



SAN RAFAEL CITY COUNCIL – MONDAY, APRIL 15, 2019

**SPECIAL STUDY SESSION AT 6:00 PM
THIRD FLOOR CONFERENCE ROOM, CITY HALL
1400 FIFTH AVENUE, SAN RAFAEL, CALIFORNIA**

1. Discussion re: City Clerk and Part-Time City Attorney Elective Offices

**REGULAR MEETING
COUNCIL CHAMBERS, CITY HALL
1400 FIFTH AVENUE, SAN RAFAEL, CALIFORNIA**

AGENDA

OPEN SESSION – COUNCIL CHAMBERS, CITY HALL

1. None.

CLOSED SESSION – THIRD FLOOR CONFERENCE ROOM, CITY HALL

2. Closed Session: - None.

OPEN TIME FOR PUBLIC EXPRESSION – 7:00 PM

The public is welcome to address the City Council at this time on matters not on the agenda that are within its jurisdiction. Please be advised that pursuant to Government Code Section 54954.2, the City Council is not permitted to discuss or take action on any matter not on the agenda unless it determines that an emergency exists, or that there is a need to take immediate action which arose following posting of the agenda. Comments may be no longer than two minutes and should be respectful to the community.

CITY MANAGER'S REPORT:

3. City Manager's Report:

CONSENT CALENDAR:

The opportunity for public comment on consent calendar items will occur prior to the City Council's vote on the Consent Calendar. The City Council may approve the entire consent calendar with one action. In the alternative, items on the Consent Calendar may be removed by any City Council or staff member, for separate discussion and vote.

4. Consent Calendar Items:

- a. **Approval of Minutes**

Approve Minutes of City Council / Successor Agency Regular Meeting of Tuesday, April 2, 2019 (CC)

Recommended Action – Approve as submitted

- b. **Senate Bill 2 Planning Grants Program**
 Resolution Endorsing and Authorizing the Filing of Applications for the Senate Bill 2 (SB 2) Planning Grants Program (CD)
Recommended Action – Adopt Resolution

- c. **Electronic Payment Acceptance Services Agreement**
 Resolution Authorizing the City Manager to Execute an Agreement with Elavon, Inc. for Electronic Payment Acceptance Services for the Community Services Department in An Amount Not to Exceed \$200,000 (CS)
Recommended Action – Adopt Resolution

- d. **City Quarterly Investment Report**
 Acceptance of City of San Rafael Quarterly Investment Report for the Quarter Ending March 31, 2019 (Fin)
Recommended Action – Accept report

- e. **FEMA Hazard Mitigation and Pre-Disaster Mitigation Grant Funds**
 Resolution Authorizing Designated City Employees to Execute and File on Behalf of the City of San Rafael All Assurances and Agreements Required to Accept and Manage Funds of All Open and Future Disasters and Grants Up to Three Years from Date of Approval (FD)
Recommended Action – Adopt Resolution

- f. **Southern Heights Bridge Replacement Project**
 Resolution Approving and Authorizing the City Manager to Execute Seven Agreements for Temporary Construction Easements with Property Owners on Southern Heights Boulevard, Meyer Road, and Pleasant Lane, in an Aggregate Total Amount Not to Exceed \$83,113 (PW)
Recommended Action – Adopt Resolution

- g. **Annual Traffic Mitigation Fee Report**
 Resolution Accepting the Annual Traffic Mitigation Fee Report and Determining That a Reasonable Relationship Exists Between the Current Need for Traffic Mitigation Fees Held Over Five Years and the Purposes for Which They Were Originally Collected (PW)
Recommended Action – Adopt Resolution

SPECIAL PRESENTATION:

- 5. Special Presentation:
 - a. Presentation from Marin Municipal Water District Regarding New Rates and Fee Proposals

OTHER AGENDA ITEMS:

- 6. Other Agenda Items:

- a. **400 Upper Toyon Drive Detachment Request and Proposed Tax Sharing Agreement**
Consideration of a Proposed Tax Sharing Agreement with Town of Ross Relating to 400 Upper Toyon Drive Detachment Request (CA)
Recommended Action – Reject the tax share agreement and the property owner’s proposal and direct staff to inform LAFCO of Council decision

- b. **Flavored Tobacco Product Ban**
Informational Report on Potential Ban on the Sale of Flavored Tobacco Products in San Rafael (CM)
Recommended Action – Accept report and provide direction to staff

COUNCILMEMBER REPORTS / REQUESTS FOR FUTURE AGENDA ITEMS:
(including AB 1234 Reports on Meetings and Conferences Attended at City Expense)

7. Councilmember Reports:

SAN RAFAEL SUCCESSOR AGENCY:

1. Consent Calendar:
 - a. **Successor Agency Quarterly Investment Report**
Acceptance of Successor Agency Quarterly Investment Report (Fin)
Recommended Action – Accept report

ADJOURNMENT:

Any records relating to an agenda item, received by a majority or more of the Council less than 72 hours before the meeting, shall be available for inspection in the City Clerk’s Office, Room 209, 1400 Fifth Avenue, and placed with other agenda-related materials on the table in front of the Council Chamber prior to the meeting. Sign Language interpreters and assistive listening devices may be requested by calling (415) 485-3198 (TDD) or (415) 485-3066 (voice) at least 72 hours in advance. Copies of documents are available in accessible formats upon request. Public transportation is available through Golden Gate Transit, Line 22 or 23. Paratransit is available by calling Whistlestop. Wheels at (415) 454-0964. To allow individuals with environmental illness or multiple chemical sensitivity to attend the meeting/hearing, individuals are requested to refrain from wearing scented products.

In the Council Chambers of the City of San Rafael, Tuesday, April 2, 2019 at 7:00 p.m.



**Regular Meeting
San Rafael City Council**

Minutes

Present: Mayor Phillips
Vice Mayor McCullough
Councilmember Bushey
Councilmember Colin

Absent: Councilmember Gamblin

Also Present: City Manager Jim Schutz
City Attorney Robert Epstein
City Clerk Lindsay Lara

[How to participate in your City Council meeting](#)

OPEN SESSION – COUNCIL CHAMBERS, CITY HALL – 6:30 PM

1. Mayor Phillips announced Closed Session items.

CLOSED SESSION – THIRD FLOOR CONFERENCE ROOM, CITY HALL – 6:30 PM

2. Closed Session:

- a. Conference with Legal Counsel
Government Code Section 54956.9(b) and Government Code Section 54956.9(d)(2)
Anticipated Litigation
Significant Exposure to Litigation (One Potential Case)

City Attorney Robert Epstein announced that no reportable action was taken in Closed Session.

OPEN TIME FOR PUBLIC EXPRESSION – 7:00 PM

- Salamah Locks, Commission on Aging, addressed the Council regarding Marin Commission on Aging

CONSENT CALENDAR:

4. Consent Calendar Items:

Item 4.c held from the Consent Calendar for comment.

Councilmember Colin moved and Councilmember McCullough seconded to approve the remainder of the Consent Calendar Items:

- a. Approval of Minutes
Approve Minutes of City Council / Successor Agency Regular and Special Meetings of Monday, March 18, 2019 (CC)
[Regular Minutes 2019-03-18](#)

[Special Minutes 2019-03-18](#)

Approved as submitted

- b. **Team of the Fourth Quarter, 2018**
Resolution of Appreciation for Human Resources Department, Team of the Fourth Quarter, 2018 (CC)
[Team of the Fourth Quarter Resolution](#)
RESOLUTION 14651 - RESOLUTION OF APPRECIATION FOR HUMAN RESOURCES DEPARTMENT, TEAM OF THE FOURTH QUARTER, 2018
- d. **Summary Vacation of a Portion of Rice Drive**
Resolution Approving the Summary Vacation of Easements for Public Street and Utility Purposes Over a Portion of Rice Drive and Adjacent Property (PW)
[Rice Drive Summary Vacation](#)
RESOLUTION 14652 - RESOLUTION APPROVING THE SUMMARY VACATION OF EASEMENTS FOR PUBLIC STREET AND UTILITY PURPOSES OVER A PORTION OF RICE DRIVE AND ADJACENT PROPERTY
- e. **Senate Bill 1: 2019-20 Projects**
Resolution Approving the FY 2019-20 Projects List for Senate Bill 1: The Road Repair and Accountability Act (PW)
[SB 1 2019-20 Projects](#)
RESOLUTION 14653 - RESOLUTION APPROVING THE FY 2019-20 PROJECTS LIST FOR SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT

AYES: Councilmembers: Bushey, Colin, McCullough & Mayor Phillips
NOES: Councilmembers: None
ABSENT: Councilmembers: Gamblin

CITY MANAGER'S REPORT:

3. City Manager's Report:

- **City Manager Jim Schutz announced:**
 - San Rafael Chamber of Commerce would announce Business of the Year at the State of the City on Thursday, April 4, 2019; 2019
 - Sidewalk Repair Program application period opened that morning, and would remain open through May 17, 2019;
 - Grand Avenue Pedestrian Bridge to be opened by Memorial Day 2019; and
 - Wildfire Preparedness Day event to be held on May 4, 2019 from 10:00 - 12:00 p.m. at Embassy Suites.

Mayor Phillips

City Manager Jim Schutz announced that Miller Creek Middle School's team won first place in the state on Saturday, March 30, 2019 at the Odyssey of the Mind Northern California tournament. The team will advance to the World Finals May 22-25, 2019 at Michigan State University

CONSENT CALENDAR (Continued):

4. Consent Calendar (continued):

- c. **Rename Falkirk Cultural Center Greenhouse**
Resolution Authorizing the Naming of the Greenhouse Located at the Falkirk Cultural Center as the "Mulryan UC Marin Master Gardener Greenhouse" (CS)
[Rename Falkirk Greenhouse](#)

Mayor Phillips commented on the item and invited former San Rafael Mayor Larry Mulryan to speak

Larry Mulryan, former Mayor of City of San Rafael

David Lewis, Marin Master Gardeners

Mayor Phillips

Mayor Phillips invited public comment

Kathleen Cerf

There being no further comment from the audience, Mayor Phillips closed the public comment period

Councilmember Colin

Councilmember McCullough

Councilmember Colin moved and Councilmember McCullough seconded to adopt the Resolution

RESOLUTION 14654 - RESOLUTION AUTHORIZING THE NAMING OF THE GREENHOUSE LOCATED AT THE FALKIRK CULTURAL CENTER AS THE "MULRYAN UC MARIN MASTER GARDENER GREENHOUSE"

AYES: Councilmembers: Bushey, Colin, McCullough & Mayor Phillips
NOES: Councilmembers: None
ABSENT: Councilmembers: Gamblin

SPECIAL PRESENTATION:

- 5. **Special Presentation:**
 - a. **Presentation of Resolution of Appreciation for Human Resources Department, Team of the Fourth Quarter, 2018**
Mayor Phillips presented the Resolution of Appreciation to the Team of the Fourth Quarter 2018: Sylvia Gonzalez, Rhonda Castellucci and Jennifer Alcantara.

Sylvia Gonzalez, Human Resources Coordinator

PUBLIC HEARINGS:

- 6. **Public Hearings:**
 - a. **Solar at City Hall**
Resolution Approving and Authorizing the City Manager to Execute Power Purchase Agreement

Amendment No. 1 with SolEd Solar Holdings V, LLC for the San Rafael City Hall Site (PW)
[Solar at City Hall](#)

Public Works Director Bill Guerin presented the staff report along with Jonathan Whelan, Optony, Dana Smith, SolarCraft, and Cory Bytof, Sustainability Coordinator

Mayor Phillips / Jonathan Whelan

Mayor Phillips / Jonathan Whelan

Councilmember Bushey / Jonathan Whelan

Councilmember Bushey / Jonathan Whelan

Councilmember McCullough / Jonathan Whelan

Councilmember McCullough / Jonathan Whelan

Councilmember McCullough / Jonathan Whelan

Councilmember McCullough / Jonathan Whelan

Councilmember McCullough

Bill Guerin, Public Works Director

Dana Smith, SolarCraft

Councilmember McCullough / Dana Smith

Councilmember McCullough / Jonathan Whelan

Councilmember McCullough / Jonathan Whelan

City Manager Jim Schutz / Bill Guerin, Public Works Director

Mayor Phillips declared the public hearing opened

Bob Spofford, Sustainable San Rafael

There being no further comment from the audience, Mayor Phillips closed the public hearing

Mayor Phillips / City Manager Jim Schutz

Councilmember Colin

Councilmember McCullough

Councilmember Colin moved and Councilmember Bushey seconded to adopt the Resolution

RESOLUTION 14655 - RESOLUTION APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE POWER PURCHASE AGREEMENT AMENDMENT NO. 1 WITH SOLED SOLAR HOLDINGS V, LLC FOR THE SAN RAFAEL CITY HALL SITE

AYES: Councilmembers: Bushey, Colin, McCullough & Mayor Phillips
NOES: Councilmembers: None
ABSENT: Councilmembers: Gamblin

COUNCILMEMBER REPORTS / REQUESTS FOR FUTURE AGENDA ITEMS:

7. Councilmember Reports:

- Councilmember Colin reported on Marin Transit
- Mayor Phillips reported he would attend a Sonoma-Marín Area Rail Transit (SMART) Workshop on April 3, 2019 to discuss a sales tax extension and Multi-Use Paths.

SAN RAFAEL SUCCESSOR AGENCY:

- 1. Consent Calendar: - None.**

ADJOURNMENT:

Mayor Phillips adjourned the City Council meeting at 7:54 p.m.

LINDSAY LARA, City Clerk

APPROVED THIS ____ DAY OF _____, 2019

GARY O. PHILLIPS, Mayor



Agenda Item No: 4.b
Meeting Date: April 15, 2019

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Community Development
Paul A. Jensen

Prepared by: Paul A. Jensen,
Community Development Director

City Manager Approval: *[Signature]*

TOPIC: SENATE BILL 2 PLANNING GRANTS PROGRAM

SUBJECT: RESOLUTION ENDORSING AND AUTHORIZING STAFF TO FILE APPLICATIONS FOR THE SENATE BILL 2 PLANNING GRANTS PROGRAM; CASE NO. P19-004

RECOMMENDATION:
Adopt a resolution endorsing and authorizing staff to file applications for Senate Bill 2 Planning Grants.

BACKGROUND:

Senate Bill 2 (SB2)

In 2017, Governor Brown signed Senate Bill 2 (SB 2). Referred to as the "Building Homes and Jobs Act," this law establishes a permanent, on-going source of funding dedicated to promoting and facilitating affordable housing development. The source of funding is secured through a fee that is imposed at the time of the recording of every real estate instrument, paper or notice for each single real estate transaction on a parcel of property. The recording fee ranges from \$75.00 to \$225.00 depending upon the nature and scope of the property transaction. Sales transactions for single-family homes are exempt from this fee. Effective January 1, 2018, the fee is collected by the County Recorder, who, in turn forwards (quarterly) the fee revenues to the State Controller. The fee is projected to generate \$200 million in annual revenue statewide.

The law prescribes that the revenue collected for the 2018 calendar year be deposited into two funds: a) 50% of the revenue is to be placed in a fund made available to local governments for planning grants; and b) 50% of the revenue is to be placed in a fund made available to the Department of Housing and Community Development (HCD) to assist persons experiencing or at risk of homelessness. For revenues collected after January 1, 2019, the allocation changes. The revenue allocated to local governments is to be used for planning to promote and facilitate the production of affordable housing throughout California. The local government share of this revenue is to be administered through a grant program.

SB 2 Planning Grants Program

On March 28, 2019, HCD launched the SB 2 Planning Grants Program. A Notice of Funding Availability (NOFA) was released for approximately \$123 million, the statewide revenue earmarked for local

FOR CITY CLERK ONLY

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government grants. Under this grant program, local governments are provided an eligibility allowance based on community population. The City of San Rafael falls within the “medium localities” category (defined as a locality with a population between 60,000 and 200,000), which is eligible for up to \$310,000 in grant funding. The purpose of the Planning Grants Program is to provide financial and technical assistance to local governments to update planning documents to:

- Accelerate housing production;
- Streamline the approval of housing development;
- Facilitate housing affordability;
- Promote the development of housing; and
- Ensure geographic equity in the distribution and expenditure of allocated funds.

The website for the SB 2 Planning Grants Program can be accessed [here](#). The administration of this Planning Grant Program is governed by guidelines which can be accessed [here](#). A summary of the guidelines is as follows:

- The call for applications for grant funding is open for eight months, through November 30, 2019. During this eight-month period, the local government agency can file one or multiple applications for grant funding.
- HCD anticipates that the time frame for awarding the grant is approximately two-three months from the date of application filing.
- Activities eligible for the grant funds include, among others: a) updates to General Plans and zoning to promote or accelerate housing production; b) environmental analyses that eliminate the need for project review; c) local improvements to the permit process to expedite local planning review; d) establishing and implementing special districts and zones such as a workforce housing opportunity zone; and e) rezoning for “by-right” supportive housing, for special needs populations and for multi-family housing in high resource areas.
- To be eligible for grant funds, the local government agency must: a) have a certified and compliant Housing Element; b) have completed the required, Annual Progress Report (APR) on the Housing Element and submitted the APR to HCD; and c) demonstrate that the project will support a nexus to accelerate housing production.

ANALYSIS:

The Planning Grants Program provides several excellent opportunities for the City of San Rafael. At present, the following planning projects would be eligible to meet the criteria for grant funding, and are ready for application:

1. Homeward Bound of Marin – 190 Mill Street. Homeward Bound, who currently operates the permanent emergency housing shelter at 190 Mill Street. This non-profit organization is proposing to demolish the existing, one-story housing shelter and construct a new building and expanded facility. The facility would contain a new, 64-bed permanent emergency housing shelter and 32 single-resident-occupancy units (supportive and transitional housing). The project requires a General Plan Amendment and property rezoning as residential use is currently not permitted at this location. Environmental review is also required. As the goal of the project would be to establish “by-right” zoning for the property, it would qualify for the grant funding. It is estimated that \$75,000-80,000 would be requested to hire a consultant to manage this project through the City process and construction.

2. Development of “Objective Design and Development Standards.” In 2017, Senate Bill 35 (SB 35) was signed by the Governor, establishing a mandated, ministerial (streamlined) review process for multi-family residential projects. To qualify for this process, an applicant/developer would be required to pay prevailing wage for construction labor. This law exempts such projects from environmental (CEQA) review and limits the local government agency’s project review to compliance with locally-adopted “objective design and development standards.” Developing such standards is a challenge as design is subjective and not typically prescribed or quantitative.

The Planning Division staff has been working with the Marin Planning Directors on pursuing the development of an objective design and development standards toolbox and manual that can be used by all the Marin jurisdictions. As this project meets the criteria for the SB2 grant funding, a collective application for funding will be filed with HCD by the Marin jurisdictions. The County of Marin is taking the lead on this grant filing. The grant request would cover the cost of hiring an urban design consultant to develop this manual.

The Planning Division staff recently completed draft “objective design and development standards” to comply with the SB 35 law. This work commenced long before the SB 2 opportunity became available, so staff will proceed with completing this project. The draft standards will be brought forward to the Design Review Board later this spring. These standards will require the review of the Planning Commission and adoption by the City Council. Staff does not find that this will be a duplicated effort to pursuing the toolbox and manual. Rather, should the toolbox manual present additional or better measures, the adopted standards will be amended/updated.

There are several other potential projects that could be eligible for this funding but have either not been fully vetted or are not ready to move forward.

The program guidelines require that the grant request be accompanied by an adopted City Council resolution, which endorses the request. As it is likely that staff will pursue grant requests for several, individual projects, a resolution has been drafted (attached) that is not project-specific. The resolution would authorize staff (the City Manager) to file the individual applications on behalf of the City. The resolution has been drafted in this manner so that each grant request application is not required to obtain City Council approval prior to filing.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

The Senate Bill 2 Planning Grants Program does not require a local financial commitment or “match” from local jurisdictions requesting grant funds. City staff time required for processing the grant applications and administering/managing the projects funded by the grant would be absorbed as part of the staff workload and would have no impact on the City’s General Fund.

RECOMMENDED ACTION:

Adopt a resolution endorsing and authorizing staff to file applications for Senate Bill 2 Planning Grants.

ATTACHMENT:

1. Resolution

RESOLUTION NO. _____

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL
ENDORISING AND AUTHORIZING THE FILING OF APPLICATIONS FOR
THE SENATE BILL 2 (SB 2) PLANNING GRANTS PROGRAM
CASE NO. P19-004**

The City Council of the City of San Rafael finds and determines that:

WHEREAS, in 2017, Governor Brown signed Senate Bill 2 (SB 2). Referred to as the “Building Homes and Jobs Act,” this law establishes a permanent, on-going source of funding dedicated to promoting and facilitating affordable housing development. The source of funding is secured through a fee that is imposed on every real estate transaction, statewide, except for sales transactions for single-family homes. The fee is projected to generate \$200 million in annual revenue statewide; and

WHEREAS, fifty percent (50%) of the annual revenue is to be made available to local governments for planning grants to promote and facilitate housing development. As a result, the SB 2 Planning Grants Program has been launched with an allocation of \$123 million. For 2018, the City of San Rafael is eligible for up to \$310,000 in grant funding. The call for applications for grant funding is open through November 30, 2019; and

WHEREAS, the Community Development Department is working on several projects that either directly propose or promote housing development, which would benefit from and meet the qualifications of the SB 2 Planning Grants Programs. These projects include, among others, a new permanent emergency housing shelter and supportive/transitional housing for the homeless population (Homeward Bound of Marin) and the development of “Objective Design and Development Standards” required to comply with a State mandate (SB 35); and

WHEREAS, given the current housing crisis and the City’s goals and policies that strongly encourage housing for all income levels, the SB 2 Planning Grants Program is timely. Further, the Program does not require a “local match” or financial commitment that would impact the City’s General Fund or Special General Plan Fund #218;

NOW, THEREFORE, BE IT RESOLVED, that the City Council endorses the SB 2 Planning Grants Program and authorizes staff (City Manager) to file applications on behalf of the City for projects that are focused on promoting housing development and would benefit from the grant funding.

I, LINDSAY LARA, City Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council held on the 15th day of April 2019 by the following vote, to wit:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

LINDSAY LARA, City Clerk

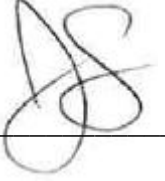


Agenda Item No: 4.c
Meeting Date: April 15, 2019

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Community Services

Prepared by: Catherine Quffa,
Management Analyst

City Manager Approval: 

TOPIC: AGREEMENT FOR ELECTRONIC PAYMENT ACCEPTANCE SERVICES WITH ELAVON, INC.

SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH ELAVON, INC. FOR ELECTRONIC PAYMENT ACCEPTANCE SERVICES FOR THE COMMUNITY SERVICES DEPARTMENT IN AN AMOUNT NOT TO EXCEED \$200,000

RECOMMENDATION:
Adopt a resolution authorizing the City Manager to execute an agreement with Elavon, Inc. for electronic payment acceptance services for the Community Services Department in an amount not to exceed \$200,000 (a savings as compared to our current costs for these services).

BACKGROUND:
Since 2003, the Community Services Department has used software-based programs to administer contract classes, City-managed programs, pool memberships, park and facility reservations, child care programs and all Department customer-based transactions. These systems allow the City to better serve the community by providing easy enrollment and payment options for City-managed programs. A cornerstone of this system is the ability to accept and process credit card payments.

In 2016, the City selected PerfectMind, Inc. to provide these services. The decision to use PerfectMind was based off several factors, which are outlined in the [November 7, 2016 City Council Agenda Report](#).

When the City first implemented the PerfectMind software in 2017, it focused on ensuring that the user interface was working smoothly. The City decided to pursue a temporary payment processing solution and selected PaySafe Merchant Services Corporation, frequently used by PerfectMind, while the integrations with additional payment processors was being fully tested and developed.

Now that the City's PerfectMind platform is up and running and PerfectMind has fully developed its payment processor integrations, the City is revisiting its payment processing options.

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ANALYSIS:

Over the past few months, the City has met with other local government agencies who have been using both PerfectMind and Elavon since 2016, including the City of Roseville. These agencies provided positive reports on the integration of the two systems and consistently mentioned the favorable rates provided to local government agencies by Elavon.

In 2010, Elavon was awarded a contract from the California State Department of General Services, Procurement Division, in a competitive bid process. Local government agencies can sign on to this Master Services Agreement, included as Attachment 2, and receive electronic payment acceptance services at the contracted prices offered to the State of California. Per the City's Purchasing Policy, purchases made under a cooperative purchasing program, such as this one, are exempt from the City's competitive bidding procedures.

The electronic payment processing rates that Elavon provides to local government agencies offer a high level of transparency. Their pricing model has three components:

1. Interchange fee: assessed per transaction and paid to the bank that issues the credit card (Wells Fargo, Bank of America, etc.)
2. Assessment fee: assessed per transaction and paid to the credit card brand (MasterCard, Visa, etc.)
3. Elavon fee: \$0.025 for transaction

The interchange and assessment fees are determined by the issuing banks and credit card brands. These fees are complex, include hundreds of variable rates and are difficult to predict. On average, the City currently pays 2.96% and \$0.20 per transaction through PaySafe. With Elavon, that will drop to an average of 2.3% and \$0.025 per transaction. The Childcare program currently uses a different reservation platform and payment processor than the Recreation program. Starting on July 1, 2019, Childcare will transfer its programs to the PerfectMind platform, and additionally to the same payment processor used for the recreation programs. Combined, the Recreation and Childcare programs have historically paid an average of \$110,000 annually in credit card fees. By switching both programs to Elavon, the City would save approximately \$10,000 per year over current expenses.

Staff recommends that the City Council authorize the City Manager to execute an agreement with Elavon, as detailed in the resolution included as Attachment 1. The State of California's Master Services Agreement with Elavon officially expires on May 31, 2019. The State has issued a twenty-four (24) month extension of the terms for any local government agency that subscribes to the Master Services Agreement as an Authorized User prior to the end of the agreement.

Through the City Council's approval, the City will execute a twenty-five (25) month agreement with Elavon, Inc. for electronic payment acceptance services for the Community Services Department in an amount not to exceed \$200,000.

FISCAL IMPACT:

Upon execution of the proposed agreement, the estimated annual cost, based on the projected volume of transactions, is \$90,000, with \$10,000 in contingency, for a total 2 year not to exceed contract amount of \$200,000. This will be a savings over our current costs for these services. Due to the ambiguity of interchange and assessment fees, as well as the potential for the Community Services Department to increase revenue in the next two (2) years, it is difficult to predict the exact cost of Elavon's services with more specificity. Based on this estimate, sufficient funds are available in FY 2018-19 in the Recreation

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Revolving Fund (fund no. 222) and the Child Care Fund (fund no. 208). Additionally, sufficient funds have been requested for appropriation in Funds 222 and 208 for FY 2019-20.

RECOMMENDED ACTION:

Adopt a resolution authorizing the City Manager to execute an agreement with Elavon, Inc. for electronic payment acceptance services for the Community Services Department in an amount not to exceed \$200,000.

OPTIONS:

The City Council has the following options to consider on this matter:

1. Adopt resolution as proposed, approving an agreement with Elavon, Inc.
2. Adopt resolution with modifications.
3. Direct staff to return with more information.
4. Take no action.

ATTACHMENTS:

1. Resolution
2. Elavon, Inc. Master Services Agreement and Amendments 1 – 4 with the California State Department of General Services, Procurement Division to provide Electronic Payment Acceptance Services
3. Selected Services Signature page and Standard Agreement 213 Form

RESOLUTION NO. _____

RESOLUTION OF THE SAN RAFAEL CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH ELAVON, INC. FOR ELECTRONIC PAYMENT ACCEPTANCE SERVICES FOR THE COMMUNITY SERVICES DEPARTMENT IN AN AMOUNT NOT TO EXCEED \$200,000

WHEREAS, on December 15, 2016 the City of San Rafael entered into an agreement with PerfectMind, Inc. to provide software for the registration and management of recreation programs, facility bookings and childcare programs; and

WHEREAS, the PerfectMind platform offers the City of San Rafael the flexibility to choose its own payment processor to accept and process credit card payments; and

WHEREAS, the Community Services Department has utilized PaySafe Merchant Services Corporation since August 1, 2017 for its electronic payment acceptance services; and

WHEREAS, Elavon, Inc. has a Master Services Agreement with the California State Department of General Services, Procurement Division and can thereby provide local government agencies with a lower processing rate than the City of San Rafael currently receives from PaySafe Merchant Services Corporation; and

WHEREAS, the City of San Rafael can secure these lower processing rates through May 31, 2021 if it executes an agreement under Elavon, Inc.'s California State Master Services Agreement prior to May 31, 2019.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Rafael hereby authorizes the City Manager to execute an agreement with Elavon, Inc. pursuant to the State of California Master Services Agreement, for electronic payment acceptance services for the Community Services Department for a twenty-five (25) month term and totaling an amount not to exceed \$200,000, in a form to be approved by the City Attorney.

I, Lindsay Lara, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of San Rafael, held on Monday, the 15th day of April 2019, by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

Lindsay Lara, City Clerk

STATE OF CALIFORNIA
STANDARD AGREEMENT
 STD 213 (Rev 06/03)

AGREEMENT NUMBER

5-10-99-02

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Department of General Services

CONTRACTOR'S NAME

Elavon, Inc.

2. The term of this Agreement is: June, 1, 2010 through May 31, 2015

3. The maximum amount of this Agreement is: \$ 0

4. The parties agree to comply with the terms and conditions of this MSA and the following exhibits which are by this reference made a part of the Agreement.

Exhibit A:	Scope of Services	6 pages
Exhibit B:	Budget Detail and Payment Provisions	3 pages
	Attachment I – Quarterly Report template	2 Pages
Exhibit C:	The State's General Terms and Conditions (GTC307 As Modified) and Contractor Certification Clauses (CCC 307 As Modified)	5 pages
		4 pages
Exhibit D:	Special Terms and Conditions	8 pages
	Attachment I – Authorized User Participation Set Up Form	3 pages
	Attachment II -- Selected Services Signature Page (State Authorized Users)	2 pages
	Attachment III -- Selected Services Signature Page (Local Authorized Users)	2 pages
Exhibit E:	Fees and Costs	2 pages
	Attachment I – Elavon Service Pricing (Credit/Debit, ECS, & Tier Methodology-3 tabs)	3 pages
	Attachment II – Elavon Equipment Pricing	2 Pages
	Attachment III – Elavon Equipment Specifications (workbook w/ 6 tabs)	8 pages
Exhibit F:	Equipment and Software	6 pages
Exhibit G:	Agreement for Merchant Processing Services Acceptance	16 pages
Exhibit H:	Electronic Check Services	4 pages
Exhibit I:	Convenience and Service Fee Services	6 pages
Exhibit J:	Enterprise Billing Solution Services	6 pages

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

Elavon, Inc.

BY (Authorized Signature)

PRINTED NAME AND TITLE OF PERSON SIGNING

Timothy I. Miller, Senior Vice President

ADDRESS

7300 Chapman Highway, Knoxville, TN 379220

STATE OF CALIFORNIA

AGENCY NAME

Department of General Services – Procurement Division

BY (Authorized Signature)

PRINTED NAME AND TITLE OF PERSON SIGNING

Jim Butler, Deputy Director

ADDRESS

707 Third Street, 2nd Floor, West Sacramento, CA 95605

CALIFORNIA
 Department of General Services
 Use Only

jo

APPROVED

JUN 22 2010

DEPT OF GENERAL SERVICES


[Signature]

The undersigned each agree to be bound by the terms and conditions of the MSA exhibits selected and signed for below.

Exhibits A-J

Elavon

("Contractor")

Signature: 

Print Name: Timothy I. Miller


Title: Senior Vice President

Dated: 6/8/11

Exhibits A-G

U.S. Bank

("Bank or Member")

Signature: 

Print Name: Timothy I. Miller

Title: Senior Vice President

Dated: 6/8/11

Exhibit A – Scope of Services

1. AGREEMENT TERM:

This Master Service Agreement (“MSA” or “Agreement”) shall be for a five (5) year term starting on the date of its execution by the State of California Department of General Services (“DGS”), as specifically noted on the attached Std 213 Standard Agreement (the “Effective Date”). DGS reserves the right to extend this Agreement for one additional two (2) year period at the same rates, terms and conditions.

2. CONTRACT MANAGEMENT:

Contractor must provide the name, address, telephone number, and e-mail address of the individual directly responsible for managing this Agreement on behalf of the Contractor to the State’s designated Contract Manager. Should the Contractor’s Contract Manager change or any of the contact information change, Contractor must provide updated information no later than ten (10) business days after the date of change to the State’s Contract Manager. Contractor is responsible for notifying all Authorized Users (as defined in Exhibit D) in writing of any changes to a contact person, address, phone numbers, or any other information deemed important to the day-to-day operation of the electronic payment acceptance program.

As of the Effective Date of this Agreement, the Contract Manager for the State of California shall be as follows:

Mary Anne DeKoning
Department of General Services
Procurement Division
707 Third Street, 2nd Floor
West Sacramento, CA 95605
MaryAnne.Dekoning@dgs.ca.gov
916-375-4365

Should the Contract Manager for the State of California change, the State must provide written notice with the updated information no later than ten (10) business days after the change to the Contractor’s Contract Manager.

3. GENERAL OVERVIEW OF SERVICES:

Contractor shall provide electronic payment acceptance and processing services for State of California agencies, local entities such as universities and city and county government offices, as defined in Exhibit D.

Exhibit A – Scope of Services

4. MINIMUM SERVICE LEVEL AGREEMENTS:

Contractor shall provide electronic payment acceptance and processing services as follows:

a. General Service Level Agreements (All Categories)

Contractor will:

1. Allow for batch processing of transactions.
2. Initiate funding for Credit, Debit and PIN-Based Cards, E-Checks and Check Conversion transactions as follows:

Transaction Day (Charges received by 11:30 PM ^{2/} PST)	Initiate ^{1/} Funding to Authorized User's Account Via ACH
Monday	Tuesday
Tuesday	Wednesday
Wednesday	Thursday
Thursday	Friday
Friday	Monday
Saturday/Sunday	Monday

^{1/} Includes Contractor's authorization to send funds from Contractor's bank to Authorized User's bank account.

^{2/} For E-Checks and Check Conversions, the transactions must be received by Contractor by 8 PM PST.

3. Contractor shall settle in gross daily and process chargebacks and adjustments by invoicing the Authorized User for compensation.
4. Provide to each Authorized User access to detailed statements and online reporting tools that provide sufficient information for each Authorized User to reconcile deposits and adjustments made to the Authorized User's designated bank account(s).
5. Provide a 24x7 Customer Support Center
6. At all times, maintain industry standard data privacy controls sufficient to meet the requirements of the applicable service category security standards and California State Privacy statutes and regulations (defined in Exhibit D, Section 5). Contractor is fully responsible for all administrative and financial obligations that arise from any security breach caused by the Contractor.
7. Annually, make Contractor's SAS-70 information available for review on Contractor's premises upon Authorized User's 30 days written notice. Authorized User's review shall take place during Contractor's normal business hours upon the signing of Contractor's confidentiality agreement. Authorized User's review does not include copying of such documents or taking of notes.

Exhibit A – Scope of Services

b. Credit & Debit Merchant Card Processing (Service Category 1)

Contractor will:

1. Process for the Authorized User, MasterCard, Visa, American Express, Discover, JCB, Debit Cards, & Purchasing Cards in accordance with the operating rules of each of the named associations and under applicable law.
2. Provide continuous service and Contractor's system shall be functional at a minimum 99 percent of the time, measured on a monthly basis. Scheduled maintenance must be approved in advance by Authorized User and occur during Authorized User's non-business hours.
3. Provide Authorization and Settlement functions on behalf of Authorized User. Authorizations must be completed in real time with response times of no more than 2-12 seconds. Response time is measured from the time Contractor receives a transaction authorization request to the time Contractor provides a transaction authorization response to Authorized User, excluding time dependent upon third parties and delays caused by failures or delays in third party's systems.
4. Deliver, at a minimum, the following standard reports:
 - i. Deposit Summary
 - ii. Transaction Reports
 - iii. Statements
 - iv. Interchange
 - v. Adjustments
 - vi. Chargebacks
 - vii. Authorizations
 - viii. Control for Duplicate Transmissions
5. Process Chargebacks, voids, cancels, returns (partial and full) and Retrievals on behalf of Authorized User. Chargebacks will be noticed to the Authorized User within 24 to 48 hours of receipt, unless the Chargeback Department can provide a response to the Chargeback without needing to obtain additional information from the Authorized User. The Contractor will provide all reasonable assistance to allow the Contractor, on the Authorized User's behalf, to protest any chargeback. Chargebacks and adjustments will be invoiced to the Authorized Users for compensation.
6. Remain Payment Card Industry (PCI) compliant at all times.

c. Electronic Check Conversion (Service Category 3)

Contractor will:

1. Provide Authorized Users with both web based and client software based paper check scanning utilities.

Exhibit A – Scope of Services

2. Allow Authorized Users to scan any check written on a checking or brokerage account domiciled at a United States financial institution including, but not limited to:
 - Consumer checks
 - Business checks
 - Travelers checks
 - Convenience checks
 - Money orders
 - Government checks
 - Cashiers checks
 - Official checks
3. Allow Authorized Users, using MICR and/or OCR scanning devices, to transmit Magnetic Ink Character Recognition (“MICR”) lines or images of the front and back of checks to a central, secure scanner controlled by the Contractor.
4. Provide the following features in the check imaging process:
 - i. Image Quality Assurance
 - ii. Control Totals
 - iii. Duplicate Check controls
5. Using a hosted decision engine, convert all checks received at the central, secure server into:
 - i. Point of Presentation/Payment (“POP”) entries permitted by the rules and regulations of the NACHA (if all items can be converted to BOC, POP is optional).
 - ii. Account Receivables Conversion (“ARC”) entries permitted by the rules and regulations of the NACHA.
 - iii. Back Office Conversion (“BOC”) entries permitted by the rules and regulations of the NACHA.
 - iv. Check 21 eligible images permitted under the rules and regulations formulated by the Federal Reserve Bank.
6. For those entries converted to POP, ARC or BOC, deliver correctly formatted and compliant Automated Clearinghouse debit files to the Authorized User’s designated bank account with member Bank.
7. For those entries converted to Check 21 images, deliver correctly formatted and compliant X9.37 image files to the Authorized User’s bank for credit to the Authorized User’s designated bank account.

Exhibit A – Scope of Services

8. Provide Authorized User with access to electronically converted check history via a web interface.
9. Provide Authorized User with daily and monthly check processing (transaction and dollars) statistics and reconciliation data.
10. Provide Authorized User with industry standard individual user enrollment and authentication procedures that include a Multi-Factor Authentication.

5. DEMONSTRATIONS AND PILOT PROGRAMS:

Contractor agrees to conduct demonstrations and pilot programs, at the request of the State and/or an Authorized User, prior to implementation of an electronic payment acceptance program during the term of the contract. Specifically, if services in Categories 2 and 3 are requested, the State will require the Contractor to provide them on a "Pilot Program" basis to State of California agencies. Contractor and requesting State Authorized User may need approval from and shall work collaboratively with the State Treasurer's Office (STO) and other State entities for successful implementation and monitoring of any Pilot Program.

6. TRAINING:

The Training site and all costs associated with the facility cost (if any) shall be provided by the Authorized User.

Food and/or refreshments shall not be provided to attendees by Contractor at any time.

Training material and equipment shall be provided by the Contractor at the Contractor's expense and shall include a link to the most recent version of the Contractor's Merchant Operating Guide (posted on the DGS website) as described below. Contractor shall ensure that sufficient material is provided to all attendees.

Contractor shall provide a Welcome Kit that includes a training guide for that location. This Welcome Kit will provide instructions for scheduling telephone training for each Authorized User. The telephone training will be provided at no additional cost. The Training Guide includes, at a minimum, but not limited to the following:

- Step by Step Instructions
- Support Services
- Quick Reference Guide

Authorized Users will have 24x7 access to Elavon's Merchant Operating Guide, which will be posted on the DGS website.

7. CUSTOMER SERVICE AND SUPPORT:

Contractor must provide contact information through the individual agreement with each Authorized User for problem resolution and inquiries. Most inquiries regarding

Exhibit A – Scope of Services

the direct reconciliation of an Authorized User's payment transactions, the transfer to the bank account or any other payment transactions involving the Contractor shall be addressed and or resolved by the Contractor within three (3) business days from the date of the original inquiry. Most other problems and inquiries will be addressed within five (5) business days from the date of the original contact. If Contractor is unable to resolve issues within the timelines stated above, Contractor will work with the Authorized User to establish mutual resolution timeframes and project timelines.

8. PROGRAM WEBSITE:

Contractor shall provide and regularly update a secure website for use by Authorized Users of this Agreement. This website shall include at a minimum, the following information:

- Link to the Contractor's standard Merchant Operating Guide.
- Links to industry related rules and regulations as described in this Agreement.
- Customer Service and Support Help desk telephone number.
- Information that provides answers to frequently asked questions.
- Link to report database (see Reporting Requirements of this Agreement)

Exhibit B – Budget Detail and Payment Provisions

1. INVOICING AND PAYMENT:

- a. All Authorized Users are required to open a deposit account at an approved State financial institution that participates in the Automated Clearing House of the Federal Reserve System (ACH) to accept electronic payments via ACH under this MSA. For California State Authorized users this deposit account must be a Zero Balance Account (ZBA).
- b. Each Authorized User must provide the Contractor with the name, bank deposit account and ABA (bank routing) numbers of the financial institution where such Authorized User's deposit account is established. Further, Authorized User must notify Contractor of any changes to its financial institution, account, or ACH information over the course of the agreement. Each Authorized User must also notify its financial institution that the Contractor has access to the designated deposit account to make payments.
- c. For State Authorized Users, Contractor does not have authority to debit any amounts from the Authorized User's deposit account. Contractor shall settle the total amount for Charges net of Chargebacks, Credits and applicable adjustments. However, Contractor shall not reduce any payment transaction for payment of the processing fees (as defined in Exhibit E - Fees and Costs)
- d. Contractor shall initiate payment to each Authorized User's designated deposit account in accordance with the schedule noted in Exhibit A, Section 4.a.2. If the payment transmittal date falls on a day that Contractor's bank is not open for processing payments, Contractor will initiate payment as soon as the Contractor's bank is open. Funds due to State Authorized Users shall never be held in Contractor's account or any other account not specifically authorized by an Authorized User. Contractor will not be responsible for any obligations, damages, or liabilities in excess of the amount of the applicable debit, credit, or adjustment to an Authorized User's deposit account in the event that the Authorized User's financial institution does not honor any such item or improperly applies it to such Authorized User's account.
- e. Each Authorized User is responsible for paying for electronic payment acceptance services provided hereunder, subject to appropriations of its controlling body, as set forth in Section 2 of Exhibit B.
- f. Each Authorized User shall provide billing information (mailing address, contact person, etc.) as part of its individual Subscription Agreement (defined in Exhibit D, Section 2) executed with Contractor.
- g. Invoices shall be submitted in arrears to each State Authorized User on Contractor's letterhead within 15 days of the end of each month and in accordance with the Prompt Payment Act. The invoice shall include:
 - The MSA number.
 - Authorized User Name.
 - Authorized User Merchant Number.
 - Time period covered.

Exhibit B – Budget Detail and Payment Provisions

- Work completed for the period shall be identified (detailed statement of services rendered) as specified in the individual Authorized User's Subscription Agreement.
 - Contact information for billing comments or inquiries such as a telephone number, fax number, and address.
- h. Upon receipt of invoices and subsequent approval by the Authorized User's designated representative(s), the Authorized User will pay the Contractor for fees and costs as specified in Exhibit E. Contractor must NOT charge processing fees that are higher than or any additional fees other than those specified, which cover all services provided by this MSA including electronic payment acceptance services, user guides, reports, and customer service.
 - i. State Authorized Users will promptly process the invoice and pay Contractor, or cause the State Controller to pay Contractor, for the amount due.
 - j. Each Local Authorized User will promptly process the invoice and pay by either: (i) Contractor debiting such Local Authorized User's designated debit (payment) account, with the Local Authorized User's prior approval, or (ii) initiating ACH payment to the Contractor's demand deposit account.
 - k. Contractor shall indicate Chargebacks and adjustments (including Credits) to Authorized Users in statements and reports as required pursuant to Section 4.b.4 of Exhibit A.
 - l. The State does not accept liability of Local Authorized Users (cities, counties, local governments, political subdivisions etc.).

2. BUDGET CONTINGENCY CLAUSE:

- a. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under the Authorized User's Subscription Agreement does not appropriate sufficient funds for the program contemplated thereunder, the Authorized User's Subscription Agreement shall be of no further force and effect after the Authorized User provides written notice to Contractor. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other consideration under the Subscription Agreement.
- b. For State Authorized Users, if funding for any fiscal year is reduced or deleted by the Budget Act for purposes of the Authorized User's programs, the Authorized Users shall have the option to either (i) cancel Authorized User's Subscription Agreement with no liability occurring to the State by providing Contractor immediate written notice or (ii) offer an agreement amendment to Contractor to reflect the reduced amount.
- c. In the event an Authorized User's Subscription Agreement is terminated pursuant to this Section 2, such Authorized User shall be responsible for payment of all amounts owed to Contractor related to transactions processed up until the effective date of termination.

Exhibit B – Budget Detail and Payment Provisions

3. REPORTING REQUIREMENTS:

Contractor shall maintain an accounting system using generally accepted accounting principles that will provide information for reports to the State and Authorized Users. Some of the reporting requirements include, but are not limited to, providing the DGS Contract Manager with usage and fiscal activities documentation on a quarterly basis. This quarterly activity report (See Exhibit B Attachment I) will summarize the Contractor's MSA contract activity by payment category for each Authorized User and will contain the following information:

- Authorized User Name (department, agency, etc.)
- Authorized User's Merchant Number
- Dollar Volume by card type (*Amex, Discover, Visa, MC, Debit*) and/or payment solution
- Number of transactions by card type and/or payment solution
- Average Ticket by card type and/or payment solution
- Fees paid by payment solution and type (interchange, processor, convenience fees, other)

The contractor to send reports electronically using Email and Microsoft Excel or compatible. Send to MaryAnne.DeKoning@dgs.ca.gov and Masters@dgs.ca.gov

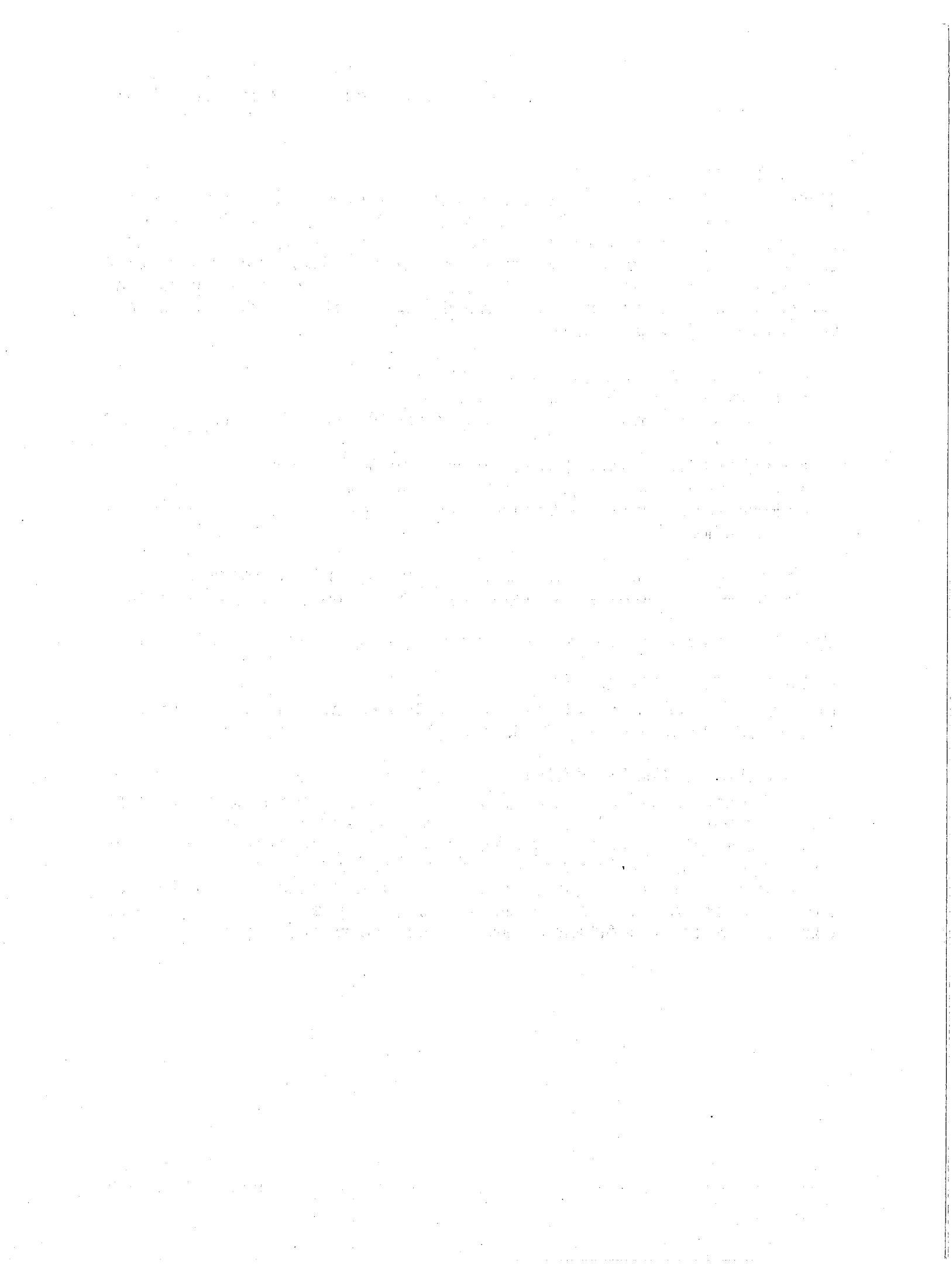
Contractor shall provide equipment and software reporting information upon request.

4. PROMPT PAYMENT CLAUSE:

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

5. CONTRACTOR OVERPAYMENTS:

If the Authorized User determines that an overpayment has been made to the Contractor, the Authorized User will seek recovery immediately upon discovery of the overpayment by: (a) calling the contractor service center to request a refund of the overpayment amount; or (b) offsetting subsequent Contractor payments by the amount of the overpayment if Contractor repayment is not received within thirty (30) days from the date of notice. If Contractor discovers they have received an overpayment, contractor must notify the Authorized user and refund the overpayment immediately.



**Exhibit C – General Terms and Conditions
(GTC 307 As Modified)**

1. APPROVAL:

This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.

2. AMENDMENT:

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

3. ASSIGNMENT:

Unless otherwise provided in this Agreement, this Agreement is not assignable by the other party, either in whole or in part, without the consent of the other party in the form of a formal written amendment, provided, however, Contractor can assign any or all of its rights or delegate any or all of its obligations to an affiliate or an entity acquiring all or substantially all of the assets of Contractor.

4. AUDIT:

Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the Agreement, at the State's own expense, provided that the state gives contractor advance written notice of the audit, which will be subject to Elavon's security procedures (including appropriate identification of the State's designated representatives, escorted access, and other policies as mandated by applicable laws and Payment Network Regulations). Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. To the extent any waivers of confidentiality are required with respect to any such audit, the entity conducting the audit shall obtain such waivers at its sole expense. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract solely related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

**Exhibit C – General Terms and Conditions
(GTC 307 As Modified)**

5. INDEMNIFICATION:

Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any third party claims arising out of or in connection with Contractor's (its affiliates, employees, agents or representatives) (i) gross negligence or willful misconduct; (ii) breach of this Agreement; or (iii) actual infringement of any patent, copyright, trademark, service mark, trade secret or other proprietary right of a third party by the Contractor System or services, except to the extent such claim is caused by, relates to or arises out of (a) State's failure to use the Contractor System or services as permitted under this Agreement; or (b) State's use, assembly, configuration, operation, or combination of all or any part of the Contractor System, the services, or any element, step, component, process, system, or portion of the Contractor System or the services with all or any part of other software, equipment, services, processes, elements, steps, components, or systems not provided by Contractor. Contractor will not indemnify State for claims arising from any errors or omissions in any or non-compliance of information, scripts, recipient lists, data or instructions State provides to Contractor for use in connection with the Contractor System or services. For purposes of this paragraph the term State includes Authorized User.

6. DISPUTES:

Contractor and the State shall continue with the responsibilities under this Agreement during any dispute.

7. TERMINATION FOR CAUSE: (Stricken in its entirety—See Exhibit D.11)

8. INDEPENDENT CONTRACTOR:

Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

9. RECYCLING CERTIFICATION: (Stricken in its entirety)

10. NON-DISCRIMINATION CLAUSE:

During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin,

**Exhibit C – General Terms and Conditions
(GTC 307 As Modified)**

physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all prospective subcontracts to perform work under the Agreement.

11. CERTIFICATION CLAUSES:

The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. TIMELINESS:

Time is of the essence in this Agreement.

13. COMPENSATION:

The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

14. GOVERNING LAW:

This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

15. ANTITRUST CLAIMS:

**Exhibit C – General Terms and Conditions
(GTC 307 As Modified)**

The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

- a. The Government Code Chapter on Antitrust claims contains the following definitions:
 - 1). "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
 - 2). "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
- b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.
- c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
- d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT:

"For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

**Exhibit C – General Terms and Conditions
(GTC 307 As Modified)**

- a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
- b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.”

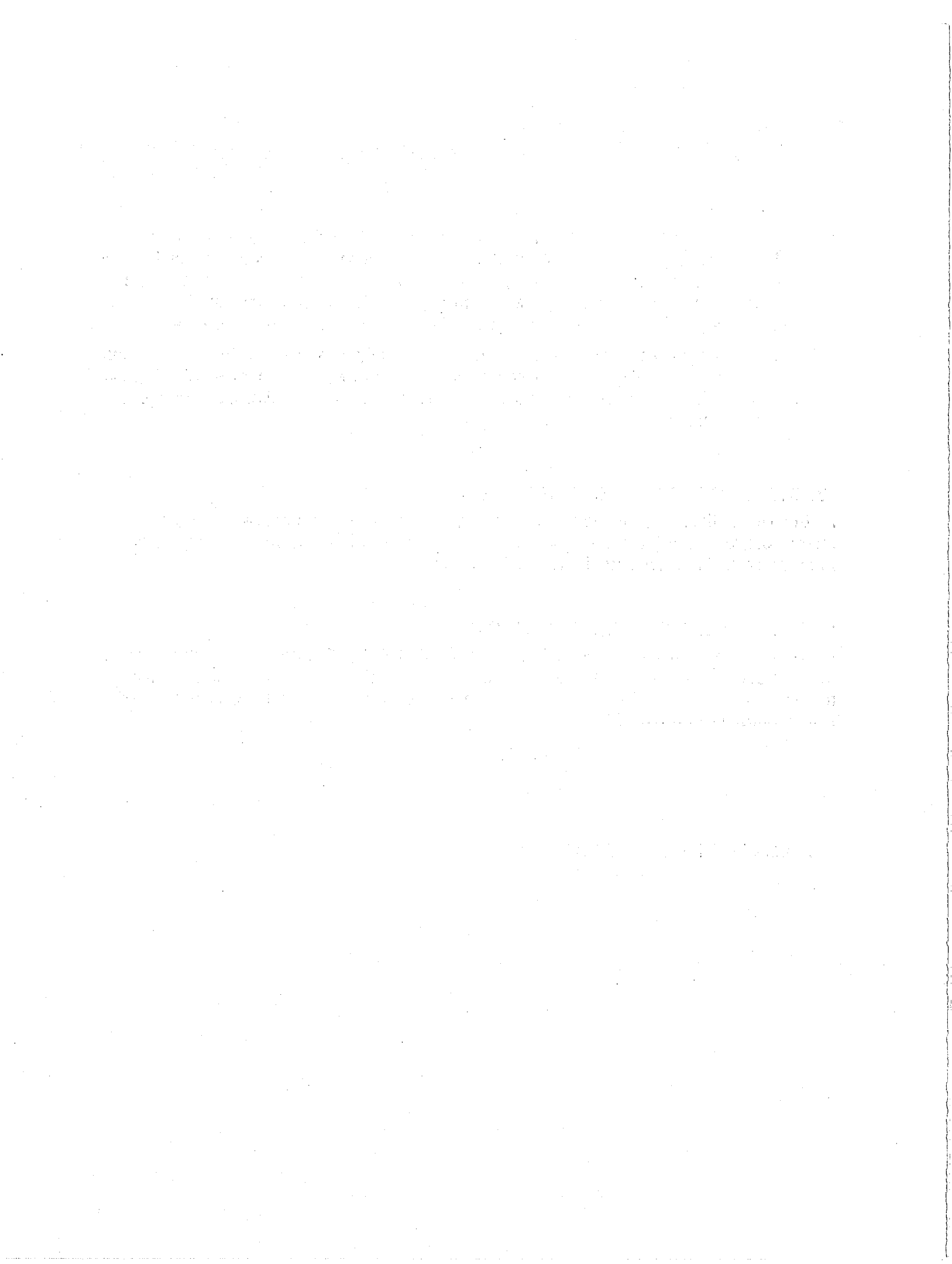
17. UNENFORCEABLE PROVISION:

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18 PRIORITY HIRING CONSIDERATIONS:

If this Contract includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.


