short-term rating which is in the highest general rating category of S&P and Moody’s, in any

event determined without regard to any refinement or gradation of such rating by a numerical modifier, a plus or a minus sign, or otherwise.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating City, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating City selected by the City.

“Net Proceeds,” when used with reference to any insurance or condemnation award or sale of property, means the gross proceeds from the sale of property or insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys’ fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

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

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.10(a) of the Indenture.

“Obligations” means City Bonds and Contract Payments.

“Original Purchaser” means, in the case of the Series 2018 Bonds, \_\_\_\_\_, and its successors and assigns.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.03) all Bonds theretofore executed, issued and delivered by the City under this Indenture except -

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

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant to this Indenture or any Contracts for Additional Obligations.

“Owner” or “Bond Owner” or “Bondowner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Registration Books.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 9.10, provided that for purposes of payment, cancellation, surrender, exchange and transfer of Bonds, such term means the corporate trust office of the Trustee in Los Angeles, California or such other or additional offices as may be designated by the Trustee from time to time.

“Qualified Reserve Account Credit Instrument” means (i) the Reserve Policy or (ii) an irrevocable standby or direct-pay letter of credit or Reserve Policy issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.03(d), provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is “A” (without regard to modifier) or higher; (b) such letter of credit or Reserve Policy has a term of at least twelve (12) months; (c) such letter of credit or Reserve Policy has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03(d); (d) the Trustee is authorized pursuant to the terms of such letter of credit or Reserve Policy to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account and the Principal Account; and (e) prior written notice is given pursuant to the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

“Record Date” means, with respect to the Series 2018 Bonds, the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date or, with respect to any Additional Obligations, any other date established in the applicable Additional Obligations Instrument.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(d) hereof.

“Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Insurer as Policy Number \_\_\_\_\_ in the stated amount of \$\_\_\_\_\_, deposited into the Reserve Account relating to the Series 2018 Bonds.

“Reserve Requirement” means, with respect to the Series 2018 Bonds, as of any date of calculation, the least of (i) ten percent (10%) of the original par amount of the Series 2018 Bonds, (ii) Maximum Annual Debt Service with respect to the Series 2018 Bonds, or (iii) 125% of average Annual Debt Service on the Series 2018 Bonds; provided, further that the City may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(d) hereof.

“Wastewater Revenue Fund” means the fund by that name held by the City as set forth in Section 4.02.

“S&P” means Standard & Poor’s Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating City, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating City selected by the City.

“Series 2018 Bonds” means the City of Oxnard Wastewater Revenue Refunding Bonds, Series 2018, issued and at any time Outstanding hereunder.

“Series 2018 Escrow Fund” means the fund by that name established pursuant to Section 3.03 hereof.

“State” means the State of California.

“Supplemental Indenture” means any supplement or amendment to this Indenture which complies with the provisions of Section 7.01 or 7.02.

“System Revenues” means, for any Fiscal Year or other period, all rates, fees, and charges received for, and all other income and receipts derived by the City from, the operation of the Wastewater System or arising from the Wastewater System, determined in accordance with generally accepted accounting principles, including all proceeds of insurance covering business interruption loss relating to the Wastewater System, investment earnings on such amounts, and all other money howsoever derived by the City from the operation of the Wastewater System or arising from the Wastewater System; provided, however, that System Revenues shall include fees and charges collected during such Fiscal Year or other period, but only to the extent that such fees and charges could be properly expended on a Wastewater System Project for which the proceeds were used or are available to be used.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Series 2018 Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Tax Regulations” means temporary and permanent regulations promulgated under the Tax Code.

“Term Bonds” means the Series 2018 Bonds maturing June 1, \_\_\_\_ and June 1, \_\_\_\_.

“Trustee” means Wells Fargo Bank, National Association, appointed by the City to act as trustee hereunder pursuant to Section 6.01, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01.

“Wastewater Revenue Fund” means the fund established by the City into which the City will deposit System Revenues as provided in Section 5.2 hereof.

“Wastewater System” means the entire wastewater system of the City, including without limitation all improvements, works, or facilities owned, controlled, or operated by the City to provide wastewater service as such improvements, works, or facilities now exist, together with all additions to improvements of and extensions to said wastewater system later constructed or organized.

“2004 Bonds” means the \$23,975,000 original principal amount City of Oxnard Financing Authority Valuable Rate Demand Wastewater Revenue Bonds, Series 2004.

“2004 Indenture” means the Indenture of Trust, dated as of November 1, 2004, among the 2004 Trustee, the City, and the Authority.

“2004 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of November 1, 2004, between the City and the Authority.

“2004 Trustee” means Wells Fargo Bank, National Association under the 2004 Indenture.

“2006 Bonds” means the \$12,575,000 original principal amount City of Oxnard Financing Authority Wastewater Revenue Bonds, Series 2006.

“2006 Indenture” means the Indenture of Trust, dated as of May 1, 2006, among the 2006 Trustee, the City, and the Authority.

“2006 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of May 1, 2006, between the City and the Authority.

“2006 Trustee” means Wells Fargo Bank, National Association under the 2006 Indenture.

**SECTION 1.02 Rules of Construction.** All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

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

**SECTION 1.03 Authorization and Purpose of Series 2018 Bonds.** The City has reviewed all proceedings heretofore taken relative to the authorization of the Series 2018 Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Series 2018 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized, as an exercise of the municipal affairs power of the City as a municipal corporation under the constitution and laws of the State and pursuant to the Bond Law and each and every requirement of law, to issue the Series 2018 Bonds in the manner and form provided in this Indenture. Accordingly, the City hereby authorizes the issuance of the Series 2018 Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to refund the 2004 Bonds and 2004 Installment Purchase Agreement, and the 2006 Bonds and the 2006 Installment Purchase Agreement, to fund a reserve account, and to pay Costs of Issuance of the Series 2018 Bonds.

**SECTION 1.04 Equal Security.** In consideration of the acceptance of the Series 2018 Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the City, the Trustee and the Owners from time to time of the Series 2018 Bonds; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the

equal and proportionate benefit, security and protection of all Owners of the Series 2018 Bonds without preference, priority or distinction as to security or otherwise of any of the Series 2018 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

## ARTICLE II

### ISSUANCE OF SERIES 2018 BONDS

**SECTION 2.01** Terms of Series 2018 Bonds. The Series 2018 Bonds authorized to be issued by the City under and subject to the Bond Law and the terms of this Indenture shall be designated the “City of Oxnard Wastewater Revenue Refunding Bonds, Series 2018”, and shall be issued in the original principal amount of \_\_\_\_\_ (\$\_\_\_\_\_).

The Series 2018 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2018 Bond shall have more than one maturity date. The Series 2018 Bonds shall mature on June 1 in each of the years and in the amounts, and shall bear interest at the rates, as follows:

Maturity Date ( <u>June 1</u> )	Principal <u>Amount</u>	Interest <u>Rate</u>
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Interest on the Series 2018 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Series 2018 Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event



there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the Series 2018 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the Series 2018 Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on any Series 2018 Bond shall be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Series 2018 Bonds shall be payable in lawful money of the United States of America.

The Series 2018 Bonds shall be dated the Closing Date and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to May 15, 2019, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of authentication of any Series 2018 Bond, interest thereon is in default, such Series 2018 Bond shall bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

## **SECTION 2.02 Terms of Redemption.**

(a) Sinking Account Redemption. The Term Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments in the amounts and on the dates set forth in the following schedule on June 1, \_\_\_\_\_ with respect to Term Bonds maturing June 1, \_\_\_\_\_ and on June 1 in each year thereafter, respectively, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the Series 2018 Bonds have been redeemed pursuant to subsections (b)(1) below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Series 2018 Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated in a Written Request, which shall contain a revised sinking fund schedule, filed by the City with the Trustee.

### **Term Bonds Maturing June 1, \_\_\_\_\_**

**Redemption Date  
(June 1)**

**Principal  
Amount**

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of Term 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 may be directed by the City, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Term Bonds, as set forth in a Written Request of the City. The par amount of any Term Bonds so purchased by the City in any twelve-month period immediately preceding any May 15 in the table above will be credited towards and will reduce the principal amount of Term Bonds required to be redeemed on the succeeding June 1.

(b) Optional Redemption. The Series 2018 Bonds maturing on or before June 1, \_\_\_\_ are not subject to optional redemption prior to maturity. The Series 2018 Bonds maturing on June 1, \_\_\_\_ and thereafter are subject to redemption prior to their stated maturity at the option of the City, as a whole or in part on any date, by such maturities as are selected by the City from any available source of funds on or after June 1, \_\_\_\_ at a redemption price equal to the principal amount of the Series 2018 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The Issuer shall provide the Trustee a Written Request of its intention to redeem Series 2018 Bonds under this subsection (b), and the manner of selecting such Series 2018 Bonds for redemption from among the maturities thereof and the redemption price thereof, at least 45 days prior to the redemption date.

(c) Selection of Series 2018 Bonds for Redemption. Whenever provision is made in Section 2.02 of this Indenture for the redemption of less than all of the Series 2018 Bonds of any series, (other than pursuant to Section 2.02(a) hereof) the Trustee shall select the Series 2018 Bonds to be redeemed from all Series 2018 Bonds or such given portion thereof not previously called for redemption, among series and among maturities as directed by the City and by lot within a maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair; provided, however, that if less than all of the Series 2018 Bonds of a series are called for redemption at any one time, upon the written direction of the City, the City shall specify a reduction in any pending Sinking Account payments for such series required to be made hereunder.

(d) Notice of Redemption. Notice of redemption shall be mailed by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before any redemption date, to respective Owners of any Series 2018 Bonds designated for redemption at their addresses appearing on the Registration Books, and to the Securities Depositories and to the Information Services. Each notice of redemption shall state the Series 2018 date of the notice, the redemption date, the place or places of redemption, whether less than all of the Series 2018 Bonds of such series (or all Series 2018 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and Series 2018 Bond numbers of the Series 2018 Bonds to be redeemed, the maturity or maturities of the Series 2018 Bonds to be redeemed and in the case of Series 2018 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Series 2018 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2018 Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the proceedings for such redemption or the cessation of accrual of interest

from and after the redemption date. Notice of redemption of Series 2018 Bonds shall be given by the Trustee, at the expense of the Issuer, for and on behalf of the Issuer.

(e) Conditional Notice of Optional Redemption of Series 2018 Bonds. With respect to the optional redemption of the Series 2018 Bonds pursuant to 2.02(b) the City may instruct the Trustee to include a statement in the notice of such redemption which shall state that such redemption is conditioned upon the receipt by the Trustee on or before the date fixed for such redemption of sufficient funds for such purpose. In the event that sufficient funds shall not have been deposited with the Trustee on or before the date fixed for redemption, the Trustee shall promptly notify the Owners in the same manner in which notice was sent that such redemption is cancelled and the notice thereof shall be deemed to be cancelled and rescinded.

(f) Partial Redemption of Series 2018 Bonds. Upon surrender of any Series 2018 Bonds redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Series 2018 Bond or Series 2018 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2018 Bonds surrendered.

(g) Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Series 2018 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series 2018 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Series 2018 Bonds so called for redemption shall cease to accrue, said Series 2018 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Series 2018 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Series 2018 Bonds redeemed pursuant to the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed.

**SECTION 2.03** Form of Series 2018 Bonds. The Series 2018 Bonds, the Trustee's certificate of authentication, and the assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

**SECTION 2.04** Execution of Series 2018 Bonds. The Series 2018 Bonds shall be signed in the name and on behalf of the City with the manual or facsimile signatures of its General Manager, and attested by the manual or facsimile signature of its Secretary under the seal of the City. Such seal may be in the form of a facsimile of the City's seal and shall be imprinted or impressed upon the Series 2018 Bonds. The Series 2018 Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the Series 2018 Bonds shall cease to be such officer before the Series 2018 Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Series 2018 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though the individual who signed the same had

continued to be such officer of the City. Also, any Series 2018 Bond may be signed on behalf of the City by any individual who on the actual date of the execution of such Series 2018 Bond shall be the proper officer although on the nominal date of such Series 2018 Bond such individual shall not have been such officer.

Only such of the Series 2018 Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, 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 the Trustee shall be conclusive evidence that the Series 2018 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**SECTION 2.05 Transfer of Series 2018 Bonds.** Any Series 2018 Bond may, in accordance with its terms, be transferred upon the Bond Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2018 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Series 2018 Bond shall be surrendered for transfer, the City shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Series 2018 Bond or Series 2018 Bonds of like tenor, maturity and aggregate principal amount. The City shall pay all costs of the Trustee incurred in connection with any such transfers, except that the Trustee may require the payment by the Bond Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

**SECTION 2.06 Exchange of Series 2018 Bonds.** Series 2018 Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee, for Series 2018 Bonds of the same tenor and maturity and of other authorized denominations. The City shall pay all costs of the Trustee incurred in connection with any such exchanges, except that the Trustee may 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.

**SECTION 2.07 Temporary Series 2018 Bonds.** The Series 2018 Bonds may be issued initially in temporary form exchangeable for definitive Series 2018 Bonds when ready for delivery. The temporary Series 2018 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Series 2018 Bond shall be executed by the City and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Series 2018 Bonds. If the City issues temporary Series 2018 Bonds, it will execute and furnish definitive Series 2018 Bonds without delay, and thereupon the temporary Series 2018 Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Series 2018 Bonds an equal aggregate principal amount of definitive Series 2018 Bonds of authorized denominations. Until so exchanged, the temporary Series 2018 Bonds shall be entitled to the same benefits under this Indenture as definitive Series 2018 Bonds authenticated and delivered hereunder.

**SECTION 2.08 Bond Registration Books.** The Trustee will keep or cause to be kept at its trust office sufficient Bond Registration Books for the registration and transfer of the Series 2018

Bonds, which shall at all times during regular business hours, and upon reasonable notice, be open to inspection by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series 2018 Bonds as hereinbefore provided.

**SECTION 2.09** Series 2018 Bonds Mutilated, Lost, Destroyed or Stolen. If any Series 2018 Bond shall become mutilated, the City, at the expense of the Owner of said Series 2018 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2018 Bond of like maturity and principal amount in exchange and substitution for the Series 2018 Bond so mutilated, but only upon surrender to the Trustee of the Series 2018 Bond so mutilated. Every mutilated Series 2018 Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the City. If any Series 2018 Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2018 Bond of like maturity and principal amount in lieu of and in substitution for the Series 2018 Bond so lost, destroyed or stolen. The City may require payment of a reasonable fee for each new Series 2018 Bond issued under this Section and of the expenses which may be incurred by the City and the Trustee. Any Series 2018 Bond issued under the provisions of this Section in lieu of any Series 2018 Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the City whether or not the Series 2018 Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Series 2018 Bonds secured by this Indenture.