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CCC-307 (As Modified)

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i> ELAVON, INC.		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i> 		
<i>Printed Name and Title of Person Signing</i> TIMOTHY E. MILLER, Senior Vice President		
<i>Date Executed</i> 5/27/12	<i>Executed in the County of</i> KNOX, TN	

CONTRACTOR CERTIFICATION CLAUSES

1. **STATEMENT OF COMPLIANCE:** Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. **DRUG-FREE WORKPLACE REQUIREMENTS:** Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

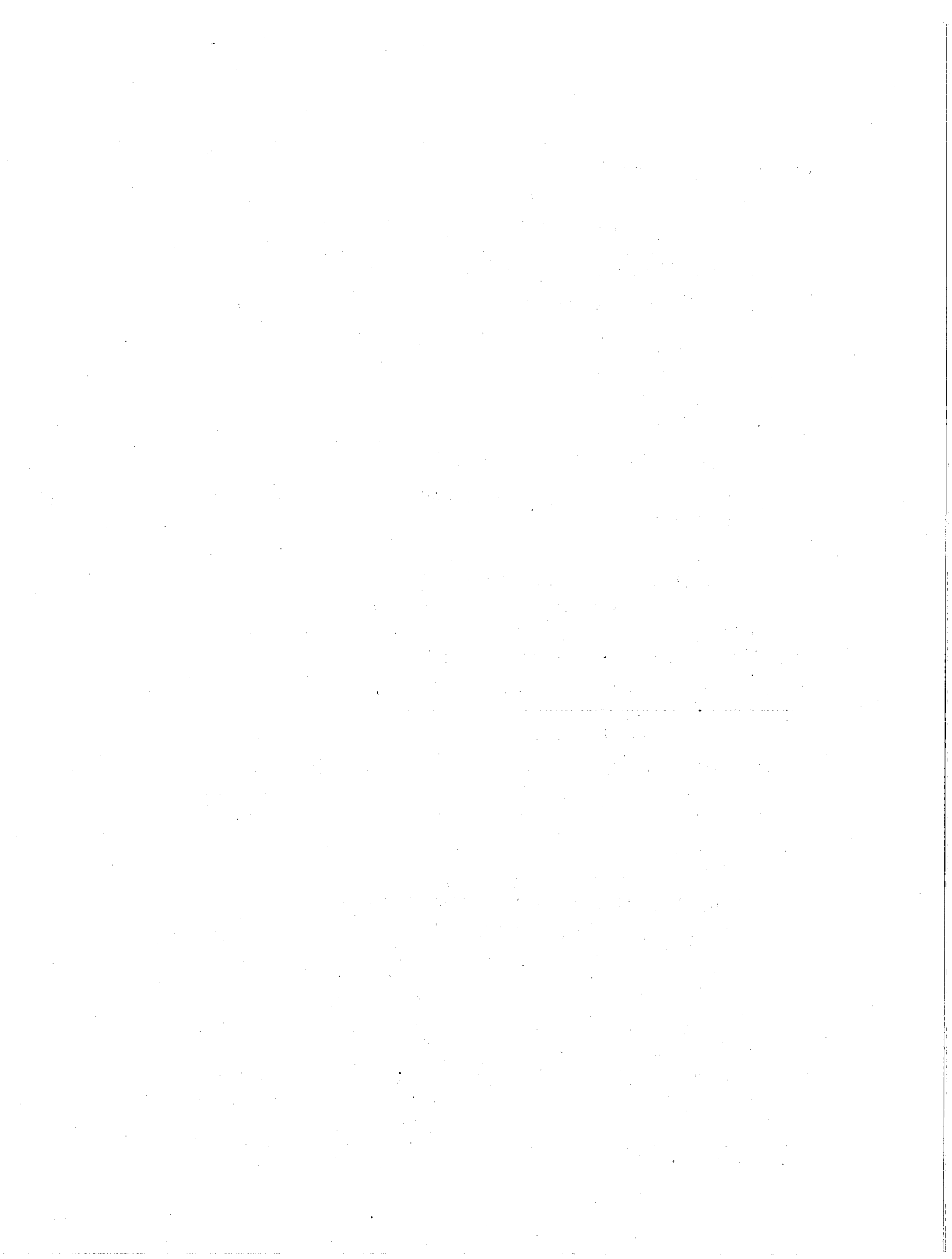
b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the



1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of

certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT: (Stricken in its entirety)

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts over \$100,000 executed or amended after January 1, 2007, the contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

S:\ADMIN\HOMEPAGE\CCC\CCC-307.doc

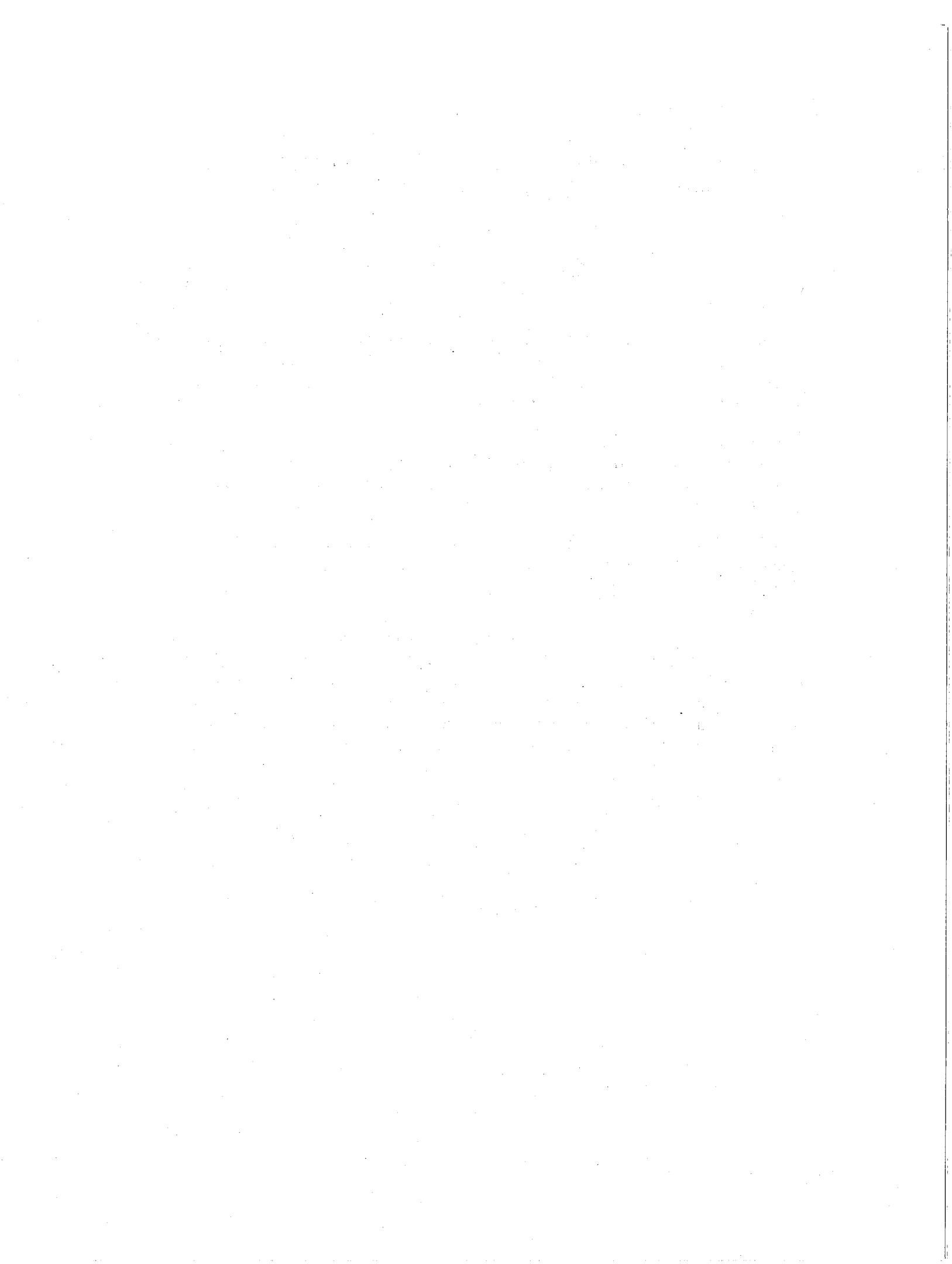


Exhibit D – Special Terms and Conditions

1. AUTHORIZED USERS:

- a. Authorized Users means (i) State of California government entities that participate in this MSA (“State Authorized Users”), and (ii) Local government entities that participate in this MSA (“Local Authorized Users”). State and Local entities are further defined in Section 1.b below.
- b. Pursuant to Government Code §11000, State of California government entities include every state office, officer, department, division, bureau, board, and commission. Pursuant to Public Contract Code §10298, and for purposes of this agreement, a Local government entity is any city, county, district, or other local governmental body or corporation empowered to expend public funds for the acquisition of goods, information technology, or services. Further, for purposes of this agreement, reference to Local government entities will also include the California State Universities (CSU) and University of California (UC) systems, school districts and community colleges.
- c. This Master Services Agreement (MSA) is designated as mandatory for State of California government entities that seek to acquire credit card payment acceptance services. Each entity is required to adhere to Department of General Services (DGS) contract and procurement policy and procedures. See the following link for the State of California Agency List (exclude any local government agencies described above): <http://www.ca.gov/About/Government/agencyindex.html>
- d. Local government use of this MSA is optional. Local government entities may execute a contract under this MSA using (i) the standard form Std. 213 or appropriate equivalent contract form, and (ii) Selected Services Signature Page, Exhibit D Attachment III. Upon execution of the contract form they shall become Authorized Users and the provision of services by the Contractor to such Authorized Users will be governed by the terms of this MSA.
- e. However, the Contractor has authorization to negotiate with Local Authorized Users the specific provisions cited below.
 - Invoicing and Payment Provisions (Exhibit B, Section 1.a-c):
 - Reporting Requirements (Exhibit B, Section 3)
 - Governing Law, Jurisdiction (Exhibit C, Section 14)
 - Local Authorized User’s additional specific terms and conditions (noted in Exhibit D, Section 2)
 - Elavon’s Standard Proposed Local Negotiation Language for Local Authorized Users (Appendix 1)
 - Convenience and Service Fees (Exhibit E Section 4)

2. AUTHORIZATION TO RENDER SERVICES:

Unless otherwise provided in this Agreement, Contractor may not decline a State of California government entity’s or a local government entity’s request to utilize services offered under this Agreement unless Authorized User is unable to meet all

Exhibit D – Special Terms and Conditions

applicable system requirements, PCI compliance, product certification, or compliance with Association Rules.

Prior to rendering services, Contractor and a State of California government entity or a local government entity (as applicable) must execute a separate subscription agreement that incorporates all of the terms of this MSA by reference and may contain additional agency specific terms and conditions, none of which may alter, rescind, or be in conflict with the terms and conditions of this MSA. The duly executed Std. 213, or the appropriate equivalent contract form for Local Authorized Users, in combination with the Selected Services Signature Page, Exhibit D Attachment II are herein referred to as the "Subscription Agreement".

The Subscription Agreement shall describe the particular requirements of the Authorized User, usually reflected in detailed scope of work and payment provisions. State Authorized User's Subscription Agreements shall be processed in accordance with State contracting laws, policy, and procedures. The duly executed Std. 213, or the appropriate equivalent contract form for Local Authorized Users, in combination with the Selected Services Signature Page, Exhibit D Attachment II (State Authorized Users) or Attachment III (Local Authorized Users) are herein referred to as the "Subscription Agreement".

3. ENTIRE AGREEMENT & AMENDMENTS:

This MSA Agreement includes the Std 213 form, Exhibits A-J and its attachments; documents incorporated by reference, and mutually approved amendments. This MSA constitutes and contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior oral or written agreements. Each party acknowledges and agrees that the other has not made any representations, warranties or agreements of any kind or nature, except as expressly set forth herein. This Agreement may not be modified or amended, including by custom, usage of trade, or course of dealing, except by an instrument in writing signed by duly authorized officers of both parties hereto.

4. ORDER OF PRECEDENCE:

In the event of any inconsistency between articles, attachments, specifications or provisions which constitute this Agreement, the following order of precedence shall apply:

- a. All federal, state, local laws and regulations
- b. Exhibit C Terms & Conditions
- c. Exhibit A Scope of Services
- d. Exhibit B Budget and Payment Provisions

Exhibit D – Special Terms and Conditions

- e. Exhibit D Special Terms & Conditions
- f. State of California MSA Standard Agreement (STD 213)
- g. Exhibit E Fees and Costs
- h. Exhibit F Equipment
- i. Exhibit G Agreement For Merchant Processing Services
- j. Exhibit H-J (as applicable)
- k. Association Rules.

5. SECURITY, PRIVACY, DISCLOSURE, & HIPAA COMPLIANCE:

The parties acknowledge that this Agreement is subject to the California Public Records Act (Govt. Code section 6250 et seq.), California Government Code sections 6164 and 11019.9; and California Civil Code Section 1798 et seq; and the applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (Code of Federal Regulations (CFR), Title 45, Sections 164.501 et seq. and HIPAA requirements posted on the California Office of HIPAA Implementation (CalOHI) webpage at: <http://www.hipaa.com/legislation/45CFR-164.501.html>.

Authorized Users agree not to disclose Cardholder account numbers and/or Card Identification Numbers (“CIDs”) unless required by law or other legal process, or for internal State purposes.

Contractor agrees it will not use the names, addresses, and any other personally identifying information of State, city, county, school, or other public employees for any purpose not directly related to this Agreement.

6. REGULATORY AUTHORITIES (Industry Related Rules and Regulations):

Contractor warrants and certifies that prior to, and in the performance of this Agreement, it will acquire, maintain, and remain in compliance with all mandatory regulatory approvals with respect to its performance under this Agreement required by any applicable governmental agency having jurisdiction over Contractor. If such regulatory approvals are not obtained by Contractor prior to the performance of this Agreement, this Agreement shall be of no force or effect.

7. LICENSES AND PERMITS:

Contractor shall be responsible for obtaining and maintaining at its expense all applicable licenses, registrations, permits, and certifications applicable to its performance under this Agreement during the entire term of this Agreement required

Exhibit D – Special Terms and Conditions

by federal law, the State of California, and local jurisdictions in California.

8. INSURANCE & BONDING:

Contractor agrees that the liability insurance herein provided for and employee fidelity bond insurance policies covering all employees engaged in the performance of this Agreement shall be in effect at all times during the term of this Agreement. If insurance or bonding coverage expires at any time during the term of this Agreement and those Subscription Agreements executed directly with the Authorized Users, Contractor agrees to provide to the Authorized Users, upon expiration of coverage, a new certificate of insurance evidencing the renewal of such insurance coverage as provided for herein. New certificates of insurance are subject to the approval of the Department of General Services, such approval not to be unreasonably withheld.

The Contractor agrees to maintain commercial general liability, and employee fidelity bond insurance policies of not less than \$1,000,000 per occurrence and \$3,000,000 in aggregate and worker's compensation insurance in accordance with applicable statutory requirements.

Upon request, the Contractor shall furnish to the State and/or Authorized Users certificates of insurance stating each type and amount of insurance, as set forth above, is presently in effect for Contractor.

9. SUBCONTRACTORS:

Each party (Contractor or Authorized User) is responsible, without recourse to the other party, for the settlement and satisfaction of its own contractual and administrative obligations arising out of each party's respective subcontracts to render (in the case of Contractor) or receive (in the case of Authorized Users) the services outlined in this Agreement.

10. SEVERABILITY:

To be effective, the waiver by either party of a breach of any provision contained herein shall be in writing and shall in no way be construed as a waiver of any subsequent breach of such provision or the waiver of the provision itself. If any provision of this Agreement shall be held illegal, invalid or unenforceable, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

Exhibit D – Special Terms and Conditions

11. TERMINATION (By State or Authorized User, Contractor Termination Provisions in Other Exhibits):

- a. The State may terminate the MSA and any Authorized User may terminate its respective Subscription Agreement for cause upon a reasonable and good faith determination that the Contractor failed to perform the material requirements of this Agreement at the time and in the manner herein provided.

In addition to the termination rights specified in the preceding paragraph, in the event of a breach, the State or Authorized User may elect to send the Contractor a notice specifying the breach and providing the Contractor an opportunity to cure the breach within a period of time no less than thirty (30) days "Cure Period". If the breach is not cured within the Cure Period, the State or Authorized User has the right to terminate the Agreement by notice to the Contractor.

However, Authorized Users will provide a Cure Period, rather than immediate termination, if a breach involves meeting a service level agreement identified in Exhibit A section 4.b-c. Nonetheless, the State and Authorized Users reserve the right to terminate for cause without providing additional Cure Periods if a service level issue for which a Cure Period has previously been provided recurs.

- b. The State may terminate the MSA without cause upon sixty (60) days advance written notice to the Contractor. Authorized Users may terminate their respective Subscription Agreements without cause upon thirty (30) days advance written notice to the contractor. In the event of a termination without cause, Contractor shall not be responsible for any costs to the State or an Authorized User associated with such termination and any sum due the Contractor under this Agreement (which sum due to the Contractor shall include, but not be limited to, the fees as set forth in this Agreement for Charges up to the date of a termination for which Authorized User receives payment from Contractor) shall be paid to the Contractor within thirty (30) days of termination, excluding any Chargebacks, fees, fines or penalties owed by the State or Authorized User that are presented after termination, which shall be paid within thirty (30) days of presentment.
- c. After receipt of a notice of termination by the State or an Authorized User, and except as otherwise directed by the State or Authorized User, Contractor shall:
 - (i) Stop work as specified in the notice of termination.
 - (ii) Place no further subcontracts for materials, services, or facilities, except as necessary to complete the continuing portion of the Agreement.
 - (iii) Terminate all subcontracts to the extent they relate to the work terminated.
 - (iv) After receipt of a notice of termination and prior to the contract termination effective date, Contractor agrees to diligently proceed without interruption in the performance of this Agreement. Contractor's failure to diligently proceed in accordance with this Agreement shall be considered a material breach of this Agreement.

Exhibit D – Special Terms and Conditions

12. PHASE IN & PHASE OUT TRANSITION SERVICES:

Prior to the end of this Agreement's contract term, or if this Agreement is terminated by the State, Contractor agrees to reasonably assist in transitioning the services provided under this Agreement within a period of time, not to exceed one hundred eighty (180) day calendar period. Contractor shall cooperate with any new contractor(s) and State staff in effectuating an orderly transition.

13. DISPUTE RESOLUTION:

In the event a dispute arises with respect to the interpretation or performance of, or the relationship created by, all or any part of this Agreement, the parties will attempt in good faith to resolve the dispute.

14. FINANCIAL AND OTHER INFORMATION

Authorized User must provide to Contractor promptly, upon request, information about Authorized User's finances and operations. However, with respect to State Authorized Users, the posting of such financial information at the <http://www.ebudget.ca.gov> website (or any successor website thereto) shall be deemed to fulfill this requirement.

15. WARRANTIES; EXCLUSION OF CONSEQUENTIAL DAMAGES; LIMITATION ON LIABILITY

15.1 **Disclaimer of Warranties.** THIS MSA AND ANY AMENDMENTS IS AN AGREEMENT FOR SERVICES AND EXCEPT AS EXPRESSLY PROVIDED IN THIS MSA AND ANY AMENDMENTS, CONTRACTOR AND ITS AFFILIATES DISCLAIM ALL REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE TO AUTHORIZED USER OR ANY OTHER PERSON, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE (REGARDLESS OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE) OF ANY SERVICES OR ANY GOODS PROVIDED INCIDENTAL TO THE SERVICES PROVIDED UNDER THIS AGREEMENT.

15.2 **Exclusion of Consequential Damages.** NOTWITHSTANDING ANYTHING IN THIS MSA AND ANY AMENDMENTS TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY OR ITS AFFILIATES BE LIABLE UNDER ANY THEORY OF TORT, CONTRACT, OR OTHER LEGAL THEORY FOR LOST PROFITS, LOST REVENUES, LOST BUSINESS OPPORTUNITIES, SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR

Exhibit D – Special Terms and Conditions

WHETHER ANY PARTY OR ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

16. NOTICES:

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given if delivered (a) personally, (b) via facsimile, electronic mail or overnight express service or (c) by certified or registered mail, postage prepaid, return receipt requested, in each case, to the addresses, facsimile numbers and/or electronic mail addresses set forth below. The parties hereto may change their street addresses, facsimile numbers and electronic mail addresses for purposes of this Agreement by notifying the other party in the manner specified in this section.

The notice address for Elavon shall be: 7200 Chapman Highway, Knoxville, TN, 37920, Attention: Tim Miller Senior Vice President Operations, with a copy to Attention: General Counsel's Office at One Concourse Parkway, Suite 300, Atlanta, GA 30328,

The notice address for Bank shall be: Attn: President, U.S. Bank, N.A., U.S. Bancorp Center, 500 Nicollet Mall, Minneapolis, MN 55402, with a copy to Attn: General Counsel at the same address.

Notwithstanding the foregoing, in the event notice is given for termination or Cure Periods as provided in this Agreement, then such notice may not be given via electronic mail.

17. PROPRIETARY RIGHTS AND PERMITTED USES

- a. Neither party may issue any press release about this Agreement or the State without the other party's prior written consent.
- b. An Authorized User may use and display the Associations' marks, and shall display such Marks in accordance with the standards for use established by the Associations. The Authorized User's right to use all such Marks will terminate upon termination of the Agreement or upon notice by an Association to discontinue such use, and the Authorized User must thereafter promptly return any materials displaying the Marks. The Authorized User's use of promotional materials provided by the Associations will not indicate, directly or indirectly, that such Associations endorse any goods or services other than their own and the Authorized User may not refer to any Associations in stating eligibility for its products or services.
- c. Neither the State nor any Authorized User has any interest whatsoever, including, without limitation, copyright interests, franchise interests, license interests, patent rights, property rights, or other interest in any services, software, or hardware

Exhibit D – Special Terms and Conditions

provided by Contractor, unless specifically agreed to in a separate license or use agreement between the parties. Nothing in the Agreement shall be construed as granting the State or any Authorized User any patent rights or patent license in any patent which Contractor may obtain with respect to Contractor's services, software, or equipment. The State and Authorized Users will make no attempt to duplicate or otherwise ascertain the components, circuit diagrams, logic diagrams, flow charts, source and object code, schematics or operation of, or otherwise attempt to reverse engineer any of Contractor's services, equipment, or software.

18. INTERPRETATION

In construing this Agreement, unless the context requires otherwise: (i) the singular includes the plural and vice versa; (ii) the term "or" is not exclusive; (iii) the term "including" means "including, but not limited to;" (iv) the term "day" means "calendar day"; (v) any reference to any agreement (including this Agreement), instrument, contract, policy, procedure, or other document refers to it as amended, supplemented, modified, suspended, replaced, restated, or novated from time to time; and (vi) all captions, headings, and similar terms are for reference only. Capitalized terms used in this Agreement and not defined in the same Exhibit may be defined in other Exhibits hereto or in the Operating Procedures, as applicable.

Elavon & U.S. Bank Authorized User Participation - Set Up Form		Example	Location 1	Location 2
Selected Services	Merchant Selected Services			
	MSA Category 1 - Credit and Debit Card Processing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	MSA Category 3 - Electronic Check Conversion Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Elavon' Convenience Fee Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Elavon's Enterprise Billing Solution Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agency/Department Name				
Reference Name	Department of General Svcs.			
Location (DBA) Business Information				
Location Name (DBA) (would reflect on your client statement):		"DGS Field Office 6652"		
Authorized Contact		Lindsey White		
Street Address 1 (Do not use P.O. Boxes)		123 Main Street		
Street Address 2 (Do not use P.O. Boxes)		Suite 1234		
City		San Rafael		
State		CA		
Zip		94903		
Telephone		415-555-1234		
Cell Phone		415-666-1234		
Fax		415-555-4321		
Customer Service Telephone				
E-mail Address		lindsey.white@dgs.ca.gov		
Website Address		www.testaccount.com		
Customer Service Website Address		www.customerservice.com		
Type of Business				
Government, Education		Government		
Fed Tax ID - if not on file, please provide MPA or Schedule B when submitting request		12-3456789		
Headquarter Information				
Headquarter Merchant Name		Department of General Svcs.		
Headquarter Authorized Signer		Lindsey White		
Headquarter Street Address 1		456 Example Street		
Headquarter Street Address 2				
Headquarter City		Example City		
Headquarter State		CA		
Headquarter Zip		94621		
Headquarter Telephone		555-666-6547		
Headquarter Cell Phone				
Headquarter Fax		555-555-6545		
Billing/Shipping Information (List which address it needs to go to, e.g. Headquarter, ZBA, or Special)				
Mail Statements to - Headquarter or ZBA		Corp		
Shipping - Headquarter or ZBA		ZBA		
Retrievals - Headquarter or ZBA		Headquarter		
Chargebacks - Headquarter or ZBA		Headquarter		
Copy Request - Headquarter or ZBA		Headquarter		
AUTO FAX number if set up to fax chargebacks		555-555-6545		
Payment Method				
Payment Method	State Authorized Users -- Must be Invoiced	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Locals Authorized Users Only - Select Preferred Method			
	Direct Debit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Monthly Net Settlement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Invoiced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bank Account Information - NOTE: ALL ACCOUNTS MUST BE CHECKING ACCOUNTS				
Deposit Account				
Deposit Settlement Name (List ZBA or Legal)		Example Location		
ABA/Routing #		1234567		
Account #		123456782		
Bank Name		Union Bank of CA		
Bank Address		1234 Bank Way		
City		Bank City		
State		CA		
Zip		99970		
Bank Telephone		999-555-9874		
Billing Account (LOCAL AUTHORIZED USERS ONLY)				
<i>Note: Billing and Chargeback sections do not have to be completed if same as Deposit Account. Please put "DEPOSIT" in 'Deposit Settlement Name' section.</i>				
Deposit Settlement Name (List DBA or Legal)				
ABA/Routing #				
Account #				
Bank Name				
Bank Address				
City				
State				
Zip				
Bank Telephone				
Chargeback Account (LOCAL AUTHORIZED USERS ONLY)				
Deposit Settlement Name (List DBA or Legal)				
ABA/Routing #				
Account #				
Bank Name				
Bank Address				
City				
State				
Zip				
Bank Telephone				

Elavon & U.S. Bank Authorized User Participation - Set Up Form		Example	Location 1	Location 2
Card Acceptance Information				
Select Cards to Accept				
Merchant Services	Credit Cards (Visa, MasterCard, American Express, Discover)	Visa MC AMEX DISC <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Debit Cards - Signature, Pin-Based, Pin less (Internet Only) Check all that apply	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Description of products or services offered	Government		
	Percent Card Present (Swiped)	0%		
	Percent Card Not Present (Key Entered)	0%		
	Mail Order	50%		
	Telephone Order	50%		
	Internet	0%		
	Total Percentage (Must equal 100%)	100%		
	Do you accept orders by Mail/Telephone? (If yes, put applicable percentage)	100%		
	Do you accept orders by Internet? (If yes, put applicable percentage) - Internet accounts should be 100% internet	no		
	If Internet processing, list WEBSITE/URL			
	Yearly Volume	\$ 12,000,000.00		
	Monthly Volume	\$ 1,000,000.00		
	Average Ticket	\$ 1,000.00		
Largest Ticket				
# of Transactions per Month	1,000			
Percentage of ACH payments				
Percentage of Credit Card payments				
T&E Card Information				
Amex SE#				
Discover SE#				
Electronic Check Service (ECS) Information Requires POS with Image				
Select Specific Service	POP ARC BOC	POP ARC BOC	POP ARC BOC	POP ARC BOC
Point of Sale, Accounts Receivable Conversion, Back Office Conversion	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Conversion only	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conversion w/ Verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conversion w/ Guarantee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience and Service Fee (Select 1, 2, or 3)				
1. Convenience Fee Program (Local Authorized Users Only)				
Elavon or Merchant Managed Program	Elavon Merchant <input checked="" type="checkbox"/> <input type="checkbox"/>	Elavon Merchant <input type="checkbox"/> <input type="checkbox"/>	Elavon Merchant <input type="checkbox"/> <input type="checkbox"/>	Elavon Merchant <input type="checkbox"/> <input type="checkbox"/>
Credit Cards (Visa, MasterCard, American Express, Discover)	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Debit Cards - Signature, Pin-Based, Pin less (Internet Bill Pay Only) Check all that apply	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ACH - (Verification, Conversion Only) - Using Enterprise Billing Solution	Verification Conversion <input type="checkbox"/> <input type="checkbox"/>	Verification Conversion <input type="checkbox"/> <input type="checkbox"/>	Verification Conversion <input type="checkbox"/> <input type="checkbox"/>	Verification Conversion <input type="checkbox"/> <input type="checkbox"/>
Elavon Product Supporting Program (Enterprise Billing Solutions or Convenience Fee Terminal) NOTE: Convenience Fee Terminal does not support Visa	EBS Terminal <input type="checkbox"/> <input type="checkbox"/>	EBS Terminal <input type="checkbox"/> <input type="checkbox"/>	EBS Terminal <input type="checkbox"/> <input type="checkbox"/>	EBS Terminal <input type="checkbox"/> <input type="checkbox"/>
Mutually Agreed Upon Convenience Fees: Rate (\$ or %): _____ Visa Consumer Debit (tax only) \$ _____ ACH Processing (via Electronic Check Services) \$ _____ Minimum Annual Fees (if applicable) \$ _____ Implementation Fee \$ _____ Customer Authentication Record Research Fee \$ _____				
2. Service Fee Program (State and Local Users)				
Government/Public Institution Service Fee "GPSIF" Program				
Elavon Managed Program (State and Local Authorized Users)	Elavon Merchant <input checked="" type="checkbox"/> <input type="checkbox"/>	Elavon Merchant <input type="checkbox"/> <input type="checkbox"/>	Elavon Merchant <input type="checkbox"/> <input type="checkbox"/>	Elavon Merchant <input type="checkbox"/> <input type="checkbox"/>
Merchant Managed Program (Local Authorized Users Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MasterCard - Education and Government Merchants (Only for MCCs 8211, 8220, 9211, 9311, and 9399) (No Visa)	<input type="checkbox"/> Fee Rate (\$ or %): _____	<input type="checkbox"/> Fee Rate (\$ or %): _____	<input type="checkbox"/> Fee Rate (\$ or %): _____	<input type="checkbox"/> Fee Rate (\$ or %): _____
Visa Tax Payment Program (Only for MCC 9311)	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____
Credit Cards (Visa, MasterCard, American Express, Discover)	Visa MC AMEX DISC <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Visa MC AMEX DISC <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Debit Cards - Signature, Pin-Based, Pin less (Internet Bill Pay Only) Check all that apply	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sign Pin Pin-less <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Elavon Product Supporting GPSIF (Enterprise Billing Solutions or Service Fee Terminal)	EBS Terminal <input checked="" type="checkbox"/> <input type="checkbox"/>	EBS Terminal <input type="checkbox"/> <input type="checkbox"/>	EBS Terminal <input type="checkbox"/> <input type="checkbox"/>	EBS Terminal <input type="checkbox"/> <input type="checkbox"/>
3. Third Party Convenience Fee Provider (State and Local Users)				
(List Provider's Name)	<input type="checkbox"/> (Name)	<input type="checkbox"/> (Name)	<input type="checkbox"/> (Name)	<input type="checkbox"/> (Name)
Enterprise Billing Solution (EBS) Choices				
Consumer Single Payments (Web Un-Enrolled, Web Enrolled, IVR)	WEB-U WEB-E IVR <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	WEB-U WEB-E IVR <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	WEB-U WEB-E IVR <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	WEB-U WEB-E IVR <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
CSR Initiated Single Payments via Admin application (Un-Enrolled, Web Enrolled)	Un-Enrolled Enrolled <input type="checkbox"/> <input type="checkbox"/>	Un-Enrolled Enrolled <input type="checkbox"/> <input type="checkbox"/>	Un-Enrolled Enrolled <input type="checkbox"/> <input type="checkbox"/>	Un-Enrolled Enrolled <input type="checkbox"/> <input type="checkbox"/>
Additional Services				

Elavon & U.S. Bank Authorized User Participation - Set Up Form

		<u>Example</u>				<u>Location 1</u>				<u>Location 2</u>			
Additional Services (Continued)	Consumer Billing Data and Customer Authentication: Real-Time Secure Hand off (Consumer Web) Batch file (Required for enrollment payments, IVR, and CSR payments, optional for Consumer web un-enrolled payments)	Real-Time	Batch			Real-Time	Batch			Real-Time	Batch		
	Consumer Payment Data (Remittance Data) (real-time post back, downloaded report, standard A/R file format, customer A/R file format)	Real-time	Down	Std	Cust	Real-time	Down	Std	Cust	Real-time	Down	Std	Cust
Miscellaneous													
<i>Phone System Information</i>													
Dialing Access Number (e.g. 0, 9, 1, etc.)													
What type of line do you have? (Choose: Dedicated line (preferred), Tone, Pulse (Rotary), Shared Line with Fax, Switchboard)													
Training													
Will training be necessary? (yes/no)													
Training Contact Name													
Training Contact Telephone													
Equipment Information													
<i>Equipment/Product Descrip. (1) (if applicable)</i>													
Quantity													
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)													
Additional Notes - If software list name of software													
OS (Windows XP, 2000, Linux, etc.)													
<i>Equipment/Product Descrip. (2) (if applicable)</i>													
Quantity													
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)													
Additional Note - Please list OS (Windows XP, 2000, 98, etc.)													
<i>Equipment/Product Descrip. (3) (if applicable)</i>													
Quantity													
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)													
Additional Note - Please list OS (Windows XP, 2000, 98, etc.)													
<i>Equipment/Product Descrip. (4) (if applicable)</i>													
Quantity													
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)													
Additional Note - Please list OS (Windows XP, 2000, 98, etc.)													
Special Instructions/Notes													
<p>State and Local Authorized User's Designated Signer (required)</p> <p>Signature:</p> <p>Print Name:</p> <p>Title:</p> <p>Dated:</p>													
FOR CONTRACTOR USE ONLY													
MCC/SIC Code													
Pricing Program Number													
Auth Program Number													
CG & Chain Number													
Parent Entity													
Rep Code if needed													
Network to be used													
Rate Type (Tiered, Fixed, Surcharge, Association, Bank Defined)													
ICA Rates if ICA													
Tiered, Fixed, Surcharge Rates													
Qual													
Rewards													
Partial													
CommNQ													
Non Qual													
Standard													
Chargeback Fee (waived for this contract)													
Statement Fee (waived for this contract)													
Minimum Bill Fee													
T&E Auth Fees (pursuant to Exhibit E - Attachment I)													
Visa/MC Auth Fees (pursuant to Exhibit E - Attachment I)													
EXISTING MID TO USE AS EXAMPLE													
Elavon's Managed Convenience Fee Program Specifications													

Exhibit D Attachment II
Selected Services Signature Page
(State Authorized Users Only)

The undersigned each agree to be bound by the terms and conditions of the **MSA 5-10-99-02** exhibits selected and signed for below. These selected exhibits are by this reference made part of this Subscription Agreement.

Exhibits A - G (Merchant Services) (Category 1)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

Signature: _____
Print Name: _____
Title: _____
Dated: _____

U.S. Bank _____
(Bank)
Signature: _____
Print Name: _____
Title: _____
Dated: _____

Exhibits A - H (Electronic Check Services) (Category 3)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

Signature: _____
Print Name: _____
Title: _____
Dated: _____

U.S. Bank _____
(Bank)
Signature: _____
Print Name: _____
Title: _____
Dated: _____

Exhibit D Attachment II
Selected Services Signature Page
(State Authorized Users Only)

Exhibits A - G and I (Convenience Fee Services)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Exhibits A - J (Enterprise Billing Solutions)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Exhibit D Attachment III
Selected Services Signature Page
(Local Authorized Users Only)

The undersigned each agree to be bound by the terms and conditions of the **MSA 5-10-99-02** exhibits selected and signed for below. These selected exhibits are by this reference made part of this Subscription Agreement # (insert Local Authorized User's Contract number).

Exhibits A - G (Merchant Services) (Category 1)

("Authorized User")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

Elavon _____
("Contractor")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

U.S. Bank _____
(Bank)
Signature: _____
Print Name: _____
Title: _____
Dated: _____

Exhibits A - H (Electronic Check Services) (Category 3)

("Authorized User")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

Elavon _____
("Contractor")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

U.S. Bank _____
(Bank)
Signature: _____
Print Name: _____
Title: _____
Dated: _____

Exhibit D Attachment III
Selected Services Signature Page
(Local Authorized Users Only)

Exhibits A - G and I (Convenience Fee Services)

_____	<u>Elavon</u> _____
("Authorized User")	("Contractor")
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

Exhibits A - J (Enterprise Billing Solutions)

_____	<u>Elavon</u> _____
("Authorized User")	("Contractor")
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

Exhibit K --Elavon and Local Authorized Users Negotiated Language Pursuant to Exhibit D.1.e – (if applicable)

This Exhibit K supplements, is made a part of, and is subject to the terms and conditions of the Agreement.

_____	<u>Elavon</u> _____
("Local Authorized User")	("Contractor")
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

Exhibit E – Fees and Costs

1. FEES AND COSTS:

In consideration of Contractor's processing services, Authorized Users will pay monthly, and in arrears, pricing based on the pricing matrix provided in Exhibit E Attachment I.

2. VISA AND MASTERCARD INTERCHANGE ASSESSMENT RATES:

The Visa and MasterCard interchange assessment pricing specified is subject to fluctuations. These rates are outside of the control of the State of California and the Contractor. Both increases and decreases in these rates are to be passed on to the Authorized Users of this Agreement in the form of changes in the official interchange assessment rates from VISA and MasterCard by the Contractor. Contractor will send, as promptly as possible, to each Authorized User and to the DGS Contract Manager, notices documenting all pricing adjustments resulting from the official changes in interchange assessment rates. The following sites provide the most up-to-date interchange assessment rates as they occur.

MasterCard Interchange Rates:

http://www.mastercard.com/us/merchant/support/interchange_rates.html

Visa Interchange Rates:

http://usa.visa.com/merchants/operations/interchange_rates.html

3. EQUIPMENT PRICING:

Contractor will provide equipment and software pricing and specification sheets on an annual basis. After the initial price negotiations are completed, the Contractor will provide proposed price and specification sheets in DGS's electronic format (see Exhibit E -- Attachments II & III) and submit to DGS's Contract Administrator (by email, CD, ftp, or other agreed upon format) by June 30th of each year during the term of the MSA. Once these prices are negotiated and approved by DGS, this information will be posted along with the respective contracts on the Electronic Payment Acceptance MSA website. Posting of price lists allows the Authorized Users access to both service and equipment/software pricing so Authorized Users can conduct a complete cost analysis based on their organization's individual requirements. Authorized Users may negotiate lower pricing than the maximums listed on the Contractor's Price Sheet. Please refer to Attachment II for equipment pricing information.

Price declines shall be effective immediately upon any public notification of the decline. All prices quoted shall be firm fixed maximum for the initial price list period. However, should a price decline be announced by the Contractor after contract award, and prior to an Authorized User utilizing the services, then the Contractor shall use the reduced pricing.

4. CONVENIENCE AND SERVICE FEES:

- a. Authorized Users, at their discretion, may elect to have the Contractor charge a fee to the cardholder (paying parties) for an added convenience to the Cardholder for the use of a Card in a transaction. This fee is commonly known as a convenience fee.

Convenience fees are subject to the constraints of the Associations and card companies and, in some instances, by State regulations and/or laws. Because of these constraints and for the purposes of this MSA, these fees will be classified as follows:

Service Fee:

Exhibit E – Fees and Costs

- Constitutes a fee charged by **State or Local** Authorized Users for an added convenience to the Cardholder for the use of a Card in a transaction.
- May only be charged by Authorized Users in certain fee programs based on Association Rules, Merchant Category Code (MCC) and the business requirements of Authorized Users.
- Must be paid to and managed by the Contractor. Service fee and underlying transaction must be submitted and processed as two separate transactions.

Convenience Fee

- Constitutes a fee charged by **Local Authorized Users (only)** for an added convenience to the Cardholder for the use of a Card in a transaction.
 - May be paid to or managed by the Authorized User or Contractor.
 - May be combined into a single transaction.
- b. Contractor agrees to all of the following:
- (i) Provide flexibility to assess or not assess a service/convenience fee and support fee policies and variations in service/convenience fees at the individual Authorized User level while remaining in compliance with credit and debit card industry regulations.
 - (ii) Support service/convenience fee assessment by type of payment channel (internet, IVR, etc.) within each Authorized User's agency.
 - (iii) Must not co-mingle service fees with other charges.
 - (iv) Provide Authorized User Invoice Statements and Cardholder Statements that reflect two separate line item charges: (1) charge for goods/services and (2) service fee charge paid directly to the Contractor. (Service Fee policy only)
- c. Authorized User will:
- (i) Address use of Convenience/Services fees in their individual Subscription Agreement.
 - (ii) Remain in compliance with credit and debit card industry regulations.
 - (iii) Not accept convenience fees directly from cardholder and in turn pay the Contractor.
 - (iv) Not disadvantage card payments, and specific card brands at the point-of-sale relative to other payment.
 - (v) Agree to further terms and conditions in Exhibit I, when Authorized User designates to assess fees using Elavon's service/convenience fee program. In addition, Authorized User must select services on the Authorized Users Participation Form and the Selected Services Signature Page (see Exhibit D Attachments I and II/III respectively) and execute with signature.

Exhibit I terms and conditions do not apply when Authorized User has elected to use a Third Party Service/Convenience Provider to assess service/convenience fees.



**Category 1: Credit & Debit Merchant Card Processing ^{1/}
Bank Card (VISA, MasterCard, AMEX & Discover) & Debit Card (Signature and Pin-based) Fees**

Services	Unit	Tier 1 # of Transactions Range: <9 Million	Tier 2 # of Transactions Range: >9 to 15 Million	Tier 3 # of Transactions Range: >15 to 20 Million	Tier 4 # of Transactions Range: >20 Million
Implementation Fee	Per Account	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Maintenance Fee	Per Account	\$0.00	\$0.00	\$0.00	\$0.00
Standard Reports	Each	\$0.00	\$0.00	\$0.00	\$0.00
Customized Development	Per Hour	\$0.00	\$0.00	\$0.00	\$0.00
Chargeback Fee	Per Transaction	\$0.00	\$0.00	\$0.00	\$0.00
Processing Fee ^{2/3/} AMEX/Discover Authorization	Per Transaction	\$0.0450	\$0.0400	\$0.0350	\$0.0250
Processing Fee ^{2/3/}	(Pass Through Cost Per Transaction	\$0.0450	\$0.0400	\$0.0350	\$0.0250

^{1/} Elavon pricing applies to all card types (present or not present)

Tiered pricing qualification methodology described in pricing disclosure (Attachment I - 3)

^{2/} Processing Fee (per transaction in excess of the Card Association Interchange & Assessment Rates)

Association Rate Links

MasterCard Interchange Rates: http://www.mastercard.com/us/merchant/support/interchange_rates.html

Visa interchange Rates: http://usa.visa.com/merchants/operations/interchange_rates.html

Debit Network Fee Chart effective June 1, 2010

^{3/} Foreign network fee applies when not connecting directly to Elavon and can range from .02 to .04 depending on the network.

Current Tier Pricing as of 6/1/2010

Elavon Category 3 Electronic Check Conversion

Services	Unit	Tier 1 # of Transactions Range: 0-5 Million	Tier #2 # of Transaction Range: >5 -10 Million	Tier #3 # of Transaction Range: >10 - 25 Million	Tier #4 # of Transaction Range: >25 Million
Implementation Fee ^{1/}	Per Account	\$ -	\$ -	\$ -	\$ -
Standard Reports	Each	\$ -	\$ -	\$ -	\$ -
Customized Development	Per Hour	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
Check Conversion Authorization					
Check Conversion POP ^{2/}	Per Transaction	\$0.126	\$0.126	\$0.106	\$0.106
Check Conversion ARC ^{3/}	Per Transaction	\$0.126	\$0.126	\$0.106	\$0.106
Check Conversion BOC ^{4/}	Per Transaction	\$0.126	\$0.126	\$0.106	\$0.106
Check Conversion Check 21 Image ^{5/}	Per Transaction	\$0.126	\$0.126	\$0.106	\$0.106
Guarantee Services ^{6/}	Per Transaction	.62% of check value	.60% of check value	.58% of check value	.58% of check value
Returned Item Fee - Image	Per Transaction	\$1 auth or \$0 for gty	\$1 auth or \$0 for gty	\$1 auth or \$0 for gty	\$1 auth or \$0 for gty
Re-resentation Fee	Per Transaction	match auth fee above or \$0 for gty	match auth fee above or \$0 for gty	match auth fee above or \$0 for gty	match auth fee above or \$0 for gty
Monthly Maintenance Fee	Per Account	\$10/mo per MID	\$10/mo per MID	\$10/mo per MID	\$10/mo per MID

Current Tier Pricing as of 6/1/2010

Tiered pricing qualification methodology described in pricing disclosure (Attachment I - 3)

Guarantee Services Price is in addition to Check Conversion Authorization Fee (Example: .126 per item, plus .62% of check face value.)

^{1/} **Implementation:** Elavon Merchant Implementation Group will initiate a call to determine the scope of implementation. Equipment implementations usually are completed within a few days.

^{2/} **POP - Authorization and Conversion:** Consumer present/Check Present at time of transactions. A check is authorized through VISA POS and database for negative/closed accounts and converted - Merchant retains risk.

^{3/} **ARC - Conversion Only:** Accounts Receivable Conversion - Check present/Consumer Absent at time of transactions - these transactions are for checks dropped in "box" or mailed in.

^{4/} **BOC - Conversion:** Elavon uses BOC rules - Check 21 rules to process some checks.

^{5/} **Check 21:** Elavon utilizes Check 21 to clear a small percentage of checks. This method is used on all level of services. There is no additional cost as you can see all methods are priced the same.

^{6/} **Guarantee Service includes:** Once the check is approved and all due diligence provided by the State i.e.. Name, Address, Phone# and DL# on check, the transactions are guaranteed funding. Authorized user releases Risk to Elavon.



Elavon's pricing is dependent upon interchange and other fees imposed on all credit card processors by Visa, MasterCard and other third parties. Elavon will pass through to the merchant all such increases imposed by third parties, upon written notice to to the merchant of the increased fee.

Credit and Debit Card Tier Pricing (Based on Transaction Counts) - Beginning on the Agreement Effective Date, all Authorized Users collectively under the MSA will be assigned to one of the pricing tiers identified on Exhibit E Attachment I-1 based on the Transaction count for the twelve (12) month period prior to Effective Date. The Transactions included in the Transaction count are the aggregate number of all Visa, MasterCard and Debit Transactions processed by Contractor for all Authorized Users. Once annually, one month prior to the anniversary date, Contractor will review the combined Authorized Users' Transaction count data for the prior twelve (12) months and, upon the first day of the month following the annual anniversary date, will apply the applicable pricing tier to all Authorized Users.

Amex and Discover counts are not included in determining the tiers, however, their pricing will be adjusted and mirror that of the Visa, MasterCard and PIN debit pricing.

Electronic Check Service (ECS) Tier Pricing (Based on Transaction Counts) – Beginning on the Agreement Effective Date, all Authorized Users collectively under the MSA will be assigned to one of the tiers identified on Exhibit E Attachment I-2 based on the anticipated annual Transaction count and ECS options selected for all Authorized Users. The Transactions included in the Transaction count are the aggregate annual number of ECS transactions processed by Contractor for all Authorized Users. Once annually, one month prior to the anniversary date, Contractor will review the combined Authorized Users' Transaction count data for the prior twelve (12) months and, upon the first day of the month following the annual anniversary date, will apply the applicable pricing tier to all Authorized Users.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is crucial for the company's financial health and for providing transparency to stakeholders. The text notes that without proper record-keeping, the company would be unable to track its performance over time and identify areas for improvement.

2. The second part of the document outlines the specific procedures for recording transactions. It details the steps from the initial receipt of goods or services to the final entry in the accounting system. This includes instructions on how to handle invoices, receipts, and other supporting documents. The text also mentions the need for regular audits to ensure the accuracy of the records.

3. The third part of the document discusses the role of the accounting department in maintaining these records. It highlights the importance of having a dedicated team responsible for this task and provides information on how to contact them for assistance. The text also mentions that the accounting department will be providing training to other departments on how to properly record transactions.

4. The fourth part of the document discusses the importance of keeping records secure and confidential. It notes that financial records are sensitive information and should be protected from unauthorized access. The text provides information on the company's security policies and procedures for handling confidential information.

5. The fifth part of the document discusses the importance of keeping records up-to-date and accurate. It notes that outdated or inaccurate records can lead to incorrect financial statements and decisions. The text provides information on how to ensure that records are kept current and accurate.

6. The sixth part of the document discusses the importance of keeping records for a sufficient period of time. It notes that records should be kept for at least seven years, as required by law. The text provides information on how to ensure that records are kept for the required period and how to handle records that are no longer needed.

7. The seventh part of the document discusses the importance of keeping records in a clear and concise manner. It notes that records should be easy to understand and should be organized in a way that makes it easy to find information. The text provides information on how to ensure that records are clear and concise.

8. The eighth part of the document discusses the importance of keeping records in a secure and accessible location. It notes that records should be stored in a secure location that is accessible to authorized personnel. The text provides information on how to ensure that records are stored in a secure and accessible location.

9. The ninth part of the document discusses the importance of keeping records in a format that is easy to use. It notes that records should be stored in a format that is easy to search and retrieve. The text provides information on how to ensure that records are stored in a format that is easy to use.

10. The tenth part of the document discusses the importance of keeping records in a format that is easy to share. It notes that records should be stored in a format that is easy to share with other departments. The text provides information on how to ensure that records are stored in a format that is easy to share.

11. The eleventh part of the document discusses the importance of keeping records in a format that is easy to integrate with other systems. It notes that records should be stored in a format that is easy to integrate with other systems. The text provides information on how to ensure that records are stored in a format that is easy to integrate with other systems.

12. The twelfth part of the document discusses the importance of keeping records in a format that is easy to backup and restore. It notes that records should be stored in a format that is easy to backup and restore. The text provides information on how to ensure that records are stored in a format that is easy to backup and restore.

13. The thirteenth part of the document discusses the importance of keeping records in a format that is easy to archive. It notes that records should be stored in a format that is easy to archive. The text provides information on how to ensure that records are stored in a format that is easy to archive.

14. The fourteenth part of the document discusses the importance of keeping records in a format that is easy to delete. It notes that records should be stored in a format that is easy to delete. The text provides information on how to ensure that records are stored in a format that is easy to delete.

15. The fifteenth part of the document discusses the importance of keeping records in a format that is easy to recover. It notes that records should be stored in a format that is easy to recover. The text provides information on how to ensure that records are stored in a format that is easy to recover.

2010 EQUIPMENT & SOFTWARE PRICING

Last Updated: (August 2009)

-- **Elavon Incorporated**

Exhibit E- Attachment II

** Additional price deductions may be negotiated on a case by case basis depending on various factors, i.e. volume, services being provided, quantity.

TERMINALS (AND ASSOCIATED ITEMS)		Purchase Price				Monthly Rent/Lease Rates			
Item Code	Description	Single Unit	**Bulk (5 - 49):	**Bulk (50 +)	12	24	36	48	60
NFLET	Hypercom Fleet (modified T7Plus and S9)	\$699	\$630	\$535	\$70	\$42	\$33	\$28	\$26
03730L	Verifone Omni 3730LE (vx510)	\$312	\$281	\$239	\$41	\$27	\$18	\$14	\$12
VX570IP	Verifone Vx570 IP with Dial	\$467	\$420	\$357	\$48	\$35	\$26	\$22	\$21
VX570	Verifone Vx570 Dial Only	\$493	\$444	\$377	\$56	\$40	\$31	\$26	\$24
T-4210	Hypercom T4210 Dial Only	\$338	\$299	\$254	\$42	\$28	\$19	\$15	\$13
T-4220	Hypercom T4220 IP	\$440	\$396	\$337	\$47	\$33	\$24	\$21	\$19
SYNE2	Synergy II Terminal	\$621	\$559	\$475	\$60	\$44	\$34	\$29	\$27
VX610	Verifone Vx 610CDMA- Wireless	\$809	\$727	\$618	\$91	\$54	\$45	\$40	\$37
TBD	Vx 610 Battery Charger	\$99	\$94	\$89	N/A	N/A	N/A	N/A	N/A
TBD	Vx 610 Additional Battery	\$79	\$75	\$71	N/A	N/A	N/A	N/A	N/A
TBD	Vx 610 Car Power Supply (Cigarette Lighter Charger)	\$129	\$123	\$116	N/A	N/A	N/A	N/A	N/A
TBD	Vx 610 Carrying Case	\$79	\$75	\$71	N/A	N/A	N/A	N/A	N/A
TBD	Vx 610 Replacement Antenna	\$19	\$18	\$17	N/A	N/A	N/A	N/A	N/A
VIV4	Verifone VIVOpay 4000 Reader	\$159	\$151	\$143	N/A	N/A	N/A	N/A	N/A

CHECK READERS/IMAGERS (AND ASSOCIATED ITEMS)		Purchase Price				Monthly Rent/Lease Rates			
Item Code	Description	*Single Unit	**Bulk (5 - 49):	**Bulk (50 +)	12	24	36	48	60
RDM60	RDM Check Reader 6014F	\$379	\$360	\$342	\$43	\$28	\$16	\$13	\$12
MT05	MagTek MICR Imager w/MSR	\$449	\$427	\$405	\$43	\$28	\$19	\$15	\$13
C600	Verifone Check Reader 600	\$199	\$189	\$180	\$22	\$17	\$13	\$10	\$8
RDM71	RDM Check Reader 7111F	\$509	\$484	\$459	\$49	\$31	\$22	\$18	\$16
RDM61	RDM Check Reader 6111F	\$399	\$379	\$360	\$43	\$28	\$16	\$13	\$12

2010 EQUIPMENT & SOFTWARE PRICING
 Last Updated: (August 2009)

-- Elavon Incorporated

Exhibit E- Attachment II

PIN PADS (AND ASSOCIATED ITEMS)		Purchase Price		Monthly Rent/Lease Rates					
Item Code	Description	*Single Unit	**Bulk (5 - 49)	**Bulk (50 +)	12	24	36	48	60
PPSE/PP3D	VeriFone 1000SE/10003D	\$89	\$85	\$80	\$14	\$9	\$7	\$6	\$5
PPS9	Hypercom S9	\$149	\$142	\$134	\$17	\$12	\$8	\$7	\$6
P1300	Hypercom 1300	\$89	\$85	\$80	\$14	\$9	\$7	\$6	\$5

PRINTERS (AND ASSOCIATED ITEMS)		Purchase Price		Monthly Rent/Lease Rates					
Item Code	Description	*Single Unit	**Bulk (5 - 49)	**Bulk (50 +)	12	24	36	48	60
P900	Printer VeriFone 900	\$269	\$242	\$206	\$242	\$19	\$15	\$13	\$11

WEDGES/IMPRINTERS (AND ASSOCIATED ITEMS)		Purchase Price		Monthly Rent/Lease Rates					
Item Code	Description	*Single Unit	**Bulk (5 - 49)	**Bulk (50 +)	12	24	36	48	60
MT09	Mini Wedge USB	\$79	\$75	\$71	\$14	\$9	\$6	\$5	\$4
MT03	Mini Wedge PS2/AT	\$79	\$75	\$71	\$14	\$9	\$6	\$5	\$4
IMPR	Imprinter	\$22	\$21	\$20	N/A	N/A	N/A	N/A	N/A
IMPM	Portable Imprinter	\$29	\$28	\$26	N/A	N/A	N/A	N/A	N/A

SOFTWARE PRICING		Purchase Price		Monthly Fee
Code	SOFTWARE - Description	Single Unit	Bulk (-)	Fee
WAR1	viaWarp (1-50 USERS)	\$149	N/A	\$10
WAR3	viaWarp Deluxe (1- 150 USERS)	\$399	N/A	\$10
VRMCH	Virtual Merchant - unlimited USERS and Merchant I.D's	\$149	N/A	\$10
SPOT	Smart Payments Plug-in for quickbooks/Microsoft RMS	\$99	N/A	\$0









Monthly Fee
\$10
\$10
\$10
\$0










Monthly Fee	
\$10	
\$10	
\$10	
\$0	

Note: Monthly Fee of \$10.00 is per mid





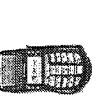
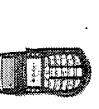

Last Update: 8/25/2009

TERMINAL SPECIFICATIONS

Picture:									
Brand/Model Number:	Omni Vx510LE	VeriFone® Vx 570	VeriFone® Vx 610	Hypercom® Optimum T4100	Hypercom® Optimum T4210	Hypercom® Optimum T4220 IP	Hypercom® T7 Plus	RDM Synergy II	
Payment Channel:	Card Payment	Card Payment	Card Payment with Wireless Flexibility	Card Payment	Card Payment	Card Payment	Card Payment	Check and Card Payment	
Description:	Processes debit and credit transactions	Supports acceptance of all payment types through a single terminal	Processes credit and debit cards anywhere, anytime	Accepts PIN secured and signature debit cards, credit cards (including American Express®, Discover® and Diners Club®), gift cards, and checks	Supports magnetic stripe (chip card transactions and debit with or without an external PIN pad applications.	Ethernet (IP based) credit card processing and includes a built-in thermal printer, and internal PINpad for PIN debit transactions.	POS terminal accepting all magnetic stripe cards	The SYNERGY all-in-one terminal combines a mag stripe reader with a check imager, allowing you to process electronic checks on the same device used for credit and debit cards. Supports PIN Pad for debit transactions.	
Connectivity:	Dial (w/ one ethernet port option)	Dial-up or Broadband	Wireless or Dial	Ethernet and dial connections.	Dial	Internet/ Dial Back-up	Dial-up or Broadband	Ethernet and dial connections.	
Processor:	200 MHz ARM9 32-bit RISC Microprocessor	200 MHz ARM9 32-bit RISC Microprocessor	200 MHz ARM9 32-bit RISC Microprocessor	Intel XScale 32-bit processor operating at 200MHz with performance of 250 MIPS	32-bit ARM9	32-bit ARM9	300 MHz DSP and 50 MHz PowerPC with integrated memory management unit and communications	300 MHz DSP and 50 MHz PowerPC with integrated memory management unit and communications	
Memory:	3 MB dial only	6 MB (4 MB of Flash, 2 MB of SRAM) Optional 12 MB (8 MB of Flash, 4 MB of SRAM)	6 MB (4 MB of Flash, 2 MB of SRAM)	Flash: 8MB SDRAM: 16MB SRAM: 512KB (non-volatile) SRAM Backup: 5-year battery	Total: 24MB Flash: 8MB SDRAM: 16MB SRAM (non-volatile): 512K SRAM Backup: 5-year battery	Total: 24MB Flash: 8MB SDRAM: 16MB SRAM (non-volatile): 512K SRAM Backup: 5-year battery	Multiple flash memory options for storing images, user data and client applications	Multiple flash memory options for storing images, user data and client applications	
Display:	128 x 64 pixel graphical LCD with backlighting; supports 8 lines x 21 characters	128 x 64 pixel graphical LCD with backlighting; Supports 8 lines x 21 characters	128 x 64 pixel graphical LCD with backlighting; supports 8 lines x 21 characters	160 x 80 graphics Backlit	160 x 80 resolution White LED, backlit	160 x 80 resolution White LED, backlit	Backlit: 2 lines x 20 characters (standard) Backlit: 4 lines x 20 characters (optional)	128 x 64 pixel graphical LCD with backlighting; supports 8 lines x 21 characters	
Magnetic Card Reader:	Triple track (tracks 1, 2, 3); high capacity, bi-directional	Triple track (tracks 1, 2, 3); high capacity, bi-directional	Triple track (tracks 1, 2, 3); high capacity, bi-directional	Magnetic stripe; Tracks 1, 2 & 3 (standard) Compatible with OTI and Vwotch external readers; standalone unit connected via miniUSB; RS-232 port	Magnetic stripe; Bi-directional; Tracks 1, 2, & 3	Magnetic stripe; Bi-directional; Tracks 1, 2, & 3	Three tracks, bidirectional (optional) 4 SAM sockets	Three tracks, bidirectional (optional) 4 SAM sockets	
Smart Card (Optional):	ISO 7816, 1.8V, 3V, 5V or synchronous cards; EMV Level 1 and 2 Type approved	ISO 7816, 1.8V, 3V, 5V or synchronous cards; EMV Level 1 and 2 Type approved	ISO 7816, 1.8V, 3V, 5V or synchronous cards; EMV Level 1 and 2 Type approved	Chip card; Optional; EMV 4.0 Level 1 & 2, ISO 7816	Chip card; Optional; EMV 4.0 Level 1 & 2, ISO 7816	Chip card; Optional; EMV 4.0 Level 1 & 2, ISO 7816	Chip card; Non-capable; ISO 7816; EMV compliant;	Chip card; Non-capable; ISO 7816; EMV compliant;	
SAM Card Reader (Optional):	1 or 3 Security Access Modules (SAMs)	1 or 3 Security Access Modules (SAMs)	1 or 3 Security Access Modules (SAMs)				External readers support for cards and fobs	External readers support for cards and fobs	
Keypad:	3 x 4 numeric keypad, plus 8 soft-function keys and 4 screen-addressable keys; PCI approved	3 x 4 numeric keypad, plus 8 soft-function keys and 4 screen-addressable keys; PCI approved	3 x 4 numeric keypad, plus 8 soft-function keys and 4 screen-addressable keys; PCI approved	Elastomeric; 35 keys, water splash-resistant; 6 soft keys; 19 key model available	19 buttons; PCI PED approved; water splash-resistant	19 buttons; PCI PED approved; water splash-resistant	Elastomeric; 35 keys; water splash-resistant; 4 software configurable, display associated; soft keys	20 key alphanumeric keypad 4 software configurable, display associated; soft keys	
I/O Modules:	14.4k modem module; Ethernet and 14.4k modem combination module	14.4k modem module; Ethernet and 14.4k modem combination module	14.4k modem module; Ethernet and 14.4k modem combination module						
Peripheral Ports:	Two RS-232 port and one telco port supports communication and peripherals including Pin Pads and check readers	One USB 1.1 port supports flash memory devices; Two RS-232 ports support peripherals including PIN pads and check readers; One telco port and one Ethernet (with Ethernet/14.4k I/O module) support Communications	One RS-232 port and 1 telco port support peripherals including check readers	Dual RS-232 ports (standard with use of splitter); 10/100Base-T Ethernet (standard); PIN pad port: 4-wire, RS-422;	RS-232 for peripherals; PIN port for external PIN pad	RS-232 for peripherals; PIN port for external PIN pad	RS-232 for peripherals; PIN port for external PIN pad	PIN pad port; Singular Ethernet; Optional, without SSL	RJ11 (33,000bps) with Internal modem option One (1) RS232 (MINIDIN 9) One (1) powered RS232 (MINIDIN 8)

Picture:										One terminal for all payment types	
Brand/Model Number:	Omni Vx510LE	VeriFone® Vx 570	VeriFone® Vx 610	RDM Synergy	Hypercom® Ooltium 14100	Hypercom® Ooltium 14210	Hypercom® Ooltium 14220 IP	Hypercom® T7 Plus modified	RDM Synergy II		
Printer:	Integrated thermal with graphics capabilities, 18 lines per second, 24 or 32 columns; standard countertop paper roll 58 mm (2.25 in.) x 25M, single ply	Integrated thermal with graphics capabilities, 18 lines per second, 24 or 32 columns; standard countertop paper roll 58 mm (2.25 in.) x 25M, single ply	Integrated thermal with graphics capabilities, 18 lines per second, 24 or 32 columns; standard countertop paper roll 58 mm (2.25 in.) x 25M, single ply	Thermal printer, 4 characters per line, graphics capable, multi-font	SureLead® channel design, drop-in loading, thermal technology, 384 dots per line, 18 lines per second, including graphics	SureLead® channel design, drop-in loading, thermal technology, 384 dots per line, 15+ lines per second	SureLead® channel design, drop-in loading, thermal technology, 384 dots per line, 15+ lines per second	SureLead channel design, drop-in loading, thermal technology, 384 dots per line	Thermal printer, 24 characters per line, graphics capable, multi-font		
Modern:	Standard 14.4k bps modem supporting Bell 103/212a, CCITT V.21/V.22/V.22bis/V.32/V.33 (300/1200/2400/9600/14400 bps) and HC Fast Connect for 1200 bps.	Standard 14.4k bps modem supporting Bell 103/212a, CCITT V.21/V.22/V.22bis/V.32/V.33 (300/1200/2400/9600/14400 bps) and HC Fast Connect for 1200 bps.	Standard 14.4k bps modem (Bell 103/212a, CCITT V.21/V.22/V.22bis (300/1200/2400/14.4k bps, synchronous and asynchronous))	Modem, 33.6kb internal modem with data compression, error correction, line in use and line intrusion detection	56K/56T synchronous (SLDC) and asynchronous	V.34/33.6k bps	V.34/33.6k bps	2400bps (standard), 56K (optional), asynchronous (SDLC) and asynchronous	Modem, 33.6kb internal modem with data compression, error correction, line in use and line intrusion detection		
Wireless Modem:			Supports Wide Area Wireless GSM/GPRS on 900/1800 MHz or 850/1900 MHz; CDMA2000 1X on 800/1900, and Local Area Wireless W-CDMA 2.1b								
Protocols:	Application selects between asynchronous protocols (Vias 1, Vias 2, Vias 3) and synchronous protocols (including ISO 8583/SDLC)	Application selects between asynchronous protocols (Vias 1, Vias 2, Vias 3) and synchronous protocols (including ISO 8583/SDLC)	Application selects between asynchronous protocols (Vias 1, Vias 2, Vias 3) and synchronous protocols (including ISO 8583/SDLC); IP enabled with optional TCP/IP protocol stack								
Security:	SSL v3.0, 3DES encryption, Master/Session and DUKPT key management, FC/PEB approval, VeriShield file authentication	SSL v3.0, 3DES encryption, Master/Session and DUKPT key management, VeriShield file authentication	FC/PEB approval, 3DES encryption, Master/Session and DUKPT key management, VeriShield file authentication, SPI for secured IP transactions	Class A & B Certified DUKPT, VISA PEB Approved.	Private Key Infrastructure (PKI) security system designed with RSA, Inc. True Data Encryption Standard (DES)	DES, Visa FED approved, PIN/ANSI X9.8, MAC/ANSI X9.9 Part 1/ANSI X9.24 Triple DES, ANSI X9.24 Key management, DUKPT and master/session keys	DES, Visa FED approved, PIN/ANSI X9.8, MAC/ANSI X9.9 Part 1/ANSI X9.24 Triple DES, ANSI X9.24 Key management, DUKPT and master/session keys	Physical intrusion detection (key management, 12 master/session keys or 1 DUKPT), Visa FED approved	Class A & B Certified DUKPT, VISA FED Approved, Physical intrusion lockouts		
Communications:	Two RS-323 ports and 1 teleo port support peripherals	one USB 1.1 port supports serial devices; two RS-232C ports and one teleo port; One teleo port and one Ethernet (with Ethernet/14 I/O module) support Communications	wireless communications standard 900 MHz IS900	wireless communications standard 900 MHz IS900	Dual RS-323 ports (standard use of terminal, RS-232C, Ethernet, IS900); PIN port for part part; 4-wire, RS-422.	Primary: Dual RS-323 ports; Secondary: RS-232C, Ethernet, PIN port for external PIN pad	Primary: 10/100Base-T Ethernet, V.34/33.6k bps; Secondary: RS-232C, Ethernet, PIN port for external PIN pad	Modem: 2400bps (standard), 56K (optional), synchronous (SDLC) and asynchronous; PIN port; Single Ethernet, Optional, without SSL	RJ11 (33.600bps) with internal modem option; One (1) RS232 (MINI-DIN 9) port; One (1) powered RS232 (MINI-DIN 9)		
Physical:	Length: 209 mm (8 in.), Width: 102 mm (4 in.), Height: 72 mm (2.8 in.) Weight: Terminal/50 g (1.10 lbs.), Shipping/1,328 g (2.94 lbs.)	Length: 209 mm (8 in.), Width: 102 mm (4 in.), Height: 78 mm (3.07 in.) Weight: Terminal/50 g (1.10 lbs.), Shipping/1,317 g (3.03 lbs.)	Length: 209mm (8in.) Width: 102 mm (4in.) Height: 78mm (3.07 in.) Weight: Terminal/50g (1.10lbs.)	8.75" L x 5.9" W x 5.3" H	8.54 in x 5.91 in x 2.52 in / 22.7 cm x 15.0 cm x 6.4 cm Weight 1.9 lbs/0.86 kg	5 in (w) x 8.1 in (h) x 2.3 in (d) / 91.44 mm (w) x 205.74 mm (h) x 58.42 mm (d) Weight 1.06 lbs/0.48 kg	3.6 in (w) x 8.1 in (h) x 2.3 in (d) / 91.44 mm (w) x 205.74 mm (h) x 58.42 mm (d) Weight 1.06 lbs / 0.48 kg	10.0 in x 5.18 in x 2.5 in / 25.4 cm x 13.2 cm x 6.35 cm Weight 1.5 lbs/0.68 kg	6.75" L x 5.9" W x 5.3" H Weight 2.5 lbs		