**SECTION 2.10** Book Entry System.

(a) Original Delivery. The Series 2018 Bonds shall be initially delivered in the form of a separate single fully registered Series 2018 Bond (which may be typewritten) for each maturity of the Series 2018 Bonds. Upon initial delivery, the ownership of each such Series 2018 Bond shall be registered on the Bond Registration Books maintained by the Trustee pursuant to Section 2.08 hereof in the name of the Nominee.

Except as provided in subsection (c), the ownership of all of the Outstanding Series 2018 Bonds shall be registered in the name of the Nominee on such Bond Registration Books.

With respect to Series 2018 Bonds the ownership of which shall be registered in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the City holds an interest in the Series 2018 Bonds. Without limiting the generality of the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2018 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Series 2018 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2018 Bonds to be redeemed in the event the City elects to redeem the Series 2018 Bonds in part, (iv) the payment to any

Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the Series 2018 Bonds or (v) any consent given or other action taken by the Depository as Bond Owner. The City and the Trustee may treat and consider the person in whose name each Series 2018 Bond is registered as the absolute owner of such Series 2018 Bond for the purpose of payment of principal, premium, if any, and interest represented by such Series 2018 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2018 Bond, for the purpose of registering transfers of ownership of such Series 2018 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the Series 2018 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the Series 2018 Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Series 2018 Bond evidencing the obligation of the City to make payments of principal, interest and premium, if any, pursuant to this Trust Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the City shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2018 Bonds for the Depository's book-entry system, the City shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2018 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2018 Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the City may take any other actions, not inconsistent with this Indenture, to qualify the Series 2018 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2018 Bonds, or (ii) the City determines to terminate the Depository as such, then the City shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the City and the Trustee in the execution of replacement Series 2018 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2018 Bonds, and by surrendering the Series 2018 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2018 Bonds are to be issued. The Depository, by accepting delivery of the Series 2018 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the

Depository acting as such, the City fails to identify another Securities Depository to replace the Depository, then the Series 2018 Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or



names the Owners transferring or exchanging Series 2018 Bonds shall designate, in accordance with the provisions hereof.

In the event the City determines that it is in the best interests of the beneficial owners of the Series 2018 Bonds that they be able to obtain certificated Series 2018 Bonds, the City may notify the Depository System Participants of the availability of such certificated Series 2018 Bonds through the Depository. In such event, the Trustee will execute, transfer and exchange Series 2018 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the City shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Series 2018 Bonds to any Depository System Participant having Series 2018 Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Series 2018 Bonds, all at the City's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Trust Indenture to the contrary, so long as any Series 2018 Bond is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Series 2018 Bond and all notices with respect to such Series 2018 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

### ARTICLE III

#### ISSUE OF SERIES 2018 BONDS; ADDITIONAL OBLIGATIONS

**SECTION 3.01** Issuance of Series 2018 Bonds. Upon the execution and delivery of this Indenture, the City shall execute and deliver Series 2018 Bonds in the aggregate principal amount of \_\_\_\_\_ (\$\_\_\_\_\_) to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the City.

**SECTION 3.02** Application of Proceeds of Sale of Series 2018 Bonds; Transfer from the 2004 Indenture. Upon the receipt of payment for the Series 2018 Bonds on the Closing Date in the amount of \$\_\_\_\_\_ (being an amount equal to the principal amount of the Series 2018 Bonds (\$\_\_\_\_\_)), less the amount delivered to the Insurer for the Reserve Policy (\$\_\_\_\_\_) plus a net premium of \$\_\_\_\_\_, less: (i) underwriter's discount (\$\_\_\_\_\_); and the Trustee shall apply the proceeds of sale thereof as follows:

(a) The Trustee shall deposit in the Escrow Fund and transfer to the Escrow Bank, for deposit to the Escrow Fund, the amount of \$\_\_\_\_\_; and

(b) The Trustee shall deposit in the Cost of Issuance Fund an amount equal to \$\_\_\_\_\_; and

(c) The Reserve Policy is delivered to the Trustee for deposit in the Reserve Account.

**SECTION 3.03** Escrow Fund. There is hereby created as a fund to be known as the "City of Oxnard Wastewater Revenue Refunding Bonds, Series 2018 Escrow Fund" (the "Series 2018

Escrow Fund”). In accordance with Section 3.02(a) hereof, the Trustee shall transfer all monies in the Series 2018 Escrow Fund to the Escrow Bank and shall close the Series 2018 Escrow Fund.

**SECTION 3.04 Cost of Issuance Fund.** There is hereby created a fund to be known as the “City of Oxnard Water Revenue Refunding Bonds, Series 2018 Cost of Issuance Fund” (the “Cost of Issuance Fund”), which the City hereby covenants and agrees to cause to be maintained and which shall be held in trust by the Trustee. The moneys in the Cost of Issuance Fund shall be used in the manner provided by law solely for the purpose of the payment of Costs of Issuance upon receipt by the Trustee of Requests of the City therefor, on or after the Closing Date. Each such request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Any funds remaining in the Cost of Issuance Fund on the earlier of (1) the date an Authorized Official notifies the Trustee that all third party Costs of Issuance have been paid, or (2) \_\_\_\_\_, 2019, shall be transferred by the Trustee to the City.

**SECTION 3.05 Issuance of Additional Obligations.** In addition to the Series 2018 Bonds, the City may, by Additional Obligations Instrument, issue or incur other loans, advances or indebtedness payable from Net System Revenues to be derived from the Wastewater System, to provide financing for the Wastewater System, in such principal amount as shall be determined by the City. The City may issue or incur any such Additional Obligations subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Additional Obligations:

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

(b) the City obtains or provides a certificate or certificates prepared by a Consultant showing that:

(i) the Net System Revenues as shown by the books of the City for the twelve (12) calendar months ending prior to the incurring of such Additional Obligations shall have amounted to at least the sum of (x) one hundred percent (100%) of Debt Service for such twelve (12) calendar month period, plus (y) the amount by which the amount on deposit in the Wastewater Revenue Fund on the date prior to the first day of such twelve (12) calendar month period was less than twenty-five percent (25%) of Maximum Annual Debt Service; for purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the City, which have not been subject to audit by an Independent Certified Public Accountant if audited financial statements for the Fiscal Year or period are not available;

(ii) the estimated Net System Revenues for the twelve (12) calendar months following the date of incurring such Additional obligations will be at least equal to one hundred percent (100%) of Debt Service on all Obligations to be outstanding immediately after the incurring of such Additional Obligations; and



(iii) the amount on deposit in the Wastewater Revenue Fund on the date of incurring such Additional Obligations is at least equal to twenty-five percent (25%) of Maximum Annual Debt Service as of the date of incurring of such Additional Obligations.

(c) For purposes of the computations to be made as described in clause (ii) above, the determination of the Net System Revenues:

(i) may take into account any increases in rates and charges that relate to the Wastewater System and shall take into account any reduction in such rates and charges that will be effective prior to or at the time of incurring such proposed Additional Obligations;

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

(iii) for the period contemplated by clause (ii) above, Maintenance and Operation Costs of the Wastewater System shall be deemed to be the same as for the period for which a calculation is done pursuant to clause (i) above, but adjusted, if deemed necessary by the Consultant, for any increased Maintenance and Operation Costs of the Wastewater System which are, in the judgment of the Consultant, essential to maintaining and operating the Wastewater System, including any additions or betterments thereto to be made with the proceeds of such Additional Obligations.

The certificate or certificates described above shall not be required if the Additional Obligations being incurred are for the purpose of refunding then outstanding Obligations and at the time of the incurring of such Additional Obligations a certificate of an Authorized Official shall be delivered showing that Maximum Annual Debt Service on all outstanding Obligations after the incurring of such Additional Obligations will not exceed Maximum Annual Debt Service on all Obligations outstanding prior to the incurring of such Additional Obligations.

**SECTION 3.06 Validity of Series 2018 Bonds.** The validity of the authorization and issuance of the Series 2018 Bonds shall not be affected in any way by any proceedings taken by the City in connection with the Wastewater System, and the recital contained in the Series 2018 Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

## ARTICLE IV

### PLEDGE OF NET SYSTEM REVENUES; FUNDS AND ACCOUNTS

#### SECTION 4.01 Pledge of Net System Revenues, Wastewater Revenue Fund.

(a) The City hereby transfers, places a charge upon, assigns and sets over to the Trustee, for the benefit of the Owners, that portion of the Net System Revenues which is necessary to pay the principal of and interest on the Series 2018 Bonds in any Fiscal Year, together with all moneys on deposit in the Debt Service Fund, including the Interest Account, the Principal Account, the Sinking Account and the Reserve Account established therein, and such portion of the Net System Revenues is hereby irrevocably pledged to the punctual payment of the principal of and interest on the Series 2018 Bonds. The Net System Revenues shall not be used for any other purpose while any of the Series 2018 Bonds remain Outstanding, except that out of Net System Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by this Article. Said pledge shall constitute a first, direct and exclusive charge and lien on the Net System Revenues for the payment of the principal of and interest on the Series 2018 Bonds in accordance with the terms thereof and on the Debt Service Fund, and the Interest Account, Principal Account and Sinking Account established therein.

(b) The Net System Revenues constitute a trust fund for the security and payment of the principal of and interest on the Series 2018 Bonds. The general fund of the City is not liable and the credit of the City is not pledged for the payment of the principal of and interest on the Series 2018 Bonds. The Owner of the Series 2018 Bonds shall not compel the exercise of the taxing power by the City or the forfeiture of its property. The principal of and interest on the Series 2018 Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Net System Revenues of the Wastewater System.

**SECTION 4.02 Receipt and Deposit of Revenues.** The City has heretofore established the Wastewater Revenue Fund, which the City agrees to continue to hold and maintain for the purposes and uses set forth herein. The City covenants and agrees that all System Revenues, when and as received, will be received and held by the City in trust hereunder and will be deposited by the City in the Wastewater Revenue Fund and will be accounted for through and held in trust in the Wastewater Revenue Fund, and the City shall only have such beneficial right or interest in any of such money as in this Indenture provided. All such System Revenues shall be transferred, disbursed, allocated and applied solely to the uses and purposes hereinafter in this Article set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

**SECTION 4.03 Establishment of Funds and Accounts and Allocation of Revenues Thereto.** The Debt Service Fund, as a special fund, is hereby created. The Debt Service Fund shall be held and maintained by the Trustee. All System Revenues shall be held in trust by the City in the Wastewater Revenue Fund and shall be applied, transferred, used and withdrawn only for the purposes hereinafter authorized in this Article.

(1) Operating Costs. The City shall first pay from the moneys in the Wastewater Revenue Fund the budgeted Maintenance and Operation Costs of the Wastewater System as such Costs become due and payable.

(2) Debt Service Payments. Not later than the first Business Day preceding each date on which principal of or interest on the Series 2018 Bonds becomes due and payable, the Trustee shall transfer from the Debt Service Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Debt Service Fund), the following amounts in the following order of priority, the requirements of each such account at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Interest Account. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Series 2018 Bonds then Outstanding.

(b) Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Series 2018 Bonds coming due and payable on such Interest Payment Date.

(c) Sinking Account. The Trustee shall deposit in the Sinking Account an amount equal to the aggregate principal amount of the Term Bonds required to be redeemed on such date, if any, pursuant to Section 4.01(a).

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the City of such fact. Promptly upon receipt of any such notice, the City shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement of the Reserve Account. If there shall then not be sufficient Net System Revenues on deposit in the Wastewater Revenue Fund to transfer an amount sufficient to maintain the Reserve Requirement of the Reserve Account, the City shall be obligated to continue making transfers as Tax Revenues become available in the Wastewater Revenue Fund until there is an amount sufficient to maintain the Reserve Requirement of the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of Series 2018 Bonds then Outstanding, except that so long as the City is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each June 1 and December 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve

Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account, the Principal Account and Sinking Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the City shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Request of the City, such amount shall be transferred as directed by the City.

The Reserve Requirement with respect to the Series 2018 Bonds shall be satisfied by the delivery of the Reserve Policy to the Trustee. The Trustee shall credit the Reserve Policy to the Reserve Account. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in Section 4.03(d). The Trustee shall comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Account and applied for the purposes thereof. The City shall reimburse the Insurer for all draws under Reserve Policy in accordance with the terms of the Reserve Policy and Section 4.07 hereof.

(e) Equal Rights. It is the intention of the City that the Series 2018 Bonds shall be secured by and payable from all moneys deposited in the Wastewater Revenue Fund on an equal basis. To the extent that moneys deposited in the Wastewater Revenue Fund are insufficient to pay debt service on the Series 2018 Bonds as it becomes due, the Series 2018 Bonds shall be payable on a pro-rata basis from all available moneys deposited in the Wastewater Revenue Fund. Additionally, any moneys which remain in the Debt Service Fund after payment of principal of and interest on the Series 2018 Bonds shall be used to pay the Insurer for any other unpaid advances under the Reserve Policy.

(3) Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above in subsections (1) and (2), any moneys remaining in the Wastewater Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

**SECTION 4.04** Application of Debt Service Fund. Moneys in the Debt Service Fund shall be applied as follows:

(a) Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series 2018 Bonds as it shall become due and payable (including accrued interest on any Series 2018 Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Series 2018 Bonds at their respective maturity dates.

(c) Application of Sinking Account. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Bonds pursuant to Section 4.01(a).

(d) Application of the Reserve Account. All moneys in the Reserve Account shall be applied as set forth in Section 4.03(d) hereof.