Last Update:
 TERMINAL SPECIFICATIONS

<p>Picture:</p>									 <p>One terminal for all sub-check type A</p>
<p>Brand/Model Number:</p>	<p>Omni Vx510LE</p>	<p>VeriFone® Vx 570</p>	<p>VeriFone® Vx 610</p>	<p>RDM Synergy</p>	<p>Hypercom® Optimum T4100</p>	<p>Hypercom® Optimum T4210</p>	<p>Hypercom® Optimum T4220 JP</p>	<p>Hypercom® T7 Plus modified</p>	<p>RDM Synergy II</p>
<p>Environment:</p>	<p>0 to 40 C (32 to 104 F) 90-90% relative humidity, non-condensing</p>	<p>0 to 40 C (32 to 104 F) 90-90% relative humidity, non-condensing</p>	<p>0 to 40 C (32 to 104 F) 90-90% relative humidity, non-condensing</p>	<p>0 to 40 C (32 to 104 F) 90-90% relative humidity, non-condensing</p>	<p>Temperature: 0-45°C/32-115°F Humidity: Max 85%, non-condensing ESD: 12,000 volts</p>	<p>Temperature: 0-45°C/32-115°F Humidity: Max 85%, non-condensing ESD: 12,000 volts</p>	<p>Temperature: 0-45°C/32-115°F Humidity: max 85%, non-condensing ESD: 12,000 volts</p>	<p>Temperature: 0-45°C/32-113°F Humidity: max 85%, non-condensing ESD: 10 - 10 VDC</p>	<p>Temperature: 0-45°C/32-113°F Humidity: max 85%, non-condensing ESD: 10 - 10 VDC</p>
<p>Voltage:</p>	<p>AC Input 100 - 240 VAC; 50/60 Hz; DC Output 8.6-9.4 VDC, 4.0 Amp</p>	<p>AC Input 100 - 240 VAC; 50/60 Hz; DC Output 8.6-9.4 VDC, 4.0 Amp</p>	<p>AC Input 100 - 240 VAC; 50/60 Hz; DC Output 8.6-9.4 VDC, 4.0 Amp</p>	<p>Input 100-240V-50-60Hz 1.5A Output V1: 8.5V DC 3A V2 24V DC 0.5A</p>	<p>AC: 100-240 V, 50/60 Hz DC: 12 V, 2A</p>	<p>AC: 100-240V, 50/60 Hz DC: 7.5V, 2.8A</p>	<p>AC: 100-240V, 50/60 Hz DC: 7.5V, 2.8A</p>	<p>AC: 100-240V, 50/60 Hz DC: 12V, 1mA</p>	<p>Input 100-240V-50/60Hz 1.5A Output V1: 8.5V DC 3A V2 24V DC 0.5A</p>
<p>PCI:</p>	<p>• Latest security protections include advanced 3DES encryption, Master Key and Application Key, Per Transaction (DUKPT) key management, and sophisticated VeriShield file authentication, plus tamper resistance</p> <p>• PCI PED approved for debit and other PIN-based transactions; EMV Level 1 and Level 2 Type approved; Intrinsic certified</p>	<p>• PCI approved for debit and other PIN-based transactions, and uses EMV Level 1 and Level 2 Type Approved (DUKPT) key management, and sophisticated VeriShield file authentication, plus tamper resistance</p> <p>• PCI PED approved for debit and other PIN-based transactions; EMV Level 1 and Level 2 Type approved; Intrinsic certified</p>	<p>• Latest security protections include advanced 3DES encryption, Master Key and Application Key, Per Transaction (DUKPT) key management, and sophisticated VeriShield file authentication, plus tamper resistance</p> <p>• PCI PED approved for debit and other PIN-based transactions; EMV Level 1 and Level 2 Type approved; Intrinsic certified</p>	<p>Class A & B Certified DUKPT, MSA PED Approved.</p>	<p>MasterCard PTSP Approved EMV Approved PED Certified EMV Approved</p>	<p>PCI PED Approved EMV Level 1 and Level 2 Approved Intrinsic Certified RoHS & China RoHS Compliant</p>	<p>PCI PED Approved EMV Level 1 and Level 2 Approved Intrinsic Certified RoHS & China RoHS Compliant</p>	<p>PCI PED Approved EMV Approved MasterCard PTSP Approved Intrinsic Certified RoHS & China RoHS Compliant</p>	<p>Class A & B Certified PADSS certified</p>
<p>Software:</p>	<p>Proven, VeriX-based platform provides seamless fit with merchant's existing VeriFone countertop devices; Designed for optimal performance with IP-based transactions</p>	<p>Proven, VeriX-based platform provides seamless fit with merchant's existing VeriFone countertop devices; Designed for optimal performance with IP-based transactions</p>	<p>Proven, VeriX-based platform provides seamless fit with merchant's existing VeriFone countertop devices; Designed for optimal performance with IP-based transactions</p>	<p>Check, Franking Device; Under application control a fixed text message is stamped on the face of the check; OCR Font: Alphanumeric OCR A and B recognition;</p>	<p>Check, imagers, PIN pads and contactless check readers can be connected using the peripheral port to provide more payment choices</p>	<p>Check, imagers, PIN pads and contactless check readers can be connected using the peripheral port to provide more payment choices</p>	<p>Check, imagers, PIN pads and contactless check readers can be connected using the peripheral port to provide more payment choices</p>	<p>Check, Franking Device; Under application control a fixed text message is stamped on the face of the check; OCR Font: Alphanumeric OCR A and B recognition;</p>	<p>Check, Franking Device; Under application control a fixed text message is stamped on the face of the check; OCR Font: Alphanumeric OCR A and B recognition;</p>
<p>Additional Options/Info:</p>	<p>Supports Value added services</p>	<p>Supports Value added services</p>	<p>Supports Value added services</p>	<p>Check, Franking Device; Under application control a fixed text message is stamped on the face of the check; OCR Font: Alphanumeric OCR A and B recognition;</p>	<p>Check, imagers, PIN pads and contactless check readers can be connected using the peripheral port to provide more payment choices</p>	<p>Check, imagers, PIN pads and contactless check readers can be connected using the peripheral port to provide more payment choices</p>	<p>Check, imagers, PIN pads and contactless check readers can be connected using the peripheral port to provide more payment choices</p>	<p>Check, Franking Device; Under application control a fixed text message is stamped on the face of the check; OCR Font: Alphanumeric OCR A and B recognition;</p>	<p>Check, Franking Device; Under application control a fixed text message is stamped on the face of the check; OCR Font: Alphanumeric OCR A and B recognition;</p>

CONTRACTOR'S PIN PAD EQUIPMENT SPECIFICATIONS

Exhibit E-- Attachment III - 2

Contractor:



Last Update:

8/25/2009

PIN PAD SPECIFICATIONS

Picture			
Brand/Model Number	Verifone 1000 SE	Hypercom® PIN Pad P1300	Hypercom® PIN Pad S9
Item	Pinpad	Pinpad	Pinpad
Description	Offers PIN input fordebit, electronic benefit transfer, and other PIN-based transactions	Debit, EBT, and other PIN-based transactions	Customer hand held credit/debit card reader and pin pad that reads both Smart and Magnetic Stripe Cards
Display	8-character, liquid crystal display shows up to 16 characters through automatic scrolling	2 x 16 characters	LCD: 2 x 16 characters Backlight: 25,000 (calculated)
Magnetic Card Reader			Magnetic stripe: (optional); Tracks 1, 2; 400,00 reads (calculated)
Smart Card (Optional)			Chip card: (optional); EMV approved; ISO 7816;
SAM Card Reader (Optional)			non-captive; 3V and 5V cards; two SAM sockets
Keypad	16 large, hard-rubber keys	Elastomeric: 16 keys, water splash-resistant, hard keycaps	Elastomeric: 16 keys
Security	Encryption-Supports emerging 3DES standard; Key-management Methods-Allows choice of Master/Session and Derived unique kkey per transaction (DUKPT) methods; PED compliant	Physical: PCI-PED approved; intrusion detection; Encryption DES: PIN-ANSI X9.8, MAC-ANSI X9.9 Triple DES: ANSI X9.52 Key management: DUKPT, ANSI X9.24 Part 1	Physical: PCI PED approved; intrusion detection, secure cryptographic module DES: Visa PED-approved; PIN-ANSI X9.8, MAC-ANSI X9.9 Part 1-ANSI X9.24 Triple DES: ANSI X9.52 Key management: DUKPT or 12 master/session keys
Communications		RS-422 PIN pad port (standard) RS-232 or USB client (optional)	PIN pad port: RS-422 PIN (standard), RS-232 3-wire (optional)
Physical	Height 1.46 in (37mm); width 2.68 in (68 mm); Depth 5.9+0 in (150mm); Shipping Weight .15 lb (0.33kg)	3.31 in x 6.02 in x 1.30 in / 84.0 cm x 153.0 cm x 33.0 cm Weight 0.40 lbs/0.18 kg	3.54 in x 6.73 in x 2.09 in / 9.0 cm x 17.1 cm x 5.3 cm 0.5 - .6 lbs/.22 - .27 kg (depending on the configuration)
Environment	Temperature 32° to 104° F; Humidity 15% to 90%, non condensing	Temperature: 0-45°C/32-115°F Humidity: Max 85%, non-condensing ESD: 12,000 volts	Temperature: 0-45°C/32-115°F Humidity: Max 85%, non-condensing ESD: 12,000 volts
Voltage	6-14 VDC, maximum power 0.3W	5v @ 240mA - 12v @ 100mA (standard)	7.5 - 14 VDC, 100mA (standard)
PCI		Meets new PCI security guidelines	Physical: PCI PED approved; intrusion detection
Software			secure cryptographic module
Additional Options/Info		Reliability 100,000 hours (MTBF calculated)	Reliability 100,000 hours (MTBF calculated)

CONTRACTOR'S CHECK READER/IMAGER EQUIPMENT SPECIFICATIONS

Exhibit E-- Attachment III - 3




Contractor:



Last Update:

8/25/2009

CHECK READER /
IMAGER SPECIFICATIONS

Picture:	 Insert picture		
Brand/Model Number:	RDM check reader series	MagTek MICR Imager w/MSR	VeriFone Check Reader 600
Description:	The EC6000i Gen2 series scanners feature a standard USB port, in addition to a wide variety of optional features such as Franking Acknowledgment printer, internal alphanumeric OCR A and B character recognition, OCR E13B MICR Assist, 3-track bi-directional Magnetic Stripe Reader (MSR), and 10BaseT Ethernet connectivity, positioning it as one of the most versatile and reliable products in the marketplace.	The MICRImage Check Reader is both a MICR Reader (Magnetic Ink Character Recognition) and a check-imaging device. The MICRImage reads the MICR character set at the bottom of a check, and the Imager produces a digitized image of the entire check. The characters and the image can be transmitted to a Host device. The Host device then uses a specific authorization or verification process to validate a business transaction. The MICRImage Reader improves accuracy and speed because there is no manual data entry; therefore there are no keying errors or unwanted delays.	Combines full programmability, remote downloading, self-diagnostic and universal connectivity in one unit. This leads to improve productivity and reduces check fraud at the point of sale. CR600's fast and accurate check-reading capabilities make check transactions as easy as credit card purchases.
Processor:	Renesas (hitachi) Sh-3 32 bit Risc 133mhz	Serial RS-232C / Ethernet	
MICR formats:			E13B CMC7
Images:	CCITT Group 4 Compression, bi-level image, high quality binary (b&w) 200 dpi nominal		
Memory:	Standard memory 250 images, optional 650 images based on 10kb size		
Communication Ports:	mini-din 4 pin USB: Type A connector (v1.1) Tel/ehternet RJ11.	1 x Serial - RS-232, 1 x Network - Ethernet 10Base-	1 RS-232/RS-485 host port auxiliary RS-232 ports
Modem:	33.6kb Internal Modem		
Size:		W 3inch by 9 inch, h 6inch	3.5 in (86.6 mm), 14.1 (105.1mm) 6.2 in (157.8mm)
Magnetic Read:	EI138 MICR character set		
Bi-directional Check Drive:	3 track bi-directional		
Software:			
Physical Dimensions:	MSR model 8.75 lx 6.1 W x5.25 H	W 3inch by 9 inch, h 6inch	3.5 in (86.6 mm), 14.1 (105.1mm) 6.2 in (157.8mm)
Power:	Separate wall adapter 24 DC 5a, power consumption : 12W	power adapter	Power can be supplied by terminal or ECR, delivering a minimum 12 VDC, 650mA or 10 VAC, 1A
Environment:	32 to 104 degrees F	~32° to 122° F , humidity 10% to 90% non-condensing	~32° to 104° F (0° to 40° C) , humidity 10% to 90% non-condensing



Contractor:



Last Update:

8/26/2009

WEDGE SPECIFICATIONS

Picture:		
Brand/Model Number:	Mini Wedge USB	Mini Wedge PS2/AT
Description:	<p>The Mini Wedge Reader looks transparent to both the keyboard and the PC until a card is read. Power is supplied via the keyboard port from the PC. When a card is read, the Reader disables the keyboard and sends card data using the same scan codes used by the keyboard. The PC cannot distinguish between data from the keyboard and data from the Reader. In addition to reading the standard credit card and driver license formats, these readers will read custom formats such as 7-bit encoding on all 3 tracks.</p>	<p>The Mini Wedge Reader looks transparent to both the keyboard and the PC until a card is read. Power is supplied via the keyboard port from the PC. When a card is read, the Reader disables the keyboard and sends card data using the same scan codes used by the keyboard. The PC cannot distinguish between data from the keyboard and data from the Reader. In addition to reading the standard credit card and driver license formats, these readers will read custom formats such as 7-bit encoding on all 3 tracks.</p>
Color:	white and black	white and black
Dimensions:	6.15 in.	6.15 in.
Weight:	5.8 oz.	5.8 oz.
Connector:	Can be connected to PC flatboard or PC surface. USB Port	Can be connected to PC flatboard or PC surface. PS2 connection
Cable Length:	6 foot	6 foot
Card Type:	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card
Environment:	32f to 131F, humidity 10% to 90% non-condensing	32f to 131F, humidity 10% to 90% non-condensing

Contractor:



Last Update:

8/25/2009

POS PRINTER
SPECIFICATIONS

Picture:		
Brand/Model Number:	Addressograph Bartizan Portable credit card imprinter	Verifone
Description:	Imprinter	Printer
Physical:	Dimensions: 4.6"L x 4.25"W x 1.6"H	H: 3.51 in (94.5 mm); W: 6.08 in (156.0 mm); D: 9.2 in (238.0 mm); Weight: 5.75 lbs (2.60 kg);
Environmental:	N/A	Environmental Operating Temperature - 0° to 40° C (32° to 104° F). Humidity same
Printing:	N/A	
Method	N/A	8 pin serial impact
Speed	N/A	3.7 lines per second
Characters	N/A	11 sets: US, UK, French, German, Danish I, Danish II, Swedish, Norwegian graphics printing capability
Buffer	N/A	3 line
Print Head Life Expectancy	N/A	100 Million characters
Mechanism Reliability	N/A	2.5 million lines MCBF (Mean Cycles Between Failures)
Ribbon:		
Type	N/A	Cartridge
Color	N/A	Dual color (Red/back)
Life Expectancy	N/A	2 million characters
Paper:	N/A	
Size	N/A	Paper - Size: 3.0 in (76 mm) wide standard roll; Format: 42-column, portrait
Format	N/A	Format: 42-column, portrait
Interface:	N/A	
Serial	N/A	RS-232C Compatible
Baud Rate	N/A	Switch selectable 1200,2400,4800 & 9600
Power:	N/A	
Voltage	N/A	220 VAC (180-274) 50

CONTRACTOR'S SOFTWARE FEATURES

Exhibit E-- Attachment III - 6



Contractor:

Last Update:

8/26/2009

SOFTWARE FEATURES

Brand/ID Number:	Virtual Merchant Software	ViaWarp Deluxe
	https://www.mvirtualmerchant.com/VirtualMerchant/	

EXHIBIT F – Equipment and Software

1. EQUIPMENT & SOFTWARE

Each Authorized User is responsible for defining its equipment and software needs, desired operating objectives, and desired operating environment under this MSA. Authorized Users will work with their designated Contractor to determine the appropriate equipment and software needs to meet their specific business and system requirements. Authorized Users should complete a cost analysis to determine which acquisition method is appropriate for their needs (purchase, lease, or rent). State Authorized Users should incorporate these requirements and decisions in the Scope of Work section of their individual Subscription Agreement (STD 213).

When purchasing, leasing, renting, or disposing of equipment, State Authorized Users must adhere to all applicable state laws, regulations, policies, best practices, and purchasing authority requirements, California Codes, Code of Regulations, State Administrative Manual, Management Memos, State Contracting Manual and Purchasing Authority Manual.

2. GENERAL STATEMENT OF WORK:

Contractor shall provide all Point of Sale (POS) equipment and software¹ as needed to implement new or upgrade current system in terms of functionality and technical architecture using the latest technology that best suits the needs of the Authorized User. The latest models and versions of all components, and the latest software upgrades must be available to users.

a. Newly Manufactured Goods

All purchased equipment, including components and accessories, under this MSA shall be newly manufactured equipment. Used or reconditioned equipment is prohibited except as a replacement and only after the one-year warranty period has expired.

b. POS Equipment Implementation Plans

Contractor will provide guidance and recommendations to Authorized Users with regards to Contractor's equipment and/or software offering based on the Authorized User's processing environment requirements. This includes programming and deployment of chosen equipment/software. Installation and training of that equipment and/or software will be provided by telephone with Contractor's training staff. Contractor shall coordinate with Authorized Users to develop a mutually agreed upon implementation schedule. Contractor shall coordinate with Authorized Users to develop an implementation schedule to determine that Authorized Users have all the appropriate supplies, space, and time required for the discovery, installation, training, and testing.

¹ All references to software herein are to software provided by Contractor hereunder, and not to third party software acquired or used by an Authorized User.

EXHIBIT F – Equipment and Software

c. Service Provider Back-end System Software

Contractor must successfully integrate the POS equipment between Authorized User's internal system and their affected locations.

d. POS System Architecture Software Requirements

Contractor shall make necessary modifications, adjustments, and repairs to keep the software operating without abnormal interruptions² to correct latent deficiencies with respect to the software specifications, and in compliance with applicable federal laws and regulations.

- ◆ Contractor shall provide software modifications for operation with the infrastructure, for the term of the contract.
- ◆ Contractor shall provide new versions of the software to keep the Authorized User abreast of the Contractor's current software product. Complete documentation of all system enhancements or revisions will be provided with new releases of software. Documentation must describe, in a user-friendly manner, what the Authorized User needs to know to understand each level on which the software operates.
- ◆ Contractor shall provide modifications and enhancements that (1) will be delivered installed or installable, on the Authorized User's system, (2) must operate without abnormal program interruptions and (3) must provide the functions as required by the specifications and as described by documentation supplied by the Contractor.
- ◆ Contractor shall, at no additional cost to the Authorized User, ensure that any new versions or upgrades of Software shall contain all modifications and enhancements that were developed for the Authorized User.

e. Statistics, Reports and Other Outputs

The POS device's transaction information is available through Elavon's Merchant Connect Reporting, which is an online financial management reporting solution.

f. POS Equipment Authentication Software

The Contractor shall provide the Software necessary for authentication and initialization so that the device is recognized by the Authorized User's system. The software must be pre-loaded to the device, allowing the device to initialize to the back end.

² Abnormal ending or termination of a computer program resulting from a computer program error or a machine malfunction.

EXHIBIT F – Equipment and Software

g. Integrated Front-end POS System Work Stations

- ♦ The Contractor shall develop an Integrated Front-end POS System Work Stations and Peripherals plan that documents interchangeability, re-configuration of latest revisions, and delivery requirements for spares.
- ♦ All software and equipment shall be configured to the latest revision during the warranty period.
- ♦ All equipment and software shall be interchangeable with their corresponding device.

h. POS Replacement Plan

The cost of replacement after the equipment meets the minimum service life shall be borne by the Authorized User under a scheduled replacement plan. The cost of unscheduled replacement of devices during the one-year warranty period shall be borne by the Contractor.

Under the scheduled replacement plan, the Authorized User shall have the option of replacing equipment with an identical unit at the lower of the market price at time of replacement or with a compatible yet more capable unit at the current market price, if such a unit exists.

- ♦ The Contractor shall develop a Scheduled Replacement Plan that documents what equipment gets replaced, when it gets replaced, the logistics of removal and installation, and the required testing.

i. Maintenance and Repair Support

The Contractor must provide maintenance and repair support 24 hours a day, 7 days a week to assist the Authorized User in optimizing its POS equipment. The Contractor shall provide a wide range of services from telephone to on-site support, equipment exchange according to the Authorized User's equipment type, and enable efficient problem resolution with experienced on-site and remote technical support. On-site technical support is dependent upon the situation and implementation criteria and will be mutually agreed upon by the parties.

The Contractor shall be responsible for all maintenance support activities (repair, replace or preventive maintenance) required for all POS equipment. The contractor shall upgrade any or all POS equipment during the life of the contract as new technology becomes available as requested by the Authorized User and at the Authorized User's expense.

The Contractor shall have repair policies and procedures in place to prevent illegal activity during the repair process. All parts, equipment, and firmware must be up-to-date and readily available. In addition, only authorized components may be used for the repair.

EXHIBIT F – Equipment and Software

j. Exchange Services

The contractor will provide exchange support Monday through Friday from 8:00 a.m. through 5:00 p.m. Contractor will ship replacement the same day support call is received and schedule next day delivery to the Authorized User. If call is received after 3:00 p.m. PST, replacement is shipped the following business day.

3. SECURITY STANDARDS:

All equipment and software must meet the following security standards as applicable: PCI Compliance, POS Compliance Security, POS Physical Security, POS Decommissioning Security, and POS Deployment, Repair and Tracking Security.

a. POS Compliance Security

The Contractor shall adhere to best practices procedures to ensure the following:

- ♦ The POS device has been tested and it is an approved Tamper-Resistant Security Module (TRSM) (approved as a TRSM by the network or PCI standards company).
- ♦ The device has been inspected for tampering before the encryption keys are injected.
- ♦ At a minimum a DUKPT or Triple DES key that was created under the principles of dual control and split knowledge has been injected into the device before Personal Identification Numbers (PINs) are entered. (Dual Control means that at least two authorized individuals are required to work in partnership to carry out an activity, such as generating, storing, or loading the clear text components of a key. Split Knowledge means that no single individual knows, or has access to, a whole entity, be it all the clear-text components of a key, or the combination of a safe where key components are stored.) Asymmetric cryptography is recommended.
- ♦ Each device will have unique keys.

b. POS Physical Security

Contractors shall adhere to security measures to ensure that the POS machine is properly installed, managed, and protected in a way that addresses and manages risks of attacks against it. These security measures manage and protect against theft and illegal modification. These measures shall also protect the cardholder's PIN entry privacy. POS devices should be inventoried and placed in secured, locked and monitored areas during storage, servicing and shipping.

EXHIBIT F – Equipment and Software

c. POS Deployment, Repair and Tracking Security

The Contractor shall ensure that best practices will cover terminal inventory and tracking controls during all phases of its lifecycle:

- the manufacturing phase; while in transit and testing; the key injection process and the installation commissioning process; operation (Authorized User phase); and
- when offline - storage, repair or inactivity periods.

d. POS Decommissioning Security

Both the Contractor and Authorized Users shall have policies and procedures in place to ensure that POS devices due for decommissioning have their cryptographic keys safely removed when the terminal is de-installed and that the device is then “zeroized”. “Zeroized” devices have no remaining encryption keys or data within them. Procedures shall exist and be followed during the physical removal and transportation of the de-installed device to ensure that it cannot be stolen, intercepted or otherwise acquired by fraudsters or criminals.

4. OTHER PROVISIONS:

a. Warranty

The Contractor (not the manufacturer) shall provide a one-year warranty for all equipment/software newly purchased from the Contractor. The Contractor’s sole obligation shall be to repair or replace the defective product during the warranty period at no charge to the Authorized User. Such repair or replacement will be rendered by the Contractor or by one of its authorized repair depots. Cost for shipment of said products to the Contractor shall be paid by the Contractor. The Contractor will then ship the repaired/replaced product to the Authorized User. The Contractor may not at its sole discretion replace the defective product (or any part thereof) with any reconditioned product that the Contractor reasonably determines is substantially equivalent (or superior) in all material respects to the defective product, until the one-year warranty period has expired and such action has been approved by the Authorized User. Repaired or replacement products will be warranted for the remainder of the original one-year warranty period from the date of original retail purchase.

b. Buy Back Program

The Contractor may offer to Authorized Users a large-scale buyback and upgrade program, providing for the return of Elavon supplied marketable equipment for purchase or upgrade to newer technology, on a case by case basis.

EXHIBIT F – Equipment and Software

c. Recycling

Contractor will issue call tags for returned and/or swapped equipment for the State. Equipment will be returned to Elavon's Knoxville Tennessee facility and will be processed pursuant to that state's recycle/disposal laws.

d. Equipment Recall

Contractor will notify Authorized Users if a purchased item is affected by a product recall. Contractor will provide instructions on how to return or replace the equipment.

e. Substitutions

Substitution of deliverables may not be tendered without advance written consent of the Authorized User.

f. Inspection

All deliverables may be subject to final inspection, test and acceptance by the Authorized User at destination, notwithstanding any payment or inspection at source.

g. Damaged and Defective Items

Contractor will provide credit and/or replacement for freight-damaged or defective items at no charge within 48 hours after the Authorized User notification. This also includes incorrect products shipped or an order entry error by the Contractor's customer service representative. The Contractor cannot require the Authorized User to deal directly with the manufacturer. Additionally, the Contractor shall provide the Authorized User with a prepaid and self addressed label for the return of the item.

Exhibit G--Agreement For Merchant Processing Services

1. SCOPE OF THIS AGREEMENT; DEFINITIONS AND GENERAL PROVISIONS

a. **Scope:** Your acceptance of electronic payments is governed by this Agreement (defined below).

b. **Definitions:**

Affiliate means any entity that controls, is controlled by, or is under common control of a party, including its subsidiaries.

Agreement means the Std. 213 form and the Master Service Agreement which includes all Exhibits ("MSA") and Contractor's Merchant Operating Guide, and mutually agreed upon amendments thereto.

Associations or Payment Networks means any:

- (a) Credit Card Association (defined as (i) Visa.; (ii) MasterCard; (iii) American Express; (iv) Discover Network; and any successor organization or association to any of the foregoing);
- (b) EFT Network (defined as (i) Interlink Network Inc., Maestro U.S.A., Inc., STAR Networks, Inc., NYCE Payments Network, LLC, PULSE Network LLC, ACCEL/Exchange Network, Alaska Option Services Corporation, Armed Forces Financial Network, Credit Union 24, Inc., NETS, Inc., and SHAZAM, Inc.; and any successor organization or association to any of the foregoing);
- (c) ECS Association (defined as Visa (in its operation of the Visa POS Check Service), NACHA and any regional ACH association or network, the Federal Reserve (in its processing of ACH entries or Demand Drafts or other legal replacements or substitutes for a Paper Check, including under the Check Clearing for the 21st Century Act or under applicable provisions of the Uniform Commercial Code; and any successor organization or association to any of the foregoing)
- (d) governmental agency or authority.

Association or Payment Networks Rules means the rules, regulations, releases, interpretations and other requirements (whether contractual or otherwise) imposed or adopted by Associations designated in this Agreement including all amendments as agreed upon pursuant to Exhibit G, Section 3.

Authorization means the process by which the Authorized Users electronically accesses Servicers' computerized system, unless such system is inoperable or otherwise not accessible to the State, in which case the State shall utilize the designated toll-free telephone number, to obtain credit approval from the Card issuing bank before completion of the Card transaction.

Authorized Users means (i) State of California government entities that participate in this MSA ("State Authorized Users"), and (ii) Local government entities that participate in this MSA ("Local Authorized Users"), as further defined in Exhibit D.1 of the MSA.

Bank (or "Member") means U.S. Bank.

Exhibit G--Agreement For Merchant Processing Services

Bankruptcy Code means title 11 of the United States Code, as amended from time to time.

Business Day means a day (other than Saturday or Sunday) on which Bank is generally open for business.

Card or Payment Device means as any device or method used for the purpose of obtaining credit or debiting a designated account including a credit card (associated with a revolving line of credit), debit card (associated with an electronic debit to the Cardholder's account), and any other financial transaction device or method, including an electronic gift card (special stored value card), check (whether converted into electronic form or used as a source document for an electronic fund transfer), electronic benefits transfer card, stored value card, "smart" card, or other device created to be used for the purpose of obtaining credit or debiting a designated account, that is now or hereafter effected through Charges with Authorized Users.

Cardholder means the individual whose name appears on the Card or in whose name a Card has been issued, and any person who purports to be an authorized user of such Card.

Charge, transaction or Transaction means any action between a Cardholder using a Card and an Authorized User that results in activity on the Cardholder's account (e.g. payment, purchase, refund or return).

Chargeback means the procedure by which the funds from a Sales Draft or other indicia of a Card transaction (or disputed portion thereof) are returned to the cardholder by the issuing bank. Visa or MasterCard will debit the Servicers the chargeback amount to make the issuer whole. The Servicers in turn will recoup the chargeback amount from the Authorized User.

Chargeback Percentage means the ratio of overall Chargeback-to-settlement volume. Specifically, your Chargeback Percentage means the actual monthly percentage calculated by dividing your total monthly VISA and MasterCard Chargeback items in any line of business by the number of the State or your total monthly VISA and MasterCard transactions in such line of business

Contractor means Elavon, Inc., or its affiliates providing services hereunder.

Contractor System means any hardware, software, system, or methods used by Contractor to perform the Services, and expressly exclude any third party hardware, software, systems or methods used by an Authorized User.

Credit Voucher means the evidence of a refund or price adjustment by the State or Authorized User to a Cardholder's Card account in connection with a prior purchase by such Cardholder using a Card, regardless of whether the form of such evidence is in paper, electronic or otherwise.

Exhibit G--Agreement For Merchant Processing Services

Electronic Check Service (ECS) means the service offering by Elavon pursuant to which transactions effected via an ACH payment device are presented for clearing and settlement by or through an ECS Association.

Establishments means all of your locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that you adopt in the future.

Establishment Number (sometimes called the "merchant id" or "SE" number) is the unique number we assign to your Establishment; if you have more than one Establishment, we may assign to each a separate Establishment Number.

Marks mean names, logos, service marks, trademarks, trade names, taglines, or other proprietary designations belonging to the Associations.

Operating Procedures means the manual prepared by Servicers (including the Merchant Operating Guide), containing operational procedures, instructions and other directives relating to Card transactions.

Preauthorized Order means a Cardholder's written authorization to make one or more future charges to such Cardholder's Card account.

Recurring Sale means a Cardholder's written authorization to make one or more future charges to such Cardholder's Card account.

Sales Draft or Transaction Receipt means evidence of a purchase of goods or services by a Cardholder from the Authorized User using a Card, regardless of whether the form of such evidence is in paper, electronic or otherwise, all of which must conform to Association Rules.

Settlement Account or ZBA means an account at a financial institution designated by the Authorized User as the account to be credited by Servicers for Card transactions, and other amounts due hereunder.

Servicers means collectively Contractor and Bank.

Subscription Agreement means the Authorized User's Standard 213 form or contract equivalent, the Selected Services Signature Page, and the Authorized User Participation – Set Up Form, all MSA Exhibits, Authorized User's Scope of Work and Invoice contact information, and any attachments or amendments thereto.

We, our, and us also means Servicers.

You, you and your means each Authorized User individually, not collectively.

Other defined terms appear in italics in the body of this Agreement.

Exhibit G--Agreement For Merchant Processing Services

- c. **For Your Use Only:** This Agreement covers only you. You must not obtain Authorizations, submit Charges or credits, or receive payments on behalf of any other party.

2. ACCEPTANCE OF CARDS

- 2.1 You will accept any Card properly tendered, without imposing any special conditions (such as requiring identification) not required or allowed by Association Rules. You will assess no special charge (a surcharge in connection with accepting a card for payment) or extract any special agreement, condition (including any minimum or maximum transaction amounts) or security from a Cardholder in connection with any Card transaction. You shall not post signs indicating that You will refuse to honor Card transactions below or above a specified transaction (i.e., \$5 minimum to use payment card). You may offer a discount for using cash if clearly disclosed as a discount from the price available for all other means of payment. You shall not engage in acceptance practices or procedures that discriminate against, discourage or favor the offered use of any particular Card accepted by You. You will not require Cardholders to provide personal information such as a home or business telephone number, a home or business address, or any form of identification (such as a driver's license) as a condition for honoring and accepting a Card, unless specifically required by this Exhibit G or the applicable Association. You shall not accept Cards at terminals that dispense scrip in violation of the Association Rules.
- 2.2 You must check each Card accepted for validity in accordance with the terms of this Exhibit G, the Operating Procedures and the applicable Association Rules. You must not submit any sale that was not created between You and the Cardholder for settlement and under no circumstances may You submit any sale that has been previously charged back by the Cardholder and returned to You.
- 2.3 You will check each Card used during a transaction for validity in accordance with the terms of this Exhibit G, the Operating Procedures and the applicable Association Rules. You will not honor a Card that appears to be invalid or expired.
- 2.4 All Sales Drafts and Credit Vouchers must include (i) either a manual imprint or an electronic printing of the Card obtained by passing the magnetic stripe on the Card through a point-of-sale terminal, of Cardholder information contained on the Card or magnetic stripe; (ii) the signature of the authorized user as it appears on the Card; (iii) the date of the transaction; (iv) a description of the merchandise sold or rented or the services rendered; and (v) the total cash price of the Card transaction (including taxes).
- 2.5 Except for transactions completed by using magnetic stripe reading point-of-sale terminals that print Card transaction records or originated at limited amount terminals that are capable of reading magnetic stripes and limit each Card transaction to twenty-five (\$25), You are deemed to warrant the true identity of any Cardholder unless You imprint the Card on the Sales Draft, as described in subsection 2.4, above.
- 2.6 Unless a Card transaction is governed by Section 5, Section 8 or otherwise specifically authorized by Servicers in writing, You may only complete a Card transaction when (i) the Card is present and (X) the data stored on the magnetic stripe is electronically read and printed by a magnetic stripe reader or (Y) the Card is manually imprinted, (ii) the Card is signed and the signature on the Sales Draft appears to be the same as the

Exhibit G--Agreement For Merchant Processing Services

signature on the Card, (iii) the Cardholder resembles the person pictured (if any) on the Card, and (iv) all, or the appropriate portion, of the embossed account number on the Card matches with the corresponding digits printed on the Card and with the account number displayed and/or printed by a point-of-sale device reading the magnetic strip on the Card. (If a previously unsigned Card is signed at the time of a Card transaction, You will review (and identify on the Sales Draft) a current, official government identification document (such as a driver's license or passport) bearing the Cardholder's signature.) You will deliver at least one copy of the Sales Draft or agreement or Credit Voucher to the Cardholder.

- 2.7 You shall determine in accordance with Association Rules and the Agreement which types of Cards and processing services You will agree to accept as a form of payment from your customers by selecting the applicable processing services on the Authorized User Participation - Set Up Form (Exhibit D, Attachment I).

3. OPERATING PROCEDURES; ASSOCIATION RULES

You acknowledge that you have received the link to the Operating Procedures, the terms of which are incorporated into this Exhibit G. You agree to follow the procedures in the Operating Procedures in connection with each Card transaction. You also agree to comply with all applicable Association Rules, including all requirements applicable to obtaining authorization for ACH debits from a consumer account as applicable, and to comply with all laws applicable to the selected processing services, including without limitation, laws related to Cards, electronic fund transfers, confidential treatment of information, and the Fair and Accurate Credit Transactions Act of 2003 (FACTA), including its requirements relating to the content of transaction receipts provided to Cardholders. From time to time, Servicers may change the Operating Procedures by providing You with at least (30) days' prior written notice of the change. However, in the event of changes in the Association Rules or due to security reasons, certain changes in Card procedures may become effective on shorter notice. If Servicers change their Operating Procedures during the term of the Agreement, and such changes are not mandated by an Association or governing body of rules or guidelines, the change will be subject to review and approval by the State and Authorized User within sixty (60) day of receipt of change notice. Failure of the State or Authorized Users to object, and continuation of Card acceptance hereunder, will constitute the State's and Authorized Users' acceptance of the new Operating Procedures. The State and/or any Authorized User may provide notice to terminate for convenience as provided in Exhibit D, Section 11.b, if any changes to Operating Procedures and/or Association Rules are unacceptable. While it is intended that the Operating Procedures will supplement this Exhibit G, if there is any conflict between the terms of this Exhibit G and the Operating Procedures, the terms of this Exhibit G will govern, unless the conflict is directly related to a change in the Operating Procedures which specifically addresses a procedure or requirement detailed in this Exhibit G. If You lose or otherwise misplace the Operating Procedures or notices of changes thereto, You shall be responsible for contacting Servicers to obtain replacement copies or links thereto.

4. AUTHORIZATION

- 4.1 You shall be responsible for obtaining Authorization in advance for each Card transaction. The Authorization number provided by Servicers or issuers shall be noted

Exhibit G--Agreement For Merchant Processing Services

by You in the appropriate place on the Sales Draft. If Authorization is declined, You shall not complete the Card transaction.

- 4.2 You shall comply with any special authorization procedures contained in any other sections of this Exhibit G, the Operating Procedures, the MSA and the Association Rules.
- 4.3 You acknowledge that Authorization, (i) indicates only the availability of credit at the time of Authorization; (ii) does not warrant that the person presenting the Card is the rightful Cardholder; and (iii) is not an unconditional promise or guarantee by Servicers that any Card transaction will not be subject to Chargeback.
- 4.4 You may, as permitted in this Exhibit G or the Operating Procedures obtain a voice authorization or manually enter the transaction, in the event that the POS Terminal is not operating properly. Servicers will provide You with a response for voice authorized transactions and You shall record any approval number on the Sales Draft.
- 4.5 Servicers shall have no obligation to process any transactions initiated with a Card type not selected by You on the Authorized User Participation Set-up Form and Servicers shall be entitled to decline such transactions without first attempting to obtain an authorization. In the event any such transaction is inadvertently not declined by Servicers and is authorized by an Association, You shall be fully liable for each transaction, as if the Card type initiating in such transaction was selected by You.

5. TELEPHONE AND MAIL ORDERS

- 5.1 If You are authorized to accept telephone or mail orders, Authorization for each such Card transaction, regardless of the face amount, must be obtained and You must write "TO" (indicating telephone order), or "MO" (indicating mail order) as applicable, on the Sales Draft in lieu of the Cardholder's signature. You assume all responsibility for identification of the Cardholder and the validity of the Card information for telephone and mail orders. For telephone and mail order Card transactions where merchandise is to be shipped or delivered to or for the Cardholder, the shipping date shall not be more than five calendar days after the Authorization is obtained, and any shipping costs not included in the Authorization amount must not exceed fifteen percent (15%) of the amount authorized.
- 5.2 An installment payment option may be offered for telephone or mail order merchandise if all terms are clearly disclosed, each installment is authorized, the first installment is not submitted for settlement until the merchandise is shipped, and subsequent installments are submitted no more frequently than monthly.
- 5.3 Under no circumstances may You require that a Cardholder complete a postcard or other document which displays the Cardholder's account data in plain view when mailed.
- 5.4 You will comply with the procedures for Card Not Present transactions in the Operating Procedures and Association Rules.

6. MULTIPLE SALES DRAFTS AND PARTIAL CONSIDERATION

- 6.1 Except as shall be specifically set forth in the Operating Procedures or the Association Rules, You shall list all items of goods and services purchased during each Card transaction and the total amount thereof on a single Sales Draft.
- 6.2 You shall comply with all special procedures and conditions applicable under the Operating Procedures and the Association Rules with respect to any partial payment,

Exhibit G--Agreement For Merchant Processing Services

installment payment, delayed delivery or advance deposit situation and any delayed or amended charges for a travel and entertainment transaction. You shall not use more than one Sales Draft to represent a single Card transaction to avoid the need for Authorization.

7. PREAUTHORIZED ORDERS AND RECURRING SALES.

- 7.1 A Preauthorized Order or Recurring Sale may include the payment of recurring charges such as insurance premiums, subscriptions, membership fees, tuition or utility charges and may also include preauthorized health care payments (subject to the associated preauthorized payment schedule between the Cardholder and You).
- 7.2 If You are authorized to accept Preauthorized Orders or Recurring Sales, Authorization for each such Card transaction, regardless of the amount, must be obtained and You must write "Recurring Transaction" (for Visa and other non-MasterCard Card transactions) or "Pre-Authorized Order" (for MasterCard Card transactions) as applicable, on the Sales Draft in lieu of the Cardholder's signature.
- 7.3 Except for preauthorized health care payments for the incremental costs not covered by insurance, advance deposits and installment payments, all made in compliance with this Exhibit G and the Operating Procedures and Association Rules, a Preauthorized Order or Recurring Sale may not include partial payments made to You for goods or services purchased in a single transaction. In no event may any finance charges be imposed on any periodic payments in connection with a Preauthorized Order or Recurring Sale.
- 7.4 You may not accept a Preauthorized Order or Recurring Sale from a Cardholder for the purchase of goods or services which are delivered or performed periodically unless the Cardholder completes and delivers to You a written request (and, when applicable, a written renewal request) identifying (i) the goods or services to be charged to the Cardholder's account, (ii) the amount of the preauthorized or recurring charges (unless such charges are for variable amounts), (iii) the frequency of the preauthorized or recurring charges and (iv) the duration of time for which the Cardholder's permission is granted. If You accept any Preauthorized Orders or Recurring Sales for variable amounts, You must do so pursuant to associated preauthorized payment schedule between the Cardholder and you.
- 7.5 The Cardholder's written request (including any written renewal request) must be (i) retained for the duration of the preauthorized or recurring charges; (ii) provided in response to a Card issuing bank's request for original documentation; and (iii) used no longer after receiving notice of cancellation.
- 7.6 You will comply with the procedures for Recurring Payments and Pre-Authorized Orders in the Operating Procedures and Association Rules.

8. INTERNET PROCESSING

You must obtain approval from Servicers to accept and process Internet transactions through Servicers. You also acknowledge that you must inform Servicers of your use of any processing software, third party Internet payment gateway, shopping cart, Web Site host, or other service provider (collectively "Internet Service Providers"), that any Internet payment gateway must be approved by Servicers and that You are prohibited from transmitting any Cardholder transaction data to any Internet Service Providers (or any third party) without the approval of Servicers. . If authorized to accept payment by Internet, the

Exhibit G--Agreement For Merchant Processing Services

Sales Draft shall be completed without the Cardholder's signature or an imprint but shall include the Cardholder's name, billing address, Card number, expiration date, of the Card, a description of the merchandise or service and the date and amount of all charges. You will comply with the requirements for Card Not Present Transactions specified in the Operating Procedures and Association Rules. All Internet transactions will be settled by Servicers into a depository institution in the United States. You shall process Internet transactions only (a) if the Internet transactions have been encrypted by Servicers or by an Internet Service Provider acceptable to Servicers and (b) Cardholder data is protected by You as required by the then current Association Rules, PCI data security requirements, or any other applicable regulations. Encryption is not guarantee of payment to You. You acknowledge that Internet transactions may be authorized and settled through separate BIN/ICA numbers and interchanges and that Servicers may be unable to combine deposits of Internet transactions and non Internet credit and debit Card transactions. Because the transactions processed via the Internet are higher risk, You may be charged higher Association fee. Internet transactions are subjected to a higher incidence of chargebacks and, as with non-Internet transactions, receiving an Authorization and following procedures will not relieve You of liability associated with Chargebacks and/or the fraudulent use of customer data obtained off of Your Web Sites. All communications costs related to Internet transactions are Your responsibility. Servicers will not manage the Internet telecommunication link which is also Your responsibility. Obtaining any license or sub-license of software required to permit You to process Internet transactions shall be Your responsibility, and if obtained from Servicer's, subject to a separate agreement. Servicers do not guarantee that obtaining required approvals from Servicers or implementing suggested security measures will cause Your Internet transactions to be secure or impregnable, and Servicers will not be responsible in the event of the infiltration of Your or any Internet Service Provider's security systems. You further acknowledge and agree that Servicers are not responsible for the security of the Cardholder data or information stored on Your or any Internet Service Provider's computers, systems or Web Site(s) and that You will be solely responsible for any liability, fines, or penalties arising from its use, storage, or dissemination of Cardholder data.

9. CARDHOLDER REFUNDS AND CREDITS

- 9.1 If a Cardholder returns goods or cancels services purchased from You with a Card, or You allow any other price adjustment after a sale has been completed and a refund or adjustment is due to the Cardholder (other than any involuntary refund required by applicable airline or other tariff or by law), You will not return cash to the Cardholder but will instead prepare a Credit Voucher and process each such refund or adjustment, as specified in the Operating Procedures and Association Rules. You will give the Cardholder a copy of the completed Credit Voucher.
- 9.2 If You establish a policy limiting refunds or acceptance of returned merchandise (e.g., no refund, exchange only, in-store credit only, or special conditions), You must follow the procedures regarding refunds and returned merchandise as set forth in the Association Rules including, without limitation, the proper disclosure of such policy on all copies of each Sales Draft in letters at least 1/4" high in close proximity to the space provided for the Cardholder's signature.

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- 9.3 You will not accept money from a Cardholder for the purpose of preparing and depositing a Credit Voucher that will affect a deposit to the Cardholder's account. You must not process a Credit Voucher without having completed a previous Card transaction with the same Cardholder (or with a Cardholder who purchased a gift returned by the recipient). Under no circumstances may You require a Cardholder to waive the Cardholder's right to dispute a Card transaction with the Card issuing bank.
- 9.4 You acknowledge that Elavon may delay cardholder credits for up to five (5) business days for accounting verification. Credits issued by you to PIN-debit Cards will not be subject to this delay.

10. PRESENTMENT OF CARD TRANSACTIONS

- 10.1 You shall electronically or physically deliver to Servicers Sales Drafts for all Card transactions to be processed and settled hereunder. You will submit Sales Drafts to Servicers in no event later than the fifth calendar day or third banking day (whichever is earlier) after completing Card transactions (unless You are entitled to any special extension of these deadlines). You acknowledge that the times specified in the previous sentence are the maximum deadlines and that faster time frames are required to qualify for incentive programs.
- 10.2 You will not submit any Sales Draft that was not created in conjunction with a Card transaction between You and the applicable Cardholder. Under no circumstances will You submit any Sales Draft that has been previously charged back by the Cardholder and subsequently returned to You.

11. SETTLEMENT OF CARD TRANSACTIONS

- 11.1 Servicers will only be required to settle Your Card transactions for Cards as specified herein provided that Servicers receive your Card transaction information in the format required by Servicers. Promptly after presentment of Sales Drafts pursuant to Section 10, above, as applicable, Servicers will initiate a transfer via Automated Clearing House Credit of the applicable settlement funds to You. When Servicers receive payment of settlement funds through automated clearing house credit, Servicers will initiate a transfer of such applicable settlement funds through ACH to Your Settlement Account. Settlement by automated clearing house credit will take place according to the schedule indicated in Exhibit A, Section 4.a.2.
- 11.2 All settlements to You for VISA and MasterCard Card transactions will be based upon gross sales, less credits/refunds, adjustments, Chargebacks, amounts payable to third parties pursuant to instructions from You in accordance with Association Rules.
- 11.3 All credits to Your Settlement Account or other payments to You are provisional and are subject to Servicers' final audit, and Chargebacks. You agree that Servicers may credit Your Settlement Account for any overages, pending Chargebacks, or may offset chargeback amounts from settlement funds due to You. Alternatively, Servicer will invoice You for any deficiency, fine, or fee amounts, net due 30 days after the invoice date or on such earlier date as may be specified.
- 11.4 Servicers will not be liable for any delays in receipt of funds or errors in debit and credit entries caused by third parties including but not limited to any Association or Your financial institution. In addition to any other remedies available to Servicers under the Agreement, You agree that should any of the events set forth in Paragraph 17.2 occur, Servicers may, upon at least 24 hours' advance written notice, change

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processing or payment terms to suspend credits or other payments of any and all funds, money and amounts now due or hereafter to become due to You from Servicers pursuant to the terms of this Exhibit G, until Servicers have had reasonable opportunity to investigate and discuss such event with You. In cases of fraud, suspicious activity or similar cause, no prior notice shall be required, but Servicers shall notify You in writing within three business days after effectuating a suspension of credits or other payments that have not been released, which notice shall state Servicers' reason for the belief that such fraud, suspicious activity or similar cause exists.

12. FEES; ADJUSTMENTS; COLLECTION OF AMOUNTS DUE

- 12.1 Servicers shall charge You a fee for the Services, which shall be calculated and payable pursuant to Exhibit E. The fees shown on Exhibit E shall be calculated based on the net amount of transactions submitted to Servicers. If Your Card transactions fail to qualify for the reduced interchange fees, Servicers shall process such Card transactions at the applicable interchange fees as set by the applicable Association. If a transaction fails to qualify for Your anticipated interchange levels, then the Association will downgrade the transaction and process it at a more costly interchange level for which it does qualify which amount will be passed on to You.
- 12.2 Beginning on the Agreement Effective Date, all Authorized Users collectively under the MSA will be assigned to one of the pricing tiers identified on Exhibit E Attachment I based on the Transaction count for the twelve (12) month period prior to Effective Date. The Transactions included in the Transaction count are the aggregate number of all Visa, MasterCard and Debit Transactions processed by Contractor for all Authorized Users. Once annually, one month prior to the anniversary date, Contractor will review the combined Authorized Users' Transaction count data for the prior twelve (12) months and, upon the first day of the month following the annual anniversary date, will apply the applicable pricing tier to all Authorized Users.
- 12.3 The fees for Services set forth in Exhibit E may be adjusted to reflect increases or decreases by Associations in interchange, assessments or other Association fees or to pass through increases charged by third parties for on-line communications and similar items. All such adjustments shall be Your responsibility to pay and shall become effective upon the date any such change is implemented by the applicable Association or other third party. You shall at all times be responsible for, payment of all fees and charges (including increases additions, or modification made thereto), without limitation, of any Association, Internet Service Provider, telecommunications provider, federal, state, or local governmental authority (each a "Third Party") including, without limitation any switch fee, issuer, reimbursement fee, adjustment fee, interchange fee, assessment fee or access fee, (collectively, "Third Party Fees").
- 12.5 In addition to the regular Chargeback fees, as set forth on Exhibit E Attachment I, You agree to pay Servicers any fines, fees, assessments, or penalties imposed on Servicers by any Association, resulting from Transactions or Chargebacks and any other fines, fees or penalties imposed by an Association with respect to acts or omissions of You or your Third Parties.
- 12.6 It is your responsibility to reconcile the statements regarding Transaction activity received from. Servicers, any Association, and any third party vendors with the

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statements You receive for your bank account. You must promptly examine all statements and promptly notify Servicers in writing of any errors in the statement received from Servicers. Your written notice must include: (i) Your name and account number; (ii) the dollar amount of the asserted error; (iii) a description of the asserted error; and (iv) an explanation of why You believe an error exists and the cause of it, if known. That written notice must be received by Servicers within forty-five (45) days of the date of the Servicer statement containing the asserted error.

13. CHARGEBACKS

13.1 You shall be responsible for all Chargeback amounts relating to Card transactions settled by Servicers for any reason under the Association Rules, including but not limited to where:

- (i) merchandise is returned and a proper credit for Cardholder is not received by Servicers for processing;
- (ii) the Sales Draft is, or is alleged to have been, executed, accepted, endorsed, completed or assigned improperly without authority or not in accordance with the Authorization requirements or provisions of this Exhibit G or the Operating Procedures;
- (iii) regardless of any Authorization obtained (including without limitation, telephone and mail order transactions), You completed a transaction when the Cardholder did not sign the Sales Draft;
- (iv) the signature on the draft was unauthorized as compared to the signature appearing on the Card, the signature panel on the Card was blank, or a limited purpose business purchasing card was accepted without appropriate authorization of the nature of the goods or services purchased (in addition to Authorization of the transaction amount);
- (v) the Sales Draft is incorrectly completed, incomplete or illegible;
- (vi) the Cardholder disputes the sale, quality or delivery (or availability for pre-arranged pick-up) of merchandise or the performance or quality of service covered by the Sales Draft or agreement accepted by such Cardholder;
- (vii) the circumstances in which the Sales Draft was created or submitted by, or credit was received by, You constituted or otherwise involved a breach of any term, condition, representation, warranty or duty of You hereunder;
- (viii) multiple Sales Drafts were executed to avoid the need to obtain authorization necessary to complete the transaction;
- (ix) the extension of credit for merchandise sold or rented or services performed was in violation of law or the rules or regulations of any governmental agency, whether federal, state, local or otherwise;
- (x) a legible copy of the Sales Draft or Credit Voucher cannot be produced by You within ten days of Servicers' request;
- (xi) the Cardholder asserts any claim or defense which the Cardholder has as a consumer of goods or services;
- (xii) the Cardholder disputes the validity of a telephone or mail order Card transaction;
- (xiii) the Card transaction is otherwise subject to Chargeback by the Card issuing bank or Cardholder in accordance with the Association Rules or applicable law; or

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(xiv) the Card transaction is subject to Chargeback in accordance with the procedures set forth in the Operating Procedures.

14. CASH PAYMENTS BY AND CASH DISBURSEMENT TO CARDHOLDERS.

You shall not accept any direct payments from Cardholders for charges of merchandise or services which have been included on a Sales Draft, it being the right of the Card issuing bank to receive such payments. Taxes on Card transactions must be included in the amount charged and may not be collected by You in cash. You shall not make any cash disbursements to a Cardholder as part of a Card transaction except to the extent expressly authorized by Exhibit G, the Operating Procedures or the Association Rules.

15. CONFIDENTIALITY

15.1 Unless You obtain consents from each applicable Association, Servicers, Card issuing bank and Cardholder, You shall not use, disclose, sell or disseminate any Cardholder information solely obtained in connection with a Card transaction (including the names, addresses and Card account numbers of Cardholders) except for purposes of authorizing, completing and settling Card transactions and resolving any chargebacks, retrieval requests or similar issues involving Card transactions, other than pursuant to a court or governmental agency request, subpoena or order. You shall use proper controls for and shall limit access to, and shall render unreadable prior to discarding, all records containing Cardholder account numbers and Card imprints. You must not retain or store magnetic stripe data after a transaction has been authorized. If You store any electronically captured signature of a Cardholder obtained solely in connection with a Card transaction, You shall not reproduce such signature except upon specific request of Servicers.

15.2 You acknowledge that You obtain no ownership rights in any information relating to and derived solely from Card transactions including Cardholder account numbers and personal information. You agree that Cardholder data and bank account information obtained by You in connection with any Transaction is the property of the financial institution that issued the Card or holds the customer's account.

16. FINANCIAL AND OTHER INFORMATION (See Exhibit D, Section 14)

17. TERMINATION

17.1 The Agreement may be terminated by Elavon effective at the end of the term by providing written notice of an intent not to renew to the State or an Authorized User at least ninety (90) days prior to the expiration of the then current term.

17.2 The Agreement may be terminated by Elavon immediately upon notice of the occurrence of one or more of the following:

- (i) The garnishment or attachment of the State's or an Authorized User's deposit accounts with Member, alternate security, the DDA, or any of the State's or an Authorized User's property in the possession of Elavon or Member.
- (ii) The commencement of a bankruptcy proceeding by or against the State or Authorized User.
- (iii) Any Association requires Elavon to terminate the Agreement or cease processing transactions for the State or Authorized User.

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- (iv) Any change, whether or not reported to Elavon, to the method or type of transactions processed that Elavon deems, in its discretion, to materially increase the risk to it of providing the services.
 - (v) Assignment of the Agreement without Elavon's written consent.
 - (vi) Upon the occurrence of a Data Incident as described in Exhibit G, Section 18.
- 17.3 Elavon has the right to send the DGS Contract Administrator or Authorized User, as applicable, a notice specifying the default in the following sections (i)-(v) and providing the DGS Contract Administrator or Authorized User an opportunity to cure the breach within a period of time no less than thirty (30) days (Cure Period). If the breach is not cured within the Cure Period, then Elavon has the right to terminate this Agreement by notice to the State or Authorized User, with termination to be effective not less than thirty (30) days following the end of the Cure Period.
- (i) The occurrence of Excessive Activity (defined as the occurrence, during any monthly period, of Chargebacks and/or retrieval requests in excess of one percent (1%) of the gross dollar amount of the Authorized User's Charges or returns in excess of two and one-half percent (2.5%) of the gross dollar amount of Charges).
 - (ii) The acceptance of Card Not Present or Convenience Fee Charges without proper disclosure to Elavon in the Subscription Agreement or an amendment thereto.
 - (iii) The failure to pay Elavon any amount the State or an Authorized User owes Elavon (in which case the notice shall be extended to sixty (60) days).
 - (iv) The failure by the State or an Authorized User to perform a material obligation of the Agreement.
 - (v) Any representation, warranty or covenant by the State or Authorized User is false or misleading in any material respect as of the date made, or becomes false or misleading in any material respect at any time during the term of the Agreement.
- 17.4 The parties' rights under the Agreement are cumulative. A party may exercise its termination rights with respect to an individual Authorized User or processing service without terminating other Authorized Users or processing services, provided that any termination of the Agreement in whole shall automatically terminate all related processing services and Authorized Users. A specific right of termination in this section shall not limit any other right of the party to terminate the Agreement expressed elsewhere.
- 17.5 All of the obligations of each party hereto that by their nature should survive termination or expiration of the Agreement in order to achieve its purposes shall so survive and remain binding upon and for the benefit of the parties hereto.

18. DATA SECURITY

Per the terms of this Exhibit G, You are required to follow the Operating Procedures and comply with Association Rules as they may each be amended from time to time as referenced in Section 3, including but not limited to the requirements of the Payment Card Industry (PCI) Data Security Standard (PCI DSS), the Cardholder Information Security Program (CISP) of Visa, the Site Data Protection Program (SDP) of MasterCard, the Data Security DISC Program and the PCI DSS regulations of Discover Network and any successor to such programs (the

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"Security Programs"). The Associations may impose different compliance requirements on different types and levels of customers. You understand that You must be in compliance with data security regulations for Your type or level of customer as defined by the Associations' Security Programs as well as comply with general security procedures. Servicers will endeavor to provide You with amended Operating Procedures outlining the various Association requirements with regard to Data Security, and other matters, pursuant to the terms of Exhibit G, however, You understand and acknowledge that it is solely the responsibility of You to maintain compliance with all Association Security Programs, and to pay any and all fines and assessments levied by the applicable Association for Your non-compliance, whether or not Servicers provide to You the amended Operating Procedures. You also understand and acknowledge that You are solely responsible for the compliance of any and all third parties (including but not limited to Internet Service Providers) that are given access by You, to Your Cardholder data, and for any third party POS VAR software that You may use. You further acknowledge that it is Your responsibility to inform Servicers of any of Your third party providers that are given access by You to Your cardholder data. You also acknowledge that it is Your duty to notify Servicers of any data security compromise and to cooperate and assist Servicers in any subsequent investigation. You must notify Servicers within twenty-four (24) hours (and if notice is given orally, it must be confirmed in writing within the same twenty-four hour period), if You know or suspect that Cardholder data, customer information, or Transaction information has been accessed or used without authorization from You or Your third party providers (a "Data Incident"). The notice must include: (a) a detailed written statement about the Data Incident including the contributing circumstances, (b) the form, number and range of compromised account information, (c) specific account numbers compromised, and (d) details about the ensuing investigation and Your security personnel who may be contacted in connection with the Data Incident. In the event of a Data Incident, You must take immediate steps to preserve all business records, logs and electronic evidence relating to the Data Incident. Within seventy-two (72) hours of becoming aware of the Data Incident, You must engage the services of a data security firm acceptable to the Associations and/or to Servicers to assess the vulnerability of the compromised data and related systems. You must provide weekly written status reports to Servicers until the forensic audit is complete. You must promptly furnish updated lists of potential or known compromised account numbers and other documentation or information that the Associations and/or Servicers may request. In addition, You must provide all security audit reports to Servicers, and such audits must be completed to the satisfaction of the Associations and/or of Servicers.

Servicers may in their sole discretion, suspend or terminate card processing services under this Exhibit G for any data security compromise.

19. CONTRACT MANAGEMENT

As of the Effective Date of this Agreement, the Contract Manager for the State of California shall be as follows:

Mary Anne DeKoning
Department of General Services
Procurement Division
707 Third Street, 2nd Floor
West Sacramento, CA 95605

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MaryAnne.Dekoning@dgs.ca.gov

916-375-4365

916-375-4663

As of the Effective Date of this Agreement, the Contract Manager for Contractor shall be as follows:

Bridget Stover
Client Executive
621 Capitol Mall, Suite 800
Sacramento, CA 95814
Telephone: (916) 498-3443
Fax: (865) 498-3813
bridget.stover@elavon.com

Should the Contract Manager for either party change, the party will provide written notice with the updated information as soon as reasonably possible after the change.

20. ASSIGNMENT

Any transfer or assignment of this Exhibit G by You without Servicers' prior written consent as required by Exhibit C Section 3, by operation of law or otherwise, is voidable at either Servicers' sole discretion. In the event of such transfer or assignment, the party to whom this Exhibit G was transferred or assigned shall be bound to the terms and conditions of this Exhibit G to the same extent as if Servicers and such assignee or transferee, as the case may be, entered into an agreement identical to this Exhibit G on the effective date of such transfer or assignment.

Upon notice to You, another VISA and MasterCard member may be substituted for Bank under whose sponsorship this Exhibit G is performed. Upon substitution, such other VISA and MasterCard member shall be responsible for all obligations required of Bank, including without limitation, as may be expressly required by applicable Association Rules. Subject to Association Rules, Servicers may assign or transfer this Exhibit G and their rights and obligations hereunder and may delegate their duties hereunder, in whole or in part, to any third party, whether in connection with a change in sponsorship, as set forth in the preceding sentence, or otherwise, with notice but without consent of You.

Except as provided in the following sentence, this Exhibit G shall be binding upon permitted successors and assigns and shall inure to the benefit of the parties and their respective permitted successors and assigns. No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, debtor in possession, sheriff or any other officer of a court, or other person charged with taking custody of a party's assets or business, shall have any right to continue or to assume or to assign this Exhibit G.

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21. RETENTION OF RECORDS

You must retain legible copies of Sales Drafts and Credit Vouchers for a period of at least eighteen (18) months from the date of such transaction. You must submit to Servicers a legible copy of a Sales Draft or Credit Voucher within 10 days of a request by Servicers, or longer period of time as may be allowed by the Association.

22. Miscellaneous.

- 22.1 The parties acknowledge that the Association Rules give the Associations certain rights to require termination or modification of this Exhibit G with respect to transactions involving Association Cards and the Association Card system and to investigate Authorized User. The parties also acknowledge that issuers of other Cards, for which Servicers perform services on behalf of Authorized User, may have similar rights under their applicable Association Rules with respect to this Exhibit G's applicability to transactions involving such other Cards.
- 22.2 Authorized User acknowledges and agrees that any of information obtained by Servicers may be shared with Servicers' affiliates, who have a need-to-know, in connection with the provision of other services provided to You by Servicers provided in connection with this MSA, as long as the affiliates are under obligation to treat such information with the same degree of care as required of Servicers.
- 22.3 You represent that: (i) You have never been placed on the MasterCard MATCH™ system (formerly known as the Combined Terminated Merchant File), or been named to the Consortium Merchant Negative File maintained by Discover or, if You have, you have disclosed this fact to Servicers in writing; (ii) You are obtaining and using the processing services from us for business purposes only and to facilitate lawful business Charges between You and your customers, and you will not submit Charges for processing to us for any businesses, materially different products, or methods of selling other than those set forth in the Subscription Agreement without the prior written consent of Servicers; (iii) You acknowledge that the bank account into which debits and credits are made is being used for lawful business purposes only; (iv) with respect to the parties to this Agreement, You are responsible for the actions of or failure to act by your officers, directors, employees, agents, Internet Service Providers, third parties, business invitees, and those of any other person who, with or without your consent or cooperation, obtains access to information related to Charges from You or access to systems under your control, but excluding all actions to the extent attributable to our breach of the Agreement, negligence or willful misconduct.
- 22.4 You are solely responsible for monitoring your Transactions. Servicers are under no duty to monitor Your Transactions for fraudulent or other suspicious activity.
- 22.5 In the event of failure or other suspension of your business operations, including any bankruptcy proceeding, you must not sell, transfer, or disclose any materials that contain Cardholder or Charge information to third parties. Unless otherwise ordered by law or court order, You must: (a) return this information to us, or (b) provide acceptable proof of destruction of this information to us.

STATE OF CALIFORNIA
STANDARD AGREEMENT AMENDMENT
 STD. 213 A (Rev 6/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 38 Pages

AGREEMENT NUMBER 5-10-99-02	AMENDMENT NUMBER 1
REGISTRATION NUMBER	

1. This Agreement is entered into between the State Agency and Contractor named below:

STATE AGENCY'S NAME
DEPARTMENT OF GENERAL SERVICES

CONTRACTOR'S NAME
Elavon, Inc (See second signature page)

2. The term of this Agreement is **June 1, 2010** through **May 31, 2015**

3. The maximum amount of this Agreement after this amendment is: **\$0**
Zero dollars

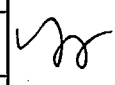
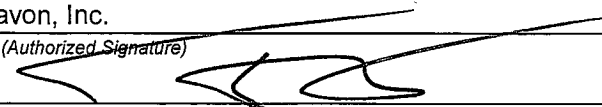
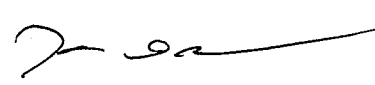

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

To amend and supplement Master Services Agreement 5-10-99-02 dated June 1, 2010 (the "Agreement"). Elavon and DGS do hereby agree to include new and replace the exhibits shown below in its entirety and attach hereto and incorporate herein as follows

<u>From: Elavon</u>	<u>To: Elavon</u>	
Exhibit B	Amendment 1 of Exhibit B – Budget Detail and Payment Provisions	Pages 3
Exhibit D	Amendment 1 of Exhibit D – Special Terms and Conditions	Pages 8
Exhibit D - Attach I	Amendment 1 of Exhibit D – Attachment I – Elavon Authorization User Participation – Set Up Form	Pages 4
Exhibit D - Attach II	Amendment 1 of Exhibit D– Attachment II –State Signature Page	Pages 2
Exhibit D - Attach III	Amendment 1 of Exhibit D– Attachment III –Local Signature Page	Pages 3
Exhibit E	Amendment 1 of Exhibit E – Fees and Costs	Pages 3
Exhibit K	Official Payment Corporation Convenience Fee Services (new)	Pages 11
Exhibit K - Attachment I	– OPC Convenience Fee Rate Determination Worksheet (new)	Pages 2
Exhibit K - Attachment II	– OPC Annual Interchange Transaction Data Report Pages (new)	Pages 2

All other terms and conditions shall remain the same. The effective date of this amendment is the date approved and signed by the Department of General Service's Office of Legal Services.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only  <div style="border: 2px solid black; padding: 5px; text-align: center;"> APPROVED JUL 25 2011 DEPT OF GENERAL SERVICES </div>
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) Elavon, Inc.		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 7/5/11	
PRINTED NAME AND TITLE OF PERSON SIGNING Timothy I. Miller, Senior Vice President		
ADDRESS 7300 Chapman Highway, Knoxville, TN 37920		<input type="checkbox"/> Exempt per: 
STATE OF CALIFORNIA		
AGENCY NAME Department of General Services - Procurement Division		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 7/27/11	
PRINTED NAME AND TITLE OF PERSON SIGNING Jim Butler, Deputy Director		
ADDRESS 707 Third Street, 2 nd Floor, West Sacramento, CA 95605		

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their authorized officers, all as of the day and year first written above.

The undersigned each agree to be bound by the terms and conditions of the MSA exhibits selected and signed for below.

Exhibits A-J

Elavon _____

("Contractor")

Signature: 

Print Name: Timothy Millo

Title: SVP

Dated: 7/5/11

Exhibits A-G

U.S. Bank _____

("Bank or Member")

Signature: 

Print Name: Timothy Millo

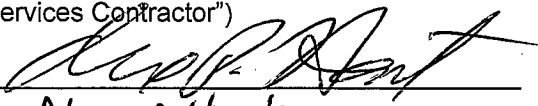
Title: SVP

Dated: 7/5/11

Exhibits A-G and K

Official Payments Corporation _____

("Exhibit K Services Contractor")

Signature: 

Print Name: Alex P. Hart

Title: Chief Executive Officer

Dated: 7/19/11

Amendment 1 of Exhibit B – Budget Detail and Payment Provisions

1. INVOICING AND PAYMENT:

- a. All Authorized Users are required to open a deposit account at an approved State financial institution that participates in the Automated Clearing House of the Federal Reserve System (ACH) to accept electronic payments via ACH under this MSA. For California State Authorized users this deposit account must be a Zero Balance Account (ZBA).
- b. Each Authorized User must provide the Contractor with the name, bank deposit account and ABA (bank routing) numbers of the financial institution where such Authorized User's deposit account is established. Further, Authorized User must notify Contractor of any changes to its financial institution, account, or ACH information over the course of the agreement. Each Authorized User must also notify its financial institution that the Contractor has access to the designated deposit account to make payments.
- c. For State Authorized Users, Contractor does not have authority to debit any amounts from the Authorized User's deposit account. Contractor shall settle the total amount for Charges net of Chargebacks, Credits and applicable adjustments. However, Contractor shall not reduce any payment transaction for payment of the processing fees (as defined in Exhibit E - Fees and Costs). **If Authorized User chooses to use a third party convenience fee provider (as provided in Exhibit K), Authorized User acknowledges that all fees will be settled to a DDA established by the third party convenience fee provider. Further, Authorized User acknowledges and agrees that Contractor shall bill the third party convenience fee provider for all fees due and owing for such convenience fee transactions by Authorized User hereunder. Notwithstanding the above, Authorized User shall be fully liable for any Contractor's fees and Third Party Fees, provided for in this Agreement.**
- d. Contractor shall initiate payment to each Authorized User's designated deposit account in accordance with the schedule noted in Exhibit A, Section 4.a.2. If the payment transmittal date falls on a day that Contractor's bank is not open for processing payments, Contractor will initiate payment as soon as the Contractor's bank is open. Funds due to State Authorized Users shall never be held in Contractor's account or any other account not specifically authorized by an Authorized User. Contractor will not be responsible for any obligations, damages, or liabilities in excess of the amount of the applicable debit, credit, or adjustment to an Authorized User's deposit account in the event that the Authorized User's financial institution does not honor any such item or improperly applies it to such Authorized User's account.
- e. Each Authorized User is responsible for paying for electronic payment acceptance services provided hereunder, subject to appropriations of its controlling body, as set forth in Section 2 of Exhibit B.
- f. Each Authorized User shall provide billing information (mailing address, contact person, etc.) as part of its individual Subscription Agreement (defined in Exhibit D, Section 2) executed with Contractor.

Amendment 1 of Exhibit B – Budget Detail and Payment Provisions

- g. Invoices shall be submitted in arrears to each State Authorized User on Contractor's letterhead within 15 days of the end of each month and in accordance with the Prompt Payment Act. The invoice shall include:
- The MSA number.
 - Authorized User Name.
 - Authorized User Merchant Number.
 - Time period covered.
 - Work completed for the period shall be identified (detailed statement of services rendered) as specified in the individual Authorized User's Subscription Agreement.
 - Contact information for billing comments or inquiries such as a telephone number, fax number, and address.
- h. Upon receipt of invoices and subsequent approval by the Authorized User's designated representative(s), the Authorized User will pay the Contractor for fees and costs as specified in Exhibit E. Contractor must NOT charge processing fees that are higher than or any additional fees other than those specified, which cover all services provided by this MSA including electronic payment acceptance services, user guides, reports, and customer service.
- i. State Authorized Users will promptly process the invoice and pay Contractor, or cause the State Controller to pay Contractor, for the amount due.
- j. Each Local Authorized User will promptly process the invoice and pay by either: (i) Contractor debiting such Local Authorized User's designated debit (payment) account, with the Local Authorized User's prior approval, or (ii) initiating ACH payment to the Contractor's demand deposit account.
- k. Contractor shall indicate Chargebacks and adjustments (including Credits) to Authorized Users in statements and reports as required pursuant to Section 4.b.4 of Exhibit A.
- l. The State does not accept liability of Local Authorized Users (cities, counties, local governments, political subdivisions etc.).

2. BUDGET CONTINGENCY CLAUSE:

- a. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under the Authorized User's Subscription Agreement does not appropriate sufficient funds for the program contemplated thereunder, the Authorized User's Subscription Agreement shall be of no further force and effect after the Authorized User provides written notice to Contractor. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other consideration under the Subscription Agreement.
- b. For State Authorized Users, if funding for any fiscal year is reduced or deleted by the Budget Act for purposes of the Authorized User's programs, the Authorized Users shall have the option to either (i) cancel Authorized User's Subscription

Amendment 1 of Exhibit B – Budget Detail and Payment Provisions

Agreement with no liability occurring to the State by providing Contractor immediate written notice or (ii) offer an agreement amendment to Contractor to reflect the reduced amount.

- c. In the event an Authorized User's Subscription Agreement is terminated pursuant to this Section 2, such Authorized User shall be responsible for payment of all amounts owed to Contractor related to transactions processed up until the effective date of termination.

3. REPORTING REQUIREMENTS:

Contractor shall maintain an accounting system using generally accepted accounting principles that will provide information for reports to the State and Authorized Users. Some of the reporting requirements include, but are not limited to, providing the DGS Contract Manager with usage and fiscal activities documentation on a quarterly basis. This quarterly activity report (See Exhibit B Attachment I) will summarize the Contractor's MSA contract activity by payment category for each Authorized User and will contain the following information:

- Authorized User Name (department, agency, etc.)
- Authorized User's Merchant Number
- Dollar Volume by card type (*Amex, Discover, Visa, MC, Debit*) and/or payment solution
- Number of transactions by card type and/or payment solution
- Average Ticket by card type and/or payment solution
- Fees paid by payment solution and type (interchange, processor, convenience fees, other)

The contractor to send reports electronically using Email and Microsoft Excel or compatible. Send to MaryAnne.DeKoning@dgs.ca.gov and Masters@dgs.ca.gov

Contractor shall provide equipment and software reporting information upon request.

4. PROMPT PAYMENT CLAUSE:

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

5. CONTRACTOR OVERPAYMENTS:

If the Authorized User determines that an overpayment has been made to the Contractor, the Authorized User will seek recovery immediately upon discovery of the overpayment by: (a) calling the contractor service center to request a refund of the overpayment amount; or (b) offsetting subsequent Contractor payments by the amount of the overpayment if Contractor repayment is not received within thirty (30) days from the date of notice. If Contractor discovers they have received an overpayment, contractor must notify the Authorized user and refund the overpayment immediately.

Amendment 1 of Exhibit D – Special Terms and Conditions

1. AUTHORIZED USERS:

- a. Authorized Users means (i) State of California government entities that participate in this MSA (“State Authorized Users”), and (ii) Local government entities that participate in this MSA (“Local Authorized Users”). State and Local entities are further defined in Section 1.b below.
- b. Pursuant to Government Code §11000, State of California government entities include every state office, officer, department, division, bureau, board, and commission. Pursuant to Public Contract Code §10298, and for purposes of this agreement, a Local government entity is any city, county, district, or other local governmental body or corporation empowered to expend public funds for the acquisition of goods, information technology, or services. Further, for purposes of this agreement, reference to Local government entities will also include the California State Universities (CSU) and University of California (UC) systems, school districts and community colleges.
- c. This Master Services Agreement (MSA) is designated as mandatory for State of California government entities that seek to acquire credit card payment acceptance services. Each entity is required to adhere to Department of General Services (DGS) contract and procurement policy and procedures. See the following link for the State of California Agency List (exclude any local government agencies described above): <http://www.ca.gov/About/Government/agencyindex.html>
- d. Local government use of this MSA is optional. Local government entities may execute a contract under this MSA using (i) the standard form Std. 213 or appropriate equivalent contract form, and (ii) Selected Services Signature Page, Exhibit D Attachment III. Upon execution of the contract form they shall become Authorized Users and the provision of services by the Contractor to such Authorized Users will be governed by the terms of this MSA.
- e. However, the Contractor has authorization to negotiate with Local Authorized Users the specific provisions cited below.
 - Invoicing and Payment Provisions (Exhibit B, Section 1.a-c):
 - Reporting Requirements (Exhibit B, Section 3)
 - Governing Law, Jurisdiction (Exhibit C, Section 14)
 - Local Authorized User’s additional specific terms and conditions (noted in Exhibit D, Section 2)
 - Elavon’s Standard Proposed Local Negotiation Language for Local Authorized Users (Appendix 1)
 - Convenience and Service Fees (Exhibit E Section 4a. last paragraph - referring only to Local Authorized User)

2. AUTHORIZATION TO RENDER SERVICES:

Unless otherwise provided in this Agreement, Contractor may not decline a State of California government entity’s or a local government entity’s request to utilize

Amendment 1 of Exhibit D – Special Terms and Conditions

services offered under this Agreement unless Authorized User is unable to meet all applicable system requirements, PCI compliance, product certification, or compliance with Association Rules.

Prior to rendering services, Contractor and a State of California government entity or a local government entity (as applicable) must execute a separate subscription agreement that incorporates all of the terms of this MSA by reference and may contain additional agency specific terms and conditions, none of which may alter, rescind, or be in conflict with the terms and conditions of this MSA. The duly executed Std. 213, or the appropriate equivalent contract form for Local Authorized Users, in combination with the Selected Services Signature Page, Exhibit D Attachment II are herein referred to as the "Subscription Agreement".

The Subscription Agreement shall describe the particular requirements of the Authorized User, usually reflected in detailed scope of work and payment provisions. State Authorized User's Subscription Agreements shall be processed in accordance with State contracting laws, policy, and procedures. The duly executed Std. 213, or the appropriate equivalent contract form for Local Authorized Users, in combination with the Selected Services Signature Page, Exhibit D Attachment II (State Authorized Users) or Attachment III (Local Authorized Users) are herein referred to as the "Subscription Agreement".

3. ENTIRE AGREEMENT & AMENDMENTS:

This MSA Agreement includes the Std 213 form, Exhibits **A-K** and its attachments; documents incorporated by reference, and mutually approved amendments. This MSA constitutes and contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior oral or written agreements. Each party acknowledges and agrees that the other has not made any representations, warranties or agreements of any kind or nature, except as expressly set forth herein. This Agreement may not be modified or amended, including by custom, usage of trade, or course of dealing, except by an instrument in writing signed by duly authorized officers of both parties hereto.

4. ORDER OF PRECEDENCE:

In the event of any inconsistency between articles, attachments, specifications or provisions which constitute this Agreement, the following order of precedence shall apply:

- a. All federal, state, local laws and regulations
- b. Exhibit C Terms & Conditions
- c. Exhibit A Scope of Services
- d. Exhibit B Budget and Payment Provisions

Amendment 1 of Exhibit D – Special Terms and Conditions

- e. Exhibit D Special Terms & Conditions
- f. State of California MSA Standard Agreement (STD 213)
- g. Exhibit E Fees and Costs
- h. Exhibit F Equipment
- i. Exhibit G Agreement For Merchant Processing Services
- j. Exhibit **H-K** (as applicable)
- k. Association Rules.

5. SECURITY, PRIVACY, DISCLOSURE, & HIPAA COMPLIANCE:

The parties acknowledge that this Agreement is subject to the California Public Records Act (Govt. Code section 6250 et seq.), California Government Code sections 6164 and 11019.9; and California Civil Code Section 1798 et seq; and the applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (Code of Federal Regulations (CFR), Title 45, Sections 164.501 et seq. and HIPAA requirements posted on the California Office of HIPAA Implementation (CalOHI) webpage at: <http://www.hipaa.com/legislation/45CFR-164.501.html>.

Authorized Users agree not to disclose Cardholder account numbers and/or Card Identification Numbers (“CIDs”) unless required by law or other legal process, or for internal State purposes.

Contractor agrees it will not use the names, addresses, and any other personally identifying information of State, city, county, school, or other public employees for any purpose not directly related to this Agreement.

6. REGULATORY AUTHORITIES (Industry Related Rules and Regulations):

Contractor warrants and certifies that prior to, and in the performance of this Agreement, it will acquire, maintain, and remain in compliance with all mandatory regulatory approvals with respect to its performance under this Agreement required by any applicable governmental agency having jurisdiction over Contractor. If such regulatory approvals are not obtained by Contractor prior to the performance of this Agreement, this Agreement shall be of no force or effect.

7. LICENSES AND PERMITS:

Contractor shall be responsible for obtaining and maintaining at its expense all applicable licenses, registrations, permits, and certifications applicable to its performance under this Agreement during the entire term of this Agreement required

Amendment 1 of Exhibit D – Special Terms and Conditions

by federal law, the State of California, and local jurisdictions in California.

8. INSURANCE & BONDING:

Contractor agrees that the liability insurance herein provided for and employee fidelity bond insurance policies covering all employees engaged in the performance of this Agreement shall be in effect at all times during the term of this Agreement. If insurance or bonding coverage expires at any time during the term of this Agreement and those Subscription Agreements executed directly with the Authorized Users, Contractor agrees to provide to the Authorized Users, upon expiration of coverage, a new certificate of insurance evidencing the renewal of such insurance coverage as provided for herein. New certificates of insurance are subject to the approval of the Department of General Services, such approval not to be unreasonably withheld.

The Contractor agrees to maintain commercial general liability, and employee fidelity bond insurance policies of not less than \$1,000,000 per occurrence and \$3,000,000 in aggregate and worker's compensation insurance in accordance with applicable statutory requirements.

Upon request, the Contractor shall furnish to the State and/or Authorized Users certificates of insurance stating each type and amount of insurance, as set forth above, is presently in effect for Contractor.

9. SUBCONTRACTORS:

Each party (Contractor or Authorized User) is responsible, without recourse to the other party, for the settlement and satisfaction of its own contractual and administrative obligations arising out of each party's respective subcontracts to render (in the case of Contractor) or receive (in the case of Authorized Users) the services outlined in this Agreement.

The State and Authorized User acknowledge that for purposes of Exhibit K, "Contractor" refers to Official Payments Corporation for all aspects of transaction processing except the provision of settlement services, for which "Contractor" refers to Elavon, Inc. In performing Exhibit K services, Official Payments Corporation is not acting as a subcontractor of Elavon, Inc.

10. SEVERABILITY:

To be effective, the waiver by either party of a breach of any provision contained herein shall be in writing and shall in no way be construed as a waiver of any subsequent breach of such provision or the waiver of the provision itself. If any provision of this Agreement shall be held illegal, invalid or unenforceable, that

Amendment 1 of Exhibit D – Special Terms and Conditions

provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

11. TERMINATION (By State or Authorized User, Contractor Termination Provisions in Other Exhibits):

- a. The State may terminate the MSA and any Authorized User may terminate its respective Subscription Agreement for cause upon a reasonable and good faith determination that the Contractor failed to perform the material requirements of this Agreement at the time and in the manner herein provided.

In addition to the termination rights specified in the preceding paragraph, in the event of a breach, the State or Authorized User may elect to send the Contractor a notice specifying the breach and providing the Contractor an opportunity to cure the breach within a period of time no less than thirty (30) days "Cure Period". If the breach is not cured within the Cure Period, the State or Authorized User has the right to terminate the Agreement by notice to the Contractor.

However, Authorized Users will provide a Cure Period, rather than immediate termination, if a breach involves meeting a service level agreement identified in Exhibit A section 4.b-c. Nonetheless, the State and Authorized Users reserve the right to terminate for cause without providing additional Cure Periods if a service level issue for which a Cure Period has previously been provided recurs.

- b. The State may terminate the MSA without cause upon sixty (60) days advance written notice to the Contractor. Authorized Users may terminate their respective Subscription Agreements without cause upon thirty (30) days advance written notice to the contractor. In the event of a termination without cause, Contractor shall not be responsible for any costs to the State or an Authorized User associated with such termination and any sum due the Contractor under this Agreement (which sum due to the Contractor shall include, but not be limited to, the fees as set forth in this Agreement for Charges up to the date of a termination for which Authorized User receives payment from Contractor) shall be paid to the Contractor within thirty (30) days of termination, excluding any Chargebacks, fees, fines or penalties owed by the State or Authorized User that are presented after termination, which shall be paid within thirty (30) days of presentment.
- c. After receipt of a notice of termination by the State or an Authorized User, and except as otherwise directed by the State or Authorized User, Contractor shall:
 - (i) Stop work as specified in the notice of termination.
 - (ii) Place no further subcontracts for materials, services, or facilities, except as necessary to complete the continuing portion of the Agreement.
 - (iii) Terminate all subcontracts to the extent they relate to the work terminated.

Amendment 1 of Exhibit D – Special Terms and Conditions

- (iv) After receipt of a notice of termination and prior to the contract termination effective date, Contractor agrees to diligently proceed without interruption in the performance of this Agreement. Contractor's failure to diligently proceed in accordance with this Agreement shall be considered a material breach of this Agreement.

12. PHASE IN & PHASE OUT TRANSITION SERVICES:

Prior to the end of this Agreement's contract term, or if this Agreement is terminated by the State, Contractor agrees to reasonably assist in transitioning the services provided under this Agreement within a period of time, not to exceed one hundred eighty (180) day calendar period. Contractor shall cooperate with any new contractor(s) and State staff in effectuating an orderly transition.

13. DISPUTE RESOLUTION:

In the event a dispute arises with respect to the interpretation or performance of, or the relationship created by, all or any part of this Agreement, the parties will attempt in good faith to resolve the dispute.

14. FINANCIAL AND OTHER INFORMATION

Authorized User must provide to Contractor promptly, upon request, information about Authorized User's finances and operations. However, with respect to State Authorized Users, the posting of such financial information at the <http://www.ebudget.ca.gov> website (or any successor website thereto) shall be deemed to fulfill this requirement.

15. WARRANTIES; EXCLUSION OF CONSEQUENTIAL DAMAGES; LIMITATION ON LIABILITY

15.1 **Disclaimer of Warranties.** THIS MSA AND ANY AMENDMENTS IS AN AGREEMENT FOR SERVICES AND EXCEPT AS EXPRESSLY PROVIDED IN THIS MSA AND ANY AMENDMENTS, CONTRACTOR AND ITS AFFILIATES DISCLAIM ALL REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE TO AUTHORIZED USER OR ANY OTHER PERSON, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE (REGARDLESS OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE) OF ANY SERVICES OR ANY GOODS PROVIDED INCIDENTAL TO THE SERVICES PROVIDED UNDER THIS AGREEMENT.

15.2 **Exclusion of Consequential Damages.** NOTWITHSTANDING ANYTHING IN THIS MSA AND ANY AMENDMENTS TO THE CONTRARY, IN NO EVENT

Amendment 1 of Exhibit D – Special Terms and Conditions

SHALL EITHER PARTY OR ITS AFFILIATES BE LIABLE UNDER ANY THEORY OF TORT, CONTRACT, OR OTHER LEGAL THEORY FOR LOST PROFITS, LOST REVENUES, LOST BUSINESS OPPORTUNITIES, SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER ANY PARTY OR ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

16. NOTICES:

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given if delivered (a) personally, (b) via facsimile, electronic mail or overnight express service or (c) by certified or registered mail, postage prepaid, return receipt requested, in each case, to the addresses, facsimile numbers and/or electronic mail addresses set forth below. The parties hereto may change their street addresses, facsimile numbers and electronic mail addresses for purposes of this Agreement by notifying the other party in the manner specified in this section.

The notice address for Elavon shall be: 7200 Chapman Highway, Knoxville, TN, 37920, Attention: Tim Miller Senior Vice President Operations, with a copy to Attention: General Counsel's Office at One Concourse Parkway, Suite 300, Atlanta, GA 30328,

The notice address for Bank shall be: Attn: President, U.S. Bank, N.A., U.S. Bancorp Center, 500 Nicollet Mall, Minneapolis, MN 55402, with a copy to Attn: General Counsel at the same address.

Notwithstanding the foregoing, in the event notice is given for termination or Cure Periods as provided in this Agreement, then such notice may not be given via electronic mail.

17. PROPRIETARY RIGHTS AND PERMITTED USES

- a. Neither party may issue any press release about this Agreement or the State without the other party's prior written consent.
- b. An Authorized User may use and display the Associations' marks, and shall display such Marks in accordance with the standards for use established by the Associations. The Authorized User's right to use all such Marks will terminate upon termination of the Agreement or upon notice by an Association to discontinue such use, and the Authorized User must thereafter promptly return any materials displaying the Marks. The Authorized User's use of promotional materials provided by the Associations will not indicate, directly or indirectly, that such Associations

Amendment 1 of Exhibit D – Special Terms and Conditions

endorse any goods or services other than their own and the Authorized User may not refer to any Associations in stating eligibility for its products or services.

- c. Neither the State nor any Authorized User has any interest whatsoever, including, without limitation, copyright interests, franchise interests, license interests, patent rights, property rights, or other interest in any services, software, or hardware provided by Contractor, unless specifically agreed to in a separate license or use agreement between the parties. Nothing in the Agreement shall be construed as granting the State or any Authorized User any patent rights or patent license in any patent which Contractor may obtain with respect to Contractor's services, software, or equipment. The State and Authorized Users will make no attempt to duplicate or otherwise ascertain the components, circuit diagrams, logic diagrams, flow charts, source and object code, schematics or operation of, or otherwise attempt to reverse engineer any of Contractor's services, equipment, or software.

18. INTERPRETATION

In construing this Agreement, unless the context requires otherwise: (i) the singular includes the plural and vice versa; (ii) the term "or" is not exclusive; (iii) the term "including" means "including, but not limited to;" (iv) the term "day" means "calendar day"; (v) any reference to any agreement (including this Agreement), instrument, contract, policy, procedure, or other document refers to it as amended, supplemented, modified, suspended, replaced, restated, or novated from time to time; and (vi) all captions, headings, and similar terms are for reference only. Capitalized terms used in this Agreement and not defined in the same Exhibit may be defined in other Exhibits hereto or in the Operating Procedures, as applicable.

Elavon / U.S. Bank / OPC Authorized User Participation - Set Up Form		Example	Location 1	Location 2	
Selected Services	Merchant Selected Services				
	MSA Category 1 - Credit and Debit Card Processing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	MSA Category 3 - Electronic Check Conversion Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Elavon' Convenience Fee Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Elavon's Enterprise Billing Solution Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Authorized User Information	Agency/Department Name				
	Reference Name	Department of General Svcs.			
	Location (DBA) Business Information				
	Location Name (DBA) (would reflect on your client statement):	"DGS Field Office 6652"			
	Authorized Contact	Lindsey White			
	Street Address 1 (Do not use P.O. Boxes)	123 Main Street			
	Street Address 2 (Do not use P.O. Boxes)	Suite 1234			
	City	San Rafael			
	State	CA			
	Zip	94903			
	Telephone	415-555-1234			
	Cell Phone	415-666-1234			
	Fax	415-555-4321			
	Customer Service Telephone				
	E-mail Address	lindsey.white@dgs.ca.gov			
	Website Address	www.testaccount.com			
	Customer Service Website Address	www.customerservice.com			
	Type of Business				
	Government, Education	Government			
	Fed Tax ID - if not on file, please provide MPA or Schedule B when submitting request	12-3456789			
	Headquarter Information				
	Headquarter Merchant Name	Department of General Svcs.			
	Headquarter Authorized Signer	Lindsey White			
	Headquarter Street Address 1	456 Example Street			
	Headquarter Street Address 2				
	Headquarter City	Example City			
	Headquarter State	CA			
	Headquarter Zip	94621			
	Headquarter Telephone	555-666-6547			
	Headquarter Cell Phone				
Headquarter Fax	555-555-6545				
Billing/Shipping Information (List which address it needs to go to, e.g. Headquarter, DBA, or Special)					
Mail Statements to - Headquarter or DBA	Corp				
Shipping - Headquarter or DBA	ZBA				
Retrievals - Headquarter or DBA	Headquarter				
Chargebacks - Headquarter or DBA	Headquarter				
Copy Request - Headquarter or DBA	Headquarter				
AUTO FAX number if set up to fax chargebacks	555-555-6545				
Payment Method	Payment Method				
	State Authorized Users -- Must be Invoiced	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Locals Authorized Users Only - Select Preferred Method				
	Direct Debit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Monthly Net Settlement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Invoiced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Bank Account Information	Bank Account Information - NOTE: ALL ACCOUNTS MUST BE CHECKING ACCOUNTS				
	Deposit Account				
	Deposit Settlement Name (List ZBA or Legal)	Example Location			
	ABA/Routing #	1234567			
	Account #	123456782			
	Bank Name	Union Bank of CA			
	Bank Address	1234 Bank Way			
	City	Bank City			
	State	CA			
	Zip	99970			
	Bank Telephone	999-555-9874			
	Billing Account (LOCAL AUTHORIZED USERS ONLY)				
	<i>Note: Billing and Chargeback sections do not have to be completed if same as Deposit Account. Please put "DEPOSIT" in 'Deposit Settlement Name section.</i>				
	Deposit Settlement Name (List DBA or Legal)				
	ABA/Routing #				
	Account #				
	Bank Name				
	Bank Address				
	City				
	State				
	Zip				
	Bank Telephone				
	Chargeback Account (LOCAL AUTHORIZED USERS ONLY)				
	Deposit Settlement Name (List DBA or Legal)				
	ABA/Routing #				
Account #					
Bank Name					
Bank Address					
City					
State					
Zip					
Bank Telephone					

Elavon / U.S. Bank / OPC Authorized User Participation - Set Up Form		Example	Location 1	Location 2
Card Acceptance Information				
Select Cards to Accept				
Credit Cards (Visa, MasterCard, American Express, Discover)	Visa <input type="checkbox"/> MC <input checked="" type="checkbox"/> AMEX <input checked="" type="checkbox"/> DISC <input checked="" type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>
Debit Cards - Signature, Pin-Based, Pin less (Internet Only) <i>Check all that apply</i>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>
Description of products or services offered	Government			
Percent Card Present (Swiped)	0%			
Percent Card Not Present (Key Entered)	0%			
Mail Order	50%			
Telephone Order	50%			
Internet	0%			
Total Percentage (Must equal 100%)	100%			
Do you accept orders by Mail/Telephone? (If yes, put applicable percentage)	100%			
Do you accept orders by Internet? (If yes, put applicable percentage) - Internet accounts should be 100% internet	no			
If Internet processing, list WEBSITE/URL				
Yearly Volume	\$ 12,000,000.00			
Monthly Volume	\$ 1,000,000.00			
Average Ticket	\$ 1,000.00			
Largest Ticket				
# of Transactions per Month	1,000			
Percentage of ACH payments				
Percentage of Credit Card payments				
T&E Card Information				
Amex SE#	-			
Discover SE#	-			
Electronic Check Service (ECS) Information <i>Requires POS with Image</i>				
Select Specific Service	POP <input type="checkbox"/> ARC <input type="checkbox"/> BOC <input type="checkbox"/>	POP <input type="checkbox"/> ARC <input type="checkbox"/> BOC <input type="checkbox"/>	POP <input type="checkbox"/> ARC <input type="checkbox"/> BOC <input type="checkbox"/>	POP <input type="checkbox"/> ARC <input type="checkbox"/> BOC <input type="checkbox"/>
Point of Sale, Accounts Receivable Conversion, Back Office Conversion	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Conversion only	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conversion w/ Verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conversion w/ Guarantee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience and Service Fee (Select 1, 2, or 3)				
1. Convenience Fee Program (Local Authorized Users Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elavon or Merchant Managed Program	Elavon <input checked="" type="checkbox"/> Merchant <input type="checkbox"/>	Elavon <input type="checkbox"/> Merchant <input type="checkbox"/>	Elavon <input type="checkbox"/> Merchant <input type="checkbox"/>	Elavon <input type="checkbox"/> Merchant <input type="checkbox"/>
Credit Cards (Visa, MasterCard, American Express, Discover)	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>
Debit Cards - Signature, Pin-Based, Pin less (Internet Bill Pay Only) <i>Check all that apply</i>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>
ACH - (Verification, Conversion Only) - Using Enterprise Billing Solution	Verification <input type="checkbox"/> Conversion <input type="checkbox"/>	Verification <input type="checkbox"/> Conversion <input type="checkbox"/>	Verification <input type="checkbox"/> Conversion <input type="checkbox"/>	Verification <input type="checkbox"/> Conversion <input type="checkbox"/>
Elavon Product Supporting Program (Enterprise Billing Solutions or Convenience Fee Terminal) NOTE: Convenience Fee Terminal does not support Visa	EBS <input type="checkbox"/> Terminal <input type="checkbox"/>	EBS <input type="checkbox"/> Terminal <input type="checkbox"/>	EBS <input type="checkbox"/> Terminal <input type="checkbox"/>	EBS <input type="checkbox"/> Terminal <input type="checkbox"/>
Mutually Agreed Upon Convenience Fees: Rate (\$ or %): _____ Visa Consumer Debit (tax only) \$ _____ ACH Processing (via Electronic Check Services) \$ _____ Minimum Annual Fees (if applicable) \$ _____ Implementation Fee \$ _____ Customer Authentication Record Research Fee \$ _____				
2. Service Fee Program (State and Local Users) Government/Public Institution Service Fee "GPSIF" Program	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elavon Managed Program (State and Local Authorized Users) Merchant Managed Program (Local Authorized Users Only)	Elavon <input checked="" type="checkbox"/> Merchant <input type="checkbox"/>	Elavon <input type="checkbox"/> Merchant <input type="checkbox"/>	Elavon <input type="checkbox"/> Merchant <input type="checkbox"/>	Elavon <input type="checkbox"/> Merchant <input type="checkbox"/>
MasterCard - Education and Government Merchants (Only for MCCs 8211, 8220, 9211, 9311, and 9399) (No Visa)	<input type="checkbox"/> Fee Rate (\$ or %): _____	<input type="checkbox"/> Fee Rate (\$ or %): _____	<input type="checkbox"/> Fee Rate (\$ or %): _____	<input type="checkbox"/> Fee Rate (\$ or %): _____
Visa Payment Program (Only for MCC 8220, 9222, 9211, 9399)- (Allows for MC/Amex/Discover governed by Visa Rules)	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____
Visa <u>Tax</u> Payment Program (Only for MCC 9311)	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____	<input type="checkbox"/> Debit Fee \$: _____ CC: Fee %: _____
Credit Cards (Visa, MasterCard, American Express, Discover)	Visa <input type="checkbox"/> MC <input checked="" type="checkbox"/> AMEX <input checked="" type="checkbox"/> DISC <input checked="" type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>	Visa <input type="checkbox"/> MC <input type="checkbox"/> AMEX <input type="checkbox"/> DISC <input type="checkbox"/>
Debit Cards - Signature, Pin-Based, Pin less (Internet Bill Pay Only) <i>Check all that apply</i>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>	Sign <input type="checkbox"/> Pin <input type="checkbox"/> Pin-less <input type="checkbox"/>
Elavon Product Supporting GPSIF (Enterprise Billing Solutions or Service Fee Terminal)	EBS <input checked="" type="checkbox"/> Terminal <input type="checkbox"/>	EBS <input type="checkbox"/> Terminal <input type="checkbox"/>	EBS <input type="checkbox"/> Terminal <input type="checkbox"/>	EBS <input type="checkbox"/> Terminal <input type="checkbox"/>
3. Third Party Convenience Fee Provider (State and Local Users) (List Provider's Name)	<input type="checkbox"/> OPC	<input type="checkbox"/> (Name)	<input type="checkbox"/> (Name)	<input type="checkbox"/> (Name)
Convenience Fee Collection:	WEB <input checked="" type="checkbox"/> IVR <input type="checkbox"/> Both <input type="checkbox"/>	WEB <input type="checkbox"/> IVR <input type="checkbox"/> Both <input type="checkbox"/>	WEB <input type="checkbox"/> IVR <input type="checkbox"/> Both <input type="checkbox"/>	WEB <input type="checkbox"/> IVR <input type="checkbox"/> Both <input type="checkbox"/>

Merchant Services

Additional Services

Elavon / U.S. Bank / OPC Authorized User Participation - Set Up Form		Example	Location 1	Location 2																							
MasterCard - Education and Government Merchants (Only for MCCs 8211, 8220, 9211, 9311, and 9399) (No Visa)	<input type="checkbox"/> Fee Rate: % _____ <input type="checkbox"/> \$ _____	<input type="checkbox"/> Fee Rate: % _____ <input type="checkbox"/> \$ _____	<input type="checkbox"/> Fee Rate: % _____ <input type="checkbox"/> \$ _____	<input type="checkbox"/> Fee Rate: % _____ <input type="checkbox"/> \$ _____																							
Visa Payment Program (Only for MCC 8220, 9222, 9211, 9399)- (Allows for MC/Amex/Discover Processing governed by Visa Rules)	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee \$: _____	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee \$: _____	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee \$: _____	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee \$: _____																							
Visa Tax Payment Program (Only for MCC 9311)	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee % : _____	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee % : _____	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee % : _____	<input type="checkbox"/> Debit Fee \$: _____ <input type="checkbox"/> CC: Fee % : _____																							
Credit Cards (Visa, MasterCard, American Express, Discover)	<table border="0"> <tr> <td>Visa</td><td>MC</td><td>AMEX</td><td>DISC</td> </tr> <tr> <td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td> </tr> </table>	Visa	MC	AMEX	DISC	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<table border="0"> <tr> <td>Visa</td><td>MC</td><td>AMEX</td><td>DISC</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Visa	MC	AMEX	DISC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>Visa</td><td>MC</td><td>AMEX</td><td>DISC</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Visa	MC	AMEX	DISC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																									
Enterprise Billing Solution (EBS) Choices																											
Consumer Single Payments (Web Un-Enrolled, Web Enrolled, IVR)	<table border="0"> <tr> <td>WEB-U</td><td>WEB-E</td><td>IVR</td> </tr> <tr> <td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	WEB-U	WEB-E	IVR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>WEB-U</td><td>WEB-E</td><td>IVR</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	WEB-U	WEB-E	IVR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>WEB-U</td><td>WEB-E</td><td>IVR</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	WEB-U	WEB-E	IVR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
WEB-U	WEB-E	IVR																									
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WEB-U	WEB-E	IVR																									
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																									
CSR Initiated Single Payments via Admin application (Un-Enrolled, Web Enrolled)	<table border="0"> <tr> <td>Un-Enrolled</td><td>Enrolled</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Un-Enrolled	Enrolled	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>Un-Enrolled</td><td>Enrolled</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Un-Enrolled	Enrolled	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>Un-Enrolled</td><td>Enrolled</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Un-Enrolled	Enrolled	<input type="checkbox"/>	<input type="checkbox"/>												
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Un-Enrolled	Enrolled																										
<input type="checkbox"/>	<input type="checkbox"/>																										
Consumer Billing Data and Customer Authentication: Real-Time Secure Hand off (Consumer Web) Batch file (Required for enrollment payments, IVR, and CSR payments, optional for Consumer web un-enrolled payments)	<table border="0"> <tr> <td>Real-Time</td><td>Batch</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Real-Time	Batch	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>Real-Time</td><td>Batch</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Real-Time	Batch	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>Real-Time</td><td>Batch</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Real-Time	Batch	<input type="checkbox"/>	<input type="checkbox"/>												
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Real-Time	Batch																										
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Consumer Payment Data (Remittance Data) (real-time post back, downloaded report, standard A/R file format, customer A/R file format)	<table border="0"> <tr> <td>Real-time</td><td>Down</td><td>Std</td><td>Cust</td> </tr> <tr> <td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Real-time	Down	Std	Cust	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>Real-time</td><td>Down</td><td>Std</td><td>Cust</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Real-time	Down	Std	Cust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<table border="0"> <tr> <td>Real-time</td><td>Down</td><td>Std</td><td>Cust</td> </tr> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td> </tr> </table>	Real-time	Down	Std	Cust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Real-time	Down	Std	Cust																								
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																								
Miscellaneous																											
<i>Phone System Information</i>																											
Dialing Access Number (e.g. 0, 9, 1, etc.)	9																										
What type of line do you have? (Choose: Dedicated line (preferred), Tone, Pulse (Rotary), Shared Line with Fax, Switchboard)	Switchboard																										
<i>Training</i>																											
Will training be necessary? (yes/no)	yes																										
Training Contact Name	Lindsey White																										
Training Contact Telephone	1-800-725-1111 x1111																										
Equipment Information																											
Equipment/Product Descrip. (1) (if applicable)	Terminal or Software Type																										
Quantity	1																										
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)	Purchase																										
Additional Notes - If software list name of software	Need license for 50 users																										
OS (Windows XP, 2000, Linux, etc.)	Windows 98																										
Equipment/Product Descrip. (2) (if applicable)	Terminal or Software Type																										
Quantity	10																										
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)	Merchant Owns																										
Additional Note - Please list OS (Windows XP, 2000, 98, etc.)																											
Equipment/Product Descrip. (3) (if applicable)	Terminal or Software Type																										
Quantity																											
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)																											
Additional Note - Please list OS (Windows XP, 2000, 98, etc.)																											
Equipment/Product Descrip. (4) (if applicable)	Terminal or Software Type																										
Quantity																											
Ownership (please choose: Merchant Owns, Lease, Rental, Exchange, Purchase)																											
Additional Note - Please list OS (Windows XP, 2000, 98, etc.)																											
Special Instructions/Notes																											

Additional Services (Continued)

Equipment / Software (if applicable)

State and Local Authorized User's Designated Signer (required)
Signature:
Print Name:
Title:
Dated:

FOR CONTRACTOR USE ONLY			
MCC/SIC Code			
Pricing Program Number			
Auth Program Number			
CG & Chain Number			
Parent Entity			
Rep Code if needed			
Network to be used			
Rate Type (Tiered, Fixed, Surcharge, Association, Bank Defined)			
ICA Rates if ICA			
Tiered, Fixed, Surcharge Rates			
Qual			

Elavon / U.S. Bank / OPC Authorized User Participation - Set Up Form	Example	Location 1	Location 2
Rewards			
Partial			
CommNQ			
Non Qual			
Standard			
Chargeback Fee (waived for this contract)			
Statement Fee (waived for this contract)			
Minimum Bill Fee			
T&E Auth Fees (pursuant to Exhibit E - Attachment I)			
Visa/MC Auth Fees (pursuant to Exhibit E - Attachment I)			
EXISTING MID TO USE AS EXAMPLE			
Elavon's Managed Convenience Fee Program Specifications			

Amendment 1 of Exhibit D Attachment II

Selected Services Signature Page

(State Authorized Users Only)

The undersigned each agree to be bound by the terms and conditions of the **MSA 5-10-99-02** exhibits selected and signed for below. These selected exhibits are by this reference made part of this Subscription Agreement.

Exhibits A - G (Merchant Services)(Category 1)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

Signature: _____
Print Name: _____
Title: _____
Dated: _____

U.S. Bank _____
(Bank)
Signature: _____
Print Name: _____
Title: _____
Dated: _____

Exhibits A - H (Electronic Check Services) (Category 3)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____
Print Name: _____
Title: _____
Dated: _____

Signature: _____
Print Name: _____
Title: _____
Dated: _____

U.S. Bank _____
(Bank)
Signature: _____
Print Name: _____
Title: _____
Dated: _____

Amendment 1 of Exhibit D Attachment II
Selected Services Signature Page
(State Authorized Users Only)

Exhibits A - G and I (Elavon Convenience Fee Services)

_____	Elavon _____
("Authorized User")	("Contractor")
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

Exhibits A - J (Enterprise Billing Solutions)

_____	Elavon _____
("Authorized User")	("Contractor")
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

Exhibits A - G and K (Official Payments Corporation Convenience Fee Services)

_____	Official Payments Corporation _____
("Authorized User")	("Exhibit K Services Contractor")
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____
	Elavon _____
	("Primary MSA Contractor")
	Signature: _____
	Print Name: _____
	Title: _____
	Dated: _____

Amendment 1 of Exhibit D Attachment III

Selected Services Signature Page

(Local Authorized Users Only)

The undersigned each agree to be bound by the terms and conditions of the **MSA 5-10-99-02** exhibits selected and signed for below. These selected exhibits are by this reference made part of this Subscription Agreement # (insert Local Authorized User's Contract number).

Exhibits A - G (Merchant Services) (Category 1)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

U.S. Bank _____
(Bank)

Signature: _____

Print Name: _____

Title: _____

Dated: _____

Exhibits A - H (Electronic Check Services) (Category 3)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

U.S. Bank _____
(Bank)

Signature: _____

Print Name: _____

Title: _____

Dated: _____

Amendment 1 of Exhibit D Attachment III

Selected Services Signature Page

(Local Authorized Users Only)

Exhibits A - G and I (Convenience Fee Services)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Exhibits A - J (Enterprise Billing Solutions)

("Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Exhibits A - G and K (Official Payments Corporation Convenience Fee Services)

("Authorized User")

Official Payments Corporation
("Exhibit K Services Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Elavon _____
("Primary MSA Contractor")

Signature: _____

Print Name: _____

Title: _____

Dated: _____

Amendment 1 of Exhibit D Attachment III
Selected Services Signature Page
(Local Authorized Users Only)

Exhibit L --Elavon and Local Authorized Users Negotiated Language Pursuant to Exhibit D.1.e – (if applicable)

This Exhibit L supplements, is made a part of, and is subject to the terms and conditions of the Agreement.

("Local Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

1. FEES AND COSTS:

In consideration of Contractor's processing services, Authorized Users will pay monthly, and in arrears, pricing based on the pricing matrix provided in Exhibit E Attachment I.

2. VISA AND MASTERCARD INTERCHANGE ASSESSMENT RATES:

The Visa and MasterCard interchange assessment pricing specified is subject to fluctuations. These rates are outside of the control of the State of California and the Contractor. Both increases and decreases in these rates are to be passed on to the Authorized Users of this Agreement in the form of changes in the official interchange assessment rates from VISA and MasterCard by the Contractor. Contractor will send, as promptly as possible, to each Authorized User and to the DGS Contract Manager, notices documenting all pricing adjustments resulting from the official changes in interchange assessment rates. The following sites provide the most up-to-date interchange assessment rates as they occur.

MasterCard Interchange Rates:

http://www.mastercard.com/us/merchant/support/interchange_rates.html

Visa Interchange Rates:

http://usa.visa.com/merchants/operations/interchange_rates.html

3. EQUIPMENT PRICING:

Contractor will provide equipment and software pricing and specification sheets on an annual basis. After the initial price negotiations are completed, the Contractor will provide proposed price and specification sheets in DGS's electronic format (see Exhibit E -- Attachments II & III) and submit to DGS's Contract Administrator (by email, CD, ftp, or other agreed upon format) by June 30th of each year during the term of the MSA. Once these prices are negotiated and approved by DGS, this information will be posted along with the respective contracts on the Electronic Payment Acceptance MSA website. Posting of price lists allows the Authorized Users access to both service and equipment/software pricing so Authorized Users can conduct a complete cost analysis based on their organization's individual requirements. Authorized Users may negotiate lower pricing than the maximums listed on the Contractor's Price Sheet. Please refer to Attachment II for equipment pricing information.

Price declines shall be effective immediately upon any public notification of the decline. All prices quoted shall be firm fixed maximum for the initial price list period. However, should a price decline be announced by the Contractor after contract award, and prior to an Authorized User utilizing the services, then the Contractor shall use the reduced pricing.

4. CONVENIENCE AND SERVICE FEES:

- a. Authorized Users, at their discretion, may elect to have the Contractor/**Third Party Service/Convenience Provider** charge a fee to the cardholder (paying parties) for an added convenience to the Cardholder for the use of a Card in a transaction. This fee is commonly known as a convenience fee.

Amendment 1 of Exhibit E – Fees and Costs

Convenience fees are subject to the constraints of the Associations and card companies and, in some instances, by State regulations and/or laws. Because of these constraints and for the purposes of this MSA, these fees will be classified as follows:

Service Fee:

- Constitutes a **State or Local Agency's** elected fee charged to the Cardholder for an added convenience to the Cardholder for the use of a Card in a transaction.
- May only be charged by Authorized Users in certain fee programs based on Association Rules, Merchant Category Code (MCC) and the business requirements of Authorized Users.
- Must be paid to and managed by the Contractor/**Third Party Service/Convenience Provider**. Service fee and underlying transaction must be submitted and processed as two separate transactions.

Convenience Fee

- Constitutes a **Local Agency's (only)** elected fee charged to the Cardholder for an added convenience to the Cardholder for the use of a Card in a transaction.
 - May be paid to or managed by the Authorized User or Contractor/**Third Party Service/Convenience Provider**.
 - May be combined into a single transaction.
- b. Contractor (if Contractor is providing convenience fee services under Exhibit I) or **Third Party Service/Convenience Provider** (if providing convenience fee services under Exhibit K), as applicable, agrees to all of the following:
- (i) Provide flexibility to assess or not assess a service/convenience fee and support fee policies and variations in service/convenience fees at the individual Authorized User level while remaining in compliance with credit and debit card industry regulations.
 - (ii) Support service/convenience fee assessment by type of payment channel (internet, IVR, etc.) within each Authorized User's agency.
 - (iii) Must not co-mingle service fees with other charges.
 - (iv) Arrange for a unique line merchant description for the Authorized User payment that references the name of Authorized User and a separate unique line merchant description for the Service Fee that references **Third Party Service/Convenience Provider** and the nature of the fee so that the amounts can be posted on Cardholder Statements and Invoice¹ as separate line items. (Service Fee policy only, and only to the extent consistent with the Association or Payment Network Rules)
- c. Authorized User will:
- (i) Address use of Convenience/Services fees in their individual Subscription Agreement.
 - (ii) Remain in compliance with credit and debit card industry regulations.
 - (iii) Not accept convenience fees directly from cardholder and in turn pay the Contractor.

¹ Fee information will only be provided on invoice statements when the agency is absorbing a partial portion of the service fee. Authorized Users are not allowed to absorb entire service/convenience fee amounts under this MSA.

Amendment 1 of Exhibit E – Fees and Costs

- (iv) Not absorb entire service/convenience fee amounts. To absorb **partial** convenience fee, Authorized Users must notify and obtain approval from DGS Contract Administrator.
- (v) Not disadvantage card payments, and specific card brands at the point-of-sale relative to other payment.
- (vi) Agree to further terms and conditions in Exhibit I, when Authorized User designates to assess fees using Elavon's service/convenience fee program. In addition, Authorized User must select services on the Authorized Users Participation Form and the Selected Services Signature Page (see Exhibit D Attachments I and II/III respectively) and execute with signature;

OR

Agree to further terms and conditions in Exhibit K, when Authorized User designates to assess fees using OPC's service/convenience fee program. In addition, Authorized User must select services on the Authorized Users Participation Form and the Selected Services Signature Page (see Exhibit D Attachments I and II/III respectively) and execute with signature.

d. Service and Convenience Fee Pricing/Rates:

- (i) Elavon (only) will establish proposed Convenience and Service fees (for Elavon services described in Exhibit I) on a case by case basis, depending upon each Authorized User 's processing requirements and transaction elements (cards accepted, transaction type, volume, average ticket, etc.) and mutually agree upon such with each Authorized User utilizing Exhibit I services.
- (ii) OPC Convenience and Service Fee rate has already been negotiated for Exhibit K services as described in Exhibit K, Supplement 1.

STATE OF CALIFORNIA
STANDARD AGREEMENT AMENDMENT
 STD. 213 A (Rev 6/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 37 Pages

AGREEMENT NUMBER 5-10-99-02	AMENDMENT NUMBER 2
REGISTRATION NUMBER	


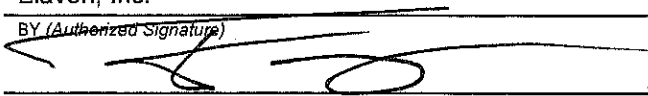


- This Agreement is entered into between the State Agency and Contractor named below:
 STATE AGENCY'S NAME
 Department of General Services
 CONTRACTOR'S NAME
 Elavon, Inc. (See second signature page)
- The term of this Agreement is June 1, 2010 through May 31, 2017
- The maximum amount of this Agreement after this amendment is: \$0 Zero dollars
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:
 - Agreement term is extended for two years in accordance with extension option provided in Exhibit A, Section 1 (Agreement Term). Agreement expiration date is changed from May 31, 2015 to May 31, 2017.
 - Exhibits noted below are deleted and replaced in their entirety by the attached amended exhibits (dated January 2015) which are hereby made a part of the agreement and incorporated herein:

<u>Deleted Exhibits:</u>	<u>Amended Exhibits:</u>
Exhibit A	Amendment 2 Exhibit A – Scope of Services (6 pages)
Amendment 1 Exhibit B	Amendment 2 Exhibit B – Budget Detail and Payment Provisions (3 pages)
Exhibit E Attachment I	Amendment 2 Exhibit E Attachment I – Service Pricing (3 pages)
Exhibit E Attachment I	Amendment 2 Exhibit E Attachment II – Equipment and Software Pricing (2 pages)
Exhibit E Attachment II	Amendment 2 Exhibit E Attachment III – Equipment Specifications (6 pages)
Exhibit G	Amendment 2 Exhibit G – Agreement for Merchant Processing Services (17 pages)

All other terms and conditions shall remain the same.

The effective date of this amendment is the date approved and signed by the Department of General Services, Office of Legal Services.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

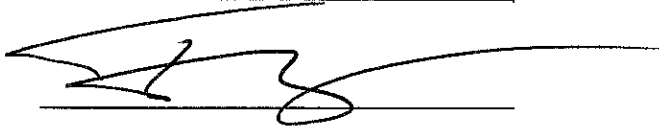
CONTRACTOR		CALIFORNIA Department of General Services Use Only 
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) Elavon, Inc.		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 1-30-15	
PRINTED NAME AND TITLE OF PERSON SIGNING Timothy I. Miller, Senior Vice President		
ADDRESS 7300 Chapman Highway, Knoxville, TN 37920		<div style="border: 2px solid black; padding: 10px;"> <p style="font-size: 1.2em; margin: 0;">APPROVED</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p style="font-size: 1.2em; margin: 0;">MAR - 9 2015</p> </div> <p style="font-size: 0.8em; margin: 0;">OFFICE OF LEGAL SERVICES DEPT. OF GENERAL SERVICES</p> </div> <p><input type="checkbox"/> Exempt per: </p>
STATE OF CALIFORNIA		
AGENCY NAME Department of General Services - Procurement Division		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 3/5/15	
PRINTED NAME AND TITLE OF PERSON SIGNING Jim Butler, Deputy Director		
ADDRESS 707 Third Street, 2nd Floor, West Sacramento, CA 95605		

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their authorized officers, all as of the day and year first written above.

The undersigned each agree to be bound by the terms and conditions of the MSA exhibits selected and signed for below.

Exhibits A – J

Elavon, Inc.
("Contractor")

Signature: 

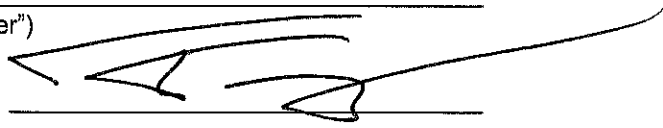
Printed Name: Timothy I. Miller

Title: Senior Vice President

Dated: 1.30.15

Exhibits A – G

U.S. Bank
("Bank" or "Member")

Signature: 

Printed Name: Timothy I. Miller

Title: Senior Vice President
Global Credit and Risk

Dated: 1.30.15

Exhibits A – G and K

Official Payments Corporation
("Exhibit K Services Contractor")

Signature: 

Printed Name: Erwin Lobide

Title: SVP Sales

Dated: 2/25/15

1. AGREEMENT TERM:

This Master Service Agreement (“MSA” or “Agreement”) shall be for a five (5) year term starting on the date of its execution by the State of California Department of General Services (“DGS”), as specifically noted on the attached Std 213 Standard Agreement (the “Effective Date”). DGS reserves the right to extend this Agreement for one additional two (2) year period at the same rates, terms and conditions.

2. CONTRACT MANAGEMENT:

Contractor must provide the name, address, telephone number, and e-mail address of the individual directly responsible for managing this Agreement on behalf of the Contractor to the State’s designated Contract Manager. Should the Contractor’s Contract Manager change or any of the contact information change, Contractor must provide updated information no later than ten (10) business days after the date of change to the State’s Contract Manager. Contractor is responsible for notifying all Authorized Users (as defined in Exhibit D) in writing of any changes to a contact person, address, phone numbers, or any other information deemed important to the day-to-day operation of the electronic payment acceptance program.