**SECTION 4.05 Investments.** All moneys in the Wastewater Revenue Fund may be invested by the City from time to time in any investments authorized by law, consistent with the City's investment policy. All moneys in the Debt Service Fund, and the accounts established therein, and Cost of Issuance Fund shall be invested by the Trustee solely in Authorized Investments, as directed pursuant to a Request of the City. In the absence of any such Request of the City, the Trustee may (but shall not be required to) invest any such moneys in money market funds described in paragraph (f) of the definition of Authorized Investments; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the City specifying a specific money market fund and, if no such Request of the City is so received, the Trustee shall hold such moneys uninvested. The Trustee shall be entitled to rely upon any investment Request of the City as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California. Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, and all interest or gain derived from the investment of amounts in any of the Funds or Accounts established hereunder shall be deposited in the Fund or Account from which such investment was made; and shall be accounted for and applied as provided in Section 4.04(c) with respect to the Debt Service Fund; provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. No Permitted Investment of moneys in the Reserve Account shall have a maturity in excess of five (5) years following the date of its acquisition, except that such restriction shall not apply to any investment agreement approved by the Insurer. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder with the written approval of the City. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment, and shall be entitled to its customary fees therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

The Trustee shall furnish the City periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provide only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.



#### **SECTION 4.06 Valuation; Investments.**

(a) Method of Valuation and Frequency of Valuation. In computing the amount in any Fund or Account, Authorized Investments shall be valued at Fair Market Value. With respect to all Funds and Accounts, valuation shall occur annually.

(b) Investments Subject to Yield Restriction. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Account shall be valued at cost thereof, (consisting of present value thereof, as determined by the City, within the meaning of Section 148 of the Tax Code); provided that the City shall inform the Trustee which funds are subject to a yield restriction.

(c) Additional Limitations. Except as provided in the proceeding subsection (b), with respect to a yield restriction, for the purpose of determining the amount in any fund, the value of Authorized Investments credited to such fund shall be valued by the Trustee at least annually at the market value thereof. For purposes of valuation, the Trustee shall be entitled to utilize any pricing services it considers reliable. The Trustee may sell in any commercially reasonable manner, or present for redemption, any Authorized Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Authorized Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from sale or redemption of any such Authorized Investment.

#### **SECTION 4.07 Provisions Relating to Reserve Policy: [To come]**

### **ARTICLE V**

#### **COVENANTS OF THE CITY; SPECIAL TAX COVENANTS**

**SECTION 5.01 Punctual Payment; Compliance With Documents.** The City shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Series 2018 Bonds in strict conformity with the terms of the Series 2018 Bonds and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Contracts for Additional Obligations.

**SECTION 5.02 Against Encumbrances.** The City will not mortgage or otherwise encumber, pledge or place any charge upon the Wastewater System or any part thereof, or upon any of the Net System Revenues, except as provided in the Indenture.

**SECTION 5.03 Discharge of Claims.** The City covenants that in order to fully preserve and protect the priority and security of the Series 2018 Bonds the City shall pay from the Net System Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Wastewater System which, if unpaid, may become a lien or charge upon the Net System Revenues prior or superior to the lien of the Series 2018 Bonds and impair the security of the Series 2018 Bonds. The City shall also pay from the Net System Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in

respect of the Wastewater System or upon any part thereof or upon any of the Net System Revenues therefrom.

**SECTION 5.04** Acquisition, Construction or Financing of Improvements to the Wastewater System. The City will acquire, construct, or finance Improvements to the Wastewater System to be financed with the proceeds of any Additional Obligations with all practicable dispatch, and such Improvements will be made in an expeditious manner and in conformity with laws so as to complete the same as soon as possible.

**SECTION 5.05** Maintenance and Operation of Wastewater System in Efficient and Economical Manner. The City covenants and agrees to maintain and operate the Wastewater System in an efficient and economical manner and to operate, maintain and preserve the Wastewater System in good repair and working order.

**SECTION 5.06** Against Sale, Eminent Domain.

(a) The City will not sell, lease or otherwise dispose of the Wastewater System or any part thereof essential to the proper operation of the Wastewater System or to the maintenance of the Net System Revenues except as herein expressly permitted. The City will not enter into any lease or agreement which impairs the operation of the Wastewater System or any part thereof necessary to secure adequate Net System Revenues for the payment of the interest on and principal of the Series 2018 Bonds, or which would otherwise impair the rights of the Bond Owners with respect to the Net System Revenues or the operation of the Wastewater System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Wastewater System, or any material or equipment which has worn out, may be sold at not less than the market value thereof without the consent of the Bond Owners if such sale will not reduce Net System Revenues and if all of the Net Proceeds of such sale are deposited in the Wastewater Revenue Fund.

(b) If all or any part of the Wastewater System shall be taken by eminent domain proceedings, the Net Proceeds realized by the City therefrom shall be deposited by the City with the Trustee in a special fund in trust and applied by the City to the cost of acquiring or constructing or financing Improvements to the Wastewater System if (A) the City first secures and files with the Trustee a Certificate of the City showing (i) the estimated loss in annual Net System Revenues, if any, suffered, or to be suffered, by the City by reason of such eminent domain proceedings, (ii) a general description of the Improvements to the Wastewater System then proposed to be acquired or constructed by the City from such Net Proceeds, and (iii) an estimate of the additional Net System Revenues to be derived from such Improvements; and (B) the City, by a certificate to the Trustee, determines that such additional Net System Revenues will sufficiently offset the loss of Net System Revenues, resulting from such eminent domain proceedings so that the ability of the City to meet its obligations hereunder will not be substantially impaired, which determination by the City shall be final and conclusive. If the foregoing conditions are met, the City shall then promptly proceed with the acquisition or construction or financing of such Improvements substantially in accordance with such Certificate of the City and payments therefor shall be made by the Trustee from such Net Proceeds and from other moneys of the City lawfully available therefor, and any balance of such Net Proceeds not required by the City for the purposes aforesaid shall be deposited in the Wastewater Revenue



Fund. If the foregoing conditions are not met, then such Net Proceeds shall be held in trust by the Trustee and applied to the payment of the Series 2018 Bonds, as the same become due by their terms, and, pending such application, such remaining moneys may be invested by the Trustee in the manner provided in Section 4.06.

**SECTION 5.07 Insurance.** The City covenants that it shall at all times maintain such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Wastewater System shall be damaged or destroyed, such part shall be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical Wastewater System shall be used for repairing or rebuilding the damaged or destroyed portions of the Wastewater System (to the extent that such repair or rebuilding is determined by the City to be useful or of continuing value to the Wastewater System), and to the extent not so applied, shall be held by the Trustee and applied to the payment of the Series 2018 Bonds, as the same became due by their terms and pending such application, such remaining moneys may be invested by the Trustee in the manner provided in Section 4.06.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the City, or may be in the form of self-insurance by the City. The City shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance. The Trustee shall not be responsible for the sufficiency of such insurance.

**SECTION 5.08 Records and Accounts.** The City covenants that it shall keep proper books of record and accounts of the Wastewater System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Wastewater System. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the Outstanding Series 2018 Bonds or their representatives authorized in writing.

The City covenants that it will cause the books and accounts of the Wastewater System to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Bond Owners at the office of the Trustee in Los Angeles, California, upon reasonable request, a copy of the report of such Independent Certified Public Accountant.

The City covenants that it will cause to be prepared annually, not more than one hundred eighty (180) days after the close of each Fiscal Year, as a part of its regular annual financial report, a summary statement showing the amount of System Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Series 2018 Bonds, the disbursements from the System Revenues and other funds in reasonable detail. The City shall furnish a copy of the statement to the Trustee, and upon written request, to any Bond Owner. The Trustee shall not be responsible for reviewing the audited financial statements and annual financial report.

**SECTION 5.09 Protection of Security and Rights of Owners.** The City will preserve and protect the security of the Series 2018 Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and

delivery of any Additional Obligations by the City, such Additional Obligations shall be incontestable by the City.

**SECTION 5.10 Against Competitive Facilities.** The City will not acquire, construct, operate or maintain a Wastewater System or utility within the service area of the City that would be competitive with the Wastewater System.

**SECTION 5.11 Payment of Taxes, Etc.** The City will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Wastewater System or any part thereof or upon any Revenues when the same shall become due. The City will duly observe and conform with all valid requirements of any governmental authority relative to the Wastewater System or any part thereof, and will comply with all requirements with respect to any state or federal grants received to assist in paying for the costs of the acquisition, construction or financing of any Improvements to the Wastewater System.

**SECTION 5.12 Amount of Rates and Charges, Operating Reserves.** The City shall fix, prescribe, and collect fees, rates, and charges for the Wastewater System which will be at least sufficient to yield during each Fiscal Year Net System Revenues equal to the sum of (a) one hundred percent (100%) of the Debt Service for such Fiscal Year and the amounts, if any, then due and owing to the Insurer under the Reserve Policy, if applicable, plus (b) the amount by which the amount on deposit in the Wastewater Revenue Fund on the last day of the immediately preceding Fiscal Year was less than twenty-five percent (25%) of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section.

**SECTION 5.13 No Priority for Additional Obligations.** The City covenants that no additional bonds or other obligations shall be issued or incurred having any priority in payment of principal or interest out of the Net System Revenues over the Series 2018 Bonds.

**SECTION 5.14 No Arbitrage.** The City shall not take, nor permit nor suffer to be taken any action with respect to the proceeds of any of the Series 2018 Bonds which would cause any of the Series 2018 Bonds to be “arbitrage bonds” within the meaning of the Tax Code.

**SECTION 5.15 Information Report.** The City is hereby directed to assure the filing of an information report for the Series 2018 Bonds in compliance with Section 149 (e) of the Tax Code.

**SECTION 5.16 Private Activity Series 2018 Bond Limitation.** The City shall assure that the proceeds of the Series 2018 Bonds are not so used as to cause the Series 2018 Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

**SECTION 5.17 Federal Guarantee Prohibition.** The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2018 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Tax Code.

**SECTION 5.18 Further Assurances.** The City will adopt, make, execute and deliver any and all such further resolutions, 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 Series 2018 Bonds the rights and benefits provided in this Indenture.

**SECTION 5.19 Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee, at the written request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Series 2018 Bonds, shall, but only to the extent indemnified to its satisfaction from any liability or expense, including, without limitation fees and expenses of its attorneys, or any holder or beneficial owner of the Series 2018 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

**SECTION 5.20 Rebate Requirement.** The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2018 Bonds.

**SECTION 5.21 Maintenance of Tax-Exemption.** The City shall take all actions necessary to assure the exclusion of interest on the Series 2018 Bonds from the gross income of the Bond Owners to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the Series 2018 Bonds.

## ARTICLE VI

### THE TRUSTEE

**SECTION 6.01 Appointment of Trustee.** Wells Fargo Bank, National Association, with an office in Los Angeles, California, a banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the City for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The City agrees that it will maintain a Trustee having a corporate trust office in San Francisco or Los Angeles, California, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any Series 2018 Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 5.01 the combined capital and surplus of such bank, banking association, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the Series 2018 Bonds when duly presented for payment at maturity or purchase prior to maturity, and to cancel all Series 2018 Bonds upon

payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Series 2018 Bonds paid and discharged.

**SECTION 6.02 Acceptance of Trusts.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent and reasonable man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to rely conclusively on advice of counsel of its choice concerning all matters of trust and its duty hereunder and the Trustee shall not be answerable for any willful misconduct or negligence on the part of any such attorneys, agents or receivers selected by it with reasonable care.

(c) The Trustee shall not be responsible for any recital herein, or in the Series 2018 Bonds, or for the validity of this Indenture or any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Series 2018 Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the City hereunder. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.06.

(d) The Trustee shall not be accountable for the use of any proceeds of sale of the Series 2018 Bonds delivered hereunder. The Trustee may become the Owner of Series 2018 Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Series 2018 Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Series 2018 Bonds then Outstanding.

(e) In the absence of bad faith on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or

giving such authority or consent is the Owner of any Series 2018 Bond, shall be conclusive and binding upon all future Owners of the same Series 2018 Bond and upon Series 2018 Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Series 2018 Bond or to take any action at his request unless the ownership of such Series 2018 Bond by such person shall be reflected on the Bond Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the City as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Certificate of the City to the effect that an authorization in the form therein set forth has been adopted by the City, as conclusive evidence that such authorization has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful default. The immunities and exceptions from liability of the Trustee shall extend to its officers, as finally adjudicated by a court of law, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the City to make any of the payments to the Trustee required to be made by the City pursuant hereto or failure by the City to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Series 2018 Bonds, unless the Trustee shall be specifically notified in writing of such default by the City or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Series 2018 Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Wastewater System, including all books, papers and records of the City pertaining to the Wastewater System and the Series 2018 Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.



(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Series 2018 Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the City to the execution of any Series 2018 Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.03 and this Article the Trustee may require that an indemnity bond satisfactory in terms and amount be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is finally adjudicated by a court of law to have resulted from its negligence or willful default in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as it may agree to in writing.

(n) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on

unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(o) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(p) The Trustee does not have a duty to review any financial statements or reports of the City, is not considered to have notice of the content of any such statements or reports and does not have a duty to verify the accuracy of such financial statements or reports.

(q) The Trustee may consult with counsel, who may be bond counsel or other counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(r) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Series 2018 Bonds.

(s) Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, 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.

**SECTION 6.03 Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Series 2018 Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.



**SECTION 6.04 Notice to Bond Owners of Default.** If an Event of Default hereunder occurs with respect to any Series 2018 Bonds, of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Series 2018 Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the City to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

**SECTION 6.05 Intervention by Trustee.** In any judicial proceeding to which the City is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Series 2018 Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02 hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Series 2018 Bonds then Outstanding.

**SECTION 6.06 Removal of Trustee.** The Owners of a majority in aggregate principal amount of the Outstanding Series 2018 Bonds may at any time, and the City may so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee (where applicable), whereupon the City or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01 hereof. The Trustee shall be precluded from charging a termination fee in such event.

**SECTION 6.07 Resignation by Trustee.** The Trustee and any successor Trustee may at any time resign by giving thirty (30) days' written notice, as provided in Section 9.10 hereof, to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the City shall cause notice thereof to be given by first class mail to the Bond Owners at their respective addresses set forth on the Bond Registration Books. No resignation of the Trustee shall take effect until a successor is appointed and has accepted.

**SECTION 6.08 Appointment of Successor Trustee.** In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, the City shall promptly appoint a successor Trustee. In the event the City shall for any reason whatsoever fail to appoint a successor Trustee within forty-five (45) days following the delivery to the Trustee of the instrument described in Section 6.06 or within forty-five (45) days following the receipt of notice by the City pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the City purporting to appoint a successor Trustee following the expiration of such forty-five-day period.

Notwithstanding any other provision of this Trust Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed; provided,

however, that if for any reason whatsoever no successor Trustee shall have been appointed within 45 days following receipt of notice by the City pursuant to Section 6.07 above, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee which meets the requirements of Section 6.01 hereof.