As of the Effective Date of this Agreement, the Contract Manager for the State of California shall be as follows:

Julie Matthews
Department of General Services
Procurement Division
707 Third Street, 2nd Floor
West Sacramento, CA 95605
Julie.Matthews@dgs.ca.gov
916-375-4612

Should the Contract Manager for the State of California change, the State must provide written notice with the updated information no later than ten (10) business days after the change to the Contractor’s Contract Manager.

3. GENERAL OVERVIEW OF SERVICES:

Contractor shall provide electronic payment acceptance and processing services for State of California agencies, local entities such as universities and city and county government offices, as defined in Exhibit D.

4. MINIMUM SERVICE LEVEL AGREEMENTS:

Contractor shall provide electronic payment acceptance and processing services as follows:

a. General Service Level Agreements (All Categories)

Contractor will:

1. Allow for batch processing of transactions.
2. Initiate funding for Credit, Debit and PIN-Based Cards, E-Checks and Check Conversion transactions as follows:

Transaction Day (Charges received by 11:30 PM ^{2/} PST)	Initiate ^{1/} Funding to Authorized User's Account Via ACH
Monday	Tuesday
Tuesday	Wednesday
Wednesday	Thursday
Thursday	Friday
Friday	Monday
Saturday/Sunday	Monday

^{1/} Includes Contractor's authorization to send funds from Contractor's bank to Authorized User's bank account.

^{2/} For E-Checks and Check Conversions, the transactions must be received by Contractor by 8 PM PST.

3. Contractor shall settle in gross daily and process chargebacks and adjustments by invoicing the Authorized User for compensation.
4. Provide to each Authorized User access to detailed statements and online reporting tools that provide sufficient information for each Authorized User to reconcile deposits and adjustments made to the Authorized User's designated bank account(s).
5. Provide a 24x7 Customer Support Center
6. At all times, maintain industry standard data privacy controls sufficient to meet the requirements of the applicable service category security standards and California State Privacy statutes and regulations (defined in Exhibit D, Section 5). Contractor is fully responsible for all administrative and financial obligations that arise from any security breach caused by the Contractor.
7. Annually, make Contractor's SAS-70 information available for review on Contractor's premises upon Authorized User's 30 days written notice. Authorized User's review shall take place during Contractor's normal business hours upon the signing of Contractor's confidentiality agreement. Authorized User's review does not include copying of such documents or taking of notes.

b. Credit & Debit Merchant Card Processing (Service Category 1)

Contractor will:

1. Process for the Authorized User, MasterCard, Visa, American Express, Discover, JCB, Debit Cards, & Purchasing Cards in accordance with the operating rules of each of the named associations and under applicable law.
2. Provide continuous service and Contractor's system shall be functional at a minimum 99 percent of the time, measured on a monthly basis. Scheduled maintenance must be approved in advance by Authorized User and occur during Authorized User's non-business hours.
3. Provide Authorization and Settlement functions on behalf of Authorized User. Authorizations must be completed in real time with response times of no more than 2-12 seconds. Response time is measured from the time Contractor receives a transaction authorization request to the time Contractor provides a transaction authorization response to Authorized User, excluding time dependent upon third parties and delays caused by failures or delays in third party's systems.
4. Deliver, at a minimum, the following standard reports:
 - i. Deposit Summary
 - ii. Transaction Reports
 - iii. Statements
 - iv. Interchange
 - v. Adjustments
 - vi. Chargebacks
 - vii. Authorizations
 - viii. Control for Duplicate Transmissions
5. Process Chargebacks, voids, cancels, returns (partial and full) and Retrievals on behalf of Authorized User. Chargebacks will be noticed to the Authorized User within 24 to 48 hours of receipt, unless the Chargeback Department can provide a response to the Chargeback without needing to obtain additional information from the Authorized User. The Contractor will provide all reasonable assistance to allow the Contractor, on the Authorized User's behalf, to protest any chargeback. Chargebacks and adjustments will be invoiced to the Authorized Users for compensation.
6. Remain Payment Card Industry (PCI) compliant at all times.

c. Electronic Check Conversion (Service Category 3)

Contractor will:

1. Provide Authorized Users with both web based and client software based paper check scanning utilities.

2. Allow Authorized Users to scan any check written on a checking or brokerage account domiciled at a United States financial institution including, but not limited to:
 - Consumer checks
 - Business checks
 - Travelers checks
 - Convenience checks
 - Money orders
 - Government checks
 - Cashiers checks
 - Official checks
3. Allow Authorized Users, using MICR and/or OCR scanning devices, to transmit Magnetic Ink Character Recognition (“MICR”) lines or images of the front and back of checks to a central, secure scanner controlled by the Contractor.
4. Provide the following features in the check imaging process:
 - i. Image Quality Assurance
 - ii. Control Totals
 - iii. Duplicate Check controls
5. Using a hosted decision engine, convert all checks received at the central, secure server into:
 - i. Point of Presentation/Payment (“POP”) entries permitted by the rules and regulations of the NACHA (if all items can be converted to BOC, POP is optional).
 - ii. Account Receivables Conversion (“ARC”) entries permitted by the rules and regulations of the NACHA.
 - iii. Back Office Conversion (“BOC”) entries permitted by the rules and regulations of the NACHA.
 - iv. Check 21 eligible images permitted under the rules and regulations formulated by the Federal Reserve Bank.
6. For those entries converted to POP, ARC or BOC, deliver correctly formatted and compliant Automated Clearinghouse debit files to the Authorized User’s designated bank account with member Bank.
7. For those entries converted to Check 21 images, deliver correctly formatted and compliant X9.37 image files to the Authorized User’s bank for credit to the Authorized User’s designated bank account.

8. Provide Authorized User with access to electronically converted check history via a web interface.
9. Provide Authorized User with daily and monthly check processing (transaction and dollars) statistics and reconciliation data.
10. Provide Authorized User with industry standard individual user enrollment and authentication procedures that include a Multi-Factor Authentication.

5. DEMONSTRATIONS AND PILOT PROGRAMS:

Contractor agrees to conduct demonstrations and pilot programs, at the request of the State and/or an Authorized User, prior to implementation of an electronic payment acceptance program during the term of the contract. Specifically, if services in Categories 2 and 3 are requested, the State will require the Contractor to provide them on a "Pilot Program" basis to State of California agencies. Contractor and requesting State Authorized User may need approval from and shall work collaboratively with the State Treasurer's Office (STO) and other State entities for successful implementation and monitoring of any Pilot Program.

6. TRAINING:

The Training site and all costs associated with the facility cost (if any) shall be provided by the Authorized User.

Food and/or refreshments shall not be provided to attendees by Contractor at any time.

Training material and equipment shall be provided by the Contractor at the Contractor's expense and shall include a link to the most recent version of the Contractor's Merchant Operating Guide (posted on the DGS website) as described below. Contractor shall ensure that sufficient material is provided to all attendees.

Contractor shall provide a Welcome Kit that includes a training guide for that location. This Welcome Kit will provide instructions for scheduling telephone training for each Authorized User. The telephone training will be provided at no additional cost. The Training Guide includes, at a minimum, but not limited to the following:

- Step by Step Instructions
- Support Services
- Quick Reference Guide

Authorized Users will have 24x7 access to Elavon's Merchant Operating Guide, which will be posted on the DGS website.

7. CUSTOMER SERVICE AND SUPPORT:

Contractor must provide contact information through the individual agreement with each Authorized User for problem resolution and inquiries. Most inquiries regarding

the direct reconciliation of an Authorized User's payment transactions, the transfer to the bank account or any other payment transactions involving the Contractor shall be addressed and or resolved by the Contractor within three (3) business days from the date of the original inquiry. Most other problems and inquiries will be addressed within five (5) business days from the date of the original contact. If Contractor is unable to resolve issues within the timelines stated above, Contractor will work with the Authorized User to establish mutual resolution timeframes and project timelines.

8. PROGRAM WEBSITE:

Contractor shall provide and regularly update a secure website for use by Authorized Users of this Agreement. This website shall include at a minimum, the following information:

- Link to the Contractor's standard Merchant Operating Guide.
- Links to industry related rules and regulations as described in this Agreement.
- Customer Service and Support Help desk telephone number.
- Information that provides answers to frequently asked questions.
- Link to report database (see Reporting Requirements of this Agreement)

1. INVOICING AND PAYMENT:

- a. All Authorized Users are required to open a deposit account at an approved State financial institution that participates in the Automated Clearing House of the Federal Reserve System (ACH) to accept electronic payments via ACH under this MSA. For California State Authorized users this deposit account must be a Zero Balance Account (ZBA).
- b. Each Authorized User must provide the Contractor with the name, bank deposit account and ABA (bank routing) numbers of the financial institution where such Authorized User's deposit account is established. Further, Authorized User must notify Contractor of any changes to its financial institution, account, or ACH information over the course of the agreement. Each Authorized User must also notify its financial institution that the Contractor has access to the designated deposit account to make payments.
- c. For State Authorized Users, Contractor does not have authority to debit any amounts from the Authorized User's deposit account. Contractor shall settle the total amount for Charges net of Chargebacks, Credits and applicable adjustments. However, Contractor shall not reduce any payment transaction for payment of the processing fees (as defined in Exhibit E - Fees and Costs). If Authorized User chooses to use a third party convenience fee provider (as provided in Exhibit K), Authorized User acknowledges that all fees will be settled to a DDA established by the third party convenience fee provider. Further, Authorized User acknowledges and agrees that Contractor shall bill the third party convenience fee provider for all fees due and owing for such convenience fee transactions by Authorized User hereunder. Notwithstanding the above, Authorized User shall be fully liable for any Contractor's fees and Third Party Fees, provided for in this Agreement.
- d. Contractor shall initiate payment to each Authorized User's designated deposit account in accordance with the schedule noted in Exhibit A, Section 4.a.2. If the payment transmittal date falls on a day that Contractor's bank is not open for processing payments, Contractor will initiate payment as soon as the Contractor's bank is open. Funds due to State Authorized Users shall never be held in Contractor's account or any other account not specifically authorized by an Authorized User. Contractor will not be responsible for any obligations, damages, or liabilities in excess of the amount of the applicable debit, credit, or adjustment to an Authorized User's deposit account in the event that the Authorized User's financial institution does not honor any such item or improperly applies it to such Authorized User's account.
- e. Each Authorized User is responsible for paying for electronic payment acceptance services provided hereunder, subject to appropriations of its controlling body, as set forth in Section 2 of Exhibit B.
- f. Each Authorized User shall provide billing information (mailing address, contact person, etc.) as part of its individual Subscription Agreement (defined in Exhibit D, Section 2) executed with Contractor.

Exhibit B – Budget Detail and Payment Provisions

- g. Invoices shall be submitted in arrears to each State Authorized User on Contractor's letterhead within 15 days of the end of each month and in accordance with the Prompt Payment Act. The invoice shall include:
- The MSA number.
 - Authorized User Name.
 - Authorized User Merchant Number.
 - Time period covered.
 - Work completed for the period shall be identified (detailed statement of services rendered) as specified in the individual Authorized User's Subscription Agreement.
 - Contact information for billing comments or inquiries such as a telephone number, fax number, and address.
- h. Upon receipt of invoices and subsequent approval by the Authorized User's designated representative(s), the Authorized User will pay the Contractor for fees and costs as specified in Exhibit E. Contractor must NOT charge processing fees that are higher than or any additional fees other than those specified, which cover all services provided by this MSA including electronic payment acceptance services, user guides, reports, and customer service.
- i. State Authorized Users will promptly process the invoice and pay Contractor, or cause the State Controller to pay Contractor, for the amount due.
- j. Each Local Authorized User will promptly process the invoice and pay by either: (i) Contractor debiting such Local Authorized User's designated debit (payment) account, with the Local Authorized User's prior approval, or (ii) initiating ACH payment to the Contractor's demand deposit account.
- k. Contractor shall indicate Chargebacks and adjustments (including Credits) to Authorized Users in statements and reports as required pursuant to Section 4.b.4 of Exhibit A.
- l. The State does not accept liability of Local Authorized Users (cities, counties, local governments, political subdivisions etc.).

2. BUDGET CONTINGENCY CLAUSE:

- a. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under the Authorized User's Subscription Agreement does not appropriate sufficient funds for the program contemplated thereunder, the Authorized User's Subscription Agreement shall be of no further force and effect after the Authorized User provides written notice to Contractor. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other consideration under the Subscription Agreement.
- b. For State Authorized Users, if funding for any fiscal year is reduced or deleted by the Budget Act for purposes of the Authorized User's programs, the Authorized

Exhibit B – Budget Detail and Payment Provisions

Users shall have the option to either (i) cancel Authorized User's Subscription Agreement with no liability occurring to the State by providing Contractor immediate written notice or (ii) offer an agreement amendment to Contractor to reflect the reduced amount.

- c. In the event an Authorized User's Subscription Agreement is terminated pursuant to this Section 2, such Authorized User shall be responsible for payment of all amounts owed to Contractor related to transactions processed up until the effective date of termination.

3. REPORTING REQUIREMENTS:

Contractor shall maintain an accounting system using generally accepted accounting principles that will provide information for reports to the State and Authorized Users. Some of the reporting requirements include, but are not limited to, providing the DGS Contract Manager with usage and fiscal activities documentation on a quarterly basis. This quarterly activity report (See Exhibit B Attachment I) will summarize the Contractor's MSA contract activity by payment category for each Authorized User and will contain the following information:

- Authorized User Name (department, agency, etc.)
- Authorized User's Merchant Number
- Dollar Volume by card type (*Amex, Discover, Visa, MC, Debit*) and/or payment solution
- Number of transactions by card type and/or payment solution
- Average Ticket by card type and/or payment solution
- Fees paid by payment solution and type (interchange, processor, convenience fees, other)

Contractor shall email reports (in Microsoft Excel format or compatible) to the State Contract Manager (referenced in Exhibit A, Section 2) and Masters@dgs.ca.gov.

Contractor shall provide equipment and software reporting information upon request.

4. PROMPT PAYMENT CLAUSE:

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

5. CONTRACTOR OVERPAYMENTS:

If the Authorized User determines that an overpayment has been made to the Contractor, the Authorized User will seek recovery immediately upon discovery of the overpayment by: (a) calling the contractor service center to request a refund of the overpayment amount; or (b) offsetting subsequent Contractor payments by the amount of the overpayment if Contractor repayment is not received within thirty (30) days from the date of notice. If Contractor discovers they have received an overpayment, contractor must notify the Authorized user and refund the overpayment immediately.



Category 1: Credit and Debit Merchant Card Processing ^{1/}

Bank Card (VISA, MasterCard, AMEX and Discover) and Debit Card (Signature and Pin-based) Fees

Services	Unit	Tier 1 # of Transactions Range: 0-9 Million	Tier 2 # of Transactions Range: >9 to 15 Million	Tier 3 # of Transactions Range: >15 to 20 Million	Tier 4 # of Transactions Range: >20 Million
Implementation Fee	Per Account	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Maintenance Fee	Per Account	\$0.00	\$0.00	\$0.00	\$0.00
Standard Reports	Each	\$0.00	\$0.00	\$0.00	\$0.00
Customized Development	Per Hour	\$0.00	\$0.00	\$0.00	\$0.00
Chargeback Fee	Per Transaction	\$0.00	\$0.00	\$0.00	\$0.00
Processing Fee ^{1/ 2/ 3/}	Per Transaction	\$0.0450	\$0.0400	\$0.0350	\$0.0250
AMEX Authorization Processing Fee ^{1/ 2/ 3/}	(Pass Through Cost Per Transaction	\$0.0450	\$0.0400	\$0.0350	\$0.0250

Current Tier Pricing as of 6/1/2014 (all Authorized Users) Tiered pricing qualification methodology described in pricing disclosure (page 3)

^{1/} Pricing applies to all card types (present or not present).

^{2/} Processing Fee (per transaction in excess of the Card Association Interchange and Assessment Rates as applicable).

^{3/} Foreign network fee applies when not connecting directly to Elavon and can range from \$0.02 to \$0.04 depending on the network.

Interchange Rates Links:

MasterCard Interchange Rates: http://www.mastercard.com/us/merchant/support/interchange_rates.html

Visa interchange Rates: http://usa.visa.com/merchants/operations/interchange_rates.html

Discover Interchange Rates (Contact Elavon for current rates)

Debit Network Fees (Contact Elavon for current fees)



Category 3: Electronic Check Conversion

Services	Unit	Tier 1	Tier 2	Tier 3	Tier 4
		# of Transactions Range: 0-5 Million	# of Transaction Range: >5 -10 Million	# of Transaction Range: >10 - 25 Million	# of Transaction Range: >25 Million
Implementation Fee ^{1/}	Per Account	\$0.00	\$0.00	\$0.00	\$0.00
Standard Reports	Each	\$0.00	\$0.00	\$0.00	\$0.00
Customized Development	Per Hour	\$75.00	\$75.00	\$75.00	\$75.00
Check Conversion POP ^{2/ 4/}	Per Transaction	\$0.126	\$0.126	\$0.106	\$0.106
Check Conversion ARC ^{3/ 4/}	Per Transaction	\$0.126	\$0.126	\$0.106	\$0.106
Guarantee Services ^{5/}	Per Transaction	.62% of check value	.60% of check value	.58% of check value	.58% of check value
Returned Item Fee - Image	Per Transaction	\$1 for authorization \$0 for guarantee	\$1 for authorization \$0 for guarantee	\$1 for authorization \$0 for guarantee	\$1 for authorization \$0 for guarantee
Re-presentation Fee	Per Transaction	\$1 for authorization \$0 for guarantee	\$1 for authorization \$0 for guarantee	\$1 for authorization \$0 for guarantee	\$1 for authorization \$0 for guarantee

Current Tier Pricing as of 6/1/2014 (all Authorized Users)

Tiered pricing qualification methodology described in pricing disclosure (page 3)

- ^{1/} **Implementation:** Elavon Merchant Implementation Group will initiate a call to determine the scope of implementation. Equipment implementations usually are completed within a few days.
- ^{2/} **POP - Authorization and Conversion:** Consumer present/Check Present at time of transactions. A check is authorized through VISA POS and database for negative/closed accounts and converted. Merchant retains risk.
- ^{3/} **ARC - Conversion Only:** Accounts Receivable Conversion - Check present/Consumer Absent at time of transactions. These transactions are for checks dropped in "box" or mailed in.
- ^{4/} **Check 21:** Elavon utilizes Check 21 to clear a small percentage of checks. This method is used on all level of services and there is no additional cost.
- ^{5/} **Guarantee Service:** Guarantee Services Price is in addition to Check Conversion Fee (Example: \$0.126 per item, plus .62% of check face value.) Once the check is approved and all due diligence provided by the State (i.e.. Name, Address, Phone# and DL# on check), the transactions are guaranteed funding. Authorized User releases risk to Elavon.



Elavon's pricing is dependent upon interchange and other fees imposed on all credit card processors by Visa, MasterCard and other third parties. Elavon will pass through to the merchant all such increases imposed by third parties, upon written notice to to the merchant of the increased fee.

Category 1 - Credit and Debit Card Tier Pricing (Based on Transaction Counts) –

Beginning on the Agreement Effective Date, all Authorized Users collectively under the MSA will be assigned to one of the pricing tiers identified on Exhibit E Attachment I (page 1) based on the Transaction count for the twelve (12) month period prior to Effective Date. The Transactions included in the Transaction count are the aggregate number of all Visa, MasterCard and Debit Transactions processed by Contractor for all Authorized Users. Once annually, one month prior to the anniversary date, Contractor will review the combined Authorized Users' Transaction count data for the prior twelve (12) months and, upon the first day of the month following the annual anniversary date, will apply the applicable pricing tier to all Authorized Users.

Amex and Discover counts are not included in determining the tiers, however, their pricing will be adjusted and mirror that of the Visa, MasterCard and PIN debit pricing.

Category 3 - Electronic Check Service (ECS) Tier Pricing (Based on Transaction Counts) –

Beginning on the Agreement Effective Date, all Authorized Users collectively under the MSA will be assigned to one of the tiers identified on Exhibit E Attachment I (page 2) based on the anticipated annual Transaction count and ECS options selected for all Authorized Users. The Transactions included in the Transaction count are the aggregate annual number of ECS transactions processed by Contractor for all Authorized Users. Once annually, one month prior to the anniversary date, Contractor will review the combined Authorized Users' Transaction count data for the prior twelve (12) months and, upon the first day of the month following the annual anniversary date, will apply the applicable pricing tier to all Authorized Users.

EQUIPMENT AND SOFTWARE PRICING

Contractor: Elavon

*Note: Bulk equipment purchases with quantities exceeding 49+ receive an additional 10% discount. Additional price deductions may be available on a case by case basis

TERMINALS (AND ASSOCIATED ITEMS)

Item Code	Description	Purchase Price	
		Single Unit	Bulk* (49+)
EMV Terminals (IP and Dial capable)			
VX520	VeriFone VX520	\$421	\$379
250C	Ingenico ICT250	\$365	\$329
220C	Ingenico ICT220	\$230	\$207
EMV Wireless Terminal			
25GPK	Ingenico iWL250G With Comm Base	\$733	\$660
SIMCD	Sim Card	\$20	\$18
	Wireless Monthly Fee	\$19	\$17
	Ingenico iwl Carrying Case	\$34	\$31
	Ingenico iwl Car Charger	\$34	\$31
	Ingenico iwl Additional Battery	\$30	\$27

Monthly Rent/Lease Rates			
12	24	36	48
\$71	\$39	\$28	\$23
\$65	\$35	\$25	\$21
\$56	\$30	\$22	\$18
\$111	\$61	\$44	\$36
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

PIN PADS (AND ASSOCIATED ITEMS)

Item Code	Description	Purchase Price	
		Single Unit	Bulk* (49+)
320T	Ingenico IPP320	\$288	\$259
PP820	VeriFone VX820	\$216	\$194
L5200	Equinox L5200	\$576	\$518


Monthly Rent/Lease Rates			
12	24	36	48
\$30	\$16	\$12	\$10
\$33	\$18	\$13	\$11
\$57	\$31	\$22	\$19

CHECK READERS/IMAGERS (AND ASSOCIATED ITEMS)

Item Code	Description	Purchase Price	
		Single Unit	Bulk* (49+)
Check Readers			
RDM7014F	RDM Check Reader 7014F	\$411	\$370
RDM7111F	RDM Check Reader 7111F	\$484	\$436

Monthly Rent/Lease Rates			
12	24	36	48
\$48	\$26	\$19	\$15
\$48	\$26	\$19	\$15

EQUIPMENT AND SOFTWARE PRICING

Contractor:  Elavon

*Note: Bulk equipment purchases with quantities exceeding 49+ receive an additional 10% discount. Additional price deductions may be available on a case by case basis

WEDGES (AND ASSOCIATED ITEMS)

Item Code	Description	Purchase Price	
		Single Unit	Bulk* (49+)
MT09	Mini Wedge USB	\$75	\$68
MT03	Mini Wedge PS2/AT	\$75	\$68
MT10	Magtek E2E USB Mini Wedge	\$90	\$81
MBULT	Magtek Bullet	\$50	\$45
MUDYN	Magtec uDynamo	\$50	\$45
MADYN	Magtek aDynamo	\$25	\$23

Monthly Rent/Lease Rates			
12	24	36	48
\$10	\$5	\$4	\$3
\$10	\$5	\$4	\$3
\$10	\$5	\$4	\$3
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

PRINTERS/IMPRINTERS (AND ASSOCIATED ITEMS)

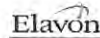
Item Code	Description	Purchase Price	
		Single Unit	Bulk* (49+)
EPT20	Epson Readyprint T20	\$230	\$207
SM220	Star 220i Bluetooth Printer	\$332	\$299
SM300	Star T300 Bluetooth Printer	\$343	\$309
IMPR	Imprinter	\$21	\$19
IMPM	Portable Imprinter	\$28	\$25





Monthly Rent/Lease Rates			
12	24	36	48
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

SOFTWARE PRICING




Code	Description	Purchase Price / Applicable Fees		
		License/ Purchase Price	Monthly Fee (per MID)	Tokenization Fee (per Transaction)
	Converge (formerly known as /Virtual Merchant) - Unlimited Users and Merchant I.D's (Tokenization feature available)	\$149	\$10	\$0.05

Contractor:





TERMINAL SPECIFICATIONS				
Picture:				
Brand/Model Number:	VeriFone Vx520	Ingenico ICT250	Ingenico ICT220	Ingenico IWL250G
Payment Channel:	Card Payment	Card Payment	Card Payment	Card Payment
Description:	All in one device that supports credit, debit, EBT and EGC. It is EMV capable and has integrated contactless technology.	All in one counter top terminal that supports a full range of terminal types include credit, debit, EBT and EGC. It is EMV capable. Compact hand-over design. It has contactless technology.	Counter top terminal that supports credit, PIN debit, EBT and EGC. Supports retail, restaurant, mail/Phone order environments. EMV capable and has an internal PIN pad.	Extensive, secure wireless coverage via AT&T GPRS Data network. Requires no phone line or internet connection. Supports Credit, PIN debit, EGC and EBT. EMV capable.
Connectivity:	Dial / IP	Dial / IP	Dial / IP	Mobile
Processor:	32 BIT ARM 11 @ 400 MIPS	32 BIT ARM 9 @ 450 MIPS	32 BIT ARM 9 @ 450 MIPS	32 BIT ARM 9 @ 450 MIPS
Memory:	Memory - Flash 128 MB Memory - RAM 16 MB	Memory - Flash 128 MB Memory - RAM 16 MB	Memory - Flash 16 MB Memory - RAM 16 MB	Memory -Flash 128 MB Memory - RAM 32 MB
Display:	Graphical 128 x 64	QVGA 320 x 240	Graphical 128 x 64	TFT QVGA Color - Full Motion Video 2.81" 320 x 240
Magnetic Card Reader:	Track 1/2/3 Bi-directional	Track 1/2/3 Bi-directional	Track 1/2/3 Bi-directional	Track 1/2/3 Bi-directional
Smart Card (Optional):	Yes (capable)	Yes (capable)	Yes (capable)	Yes (capable)
SAM Card Reader (Optional):	3 Security Access Modules (SAMs)	Secure Access Module slots - 2	Secure Access Module slots - 2	N/A
Keypad:	Backlit 15 keys / 4 Navigation / 4 Soft Function	Backlit 15 keys / 4 Navigation	Backlit 15 keys / 4 Navigation	Backlit 15 keys / 4 Navigation
I/O Modules:	N/A	N/A	N/A	N/A
Peripheral Ports:	One Ethernet (10/100BaseT), one telco, one RS-232 port, one USB 2.0 Host port and one USB Client port supporting peripherals including PIN pads and contactless devices	RS232 1 (+1 option) USB Host 1 USB Slave 1 Power supply connector 1	(2) USB (1) RS232	N/A
Printer:	18 LPS	Speed 18LPS	Speed 18LPS	N/A
Modem:	Standard 56 kbps modem Bell 103/212a, CCITT V.21/ V.22/ V.22bis/ V.32/ V.32bis (300/1200/2400/9600/ 14400/33.6/56 and HC FastConnect for 1200bps)	Dial-up Modem	Dial-up Modem	N/A
Wireless Modem:	N/A	N/A	N/A	3G (UMTS)
Protocols:	N/A	N/A	N/A	N/A
Security:	3DES / DUKPT	DES / 3DES / DUKPT / DUKPT 3DES	DES / 3DES / DUKPT / DUKPT 3DES	N/A
Communications:	Dial / IP	Dial / IP	Dial / IP	GPRS 3-G (Dial/IP Conn. Base)
Physical:	Length: 203mm (8.0in.); Width: 87mm (3.4in.); Height: 76mm (3.0in.); Weight: 500g	Terminal 3.3 x 7.3 x 2.5" (83 x 185 x 63 mm) Paper Roll (width/diameter) 2.3/1.6" (58/Ø40 mm)	Terminal 3.3 x 7.3 x 2.5" (83 x 185 x 63 mm) Paper Roll (width/diameter) 2.3/1.6" (58/Ø40 mm)	N/A
Environment:	Operating temperature 0° to 40° C (32° to 104° F) Storage temperature -20° to 60° C (-4° to 140° F) Relative humidity, non-condensing 5% to 90%	Operating temperature 41°F to 113°F (+5°C to +45°C) Storage temperature -4°F to 131°F (-20°C to +55°C) Relative humidity 85% HR at 104°F (+40°C)	Operating temperature 41°F to 113°F (+5°C to +45°C) Storage temperature -4°F to 131°F (-20°C to +55°C) Relative humidity 85% HR at 104°F (+40°C)	N/A
Voltage:	AC input 100 – 240 VAC, 50/60 Hz; DC output 8V 2.25A	External power supply 110V 60Hz	External power supply 110V 60Hz	N/A
PCI:	SSL v3.0, 3DES encryption, Master/Session and DUKPT key management PCI PTS 3.X is standard VeriShield file authentication	2.1	2.1	N/A
Software:	MasterCard PayPass M/Chip MasterCard PayPass MagStripe Visa payWave MSD Visa payWave qVSDC Discover Zip American Express ExpressPay Pass-through access to ISO 14443-4 and MiFare card, for direct host terminal based application access Secure SoftSAM Hardware SAM optional NFC Applications	N/A	N/A	N/A
Additional Options/Info:	N/A	N/A	N/A	N/A

Contractor: Elavon

PIN PAD SPECIFICATIONS			
Picture:			
Brand/Model Number:	Ingenico IPP320	Verifone Vx820	Equinox L5200
Item:	Pinpad	Pinpad	Pinpad
Description:	External PINPad (optional with iCT250), EMV	Supports Credit, PIN Debit, Electronic Gift Card and Electronic Benefits Transfer	Customer facing multi media screen, signature capture EMV device. Supports PIN, Credit, Gift Card, EBT
Display:	TFT Color display QVGA 2.7" (320 x 240) 4096 Colors	240x320 pixel color TFT (QVGA) supports up to 26 lines x 26 characters Magnetic	WQVGA 18bit, 256 colors, 4.3" diagonal screen display, resolution 480 x 272 pixels, touch screen display
Magnetic Card Reader:	Magnetic stripe Triple track	Triple track (tracks 1, 2, 3), high coercivity, bi-directional	Magnetic stripe Standard, integrated bidirectional, Triple track. Chip Card Reader - Standard, modular EMV, non captive; ISO 7816; 3v & 5v cards, 2 SAM sockets, LED lights. Contactless Payment, optional modular ergonomic
Smart Card (Optional):	EMV L1, 500,000 insertions	ISO 7816, 1.8V, 3V, 5V; synchronous and asynchronous cards; EMV Level 1 and 2 Type approved	ISO 7816, 3V, 5V; synchronous and asynchronous cards; EMV Level 1 and 2 Type approved
SAM Card Reader (Optional):	Secure Access Module slots - 3	3 Security Access Modules (SAMs)	3 Security Access Modules (SAMs)
Keypad:	15 keys, raised marking, Backlit	16 large, hard-rubber keys	16 large keys hard rubber
Security:	PCT PTS V3 certified	Uncompromising security features – including EMV and PCI PED 2.0 with the option of PCI PTS 3.0 – to protect customer data and reduce merchants' risk.	EMV levels I & II, PCI PTS 3x compliant, Interac, PCI PIN security V3 certified, PIN Encryption, supports triple DES and Dukpt schemes, SSL communications and remote key injections.
Communications:	USB device USB2.0 - Device Serial RS232 Ethernet 10/100 BT Tailgate Factory (option)	Single multi-port connector which supports RS-232, USB device, USB Host, Ethernet	Single multi-port connector which supports RS-232, USB device, USB Host, Ethernet, includes RS485/tailgate and power over ethernet (POE). Includes a full size SDIO slot
Physical:	6.9 x 2.95 x 1.38" (175 x 75 x 35 mm) Weight (175 x 75 x 35 mm)	Length: 173mm; Max Width of 87mm; Height: 35mm; Weight: VX 820 PIN pad 308g (0.68lb) Full shipping 850g (1.86lb)	9.15(l) x 6.82(w) x 25 H Weight 1.8 lbs/082 kg
Environment:	Operating temperature 32°F to 113°F (0°C to +45°C) Storage temperature -4°F to 122°F (-20°C to +50°C) Operating humidity 85% HR to 104°F (+40°C)	Temperature 32° to 104° F; Humidity 15% to 90%, non condensing	Operating temperature 32°F to 115°F (0°C to +45°C) Storage temperature -4°F to 122°F (-20°C to +50°C) Operating humidity 85% HR to 104°F (+40°C)
Voltage:	Powered USB 5V 500 mA Powered RS 232 5V or 12V Powered Ethernet POE Compliant with 802.3af	5-12VDC, 3.8W Max (Maximum consumption with backlight and contactless active)	Power: AC 100-240 V, 50/60HZ DC: 12V@700mA or 24V@350mA, Power Input Options: external Power Supply, Powered POS cable and Provided Ethernet
PCI:	PCT PTS V3 certified	SSL v3.0, 3DES encryption, Master/Session and DUKPT key management; VeriShield file authentication; PCI PTS 3.X approved	PCI 3.X FCC ID UL
Software:	N/A	N/A	N/A
Additional Options/Info:	Optional privacy shield PCI Compliant - Additional or factory mounted privacy shield. ZKA Compliant - Factory (option).	N/A	




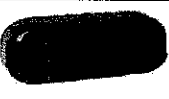
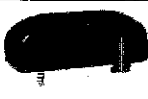

Contractor: Elavon

CHECK READER / IMAGER SPECIFICATIONS		
Picture:		
Brand/Model Number:	RDM 7111f	RDM 7014f
Description:	The RDM 7111F Dual-Sided Check Scanner provides a low cost, two-sided imaging solution for merchants and low volume billers who want to take advantage of the opportunities presented by Check 21.	The RDM 7014F is a cost-effective, feature rich, imaging solution for Electronic Check Conversion including Point-of-Purchase (POP), Accounts Receivable Conversion (ARC), and Represented Check (RCK). RDM's imager provides superior MICR read accuracy, crisp clear images, and a bi-directional document drive positioning the 7014F as one of the most versatile and reliable products in the marketplace.
Processor:	Renesas (Hitachi) SH-3 32-bit RISC 133 Mhz	Renesas (Hitachi) SH-3 32-bit RISC 133 Mhz
MICR formats:	E13B MICR Character Set CMC7 MICR Character Set Alphanumeric OCR A and B font recognition (optional)	E13B MICR Character Set CMC7 MICR Character Set Alphanumeric OCR A and B font recognition (optional)
Images:	<ul style="list-style-type: none"> • CCITT Group 4 compression (ITU T.6) of bi-level image • TIFF 6.0 file format. MICR line with transaction information included in header description tags of check image. OCR line with transaction information included in header description tags of bill stub. Image size varies according to document, typically 10kb or less • High quality binary (black & white) 200 dpi nominal 	<ul style="list-style-type: none"> • CCITT Group 4 compression (ITU T.6) of bi-level image • TIFF 6.0 file format. MICR line with transaction information included in header description tags of check image. OCR line with transaction information included in header description tags of bill stub. Image size varies according to document, typically 10kb or less • High quality binary (b&w) 200 dpi nominal
Memory:	Standard memory capacity approximately 300 images* * Based on 10kb size	Standard memory capacity approximately 250 images* Optional memory capacity approximately 650 images* * Based on 10kb size
Communication Ports:	Power: Red. Mini-DIN 3-pin. USB: Orange. USB-A. (1.1) AUX: Yellow. Mini-DIN 8-pin. COM: Green. Mini-DIN 8-pin. TEL: Purple. RJ11 plug. Modem (optional).	Power: Red. Mini-DIN 3-pin. USB: Orange. USB-A. (1.1) AUX: Yellow. Mini-DIN 8-pin. COM: Green. Mini-DIN 8-pin. TEL: Purple. RJ11 plug. Modem (optional).
Modem:	Supports V.34bis, V.34 V.F.C, V.32bis, V.32, V.22bis, V.22A/B, V.23, V.21, Bell 212A and 103	Supports V.34bis, V.34 V.F.C, V.32bis, V.32, V.22bis, V.22A/B, V.23, V.21, Bell 212A and 103
Size:	Without MSR 8.6" long x 6.1" wide x 4.4" high 21.9 cm long X 15.4 cm wide X 11.3 cm high With MSR 8.6" long x 8.1" wide x 5.9" high 21.9 cm long x 15.4 cm wide x 13.5 cm high With Printer 11.8" long x 6.1" wide x 5.3" high 30.1 cm long x 15.4 cm wide x 13.5 cm high	Without MSR 8.75" long x 5.9" wide x 4.8" high 22.2 cm long X 14.9 cm wide X 12.1 cm high With MSR 8.75" long x 5.9" wide x 5.3" high 21.9 cm long x 15.4 cm wide x 13.5 cm high With Printer 11.8" long x 6.1" wide x 5.3" high 30.1 cm long x 15.4 cm wide x 13.6 cm high
Magnetic Read:	3 track, bi-directional	3 track, bi-directional
Software:	Developer's Kit includes: Application Developer's Kit (ADK) for Windows, Sample Application SAXCo and Serial Interface Kit <i>May not be applicable</i>	Developer's Kit includes: Application Developer's Kit (ADK) for Windows, Sample Application SAXCo and Serial Interface Kit
Power:	Input: 100-240 V AC, 50-60Hz Output: 24V, DC 1.0A	Input: 100-240 V AC, 50-60Hz Output: 24V, DC 900MA
Environment:	32 to 104 degrees F (0 to 40 degrees C) 10 to 85% relative humidity (non-condensing)	32 to 104 degrees F (0 to 40 degrees C) 10 to 85% relative humidity (non-condensing)

**MSA 5-10-99-02 Amendment 2
Exhibit E Attachment III - Equipment Specifications**




Contractor:

Elavon


WEDGE SPECIFICATIONS						
Picture:						
Brand/Model Number:	Mini Wedge USB	Mini Wedge PS2/AT	Magtek E2E USB Mini Wedge	Magtek Bullet <i>Used for (VM) Software only</i>	Magtek uDynamo <i>Used for (VM) Software only</i>	Magtek aDynamo <i>Used for (VM) Software only</i>
Description:	The Mini Wedge Reader looks transparent to both the keyboard and the PC until a card is read. Power is supplied via the keyboard port from the PC. When a card is read, the Reader disables the keyboard and sends card data using the same scan codes used by the keyboard. The PC cannot distinguish between data from the keyboard and data from the Reader. In addition to reading the standard credit card and driver license formats, these readers will read custom formats such as 7-bit encoding on all 3 tracks.	The Mini Wedge Reader looks transparent to both the keyboard and the PC until a card is read. Power is supplied via the keyboard port from the PC. When a card is read, the Reader disables the keyboard and sends card data using the same scan codes used by the keyboard. The PC cannot distinguish between data from the keyboard and data from the Reader. In addition to reading the standard credit card and driver license formats, these readers will read custom formats such as 7-bit encoding on all 3 tracks.	For customers that want both security and ease of use, the Dynamag Secure Card Reader Authenticator (SCRA) is MagneSafe™ secured and offers a reliable and convenient swipe path with complete security features for the peace of mind you can trust. Specifically designed to meet PCI DSS requirements to secure cardholder data, the Dynamag employs the industry standard, Triple DES encryption. The Dynamag is USB powered. This bi-directional SCRA conveniently makes any existing merchant application more secure.	With the BulleT Secure Card Reader Authenticator (SCRA), security comes with the flexibility and portability of a Bluetooth wireless interface. Small enough to fit into the palm of your hand, the BulleT enables secure wireless communications with a PC or mobile phone using the popular Bluetooth interface. Not only does the BulleT encrypt card data from the moment the card is swiped, but it also enables card authentication to immediately detect counterfeit or altered cards. Ideal for merchants and financial institutions' mobile users, the BulleT offers MagneSafe™ security features with the convenience of a Bluetooth interface. This powerful combination assures card data protection, transaction security and convenience needed to secure mobile applications with strong encryption and 2-factor authentication. The BulleT is specifically designed to leverage the existing magnetic stripe card as a secure token empowering cardholders with the freedom and confidence of knowing that their transactions are secure and protected anytime, anywhere.	The uDynamo secure card reader authenticator connects to a wide variety of devices through its retractable headphone jack. It also provides a USB interface for connection with various devices including Windows or Mac PCs, and is perfect for virtual terminals. The uDynamo combines the latest technologies for reliable and secure mobile payments and identification. The uDynamo SCRA allows merchants to make secure transactions while on-the-go using mobile devices and connecting through their mobile headphone jack or USB connections. The secure card reader authenticator uses the MagneSafe™ Security Architecture to protect cardholder data through instant dynamic encryption, tokenization and authentication.	The aDynamo is a magnetic stripe secure card reader (SCR) designed to allow the reading of tracks one and two of financial and other cards to be read using the multimedia audio connector of a mobile device such as those built into iOS and Android devices. The aDynamo interfaces to mobile devices through the audio headset jack and communicates with the host device through the microphone input and the audio output signals.
Color:	white and black	white and black	black	black	black	black
Dimensions:	6.15 in.	6.15 in.	Length: 3.94" (100.0mm) Width: 1.28" (32.5mm) Height: 1.23" (31.3mm)	Length: 3.48" (88.65 mm) Width: 0.90" (22.86 mm) Height: 1.17" (29.72 mm)	2.50 in. X 1.55 in. X 0.62 in. (63.5 mm X 39.4 mm X 15.7 mm)	2.50 in. X 1.55 in. X 0.62 in. (63.5 mm X 38.4 mm X 15.7 mm)
Weight:	5.8 oz.	5.8 oz.	4.5 oz. (127.57 g)	1.4 oz. (39.7 gr)	N/A	16.8 grams (0.59 oz)
Connector:	Can be connected to PC flatboard or PC surface. USB Port	Can be connected to PC flatboard or PC surface. PS2 connection	USB Type A plug	USB Mini B 5-pin	N/A	3.5mm TRRS audio headset connector (CTIA)
Cable Length:	6 feet	6 feet	6 feet	Optional cable	N/A	N/A
Card Type:	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card	VISA, MasterCard, JCB, Diners, Discover, Amex, Gift Card
Environment:	32°F to 131°F, humidity 10% to 90% non-condensing	32°F to 131°F, humidity 10% to 90% non-condensing	Operating: TEMP: -30°C to 70°C (-22°F to 158°F) HUMIDITY: 10% to 90% noncondensing Storage: TEMP: -40°C to 70°C (-40°F to 158°F) HUMIDITY: 10% to 90% noncondensing	Operating: 32°F - 113°F (0 - 45°C) Storage: -4°F - 140°F (-20°C - 60°C)	Operating: 0°C to 45°C (32°F to 113°F) Storage: -10°C to 60°C (14°F to 140°F)	Operating: 0°C to 45°C (32°F to 113°F) Storage: -10°C to 60°C (14°F to 140°F)

Contractor:

Elavon

PRINTER SPECIFICATIONS			
Picture:			
Brand/Model Number:	Epson ReadyPrint T20	Star S220i	Star T300
Description:	Printer (Virtual Merchant)	Printer	Printer
Physical:	Overall dimensions: 5.51" x 7.83" x 5.75" (140 x 199 x 146 mm) (W x D x H)	The S220i is a compact and lightweight printer measuring at 2 inches making this the perfect portable printer. Blue tooth capable.	H: 3.51 in (94.5 mm); W: 6.08 in (156.0 mm); D: 9.2 in (238.0 mm); Weight: 6.75 lbs (2.60 kg);
Environmental:	N/A	Temperature *1) 0 ° C to 50 ° C (for operation) -20 ° C to 60 ° C (for storage)	Environmental Operating Temperature - 0° to 40° C (32° to 104° F). Humidity same
Printing:	Print speed Max. 150 mm/sec (5.91 in/sec)	N/A	
Method	Thermal line printing	Direct line thermal printing	8 pin serial impact
Speed	Max. 150 mm/sec (5.91 in/sec)	80 mm/s (max)	3.7 lines per second
Characters	22.6 and 16.9 cpi	Maximum 42 cpi Character types-Alphanumeric characters, expanded graphic characters, JIS Level-1 Kanji Set, JIS Level-2 Kanji Set, and special chareclers	11 sets: US, UK, French, German, Danish I, Danish II, Swedish, Norwegian graphics printing capability
Buffer	N/A	N/A	3 line
Print Head Life Expectancy	MTBF 360,000 hours MCBF 60,000,000 lines	Approximately 50 km	100 Million characters
Mechanism Reliability	MTBF 360,000 hours MCBF 60,000,000 lines Autocutter 1.5 million cuts	N/A	2.5 million lines MCBF (Mean Cycles Between Failures)
Ribbon:			
Type	80mm: 3.13" ± 0.02" x 3.27" diameter (79.5 ± 0.5(W) x 83mm) 58mm: 2.26" ± 0.02" x 3.27" diameter (57.5 ± 0.5(W) x 83mm)	Thermal roll paper (57.5 ± 0.5 mm wide with a diameter of Ø40 mm)	Cartridge
Color	Epson Dark Gray, Epson Cool White	N/A	Dual color (Red/back)
Life Expectancy	N/A	N/A	2 million characters
Paper:			
Size	80mm: 3.13" ± 0.02" x 3.27" diameter (79.5 ± 0.5(W) x 83mm) 58mm: 2.26" ± 0.02" x 3.27" diameter (57.5 ± 0.5(W) x 83mm)	N/A	Paper - Size: 3.0 in (76 mm) wide standard roll; Format: 42-column, portrait
Format	N/A	N/A	Format: 42-column, portrait
Interface:	USB	Bluetooth	
Serial	N/A	N/A	RS-232C Compatible
Baud Rate	N/A	N/A	Switch selectable 1200,2400,4800 & 9600
Power:	Power 100 – 240V AC, 50/60 Hz Power consumption Approx. 1.0A Power supply Internal (AC cable included)	N/A	N/A
Voltage	100 – 240V AC, 50/60 Hz	N/A	220 VAC (180-274) 50

Contractor: Elavon

SOFTWARE FEATURES/SPECIFICATIONS	
Brand/Model Number:	 Converge Software <i>(formerly known as Virtual Merchant)</i>
Link:	https://www.myvirtualmerchant.com/VirtualMerchant/
Description:	<p>Converge provides powerful and secure data management with the following features:</p> <ul style="list-style-type: none"> • Fully-hosted solution minimizes security liability and ensures card association regulations and standards are met. • Buy Button functionality for secure processing of e-Commerce transactions. • End-to-End Encryption helping to protect cardholder data, at rest and in transit for face-to-face environments using MagTek® secure card readers. • 3D Secure Authentication reducing risk of chargebacks and offering maximum security for e-Commerce businesses. • Fraud prevention rules can be established for e-Commerce transactions that fall outside of normal processing. Examples: decline transactions based on card number, cardholder IP, email address, or other criteria. • Business rules can be established for e-Commerce transactions that fall outside of normal business parameters. Examples: flag transactions by type, value, or other criteria (those that need further review can be pended). <p>* Ability to process mobile payments utilizing mobile readers (Android, IPAD, Blackberry)</p>
Tokenization Feature:	<p>Ability for Tokenization by providing returning customers the convenience of not having to re-enter their personal data every time they make a purchase. (Note: Additional transaction fee applies).</p> <ul style="list-style-type: none"> • Tokenization uses a randomly-generated Unique ID in place of the Primary Account Number (PAN) • Tokens are card-based so businesses always get the same token back for a specific PAN, which preserves analytics • Tokens are unique for each business, eliminating portability of data • The same card will produce a different token at each business, but can be shared across an enterprise

1. SCOPE OF THIS AGREEMENT; DEFINITIONS AND GENERAL PROVISIONS

a. **Scope:** Your acceptance of electronic payments is governed by this Agreement (defined below).

b. **Definitions:**

Affiliate means any entity that controls, is controlled by, or is under common control of a party, including its subsidiaries.

Agreement means the Std. 213 form and the Master Service Agreement which includes all Exhibits ("MSA") and Contractor's Merchant Operating Guide, and mutually agreed upon amendments thereto.

Associations or Payment Networks means any:

- (a) Credit Card Association (defined as (i) Visa.; (ii) MasterCard; (iii) American Express; (iv) Discover Network; and any successor organization or association to any of the foregoing);
- (b) EFT Network (defined as (i) Interlink Network Inc., Maestro U.S.A., Inc., STAR Networks, Inc., NYCE Payments Network, LLC, PULSE Network LLC, ACCEL/Exchange Network, Alaska Option Services Corporation, Armed Forces Financial Network, Credit Union 24, Inc., NETS, Inc., and SHAZAM, Inc.; and any successor organization or association to any of the foregoing);
- (c) ECS Association (defined as Visa (in its operation of the Visa POS Check Service), NACHA and any regional ACH association or network, the Federal Reserve (in its processing of ACH entries or Demand Drafts or other legal replacements or substitutes for a Paper Check, including under the Check Clearing for the 21st Century Act or under applicable provisions of the Uniform Commercial Code; and any successor organization or association to any of the foregoing)
- (d) governmental agency or authority.

Association or Payment Networks Rules means the rules, regulations, releases, interpretations and other requirements (whether contractual or otherwise) imposed or adopted by Associations designated in this Agreement including all amendments as agreed upon pursuant to Exhibit G, Section 3.

Authorization means the process by which the Authorized Users electronically accesses Servicers' computerized system, unless such system is inoperable or otherwise not accessible to the State, in which case the State shall utilize the designated toll-free telephone number, to obtain credit approval from the Card issuing bank before completion of the Card transaction.

Authorized Users means (i) State of California government entities that participate in this MSA ("State Authorized Users"), and (ii) Local government entities that participate in this MSA ("Local Authorized Users"), as further defined in Exhibit D.1 of the MSA.

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Bank (or "Member") means U.S. Bank.

Bankruptcy Code means title 11 of the United States Code, as amended from time to time.

Business Day means a day (other than Saturday or Sunday) on which Bank is generally open for business.

Card or Payment Device means as any device or method used for the purpose of obtaining credit or debiting a designated account including a credit card (associated with a revolving line of credit), debit card (associated with an electronic debit to the Cardholder's account), and any other financial transaction device or method, including an electronic gift card (special stored value card), check (whether converted into electronic form or used as a source document for an electronic fund transfer), electronic benefits transfer card, stored value card, "smart" card, or other device created to be used for the purpose of obtaining credit or debiting a designated account, that is now or hereafter effected through Charges with Authorized Users.

Cardholder means the individual whose name appears on the Card or in whose name a Card has been issued, and any person who purports to be an authorized user of such Card.

Charge, transaction or Transaction means any action between a Cardholder using a Card and an Authorized User that results in activity on the Cardholder's account (e.g. payment, purchase, refund or return).

Chargeback means the procedure by which the funds from a Sales Draft or other indicia of a Card transaction (or disputed portion thereof) are returned to the cardholder by the issuing bank. Visa or MasterCard will debit the Servicers the chargeback amount to make the issuer whole. The Servicers in turn will recoup the chargeback amount from the Authorized User.

Chargeback Percentage means the ratio of overall Chargeback-to-settlement volume. Specifically, your Chargeback Percentage means the actual monthly percentage calculated by dividing your total monthly VISA and MasterCard Chargeback items in any line of business by the number of the State or your total monthly VISA and MasterCard transactions in such line of business

Contractor means Elavon, Inc., or its affiliates providing services hereunder.

Contractor System means any hardware, software, system, or methods used by Contractor to perform the Services, and expressly exclude any third party hardware, software, systems or methods used by an Authorized User.

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Credit Voucher means the evidence of a refund or price adjustment by the State or Authorized User to a Cardholder's Card account in connection with a prior purchase by such Cardholder using a Card, regardless of whether the form of such evidence is in paper, electronic or otherwise.

Electronic Check Service (ECS) means the service offering by Elavon pursuant to which transactions effected via an ACH payment device are presented for clearing and settlement by or through an ECS Association.

Establishments means all of your locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that you adopt in the future.

Establishment Number (sometimes called the "merchant id" or "SE" number) is the unique number we assign to your Establishment; if you have more than one Establishment, we may assign to each a separate Establishment Number.

Marks mean names, logos, service marks, trademarks, trade names, taglines, or other proprietary designations belonging to the Associations.

Operating Procedures means the manual prepared by Servicers (including the Merchant Operating Guide), containing operational procedures, instructions and other directives relating to Card transactions.

Preauthorized Order means a Cardholder's written authorization to make one or more future charges to such Cardholder's Card account.

Recurring Sale means a Cardholder's written authorization to make one or more future charges to such Cardholder's Card account.

Sales Draft or Transaction Receipt means evidence of a purchase of goods or services by a Cardholder from the Authorized User using a Card, regardless of whether the form of such evidence is in paper, electronic or otherwise, all of which must conform to Association Rules.

Settlement Account or ZBA means an account at a financial institution designated by the Authorized User as the account to be credited by Servicers for Card transactions, and other amounts due hereunder.

Servicers means collectively Contractor and Bank.

Subscription Agreement means the Authorized User's Standard 213 form or contract equivalent, the Selected Services Signature Page, and the Authorized User Participation – Set Up Form, all MSA Exhibits, Authorized User's Scope of Work and Invoice contact information, and any attachments or amendments thereto.

We, our, and us also means Servicers.

You, you and your means each Authorized User individually, not collectively.

Other defined terms appear in italics in the body of this Agreement.

- c. **For Your Use Only:** This Agreement covers only you. You must not obtain Authorizations, submit Charges or credits, or receive payments on behalf of any other party.

2. ACCEPTANCE OF CARDS

- 2.1 You will accept any Card properly tendered, without imposing any special conditions (such as requiring identification) not required or allowed by Association Rules. You will assess no special charge (a surcharge in connection with accepting a card for payment) or extract any special agreement, condition (including any minimum or maximum transaction amounts) or security from a Cardholder in connection with any Card transaction. You shall not post signs indicating that You will refuse to honor Card transactions below or above a specified transaction (i.e., \$5 minimum to use payment card). You may offer a discount for using cash if clearly disclosed as a discount from the price available for all other means of payment. You shall not engage in acceptance practices or procedures that discriminate against, discourage or favor the offered use of any particular Card accepted by You. You will not require Cardholders to provide personal information such as a home or business telephone number, a home or business address, or any form of identification (such as a driver's license) as a condition for honoring and accepting a Card, unless specifically required by this Exhibit G or the applicable Association. You shall not accept Cards at terminals that dispense scrip in violation of the Association Rules.
- 2.2 You must check each Card accepted for validity in accordance with the terms of this Exhibit G, the Operating Procedures and the applicable Association Rules. You must not submit any sale that was not created between You and the Cardholder for settlement and under no circumstances may You submit any sale that has been previously charged back by the Cardholder and returned to You.
- 2.3 You will check each Card used during a transaction for validity in accordance with the terms of this Exhibit G, the Operating Procedures and the applicable Association Rules. You will not honor a Card that appears to be invalid or expired.
- 2.4 All Sales Drafts and Credit Vouchers must include (i) either a manual imprint or an electronic printing of the Card obtained by passing the magnetic stripe on the Card through a point-of-sale terminal, of Cardholder information contained on the Card or magnetic stripe; (ii) the signature of the authorized user as it appears on the Card; (iii) the date of the transaction; (iv) a description of the merchandise sold or rented or the services rendered; and (v) the total cash price of the Card transaction (including taxes).
- 2.5 Except for transactions completed by using magnetic stripe reading point-of-sale terminals that print Card transaction records or originated at limited amount terminals that are capable of reading magnetic stripes and limit each Card transaction to twenty-

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five (\$25), You are deemed to warrant the true identity of any Cardholder unless You imprint the Card on the Sales Draft, as described in subsection 2.4, above.

- 2.6 Unless a Card transaction is governed by Section 5, Section 8 or otherwise specifically authorized by Servicers in writing, You may only complete a Card transaction when (i) the Card is present and (X) the data stored on the magnetic stripe is electronically read and printed by a magnetic stripe reader or (Y) the Card is manually imprinted, (ii) the Card is signed and the signature on the Sales Draft appears to be the same as the signature on the Card, (iii) the Cardholder resembles the person pictured (if any) on the Card, and (iv) all, or the appropriate portion, of the embossed account number on the Card matches with the corresponding digits printed on the Card and with the account number displayed and/or printed by a point-of-sale device reading the magnetic strip on the Card. (If a previously unsigned Card is signed at the time of a Card transaction, You will review (and identify on the Sales Draft) a current, official government identification document (such as a driver's license or passport) bearing the Cardholder's signature.) You will deliver at least one copy of the Sales Draft or agreement or Credit Voucher to the Cardholder.
- 2.7 You shall determine in accordance with Association Rules and the Agreement which types of Cards and processing services You will agree to accept as a form of payment from your customers by selecting the applicable processing services on the Authorized User Participation - Set Up Form (Exhibit D, Attachment I).

3. OPERATING PROCEDURES; ASSOCIATION RULES

You acknowledge that you have received the link to the Operating Procedures, the terms of which are incorporated into this Exhibit G. You agree to follow the procedures in the Operating Procedures in connection with each Card transaction. You also agree to comply with all applicable Association Rules, including all requirements applicable to obtaining authorization for ACH debits from a consumer account as applicable, and to comply with all laws applicable to the selected processing services, including without limitation, laws related to Cards, electronic fund transfers, confidential treatment of information, and the Fair and Accurate Credit Transactions Act of 2003 (FACTA), including its requirements relating to the content of transaction receipts provided to Cardholders. From time to time, Servicers may change the Operating Procedures by providing You with at least (30) days' prior written notice of the change. However, in the event of changes in the Association Rules or due to security reasons, certain changes in Card procedures may become effective on shorter notice. If Servicers change their Operating Procedures during the term of the Agreement, and such changes are not mandated by an Association or governing body of rules or guidelines, the change will be subject to review and approval by the State and Authorized User within sixty (60) day of receipt of change notice. Failure of the State or Authorized Users to object, and continuation of Card acceptance hereunder, will constitute the State's and Authorized Users' acceptance of the new Operating Procedures. The State and/or any Authorized User may provide notice to terminate for convenience as provided in Exhibit D, Section 11.b, if any changes to Operating Procedures and/or Association Rules are unacceptable. While it is intended that the Operating Procedures will supplement this Exhibit G, if there is any conflict between the terms of this Exhibit G and the Operating Procedures, the terms of this Exhibit G will govern, unless the conflict is directly related to a change in the Operating Procedures which specifically addresses a procedure or requirement detailed in this Exhibit G. If You lose or otherwise

misplace the Operating Procedures or notices of changes thereto, You shall be responsible for contacting Servicers to obtain replacement copies or links thereto.

4. AUTHORIZATION

- 4.1 You shall be responsible for obtaining Authorization in advance for each Card transaction. The Authorization number provided by Servicers or issuers shall be noted by You in the appropriate place on the Sales Draft. If Authorization is declined, You shall not complete the Card transaction.
- 4.2 You shall comply with any special authorization procedures contained in any other sections of this Exhibit G, the Operating Procedures, the MSA and the Association Rules.
- 4.3 You acknowledge that Authorization, (i) indicates only the availability of credit at the time of Authorization; (ii) does not warrant that the person presenting the Card is the rightful Cardholder; and (iii) is not an unconditional promise or guarantee by Servicers that any Card transaction will not be subject to Chargeback.
- 4.4 You may, as permitted in this Exhibit G or the Operating Procedures obtain a voice authorization or manually enter the transaction, in the event that the POS Terminal is not operating properly. Servicers will provide You with a response for voice authorized transactions and You shall record any approval number on the Sales Draft.
- 4.5 Servicers shall have no obligation to process any transactions initiated with a Card type not selected by You on the Authorized User Participation Set-up Form and Servicers shall be entitled to decline such transactions without first attempting to obtain an authorization. In the event any such transaction is inadvertently not declined by Servicers and is authorized by an Association, You shall be fully liable for each transaction, as if the Card type initiating in such transaction was selected by You.

5. TELEPHONE AND MAIL ORDERS

- 5.1 If You are authorized to accept telephone or mail orders, Authorization for each such Card transaction, regardless of the face amount, must be obtained and You must write "TO" (indicating telephone order), or "MO" (indicating mail order) as applicable, on the Sales Draft in lieu of the Cardholder's signature. You assume all responsibility for identification of the Cardholder and the validity of the Card information for telephone and mail orders. For telephone and mail order Card transactions where merchandise is to be shipped or delivered to or for the Cardholder, the shipping date shall not be more than five calendar days after the Authorization is obtained, and any shipping costs not included in the Authorization amount must not exceed fifteen percent (15%) of the amount authorized.
- 5.2 An installment payment option may be offered for telephone or mail order merchandise if all terms are clearly disclosed, each installment is authorized, the first installment is not submitted for settlement until the merchandise is shipped, and subsequent installments are submitted no more frequently than monthly.
- 5.3 Under no circumstances may You require that a Cardholder complete a postcard or other document which displays the Cardholder's account data in plain view when mailed.
- 5.4 You will comply with the procedures for Card Not Present transactions in the Operating Procedures and Association Rules.

6. MULTIPLE SALES DRAFTS AND PARTIAL CONSIDERATION

- 6.1 Except as shall be specifically set forth in the Operating Procedures or the Association Rules, You shall list all items of goods and services purchased during each Card transaction and the total amount thereof on a single Sales Draft.
- 6.2 You shall comply with all special procedures and conditions applicable under the Operating Procedures and the Association Rules with respect to any partial payment, installment payment, delayed delivery or advance deposit situation and any delayed or amended charges for a travel and entertainment transaction. You shall not use more than one Sales Draft to represent a single Card transaction to avoid the need for Authorization.