**SECTION 6.09 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 6.01), shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**SECTION 6.10 Concerning any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the City, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

**SECTION 6.11 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

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

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

**SECTION 6.12 Indemnification; Limited Liability of Trustee.** The City shall indemnify and hold the Trustee harmless from and against all claims, losses, costs, expenses, liabilities and damages including legal fees and expenses arising from the exercise and performance of its duties hereunder and the termination of this Indenture. Such indemnity and fees and expenses pursuant to Section 6.03 shall survive the resignation or removal of the Trustee hereunder and the payment of the Series 2018 Bonds. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority of the Owners of the principal amount of Series 2018 Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture.

## ARTICLE VII

### MODIFICATION AND AMENDMENT OF THE INDENTURE

**SECTION 7.01 Amendment by Consent of Bond Owners.** This Indenture and the rights and obligations of the City and of the Owners of the Series 2018 Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Series 2018 Bonds then Outstanding, exclusive of Series 2018 Bonds disqualified as provided in Section 7.03 hereof, are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Series 2018 Bond or otherwise alter or impair the obligation of the City to pay the principal of or interest on at the time and place and at the rate and in the currency provided therein of any Series 2018 Bond without the express written consent of the Owner of such Series 2018 Bond, (b) reduce the percentage of Series 2018 Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

**SECTION 7.02 Amendment Without Consent of Bondholders.** This Indenture and the rights and obligations of the City and of the Owners of the Series 2018 Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon execution and delivery, without consent of any Bond Owners, but only to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the City may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not adversely affect the interests of the Owners of the Series 2018 Bonds;

(c) to provide for the issuance of any Additional Obligations, and to provide the terms and conditions under which such Additional Obligations may be issued, including but not limited to the establishment of special funds and accounts relating to such Additional Obligations and any other provisions relating solely to such Additional Obligations, subject to and in accordance with the provisions of Section 3.05; or

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Series 2018 Bonds.

Any rating City rating the Series 2018 Bonds must receive notification of any amendment to this Indenture at least 15 days prior to its execution.

**SECTION 7.03 Disqualified Series 2018 Bonds.** Series 2018 Bonds owned or held by or for the account of the City (but excluding Series 2018 Bonds held in any employees' retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Series 2018 Bonds in this article provided for, and shall not be entitled to consent to, or take any other action in this article provided for. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Series 2018 Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**SECTION 7.04 Endorsement or Replacement of Series 2018 Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the City may determine that the Series 2018 Bonds shall bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Series 2018 Bond Outstanding at such effective date and presentation of his Series 2018 Bond for that purpose at the Principal Corporate Trust Office, a suitable notation as to such action shall be made on such Series 2018 Bond. If the City shall so determine, new Series 2018 Bonds so modified as, in the opinion of the City, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Series 2018 Bond Outstanding at such effective date such new Series 2018 Bonds shall be exchanged at the Principal Corporate Trust Office, without cost to each Bond Owner, for Series 2018 Bonds then Outstanding, upon surrender of such Outstanding Series 2018 Bonds.

**SECTION 7.05 Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Series 2018 Bond held by him, provided that due notation thereof is made on such Series 2018 Bond.

## **SECTION 7.06 Execution of Supplemental Indentures.**

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and complies with the terms hereof. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

## **ARTICLE VIII**

### **EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS**

**SECTION 8.01 Events of Default and Acceleration of Maturities.** The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Series 2018 Bond when and as the same shall become due and payable, whether at maturity as therein expressed by declaration or otherwise;

(b) Default in the due and punctual payment of any installment of interest on any Series 2018 Bond when and as such interest installment shall become due and payable;

(c) Default by the City in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in any Contracts or in the Series 2018 Bonds contained, and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Trustee; or

(d) The filing by the City of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the City, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property.

Upon the occurrence of an Event of Default, the Trustee may, and shall, at the direction of the owners of a majority of the principal amount of the Series 2018 Bonds by written notice to the City, declare the principal of the Series 2018 Bonds to be immediately due and payable, whereupon that portion of the principal of the Series 2018 Bonds thereby coming due and there interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Series 2018 Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Series 2018 Bonds shall have been so declared due and payable and



before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all of the principal of and interest on the Series 2018 Bonds having come due prior to such declaration, with interest on such overdue principal and interest calculated at the rate of interest per annum then borne by the Outstanding Series 2018 Bonds, and the reasonable fees and expenses of the Trustee and those of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of the principal of and interest on the Series 2018 Bonds having come due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Series 2018 Bonds at the time Outstanding may, by written notice to the City and to the Trustee, on behalf of the Owners of all of the Outstanding Series 2018 Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

**SECTION 8.02 Application of Funds Upon Acceleration.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Series 2018 Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the fees, costs and expenses of the Trustee and of Bond Owners in declaring such Event of Default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of the fees, costs and expenses of the Trustee, if any, in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee, then to the payment of the fees, costs and expenses of the Bond Owners in declaring such Event of Default, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Series 2018 Bonds for interest and principal, with interest on such overdue amounts to the extent permitted by law at the rate of interest then borne by the Outstanding Series 2018 Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2018 Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably in proportion to the aggregate of such interest, principal and interest on overdue amounts.

**SECTION 8.03 Other Remedies; Rights of Bond Owners.** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy, in addition to the remedy specified in Section 8.01, at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Series 2018 Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Series 2018 Bonds and indemnified as provided in Section 6.02 (1), the Trustee shall be

obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

**SECTION 8.04 Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Series 2018 Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Series 2018 Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Series 2018 Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Series 2018 Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Series 2018 Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Series 2018 Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Series 2018 Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Series 2018 Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**SECTION 8.05 Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net System Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**SECTION 8.06 Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture, or in the Series 2018 Bonds, shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of the Series 2018 Bonds to the



respective Bond Owners at the respective dates of maturity, as herein provided, out of the Net System Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of any Owner of any of the Series 2018 Bonds to exercise any right or power accruing upon 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 conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

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

**SECTION 8.07 Rights and Remedies of Bond Owners.** No Owner of any Series 2018 Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Series 2018 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such 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 any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners.

The right of any Owner to receive payment of the principal of and interest and premium (if any) on such Series 2018 Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**SECTION 8.08 Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the City, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the

property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

## ARTICLE IX

### MISCELLANEOUS

**SECTION 9.01 Limited Liability of City.** Notwithstanding anything in this Indenture contained, the City shall not be required to advance any moneys derived from any source of income other than the Net System Revenues for the payment of the principal of or interest on the Series 2018 Bonds, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the System Revenues). The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

**SECTION 9.02 Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Trustee and the Owners any right, remedy or claim under or by reason of this Trust Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee and the Owners.

**SECTION 9.03 Discharge of Indenture.** If the City shall pay and discharge any or all of the Outstanding Series 2018 Bonds in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Series 2018 Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay such Series 2018 Bonds, including all principal of and interest thereon; or
- (c) by depositing with a qualified escrow holder, in trust, Defeasance Obligations in such amount as the City (verified by an Independent Certified Public Accountant) shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the Funds and Accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Series 2018 Bonds (including all principal and interest at their respective maturity dates;

then, at the election of the City, and notwithstanding that any of such Series 2018 Bonds shall not have been surrendered for payment, the pledge of the Net System Revenues and other funds provided for in this Indenture with respect to such Series 2018 Bonds, and all other pecuniary obligations of the City under this Indenture with respect to all such Series 2018 Bonds, shall cease and terminate, except only the obligation of the City to pay or cause to be paid to the Owners of such Series 2018 Bonds not so surrendered and paid all sums due thereon from

amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee.

Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the City.

To accomplish defeasance the City shall cause to be delivered (i) a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Series 2018 Bonds in full on the maturity date (“Verification”), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2018 Bonds are no longer “Outstanding” under this Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City and the Trustee. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

**SECTION 9.04 Content of Certificates.** Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the City may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the City, upon the certificate or opinion of or representations by an officer or officers of the City, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

**SECTION 9.05 Execution of Documents by Bond Owners.** Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by

such Bond Owners in person or by 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, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the City if made in the manner provided in this Section 9.05.

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 affidavit of a witness of such execution or by the certificate 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 or writing acknowledged to him the execution thereof.

The ownership of Series 2018 Bonds shall be provided by the Bond Registration Books.

Any request, consent or vote of the Owner of any Series 2018 Bond shall bind every future Owner of the same Series 2018 Bond and the Owner of any Series 2018 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in pursuance of such request, consent or vote.

In determining whether the Owners of the requisite aggregate principal amount of Series 2018 Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Series 2018 Bonds which are owned or held by or for the account of the City (but excluding Series 2018 Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Series 2018 Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon the request of the Trustee, the City shall specify in a certificate to the Trustee those Series 2018 Bonds disqualified pursuant to this section and the Trustee may conclusively rely on such certificate.

In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

**SECTION 9.06 Waiver of Personal Liability.** No officer, agent or employee of the City shall be individually or personally liable for the payment of the interest on or principal of the Series 2018 Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**SECTION 9.07 Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the City (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Series 2018 Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The City hereby declares that it would have entered into this Indenture and each and every other

section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series 2018 Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**SECTION 9.08 Destruction of Cancelled Series 2018 Bonds.** Whenever in this Indenture provision is made for the surrender to the City of any Series 2018 Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such Series 2018 Bonds and furnish to the City a certificate of such destruction.

**SECTION 9.09 Funds and Accounts.** Any Fund or Account required by this Indenture to be established and maintained by the City or the Trustee may be established and maintained in the accounting records of the City or the Trustee, as the case may be, either as a Fund or an Account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a Fund or as an Account. All such records with respect to all such Funds and Accounts held by the City shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such Funds and Accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Series 2018 Bonds and the rights of every Owner thereof.

**SECTION 9.10 Notices.** Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, first class mail, overnight and hand delivery, fax and email addressed as follows:

If to the City:	City of Oxnard 300 West Third Street Oxnard, CA 93030 Attention: City Manager
-----------------	--

If to the Trustee:	Wells Fargo Bank, National Association [Street Address] Los Angeles, CA [Zip Code] Attention: [                      ]
--------------------	---

The City and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**SECTION 9.11 Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Series 2018 Bonds which remain unclaimed for one (1) year after the date when such Series 2018 Bonds have become due and payable, either at their stated maturity dates if such moneys were held by the Trustee at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee after said date when such Series 2018 Bonds become due and payable, shall, at the Request of the City, be repaid by the Trustee to the City, as its absolute

property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the City for the payment of such Series 2018 Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the expense and direction of the City, cause to be mailed to the Owners of all such Series 2018 Bonds, at their respective addresses appearing on the Bond Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the City.

*(Signature page follows)*



IN WITNESS WHEREOF, the CITY OF OXNARD has caused this Indenture to be signed in its name and on its behalf by the Mayor and attested by its Secretary-Treasurer, and Wells Fargo Bank, National Association, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF OXNARD

By: \_\_\_\_\_  
Tim Flynn, Mayor

ATTEST:

By: \_\_\_\_\_  
Michelle Ascencion, City Clerk

WELLS FARGO BANK NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer

*-Signature Page-  
Indenture of Trust*

**EXHIBIT A**  
**FORM OF SERIES 2018 BOND**

No. \_\_\_\_\_

\$ \_\_\_\_\_

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
**COUNTY OF VENTURA**  
**CITY OF OXNARD**  
**WASTEWATER REVENUE REFUNDING BOND**  
**SERIES 2018**

INTEREST RATEMATURITY DATEDATED DATECUSIP

\_\_\_\_\_%

REGISTERED OWNER: CEDE &amp; CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

Under and by virtue of Sections 53570 et seq. and 53580 et seq. of the California Government Code (the “Bond Law”), the City of Oxnard (the “City”), for value received, will, on the Maturity Date specified above, pay to the Registered Owner named above, or registered assigns (the “Owner”), the Principal Amount stated above, in lawful money of the United States of America, and pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Series 2018 Bond (unless (i) this Series 2018 Bond is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) this Series 2018 Bond is authenticated prior to May 15, 2019, in which event it shall bear interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Series 2018 Bond, interest is in default on this Series 2018 Bond, this Series 2018 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Series 2018 Bond) until payment of such Principal Amount in full, at the Interest Rate per annum stated above, payable on June 1 and December 1 in each year, commencing June 1, 2019 (each an “Interest Payment Date”), calculated on the basis of a 360-day year comprised of twelve 30-day months.

Principal hereof and premium, if any, are payable at the corporate trust office of Wells Fargo Bank, National Association (the “Trustee”), in Los Angeles, California. Interest hereon (including the final interest payment upon maturity) is payable by check or draft of the Trustee

mailed by first class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Trustee as of the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date (the "Record Date"); provided, that at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Series 2018 Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, such interest may be paid by wire transfer.

This Series 2018 Bond is one of a duly authorized issue of Series 2018 Bonds of the City designated as its "Wastewater Revenue Refunding Bonds, Series 2018" (the "Series 2018 Bonds") issued under and pursuant to the Bond Law and under an Indenture of Trust (the "Indenture") by and between the City and the Trustee, dated as of \_\_\_\_\_, 2018, and approved by the City by Resolution No. \_\_\_\_ adopted by the City Council of the City on \_\_\_\_\_, 2018 (the "Resolution"). Copies of the Indenture are on file at the office of the City Clerk and at the above-mentioned office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Bond Law is made for a description of the terms on which the Series 2018 Bonds are issued, the provisions with regard to the nature and extent of the Net System Revenues, as that term is defined in the Indenture, and the rights of the Owners of the Series 2018 Bonds. All the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between the City and the Owner from time to time of this Series 2018 Bond, and to all the provisions thereof the Owner of this Series 2018 Bond, by acceptance hereof, consents and agrees. Each subsequent Owner hereof shall have recourse to all of the provisions of the Bond Law and the Indenture and shall be bound by all of the terms and conditions thereof.

The Series 2018 Bonds are being issued for the purpose of (i) refunding the City's 2004 Wastewater Revenue Bonds and 2006 Wastewater Revenue Bonds; and (ii) paying certain costs of issuing the Series 2018 Bonds.

The Series 2018 Bonds are special obligations of the City and are secured by amounts held from time to time in the Debt Service Fund established and held by the Trustee under the Indenture and, subject to certain restrictions set forth in the Indenture, a pledge of and lien on certain Net System Revenues (as defined in the Indenture) generated by the City's Wastewater System.