7. PREAUTHORIZED ORDERS AND RECURRING SALES.

- 7.1 A Preauthorized Order or Recurring Sale may include the payment of recurring charges such as insurance premiums, subscriptions, membership fees, tuition or utility charges and may also include preauthorized health care payments (subject to the associated preauthorized payment schedule between the Cardholder and You).
- 7.2 If You are authorized to accept Preauthorized Orders or Recurring Sales, Authorization for each such Card transaction, regardless of the amount, must be obtained and You must write "Recurring Transaction" (for Visa and other non-MasterCard Card transactions) or "Pre-Authorized Order" (for MasterCard Card transactions) as applicable, on the Sales Draft in lieu of the Cardholder's signature.
- 7.3 Except for preauthorized health care payments for the incremental costs not covered by insurance, advance deposits and installment payments, all made in compliance with this Exhibit G and the Operating Procedures and Association Rules, a Preauthorized Order or Recurring Sale may not include partial payments made to You for goods or services purchased in a single transaction. In no event may any finance charges be imposed on any periodic payments in connection with a Preauthorized Order or Recurring Sale.
- 7.4 You may not accept a Preauthorized Order or Recurring Sale from a Cardholder for the purchase of goods or services which are delivered or performed periodically unless the Cardholder completes and delivers to You a written request (and, when applicable, a written renewal request) identifying (i) the goods or services to be charged to the Cardholder's account, (ii) the amount of the preauthorized or recurring charges (unless such charges are for variable amounts), (iii) the frequency of the preauthorized or recurring charges and (iv) the duration of time for which the Cardholder's permission is granted. If You accept any Preauthorized Orders or Recurring Sales for variable amounts, You must do so pursuant to associated preauthorized payment schedule between the Cardholder and you.
- 7.5 The Cardholder's written request (including any written renewal request) must be (i) retained for the duration of the preauthorized or recurring charges; (ii) provided in response to a Card issuing bank's request for original documentation; and (iii) used no longer after receiving notice of cancellation.
- 7.6 You will comply with the procedures for Recurring Payments and Pre-Authorized Orders in the Operating Procedures and Association Rules.

8. INTERNET PROCESSING

You must obtain approval from Servicers to accept and process Internet transactions through Servicers. You also acknowledge that you must inform Servicers of your use of any processing software, third party Internet payment gateway, shopping cart, Web Site host, or other service provider (collectively "Internet Service Providers"), that any Internet payment gateway must be approved by Servicers and that You are prohibited from transmitting any Cardholder transaction data to any Internet Service Providers (or any third party) without the approval of Servicers. . If authorized to accept payment by Internet, the Sales Draft shall be completed without the Cardholder's signature or an imprint but shall include the Cardholder's name, billing address, Card number, expiration date, of the Card, a description of the merchandise or service and the date and amount of all charges. You will comply with the requirements for Card Not Present Transactions specified in the Operating Procedures and Association Rules. All Internet transactions will be settled by Servicers into a depository institution in the United States. You shall process Internet transactions only (a) if the Internet transactions have been encrypted by Servicers or by an Internet Service Provider acceptable to Servicers and (b) Cardholder data is protected by You as required by the then current Association Rules, PCI data security requirements, or any other applicable regulations. Encryption is not guarantee of payment to You. You acknowledge that Internet transactions may be authorized and settled through separate BIN/ICA numbers and interchanges and that Servicers may be unable to combine deposits of Internet transactions and non Internet credit and debit Card transactions. Because the transactions processed via the Internet are higher risk, You may be charged higher Association fee. Internet transactions are subjected to a higher incidence of chargebacks and, as with non-Internet transactions, receiving an Authorization and following procedures will not relieve You of liability associated with Chargebacks and/or the fraudulent use of customer data obtained off of Your Web Sites. All communications costs related to Internet transactions are Your responsibility. Servicers will not manage the Internet telecommunication link which is also Your responsibility. Obtaining any license or sub-license of software required to permit You to process Internet transactions shall be Your responsibility, and if obtained from Servicer's, subject to a separate agreement. Servicers do not guarantee that obtaining required approvals from Servicers or implementing suggested security measures will cause Your Internet transactions to be secure or impregnable, and Servicers will not be responsible in the event of the infiltration of Your or any Internet Service Provider's security systems. You further acknowledge and agree that Servicers are not responsible for the security of the Cardholder data or information stored on Your or any Internet Service Provider's computers, systems or Web Site(s) and that You will be solely responsible for any liability, fines, or penalties arising from its use, storage, or dissemination of Cardholder data.

9. CARDHOLDER REFUNDS AND CREDITS

- 9.1 If a Cardholder returns goods or cancels services purchased from You with a Card, or You allow any other price adjustment after a sale has been completed and a refund or adjustment is due to the Cardholder (other than any involuntary refund required by applicable airline or other tariff or by law), You will not return cash to the Cardholder but will instead prepare a Credit Voucher and process each such refund or adjustment, as specified in the Operating Procedures and Association Rules. You will give the Cardholder a copy of the completed Credit Voucher.
- 9.2 If You establish a policy limiting refunds or acceptance of returned merchandise (*e.g.*, no refund, exchange only, in-store credit only, or special conditions), You must follow the procedures regarding refunds and returned merchandise as set forth in the Association Rules including, without limitation, the proper disclosure of such policy on all copies of each Sales Draft in letters at least 1/4" high in close proximity to the space provided for the Cardholder's signature.
- 9.3 You will not accept money from a Cardholder for the purpose of preparing and depositing a Credit Voucher that will affect a deposit to the Cardholder's account. You must not process a Credit Voucher without having completed a previous Card transaction with the same Cardholder (or with a Cardholder who purchased a gift returned by the recipient). Under no circumstances may You require a Cardholder to waive the Cardholder's right to dispute a Card transaction with the Card issuing bank.
- 9.4 You acknowledge that Elavon may delay cardholder credits for up to five (5) business days for accounting verification. Credits issued by you to PIN-debit Cards will not be subject to this delay.

10. PRESENTMENT OF CARD TRANSACTIONS

- 10.1 You shall electronically or physically deliver to Servicers Sales Drafts for all Card transactions to be processed and settled hereunder. You will submit Sales Drafts to Servicers in no event later than the fifth calendar day or third banking day (whichever is earlier) after completing Card transactions (unless You are entitled to any special extension of these deadlines). You acknowledge that the times specified in the previous sentence are the maximum deadlines and that faster time frames are required to qualify for incentive programs.
- 10.2 You will not submit any Sales Draft that was not created in conjunction with a Card transaction between You and the applicable Cardholder. Under no circumstances will You submit any Sales Draft that has been previously charged back by the Cardholder and subsequently returned to You.

11. SETTLEMENT OF CARD TRANSACTIONS

- 11.1 Servicers will only be required to settle Your Card transactions for Cards as specified herein provided that Servicers receive your Card transaction information in the format required by Servicers. Promptly after presentment of Sales Drafts pursuant to Section 10, above, as applicable, Servicers will initiate a transfer via Automated Clearing House Credit of the applicable settlement funds to You. When Servicers receive payment of settlement funds through automated clearing house credit, Servicers will initiate a transfer of such applicable settlement funds through ACH to Your Settlement

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Account. Settlement by automated clearing house credit will take place according to the schedule indicated in Exhibit A, Section 4.a.2.

- 11.2 All settlements to You for VISA and MasterCard Card transactions will be based upon gross sales, less credits/refunds, adjustments, Chargebacks, amounts payable to third parties pursuant to instructions from You in accordance with Association Rules.
- 11.3 All credits to Your Settlement Account or other payments to You are provisional and are subject to Servicers' final audit, and Chargebacks. You agree that Servicers may credit Your Settlement Account for any overages, pending Chargebacks, or may offset chargeback amounts from settlement funds due to You. Alternatively, Servicer will invoice You for any deficiency, fine, or fee amounts, net due 30 days after the invoice date or on such earlier date as may be specified.
- 11.4 Servicers will not be liable for any delays in receipt of funds or errors in debit and credit entries caused by third parties including but not limited to any Association or Your financial institution. In addition to any other remedies available to Servicers under the Agreement, You agree that should any of the events set forth in Paragraph 17.2 occur, Servicers may, upon at least 24 hours' advance written notice, change processing or payment terms to suspend credits or other payments of any and all funds, money and amounts now due or hereafter to become due to You from Servicers pursuant to the terms of this Exhibit G, until Servicers have had reasonable opportunity to investigate and discuss such event with You. In cases of fraud, suspicious activity or similar cause, no prior notice shall be required, but Servicers shall notify You in writing within three business days after effectuating a suspension of credits or other payments that have not been released, which notice shall state Servicers' reason for the belief that such fraud, suspicious activity or similar cause exists.

12. FEES; ADJUSTMENTS; COLLECTION OF AMOUNTS DUE

- 12.1 Servicers shall charge You a fee for the Services, which shall be calculated and payable pursuant to Exhibit E. The fees shown on Exhibit E shall be calculated based on the net amount of transactions submitted to Servicers. If Your Card transactions fail to qualify for the reduced interchange fees, Servicers shall process such Card transactions at the applicable interchange fees as set by the applicable Association. If a transaction fails to qualify for Your anticipated interchange levels, then the Association will downgrade the transaction and process it at a more costly interchange level for which it does qualify which amount will be passed on to You.
- 12.2 Beginning on the Agreement Effective Date, all Authorized Users collectively under the MSA will be assigned to one of the pricing tiers identified on Exhibit E Attachment I based on the Transaction count for the twelve (12) month period prior to Effective Date. The Transactions included in the Transaction count are the aggregate number of all Visa, MasterCard and Debit Transactions processed by Contractor for all Authorized Users. Once annually, one month prior to the anniversary date, Contractor will review the combined Authorized Users' Transaction count data for the prior twelve (12) months and, upon the first day of the month following the annual anniversary date, will apply the applicable pricing tier to all Authorized Users.

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- 12.3 The fees for Services set forth in Exhibit E may be adjusted to reflect increases or decreases by Associations in interchange, assessments or other Association fees or to pass through increases charged by third parties for on-line communications and similar items. All such adjustments shall be Your responsibility to pay and shall become effective upon the date any such change is implemented by the applicable Association or other third party. You shall at all times be responsible for, payment of all fees and charges (including increases additions, or modification made thereto), without limitation, of any Association, Internet Service Provider, telecommunications provider, federal, state, or local governmental authority (each a "Third Party") including, without limitation any switch fee, issuer, reimbursement fee, adjustment fee, interchange fee, assessment fee or access fee, (collectively, "Third Party Fees").
- 12.5 In addition to the regular Chargeback fees, as set forth on Exhibit E Attachment I, You agree to pay Servicers any fines, fees, assessments, or penalties imposed on Servicers by any Association, resulting from Transactions or Chargebacks and any other fines, fees or penalties imposed by an Association with respect to acts or omissions of You or your Third Parties.
- 12.6 It is your responsibility to reconcile the statements regarding Transaction activity received from Servicers, any Association, and any third party vendors with the statements You receive for your bank account. You must promptly examine all statements and promptly notify Servicers in writing of any errors in the statement received from Servicers. Your written notice must include: (i) Your name and account number; (ii) the dollar amount of the asserted error; (iii) a description of the asserted error; and (iv) an explanation of why You believe an error exists and the cause of it, if known. That written notice must be received by Servicers within forty-five (45) days of the date of the Servicer statement containing the asserted error.

13. CHARGEBACKS

- 13.1 You shall be responsible for all Chargeback amounts relating to Card transactions settled by Servicers for any reason under the Association Rules, including but not limited to where:
- (i) merchandise is returned and a proper credit for Cardholder is not received by Servicers for processing;
 - (ii) the Sales Draft is, or is alleged to have been, executed, accepted, endorsed, completed or assigned improperly without authority or not in accordance with the Authorization requirements or provisions of this Exhibit G or the Operating Procedures;
 - (iii) regardless of any Authorization obtained (including without limitation, telephone and mail order transactions), You completed a transaction when the Cardholder did not sign the Sales Draft;
 - (iv) the signature on the draft was unauthorized as compared to the signature appearing on the Card, the signature panel on the Card was blank, or a limited purpose business purchasing card was accepted without appropriate authorization of the nature of the goods or services purchased (in addition to Authorization of the transaction amount);
 - (v) the Sales Draft is incorrectly completed, incomplete or illegible;

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- (vi) the Cardholder disputes the sale, quality or delivery (or availability for pre-arranged pick-up) of merchandise or the performance or quality of service covered by the Sales Draft or agreement accepted by such Cardholder;
- (vii) the circumstances in which the Sales Draft was created or submitted by, or credit was received by, You constituted or otherwise involved a breach of any term, condition, representation, warranty or duty of You hereunder;
- (viii) multiple Sales Drafts were executed to avoid the need to obtain authorization necessary to complete the transaction;
- (ix) the extension of credit for merchandise sold or rented or services performed was in violation of law or the rules or regulations of any governmental agency, whether federal, state, local or otherwise;
- (x) a legible copy of the Sales Draft or Credit Voucher cannot be produced by You within ten days of Servicers' request;
- (xi) the Cardholder asserts any claim or defense which the Cardholder has as a consumer of goods or services;
- (xii) the Cardholder disputes the validity of a telephone or mail order Card transaction;
- (xiii) the Card transaction is otherwise subject to Chargeback by the Card issuing bank or Cardholder in accordance with the Association Rules or applicable law; or
- (xiv) the Card transaction is subject to Chargeback in accordance with the procedures set forth in the Operating Procedures.

14. CASH PAYMENTS BY AND CASH DISBURSEMENT TO CARDHOLDERS.

You shall not accept any direct payments from Cardholders for charges of merchandise or services which have been included on a Sales Draft, it being the right of the Card issuing bank to receive such payments. Taxes on Card transactions must be included in the amount charged and may not be collected by You in cash. You shall not make any cash disbursements to a Cardholder as part of a Card transaction except to the extent expressly authorized by Exhibit G, the Operating Procedures or the Association Rules.

15. CONFIDENTIALITY

15.1 Unless You obtain consents from each applicable Association, Servicers, Card issuing bank and Cardholder, You shall not use, disclose, sell or disseminate any Cardholder information solely obtained in connection with a Card transaction (including the names, addresses and Card account numbers of Cardholders) except for purposes of authorizing, completing and settling Card transactions and resolving any chargebacks, retrieval requests or similar issues involving Card transactions, other than pursuant to a court or governmental agency request, subpoena or order. You shall use proper controls for and shall limit access to, and shall render unreadable prior to discarding, all records containing Cardholder account numbers and Card imprints. You must not retain or store magnetic stripe data after a transaction has been authorized. If You store any electronically captured signature of a Cardholder obtained solely in connection with a Card transaction, You shall not reproduce such signature except upon specific request of Servicers.

15.2 You acknowledge that You obtain no ownership rights in any information relating to and derived solely from Card transactions including Cardholder account numbers and personal information. You agree that Cardholder data and bank account information

obtained by You in connection with any Transaction is the property of the financial institution that issued the Card or holds the customer's account.

16. FINANCIAL AND OTHER INFORMATION (See Exhibit D, Section 14)

17. TERMINATION

- 17.1 The Agreement may be terminated by Elavon effective at the end of the term by providing written notice of an intent not to renew to the State or an Authorized User at least ninety (90) days prior to the expiration of the then current term.
- 17.2 The Agreement may be terminated by Elavon immediately upon notice of the occurrence of one or more of the following:
- (i) The garnishment or attachment of the State's or an Authorized User's deposit accounts with Member, alternate security, the DDA, or any of the State's or an Authorized User's property in the possession of Elavon or Member.
 - (ii) The commencement of a bankruptcy proceeding by or against the State or Authorized User.
 - (iii) Any Association requires Elavon to terminate the Agreement or cease processing transactions for the State or Authorized User.
 - (iv) Any change, whether or not reported to Elavon, to the method or type of transactions processed that Elavon deems, in its discretion, to materially increase the risk to it of providing the services.
 - (v) Assignment of the Agreement without Elavon's written consent.
 - (vi) Upon the occurrence of a Data Incident as described in Exhibit G, Section 18.
- 17.3 Elavon has the right to send the DGS Contract Administrator or Authorized User, as applicable, a notice specifying the default in the following sections (i)-(v) and providing the DGS Contract Administrator or Authorized User an opportunity to cure the breach within a period of time no less than thirty (30) days (Cure Period). If the breach is not cured within the Cure Period, then Elavon has the right to terminate this Agreement by notice to the State or Authorized User, with termination to be effective not less than thirty (30) days following the end of the Cure Period.
- (i) The occurrence of Excessive Activity (defined as the occurrence, during any monthly period, of Chargebacks and/or retrieval requests in excess of one percent (1%) of the gross dollar amount of the Authorized User's Charges or returns in excess of two and one-half percent (2.5%) of the gross dollar amount of Charges).
 - (ii) The acceptance of Card Not Present or Convenience Fee Charges without proper disclosure to Elavon in the Subscription Agreement or an amendment thereto.
 - (iii) The failure to pay Elavon any amount the State or an Authorized User owes Elavon (in which case the notice shall be extended to sixty (60) days).
 - (iv) The failure by the State or an Authorized User to perform a material obligation of the Agreement.

- (v) Any representation, warranty or covenant by the State or Authorized User is false or misleading in any material respect as of the date made, or becomes false or misleading in any material respect at any time during the term of the Agreement.

17.4 The parties' rights under the Agreement are cumulative. A party may exercise its termination rights with respect to an individual Authorized User or processing service without terminating other Authorized Users or processing services, provided that any termination of the Agreement in whole shall automatically terminate all related processing services and Authorized Users. A specific right of termination in this section shall not limit any other right of the party to terminate the Agreement expressed elsewhere.

17.5 All of the obligations of each party hereto that by their nature should survive termination or expiration of the Agreement in order to achieve its purposes shall so survive and remain binding upon and for the benefit of the parties hereto.

18. DATA SECURITY

Per the terms of this Exhibit G, You are required to follow the Operating Procedures and comply with Association Rules as they may each be amended from time to time as referenced in Section 3, including but not limited to the requirements of the Payment Card Industry (PCI) Data Security Standard (PCI DSS), the Cardholder Information Security Program (CISP) of Visa, the Site Data Protection Program (SDP) of MasterCard, the Data Security DISC Program and the PCI DSS regulations of Discover Network and any successor to such programs (the "Security Programs"). The Associations may impose different compliance requirements on different types and levels of customers. You understand that You must be in compliance with data security regulations for Your type or level of customer as defined by the Associations' Security Programs as well as comply with general security procedures. Servicers will endeavor to provide You with amended Operating Procedures outlining the various Association requirements with regard to Data Security, and other matters, pursuant to the terms of Exhibit G, however, You understand and acknowledge that it is solely the responsibility of You to maintain compliance with all Association Security Programs, and to pay any and all fines and assessments levied by the applicable Association for Your non-compliance, whether or not Servicers provide to You the amended Operating Procedures. You also understand and acknowledge that You are solely responsible for the compliance of any and all third parties (including but not limited to Internet Service Providers) that are given access by You, to Your Cardholder data, and for any third party POS VAR software that You may use. You further acknowledge that it is Your responsibility to inform Servicers of any of Your third party providers that are given access by You to Your cardholder data. You also acknowledge that it is Your duty to notify Servicers of any data security compromise and to cooperate and assist Servicers in any subsequent investigation. You must notify Servicers within twenty-four (24) hours (and if notice is given orally, it must be confirmed in writing within the same twenty-four hour period), if You know or suspect that Cardholder data, customer information, or Transaction information has been accessed or used without authorization from You or Your third party providers (a "Data Incident"). The notice must include: (a) a detailed written statement about the Data Incident including the contributing circumstances, (b) the form, number and range of compromised account information, (c) specific account numbers

MSA 5-10-99-02 Amendment 2
Exhibit G--Agreement For Merchant Processing Services

compromised, and (d) details about the ensuing investigation and Your security personnel who may be contacted in connection with the Data Incident. In the event of a Data Incident, You must take immediate steps to preserve all business records, logs and electronic evidence relating to the Data Incident. Within seventy-two (72) hours of becoming aware of the Data Incident, You must engage the services of a data security firm acceptable to the Associations and/or to Servicers to assess the vulnerability of the compromised data and related systems. You must provide weekly written status reports to Servicers until the forensic audit is complete. You must promptly furnish updated lists of potential or known compromised account numbers and other documentation or information that the Associations and/or Servicers may request. In addition, You must provide all security audit reports to Servicers, and such audits must be completed to the satisfaction of the Associations and/or of Servicers.

Servicers may in their sole discretion, suspend or terminate card processing services under this Exhibit G for any data security compromise.

19. CONTRACT MANAGEMENT

As of the Effective Date of this Agreement, the Contract Manager for Contractor shall be as follows:

Bridget Stover
Client Executive
621 Capitol Mall, Suite 800
Sacramento, CA 95814
Telephone: (916) 498-3443
Fax: (865) 498-3813
bridget.stover@elavon.com

Should the Contract Manager change, Contractor will provide written notice with the updated information as soon as reasonably possible after the change.

20. ASSIGNMENT

Any transfer or assignment of this Exhibit G by You without Servicers' prior written consent as required by Exhibit C Section 3, by operation of law or otherwise, is voidable at either Servicers' sole discretion. In the event of such transfer or assignment, the party to whom this Exhibit G was transferred or assigned shall be bound to the terms and conditions of this Exhibit G to the same extent as if Servicers and such assignee or transferee, as the case may be, entered into an agreement identical to this Exhibit G on the effective date of such transfer or assignment.

Upon notice to You, another VISA and MasterCard member may be substituted for Bank under whose sponsorship this Exhibit G is performed. Upon substitution, such other VISA and MasterCard member shall be responsible for all obligations required of Bank, including without limitation, as may be expressly required by applicable Association Rules. Subject to Association Rules, Servicers may assign or transfer this Exhibit G and their rights and obligations hereunder and may delegate their duties hereunder, in whole or in part, to any third

MSA 5-10-99-02 Amendment 2
Exhibit G--Agreement For Merchant Processing Services

party, whether in connection with a change in sponsorship, as set forth in the preceding sentence, or otherwise, with notice but without consent of You.

Except as provided in the following sentence, this Exhibit G shall be binding upon permitted successors and assigns and shall inure to the benefit of the parties and their respective permitted successors and assigns. No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, debtor in possession, sheriff or any other officer of a court, or other person charged with taking custody of a party's assets or business, shall have any right to continue or to assume or to assign this Exhibit G.

21. RETENTION OF RECORDS

You must retain legible copies of Sales Drafts and Credit Vouchers for a period of at least eighteen (18) months from the date of such transaction. You must submit to Servicers a legible copy of a Sales Draft or Credit Voucher within 10 days of a request by Servicers, or longer period of time as may be allowed by the Association.

22. Miscellaneous.

- 22.1 The parties acknowledge that the Association Rules give the Associations certain rights to require termination or modification of this Exhibit G with respect to transactions involving Association Cards and the Association Card system and to investigate Authorized User. The parties also acknowledge that issuers of other Cards, for which Servicers perform services on behalf of Authorized User, may have similar rights under their applicable Association Rules with respect to this Exhibit G's applicability to transactions involving such other Cards.
- 22.2 Authorized User acknowledges and agrees that any of information obtained by Servicers may be shared with Servicers' affiliates, who have a need-to-know, in connection with the provision of other services provided to You by Servicers provided in connection with this MSA, as long as the affiliates are under obligation to treat such information with the same degree of care as required of Servicers.
- 22.3 You represent that: (i) You have never been placed on the MasterCard MATCH™ system (formerly known as the Combined Terminated Merchant File), or been named to the Consortium Merchant Negative File maintained by Discover or, if You have, you have disclosed this fact to Servicers in writing; (ii) You are obtaining and using the processing services from us for business purposes only and to facilitate lawful business Charges between You and your customers, and you will not submit Charges for processing to us for any businesses, materially different products, or methods of selling other than those set forth in the Subscription Agreement without the prior written consent of Servicers; (iii) You acknowledge that the bank account into which debits and credits are made is being used for lawful business purposes only; (iv) with respect to the parties to this Agreement, You are responsible for the actions of or failure to act by your officers, directors, employees, agents, Internet Service Providers, third parties, business invitees, and those of any other person who, with or without your consent or cooperation, obtains access to information related to Charges from You or access to systems under your control, but excluding all actions to the extent attributable to our breach of the Agreement, negligence or willful misconduct.

MSA 5-10-99-02 Amendment 2
Exhibit G--Agreement For Merchant Processing Services

- 22.4 You are solely responsible for monitoring your Transactions. Servicers are under no duty to monitor Your Transactions for fraudulent or other suspicious activity.
- 22.5 In the event of failure or other suspension of your business operations, including any bankruptcy proceeding, you must not sell, transfer, or disclose any materials that contain Cardholder or Charge information to third parties. Unless otherwise ordered by law or court order, You must: (a) return this information to us, or (b) provide acceptable proof of destruction of this information to us.

STATE OF CALIFORNIA
STANDARD AGREEMENT AMENDMENT
 STD. 213 A (Rev 6/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 1 Pages

AGREEMENT NUMBER 5-10-99-02	AMENDMENT NUMBER 3
REGISTRATION NUMBER	


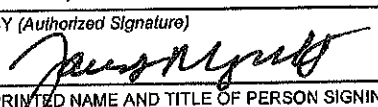


- This Agreement is entered into between the State Agency and Contractor named below:
 STATE AGENCY'S NAME
 Department of General Services
 CONTRACTOR'S NAME
 Elavon, Inc. (See second signature page)
- The term of this Agreement is June 1, 2010 through May 31, 2019
- The maximum amount of this Agreement after this amendment is: \$0 Zero dollars
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

A. Agreement term end date is extended from May 31, 2017 to May 31, 2019.

All other terms and conditions shall remain the same.

The effective date of this amendment is the date approved and signed by the Department of General Services, Office of Legal Services.

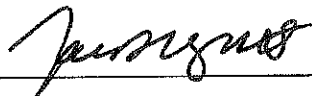
IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only  <div style="border: 1px solid black; padding: 5px; text-align: center;"> APPROVED APR 12 2017 OFFICE OF LEGAL SERVICES DEPT. OF GENERAL SERVICES </div>
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) Elavon, Inc.		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 13 March 2017	
PRINTED NAME AND TITLE OF PERSON SIGNING James Mynatt, Senior Vice President		
ADDRESS 7300 Chapman Highway, Knoxville, TN 37920		
STATE OF CALIFORNIA		
AGENCY NAME Department of General Services - Procurement Division		<input type="checkbox"/> Exempt per: 
BY (Authorized Signature) 	DATE SIGNED (Do not type) 4-7-17	
PRINTED NAME AND TITLE OF PERSON SIGNING Jim Butler, Deputy Director		
ADDRESS 707 Third Street, 2nd Floor, West Sacramento, CA 95605		


IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their authorized officers, all as of the day and year first written above.

The undersigned each agree to be bound by the terms and conditions of the MSA exhibits selected and signed for below.

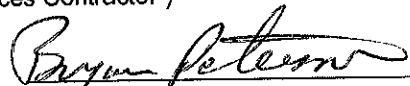
Exhibits A – J

Elavon, Inc.
("Contractor")
Signature: 
Printed Name: James Mynatt
Title: Senior Vice President
Dated: 13 March 2017

Exhibits A – G

U.S. Bank
("Bank" or "Member")
Signature: 
Printed Name: JAMES MYNATT
Title: VICE PRESIDENT
Dated: 14 March 2017

Exhibits A – G and K

Official Payments Corporation
("Exhibit K Services Contractor")
Signature: 
Printed Name: Bryan Peterson
Title: VP
Dated: 4-April-2017

PROOFED
AK
3-27-17
FINAL

APPROVED AS
KOT
TO FORM

STATE OF CALIFORNIA
STANDARD AGREEMENT AMENDMENT
 STD. 213 A (Rev 6/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 1 Pages

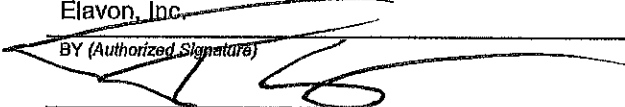
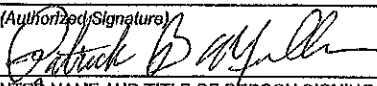
AGREEMENT NUMBER 5-10-99-02	AMENDMENT NUMBER 4
REGISTRATION NUMBER	

1. This Agreement is entered into between the State Agency and Contractor named below:
 STATE AGENCY'S NAME
Department of General Services
 CONTRACTOR'S NAME
Elavon, Inc. (see second signature page)
2. The term of this Agreement is: June 1, 2010 through May 31, 2019
3. The maximum amount of this Agreement after this amendment is: \$0 Zero dollars
4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

A. Authorized User subscription agreements executed before the end of the Master Service Agreement (MSA) 5-10-99-02 term may continue for up to 24 months beyond the MSA expiration date.

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only <div style="border: 2px solid black; padding: 5px; text-align: center;"> APPROVED MAR - 6 2019 </div> OFFICE OF LEGAL SERVICES DEPT. OF GENERAL SERVICES
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) <u>Elavon, Inc.</u>		
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>02/19/19</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING <u>Tim Miller, SVP Global Credit & Risk</u>		
ADDRESS <u>7300 Chapman Highway, Knoxville, TN 37920</u>		
STATE OF CALIFORNIA		
AGENCY NAME <u>Department of General Services</u>		
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>3-1-19</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING <u>PATRICK B. Mullen</u> <u>MANAGER</u>		
ADDRESS <u>707 Third Street, 2nd Floor, West Sacramento, CA 95605</u>		
		<input type="checkbox"/> Exempt per:

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their authorized officers, all as of the day and year first written above.

Exhibits A – J

Elavon, Inc.
("Contractor")

Signature: 

Printed Name: Timothy I. Miller

Title: Senior Vice President
Global Credit and Risk

Dated: 02/19/19

Exhibits A – G

U.S. Bank
("Bank" or "Member")

Signature: 

Printed Name: Timothy I. Miller

Title: Senior Vice President
Global Credit and Risk

Dated: 02/19/19

Exhibits A – G and K

Official Payments Corporation
("Exhibit K Services Contractor")

Signature: 

Printed Name: David Mitzenmacher

Title: SVP Customer Success

Dated: 2-13-19



STANDARD AGREEMENT

STD 213 (Rev. 02/2019)

AGREEMENT NUMBER

PURCHASING AUTHORITY NUMBER (If Applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

City of San Rafael

CONTRACTOR NAME

Elavon

2. The term of this Agreement is:

START DATE

May 1, 2019

THROUGH END DATE

May 31, 2021

3. The maximum amount of this Agreement is:

\$200,000

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

EXHIBITS	TITLE	PAGES
Exhibit A	Scope of Work	6
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C *	General Terms and Conditions	9
Exhibit D	Special Terms and Conditions	17
Exhibit E	Fees and Costs	14
Exhibit F	Equipment and Software	6
Exhibit G	Agreement for Merchant Processing Services Acceptance	17

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Elavon, Inc.

CONTRACTOR BUSINESS ADDRESS

462 Bearcamp Road

CITY

Louisville

STATE

KY

ZIP

40272

PRINTED NAME OF PERSON SIGNING

Beverly Baker

TITLE

Client Executive

CONTRACTOR AUTHORIZED SIGNATURE



DATE SIGNED

4/2/2019

STANDARD AGREEMENT

STD 213 (Rev. 02/2019)

AGREEMENT NUMBER

PURCHASING AUTHORITY NUMBER (If Applicable)

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

City of San Rafael

CONTRACTING AGENCY ADDRESS

1400 Fifth Avenue

CITY

San Rafael

STATE

CA

ZIP

94901

PRINTED NAME OF PERSON SIGNING

Jim Schutz

TITLE

City Manager

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

Amendment 1 of Exhibit D Attachment III

Selected Services Signature Page

(Local Authorized Users Only)

The undersigned each agree to be bound by the terms and conditions of the **MSA 5-10-99-02** exhibits selected and signed for below. These selected exhibits are by this reference made part of this Subscription Agreement # (insert Local Authorized User's Contract number).

Exhibits A - G (Merchant Services) (Category 1)

City of San Rafael _____
("Authorized User")

Elavon _____
("Contractor")

Signature: _____

Signature: Beverly Baker

Print Name: Jim Schutz _____

Print Name: Beverly Baker

Title: City Manager _____

Title: Client Executive

Dated: _____

Dated: 4/2/2019

U.S. Bank _____
(Bank)

Signature: Beverly Baker

Print Name: Beverly Baker

Title: Client Executive

Dated: 4/2/2019



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Finance Department

Prepared by: Van Bach
Finance Manager

City Manager Approval: _____

TOPIC: QUARTERLY INVESTMENT REPORT

SUBJECT: ACCEPTANCE OF CITY OF SAN RAFAEL QUARTERLY INVESTMENT REPORT FOR THE QUARTER ENDING MARCH 31, 2019

RECOMMENDATION: Accept investment report for the quarter ending March 31, 2019, as presented.

BACKGROUND: Pursuant to the State of California Government Code Section 53601, and the City's investment policy, last approved by the City Council on June 18, 2018, staff provides the City Council a quarterly report on the City's investment activities and liquidity. Included in the report are the cost of each investment, the interest rates (yield), maturity dates, and market value. Separate reports are prepared for the City and the Successor Agency to San Rafael Redevelopment Agency.

The City invests a portion of its pooled funds in the Local Agency Investment Fund (LAIF), a State-run investment pool. Beginning in March 2014, the City incorporated an investment strategy that added purchases of securities outside of LAIF with the assistance of its investment advisor, Insight Investment.

In addition to operational funds the City manages, the City is also directing the investment of funds held by a Trustee for the Essential Public Safety Facilities. As of March 31, 2019, the balance was \$30,954,024 and the portfolio had a yield of 2.61 percent.

ANALYSIS: As of March 31, 2019, the primary LAIF account had a balance of \$12,519,410. The other LAIF account holding housing funds for future administrative expenses contained \$149,172. Portfolio returns on LAIF deposits were 2.44% for the quarter. The remaining investment assets included the \$1,387,200 balance of Pt. San Pedro Assessment District bonds, and \$22,190,377 in government agency securities and corporate bonds (including US Bank NA Cincinnati, Pepsico Inc., Berkshire Hathaway Inc., Toyota Motor Credit Corp., Caterpillar Financial Services, and PNC Bank NA). The overall total portfolio returns for the quarter ended March 31, 2019 were 2.16%.

The City's Westamerica account had a balance of \$11,357,429 at quarter end.

Exhibit A is composed of four parts: (1) Quarterly Investment Portfolio Report; (2) Historical Activity By Quarter summarizing the City's investments; (3) the three monthly investment reports from Insight Investment for the quarter; and (4) the two CAMP Lease Revenue Bonds Series 2018 Project Fund Account 7023-001 and Capitalized Interest Account 7023-002 for the month ending March 2019.

FISCAL IMPACT: No financial impact occurs by adopting the report. The City continues to meet the priority principles of investing - safety, liquidity and yield in respective order. The portfolio remains conservatively invested. Sufficient liquidity exists to meet daily operating and capital project requirements

for the next six months. Operating funds, as defined for this report, exclude cash held with fiscal agents for the payment of bond principal and interest.

RECOMMENDATION: Accept investment report for the quarter ending March 31, 2019, as presented.

ATTACHMENTS:

1. Quarterly Investment Portfolio Report
2. Historical Activity by Quarter Report
3. Insight Investment Statements, January through March 2019
4. CAMP Lease Revenue Bonds Series 2018 Project Fund & Capitalize Interest Statements for the Month Ending March 31, 2019

I CERTIFY THAT ALL INVESTMENTS MADE ARE IN CONFORMANCE WITH THE CITY'S APPROVED INVESTMENT POLICY AND STATE INVESTMENT REGULATIONS. THE CITY HAS SUFFICIENT LIQUIDITY TO MEET ALL OF THE OBLIGATIONS REQUIRED DURING THE NEXT SIX-MONTH PERIOD.

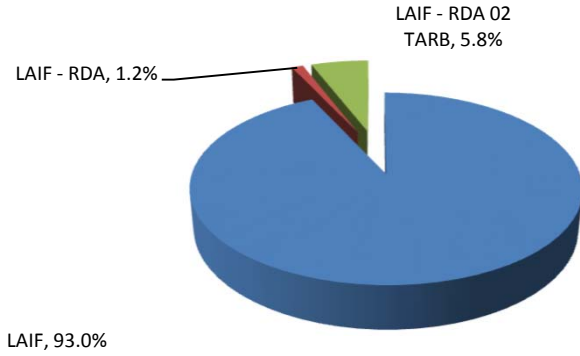
VAN BACH
FINANCE MANAGER

City of Rafael

Quarterly Investment Portfolio Report

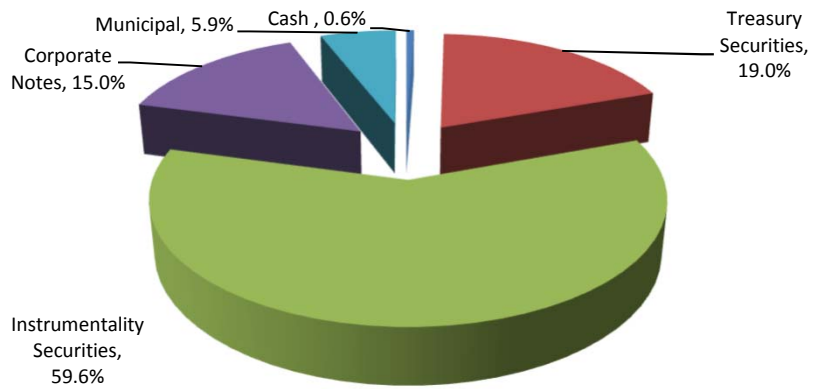
March 31, 2019

Internally Managed Assets			%	Return
LAIF	\$ 11,779,215		93.0%	2.44%
LAIF - RDA	\$ 149,172		1.2%	2.44%
LAIF - RDA 02 TARB	\$ 740,195		5.8%	2.44%
Total Internally Managed	\$ 12,668,583		35.0%	



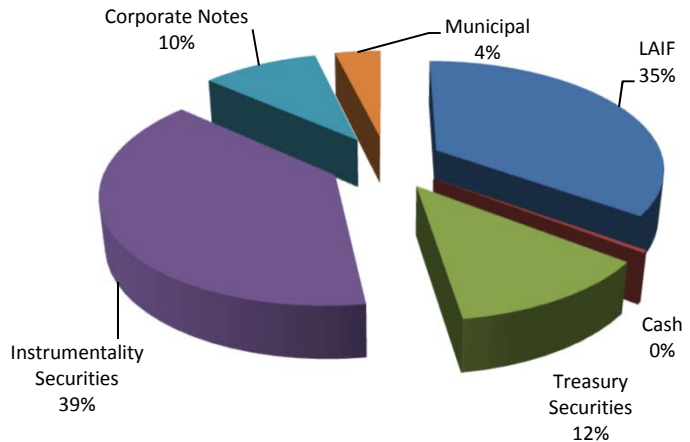
Weighted Average Yield	2.44%
Effective Average Duration - Internal	1
Weighted Average Maturity - Internal	1

Externally Managed Assets			%	Return
Cash	\$ 137,947		0.6%	0.00%
Treasury Securities	\$ 4,469,213		19.0%	1.61%
Instrumentality Securities	\$ 14,048,805		59.6%	1.70%
Corporate Notes	\$ 3,534,412		15.0%	2.52%
Municipal	\$ 1,387,200		5.9%	5.25%
Total Externally Managed	\$ 23,577,577		65.0%	



Weighted Average Yield	2.00%
Effective Average Duration - External	1.34
Weighted Average Maturity - External	1.60

Total Portfolio Assets			%	Return
LAIF	\$ 12,668,583		35.0%	2.44%
Cash	\$ 137,947		0.4%	0.00%
Treasury Securities	\$ 4,469,213		12.3%	1.61%
Instrumentality Securities	\$ 14,048,805		38.8%	1.70%
Corporate Notes	\$ 3,534,412		9.8%	2.52%
Municipal	\$ 1,387,200		3.8%	5.25%
Total Portfolio Assets	\$ 36,246,160			



Weighted Average Yield	2.16%
Effective Average Duration - Total	0.87
Weighted Average Maturity - Total	1.04

Based on Market Values

City of San Rafael Historical Activity-By Quarter

	March 31, 2019			December 31, 2018			September 30, 2018			June 30, 2018			March 31, 2018		
	\$	%	Return	\$	%	Return	\$	%	Return	\$	%	Return	\$	%	Return
Internally Managed Assets															
LAIF	\$ 12,519,411	98.8%	2.44%	\$ 12,486,014	98.8%	2.29%	\$ 4,437,136	96.8%	2.05%	\$ 19,345,352	99.2%	1.85%	\$ 19,257,368	99.2%	1.43%
LAIF - Housing	\$ 149,172	1.2%	2.44%	\$ 148,276	1.2%	2.29%	\$ 147,475	3.2%	2.05%	\$ 146,778	0.8%	1.85%	\$ 146,234	0.8%	1.43%
Total Internally Managed	\$ 12,668,583	35.0%		\$ 12,634,290	35.1%		\$ 4,584,611	15.7%		\$ 19,492,130	44.2%		\$ 19,403,602	44.1%	
Weighted Average Yield		2.44%			2.29%			2.05%			1.85%			1.43%	
Externally Managed Assets															
Cash	\$ 137,947	0.6%	0.00%	\$ 26,052	0.1%	0.00%	\$ 129,216	0.5%	0.00%	\$ 170,357	11.7%	0.00%	\$ 115,317	0.5%	0.00%
Commercial Paper	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%
Treasury Securities	\$ 4,469,213	19.0%	1.61%	\$ 4,452,549	19.1%	1.61%	\$ 4,432,186	18.0%	1.61%	\$ 4,434,357	18.0%	1.61%	\$ 4,439,353	18.1%	1.61%
Instrumentality Securities	\$ 14,048,805	59.6%	1.70%	\$ 14,469,316	61.9%	1.50%	\$ 15,662,144	63.6%	1.48%	\$ 15,515,087	63.0%	1.41%	\$ 15,006,092	61.1%	1.38%
Corporate Notes	\$ 3,534,412	15.0%	2.52%	\$ 3,029,558	13.0%	2.21%	\$ 3,032,374	12.3%	1.88%	\$ 3,034,526	12.3%	1.35%	\$ 3,529,912	14.4%	1.32%
Municipal/Assessment District	\$ 1,387,200	5.9%	5.25%	\$ 1,387,200	5.9%	5.25%	\$ 1,387,200	5.6%	5.25%	\$ 1,455,700	5.9%	5.25%	\$ 1,455,700	5.9%	5.25%
Total Externally Managed	\$ 23,577,577	65.0%		\$ 23,364,674	64.9%		\$ 24,643,120	84.3%		\$ 24,610,027	55.8%		\$ 24,546,375	55.9%	
Weighted Average Yield		2.00%			1.83%			1.76%			1.66%			1.64%	
		Years			Years			Years			Years			Years	
Effective Average Duration - External		1.34			1.34			1.51			1.68			1.91	
Weighted Average Maturity - External		1.60			1.60			1.74			1.96			2.20	
Total Portfolio Assets															
LAIF	\$ 12,668,583	35.0%	2.44%	\$ 12,634,290	35.1%	2.29%	\$ 4,584,611	15.7%	2.05%	\$ 19,492,130	44.2%	1.85%	\$ 19,403,602	44.1%	1.43%
Cash	\$ 137,947	0.4%	0.00%	\$ 26,052	0.1%	0.00%	\$ 129,216	0.4%	0.00%	\$ 170,357	0.4%	0.00%	\$ 115,317	0.3%	0.00%
Treasury Securities	\$ 4,469,213	12.3%	1.61%	\$ 4,452,549	12.4%	1.61%	\$ 4,432,186	15.2%	1.61%	\$ 4,434,357	10.1%	0.00%	\$ 4,439,353	10.1%	1.61%
Instrumentality Securities	\$ 14,048,805	38.8%	1.70%	\$ 14,469,316	40.2%	1.50%	\$ 15,662,144	53.6%	1.48%	\$ 15,515,087	35.2%	1.61%	\$ 15,006,092	34.1%	1.38%
Corporate Notes	\$ 3,534,412	9.8%	2.52%	\$ 3,029,558	8.4%	2.21%	\$ 3,032,374	10.4%	1.88%	\$ 3,034,526	6.9%	1.41%	\$ 3,529,912	8.0%	1.32%
Municipal/Assessment District	\$ 1,387,200	3.8%	5.25%	\$ 1,387,200	3.9%	5.25%	\$ 1,387,200	4.7%	5.25%	\$ 1,455,700	3.3%	1.35%	\$ 1,455,700	3.3%	5.25%
Total Portfolio Assets	\$ 36,246,160			\$ 35,998,964			\$ 29,227,731			\$ 44,102,157			\$ 43,949,978		
Weighted Average Yield		2.16%			1.99%			1.80%			1.74%			1.55%	
		Years			Years			Years			Years			Years	
Effective Average Duration - Total		0.87			0.87			1.27			0.94			1.07	
Weighted Average Maturity - Total		1.04			1.04			1.47			1.09			1.23	

Performance Recap

- The weighted average quarterly portfolio yield increased from 1.80% to 1.99% during the past quarter. The yield has increased over the past year, from 1.36% in the quarter ended December 30, 2017 to 1.99% in the most recent quarter. This trend is reflective of the general increase in interest rates that occurred throughout the year.
- The effective average duration has decreased, from 1.27 to 0.87 years since last quarter due to an increase in cash. Additionally, the City is still shortening its investments in preparation of higher interest rates.
- The total portfolio assets increase by approximately \$5 million during the quarter. This is due to the collection of property tax received in December and moved to LAIF.

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SAN RAFAEL

January 2019

Part of  BNY MELLON

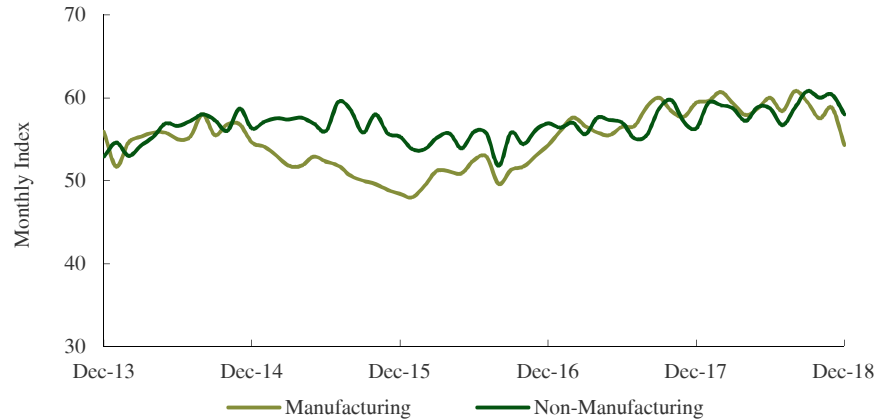


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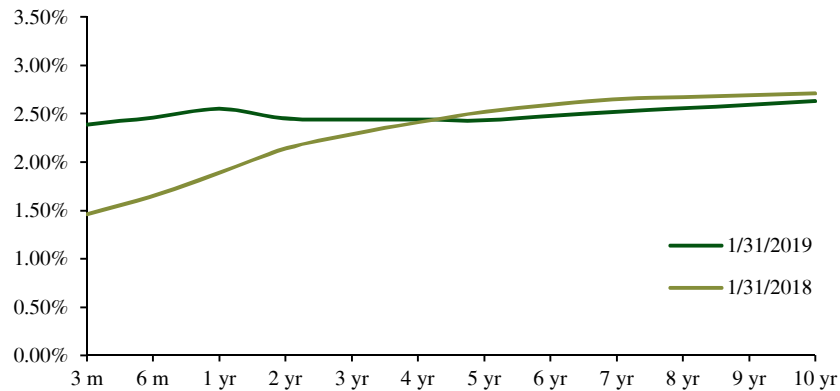
As of January 31, 2019

Chart 1: ISM Manufacturing & Non-Manufacturing Indices: 12/31/2013—12/31/2018



Source: Bloomberg Finance LP, January 31, 2019.

Chart 2: Treasury yield curve: 01/31/2018 and 01/31/2019



Source: Bloomberg Finance LP, January 31, 2019.

Economic Indicators and Monetary Policy

On January 30 the Federal Open Market Committee (FOMC) voted unanimously to hold the federal funds target rate steady at a range of 2.25% to 2.50%. Although the market did not expect a rate change at the January meeting the accompanying news conference and FOMC statement were more dovish than anticipated. Market expectations for a rate hike at the next two meetings decreased to near zero.

The FOMC guidance at the January meeting indicated that Fed officials would be patient when determining any future changes in interest rates. The FOMC downgraded growth expectations modestly from the meeting in December to solid from strong, while suggesting that the most likely outcomes are sustained economic expansion, strong labor market conditions and inflation near the 2% target. In a separate statement the FOMC noted that the Committee is prepared to adjust the balance sheet normalization plan in light of changing market conditions.

On January 4 the payroll report showed that 312,000 jobs were added in December, exceeding expectations of 184,000 new jobs. The prior month gains were revised upward to 196,000 from 155,000. The unemployment rate increased to 3.9% from 3.7% and the underemployment rate was unchanged at 7.6%. Wage growth increased 0.4% in December for an annual rate of 3.2%, better than expectations for 3.0% growth and the prior month was revised upward to an annual rate of 3.3% from 3.1%.

The Institute for Supply Management (ISM) Manufacturing and Non-Manufacturing Indices trended lower in December. On January 3 the Manufacturing Index was released at 54.1 from a prior reading of 58.8. The Non-manufacturing Index released on January 7 was at 57.6 for December compared to November at 60.4. The impact of continuing trade tensions with China, slowing global growth and the government shut-down were all considered as the market sorted this data. (See Chart 1).

Interest Rate Summary

At the end of January, the 3-month US Treasury bill yielded 2.39%, the 6-month US Treasury bill yielded 2.46%, the 2-year US Treasury note yielded 2.45%, the 5-year US Treasury note yielded 2.43% and the 10-year US Treasury note yielded 2.63%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period January 1, 2019 - January 31, 2019

<u>Amortized Cost Basis Activity Summary</u>		
Opening balance		23,545,098.59
Income received	31,739.70	
Total receipts		31,739.70
Expenses paid	(137.36)	
Total disbursements		(137.36)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Realized gain (loss)		0.00
Total amortization expense		(3,075.11)
Total OID/MKT accretion income		4,528.19
Return of capital		0.00
Closing balance		23,578,154.01
Ending fair value		23,431,954.97
Unrealized gain (loss)		(146,199.04)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	68.87	0.00	0.00	68.87
Corporate Bonds	4,766.66	1,428.45	0.00	6,195.11
Government Agencies	18,804.16	(471.33)	0.00	18,332.83
Government Bonds	5,655.45	495.96	0.00	6,151.41
Municipal/Provincial Bonds	6,069.00	0.00	0.00	6,069.00
Total	35,364.14	1,453.08	0.00	36,817.22

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.92	1.08	0.20
Overnight Repo	1.99	1.14	0.21
Merrill Lynch 3m US Treas Bill	2.01	1.12	0.20
Merrill Lynch 6m US Treas Bill	2.15	1.19	0.20
ML 1 Year US Treasury Note	2.40	1.30	0.22
ML 2 Year US Treasury Note	2.57	1.36	0.21
ML 5 Year US Treasury Note	2.76	1.40	0.21

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	35,364.14
Accretion (amortization)	1,453.08
Realized gain (loss) on sales	0.00
Total income on portfolio	36,817.22
Average daily amortized cost	23,551,362.25
Period return (%)	0.16
YTD return (%)	0.16
Weighted average final maturity in days	596

ACTIVITY AND PERFORMANCE SUMMARY

For the period January 1, 2019 - January 31, 2019

<u>Fair Value Basis Activity Summary</u>		
Opening balance		23,364,674.43
Income received	31,739.70	
Total receipts		31,739.70
Expenses paid	(137.36)	
Total disbursements		(137.36)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		35,678.20
Ending fair value		23,431,954.97

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	68.87	0.00	68.87
Corporate Bonds	4,766.66	8,151.45	12,918.11
Government Agencies	18,804.16	21,485.65	40,289.81
Government Bonds	5,655.45	6,041.10	11,696.55
Municipal/Provincial Bonds	6,069.00	0.00	6,069.00
Total	35,364.14	35,678.20	71,042.34

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.92	1.08	0.20
Overnight Repo	1.99	1.14	0.21
ICE ML 3m US Treas Bill	1.95	1.10	0.20
ICE ML 6m US Treas Bill	2.04	1.17	0.23
ICE ML 1 Year US Treasury Note	2.07	1.34	0.26
ICE ML US Treasury 1-3	2.15	1.77	0.27
ICE ML US Treasury 1-5	2.43	2.20	0.32

* rates reflected are cumulative

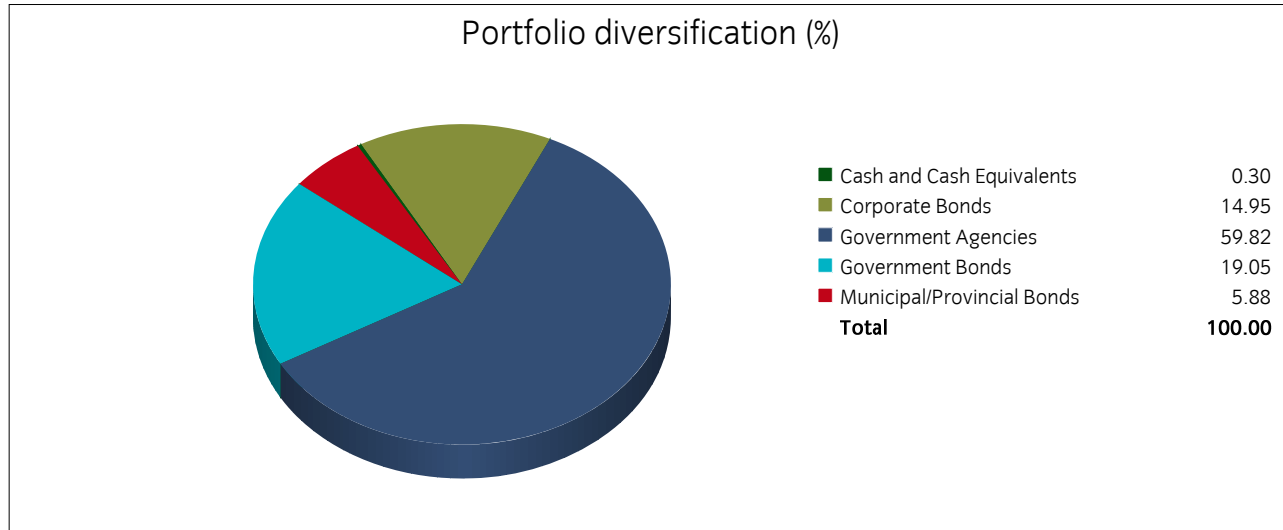
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	35,364.14
Change in fair value	35,678.20
Total income on portfolio	71,042.34
Average daily total value *	23,505,288.49
Period return (%)	0.30
YTD return (%)	0.30
Weighted average final maturity in days	596

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of January 31, 2019

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	71,489.62	71,489.62	71,489.62	0.00	1	0.30	0.00
Corporate Bonds	3,525,128.50	3,529,843.57	3,524,774.05	(5,069.52)	360	14.95	0.95
Government Agencies	14,108,304.39	14,092,190.46	13,989,901.20	(102,289.26)	312	59.82	0.84
Government Bonds	4,491,687.51	4,497,430.36	4,458,590.10	(38,840.26)	332	19.05	0.89
Municipal/Provincial Bonds	1,387,200.00	1,387,200.00	1,387,200.00	0.00	4,963	5.88	9.45
Total	23,583,810.02	23,578,154.01	23,431,954.97	(146,199.04)	596	100.00	1.37

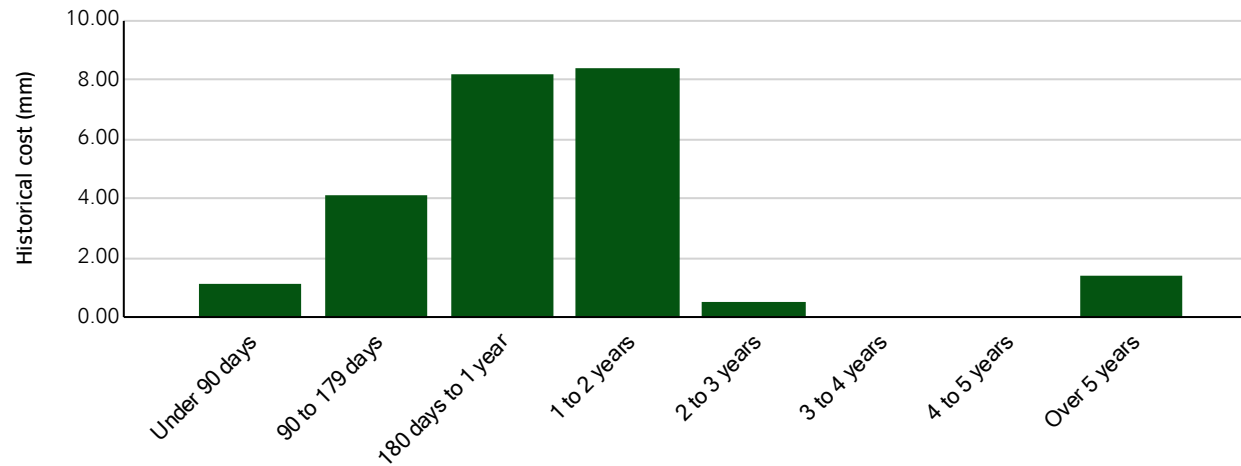


MATURITY DISTRIBUTION OF SECURITIES HELD

As of January 31, 2019

Maturity	Historic cost	Percent
Under 90 days	1,085,613.90	4.60
90 to 179 days	4,100,661.72	17.39
180 days to 1 year	8,170,569.38	34.65
1 to 2 years	8,345,040.02	35.39
2 to 3 years	494,725.00	2.10
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	1,387,200.00	5.88
	23,583,810.02	100.00

Maturity distribution



SECURITIES HELD

As of January 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Cash and Cash Equivalents											
Cash and Cash Equivalents	0.000		71,489.62	71,489.62 0.00	71,489.62 0.00	71,489.62 0.00	0.00	0.00	0.00	0.00	0.30
Total Cash and Cash Equivalents			71,489.62	71,489.62 0.00	71,489.62 0.00	71,489.62 0.00	0.00	0.00	0.00	0.00	0.30
Corporate Bonds											
14912L6R7 CATERPILLAR FINL SERVICE 1.35% 18MAY2019	1.350	05/18/2019	500,000.00	498,245.00 0.00	499,797.28 56.31	497,891.00 859.00	(1,906.28)	0.00	562.50	1,368.75	2.11
69353REX2 PNC BANK NA 1.45% 29JUL2019 (CALLABLE 29JUN19)	1.450	07/29/2019 06/29/2019	500,000.00	494,490.00 0.00	497,157.67 476.37	496,997.00 1,295.00	(160.67)	3,625.00	604.17	40.28	2.10
084670BL1 BERKSHIRE HATHAWAY INC 2.1% 14AUG2019	2.100	08/14/2019	550,000.00	547,453.50 0.00	548,511.98 230.10	547,806.05 461.45	(705.93)	0.00	962.50	5,357.92	2.32
90331HNB5 US BANK NA CINCINNATI 2% 24JAN2020 (CALLABLE 24DEC19)	2.000	01/24/2020 12/24/2019	500,000.00	493,330.00 0.00	494,844.59 436.90	496,110.00 779.00	1,265.41	5,000.00	833.33	194.44	2.09
89236TCF0 TOYOTA MOTOR CREDIT CORP 2.15% 12MAR2020	2.150	03/12/2020	500,000.00	504,545.00 0.00	502,027.85 (151.33)	496,729.50 2,520.50	(5,298.35)	0.00	895.83	4,150.69	2.14
02665WBT7 AMERICAN HONDA FINANCE 1.95% 20JUL2020	1.950	07/20/2020	500,000.00	492,340.00 (4,522.92)	492,737.39 397.39	492,959.50 619.50	222.11	4,875.00	650.00	297.92	2.09
46625HQJ2 JPMORGAN CHASE & CO 2.55% 01MAR2021 (CALLABLE 01FEB21)	2.550	03/01/2021 02/01/2021	500,000.00	494,725.00 (5,241.67)	494,766.81 41.81	496,281.00 1,556.00	1,514.19	0.00	70.83	5,312.50	2.10

SECURITIES HELD

As of January 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Corporate Bonds											
Total Corporate Bonds			3,550,000.00	3,525,128.50 (9,764.59)	3,529,843.57 1,487.55	3,524,774.05 8,090.45	(5,069.52)	13,500.00	4,579.16	16,722.50	14.95
Government Agencies											
3133782M2 FEDERAL HOME LOAN BANK 1.5% 08MAR2019	1.500	03/08/2019	1,000,000.00	1,014,124.28 0.00	1,000,576.50 (455.13)	999,025.00 782.00	(1,551.50)	0.00	1,250.00	5,958.33	4.30
3133X72S2 FEDERAL HOME LOAN BANK 5.375% 15MAY2019	5.375	05/15/2019	500,000.00	515,625.00 0.00	504,386.70 (1,253.34)	504,025.00 (915.00)	(361.70)	0.00	2,239.58	5,673.61	2.19
313379EE5 FEDERAL HOME LOAN BANK 1.625% 14JUN2019	1.625	06/14/2019	1,000,000.00	993,180.00 0.00	998,000.26 447.70	997,024.00 1,359.00	(976.26)	0.00	1,354.17	2,121.53	4.21
3135G0L76 FANNIE MAE 1.075% 11JUL2019 (CALLABLE 11APR19)	1.075	07/11/2019 04/11/2019	600,000.00	599,100.00 0.00	599,856.39 26.76	596,214.00 942.00	(3,642.39)	3,225.00	537.50	358.33	2.54
3133EGSCO FEDERAL FARM CREDIT BANK 1% 26AUG2019	1.000	08/26/2019	1,000,000.00	1,000,610.00 0.00	1,000,115.92 (16.88)	991,700.00 2,020.00	(8,415.92)	0.00	833.34	4,305.56	4.24
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,011,510.00 0.00	1,002,407.81 (323.93)	992,900.00 1,890.00	(9,507.81)	0.00	1,145.83	5,270.83	4.29
3134G3M49 FREDDIE MAC 1.5% 26SEP2019 CALLABLE	1.500	09/26/2019	1,000,000.00	1,001,001.00 0.00	1,000,297.53 (37.82)	993,580.00 1,730.00	(6,717.53)	0.00	1,250.00	5,208.33	4.24
3137EADM8 FREDDIE MAC 1.25% 02OCT2019	1.250	10/02/2019	1,650,000.00	1,634,040.00 0.00	1,641,870.99 1,007.73	1,636,060.80 3,110.25	(5,810.19)	0.00	1,718.75	6,817.71	6.93