**Neither the general fund, the full faith and credit, nor the taxing power of the City, the State of California or any other political subdivision thereof is pledged to the payment of the Series 2018 Bonds. The Series 2018 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts except the Net System Revenues.**

The City covenants in the Indenture that it will fix, prescribe, revise and collect rates and charges for the Wastewater System in each Fiscal Year which are sufficient to pay 125% of principal of and interest payable in that fiscal year on all outstanding Series 2018 Bonds (the Series 2018 Bonds and any Additional Obligations) payable from Net System Revenues of the Wastewater System.

The Series 2018 Bonds maturing June 1, \_\_\_\_ are subject to mandatory redemption, in part by lot, from Sinking Account payments on June 1, \_\_\_\_ and on June 1 in each year thereafter, respectively, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption and as set forth in the Indenture.

The Series 2018 Bonds maturing on or before June 1, \_\_\_\_ are not subject to optional redemption prior to maturity. The Series 2018 Bonds maturing on June 1, \_\_\_\_ and thereafter are subject to redemption prior to their stated maturity at the option of the City, as a whole or in part on any date, by such maturities as are selected by the City from any available source of funds on or after June 1, \_\_\_\_ at a redemption price equal to the principal amount of the Series 2018 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

Additional Obligations may be issued pursuant to the Indenture and may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof and accrued interest thereon plus such premium or premiums, if any, as may be determined by the City in the applicable Additional Obligations Instrument.

The Series 2018 Bonds are issuable as fully registered Series 2018 Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Series 2018 Bonds may be exchanged for a like aggregate principal amount of Series 2018 Bonds of other authorized denominations and of the same maturity.

This Series 2018 Bond is transferable by the Owner hereof, in person, or by his attorney duly authorized in writing, at the Principal Corporate Trust Office, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Series 2018 Bond. Upon registration of such transfer a new Series 2018 Bond or Series 2018 Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The City and the Trustee may treat the Owner hereof as the absolute Owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary. The Indenture may be amended without the consent of the Owners of the Series 2018 Bonds to the extent set forth in the Indenture.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2018 Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California and that the amount of this Series 2018 Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of Series 2018 Bonds permitted to be issued under the Indenture.

This Series 2018 Bond shall not become valid or obligatory for any purpose or be entitled to the benefits of the Indenture until the certificate of authentication and registration hereon shall have been manually signed by an authorized officer or signatory of the Trustee.

Unless this Series 2018 Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of Oxnard has caused this Series 2018 Bond to be executed in its name and on its behalf with the facsimile signatures of the City of Oxnard Mayor and of its City Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF OXNARD

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

**CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2018 Bonds described in the within-mentioned Indenture.

Dated: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL  
ASSOCIATION

By: \_\_\_\_\_  
Authorized Signatory



## FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto\_\_\_\_\_

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(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.

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\$ \_\_\_\_\_  
**City of Oxnard**  
**Wastewater Revenue Refunding Bonds, Series 2018**

\_\_\_\_\_, 2018

**BOND PURCHASE CONTRACT**

City of Oxnard  
 300 West Third Street  
 Oxnard, California 93030  
 Attention: Finance Department

Ladies and Gentlemen:

J.P. Morgan Securities LLC, acting on behalf of itself and as representative (the “Representative”) of Samuel A. Ramirez & Co., Inc. (collectively, the “Underwriters”) offers to enter into this Bond Purchase Contract (this “Purchase Contract”) with the City of Oxnard (the “City”) with regard to the Bonds described below, which Purchase Contract, upon the acceptance hereof by the City, will be binding upon the City and the Underwriters. This offer is made subject to the written acceptance of this Purchase Contract by the City and the delivery of such acceptance to the Representative at or prior to 11:59 p.m., Pacific time, on the date hereof, and, if it is not so accepted, such offer may be withdrawn by the Representative upon written notice to the City by the Representative at any time before its acceptance.

The Representative represents that it has been duly authorized by the other Underwriter to act hereunder on its behalf and has full authority to take such action as it may deem advisable in respect of all matters pertaining to this Purchase Contract and that the Representative has been duly authorized to execute this Purchase Contract. Any action taken under this Purchase Contract by the Representative will be binding upon all the Underwriters.

The City acknowledges and agrees that (i) the purchase and sale of the Bonds (as defined below) pursuant to this Purchase Contract is an arm’s-length commercial transaction between the City and the Representative, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of such transaction, the Underwriters are acting solely as principals and not as agents or fiduciaries of the City, (iii) the Underwriters have not assumed (individually or collectively) an advisory or a fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings, and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters) and the Underwriters have no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, and (iv) the City have consulted their own legal, financial, and other advisors to the extent they have deemed appropriate.

1. Upon the terms and conditions and upon the basis of the representations, warranties, and agreements hereinafter set forth, the Underwriters, jointly and severally, hereby agree to

purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the City's Wastewater Revenue Refunding Bonds, Series 2018 (the "Bonds"). The purchase price of the Bonds shall be \$\_\_\_\_\_ (representing the par amount of the Bonds, [plus][less] a [net] original issue [premium][discount] of \$\_\_\_\_\_, and less an Underwriter's discount of \$\_\_\_\_\_). As an accommodation to the City, the Representative shall wire directly to the Insurer (defined below) \$\_\_\_\_\_ representing the premium with respect to the Policy (defined below) and the Reserve Policy (defined below). The Preliminary Official Statement with respect to the Bonds, dated \_\_\_\_\_, 2018 (the "Preliminary Official Statement"), as amended to conform to the terms of this Purchase Contract, and dated the date hereof, and with such changes and amendments as are mutually agreed to by the City and the Representative, including the cover page, the appendices, and all information incorporated therein by reference, is herein collectively referred to as the "Official Statement." The City represents that it has deemed the Preliminary Official Statement to be final as of its date, except for information regarding the Insurer, the Policy and the Reserve Policy, either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate denominational amount and maturity value, denominational amount and maturity value per maturity, delivery date, rating(s), and other terms of the Bonds that depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), by delivering a certificate to the Representative substantially in the form of Exhibit B attached hereto.

2. The Bonds shall mature on the dates and in the amounts, and will bear interest at the rates, set forth in Exhibit A hereto and as further described in the Official Statement. The Bonds shall be issued under and pursuant to the Indenture of Trust, dated as of \_\_\_\_\_, 2018 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association (the "Bank"), as trustee. The Bonds shall be insured under a municipal bond insurance policy (the "Policy") from \_\_\_\_\_ (the "Insurer"). Additionally, the reserve fund for the Bonds shall be funded with a debt service reserve fund surety policy (the "Reserve Policy") to be issued by the Insurer. Capitalized terms used herein without definition shall have the meanings given to such terms in the Indenture

### 3. Public Offering and Establishment of Issue Price.

(a) The Underwriters shall make a bona fide public offering of all the Bonds at not in excess of the respective initial public offering prices to be set forth on the inside cover page of the Official Statement. The Underwriters reserve the right to change such initial offering prices as the Underwriters deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing such bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the cover page of the Official Statement. The Underwriters also reserve the right to (i) over allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time. "Public offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

(b) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Bonds and each underwriter allotted Bonds shall execute and deliver to the City at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the

Representative, the City and Bond Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the City under this section to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor, NHA Advisors, LLC, San Raphael, California (the "Municipal Advisor") and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

(c) [Except as otherwise set forth in Exhibit A attached hereto,] the City will treat the first price at which 10% of each maturity of the Bonds (the "10% test"), identified under the column "10% Test Used" in Exhibit A, is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the City the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined below) has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriters' reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, the City or Bond Counsel. For purposes of this section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(d) [The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column "Hold the Offering Price Rule Used," as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following.

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.]

- (f) The Representative confirms that:



(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriters, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(g) The City acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offing-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(h) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other)[; and

(iv) “sale date” means the date of execution of this Purchase Contract by the City and the Underwriter].

4. The City hereby authorizes the use by the Underwriters of (i) the Indenture, (ii) the Escrow Deposit and Trust Agreement, made and entered into as of \_\_\_\_\_, 2018 (the “2004 Escrow Deposit and Trust Agreement”), by and among the City of Oxnard Public Financing Authority (the “Authority”), the City, and the Bank, as escrow agent, related to the Authority’s

Variable Rate Demand Wastewater Revenue Bonds 2004 Series B (the “2004 Bonds”), (iii) the Escrow Deposit and Trust Agreement, made and entered into as of \_\_\_\_\_, 2018 (the “2006 Escrow Deposit and Trust Agreement”), by and among the Authority, the City, and the Bank, as escrow agent, related to the Authority’s Wastewater Revenue Bonds Series 2006 (the “2006 Bonds”), (iv) the Continuing Disclosure Agreement, dated as of the Closing Date (the “Continuing Disclosure Agreement”), by and between the City and NHA Advisors, LLC, as dissemination agent, and (v) the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds. The City consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds.

The City will deliver to the Underwriters, within seven (7) business days after the date of this Purchase Contract and in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriters, copies of the Official Statement in final form (including all documents incorporated by reference therein) and any amendment or supplement thereto in such quantities as the Underwriters may reasonably request in order to comply with the obligations of the Underwriters pursuant to the Rule and the rules of the Municipal Securities Rulemaking Board. As soon as practicable following receipt thereof from the City, the Representative shall deliver the Official Statement to the Municipal Securities Rulemaking Board.

5. At 8:00 a.m., Los Angeles time, on \_\_\_\_\_, 2018, or at such other time or on such other business day as shall have been mutually agreed upon by the City and the Representative (the “Closing Date”), the City will cause the Bank to authenticate and deliver to the Representative at the office of The Depository Trust Company (“DTC”) in New York, New York, or at such other place as the City and the Representative may mutually agree upon, the Bonds in fully-registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and, subject to the terms and conditions hereof, the Representative will accept such delivery and pay the purchase price of the Bonds by wire transfer payable in immediately available funds to or upon the order of the City at such place in Los Angeles, California, or New York, New York, as shall have been mutually agreed upon by the City and the Representative. Such delivery of and payment for the Bonds is referred to herein as the “Closing.” The Bonds shall be made available for inspection by DTC at least one business day before the Closing.

6. The City represents, warrants, and covenants to the Underwriters that:

(a) The City is a municipal corporation of the State of California (the “State”) duly organized and validly existing under and by virtue of the Constitution and the laws of the State.

(b) The City has the legal right and power to issue and deliver the Bonds and to execute and deliver, and to perform its obligations under, the Indenture, the 2004 Escrow Deposit and Trust Agreement, the 2006 Escrow Deposit and Trust Agreement, the Continuing Disclosure Agreement and this Purchase Contract (collectively, the “City Documents”). The City has duly authorized the issuance and delivery of the Bonds and the execution and delivery of, and performance of its obligations under, the City Documents and, as of the date hereof, such authorizations are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the respective parties thereto, the City Documents will constitute legal, valid, and binding obligations of the City in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws, the application of equitable principles relating to or affecting creditors’ rights generally, the exercise

of judicial discretion in appropriate cases, and the limitations on legal remedies against cities in the State. The City has complied, and will at the Closing be in compliance in all respects, with its obligations under the City Documents.

(c) The Bonds will be issued in accordance with the Indenture and will conform in all material respects to the descriptions thereof contained in the Official Statement. The Indenture creates a valid pledge of, first lien upon, Net System Revenues (as such term is defined in the Indenture).

(d) The information in the Official Statement (excluding any information with respect to DTC and the book-entry only system, the Insurer, the Policy and the Reserve Policy) is true and correct in all material respects, and the information in the Official Statement does not contain any misstatement of any material fact and does not omit any statement necessary to make the statements, in the light of the circumstances in which such statements were made, not misleading.

(e) To assist the Underwriters in complying with the Rule, the City will undertake, pursuant to the Continuing Disclosure Agreement, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The Official Statement describes the incidences during the last five years in which the City has failed to comply with previous undertakings to provide annual continuing disclosure reports and notices of material events.

(f) The City covenants with the Underwriters that for twenty-five days after the Closing Date (the "Delivery Period"), if any event occurs that might or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Representative thereof, and if in the opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Representative and the City in the preparation of an amendment or supplement to the Official Statement, at the expense of the City, in a form and in a manner approved by the Representative.

(g) The City will advise the Representative promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Representative. The City will advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale, or distribution of the Bonds.

(h) If the Official Statement is supplemented or amended, the Official Statement, as so supplemented or amended, as of the date of such supplement or amendment, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The City is not in breach of or in default under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which the City is a party, and no event has occurred and is continuing that, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any of the foregoing.

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

(k) No authorization, consent, or approval of, or filing or registration with, any Governmental Authority (as defined below) or court is, or under existing requirements of law will be, necessary for the valid execution and delivery of, or performance by the City of its obligations under, the City Documents, other than any authorization, consent, approval, filing, or registration as may be required under the Blue Sky or securities laws of any state in connection with the offering, sale, or issuance of the Bonds. All authorizations, consents, or approvals of, or filings or registrations with, any Governmental Authority or court necessary for the valid issuance of, and performance by the City of its obligations under, the Bonds will have been duly obtained or made prior to the issuance of the Bonds (and disclosed to the Representative). As used herein, the term “Governmental Authority” refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body, or public benefit corporation.

(l) The City shall furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and shall use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the City shall not be required to execute a general consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(m) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of the City, threatened (i) in any way questioning the existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Bonds or the execution or delivery of any of the City Documents, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the City Documents or the consummation of the transactions contemplated thereby or any proceeding of the City taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Bonds from taxation or under which a determination adverse to the City would have a material adverse effect upon the financial condition of the Wastewater System (as such term is defined in the Indenture), or which, in any manner, questions or affects the right or ability of the City to use the Net System Revenues for repayment of the Bonds or in any manner affects the right or ability of the City to collect or pledge the Net System Revenues; (iii) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of the Wastewater System or to the sufficiency of Net System Revenues to pay the principal of and interest on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.



(n) Other than in the ordinary course of its business or as contemplated by the Official Statement, between the date of this Purchase Contract and the Closing Date the City will not, without the prior written consent of the Representative, offer or issue any certificates, bonds, notes, or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a lien on the Net System Revenues superior to or equal to the lien of the Bonds on the Net System Revenues.

(o) The financial statements of, and other financial information regarding, the City contained in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth, and, to the best of the City's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that effect, and (iii) the other financial information has been determined on a basis substantially consistent with that of the City's audited financial statements included in the Official Statement.

(p) Except as otherwise described in the Official Statement, there shall not have been any material adverse changes in the financial condition of the Wastewater System since June 30, 2017.

(q) Any certificate signed by any official or other representative of the City and delivered to the Underwriters pursuant to this Purchase Contract shall be deemed a representation and warranty by the City to the Underwriters as to the truth of the statements therein made.

7. The Underwriters have entered into this Purchase Contract in reliance upon the representations, warranties, and covenants of the City contained herein and in the City Documents to which the City is a party, and the performance by the City of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) The representations and warranties of the City contained herein shall be true, complete, and correct in all material respects on the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true, complete, and correct in all material respects at the Closing; the City shall be in compliance with each of the agreements made by it in this Purchase Contract (unless such agreements are waived by the Underwriters; and there shall not have occurred an adverse change in the financial position of the City or the Wastewater System that materially adversely affects the ability of the City to make payments of principal of and interest on the Bonds when due or otherwise perform any of its obligations under the City Documents.

(b) At the time of the Closing, the City Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented (except as may be agreed to in writing by the Representative); all actions that, in the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and the City shall perform or shall have performed its obligations required under or specified in the City Documents to be performed at or prior to the Closing.

(c) At the time of the Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Except as disclosed in the Official Statement or in a schedule delivered to the Representative at the Closing, no decision, ruling, or finding shall have been entered by any court or Governmental Authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside) that has any of the effects described in Section 7(f) hereof.

(e) (i) No default by the City shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any bond, note, or other evidence of indebtedness issued by the City, and (ii) no bankruptcy, insolvency, or other similar proceeding in respect of the City shall be pending or, to the knowledge of the City, contemplated.

(f) The Representative may terminate this Purchase Contract by written notification to the City if at any time after the date hereof and prior to the Closing:

(i) legislation shall have been enacted by the United States or the State or shall have been reported out of committee or be pending in committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or a regulation, proposed regulation, or a temporary regulation shall have been published in the Federal Register or any other release or announcement shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to Federal or State taxation upon revenues or other income or payments of the general character to be derived by the City or upon interest received on obligations of the general character of the Bonds, which, in the reasonable opinion of the Representative (after consultation with, and receipt of advice from, the City), materially adversely affects the market for the Bonds; or

(ii) in the reasonable opinion of the Representative (after consultation with, and receipt of advice from, the City or its municipal advisor), any of the following events materially adversely affects the market for the Bonds: (a) the United States shall have become engaged in hostilities that have resulted in a declaration of war or a national emergency or the President of the United States of America shall have committed the armed forces of the United States of America to combat so as to adversely affect the financial markets in the United States of America, (b) any other calamity or crisis in the financial markets of the United States or elsewhere, (c) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (d) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county, or other political subdivision located in the United States having a population of over 500,000; or

(iii) there shall have occurred a general suspension of trading on the New York Stock Exchange or other major exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for



securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other Governmental Authority having jurisdiction, or a general banking moratorium shall have been declared by Federal, California, or New York authorities having jurisdiction and being in force; or

(iv) there shall have occurred an adverse change in the financial position, results of operations, or financial condition of the City that, in the reasonable opinion of the Representative (after consultation with, and receipt of advice from, the City), materially adversely affects the market for the Bonds; or

(v) any legislation, ordinance, rule, or regulation shall be introduced in, or be enacted by, any governmental body, department, or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered that, in the reasonable opinion of the Representative, materially adversely affects the market price of the Bonds; or

(vi) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation, or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Bonds, or the issuance, offering, or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(vii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, which restrictions materially adversely affect the ability of underwriters to trade obligations of the general character of the Bonds; or

(viii) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the City's obligations secured in a like manner, which, in the Representative's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(ix) the commencement of any action, suit, or proceeding described in Section 6(n) that, in the judgment of the Representative, materially adversely affects the market price of the Bonds; or

(x) any event occurring, or information becoming known that, in the reasonable judgment of the Representative, makes any statement or information contained in the Official Statement, as of its date, untrue in any material adverse

respect, or has the effect that the Official Statement, as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) At or prior to the Closing, the Representative shall receive the following documents:

(1) the opinion of Bond Counsel, dated the Closing Date, in substantially the form included in the Official Statement as Appendix D, addressed to the City (and accompanied by reliance letters to the Underwriters and the Bank);

(2) a supplemental opinion of Bond Counsel, in form and substance satisfactory to the Representative, dated the Closing Date, addressed to the Underwriters, to the effect that:

(ii) the Purchase Contract has been duly executed and delivered by the City and (assuming due authorization, execution and delivery by and enforceability against the Underwriters) is valid and binding upon the City, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(iii) the Bonds are not subject to registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iv) the statements contained in the Official Statement under the captions "INTRODUCTION," "FINANCING PLAN," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "APPENDIX D—FORM OF OPINION OF BOND COUNSEL," insofar as such statements expressly summarize certain provisions of the Indenture, the Bonds, and the opinion of Bond Counsel concerning certain federal tax matters relating to the Bonds, are accurate in all material respects; and

(v) the 2004 Bonds and the 2006 Bonds have been defeased in accordance with the respective indenture pursuant to which each was issued;

(3) an opinion of the City Attorney of the City, in form and substance satisfactory to the Representative, dated the Closing Date, addressed to the Authority and the Underwriters, to the effect that:

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

(ii) the City has full legal power and lawful authority to enter into the City Documents and to perform its obligations thereunder;

(iii) the resolution of the City approving and authorizing the execution and delivery of the City Documents (the "City Resolution") was duly adopted at a meeting of the City Council of the City that was called and held pursuant to law and with all public notice

required by law and at which a quorum was present and acting throughout, and the City Resolution is in full force and effect and has not been modified, amended, or rescinded as of the Closing Date;

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

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

(vi) to the best knowledge of such counsel, the Official Statement (excluding therefrom financial statements and other statistical data included in the Official Statement, and any information with respect to DTC and the book-entry only system, the Insurer, the Policy and the Reserve Policy, as to which no view need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) except as otherwise disclosed in the Official Statement, to the best knowledge of such counsel after reasonable investigation, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of such counsel, threatened (a) in any way questioning the existence of the City or the titles of the officers of the City to their respective offices; (b) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Bonds or the execution or delivery of any of the City Documents, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the City Documents or the consummation of the transactions contemplated thereby or any proceeding of the City taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Bonds from taxation or under which a determination adverse to the City would have a material adverse effect upon the financial condition of the Wastewater System, or which, in any manner, questions or affects the right or ability of the City to use the Net System Revenues for repayment of the Bonds or in any manner affects the right or ability of the City to collect or pledge the Net System Revenues; (c) that may result in any material adverse change relating to the City that will materially adversely affect the City's ability to perform its obligations under the City Documents; or (d) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

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

(4) an opinion of the City Attorney of the City, serving as General Counsel to the Authority, in form and substance satisfactory to the Representative, dated the Closing Date, addressed to the City and the Underwriters, to the effect that:

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

(ii) the Authority has full legal power and lawful authority to enter into the 2004 Escrow Deposit and Trust Agreement and 2006 Escrow Deposit and Trust Agreement (together, the “Authority Documents”) and to perform its obligations thereunder;

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

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

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

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

(5) a letter from Nixon Peabody LLP, Los Angeles, California, disclosure counsel to the City (“Disclosure Counsel”), dated the Closing Date, addressed to the Underwriters, to the effect that, based upon its participation in the preparation of the Official Statement as counsel to the City and without having undertaken to determine independently the fairness, accuracy, or completeness of the statements contained in the Preliminary Official Statement and the Official Statement, such counsel has no reason to believe that, as of their dates and as of the Closing Date, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein, the information with respect to DTC and the book-entry system, the information relating to the Insurer, its Policy and Reserve Policy, and the information included in the Appendices thereto, as to which no view need be expressed) contained or contains any untrue statement of a material fact or omits to

state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(6) a certificate of the City, in form and substance satisfactory to the Representative, dated the Closing Date, to the effect that;

(i) the representations and warranties of the City contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and

(ii) there has been no material adverse change in the financial condition or results of operations of the City or the Wastewater System from the date of the Official Statement to the Closing Date;

(7) a certificate, dated the date of the Preliminary Official Statement, from the City, in the form attached hereto as Exhibit B;

(8) an opinion of counsel to the Bank, dated the Closing Date, addressed to the Underwriters and to the City, to the effect that:

(i) the Bank is a national banking association and is validly existing, duly qualified to do business and in good standing under the laws of each jurisdiction in which the performance of its duties under the Indenture, the 2004 Escrow Deposit and Trust Agreement, and the 2006 Escrow Deposit and Trust Agreement (collectively, the “Bank Documents”) would require such qualification and has the requisite power and authority to execute, deliver and perform its obligations under the Bank Documents;

(ii) the Bank is duly eligible and qualified to act as trustee under the Indenture;

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

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

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

(vi) the execution, delivery and performance of the Bank Documents by the Bank and the consummation of the transactions contemplated thereby do not and will not (a) to the knowledge of such counsel, conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Bank is a party or by which the Bank is

bound or to which any of the property or assets of the Bank or any of its subsidiaries is subject, (b) result in any violation of the provisions of the charter, articles of association, by-laws, or applicable resolutions of the Bank, or (c) to the knowledge of such counsel, result in any violation of any statute or any order, rule, or regulation of any court or government agency or body having jurisdiction over the Bank or any of its properties or assets; and

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

(10) a certificate, dated the Closing Date, signed by a duly authorized officer of the Bank, to the effect that;

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

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

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

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

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

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

(vii) the Bank's action in executing and delivering the Bank Documents will not contravene the articles or bylaws of the Bank and is in full compliance with, and



does not conflict with, any applicable law or governmental regulation currently in effect, and such action does not conflict with or violate any contract to which the Bank is a party or any administrative or judicial decision by which the Bank is bound; and

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

(11) a letter from Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, counsel to the Underwriters (“Underwriters’ Counsel”), dated the Closing Date, addressed to the Underwriters, in form and substance acceptable to the Representative;

(12) certified copies of the City Resolution, the Authority Resolution, and an incumbency resolution of the Bank;

(13) copies each of the City Documents, and the Official Statement, duly executed and delivered by the respective parties thereto;

(14) a tax certificate with respect to the Bonds of the City, in form satisfactory to Bond Counsel, signed by an appropriate officer of the City;

(15) evidence that the insured and underlying ratings on the Bonds of “\_\_\_” and “\_\_\_,” respectively, by S&P are in full force and effect on the Closing Date;

(16) copies of the statements with respect to the sale of the Bonds required to be delivered to the California Debt and Investment Advisory Commission;

(17) evidence that a debt management policy which complies Sections 8855 of the California Government Code has been adopted by the City;

(18) a copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by the City;

(19) evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing;

(20) evidence satisfactory to the Underwriter of the issuance of the Policy by the Insurer;

(21) evidence satisfactory to the Underwriter that the Bank shall have received the Reserve Policy from the Insurer;

(22) an opinion of counsel to the Insurer, in form and substance satisfactory to the Underwriter, Bond Counsel and Underwriter’s Counsel, with respect to, among other matters, the Policy and the Reserve Policy, and disclosures relating thereto and to the Insurer in the Official Statement;

(23) a certificate of the Insurer, in form and substance satisfactory to the Underwriter, Bond Counsel, and Underwriter's Counsel, with respect to, among other matters, the Policy and the Reserve Policy;

(24) a no-default certificate of the Insurer, in form and substance satisfactory to the Underwriter, Bond Counsel and Underwriter's Counsel;

(25) an executed verification report relating to the 2004 Bonds and the 2006 Bonds, among other matters;

(26) evidence that the swap transactions being terminated with a portion of the proceeds of the Bonds have been terminated; and

(27) such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriters, Underwriters' Counsel, or Bond Counsel may reasonably request to evidence compliance by the City with legal requirements, the accuracy, as of the time of Closing, of the City's representations herein contained, and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City.

If the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Contract or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the City nor the Underwriters shall have any further obligation hereunder.

8. The performance by the City of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the City and the Representative of opinions and certificates being delivered at the Closing by persons and entities other than the City.

9. No expenses and costs of the City incident to the performance of the City's obligations in connection with the authorization, issuance, and sale of the Bonds to the Underwriters, such as the costs of preparation (including word processing, printing, and reproduction), distribution and delivery of the Preliminary Official Statement, the Official Statement, and this Purchase Contract, in reasonable quantities, fees of rating agencies, fees and expenses of any municipal advisor to the City, fees and expenses of Bond Counsel or Disclosure Counsel for the City and fees and expenses of Underwriter's Counsel, shall be paid by the Underwriters. Except as indicated above, all out-of-pocket expenses of the Underwriters, including the California Debt and Investment Advisory Commission fee, traveling, and other expenses and the fees and expenses of the Underwriters, shall be paid by the Underwriters.

10. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City of Oxnard, 300 West Third Street, Oxnard, California 93030, Attention: [Interim Chief Financial Officer], or to such other person as the [Interim Chief Financial Officer] may designate in writing. Any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to J.P. Morgan Securities LLC, 560 Mission Street, Floor 3, San Francisco, California 94105, Attention: Juan Fernandez. The approval of the Representative

when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Representative and delivered to the City.

11. For all purposes of this Purchase Contract, a default shall not be deemed to be continuing if it has been cured, waived, or otherwise remedied. This Purchase Contract shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed within the State.

12. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. This Purchase Contract when accepted by the City in writing shall constitute the entire agreement among the City and the Underwriters and is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters approved by the City). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties, and agreements of the City contained in this Purchase Contract shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of the Underwriters (but, if the Underwriters do discover by their investigation that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Underwriters shall so notify the City); (b) the delivery of and payment for the Bonds; and (c) any termination of this Purchase Contract.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

14. This Purchase Contract shall not be modified or amended without the prior written consent of the Representative and the City.