SECURITIES HELD

As of January 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	600,000.00	589,095.11 0.00	595,473.44 514.38	593,225.40 1,178.40	(2,248.04)	0.00	500.00	1,616.67	2.50
3130ABCH7 FEDERAL HOME LOAN BANK 1.5% 04NOV2019	1.500	11/04/2019	750,000.00	750,030.00 0.00	750,009.63 (1.05)	744,270.00 1,440.00	(5,739.63)	0.00	937.50	2,718.75	3.18
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	1,003,130.00 0.00	1,000,994.20 (80.40)	988,640.00 300.00	(12,354.20)	0.00	1,208.33	6,847.22	4.25
3134G3K58 FREDDIE MAC 1.5% 19MAR2020 CALLABLE	1.500	03/19/2020	500,000.00	498,289.00 0.00	499,319.92 49.88	493,840.00 570.00	(5,479.92)	0.00	625.00	2,750.00	2.11
313383HU8 FEDERAL HOME LOAN BANK 1.75% 12JUN2020	1.750	06/12/2020	1,000,000.00	996,870.00 0.00	998,318.82 102.51	989,977.00 1,513.00	(8,341.82)	0.00	1,458.33	2,381.94	4.23
3133EHVX8 FEDERAL FARM CREDIT BANK 1.5% 24AUG2020	1.500	08/24/2020	1,000,000.00	999,190.00 0.00	999,570.24 22.86	984,380.00 1,850.00	(15,190.24)	0.00	1,250.00	6,541.67	4.24
3135G0RM7 FANNIE MAE 1.63% 30OCT2020 CALLABLE	1.630	10/30/2020	1,000,000.00	1,003,410.00 0.00	1,001,884.47 (89.74)	984,830.00 1,820.00	(17,054.47)	0.00	1,358.33	4,075.00	4.25
3133EJ4Q9 FEDERAL FARM CREDIT BANK 2.55% 11JAN2021	2.550	01/11/2021	500,000.00	499,100.00 (602.08)	499,107.64 7.64	500,210.00 1,110.00	1,102.36	0.00	106.25	708.33	2.12
Total Government Agencies			14,100,000.00	14,108,304.39 (602.08)	14,092,190.46 (78.83)	13,989,901.20 20,699.65	(102,289.26)	3,225.00	17,772.91	63,353.81	59.82
Government Bonds											
912828WLO USA TREASURY 1.5% 31MAY2019	1.500	05/31/2019	500,000.00	501,230.47 0.00	500,180.95 (46.75)	498,457.00 488.00	(1,723.95)	0.00	638.73	1,277.47	2.13

SECURITIES HELD

As of January 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828WS5 USA TREASURY 1.625% 30JUN2019	1.625	06/30/2019	1,000,000.00	993,281.25 0.00	997,939.03 425.93	996,641.00 1,172.00	(1,298.03)	0.00	1,391.58	1,391.58	4.21
912828TV2 USA TREASURY 1.25% 31OCT2019	1.250	10/31/2019	650,000.00	649,009.77 0.00	649,707.43 33.22	643,779.50 1,117.35	(5,927.93)	0.00	695.79	2,064.92	2.75
912828H52 USA TREASURY 1.25% 31JAN2020	1.250	01/31/2020	750,000.00	745,869.14 0.00	748,419.53 134.23	740,361.00 1,200.75	(8,058.53)	4,687.50	789.74	0.00	3.16
912828X96 USA TREASURY 1.5% 15MAY2020	1.500	05/15/2020	600,000.00	596,554.69 0.00	598,234.14 116.47	592,359.60 891.00	(5,874.54)	0.00	770.72	1,914.37	2.53
912828XM7 USA TREASURY 1.625% 31JUL2020	1.625	07/31/2020	1,000,000.00	1,005,742.19 0.00	1,002,949.28 (167.14)	986,992.00 1,172.00	(15,957.28)	8,125.00	1,368.89	0.00	4.26
Total Government Bonds			4,500,000.00	4,491,687.51 0.00	4,497,430.36 495.96	4,458,590.10 6,041.10	(38,840.26)	12,812.50	5,655.45	6,648.34	19.05
Municipal/Provincial Bonds											
888599LS4 PT. SAN ASSESS DISTRICT 5.25% 144A 02SEP2032 SANRAF\$01	5.250	09/02/2032	1,387,200.00	1,387,200.00 0.00	1,387,200.00 0.00	1,387,200.00 0.00	0.00	0.00	6,069.00	30,142.70	5.88
Total Municipal/Provincial Bonds			1,387,200.00	1,387,200.00 0.00	1,387,200.00 0.00	1,387,200.00 0.00	0.00	0.00	6,069.00	30,142.70	5.88
Grand total			23,608,689.62	23,583,810.02 (10,366.67)	23,578,154.01 1,904.68	23,431,954.97 34,831.20	(146,199.04)	29,537.50	34,076.52	116,867.35	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of January 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3133782M2	FEDERAL HOME LOAN	1.500	03/08/2019		AA+	Aaa	1,000,000.00	1,014,124.28	4.30	999,025.00	4.26	0.10
3133X72S2	FEDERAL HOME LOAN	5.375	05/15/2019		AA+	Aaa	500,000.00	515,625.00	2.19	504,025.00	2.15	0.28
313379EE5	FEDERAL HOME LOAN	1.625	06/14/2019		AA+	Aaa	1,000,000.00	993,180.00	4.21	997,024.00	4.25	0.36
313380FB8	FEDERAL HOME LOAN	1.375	09/13/2019		AA+	Aaa	1,000,000.00	1,011,510.00	4.29	992,900.00	4.24	0.60
3130ABCH7	FEDERAL HOME LOAN	1.500	11/04/2019		AA+	Aaa	750,000.00	750,030.00	3.18	744,270.00	3.18	0.75
313383HU8	FEDERAL HOME LOAN	1.750	06/12/2020		AA+	Aaa	1,000,000.00	996,870.00	4.23	989,977.00	4.22	1.33
Issuer total							5,250,000.00	5,281,339.28	22.39	5,227,221.00	22.31	0.59
United States Treasury Note/Bond												
912828WL0	USA TREASURY 1.5%	1.500	05/31/2019		AA+	Aaa	500,000.00	501,230.47	2.13	498,457.00	2.13	0.33
912828WS5	USA TREASURY 1.625%	1.625	06/30/2019		AA+	Aaa	1,000,000.00	993,281.25	4.21	996,641.00	4.25	0.41
912828TV2	USA TREASURY 1.25%	1.250	10/31/2019		AA+	Aaa	650,000.00	649,009.77	2.75	643,779.50	2.75	0.74
912828H52	USA TREASURY 1.25%	1.250	01/31/2020		AA+	Aaa	750,000.00	745,869.14	3.16	740,361.00	3.16	0.98
912828X96	USA TREASURY 1.5%	1.500	05/15/2020		AA+	Aaa	600,000.00	596,554.69	2.53	592,359.60	2.53	1.26
912828XM7	USA TREASURY 1.625%	1.625	07/31/2020		AA+	Aaa	1,000,000.00	1,005,742.19	4.26	986,992.00	4.21	1.47
Issuer total							4,500,000.00	4,491,687.51	19.05	4,458,590.10	19.03	0.89
Federal Farm Credit Banks												
3133EGSCO	FEDERAL FARM CREDIT	1.000	08/26/2019		AA+	Aaa	1,000,000.00	1,000,610.00	4.24	991,700.00	4.23	0.56
3133ECEY6	FEDERAL FARM CREDIT	1.450	02/11/2020		AA+	Aaa	1,000,000.00	1,003,130.00	4.25	988,640.00	4.22	1.01
3133EHVX8	FEDERAL FARM CREDIT	1.500	08/24/2020		AA+	Aaa	1,000,000.00	999,190.00	4.24	984,380.00	4.20	1.52
3133EJ4Q9	FEDERAL FARM CREDIT	2.550	01/11/2021		AA+	Aaa	500,000.00	499,100.00	2.12	500,210.00	2.13	1.88
Issuer total							3,500,000.00	3,502,030.00	14.85	3,464,930.00	14.79	1.15
Federal Home Loan Mortgage Corp												
3134G3M49	FREDDIE MAC 1.5%	1.500	09/26/2019		AA+	Aaa	1,000,000.00	1,001,001.00	4.24	993,580.00	4.24	0.64

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of January 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Mortgage Corp												
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	1,650,000.00	1,634,040.00	6.93	1,636,060.80	6.98	0.66
3134G3K58	FREDDIE MAC 1.5%	1.500	03/19/2020		AA+	Aaa	500,000.00	498,289.00	2.11	493,840.00	2.11	1.11
Issuer total							3,150,000.00	3,133,330.00	13.29	3,123,480.80	13.33	0.73
Federal National Mortgage Association												
3135G0L76	FANNIE MAE 1.075%	1.075	07/11/2019	04/11/2019	AA+	Aaa	600,000.00	599,100.00	2.54	596,214.00	2.54	0.44
3135G0R39	FANNIE MAE 1%	1.000	10/24/2019		AA+	Aaa	600,000.00	589,095.11	2.50	593,225.40	2.53	0.72
3135G0RM7	FANNIE MAE 1.63%	1.630	10/30/2020		AA+	Aaa	1,000,000.00	1,003,410.00	4.25	984,830.00	4.20	1.70
Issuer total							2,200,000.00	2,191,605.11	9.29	2,174,269.40	9.28	1.09
PT. San Assess District												
888599LS4	PT. SAN ASSESS	5.250	09/02/2032		NR	NR	1,387,200.00	1,387,200.00	5.88	1,387,200.00	5.92	9.45
Issuer total							1,387,200.00	1,387,200.00	5.88	1,387,200.00	5.92	9.45
Berkshire Hathaway Inc												
084670BL1	BERKSHIRE HATHAWAY	2.100	08/14/2019		AA	Aa2	550,000.00	547,453.50	2.32	547,806.05	2.34	0.52
Issuer total							550,000.00	547,453.50	2.32	547,806.05	2.34	0.52
Caterpillar Financial Services Corp												
14912L6R7	CATERPILLAR FINL	1.350	05/18/2019		A	A3	500,000.00	498,245.00	2.11	497,891.00	2.12	0.29
Issuer total							500,000.00	498,245.00	2.11	497,891.00	2.12	0.29
PNC Bank NA												
69353REX2	PNC BANK NA 1.45%	1.450	07/29/2019	06/29/2019	A	A2	500,000.00	494,490.00	2.10	496,997.00	2.12	0.48
Issuer total							500,000.00	494,490.00	2.10	496,997.00	2.12	0.48

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of January 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Toyota Motor Credit Corp												
89236TCF0	TOYOTA MOTOR CREDIT	2.150	03/12/2020		AA-	Aa3	500,000.00	504,545.00	2.14	496,729.50	2.12	1.08
Issuer total							500,000.00	504,545.00	2.14	496,729.50	2.12	1.08
JPMorgan Chase & Co												
46625HQJ2	JPMORGAN CHASE & CO	2.550	03/01/2021	02/01/2021	A-	A2	500,000.00	494,725.00	2.10	496,281.00	2.12	1.96
Issuer total							500,000.00	494,725.00	2.10	496,281.00	2.12	1.96
US Bank NA/Cincinnati OH												
90331HNB5	US BANK NA CINCINNATI	2.000	01/24/2020	12/24/2019	AA-	A1	500,000.00	493,330.00	2.09	496,110.00	2.12	0.95
Issuer total							500,000.00	493,330.00	2.09	496,110.00	2.12	0.95
American Honda Finance Corp												
02665WBT7	AMERICAN HONDA	1.950	07/20/2020		A+	A2	500,000.00	492,340.00	2.09	492,959.50	2.10	1.43
Issuer total							500,000.00	492,340.00	2.09	492,959.50	2.10	1.43
Cash and Cash Equivalent												
	INVESTED CASH	0.000					71,489.62	71,489.62	0.30	71,489.62	0.31	0.00
Issuer total							71,489.62	71,489.62	0.30	71,489.62	0.31	0.00
Grand total							23,608,689.62	23,583,810.02	100.00	23,431,954.97	100.00	1.37

SECURITIES PURCHASED

For the period January 1, 2019 - January 31, 2019

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Corporate Bonds							
02665WBT7 AMERICAN HONDA FINANCE 1.95% 20JUL2020 KEYBANK NATIONAL ASSOCIATION	01/02/2019 01/07/2019	1.950	07/20/2020	500,000.00	98.47	(492,340.00)	(4,522.92)
46625HQJ2 JPMORGAN CHASE & CO 2.55% 01MAR2021 (CALLABLE 01FEB21) J.P. MORGAN SECURITIES LLC	01/25/2019 01/29/2019	2.550	03/01/2021 02/01/2021	500,000.00	98.95	(494,725.00)	(5,241.67)
Total Corporate Bonds				1,000,000.00		(987,065.00)	(9,764.59)
Government Agencies							
3133EJ4Q9 FEDERAL FARM CREDIT BANK 2.55% 11JAN2021 WELLS FARGO SECURITIES INTL LTD	01/25/2019 01/28/2019	2.550	01/11/2021	500,000.00	99.82	(499,100.00)	(602.08)
Total Government Agencies				500,000.00		(499,100.00)	(602.08)
Grand total				1,500,000.00		(1,486,165.00)	(10,366.67)

SECURITIES SOLD AND MATURED

For the period January 1, 2019 - January 31, 2019

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
Corporate Bonds												
713448CK2 PEPSICO INC 2.25% DUE 01-07-2019	01/07/2019 01/07/2019	2.250		(500,000.00)	505,530.00	500,000.00 (59.10)	0.00	500,000.00 61.00	0.00	0.00	5,625.00	187.50
Total (Corporate Bonds)				(500,000.00)	505,530.00	500,000.00 (59.10)		500,000.00 61.00	0.00	0.00	5,625.00	187.50
Government Agencies												
3135G0H63 FANNIE MAE 1.375% 28JAN2019	01/28/2019 01/28/2019	1.375		(1,000,000.00)	1,012,490.00	1,000,000.00 (392.50)	0.00	1,000,000.00 786.00	0.00	0.00	6,875.00	1,031.25
Total (Government Agencies)				(1,000,000.00)	1,012,490.00	1,000,000.00 (392.50)		1,000,000.00 786.00	0.00	0.00	6,875.00	1,031.25
Grand total				(1,500,000.00)	1,518,020.00	1,500,000.00 (451.60)		1,500,000.00 847.00	0.00	0.00	12,500.00	1,218.75

TRANSACTION REPORT

For the period January 1, 2019 - January 31, 2019

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
01/02/2019 01/07/2019	02665WBT7	Bought	Corporate Bonds	AMERICAN HONDA FINANCE	07/20/2020	500,000.00	0.00	(492,340.00)	(4,522.92)	(496,862.92)
01/07/2019 01/07/2019	713448CK2	Income	Corporate Bonds	PEPSICO INC 2.25% DUE	01/07/2019	500,000.00	0.00	0.00	5,625.00	5,625.00
01/07/2019 01/07/2019	713448CK2	Capital Change	Corporate Bonds	PEPSICO INC 2.25% DUE	01/07/2019	(500,000.00)	0.00	500,000.00	0.00	500,000.00
01/11/2019 01/11/2019	3135G0L76	Income	Government Agencies	FANNIE MAE 1.075% 11JUL2019	07/11/2019	600,000.00	0.00	0.00	3,225.00	3,225.00
01/20/2019 01/20/2019	02665WBT7	Income	Corporate Bonds	AMERICAN HONDA FINANCE	07/20/2020	500,000.00	0.00	0.00	4,875.00	4,875.00
01/24/2019 01/24/2019	90331HNB5	Income	Corporate Bonds	US BANK NA CINCINNATI 2%	01/24/2020	500,000.00	0.00	0.00	5,000.00	5,000.00
01/25/2019 01/28/2019	3133EJ4Q9	Bought	Government Agencies	FEDERAL FARM CREDIT BANK	01/11/2021	500,000.00	0.00	(499,100.00)	(602.08)	(499,702.08)
01/25/2019 01/29/2019	46625HQJ2	Bought	Corporate Bonds	JPMORGAN CHASE & CO 2.55%	03/01/2021	500,000.00	0.00	(494,725.00)	(5,241.67)	(499,966.67)
01/28/2019 01/28/2019	3135G0H63	Income	Government Agencies	FANNIE MAE 1.375%	01/28/2019	1,000,000.00	0.00	0.00	6,875.00	6,875.00
01/28/2019 01/28/2019	3135G0H63	Capital Change	Government Agencies	FANNIE MAE 1.375%	01/28/2019	(1,000,000.00)	0.00	1,000,000.00	0.00	1,000,000.00
01/29/2019 01/29/2019	69353REX2	Income	Corporate Bonds	PNC BANK NA 1.45%	07/29/2019	500,000.00	0.00	0.00	3,625.00	3,625.00
01/31/2019 01/31/2019	912828H52	Income	Government Bonds	USA TREASURY 1.25%	01/31/2020	750,000.00	0.00	0.00	4,687.50	4,687.50
01/31/2019 01/31/2019	912828XM7	Income	Government Bonds	USA TREASURY 1.625%	07/31/2020	1,000,000.00	0.00	0.00	8,125.00	8,125.00
01/31/2019		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	68.87	68.87

ADDITIONAL INFORMATION

As of January 31, 2019

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

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For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

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ADDITIONAL INFORMATION

As of January 31, 2019

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SAN RAFAEL

February 2019

Part of  BNY MELLON

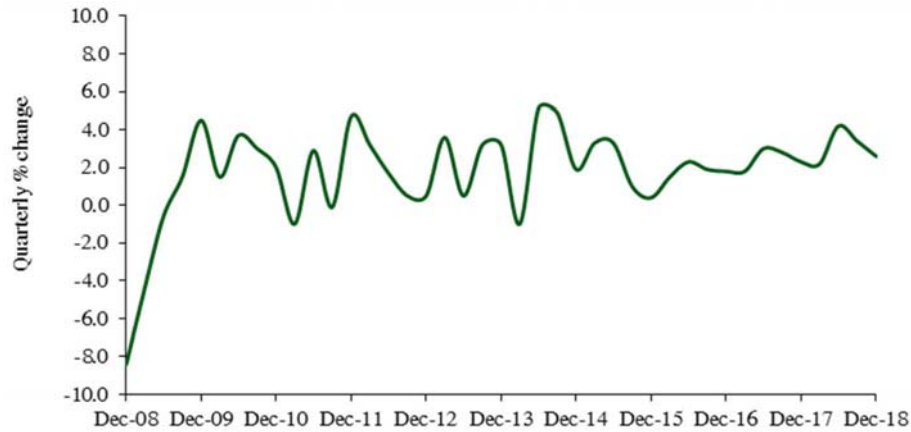


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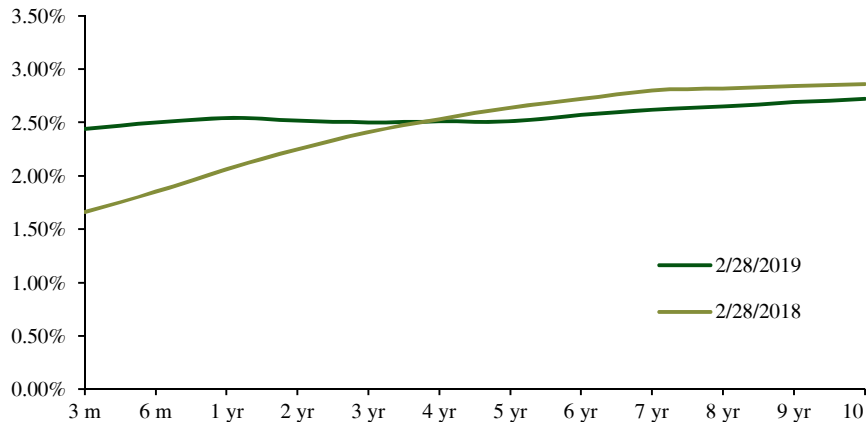
As of February 28, 2019

Chart 1: Gross Domestic Product: 12/31/2008—12/31/2018



Source: Bloomberg Finance LP, February 28, 2019.

Chart 2: Treasury yield curve: 02/28/2018 and 02/28/2019



Source: Bloomberg Finance LP, February 28, 2019.

Economic Indicators and Monetary Policy

The employment report released on February 1 showed that nonfarm payrolls for January rose 304,000 versus expectations for 165,000 jobs added. December job growth was revised down to 222,000 from an original release of 312,000 jobs added. Wage growth slightly slowed to 3.2% in January from 3.3% in December while the prime-age labor force participation rate rose to 86.2%, the highest since 2010.

On February 13 the Consumer Price Index (CPI) data was released. The CPI measure held firm in January with declines in fuel prices offsetting inflationary pressures from food, automobiles, housing and apparel. On a 12-month basis, January’s CPI registered a 1.6% increase, below the 1.9% level for December and the smallest gain since June 2017. Excluding food and energy prices, core CPI rose 0.2% for the month and 2.2% on a year-on-year basis.

The inflation picture, combined with concerns over global growth and ongoing US/China trade issues, supported the reversion of the Federal Reserve to a “wait and see” approach to further rate increases as described at the January meeting of the Federal Open Market Committee (FOMC). On February 20 the minutes were released from the January FOMC meeting which stated that “many participants” were “not yet clear” on the path of monetary policy this year, with members split on whether inflation would need to accelerate more than forecast for higher policy rates to be justified. However, “almost all participants” were supportive of stopping the central bank’s balance sheet reduction later this year.

Fourth quarter Gross Domestic Product (GDP) was released on February 28, which was delayed due to the government shutdown. The reading showed 2.6% growth quarter-on-quarter, versus expectations for 2.2% growth and less than the third quarter reading of 3.4%. Consumer spending was 2.8% versus 3.5% prior and inventories increased by \$97.1 billion following an increase of \$89.8 billion in the third quarter. (See Chart 1).

Interest Rate Summary

At the end of February, the 3-month US Treasury bill yielded 2.44%, the 6-month US Treasury bill yielded 2.50%, the 2-year US Treasury note yielded 2.52%, the 5-year US Treasury note yielded 2.51% and the 10-year US Treasury note yielded 2.72%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period February 1, 2019 - February 28, 2019

Amortized Cost Basis Activity Summary

Opening balance		23,578,154.01
Income received	25,620.45	
Total receipts		25,620.45
Expenses paid	(137.78)	
Total disbursements		(137.78)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Realized gain (loss)		0.00
Total amortization expense		(2,605.79)
Total OID/MKT accretion income		4,671.00
Return of capital		0.00
Closing balance		23,605,701.89
Ending fair value		23,470,125.99
Unrealized gain (loss)		(135,575.90)

Detail of Amortized Cost Basis Return

	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	95.45	0.00	0.00	95.45
Corporate Bonds	5,160.00	1,668.47	0.00	6,828.47
Government Agencies	16,901.53	(51.25)	0.00	16,850.28
Government Bonds	5,140.46	447.99	0.00	5,588.45
Municipal/Provincial Bonds	5,462.10	0.00	0.00	5,462.10
Total	32,759.54	2,065.21	0.00	34,824.75

Comparative Rates of Return (%)

	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.99	1.10	0.18
Overnight Repo	2.08	1.16	0.19
Merrill Lynch 3m US Treas Bill	2.07	1.13	0.18
Merrill Lynch 6m US Treas Bill	2.20	1.19	0.18
ML 1 Year US Treasury Note	2.44	1.29	0.19
ML 2 Year US Treasury Note	2.60	1.33	0.19
ML 5 Year US Treasury Note	2.75	1.36	0.19

* rates reflected are cumulative

Summary of Amortized Cost Basis Return for the Period

	Total portfolio
Interest earned	32,759.54
Accretion (amortization)	2,065.21
Realized gain (loss) on sales	0.00
Total income on portfolio	34,824.75
Average daily amortized cost	23,588,577.73
Period return (%)	0.15
YTD return (%)	0.30
Weighted average final maturity in days	567

ACTIVITY AND PERFORMANCE SUMMARY

For the period February 1, 2019 - February 28, 2019

Fair Value Basis Activity Summary

Opening balance		23,431,954.97
Income received	25,620.45	
Total receipts		25,620.45
Expenses paid	(137.78)	
Total disbursements		(137.78)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		12,688.35
Ending fair value		23,470,125.99

Detail of Fair Value Basis Return

	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	95.45	0.00	95.45
Corporate Bonds	5,160.00	1,636.75	6,796.75
Government Agencies	16,901.53	8,517.85	25,419.38
Government Bonds	5,140.46	2,533.75	7,674.21
Municipal/Provincial Bonds	5,462.10	0.00	5,462.10
Total	32,759.54	12,688.35	45,447.89

Comparative Rates of Return (%)

	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.99	1.10	0.18
Overnight Repo	2.08	1.16	0.19
ICE ML 3m US Treas Bill	2.04	1.10	0.18
ICE ML 6m US Treas Bill	2.16	1.17	0.18
ICE ML 1 Year US Treasury Note	2.25	1.32	0.21
ICE ML US Treasury 1-3	2.29	1.55	0.10
ICE ML US Treasury 1-5	2.60	1.80	0.04

* rates reflected are cumulative

Summary of Fair Value Basis Return for the Period

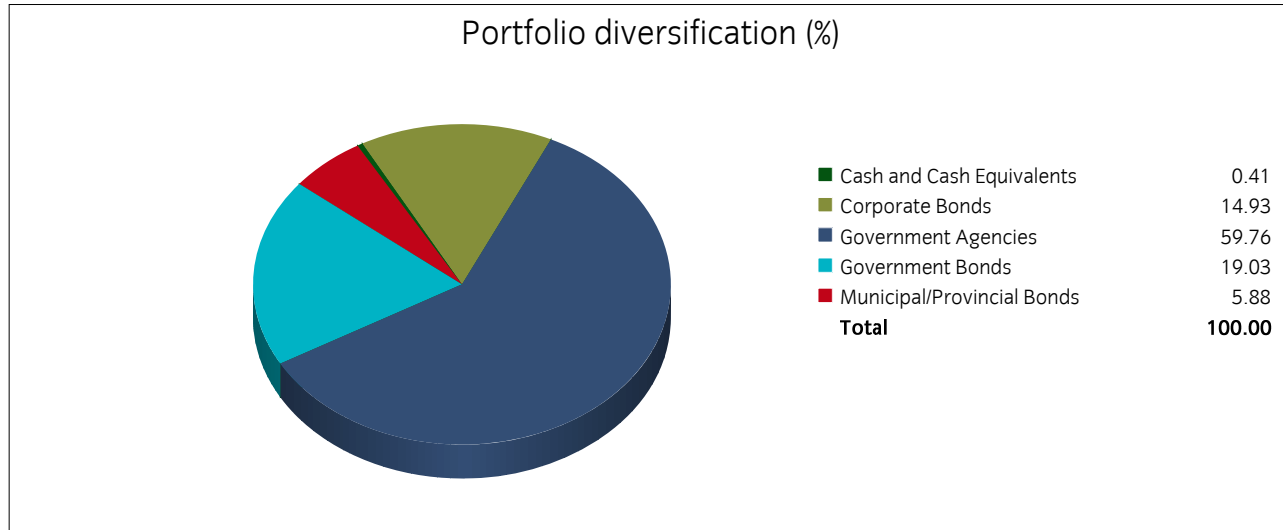
	Total portfolio
Interest earned	32,759.54
Change in fair value	12,688.35
Total income on portfolio	45,447.89
Average daily total value *	23,570,018.54
Period return (%)	0.19
YTD return (%)	0.50
Weighted average final maturity in days	567

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of February 28, 2019

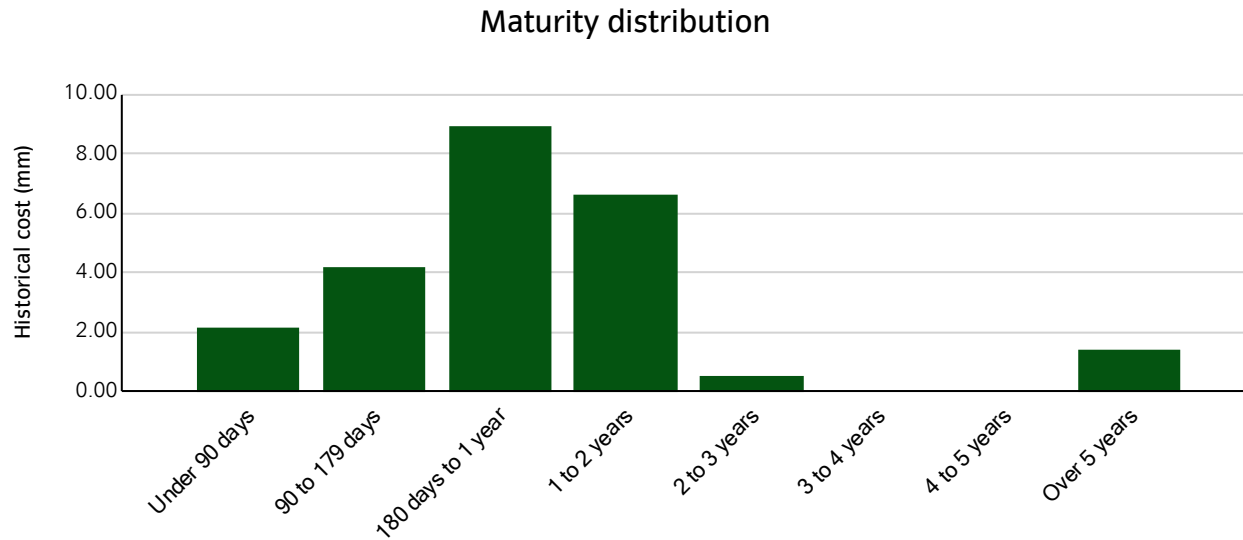
	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	96,972.29	96,972.29	96,972.29	0.00	1	0.41	0.00
Corporate Bonds	3,525,128.50	3,531,512.04	3,526,410.80	(5,101.24)	332	14.93	0.88
Government Agencies	14,108,304.39	14,092,139.21	13,998,419.05	(93,720.16)	284	59.76	0.76
Government Bonds	4,491,687.51	4,497,878.35	4,461,123.85	(36,754.50)	304	19.03	0.82
Municipal/Provincial Bonds	1,387,200.00	1,387,200.00	1,387,200.00	0.00	4,935	5.88	9.38
Total	23,609,292.69	23,605,701.89	23,470,125.99	(135,575.90)	567	100.00	1.29



MATURITY DISTRIBUTION OF SECURITIES HELD

As of February 28, 2019

Maturity	Historic cost	Percent
Under 90 days	2,124,966.57	9.00
90 to 179 days	4,128,735.22	17.49
180 days to 1 year	8,877,625.02	37.60
1 to 2 years	6,596,040.88	27.94
2 to 3 years	494,725.00	2.10
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	1,387,200.00	5.88
	23,609,292.69	100.00



SECURITIES HELD

As of February 28, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Cash and Cash Equivalents											
Cash and Cash Equivalents	0.000		96,972.29	96,972.29 0.00	96,972.29 0.00	96,972.29 0.00	0.00	0.00	0.00	0.00	0.41
Total Cash and Cash Equivalents			96,972.29	96,972.29 0.00	96,972.29 0.00	96,972.29 0.00	0.00	0.00	0.00	0.00	0.41
Corporate Bonds											
14912L6R7 CATERPILLAR FINL SERVICE 1.35% 18MAY2019	1.350	05/18/2019	500,000.00	498,245.00 0.00	499,853.59 56.31	498,495.00 604.00	(1,358.59)	0.00	506.25	1,875.00	2.11
69353REX2 PNC BANK NA 1.45% 29JUL2019 (CALLABLE 29JUN19)	1.450	07/29/2019 06/29/2019	500,000.00	494,490.00 0.00	497,634.03 476.36	497,607.00 610.00	(27.03)	0.00	543.75	584.03	2.09
084670BL1 BERKSHIRE HATHAWAY INC 2.1% 14AUG2019	2.100	08/14/2019	550,000.00	547,453.50 0.00	548,742.09 230.11	548,523.80 717.75	(218.29)	5,775.00	866.25	449.17	2.32
90331HNB5 US BANK NA CINCINNATI 2% 24JAN2020 (CALLABLE 24DEC19)	2.000	01/24/2020 12/24/2019	500,000.00	493,330.00 0.00	495,281.48 436.89	496,620.50 510.50	1,339.02	0.00	750.00	944.44	2.09
89236TCF0 TOYOTA MOTOR CREDIT CORP 2.15% 12MAR2020	2.150	03/12/2020	500,000.00	504,545.00 0.00	501,876.51 (151.34)	496,789.00 59.50	(5,087.51)	0.00	806.25	4,956.94	2.14
02665WBT7 AMERICAN HONDA FINANCE 1.95% 20JUL2020	1.950	07/20/2020	500,000.00	492,340.00 0.00	493,148.48 411.09	492,939.50 (20.00)	(208.98)	0.00	731.25	1,029.17	2.09
46625HQJ2 JPMORGAN CHASE & CO 2.55% 01MAR2021 (CALLABLE 01FEB21)	2.550	03/01/2021 02/01/2021	500,000.00	494,725.00 0.00	494,975.86 209.05	495,436.00 (845.00)	460.14	0.00	956.25	6,268.75	2.10

SECURITIES HELD

As of February 28, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Corporate Bonds											
Total Corporate Bonds			3,550,000.00	3,525,128.50 0.00	3,531,512.04 1,668.47	3,526,410.80 1,636.75	(5,101.24)	5,775.00	5,160.00	16,107.50	14.93
Government Agencies											
3133782M2 FEDERAL HOME LOAN BANK 1.5% 08MAR2019	1.500	03/08/2019	1,000,000.00	1,014,124.28 0.00	1,000,121.37 (455.13)	999,880.00 855.00	(241.37)	0.00	1,125.00	7,083.33	4.30
3133X72S2 FEDERAL HOME LOAN BANK 5.375% 15MAY2019	5.375	05/15/2019	500,000.00	515,625.00 0.00	503,133.36 (1,253.34)	502,955.00 (1,070.00)	(178.36)	0.00	2,015.63	7,689.24	2.18
313379EE5 FEDERAL HOME LOAN BANK 1.625% 14JUN2019	1.625	06/14/2019	1,000,000.00	993,180.00 0.00	998,447.96 447.70	997,569.00 545.00	(878.96)	0.00	1,218.75	3,340.28	4.21
3135G0L76 FANNIE MAE 1.075% 11JUL2019 (CALLABLE 11APR19)	1.075	07/11/2019 04/11/2019	600,000.00	599,100.00 0.00	599,883.15 26.76	596,892.00 678.00	(2,991.15)	0.00	483.75	842.08	2.54
3133EGSCO FEDERAL FARM CREDIT BANK 1% 26AUG2019	1.000	08/26/2019	1,000,000.00	1,000,610.00 0.00	1,000,099.04 (16.88)	993,000.00 1,300.00	(7,099.04)	5,000.00	750.00	55.56	4.24
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,011,510.00 0.00	1,002,083.89 (323.92)	993,910.00 1,010.00	(8,173.89)	0.00	1,031.25	6,302.08	4.28
3134G3M49 FREDDIE MAC 1.5% 26SEP2019 CALLABLE	1.500	09/26/2019	1,000,000.00	1,001,001.00 0.00	1,000,259.71 (37.82)	994,360.00 780.00	(5,899.71)	0.00	1,125.00	6,333.33	4.24
3137EADM8 FREDDIE MAC 1.25% 02OCT2019	1.250	10/02/2019	1,650,000.00	1,634,040.00 0.00	1,642,878.71 1,007.72	1,637,798.25 1,737.45	(5,080.46)	0.00	1,546.87	8,364.58	6.92

SECURITIES HELD

As of February 28, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	600,000.00	589,095.11 0.00	595,987.82 514.38	594,043.80 818.40	(1,944.02)	0.00	450.00	2,066.67	2.50
3130ABCH7 FEDERAL HOME LOAN BANK 1.5% 04NOV2019	1.500	11/04/2019	750,000.00	750,030.00 0.00	750,008.57 (1.06)	744,720.00 450.00	(5,288.57)	0.00	843.75	3,562.50	3.18
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	1,003,130.00 0.00	1,000,913.81 (80.39)	989,900.00 1,260.00	(11,013.81)	7,250.00	1,087.50	684.72	4.25
3134G3K58 FREDDIE MAC 1.5% 19MAR2020 CALLABLE	1.500	03/19/2020	500,000.00	498,289.00 0.00	499,369.81 49.89	494,610.00 770.00	(4,759.81)	0.00	562.50	3,312.50	2.11
313383HU8 FEDERAL HOME LOAN BANK 1.75% 12JUN2020	1.750	06/12/2020	1,000,000.00	996,870.00 0.00	998,421.33 102.51	989,986.00 9.00	(8,435.33)	0.00	1,312.50	3,694.44	4.22
3133EHVX8 FEDERAL FARM CREDIT BANK 1.5% 24AUG2020	1.500	08/24/2020	1,000,000.00	999,190.00 0.00	999,593.10 22.86	984,520.00 140.00	(15,073.10)	7,500.00	1,125.00	166.67	4.23
3135G0RM7 FANNIE MAE 1.63% 30OCT2020 CALLABLE	1.630	10/30/2020	1,000,000.00	1,003,410.00 0.00	1,001,791.75 (92.72)	984,540.00 (290.00)	(17,251.75)	0.00	1,267.78	5,342.78	4.25
3133EJ4Q9 FEDERAL FARM CREDIT BANK 2.55% 11JAN2021	2.550	01/11/2021	500,000.00	499,100.00 0.00	499,145.83 38.19	499,735.00 (475.00)	589.17	0.00	956.25	1,664.58	2.11
Total Government Agencies			14,100,000.00	14,108,304.39 0.00	14,092,139.21 (51.25)	13,998,419.05 8,517.85	(93,720.16)	19,750.00	16,901.53	60,505.34	59.76
Government Bonds											
912828WLO USA TREASURY 1.5% 31MAY2019	1.500	05/31/2019	500,000.00	501,230.47 0.00	500,138.73 (42.22)	498,769.50 312.50	(1,369.23)	0.00	576.93	1,854.40	2.12

SECURITIES HELD

As of February 28, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828WS5 USA TREASURY 1.625% 30JUN2019	1.625	06/30/2019	1,000,000.00	993,281.25 0.00	998,323.75 384.72	997,070.00 429.00	(1,253.75)	0.00	1,256.90	2,648.48	4.21
912828TV2 USA TREASURY 1.25% 31OCT2019	1.250	10/31/2019	650,000.00	649,009.77 0.00	649,737.44 30.01	644,439.25 659.75	(5,298.19)	0.00	628.45	2,693.37	2.75
912828H52 USA TREASURY 1.25% 31JAN2020	1.250	01/31/2020	750,000.00	745,869.14 0.00	748,540.78 121.25	741,181.50 820.50	(7,359.28)	0.00	725.14	725.14	3.16
912828X96 USA TREASURY 1.5% 15MAY2020	1.500	05/15/2020	600,000.00	596,554.69 0.00	598,339.34 105.20	592,593.60 234.00	(5,745.74)	0.00	696.13	2,610.50	2.53
912828XM7 USA TREASURY 1.625% 31JUL2020	1.625	07/31/2020	1,000,000.00	1,005,742.19 0.00	1,002,798.31 (150.97)	987,070.00 78.00	(15,728.31)	0.00	1,256.91	1,256.91	4.26
Total Government Bonds			4,500,000.00	4,491,687.51 0.00	4,497,878.35 447.99	4,461,123.85 2,533.75	(36,754.50)	0.00	5,140.46	11,788.80	19.03
Municipal/Provincial Bonds											
888599LS4 PT. SAN ASSESS DISTRICT 5.25% 144A 02SEP2032 SANRAF\$01	5.250	09/02/2032	1,387,200.00	1,387,200.00 0.00	1,387,200.00 0.00	1,387,200.00 0.00	0.00	0.00	5,462.10	35,604.80	5.88
Total Municipal/Provincial Bonds			1,387,200.00	1,387,200.00 0.00	1,387,200.00 0.00	1,387,200.00 0.00	0.00	0.00	5,462.10	35,604.80	5.88
Grand total			23,634,172.29	23,609,292.69 0.00	23,605,701.89 2,065.21	23,470,125.99 12,688.35	(135,575.90)	25,525.00	32,664.09	124,006.44	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of February 28, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3133782M2	FEDERAL HOME LOAN	1.500	03/08/2019		AA+	Aaa	1,000,000.00	1,014,124.28	4.30	999,880.00	4.26	0.02
3133X72S2	FEDERAL HOME LOAN	5.375	05/15/2019		AA+	Aaa	500,000.00	515,625.00	2.18	502,955.00	2.14	0.21
313379EE5	FEDERAL HOME LOAN	1.625	06/14/2019		AA+	Aaa	1,000,000.00	993,180.00	4.21	997,569.00	4.25	0.29
313380FB8	FEDERAL HOME LOAN	1.375	09/13/2019		AA+	Aaa	1,000,000.00	1,011,510.00	4.28	993,910.00	4.23	0.53
3130ABCH7	FEDERAL HOME LOAN	1.500	11/04/2019		AA+	Aaa	750,000.00	750,030.00	3.18	744,720.00	3.17	0.67
313383HU8	FEDERAL HOME LOAN	1.750	06/12/2020		AA+	Aaa	1,000,000.00	996,870.00	4.22	989,986.00	4.22	1.25
Issuer total							5,250,000.00	5,281,339.28	22.37	5,229,020.00	22.28	0.51
United States Treasury Note/Bond												
912828WL0	USA TREASURY 1.5%	1.500	05/31/2019		AA+	Aaa	500,000.00	501,230.47	2.12	498,769.50	2.13	0.25
912828WS5	USA TREASURY 1.625%	1.625	06/30/2019		AA+	Aaa	1,000,000.00	993,281.25	4.21	997,070.00	4.25	0.33
912828TV2	USA TREASURY 1.25%	1.250	10/31/2019		AA+	Aaa	650,000.00	649,009.77	2.75	644,439.25	2.75	0.66
912828H52	USA TREASURY 1.25%	1.250	01/31/2020		AA+	Aaa	750,000.00	745,869.14	3.16	741,181.50	3.16	0.91
912828X96	USA TREASURY 1.5%	1.500	05/15/2020		AA+	Aaa	600,000.00	596,554.69	2.53	592,593.60	2.52	1.18
912828XM7	USA TREASURY 1.625%	1.625	07/31/2020		AA+	Aaa	1,000,000.00	1,005,742.19	4.26	987,070.00	4.21	1.39
Issuer total							4,500,000.00	4,491,687.51	19.03	4,461,123.85	19.01	0.82
Federal Farm Credit Banks												
3133EGSCO	FEDERAL FARM CREDIT	1.000	08/26/2019		AA+	Aaa	1,000,000.00	1,000,610.00	4.24	993,000.00	4.23	0.48
3133ECEY6	FEDERAL FARM CREDIT	1.450	02/11/2020		AA+	Aaa	1,000,000.00	1,003,130.00	4.25	989,900.00	4.22	0.94
3133EHVX8	FEDERAL FARM CREDIT	1.500	08/24/2020		AA+	Aaa	1,000,000.00	999,190.00	4.23	984,520.00	4.19	1.46
3133EJ4Q9	FEDERAL FARM CREDIT	2.550	01/11/2021		AA+	Aaa	500,000.00	499,100.00	2.11	499,735.00	2.13	1.80
Issuer total							3,500,000.00	3,502,030.00	14.83	3,467,155.00	14.77	1.08
Federal Home Loan Mortgage Corp												
3134G3M49	FREDDIE MAC 1.5%	1.500	09/26/2019		AA+	Aaa	1,000,000.00	1,001,001.00	4.24	994,360.00	4.24	0.56

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of February 28, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Mortgage Corp												
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	1,650,000.00	1,634,040.00	6.92	1,637,798.25	6.98	0.58
3134G3K58	FREDDIE MAC 1.5%	1.500	03/19/2020		AA+	Aaa	500,000.00	498,289.00	2.11	494,610.00	2.11	1.03
Issuer total							3,150,000.00	3,133,330.00	13.27	3,126,768.25	13.32	0.65
Federal National Mortgage Association												
3135G0L76	FANNIE MAE 1.075%	1.075	07/11/2019	04/11/2019	AA+	Aaa	600,000.00	599,100.00	2.54	596,892.00	2.54	0.36
3135G0R39	FANNIE MAE 1%	1.000	10/24/2019		AA+	Aaa	600,000.00	589,095.11	2.50	594,043.80	2.53	0.64
3135G0RM7	FANNIE MAE 1.63%	1.630	10/30/2020		AA+	Aaa	1,000,000.00	1,003,410.00	4.25	984,540.00	4.19	1.62
Issuer total							2,200,000.00	2,191,605.11	9.28	2,175,475.80	9.27	1.01
Pt. San Assess District												
888599LS4	PT. SAN ASSESS	5.250	09/02/2032		NR	NR	1,387,200.00	1,387,200.00	5.88	1,387,200.00	5.91	9.38
Issuer total							1,387,200.00	1,387,200.00	5.88	1,387,200.00	5.91	9.38
Berkshire Hathaway Inc												
084670BL1	BERKSHIRE HATHAWAY	2.100	08/14/2019		AA	Aa2	550,000.00	547,453.50	2.32	548,523.80	2.34	0.45
Issuer total							550,000.00	547,453.50	2.32	548,523.80	2.34	0.45
Caterpillar Financial Services Corp												
14912L6R7	CATERPILLAR FINL	1.350	05/18/2019		A	A3	500,000.00	498,245.00	2.11	498,495.00	2.12	0.21
Issuer total							500,000.00	498,245.00	2.11	498,495.00	2.12	0.21
PNC Bank NA												
69353REX2	PNC BANK NA 1.45%	1.450	07/29/2019	06/29/2019	A	A2	500,000.00	494,490.00	2.09	497,607.00	2.12	0.41
Issuer total							500,000.00	494,490.00	2.09	497,607.00	2.12	0.41

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of February 28, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Toyota Motor Credit Corp												
89236TCF0	TOYOTA MOTOR CREDIT	2.150	03/12/2020		AA-	Aa3	500,000.00	504,545.00	2.14	496,789.00	2.12	1.00
Issuer total							500,000.00	504,545.00	2.14	496,789.00	2.12	1.00
US Bank NA/Cincinnati OH												
90331HNB5	US BANK NA CINCINNATI	2.000	01/24/2020	12/24/2019	AA-	A1	500,000.00	493,330.00	2.09	496,620.50	2.12	0.88
Issuer total							500,000.00	493,330.00	2.09	496,620.50	2.12	0.88
JPMorgan Chase & Co												
46625HQJ2	JPMORGAN CHASE & CO	2.550	03/01/2021	02/01/2021	A-	A2	500,000.00	494,725.00	2.10	495,436.00	2.11	1.91
Issuer total							500,000.00	494,725.00	2.10	495,436.00	2.11	1.91
American Honda Finance Corp												
02665WBT7	AMERICAN HONDA	1.950	07/20/2020		A	A2	500,000.00	492,340.00	2.09	492,939.50	2.10	1.35
Issuer total							500,000.00	492,340.00	2.09	492,939.50	2.10	1.35
Cash and Cash Equivalents												
	INVESTED CASH	0.000					96,972.29	96,972.29	0.41	96,972.29	0.41	0.00
Issuer total							96,972.29	96,972.29	0.41	96,972.29	0.41	0.00
Grand total							23,634,172.29	23,609,292.69	100.00	23,470,125.99	100.00	1.29

TRANSACTION REPORT

For the period February 1, 2019 - February 28, 2019

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
02/11/2019 02/11/2019	3133ECEY6	Income	Government Agencies	FEDERAL FARM CREDIT BANK	02/11/2020	1,000,000.00	0.00	0.00	7,250.00	7,250.00
02/14/2019 02/14/2019	084670BL1	Income	Corporate Bonds	BERKSHIRE HATHAWAY INC	08/14/2019	550,000.00	0.00	0.00	5,775.00	5,775.00
02/24/2019 02/24/2019	3133EHVX8	Income	Government Agencies	FEDERAL FARM CREDIT BANK	08/24/2020	1,000,000.00	0.00	0.00	7,500.00	7,500.00
02/26/2019 02/26/2019	3133EGSCO	Income	Government Agencies	FEDERAL FARM CREDIT BANK	08/26/2019	1,000,000.00	0.00	0.00	5,000.00	5,000.00
02/28/2019		Income	Cash and Cash Equivalents	Cash		0.00	0.00	0.00	95.45	95.45

ADDITIONAL INFORMATION

As of February 28, 2019

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

ADDITIONAL INFORMATION

As of February 28, 2019

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SAN RAFAEL

March 2019

Part of  BNY MELLON

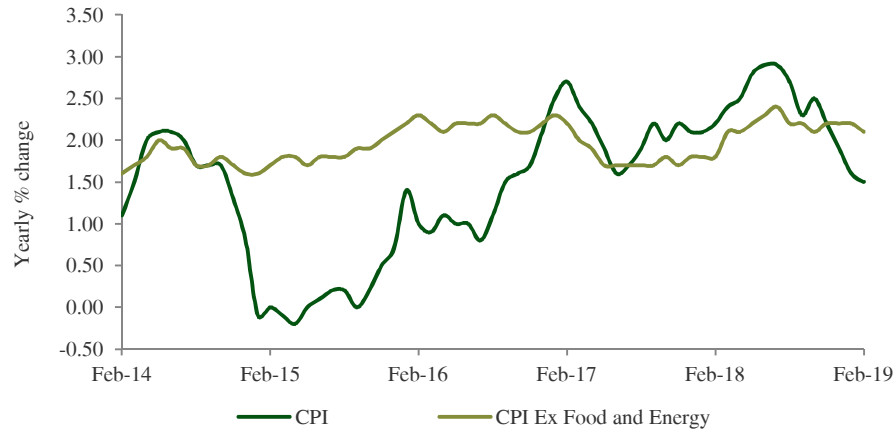


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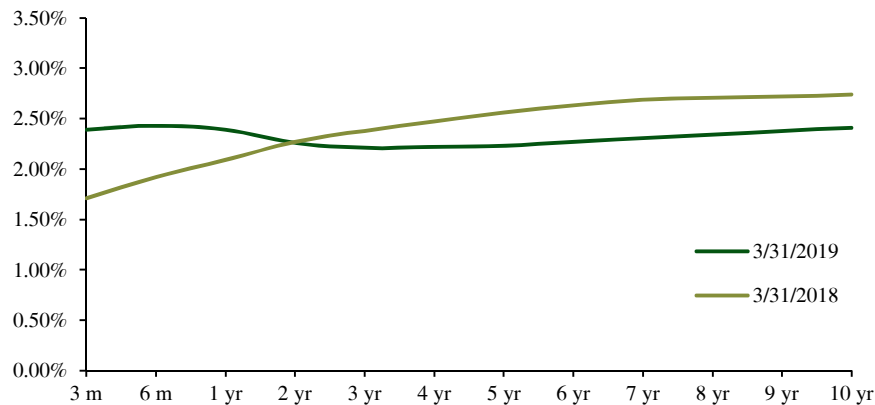
As of March 31, 2019

Chart 1: Consumer Price Index: 02/28/2014—02/28/2019



Source: Bloomberg Finance LP, March 31, 2019.

Chart 2: Treasury yield curve: 03/31/2018 and 03/31/2019



Source: Bloomberg Finance LP, March 31, 2019.

Economic Indicators and Monetary Policy

Although interest rates started the month with a stable tone, rates ultimately fell across the curve during March. Weakness in certain economic indicators domestically, continuing political turmoil and softening manufacturing data in Europe, along with dovish comments from the Federal Reserve drove rates lower. The yield on the 2-year US Treasury note was 2.56% on March 1 and ended the month 30 bp lower.

The employment report on March 8 disappointed, showing that non-farm payrolls increased by 20,000 compared to market expectations of 180,000 new jobs. Meanwhile the prior month's gain of 304,000 jobs was increased to 311,000. The unemployment rate decreased in February to 3.8% and the underemployment rate fell to 7.3%. Average hourly earnings increased 0.4% in February for an annual gain of 3.4%.

On March 12 the February Consumer Price Index data reflected a 0.2% monthly increase which was in line with expectations. On a year-over-year basis, the CPI increased 1.5% in February, compared to the prior reading of 1.6%. February was the first monthly increase in US consumer prices since October, and the modest size of the increase resulted in the smallest annual gain in well over two years. For the prior three months the monthly CPI reading was zero. Excluding the volatile food and energy components, the core CPI increased 0.1% in February for an annual gain of 2.1%. The prior and expected core CPI readings were both 2.2% on an annual basis. (See Chart 1.)

On March 20 the Federal Open Market Committee (FOMC) voted unanimously to hold the Fed funds target rate in a range of 2.25% to 2.50%. The FOMC updated its median policy rate projections to reflect no expected hikes this year, down from two anticipated rate increases projected last quarter. The FOMC still forecasts the next move to be a rate increase, with a single 25 bp hike projected in 2020. The FOMC also announced its intention to reduce the pace of its balance sheet reduction and halt the reduction in September.