Very truly yours,

J.P. MORGAN SECURITIES LLC, as Representative  
of the Underwriters

By: \_\_\_\_\_  
Juan Fernandez, Executive Director

The foregoing is hereby agreed to and accepted at \_\_\_\_\_ a.m./p.m. Pacific Standard  
Time this \_\_\_\_ day of \_\_\_\_\_, 2018:

CITY OF OXNARD

\_\_\_\_\_  
[NAME]  
[TITLE]

**EXHIBIT A**  
**\$ \_\_\_\_\_**  
**City of Oxnard**  
**Wastewater Revenue Refunding Bonds, Series 2018**

<i><b>Maturity Date (June 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>10% Test Used</b></i>	<i><b>Hold the Offering Price Rule Used</b></i>
	\$	%	%			

**EXHIBIT B**

\$ \_\_\_\_\_ \*

**City of Oxnard****Wastewater Revenue Refunding Bonds, Series 2018****RULE 15c2-12 CERTIFICATE**

The undersigned hereby certifies and represents that the undersigned is the duly appointed and acting representative of the City of Oxnard (the “**City**”), and as such is duly authorized to execute and deliver this Certificate on behalf of the City, and further hereby certifies and reconfirms on behalf of the City as follows:

(1) This Certificate is delivered in connection with the offering and sale of the above captioned bonds (the “**Bonds**”) in order to enable the underwriters of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “**Rule**”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds and the City (the “**Preliminary Official Statement**”).

(3) As used herein, “**Permitted Omissions**” means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule, and the information therein is accurate and complete except for the Permitted Omissions.

Dated: \_\_\_\_\_, 2018

CITY OF OXNARD

By: \_\_\_\_\_  
[NAME], [TITLE]

\* Preliminary; subject to change.



## EXHIBIT C

\$ \_\_\_\_\_

City of Oxnard

## Wastewater Revenue Refunding Bonds, Series 2018

## UNDERWRITER'S CERTIFICATE

The undersigned, on behalf of [FIRM NAME] (the “[Underwriter/Selling Group Member]”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “**Bonds**”).

1. *Initial Offering Price of the Hold-the-Offering-Price Maturities.*

(a) Any Maturity of the 10% Test Maturities offered to the Public by the [Underwriter/Selling Group Member] on or before the Sale Date was offered at the interest rates listed on Schedule A. Schedule A lists the amount of each 10% Test Maturity allotted to the [Underwriter/Selling Group Member] and sold to the Public on the Sale Date.

(b) Neither the [Underwriter/Selling Group Member] nor any broker-dealer who is participating in the initial sale of the Bonds as a party to a retail distribution agreement with the [Underwriter/Selling Group Member] has offered or sold any unsold bonds within a Maturity of the Hold-the-Offering-Price Maturities listed on Schedule A allotted to it at a price that is higher than the respective initial offering prices listed on Schedule A for that Maturity of the Hold-the-Offering Price Maturities during the Holding Period.

2. *Defined Terms.*

(a) *10% Test Maturities* means those unsold bonds within Maturities of the Bonds listed in Schedule A hereto as the “10% Test Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (\_\_\_\_\_, 2018), or (ii) the date on which the underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the City of Oxnard.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter.

The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2018.

(h) *underwriter* (when used with a lower case “u”) means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Underwriter/Selling Group Member]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering their opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[Underwriter/Selling Group Member], as  
[Underwriter][Selling Group Member]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 2018

## Schedule A

**SALE PRICES OF THE 10% TEST MATURITIES AND INITIAL OFFERING PRICES OF  
THE HOLD-THE-OFFERING-PRICE MATURITIES**

**10% Test Maturities Allotted:**

<i>Maturity Date (June 1)</i>	<i>Principal Amount Allotted</i>	<i>Interest Rate</i>	<i>Initial Offering Price</i>	<i>Amount Sold by _____ to Public as of Sale Date at Initial Offering Price</i>
	\$	%		

**Hold-the-Offering Price Maturities Allotted:**

<i>Maturity Date (June 1)</i>	<i>Principal Amount Allotted</i>	<i>Interest Rate</i>	<i>Initial Offering Price</i>	<i>Amount Sold by _____ to Public as of Sale Date at Initial Offering Price</i>
	\$	%		

**Schedule B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

*(Attached)*

**ESCROW DEPOSIT AND TRUST AGREEMENT**

**by and among the**

**CITY OF OXNARD PUBLIC FINANCING AUTHORITY,**

**CITY OF OXNARD, CALIFORNIA,**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Escrow Agent**

**Dated \_\_\_\_\_, 2018**

## ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (the “Escrow Agreement”) is made and entered into as of \_\_\_\_\_, 2018, by and among the City of Oxnard Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), CITY OF OXNARD, a municipal corporation organized and existing by virtue of Constitution and laws of the State of California (the “City”) and Wells Fargo Bank, National Association, as Escrow Agent (the “Escrow Agent”);

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

WHEREAS, the City and the Authority have heretofore entered into an Installment Purchase Agreement, dated as of November 1, 2004 (the “2004 Agreement”);

WHEREAS, payments by the City of installment payments pursuant to the 2004 Agreement (the “2004 Payments”) are applied to the payment of a portion of the \$23,975,000 City of Oxnard Public Financing Authority Variable Rate Demand Wastewater Revenue Bonds, 2004 Series B (the “2004 Bonds”);

WHEREAS, the 2004 Agreement provides that in the event that the City deposits, or causes the deposit on its behalf of, moneys and certain securities (as defined in Section 10.01 of the 2004 Indenture) in an amount, together with investment earnings and certain funds held under the 2004 Indenture (defined below), sufficient to pay and discharge all or a portion of the indebtedness of the 2004 Agreement at or before maturity, then the obligations of the City under the 2004 Agreement shall cease and terminate with respect to the obligations so discharged, except only the obligation of the City to pay or cause to be paid to the Authority all sums due thereon out of the Escrow Fund with respect to the obligations so discharged and thereafter such Net System Revenues (as defined in the 2004 Agreement) shall be released from the lien of the 2004 Agreement; and

WHEREAS, pursuant to the 2004 Agreement, the Authority assigned to the Prior Trustee its rights to installment receive payments from the City under the 2004 Agreement and the right to exercise such rights and remedies conferred on the Authority under the 2004 Agreement to enforce payment of the prior payments; and

WHEREAS, pursuant to a 2004 Indenture, relating to and dated as of the same date as the 2004 Agreement, by and between the Authority and the Prior Trustee (the “2004 Indenture”), the 2004 Bonds were issued, secured in part by the prior payments; and

WHEREAS, the City has determined that it is in the best interests of the Authority at this time to refinance the City's obligation to make the installment payments under the 2004 Agreement and, as a result thereof, to provide for the payment of such installment payments through December 3, 2018 and to prepay such installment payments on said December 3, 2018, at a prepayment price of 100% of the principal amount thereof, plus accrued interest; and

WHEREAS, the Authority and the City propose to make the deposit of moneys and to appoint the Escrow Agent as its agent for the purpose of applying said deposit to the payment of Prior Payments in accordance with the instructions provided by this Escrow Agreement and of



applying said Prior Payments to the payment and redemption of a portion of the 2004 Bonds in accordance with the 2004 Indenture and 2004 Agreement, and the Escrow Agent will accept said appointment; and

WHEREAS, to obtain moneys to make such deposit, the City proposes to issue its \$\_\_\_\_\_ City of Oxnard Public Wastewater Revenue Refunding Bonds, Series 2018 pursuant to that certain Indenture of Trust, dated as of \_\_\_\_\_, 2018, (the “Indenture”), by and between the City and the Trustee; and

WHEREAS, the City wishes to make such a deposit with the Escrow Agent and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Agent has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definition of Federal Securities. As used herein, the term “Federal Securities” means direct non-callable obligations of the United States of America, Refcorp interest strips, or securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America has been pledged to any such obligation or guarantee.

Section 2. Appointment of Escrow Agent. The City and the Authority hereby appoint the Escrow Agent as Escrow Agent for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Agent hereby accepts such appointment.

Section 3. Establishment of Escrow Fund. There is hereby created by the City and the Authority with, and to be held by, the Escrow Agent, as security for the payment of the Prior Payments as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Agent on behalf of the City and the Authority and for the benefit of the owners of the 2004 Bonds, said escrow to be designated the “Escrow Fund.” All moneys and Federal Securities deposited in the Escrow Fund shall be held as a special fund for the payment of the Prior Payments in accordance with the provisions of the 2004 Agreement. If at any time the Escrow Agent shall receive actual knowledge that the moneys and Federal Securities in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Agent shall notify the City of such fact and the City shall immediately cure such deficiency.

The Escrow Agent may rely upon the conclusion of \_\_\_\_\_ (the “Verification Agent”) in its report dated \_\_\_\_\_ (the “Verification Report”) that the Federal Securities listed on Exhibit A, together with interest to accrue thereon, and cash will be fully sufficient to pay the Prior Payments as described in the sixth recital above.

Section 4. Deposit into Escrow Fund; Investment of Amounts. Concurrently with delivery of the Bonds, the City and the Authority shall cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of \$\_\_\_\_\_ in immediately available funds. All amounts deposited to the Escrow Fund shall be held as cash uninvested.

Section 5. Instructions as to Application of Deposit; Authority Retains Right of Optional Redemption. The City and the Authority hereby irrevocably direct and instruct the Escrow Agent to apply the interest on and maturing principal amount of the Escrowed Federal Securities and Cash to pay the Prior Payments relating to the 2004 Agreement, through December 3, 2018 and to prepay the remaining Prior Payments in full on December 3, 2018 at a prepayment price of 100% of the principal amount hereof, all as more particularly set forth in Exhibit B attached hereto and hereby made a part hereof. For such purpose of call and prepayment prior to maturity of a portion of the 2004 Bonds, the City and the Authority have previously instructed the Escrow Agent to give notice of prepayment, of the 2004 Bonds subject to prepayment, and such notice of prepayment has been given timely for prepayment of the 2004 Bonds on December 3, 2018, in accordance with the applicable provisions of the 2004 Indenture. Any funds remaining in the Escrow Fund after December 3, 2018, shall be delivered to the City.

Section 6. Application of Certain Terms of 2004 Indenture. All of the terms of the 2004 Indenture relating to the making of payments of principal and interest with respect to the 2004 Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2004 Indenture relating to the limitations from liability and protections afforded the Prior Trustee and the resignation and removal of the Prior Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

Section 7. Compensation to Escrow Agent. The City shall pay the Escrow Agent full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Federal Securities after the date hereof, pursuant to a separate agreement between the City and the Escrow Agent. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 8. Liabilities and Obligations of Escrow Agent. The Escrow Agent shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the City shall have deposited sufficient funds with the Escrow Agent to satisfy such obligation. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Agent under this Escrow Agreement.

The Escrow Agent undertakes such duties as specifically set forth herein and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent.

The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants from and

against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Escrow Agent against its own negligence or misconduct. The indemnities contained in this Section 10 shall survive the termination of this Escrow Agreement and the resignation and removal of the Escrow Agent.

The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special indirect or consequential damages.

The Escrow Agent may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

The Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Escrow Agreement the Escrow Agent 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, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the City and Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

The liability of the Escrow Agent to make the payments required by this Escrow Agreement shall be limited to the moneys and Federal Securities in the escrow Fund.

The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Federal securities deposited with it to pay the principal, interest, or premiums, if any, on the Bonds.

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

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees

appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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 Escrow Agent will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

Section 9. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2004 Bonds then outstanding shall have been filed with the Escrow Agent. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not adversely affect the interests of the owners of the 2004 Bonds or the Bonds, and that such amendment will not cause interest on the 2004 Bonds or the Bonds to become subject to federal income taxation.

Section 10. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the Prior Payments have been paid; provided, however, that (i) money held by the Escrow Agent pursuant to this Escrow Agreement for the payment and discharge of any of the Prior Payments (which shall not be payable as to interest from and after the date set for redemption) which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Agent to the City free from the trust created by the 2004 Indenture and this Escrow Agreement, and the Escrow Agent shall thereupon be released and discharged with respect

thereto and hereto and all liability of the Escrow Agent with respect to such money shall thereupon cease and (ii) excess moneys held by the Escrow Agent not needed for the payment and discharge of the Prior Payments shall be transferred to the Bond Fund under the Indenture.

Section 11. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 12. Notice of Escrow Agent, Authority and City. Any notice to or demand upon the Escrow Agent may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent as specified by the Escrow Agent as Prior Trustee in accordance with the provisions of the 2004 Indenture or by physical delivery with confirmation of receipt or by confirmed telecopy. Any notice to or demand upon the City or the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2004 Agreement (or such other address as may have been filed in writing by the City or the Authority with the Escrow Agent).

Section 13. Merger or Consolidation of Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as Trustee under the Indenture and the 2004 Indenture, shall be the successor hereunder to the Escrow Agent without the execution or filing of any paper or any further act.

Section 14. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 15. Execution in Several Counterparts. This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority, the City and the Escrow Agent have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF OXNARD

By: \_\_\_\_\_  
Director of Finance

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Escrow Agent

By: \_\_\_\_\_  
Authorized Officer

CITY OF OXNARD PUBLIC FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

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**ESCROW DEPOSIT AND TRUST AGREEMENT**

**by and among the**

**CITY OF OXNARD PUBLIC FINANCING AUTHORITY,**

**CITY OF OXNARD, CALIFORNIA,**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Escrow Agent**

**Dated \_\_\_\_\_, 2018**

## ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (the “Escrow Agreement”) is made and entered into as of \_\_\_\_\_, 2018, by and among the City of Oxnard Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), CITY OF OXNARD, a municipal corporation organized and existing by virtue of Constitution and laws of the State of California (the “City”) and Wells Fargo Bank, National Association, as Escrow Agent (the “Escrow Agent”);

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

WHEREAS, the City and the Authority have heretofore entered into an Installment Purchase Agreement, dated as of May 1, 2006 (the “2006 Agreement”);

WHEREAS, payments by the City of installment payments pursuant to the 2006 Agreement (the “2006 Payments”) are applied to the payment of a portion of the \$12,575,000 City of Oxnard Public Financing Authority Wastewater Revenue Bonds, Series 2006 (the “2006 Bonds”);

WHEREAS, the 2006 Agreement provides that in the event that the City deposits, or causes the deposit on its behalf of, moneys and certain securities (as defined in Section 10.01 of the 2006 Indenture) in an amount, together with investment earnings and certain funds held under the 2006 Indenture (defined below), sufficient to pay and discharge all or a portion of the indebtedness of the 2006 Agreement at or before maturity, then the obligations of the City under the 2006 Agreement shall cease and terminate with respect to the obligations so discharged, except only the obligation of the City to pay or cause to be paid to the Authority all sums due thereon out of the Escrow Fund with respect to the obligations so discharged and thereafter such Net Water System Revenues (as defined in the 2006 Agreement) shall be released from the lien of the 2006 Agreement; and

WHEREAS, pursuant to the 2006 Agreement, the Authority assigned to the Prior Trustee its rights to installment receive payments from the City under the 2006 Agreement and the right to exercise such rights and remedies conferred on the Authority under the 2006 Agreement to enforce payment of the prior payments; and

WHEREAS, pursuant to a 2006 Indenture, relating to and dated as of the same date as the 2006 Agreement, by and between the Authority and the Prior Trustee (the “2006 Indenture”), the 2006 Bonds were issued, secured in part by the prior payments; and

WHEREAS, the City has determined that it is in the best interests of the Authority at this time to refinance the City's obligation to make the installment payments under the 2006 Agreement and, as a result thereof, to provide for the payment of such installment payments through December 1, 2018 and to prepay such installment payments on said December 1, 2018, at a prepayment price of 100% of the principal amount thereof, plus accrued interest; and

WHEREAS, the Authority and the City propose to make the deposit of moneys and to appoint the Escrow Agent as its agent for the purpose of applying said deposit to the payment of Prior Payments in accordance with the instructions provided by this Escrow Agreement and of

applying said Prior Payments to the payment and redemption of a portion of the 2006 Bonds in accordance with the 2006 Indenture and 2006 Agreement, and the Escrow Agent will accept said appointment; and

WHEREAS, to obtain moneys to make such deposit, the City proposes to issue its \$\_\_\_\_\_ City of Oxnard Public Wastewater Revenue Refunding Bonds, Series 2018 pursuant to that certain Indenture of Trust, dated as of \_\_\_\_\_, 2018, (the “Indenture”), by and between the City and the Trustee; and

WHEREAS, the City wishes to make such a deposit with the Escrow Agent and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Agent has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definition of Federal Securities. As used herein, the term “Federal Securities” means direct non-callable obligations of the United States of America, Refcorp interest strips, or securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America has been pledged to any such obligation or guarantee.

Section 2. Appointment of Escrow Agent. The City and the Authority hereby appoint the Escrow Agent as Escrow Agent for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Agent hereby accepts such appointment.

Section 3. Establishment of Escrow Fund. There is hereby created by the City and the Authority with, and to be held by, the Escrow Agent, as security for the payment of the Prior Payments as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Agent on behalf of the City and the Authority and for the benefit of the owners of the 2006 Bonds, said escrow to be designated the “Escrow Fund.” All moneys and Federal Securities deposited in the Escrow Fund shall be held as a special fund for the payment of the Prior Payments in accordance with the provisions of the 2006 Agreement. If at any time the Escrow Agent shall receive actual knowledge that the moneys and Federal Securities in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Agent shall notify the City of such fact and the City shall immediately cure such deficiency.

The Escrow Agent may rely upon the conclusion of \_\_\_\_\_ (the “Verification Agent”) in its report dated \_\_\_\_\_ (the “Verification Report”) that the Federal Securities listed on Exhibit A, together with interest to accrue thereon, and cash will be fully sufficient to pay the Prior Payments as described in the sixth recital above.

Section 4. Deposit into Escrow Fund; Investment of Amounts. Concurrently with delivery of the Bonds, the City and the Authority shall cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of \$\_\_\_\_\_ in immediately available funds. All amounts deposited to the Escrow Fund shall be held as cash uninvested.

Section 5. Instructions as to Application of Deposit; Authority Retains Right of Optional Redemption. The City and the Authority hereby irrevocably direct and instruct the Escrow Agent to apply the interest on and maturing principal amount of the Escrowed Federal Securities and Cash to pay the Prior Payments relating to the 2006 Agreement, through December 1, 2018 and to prepay the remaining Prior Payments in full on December 1, 2018 at a prepayment price of 100% of the principal amount hereof, all as more particularly set forth in Exhibit B attached hereto and hereby made a part hereof. For such purpose of call and prepayment prior to maturity of a portion of the 2006 Bonds, the City and the Authority have previously instructed the Escrow Agent to give notice of prepayment, of the 2006 Bonds subject to prepayment, and such notice of prepayment has been given timely for prepayment of the 2006 Bonds on December 1, 2018, in accordance with the applicable provisions of the 2006 Indenture. Any funds remaining in the Escrow Fund after December 1, 2018, shall be delivered to the City.

Section 6. Application of Certain Terms of 2006 Indenture. All of the terms of the 2006 Indenture relating to the making of payments of principal and interest with respect to the 2006 Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2006 Indenture relating to the limitations from liability and protections afforded the Prior Trustee and the resignation and removal of the Prior Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

Section 7. Compensation to Escrow Agent. The City shall pay the Escrow Agent full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Federal Securities after the date hereof, pursuant to a separate agreement between the City and the Escrow Agent. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 8. Liabilities and Obligations of Escrow Agent. The Escrow Agent shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the City shall have deposited sufficient funds with the Escrow Agent to satisfy such obligation. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Agent under this Escrow Agreement.

The Escrow Agent undertakes such duties as specifically set forth herein and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent.

The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants from and

against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Escrow Agent against its own negligence or misconduct. The indemnities contained in this Section 10 shall survive the termination of this Escrow Agreement and the resignation and removal of the Escrow Agent.

The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special indirect or consequential damages.

The Escrow Agent may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

The Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Escrow Agreement the Escrow Agent 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, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the City and Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

The liability of the Escrow Agent to make the payments required by this Escrow Agreement shall be limited to the moneys and Federal Securities in the escrow Fund.

The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Federal securities deposited with it to pay the principal, interest, or premiums, if any, on the Bonds.

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

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees

appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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 Escrow Agent will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

Section 9. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2006 Bonds then outstanding shall have been filed with the Escrow Agent. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not adversely affect the interests of the owners of the 2006 Bonds or the Bonds, and that such amendment will not cause interest on the 2006 Bonds or the Bonds to become subject to federal income taxation.

Section 10. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the Prior Payments have been paid; provided, however, that (i) money held by the Escrow Agent pursuant to this Escrow Agreement for the payment and discharge of any of the Prior Payments (which shall not be payable as to interest from and after the date set for redemption) which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Agent to the City free from the trust created by the 2006 Indenture and this Escrow Agreement, and the Escrow Agent shall thereupon be released and discharged with respect



thereto and hereto and all liability of the Escrow Agent with respect to such money shall thereupon cease and (ii) excess moneys held by the Escrow Agent not needed for the payment and discharge of the Prior Payments shall be transferred to the Bond Fund under the Indenture.

Section 11. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 12. Notice of Escrow Agent, Authority and City. Any notice to or demand upon the Escrow Agent may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent as specified by the Escrow Agent as Prior Trustee in accordance with the provisions of the 2006 Indenture or by physical delivery with confirmation of receipt or by confirmed telecopy. Any notice to or demand upon the City or the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2006 Agreement (or such other address as may have been filed in writing by the City or the Authority with the Escrow Agent).

Section 13. Merger or Consolidation of Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as Trustee under the Indenture and the 2006 Indenture, shall be the successor hereunder to the Escrow Agent without the execution or filing of any paper or any further act.

Section 14. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 15. Execution in Several Counterparts. This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall constitute but one and the same instrument.



IN WITNESS WHEREOF, the Authority, the City and the Escrow Agent have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF OXNARD

By: \_\_\_\_\_  
Director of Finance

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Escrow Agent

By: \_\_\_\_\_  
Authorized Officer

CITY OF OXNARD PUBLIC FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

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## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of \_\_\_\_\_, 2018, is executed and delivered by the City of Oxnard (the “City”) and NHA Advisors, LLC as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the City of \$[\_\_\_\_] aggregate principal amount of the City of Oxnard Wastewater Revenue Refunding Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of \_\_\_\_ 1, 2018 (the “Indenture”), by and between the City and Wells Fargo Bank, National Association, as trustee.

The City and the Dissemination Agent covenant and agree as follows:

### Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

### Section 2. Definitions.

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Report Date” shall mean the date in each year that is nine (9) months after the end of the City’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“Dissemination Agent” shall mean, initially, NHA Advisors, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the City and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement relating to the Bonds.

“Participating Underwriters” shall mean J.P. Morgan Securities, LLC and Samuel A. Ramirez & Co., Inc., the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2019, provide to MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) calendar days prior to each such Annual Report Date, the City shall provide its Annual Report to the Dissemination Agent, if such

Dissemination Agent is a different entity than the City. The Annual Report must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as is prescribed by MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City (which include information regarding the funds and accounts of the City), if any, may be submitted separately from and later than the balance of the Annual Report if they are not available by the applicable Annual Report Date. If the City's fiscal year changes, the City shall provide written notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(b) If the City is unable to provide to MSRB an Annual Report by the date required in subsection (a), the City shall send to MSRB a notice in substantially the form attached hereto as Exhibit A. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) The Dissemination Agent shall:

(i) provide any Annual Report received by it to MSRB by the date required in subsection (a); and

(ii) file a report with the City and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to MSRB pursuant to this Disclosure Agreement, and stating the date the Annual Report was so provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City, which include information regarding the funds and accounts of the City, if any, for the most recent fiscal year of the City then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the City in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the City shall be audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the City shall provide a notice of such modification to MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) An update of the information contained in the following tables under the heading "THE WASTEWATER SYSTEM" in the Official Statement for the Bonds, if the information is not included elsewhere in the Annual Report:

[INSERT FINAL TABLE NAMES]

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on

MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on any reserve fund for the Bonds reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties;
- (v) substitution of any credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to the rights of owners of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;
- (ix) defeasances;
- (x) any release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) any bankruptcy, insolvency, receivership, or similar event of the City [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City];
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above, the City shall as soon as possible determine if such event would be material under applicable federal securities laws. If the City determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(c) Upon and after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above), the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(d) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with MSRB not in excess of ten (10) business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture. The City hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the City and that the Trustee or the Dissemination Agent shall not be responsible for determining whether the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the City, the Trustee, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the City in a timely manner and in a form suitable for filing. If at any time there is no designated Dissemination Agent, the City shall act as Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; provided that the following conditions are satisfied:

(a) If the amendment or waiver related to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature, or status of the City or the type of business conducted thereby.

(b) The undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary

offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver (i) is approved by owners of the Bonds in the manner provided in the Indenture for amendments to such Indenture with the consent of owners or (ii) does not, in the opinion of the City or nationally recognized bond counsel, materially impair the interest of owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Owner of a Bond, Participating Underwriters, or Trustee may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent and its officers, directors, employees, and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this section shall survive resignation or removal of the Dissemination Agent and payment of all of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the City pursuant to this Disclosure Agreement. The City shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters, and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement 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.

Date: [Closing Date]

CITY OF OXNARD

\_\_\_\_\_  
Authorized Signatory



NHA ADVISORS, LLC,  
as Dissemination Agent

By: \_\_\_\_\_  
Its: Authorized Officer

**EXHIBIT A****NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Oxnard

Name of Bond Issue: City of Oxnard Wastewater Revenue Refunding Bonds, Series 2018

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the City of Oxnard (the “City”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated [Closing Date], by and Between the City and NHA Advisors, LLC, as dissemination agent. The City anticipates that the Annual Report will be filed by

Dated:

\_\_\_\_\_

CITY OF OXNARD

By: \_\_\_\_\_  
Authorized Signatory



# City of Oxnard

2018 WASTEWATER REFUNDING BONDS

2018 WATER REVENUE REFUNDING BONDS



# Executive Summary

- ▶ Recommendation: City Council approve Resolutions for issuance of Wastewater and Water Refunding Bonds
- ▶ Given low interest rate environment, improving financial stability in water and wastewater enterprises - refinancing opportunities exist that benefit City and ratepayers
  - ▶ Wastewater Savings - \$1.3 million (present value) and \$100,000 annually
  - ▶ Water Savings - \$4.2 million (present value) and \$300,000 annually
- ▶ Refinancing also provides opportunity to eliminate swap and letter of credit in wastewater fund



# Wastewater Refunding

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- ▶ 2018 Wastewater Revenue Refunding Bonds will:
  - ▶ Refund the 2004B (Variable) and 2006 (Fixed Rate) Bonds; Terminate Swap
- ▶ Purpose
  - ▶ \$1.3 million of present value savings (5.3% of refunded par) including all costs of issuance AND the \$2M swap termination payment
    - ▶ \$100,000 of average annual cash flow savings
  - ▶ Interest rate reduction from 5.85% to 3.9% (5.1% when swap termination factored in)
  - ▶ Removes all variable rate and swap risk
    - ▶ With this refinancing, ALL CITY DEBT WILL NOW BE FIXED RATE
  - ▶ “Levels” out overall debt payments to enhance budget predictability and more efficient rate-setting

*Note: Savings and interest rates are estimated and based on current market conditions*



# Water Refunding

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- ▶ 2018 Water Revenue Refunding Bonds will:
  - ▶ Refund the 2006 (Fixed Rate) Bonds
- ▶ Purpose
  - ▶ \$4.2 million of present value savings (9% of refunded par) including all costs of issuance
    - ▶ \$300,000 of annual cash flow savings
  - ▶ Interest rate reduction from 4.97% to 3.9%

*Note: Savings and interest rates are estimated and based on current market conditions*



# Schedule

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- ▶ August: Staff and NHA evaluated refinancing options
- ▶ September 20: Presentation made to FPTF to provide overview of refinancing opportunities
- ▶ October 23: Council Approval
- ▶ November 2: Obtain Credit Rating and Insurance Bids
- ▶ Mid November: Price Bonds (set interest rates)
- ▶ Late November: Close Bonds (Pay-Off Old Bonds and Terminate Swap)



# Recent Challenges City Has Faced

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- Measure M ballot initiative
- Measure M lawsuit by city
- Dwindling reserves, cash balances and revenues
- Declining debt service coverage

## Financial Condition of Utilities Two Years Ago

## Perils Being Faced

- Variable rate renewal and swap pressure + spiking letter of credit costs
- Cash shortages for operations and no money for Capital Improvements
- “Negative Outlook” position by Rating Agency
- Technical Default (both utilities under 100% coverage)





# “Turning the Corner”

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- ▶ **Water and Wastewater Funds have strengthened; Why?**
  - ▶ New rates in place have improved debt service coverage and ability to fund critical capital projects
  - ▶ Intergovernmental assistance and improved financial controls
  - ▶ Debt refinancings provide savings to City and ratepayers
- ▶ Rating Agency raised outlook from “negative” to “positive” in Summer 2018 on wastewater
  - ▶ New ratings will be received November 2<sup>nd</sup>
    - ▶ Expectation: upgrade from “BBB” wastewater rating