Interest Rate Summary

At the end of March, the 3-month US Treasury bill yielded 2.39%, the 6-month US Treasury bill yielded 2.43%, the 2-year US Treasury note yielded 2.26%, the 5-year US Treasury note yielded 2.23% and the 10-year US Treasury note yielded 2.41%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2019 - March 31, 2019

Amortized Cost Basis Activity Summary

Opening balance		23,605,701.89
Income received	65,152.91	
Total receipts		65,152.91
Expenses paid	(138.02)	
Total disbursements		(138.02)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Realized gain (loss)		0.00
Total amortization expense		(2,994.70)
Total OID/MKT accretion income		4,739.70
Return of capital		0.00
Closing balance		23,672,461.78
Ending fair value		23,577,577.28
Unrealized gain (loss)		(94,884.50)

Detail of Amortized Cost Basis Return

	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	124.33	0.00	0.00	124.33
Corporate Bonds	6,306.67	1,668.50	0.00	7,975.17
Government Agencies	21,914.45	(419.45)	0.00	21,495.00
Government Bonds	5,691.22	495.95	0.00	6,187.17
Municipal/Provincial Bonds	6,675.90	0.00	0.00	6,675.90
Total	40,712.57	1,745.00	0.00	42,457.57

Comparative Rates of Return (%)

	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.07	1.14	0.20
Overnight Repo	2.16	1.20	0.21
Merrill Lynch 3m US Treas Bill	2.13	1.16	0.20
Merrill Lynch 6m US Treas Bill	2.25	1.21	0.20
ML 1 Year US Treasury Note	2.48	1.29	0.21
ML 2 Year US Treasury Note	2.61	1.31	0.20
ML 5 Year US Treasury Note	2.73	1.32	0.20

* rates reflected are cumulative

Summary of Amortized Cost Basis Return for the Period

	Total portfolio
Interest earned	40,712.57
Accretion (amortization)	1,745.00
Realized gain (loss) on sales	0.00
Total income on portfolio	42,457.57
Average daily amortized cost	23,655,432.78
Period return (%)	0.18
YTD return (%)	0.48
Weighted average final maturity in days	573

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2019 - March 31, 2019

<u>Fair Value Basis Activity Summary</u>		
Opening balance		23,470,125.99
Income received	65,152.91	
Total receipts		65,152.91
Expenses paid	(138.02)	
Total disbursements		(138.02)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		42,436.40
Ending fair value		23,577,577.28

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	124.33	0.00	124.33
Corporate Bonds	6,306.67	8,001.65	14,308.32
Government Agencies	21,914.45	26,345.65	48,260.10
Government Bonds	5,691.22	8,089.10	13,780.32
Municipal/Provincial Bonds	6,675.90	0.00	6,675.90
Total	40,712.57	42,436.40	83,148.97

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.07	1.14	0.20
Overnight Repo	2.16	1.20	0.21
ICE ML 3m US Treas Bill	2.12	1.17	0.22
ICE ML 6m US Treas Bill	2.26	1.27	0.24
ICE ML 1 Year US Treasury Note	2.44	1.61	0.35
ICE ML US Treasury 1-3	2.72	2.29	0.61
ICE ML US Treasury 1-5	3.14	2.96	0.85

* rates reflected are cumulative

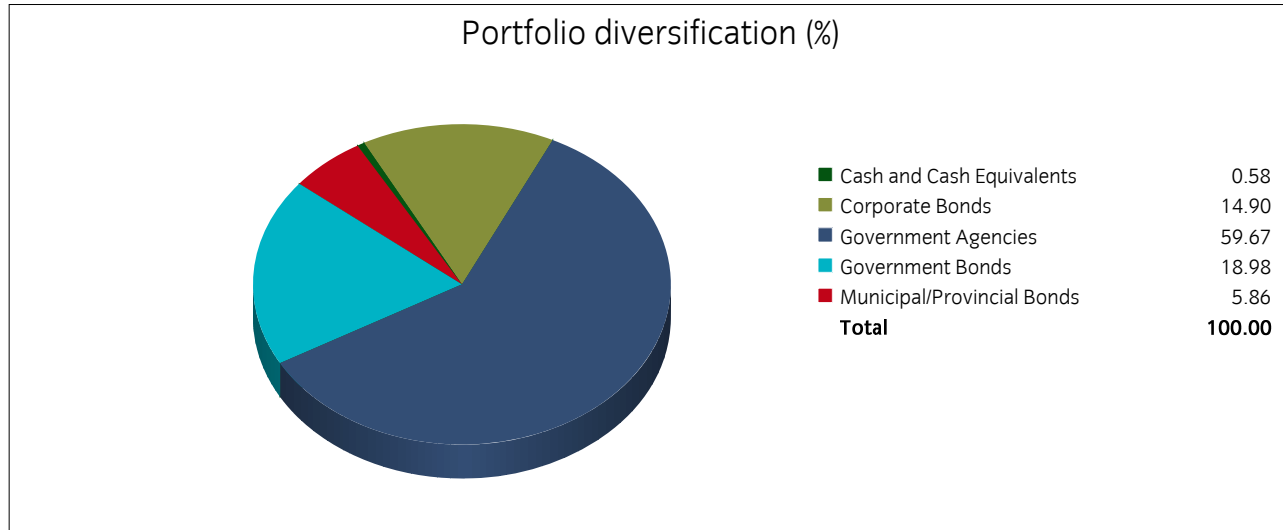
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	40,712.57
Change in fair value	42,436.40
Total income on portfolio	83,148.97
Average daily total value *	23,636,034.49
Period return (%)	0.35
YTD return (%)	0.85
Weighted average final maturity in days	573

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of March 31, 2019

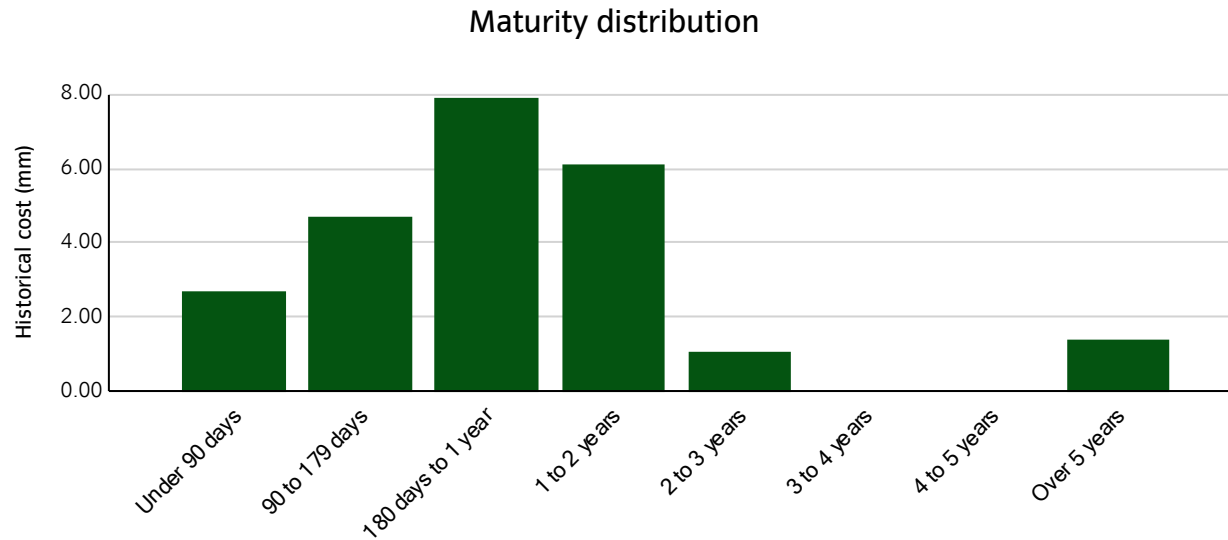
	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	137,947.18	137,947.18	137,947.18	0.00	1	0.58	0.00
Corporate Bonds	3,525,128.50	3,533,180.54	3,534,412.45	1,231.91	303	14.90	0.81
Government Agencies	14,118,220.11	14,115,759.76	14,048,804.70	(66,955.06)	315	59.67	0.84
Government Bonds	4,491,687.51	4,498,374.30	4,469,212.95	(29,161.35)	275	18.98	0.73
Municipal/Provincial Bonds	1,387,200.00	1,387,200.00	1,387,200.00	0.00	4,906	5.86	9.55
Total	23,660,183.30	23,672,461.78	23,577,577.28	(94,884.50)	573	100.00	1.32



MATURITY DISTRIBUTION OF SECURITIES HELD

As of March 31, 2019

Maturity	Historic cost	Percent
Under 90 days	2,646,227.65	11.18
90 to 179 days	4,646,444.75	19.64
180 days to 1 year	7,868,339.02	33.26
1 to 2 years	6,087,931.88	25.73
2 to 3 years	1,024,040.00	4.33
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	1,387,200.00	5.86
	23,660,183.30	100.00



SECURITIES HELD

As of March 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Cash and Cash Equivalents											
Cash and Cash Equivalents	0.000		137,947.18	137,947.18 0.00	137,947.18 0.00	137,947.18 0.00	0.00	0.00	0.00	0.00	0.58
Total Cash and Cash Equivalents			137,947.18	137,947.18 0.00	137,947.18 0.00	137,947.18 0.00	0.00	0.00	0.00	0.00	0.58
Corporate Bonds											
14912L6R7 CATERPILLAR FINL SERVICE 1.35% 18MAY2019	1.350	05/18/2019	500,000.00	498,245.00 0.00	499,909.90 56.31	499,134.50 639.50	(775.40)	0.00	618.75	2,493.75	2.11
69353REX2 PNC BANK NA 1.45% 29JUL2019 (CALLABLE 29JUN19)	1.450	07/29/2019 06/29/2019	500,000.00	494,490.00 0.00	498,110.40 476.37	497,955.50 348.50	(154.90)	0.00	664.58	1,248.61	2.09
084670BL1 BERKSHIRE HATHAWAY INC 2.1% 14AUG2019	2.100	08/14/2019	550,000.00	547,453.50 0.00	548,972.20 230.11	548,838.95 315.15	(133.25)	0.00	1,058.75	1,507.92	2.31
90331HNB5 US BANK NA CINCINNATI 2% 24JAN2020 (CALLABLE 24DEC19)	2.000	01/24/2020 12/24/2019	500,000.00	493,330.00 0.00	495,718.38 436.90	497,405.50 785.00	1,687.12	0.00	916.67	1,861.11	2.09
89236TCF0 TOYOTA MOTOR CREDIT CORP 2.15% 12MAR2020	2.150	03/12/2020	500,000.00	504,545.00 0.00	501,725.18 (151.33)	497,772.50 983.50	(3,952.68)	5,375.00	985.42	567.36	2.13
02665WBT7 AMERICAN HONDA FINANCE 1.95% 20JUL2020	1.950	07/20/2020	500,000.00	492,340.00 0.00	493,559.57 411.09	494,963.50 2,024.00	1,403.93	0.00	893.75	1,922.92	2.08
46625HQJ2 JPMORGAN CHASE & CO 2.55% 01MAR2021 (CALLABLE 01FEB21)	2.550	03/01/2021 02/01/2021	500,000.00	494,725.00 0.00	495,184.91 209.05	498,342.00 2,906.00	3,157.09	6,375.00	1,168.75	1,062.50	2.09

SECURITIES HELD

As of March 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Corporate Bonds											
Total Corporate Bonds			3,550,000.00	3,525,128.50 0.00	3,533,180.54 1,668.50	3,534,412.45 8,001.65	1,231.91	11,750.00	6,306.67	10,664.17	14.90
Government Agencies											
3133X72S2 FEDERAL HOME LOAN BANK 5.375% 15MAY2019	5.375	05/15/2019	500,000.00	515,625.00 0.00	501,880.01 (1,253.35)	501,775.00 (1,180.00)	(105.01)	0.00	2,463.54	10,152.78	2.18
313379EE5 FEDERAL HOME LOAN BANK 1.625% 14JUN2019	1.625	06/14/2019	1,000,000.00	993,180.00 0.00	998,895.67 447.71	998,420.00 851.00	(475.67)	0.00	1,489.58	4,829.86	4.20
3135G0L76 FANNIE MAE 1.075% 11JUL2019 CALLABLE	1.075	07/11/2019 04/11/2019	600,000.00	599,100.00 0.00	599,909.91 26.76	597,696.00 804.00	(2,213.91)	0.00	591.25	1,433.33	2.53
3133EGSCO FEDERAL FARM CREDIT BANK 1% 26AUG2019	1.000	08/26/2019	1,000,000.00	1,000,610.00 0.00	1,000,082.16 (16.88)	994,610.00 1,610.00	(5,472.16)	0.00	916.66	972.22	4.23
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,011,510.00 0.00	1,001,759.97 (323.92)	995,120.00 1,210.00	(6,639.97)	6,875.00	1,260.42	687.50	4.28
3134G3M49 FREDDIE MAC 1.5% 26SEP2019 CALLABLE	1.500	09/26/2019	1,000,000.00	1,001,001.00 0.00	1,000,221.88 (37.83)	995,000.00 640.00	(5,221.88)	7,500.00	1,375.00	208.33	4.23
3137EADM8 FREDDIE MAC 1.25% 02OCT2019	1.250	10/02/2019	1,650,000.00	1,634,040.00 0.00	1,643,886.44 1,007.73	1,639,984.50 2,186.25	(3,901.94)	0.00	1,890.63	10,255.21	6.91
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	600,000.00	589,095.11 0.00	596,502.21 514.39	595,096.20 1,052.40	(1,406.01)	0.00	550.00	2,616.67	2.49
3130ABCH7 FEDERAL HOME LOAN BANK 1.5% 04NOV2019	1.500	11/04/2019	750,000.00	750,030.00 0.00	750,007.52 (1.05)	745,905.00 1,185.00	(4,102.52)	0.00	1,031.25	4,593.75	3.17

SECURITIES HELD

As of March 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	1,003,130.00 0.00	1,000,833.42 (80.39)	992,040.00 2,140.00	(8,793.42)	0.00	1,329.17	2,013.89	4.24
3134G3K58 FREDDIE MAC 1.5% 19MAR2020 CALLABLE	1.500	03/19/2020	500,000.00	498,289.00 0.00	499,419.69 49.88	495,560.00 950.00	(3,859.69)	3,750.00	687.50	250.00	2.11
313383HU8 FEDERAL HOME LOAN BANK 1.75% 12JUN2020	1.750	06/12/2020	1,000,000.00	996,870.00 0.00	998,523.84 102.51	991,885.00 1,899.00	(6,638.84)	0.00	1,604.17	5,298.61	4.21
3133EHVX8 FEDERAL FARM CREDIT BANK 1.5% 24AUG2020	1.500	08/24/2020	1,000,000.00	999,190.00 0.00	999,615.95 22.85	988,300.00 3,780.00	(11,315.95)	0.00	1,375.00	1,541.67	4.22
3135G0RM7 FANNIE MAE 1.63% 30OCT2020 CALLABLE	1.630	10/30/2020	1,000,000.00	1,003,410.00 0.00	1,001,705.00 (86.75)	988,760.00 4,220.00	(12,945.00)	0.00	1,448.89	6,791.67	4.24
3133EJ4Q9 FEDERAL FARM CREDIT BANK 2.55% 11JAN2021	2.550	01/11/2021	500,000.00	499,100.00 0.00	499,184.02 38.19	501,810.00 2,075.00	2,625.98	0.00	1,168.75	2,833.33	2.11
313373ZY1 FEDERAL HOME LOAN BANK 3.625% 11JUN2021	3.625	06/11/2021	1,000,000.00	1,024,040.00 (8,760.42)	1,023,332.07 (707.93)	1,026,843.00 2,803.00	3,510.93	0.00	2,315.97	11,076.39	4.33
Total Government Agencies			14,100,000.00	14,118,220.11 (8,760.42)	14,115,759.76 (298.08)	14,048,804.70 26,225.65	(66,955.06)	18,125.00	21,497.78	65,555.21	59.67
Government Bonds											
912828WL0 USA TREASURY 1.5% 31MAY2019	1.500	05/31/2019	500,000.00	501,230.47 0.00	500,091.98 (46.75)	499,202.00 432.50	(889.98)	0.00	638.73	2,493.13	2.12
912828WS5 USA TREASURY 1.625% 30JUN2019	1.625	06/30/2019	1,000,000.00	993,281.25 0.00	998,749.68 425.93	997,773.00 703.00	(976.68)	0.00	1,391.58	4,040.06	4.20

SECURITIES HELD

As of March 31, 2019

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828TV2 USA TREASURY 1.25% 31OCT2019	1.250	10/31/2019	650,000.00	649,009.77 0.00	649,770.66 33.22	645,455.20 1,015.95	(4,315.46)	0.00	695.79	3,389.16	2.74
912828H52 USA TREASURY 1.25% 31JAN2020	1.250	01/31/2020	750,000.00	745,869.14 0.00	748,675.01 134.23	742,704.75 1,523.25	(5,970.26)	0.00	802.83	1,527.97	3.15
912828X96 US TREASURY N/B 1.5% 15MAY2020	1.500	05/15/2020	600,000.00	596,554.69 0.00	598,455.81 116.47	594,117.00 1,523.40	(4,338.81)	0.00	770.72	3,381.22	2.52
912828XM7 USA TREASURY 1.625% 31JUL2020	1.625	07/31/2020	1,000,000.00	1,005,742.19 0.00	1,002,631.16 (167.15)	989,961.00 2,891.00	(12,670.16)	0.00	1,391.57	2,648.48	4.25
Total Government Bonds			4,500,000.00	4,491,687.51 0.00	4,498,374.30 495.95	4,469,212.95 8,089.10	(29,161.35)	0.00	5,691.22	17,480.02	18.98
Municipal/Provincial Bonds											
888599LS4 PT. SAN ASSESS DISTRICT 5.25% 144A 02SEP2032 SANRAF\$01	5.250	09/02/2032	1,387,200.00	1,387,200.00 0.00	1,387,200.00 0.00	1,387,200.00 0.00	0.00	36,414.00	6,675.90	5,866.70	5.86
Total Municipal/Provincial Bonds			1,387,200.00	1,387,200.00 0.00	1,387,200.00 0.00	1,387,200.00 0.00	0.00	36,414.00	6,675.90	5,866.70	5.86
Grand total			23,675,147.18	23,660,183.30 (8,760.42)	23,672,461.78 1,866.37	23,577,577.28 42,316.40	(94,884.50)	66,289.00	40,171.57	99,566.10	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of March 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3133X72S2	FEDERAL HOME LOAN	5.375	05/15/2019		AA+	Aaa	500,000.00	515,625.00	2.18	501,775.00	2.13	0.13
313379EE5	FEDERAL HOME LOAN	1.625	06/14/2019		AA+	Aaa	1,000,000.00	993,180.00	4.20	998,420.00	4.23	0.21
313380FB8	FEDERAL HOME LOAN	1.375	09/13/2019		AA+	Aaa	1,000,000.00	1,011,510.00	4.28	995,120.00	4.22	0.45
3130ABCH7	FEDERAL HOME LOAN	1.500	11/04/2019		AA+	Aaa	750,000.00	750,030.00	3.17	745,905.00	3.16	0.59
313383HU8	FEDERAL HOME LOAN	1.750	06/12/2020		AA+	Aaa	1,000,000.00	996,870.00	4.21	991,885.00	4.21	1.17
313373ZY1	FEDERAL HOME LOAN	3.625	06/11/2021		AA+	Aaa	1,000,000.00	1,024,040.00	4.33	1,026,843.00	4.36	2.08
Issuer total							5,250,000.00	5,291,255.00	22.36	5,259,948.00	22.31	0.84
United States Treasury Note/Bond												
912828WL0	USA TREASURY 1.5%	1.500	05/31/2019		AA+	Aaa	500,000.00	501,230.47	2.12	499,202.00	2.12	0.17
912828W55	USA TREASURY 1.625%	1.625	06/30/2019		AA+	Aaa	1,000,000.00	993,281.25	4.20	997,773.00	4.23	0.25
912828TV2	USA TREASURY 1.25%	1.250	10/31/2019		AA+	Aaa	650,000.00	649,009.77	2.74	645,455.20	2.74	0.58
912828H52	USA TREASURY 1.25%	1.250	01/31/2020		AA+	Aaa	750,000.00	745,869.14	3.15	742,704.75	3.15	0.83
912828X96	US TREASURY N/B 1.5%	1.500	05/15/2020		AA+	Aaa	600,000.00	596,554.69	2.52	594,117.00	2.52	1.10
912828XM7	USA TREASURY 1.625%	1.625	07/31/2020		AA+	Aaa	1,000,000.00	1,005,742.19	4.25	989,961.00	4.20	1.30
Issuer total							4,500,000.00	4,491,687.51	18.98	4,469,212.95	18.96	0.73
Federal Farm Credit Banks												
3133EGSCO	FEDERAL FARM CREDIT	1.000	08/26/2019		AA+	Aaa	1,000,000.00	1,000,610.00	4.23	994,610.00	4.22	0.41
3133ECEY6	FEDERAL FARM CREDIT	1.450	02/11/2020		AA+	Aaa	1,000,000.00	1,003,130.00	4.24	992,040.00	4.21	0.86
3133EHVX8	FEDERAL FARM CREDIT	1.500	08/24/2020		AA+	Aaa	1,000,000.00	999,190.00	4.22	988,300.00	4.19	1.38
3133EJ4Q9	FEDERAL FARM CREDIT	2.550	01/11/2021		AA+	Aaa	500,000.00	499,100.00	2.11	501,810.00	2.13	1.72
Issuer total							3,500,000.00	3,502,030.00	14.80	3,476,760.00	14.75	1.00
Federal Home Loan Mortgage Corp												
3134G3M49	FREDDIE MAC 1.5%	1.500	09/26/2019		AA+	Aaa	1,000,000.00	1,001,001.00	4.23	995,000.00	4.22	0.49

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of March 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Mortgage Corp												
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	1,650,000.00	1,634,040.00	6.91	1,639,984.50	6.96	0.50
3134G3K58	FREDDIE MAC 1.5%	1.500	03/19/2020		AA+	Aaa	500,000.00	498,289.00	2.11	495,560.00	2.10	0.96
Issuer total							3,150,000.00	3,133,330.00	13.24	3,130,544.50	13.28	0.57
Federal National Mortgage Association												
3135G0L76	FANNIE MAE 1.075%	1.075	07/11/2019	04/11/2019	AA+	Aaa	600,000.00	599,100.00	2.53	597,696.00	2.54	0.28
3135G0R39	FANNIE MAE 1%	1.000	10/24/2019		AA+	Aaa	600,000.00	589,095.11	2.49	595,096.20	2.52	0.56
3135G0RM7	FANNIE MAE 1.63%	1.630	10/30/2020		AA+	Aaa	1,000,000.00	1,003,410.00	4.24	988,760.00	4.19	1.55
Issuer total							2,200,000.00	2,191,605.11	9.26	2,181,552.20	9.25	0.94
PT. San Assess												
888599LS4	PT. SAN ASSESS	5.250	09/02/2032		NR	NR	1,387,200.00	1,387,200.00	5.86	1,387,200.00	5.88	9.55
Issuer total							1,387,200.00	1,387,200.00	5.86	1,387,200.00	5.88	9.55
Berkshire Hathaway Inc												
084670BL1	BERKSHIRE HATHAWAY	2.100	08/14/2019		AA	Aa2	550,000.00	547,453.50	2.31	548,838.95	2.33	0.37
Issuer total							550,000.00	547,453.50	2.31	548,838.95	2.33	0.37
Caterpillar Financial Services Corp												
14912L6R7	CATERPILLAR FINL	1.350	05/18/2019		A	A3	500,000.00	498,245.00	2.11	499,134.50	2.12	0.14
Issuer total							500,000.00	498,245.00	2.11	499,134.50	2.12	0.14
JPMorgan Chase & Co												
46625HQJ2	JPMORGAN CHASE & CO	2.550	03/01/2021	02/01/2021	A-	A2	500,000.00	494,725.00	2.09	498,342.00	2.11	1.81
Issuer total							500,000.00	494,725.00	2.09	498,342.00	2.11	1.81

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of March 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
PNC Bank NA												
69353REX2	PNC BANK NA 1.45%	1.450	07/29/2019	06/29/2019	A	A2	500,000.00	494,490.00	2.09	497,955.50	2.11	0.33
Issuer total							500,000.00	494,490.00	2.09	497,955.50	2.11	0.33
Toyota Motor Credit Corp												
89236TCF0	TOYOTA MOTOR CREDIT	2.150	03/12/2020		AA-	Aa3	500,000.00	504,545.00	2.13	497,772.50	2.11	0.98
Issuer total							500,000.00	504,545.00	2.13	497,772.50	2.11	0.98
US Bank NA/Cincinnati OH												
90331HNB5	US BANK NA CINCINNATI	2.000	01/24/2020	12/24/2019	AA-	A1	500,000.00	493,330.00	2.09	497,405.50	2.11	0.80
Issuer total							500,000.00	493,330.00	2.09	497,405.50	2.11	0.80
American Honda Finance Corp												
02665WBT7	AMERICAN HONDA	1.950	07/20/2020		A	A2	500,000.00	492,340.00	2.08	494,963.50	2.10	1.27
Issuer total							500,000.00	492,340.00	2.08	494,963.50	2.10	1.27
Cash and Cash Equivalents												
	INVESTED CASH	0.000					137,947.18	137,947.18	0.58	137,947.18	0.59	0.00
Issuer total							137,947.18	137,947.18	0.58	137,947.18	0.59	0.00
Grand total							23,675,147.18	23,660,183.30	100.00	23,577,577.28	100.00	1.32

SECURITIES PURCHASED

For the period March 1, 2019 - March 31, 2019

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Government Agencies							
313373ZY1	03/07/2019	3.625	06/11/2021	1,000,000.00	102.40	(1,024,040.00)	(8,760.42)
FEDERAL HOME LOAN BANK 3.625% 11JUN2021	03/08/2019						
WELLS FARGO BANK, N.A.							
Total Government Agencies				1,000,000.00		(1,024,040.00)	(8,760.42)
Grand total				1,000,000.00		(1,024,040.00)	(8,760.42)

SECURITIES SOLD AND MATURED

For the period March 1, 2019 - March 31, 2019

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
Government Agencies												
3133782M2 FEDERAL HOME LN BKS CONS BD 1.5 DUE 03-08-2019	03/08/2019 03/08/2019	1.500		(1,000,000.00)	1,014,124.28	1,000,000.00 (121.37)	0.00	1,000,000.00 120.00	0.00	0.00	7,500.00	416.67
Total (Government Agencies)				(1,000,000.00)	1,014,124.28	1,000,000.00 (121.37)		1,000,000.00 120.00	0.00	0.00	7,500.00	416.67
Grand total				(1,000,000.00)	1,014,124.28	1,000,000.00 (121.37)		1,000,000.00 120.00	0.00	0.00	7,500.00	416.67

TRANSACTION REPORT

For the period March 1, 2019 - March 31, 2019

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
03/01/2019 03/01/2019	46625HQJ2	Income	Corporate Bonds	JPMORGAN CHASE & CO 2.55%	03/01/2021	500,000.00	0.00	0.00	6,375.00	6,375.00
03/02/2019 03/02/2019	888599LS4	Income	Municipal/Provincial Bonds	PT. SAN ASSESS DISTRICT	09/02/2032	1,387,200.00	0.00	0.00	36,414.00	36,414.00
03/07/2019 03/08/2019	313373ZY1	Bought	Government Agencies	FEDERAL HOME LOAN BANK	06/11/2021	1,000,000.00	0.00	(1,024,040.00)	(8,760.42)	(1,032,800.42)
03/08/2019 03/08/2019	3133782M2	Income	Government Agencies	FEDERAL HOME LN BKS CONS	03/08/2019	1,000,000.00	0.00	0.00	7,500.00	7,500.00
03/08/2019 03/08/2019	3133782M2	Capital Change	Government Agencies	FEDERAL HOME LN BKS CONS	03/08/2019	(1,000,000.00)	0.00	1,000,000.00	0.00	1,000,000.00
03/12/2019 03/12/2019	89236TCF0	Income	Corporate Bonds	TOYOTA MOTOR CREDIT CORP	03/12/2020	500,000.00	0.00	0.00	5,375.00	5,375.00
03/13/2019 03/13/2019	313380FB8	Income	Government Agencies	FEDERAL HOME LOAN BANK	09/13/2019	1,000,000.00	0.00	0.00	6,875.00	6,875.00
03/19/2019 03/19/2019	3134G3K58	Income	Government Agencies	FREDDIE MAC 1.5% 19MAR2020	03/19/2020	500,000.00	0.00	0.00	3,750.00	3,750.00
03/26/2019 03/26/2019	3134G3M49	Income	Government Agencies	FREDDIE MAC 1.5% 26SEP2019	09/26/2019	1,000,000.00	0.00	0.00	7,500.00	7,500.00
03/31/2019		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	124.33	124.33

ADDITIONAL INFORMATION

As of March 31, 2019

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

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For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

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ADDITIONAL INFORMATION

As of March 31, 2019

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Account Statement - Transaction Summary

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001

CAMP Pool	
Opening Market Value	7,759,857.76
Purchases	31,027.33
Redemptions	(1,975.14)
Unsettled Trades	0.00
Change in Value	0.00

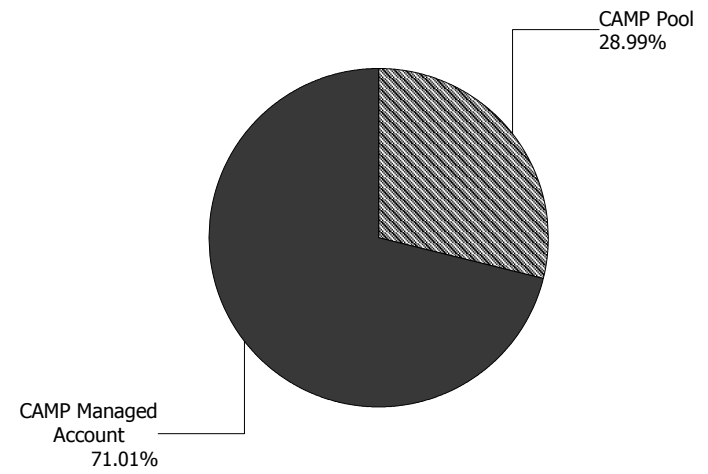
Closing Market Value	\$7,788,909.95
Cash Dividends and Income	17,213.53

CAMP Managed Account	
Opening Market Value	22,278,965.46
Purchases	0.00
Redemptions	(3,225,000.00)
Unsettled Trades	0.00
Change in Value	23,927.08

Closing Market Value	\$19,077,892.54
Cash Dividends and Income	56,141.92

Asset Summary		
	March 31, 2019	February 28, 2019
CAMP Pool	7,788,909.95	7,759,857.76
CAMP Managed Account	19,077,892.54	22,278,965.46
Total	\$26,866,802.49	\$30,038,823.22

Asset Allocation





Managed Account Summary Statement

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Transaction Summary - Money Market		Transaction Summary - Managed Account		Account Total	
Opening Market Value	\$7,759,857.76	Opening Market Value	\$22,278,965.46	Opening Market Value	\$30,038,823.22
Purchases	31,027.33	Maturities/Calls	(3,225,000.00)		
Redemptions	(1,975.14)	Principal Dispositions	0.00		
		Principal Acquisitions	0.00		
		Unsettled Trades	0.00		
		Change in Current Value	23,927.08		
Closing Market Value	\$7,788,909.95	Closing Market Value	\$19,077,892.54	Closing Market Value	\$26,866,802.49
Dividend	17,213.53				

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	33,970.05
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	22,171.87
Total Cash Basis Earnings	\$56,141.92

Cash Balance	
Closing Cash Balance	\$0.00

Earnings Reconciliation (Accrual Basis)	Managed Account	Total
Ending Amortized Value of Securities	19,062,991.09	26,851,901.04
Ending Accrued Interest	155,028.01	155,028.01
Plus Proceeds from Sales	0.00	1,975.14
Plus Proceeds of Maturities/Calls/Principal Payments	3,225,000.00	3,225,000.00
Plus Coupons/Dividends Received	33,970.05	33,970.05
Less Cost of New Purchases	0.00	(31,027.33)
Less Beginning Amortized Value of Securities	(22,274,206.02)	(30,034,063.78)
Less Beginning Accrued Interest	(154,128.30)	(154,128.30)
Dividends	0.00	17,213.53
Total Accrual Basis Earnings	\$48,654.83	\$65,868.36

Cash Transactions Summary- Managed Account	
Maturities/Calls	3,225,000.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	33,970.05
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	(3,258,970.05)
Reconciling Transactions	0.00



Portfolio Summary and Statistics

For the Month Ending **March 31, 2019**

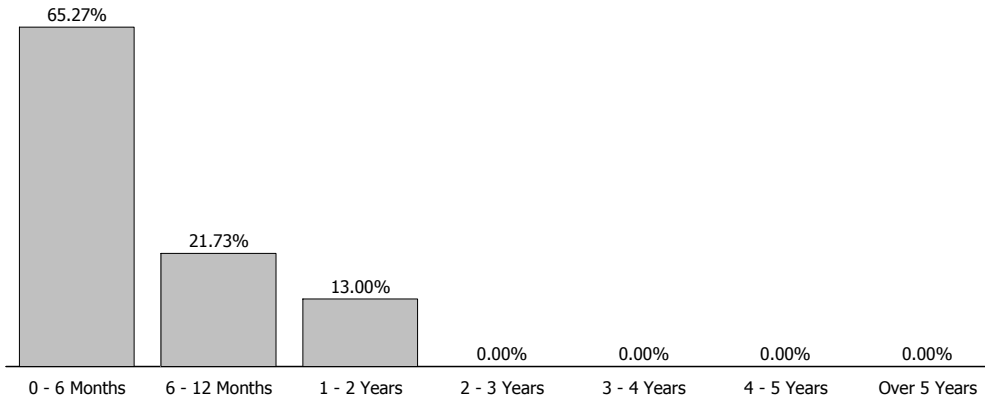
City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Account Summary

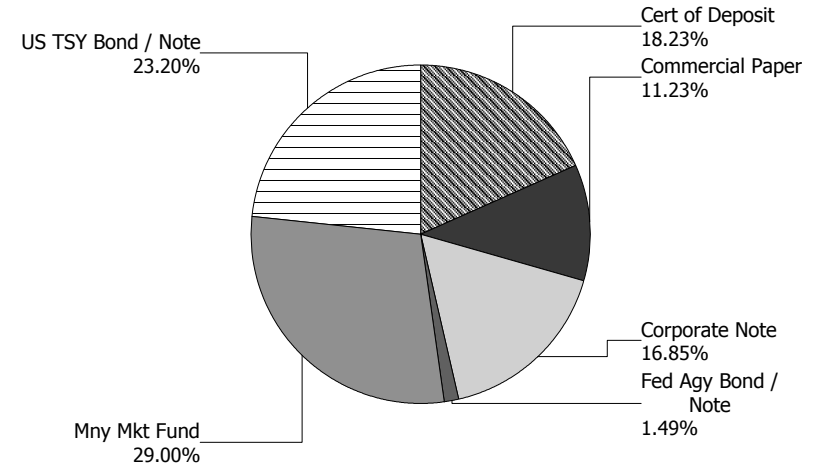
Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	6,270,000.00	6,234,122.55	23.20
Federal Agency Bond / Note	400,000.00	400,215.60	1.49
Corporate Note	4,535,000.00	4,527,972.33	16.85
Commercial Paper	3,020,000.00	3,016,582.51	11.23
Certificate of Deposit	4,900,000.00	4,898,999.55	18.23
Managed Account Sub-Total	19,125,000.00	19,077,892.54	71.00%
Accrued Interest		155,028.01	
Total Portfolio	19,125,000.00	19,232,920.55	
CAMP Pool	7,788,909.95	7,788,909.95	29.00
Total Investments	26,913,909.95	27,021,830.50	100.00%

Unsettled Trades **0.00** **0.00**

Maturity Distribution



Sector Allocation



Characteristics

Yield to Maturity at Cost	2.63%
Yield to Maturity at Market	2.55%
Duration to Worst	0.53
Weighted Average Days to Maturity	199



Managed Account Issuer Summary

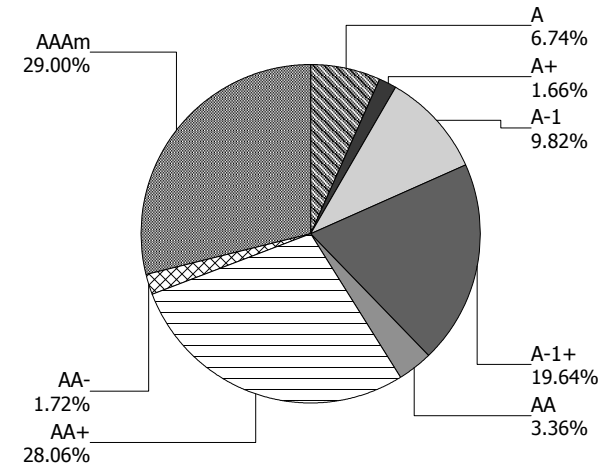
For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Issuer Summary

Issuer	Market Value of Holdings	Percent
AMERICAN HONDA FINANCE	452,869.24	1.69
APPLE INC	905,642.01	3.37
CAMP Pool	7,788,909.95	28.99
CANADIAN IMPERIAL BANK OF COMMERCE	2,259,610.15	8.41
CATERPILLAR INC	453,194.11	1.69
CHEVRON CORPORATION	903,992.18	3.36
CISCO SYSTEMS INC	460,983.25	1.72
DEXIA GROUP	1,388,429.30	5.17
FREDDIE MAC	400,215.60	1.49
HONEYWELL INTERNATIONAL	451,501.05	1.68
NATIONAL RURAL UTILITIES CO FINANCE CORP	453,444.81	1.69
PEPSICO INC	446,345.68	1.66
RABOBANK NEDERLAND	379,931.35	1.41
TORONTO-DOMINION BANK	2,259,458.05	8.41
TOYOTA MOTOR CORP	1,628,153.21	6.06
UNITED STATES TREASURY	6,234,122.55	23.20
Total	\$26,866,802.49	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/15/2009 3.125% 05/15/2019	912828KQ2	1,830,000.00	AA+	Aaa	08/07/18	08/08/18	1,840,365.23	2.37	21,642.78	1,831,650.11	1,831,432.89
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	650,000.00	AA+	Aaa	07/25/18	07/26/18	641,773.44	2.52	4,093.92	646,197.09	646,369.10
US TREASURY NOTES DTD 12/31/2012 1.125% 12/31/2019	912828UF5	760,000.00	AA+	Aaa	07/25/18	07/26/18	744,710.94	2.57	2,149.31	751,933.14	752,667.52
US TREASURY NOTES DTD 01/31/2018 2.000% 01/31/2020	9128283S7	820,000.00	AA+	Aaa	07/25/18	07/26/18	813,017.19	2.58	2,718.23	816,122.41	817,277.60
US TREASURY NOTES DTD 05/31/2013 1.375% 05/31/2020	912828VF4	1,150,000.00	AA+	Aaa	07/25/18	07/26/18	1,123,810.55	2.65	5,299.79	1,133,352.68	1,136,478.30
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	1,060,000.00	AA+	Aaa	07/25/18	07/26/18	1,039,835.16	2.64	4,330.04	1,046,846.56	1,049,897.14
Security Type Sub-Total		6,270,000.00					6,203,512.51	2.53	40,234.07	6,226,101.99	6,234,122.55
Federal Agency Bond / Note											
FHLMC NOTES DTD 04/19/2018 2.500% 04/23/2020	3137EAEM7	400,000.00	AA+	Aaa	07/25/18	07/26/18	398,772.40	2.68	4,388.89	399,250.68	400,215.60
Security Type Sub-Total		400,000.00					398,772.40	2.68	4,388.89	399,250.68	400,215.60
Corporate Note											
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/31/2016 1.400% 10/30/2019	438516BJ4	215,000.00	A	A2	07/25/18	07/27/18	211,504.10	2.72	1,262.53	213,374.77	213,346.65
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/31/2016 1.400% 10/30/2019	438516BJ4	240,000.00	A	A2	07/25/18	07/27/18	236,092.80	2.72	1,409.33	238,183.54	238,154.40
CATERPILLAR FINL SERVICE CORPORATE BOND DTD 11/29/2017 2.000% 11/29/2019	1491302F5	455,000.00	A	A3	07/25/18	07/27/18	450,809.45	2.70	3,083.89	452,917.58	453,194.11
PEPSICO, INC NOTES DTD 01/14/2010 4.500% 01/15/2020	713448BN7	440,000.00	A+	A1	07/25/18	07/27/18	451,444.40	2.68	4,180.00	446,207.08	446,345.68



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
CISCO SYSTEMS INC CORP NOTE DTD 11/17/2009 4.450% 01/15/2020	17275RAH5	455,000.00	AA-	A1	07/27/18	07/31/18	465,728.90	2.78	4,274.47	460,865.35	460,983.25
NATIONAL RURAL UTIL COOP CORP NOTES DTD 01/27/2015 2.000% 01/27/2020	637432NC5	455,000.00	A	A1	07/25/18	07/27/18	449,289.75	2.86	1,617.78	451,842.92	453,444.81
CHEVRON CORP (CALLABLE) NOTES DTD 03/03/2015 1.961% 03/03/2020	166764AR1	910,000.00	AA	Aa2	07/25/18	07/27/18	897,924.30	2.81	1,387.95	902,983.14	903,992.18
AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 2.150% 03/13/2020	02665WAU5	455,000.00	A	A2	07/25/18	07/27/18	449,248.80	2.95	489.13	451,615.41	452,869.24
APPLE INC CORP NOTE DTD 05/13/2015 2.000% 05/06/2020	037833BD1	910,000.00	AA+	Aa1	07/25/18	07/27/18	898,224.60	2.75	6,976.67	902,668.00	905,642.01
Security Type Sub-Total		4,535,000.00					4,510,267.10	2.78	24,681.75	4,520,657.79	4,527,972.33
Commercial Paper											
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 07/25/2018 0.000% 04/15/2019	25214PK44	1,390,000.00	A-1+	P-1	07/25/18	07/26/18	1,364,105.46	2.60	0.00	1,388,621.58	1,388,429.30
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 07/19/2018 0.000% 04/15/2019	89233HRF3	1,630,000.00	A-1+	P-1	07/25/18	07/26/18	1,599,515.38	2.61	0.00	1,628,377.24	1,628,153.21
Security Type Sub-Total		3,020,000.00					2,963,620.84	2.60	0.00	3,016,998.82	3,016,582.51
Certificate of Deposit											
COOPERATIEVE RABOBANK U.A. CERT DEPOS DTD 10/03/2017 1.780% 04/03/2019	21684B3H5	380,000.00	A-1	P-1	07/30/18	07/31/18	377,763.00	2.63	3,344.42	379,981.81	379,931.35
CANADIAN IMP BK COMM NY CERT DEPOS DTD 07/26/2018 2.640% 07/24/2019	13606BZU3	2,260,000.00	A-1	P-1	07/25/18	07/26/18	2,260,000.00	2.64	41,267.60	2,260,000.00	2,259,610.15
TORONTO DOMINION BANK NY CERT DEPOS DTD 07/26/2018 2.630% 07/25/2019	89113X7H1	2,260,000.00	A-1+	P-1	07/25/18	07/26/18	2,260,000.00	2.63	41,111.28	2,260,000.00	2,259,458.05



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Security Type Sub-Total		4,900,000.00					4,897,763.00	2.64	85,723.30	4,899,981.81	4,898,999.55
Managed Account Sub-Total		19,125,000.00					18,973,935.85	2.63	155,028.01	19,062,991.09	19,077,892.54
Money Market Mutual Fund											
CAMP Pool		7,788,909.95	AAAm	NR			7,788,909.95		0.00	7,788,909.95	7,788,909.95
Money Market Sub-Total		7,788,909.95					7,788,909.95		0.00	7,788,909.95	7,788,909.95
Securities Sub-Total		\$26,913,909.95					\$26,762,845.80	2.63%	\$155,028.01	\$26,851,901.04	\$26,866,802.49
Accrued Interest											\$155,028.01
Total Investments											\$27,021,830.50



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description				Next Call	Market	Market	Unreal G/L	Unreal G/L	Effective	Duration	YTM
Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Date	Price	Value	On Cost	Amort Cost	Duration	to Worst at Mkt	
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/15/2009 3.125% 05/15/2019	912828K02	1,830,000.00	NOMURA		100.08	1,831,432.89	(8,932.34)	(217.22)	0.12	0.12	2.46
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	650,000.00	NOMURA		99.44	646,369.10	4,595.66	172.01	0.57	0.57	2.47
US TREASURY NOTES DTD 12/31/2012 1.125% 12/31/2019	912828UF5	760,000.00	JEFFERIE		99.04	752,667.52	7,956.58	734.38	0.74	0.74	2.43
US TREASURY NOTES DTD 01/31/2018 2.000% 01/31/2020	9128283S7	820,000.00	GOLDMAN		99.67	817,277.60	4,260.41	1,155.19	0.82	0.82	2.40
US TREASURY NOTES DTD 05/31/2013 1.375% 05/31/2020	912828VF4	1,150,000.00	GOLDMAN		98.82	1,136,478.30	12,667.75	3,125.62	1.14	1.14	2.40
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	1,060,000.00	JPM_CHAS		99.05	1,049,897.14	10,061.98	3,050.58	1.22	1.22	2.40
Security Type Sub-Total		6,270,000.00				6,234,122.55	30,610.04	8,020.56	0.71	0.71	2.43
Federal Agency Bond / Note											
FHLMC NOTES DTD 04/19/2018 2.500% 04/23/2020	3137EAEM7	400,000.00	TD		100.05	400,215.60	1,443.20	964.92	1.03	1.03	2.45
Security Type Sub-Total		400,000.00				400,215.60	1,443.20	964.92	1.03	1.03	2.45
Corporate Note											
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/31/2016 1.400% 10/30/2019	438516BJ4	215,000.00	BNP_PARI		99.23	213,346.65	1,842.55	(28.12)	0.57	0.57	2.74
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/31/2016 1.400% 10/30/2019	438516BJ4	240,000.00	MKTX		99.23	238,154.40	2,061.60	(29.14)	0.57	0.57	2.74
CATERPILLAR FINL SERVICE CORPORATE BOND DTD 11/29/2017 2.000% 11/29/2019	1491302F5	455,000.00	CSFB		99.60	453,194.11	2,384.66	276.53	0.65	0.65	2.61
PEPSICO, INC NOTES DTD 01/14/2010 4.500% 01/15/2020	713448BN7	440,000.00	BONY		101.44	446,345.68	(5,098.72)	138.60	0.77	0.77	2.64



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Corporate Note												
CISCO SYSTEMS INC CORP NOTE		17275RAH5	455,000.00	MKTX		101.32	460,983.25	(4,745.65)	117.90	0.77	0.77	2.75
DTD 11/17/2009 4.450% 01/15/2020												
NATIONAL RURAL UTIL COOP CORP NOTES		637432NC5	455,000.00	GOLDMAN		99.66	453,444.81	4,155.06	1,601.89	0.81	0.81	2.42
DTD 01/27/2015 2.000% 01/27/2020												
CHEVRON CORP (CALLABLE) NOTES		166764AR1	910,000.00	MORGAN_S	02/03/20	99.34	903,992.18	6,067.88	1,009.04	0.89	0.91	2.69
DTD 03/03/2015 1.961% 03/03/2020												
AMERICAN HONDA FINANCE CORP NOTES		02665WAU5	455,000.00	MORGAN_S		99.53	452,869.24	3,620.44	1,253.83	0.93	0.93	2.65
DTD 03/13/2015 2.150% 03/13/2020												
APPLE INC CORP NOTE		037833BD1	910,000.00	MORGAN_S		99.52	905,642.01	7,417.41	2,974.01	1.07	1.07	2.44
DTD 05/13/2015 2.000% 05/06/2020												
Security Type Sub-Total			4,535,000.00				4,527,972.33	17,705.23	7,314.54	0.84	0.84	2.61
Commercial Paper												
DEXIA CREDIT LOCAL SA NY COMM PAPER		25214PK44	1,390,000.00	DEXIA		99.89	1,388,429.30	24,323.84	(192.28)	0.04	0.04	2.72
DTD 07/25/2018 0.000% 04/15/2019												
TOYOTA MOTOR CREDIT CORP COMM PAPER		89233HRF3	1,630,000.00	TOYOTA		99.89	1,628,153.21	28,637.83	(224.03)	0.04	0.04	2.72
DTD 07/19/2018 0.000% 04/15/2019												
Security Type Sub-Total			3,020,000.00				3,016,582.51	52,961.67	(416.31)	0.04	0.04	2.72
Certificate of Deposit												
COOPERATIEVE RABOBANK U.A. CERT DEPOS		21684B3H5	380,000.00	MERRILL		99.98	379,931.35	2,168.35	(50.46)	0.01	0.01	2.16
DTD 10/03/2017 1.780% 04/03/2019												
CANADIAN IMP BK COMM NY CERT DEPOS		13606BZU3	2,260,000.00	CIBC		99.98	2,259,610.15	(389.85)	(389.85)	0.31	0.31	2.57
DTD 07/26/2018 2.640% 07/24/2019												
TORONTO DOMINION BANK NY CERT DEPOS		89113X7H1	2,260,000.00	TD		99.98	2,259,458.05	(541.95)	(541.95)	0.31	0.31	2.57
DTD 07/26/2018 2.630% 07/25/2019												
Security Type Sub-Total			4,900,000.00				4,898,999.55	1,236.55	(982.26)	0.29	0.29	2.54



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Managed Account Sub-Total		19,125,000.00				19,077,892.54	103,956.69	14,901.45	0.53	0.53	2.55
Money Market Mutual Fund											
CAMP Pool		7,788,909.95			1.00	7,788,909.95	0.00	0.00	0.00	0.00	
Money Market Sub-Total		7,788,909.95				7,788,909.95	0.00	0.00	0.00	0.00	
Securities Sub-Total		\$26,913,909.95				\$26,866,802.49	\$103,956.69	\$14,901.45	0.53	0.53	2.55%
Accrued Interest						\$155,028.01					
Total Investments						\$27,021,830.50					



Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
03/03/19	03/03/19	CHEVRON CORP (CALLABLE) NOTES DTD 03/03/2015 1.961% 03/03/2020	166764AR1	910,000.00	0.00	8,922.55	8,922.55			
03/13/19	03/13/19	AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 2.150% 03/13/2020	02665WAU5	455,000.00	0.00	4,891.25	4,891.25			
03/31/19	03/31/19	US TREASURY NOTES DTD 03/31/2017 1.250% 03/31/2019	912828W97	3,225,000.00	0.00	20,156.25	20,156.25			
Transaction Type Sub-Total				4,590,000.00	0.00	33,970.05	33,970.05			
MATURITY										
03/31/19	03/31/19	US TREASURY NOTES DTD 03/31/2017 1.250% 03/31/2019	912828W97	3,225,000.00	3,225,000.00	0.00	3,225,000.00	22,171.87	0.00	
Transaction Type Sub-Total				3,225,000.00	3,225,000.00	0.00	3,225,000.00	22,171.87	0.00	
Managed Account Sub-Total					3,225,000.00	33,970.05	3,258,970.05	22,171.87	0.00	
Total Security Transactions					\$3,225,000.00	\$33,970.05	\$3,258,970.05	\$22,171.87	\$0.00	



Account Statement

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					7,759,857.76
03/04/19	03/04/19	Purchase - Interest 166764AR1	1.00	8,922.55	7,768,780.31
03/13/19	03/13/19	Purchase - Interest 02665WAU5	1.00	4,891.25	7,773,671.56
03/26/19	03/26/19	IP Fees February 2019	1.00	(1,708.71)	7,771,962.85
03/26/19	03/26/19	U.S. Bank Fees January 2019	1.00	(128.46)	7,771,834.39
03/26/19	03/26/19	U.S. Bank Fees December 2018	1.00	(137.97)	7,771,696.42
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	17,213.53	7,788,909.95
Closing Balance					7,788,909.95

	Month of March	Fiscal YTD July-March		
Opening Balance	7,759,857.76	45,526,850.13	Closing Balance	7,788,909.95
Purchases	31,027.33	9,106,375.23	Average Monthly Balance	7,772,198.24
Redemptions (Excl. Checks)	(1,975.14)	(46,844,315.41)	Monthly Distribution Yield	2.61%
Check Disbursements	0.00	0.00		
Closing Balance	7,788,909.95	7,788,909.95		
Cash Dividends and Income	17,213.53	248,721.34		



Account Statement - Transaction Summary

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002

CAMP Pool	
Opening Market Value	740,824.34
Purchases	1,640.96
Redemptions	(317.61)
Unsettled Trades	0.00
Change in Value	0.00

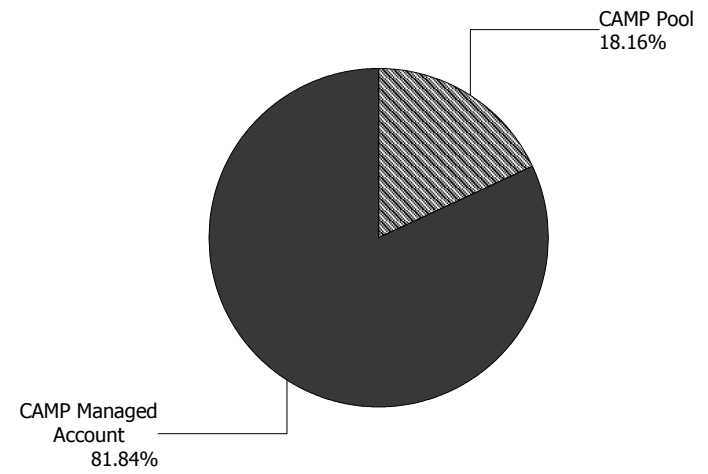
Closing Market Value	\$742,147.69
Cash Dividends and Income	1,640.96

CAMP Managed Account	
Opening Market Value	3,340,805.54
Purchases	0.00
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	4,268.43

Closing Market Value	\$3,345,073.97
Cash Dividends and Income	0.00

Asset Summary		
	March 31, 2019	February 28, 2019
CAMP Pool	742,147.69	740,824.34
CAMP Managed Account	3,345,073.97	3,340,805.54
Total	\$4,087,221.66	\$4,081,629.88

Asset Allocation





Managed Account Summary Statement

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Transaction Summary - Money Market		Transaction Summary - Managed Account		Account Total	
Opening Market Value	\$740,824.34	Opening Market Value	\$3,340,805.54	Opening Market Value	\$4,081,629.88
Purchases	1,640.96	Maturities/Calls	0.00		
Redemptions	(317.61)	Principal Dispositions	0.00		
		Principal Acquisitions	0.00		
		Unsettled Trades	0.00		
		Change in Current Value	4,268.43		
Closing Market Value	\$742,147.69	Closing Market Value	\$3,345,073.97	Closing Market Value	\$4,087,221.66
Dividend	1,640.96				

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	0.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	\$0.00

Cash Balance	
Closing Cash Balance	\$0.00

Earnings Reconciliation (Accrual Basis)	Managed Account	Total
Ending Amortized Value of Securities	3,342,497.17	4,084,644.86
Ending Accrued Interest	21,216.85	21,216.85
Plus Proceeds from Sales	0.00	317.61
Plus Proceeds of Maturities/Calls/Principal Payments	0.00	0.00
Plus Coupons/Dividends Received	0.00	0.00
Less Cost of New Purchases	0.00	(1,640.96)
Less Beginning Amortized Value of Securities	(3,340,773.31)	(4,081,597.65)
Less Beginning Accrued Interest	(15,927.19)	(15,927.19)
Dividends	0.00	1,640.96
Total Accrual Basis Earnings	\$7,013.52	\$8,654.48

Cash Transactions Summary- Managed Account	
Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	0.00
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	0.00
Reconciling Transactions	0.00



Managed Account Issuer Summary

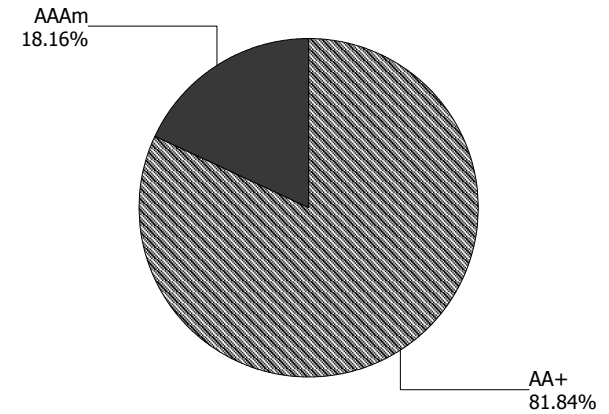
For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Issuer Summary

Issuer	Market Value of Holdings	Percent
CAMP Pool	742,147.69	18.16
FEDERAL HOME LOAN BANKS	1,112,392.05	27.22
UNITED STATES TREASURY	2,232,681.92	54.62
Total	\$4,087,221.66	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/31/2017 1.250% 05/31/2019	912828XS4	1,120,000.00	AA+	Aaa	07/11/18	07/12/18	1,109,456.25	2.33	4,692.31	1,118,029.30	1,117,756.64
US TREASURY NOTES DTD 11/30/2017 1.750% 11/30/2019	9128283H1	1,120,000.00	AA+	Aaa	07/11/18	07/12/18	1,108,493.75	2.51	6,569.23	1,114,439.02	1,114,925.28
Security Type Sub-Total		2,240,000.00					2,217,950.00	2.42	11,261.54	2,232,468.32	2,232,681.92
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANKS NOTES DTD 05/21/2018 2.625% 05/28/2020	3130AECJ7	1,110,000.00	AA+	Aaa	07/11/18	07/12/18	1,110,028.86	2.62	9,955.31	1,110,028.85	1,112,392.05
Security Type Sub-Total		1,110,000.00					1,110,028.86	2.62	9,955.31	1,110,028.85	1,112,392.05
Managed Account Sub-Total		3,350,000.00					3,327,978.86	2.49	21,216.85	3,342,497.17	3,345,073.97
Money Market Mutual Fund											
CAMP Pool		742,147.69	AAAm	NR			742,147.69		0.00	742,147.69	742,147.69
Money Market Sub-Total		742,147.69					742,147.69		0.00	742,147.69	742,147.69
Securities Sub-Total		\$4,092,147.69					\$4,070,126.55	2.49%	\$21,216.85	\$4,084,644.86	\$4,087,221.66
Accrued Interest											\$21,216.85
Total Investments											\$4,108,438.51



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/31/2017 1.250% 05/31/2019	912828XS4	1,120,000.00	JPM_CHAS		99.80	1,117,756.64	8,300.39	(272.66)	0.17	0.17	2.44
US TREASURY NOTES DTD 11/30/2017 1.750% 11/30/2019	9128283H1	1,120,000.00	JPM_CHAS		99.55	1,114,925.28	6,431.53	486.26	0.66	0.66	2.44
Security Type Sub-Total		2,240,000.00				2,232,681.92	14,731.92	213.60	0.41	0.41	2.44
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANKS NOTES DTD 05/21/2018 2.625% 05/28/2020	3130AECJ7	1,110,000.00	BARCLAYS		100.22	1,112,392.05	2,363.19	2,363.20	1.13	1.13	2.43
Security Type Sub-Total		1,110,000.00				1,112,392.05	2,363.19	2,363.20	1.13	1.13	2.43
Managed Account Sub-Total		3,350,000.00				3,345,073.97	17,095.11	2,576.80	0.65	0.65	2.44
Money Market Mutual Fund											
CAMP Pool		742,147.69			1.00	742,147.69	0.00	0.00	0.00	0.00	
Money Market Sub-Total		742,147.69				742,147.69	0.00	0.00	0.00	0.00	
Securities Sub-Total		\$4,092,147.69				\$4,087,221.66	\$17,095.11	\$2,576.80	0.65	0.65	2.44%
Accrued Interest						\$21,216.85					
Total Investments						\$4,108,438.51					



Account Statement

For the Month Ending **March 31, 2019**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					740,824.34
03/26/19	03/26/19	IP Fees February 2019	1.00	(255.74)	740,568.60
03/26/19	03/26/19	U.S. Bank Fees January 2019	1.00	(30.94)	740,537.66
03/26/19	03/26/19	U.S. Bank Fees December 2018	1.00	(30.93)	740,506.73
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	1,640.96	742,147.69
Closing Balance					742,147.69

	Month of March	Fiscal YTD July-March		
Opening Balance	740,824.34	4,597,184.43	Closing Balance	742,147.69
Purchases	1,640.96	539,695.28	Average Monthly Balance	740,921.67
Redemptions (Excl. Checks)	(317.61)	(4,394,732.02)	Monthly Distribution Yield	2.61%
Check Disbursements	0.00	0.00		
Closing Balance	742,147.69	742,147.69		
Cash Dividends and Income	1,640.96	20,508.04		



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Fire

Prepared by: Christopher Gray
Fire Chief

City Manager Approval: _____

A handwritten signature in black ink, appearing to be 'AS', written over a horizontal line.

TOPIC: FEMA HAZARD MITIGATION AND PRE-DISASTER MITIGATION GRANT FUNDS

SUBJECT: RESOLUTION AUTHORIZING DESIGNATED CITY EMPLOYEES TO EXECUTE AND FILE ON BEHALF OF THE CITY OF SAN RAFAEL ALL ASSURANCES AND AGREEMENTS REQUIRED TO ACCEPT AND MANAGE FUNDS OF ALL OPEN AND FUTURE DISASTERS AND GRANTS UP TO THREE YEARS FROM DATE OF APPROVAL

RECOMMENDATION:

Adopt a resolution authorizing the Finance Director, Fire Chief, and Emergency Management Project Manager each to execute all documents required to accept and obtain hazard mitigation and pre-disaster mitigation grant funding.

BACKGROUND:

The Disaster Mitigation Act (DMA) of 2000 (Public Law 106-390) requires local governments to develop and adopt pre-disaster mitigation plans in order to minimize property damage and the risk to public health and safety that might otherwise result from the effects of a natural or man-made disaster. A FEMA-approved plan makes the City eligible for FEMA Pre-Disaster Mitigation and Hazard Mitigation Grant programs. In April 2016, the City Council accepted an award of \$75,000 in grant monies to be used by the City to hire a contractor to assist in the creation of a Local Hazard Mitigation Plan (LHMP).

To satisfy grant requirements, [State of California Governor's Office of Emergency Services](#) (Cal OES) requires that the City Council authorize, by adoption of a resolution, specified staff to act on behalf of the City for all actions related to the grant. Based on staff responsibilities in grants and financial management involving homeland security, fire prevention, and law enforcement, three listed positions (Finance Director, Fire Chief, and Emergency Management Coordinator) were selected as the most appropriate to execute the required documents for and on behalf of the City. Their authorization was made valid [at an April 4, 2016 City Council meeting](#) and remained valid until April 2019.

In order to maintain eligibility to receive FEMA Pre-Disaster Mitigation and Hazard Mitigation grant funding, the City needs to provide an unexpired staff authorization resolution. Below is the recommended list of positions to be included in an authorization resolution for the period April 2019 through April 2022:

FOR CITY CLERK ONLY

File No.:

Council Meeting:

Disposition:

- Fire Chief
- Emergency Management Project Manager
- Finance Director

Approving an unexpired authorization will allow the City to maintain eligibility to apply for future hazard mitigation funds through FEMA. Examples of projects that are eligible for grant funding include, but are not limited to: floodproofing, home elevation, floodplain and stream restoration, wildfire mitigation, structural retrofitting, and reconstruction.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

OPTIONS:

The City Council has the following options to consider on this matter:

1. Adopt the resolution authorizing the designated City employees to act on the City's behalf for all purposes for the FEMA Pre-Disaster Mitigation and Hazard Mitigation programs.
2. Adopt the resolution with modifications, revising the designated City employees to act on the City's behalf for all purposes for the FEMA Pre-Disaster Mitigation and Hazard Mitigation programs.

RECOMMENDED ACTION:

Adopt a resolution authorizing the Finance Director, Fire Chief, and Emergency Management Project Manager each to execute all documents required to accept and obtain hazard mitigation and pre-disaster mitigation grant funding.

ATTACHMENT:

1. Resolution

CAL OES 130

SAN RAFAEL CITY COUNCIL RESOLUTION NO. _____

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION
HAZARD MITIGATION GRANT PROGRAM AND PRE-DISASTER MITIGATION PROGRAM**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN RAFAEL THAT:

THE FINANCE DIRECTOR, THE FIRE CHIEF, AND THE EMERGENCY MANAGEMENT PROJECT MANAGER of the City of San Rafael are hereby each authorized to execute for and on behalf of the City of San Rafael, a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services, for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

BE IT FURTHER RESOLVED THAT the City of San Rafael, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the California Governor's Office of Emergency Service, for all matters pertaining to such state disaster assistance, the assurances and agreements required.

Please check the appropriate box below:

This is a universal resolution and is effective for all open and future Disasters/Grants up to three (3) years following the date of approval below.

This is a Disaster/Grant specific resolution and is effective for only Disaster/Grant name/number(s)

I, Lindsay Lara, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the San Rafael City Council held on April 15, 2019 by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

CERTIFICATION

I, Lindsay Lara, duly appointed City Clerk of the City of San Rafael, do hereby certify that the above is a true and correct copy of a resolution passed and approved by the City Council of the City of San Rafael on the 15th day of April 2019.

LINDSAY LARA

CITY CLERK



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Public Works

Prepared by: Bill Guerin,
Director of Public Works

City Manager Approval: 

TOPIC: SOUTHERN HEIGHTS BRIDGE REPLACEMENT PROJECT

SUBJECT: RESOLUTION APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE SEVEN AGREEMENTS FOR TEMPORARY CONSTRUCTION EASEMENTS FOR THE SOUTHERN HEIGHTS BRIDGE REPLACEMENT PROJECT WITH PROPERTY OWNERS ON SOUTHERN HEIGHTS BOULEVARD, MEYER ROAD, AND PLEASANT LANE IN AN AGGREGATE TOTAL NOT-TO-EXCEED AMOUNT OF \$83,113.

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to execute seven agreements for Temporary Construction Easements with property owners on Southern Heights Boulevard, Meyer Road, and Pleasant Lane, in an aggregate total not-to-exceed amount of \$83,113.

BACKGROUND: The California Department of Transportation (Caltrans) routinely inspects bridges statewide to ensure the public's safety. Through this process, the Southern Heights Bridge was identified as needing to be reconstructed to meet current design, structural, and safety standards. In June 2016, the City retained Mark Thomas and Company, Inc. to begin preliminary design and public outreach. Since that time, the City has diligently worked with the community to understand their needs and perform bridge design. With City Council and community input, a preferred design alternative was selected in February 2017, and the City has proceeded with the design and right of way, most recently approving the environmental documents and increasing the design budget in February 2019.

ANALYSIS: Obtaining a clear right of way to allow the prime contractor to construct the new bridge will be a major milestone for this project and includes coordination with property owners and utility companies. Beginning in September 2018, staff and the design team met with and offered to property owners the City's initial offer to rent portions of private property utilizing Temporary Construction Easements (TCEs). A TCE allows the City's contractor legal access to private property to facilitate construction of the new bridge. While many residents will be impacted by construction, the team spent considerable effort coordinating with seven property owners whose parcels touch the project site due to the limited roadway width near the bridge site.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 2

The design team includes qualified real estate professionals who obtained appraisals and comparables to determine the fair market value of the TCEs. Factors which may affect the rental rates include: size of the rental space, whether the land is deemed “developable,” hillside slope, length/duration of the easement, and access to a property during construction. After extensive negotiations to determine fair and reasonable rental rates, each property owner has signed their respective agreement, incorporated as Attachment 2. A summary of the settlement rental rates is as follows:

Address	Negotiated TCE Value
10 Meyer Road	\$1,000
116 Southern Heights	\$45,000
122 Southern Heights	\$2,500
126 Southern Heights	\$2,800
65 Pleasant Lane	\$10,313
75 Pleasant Lane	\$20,500
90 Pleasant Lane	\$1,000
Total	\$83,113

The City Attorney’s Office retained Benjamin Stock, an eminent domain attorney, to peer review all real estate documents prepared by the design team. Mr. Stock reviewed and approved the offer packages prior to and during negotiations with property owners.

The attached resolution (Attachment 1) would authorize the City Manager to execute all Temporary Construction Easement Agreements with owners of the properties listed above.

FISCAL IMPACT: All eligible expenses directly related to the bridge replacement are reimbursed by Caltrans, including the proposed not-to-exceed amount of \$83,113 for the TCEs. The project budget and estimated expenses for design and right-of-way services are outlined in the tables below:

Project Budget:

Funding Sources	Allocation
Caltrans Highway Bridge Program – Design/Right of Way Funds	\$825,000
Total Available Funds	\$825,000

Expenses:

Expenses	Amount
Consultant Contract – Design/Right of Way Services	\$717,844
Temporary Construction Easements (i.e., Right of Way Expenses)	\$83,113
Estimated Miscellaneous Expenses	\$24,043
Total Design/Right of Way Expenses	\$825,000

OPTIONS:

1. Adopt the resolution as presented.
2. The City Council may decline to approve the resolution resulting in a project that cannot be constructed as designed. If the City does not advance the project into construction, we will be required to pay back the State of California for all funds utilized to date for design and environmental clearance.
3. The City Council may defer action and request staff to provide further information or modifications at a future Council meeting.

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute seven agreements for Temporary Construction Easements with property owners on Southern Heights Boulevard, Meyer Road, and Pleasant Lane in an aggregate total not-to-exceed amount of \$83,113.

ATTACHMENTS:

1. Resolution approving the Temporary Construction Easements
2. Exhibit 1 to Resolution: Signed Temporary Construction Easements

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL APPROVING
AND AUTHORIZING THE CITY MANAGER TO EXECUTE SEVEN AGREEMENTS
FOR TEMPORARY CONSTRUCTION EASEMENTS WITH PROPERTY OWNERS ON
SOUTHERN HEIGHTS BOULEVARD, MEYER ROAD, AND PLEASANT LANE, IN AN
AGGREGATE TOTAL AMOUNT NOT TO EXCEED \$83,113**

WHEREAS, the Southern Heights Bridge is currently a one-lane timber bridge located on a narrow two-lane roadway in San Rafael, situated among the trees in a scenic way that adds valued character to the Southern Heights neighborhood; and

WHEREAS, the Southern Heights Bridge is structurally deficient, obsolete and has been noted by the California Department of Transportation as needing replacement; and

WHEREAS, the City has retained Mark Thomas and Company to design the new bridge; and

WHEREAS, to construct the proposed bridge as currently designed, it is necessary to obtain seven temporary construction easements by which the City's contractor may utilize private property for constructability purposes; and

WHEREAS, the replacement of the Southern Heights bridge, including the costs associated with the procurement of seven temporary construction easements, is fully funded by Caltrans' Highway Bridge Program; and

WHEREAS, there is no authorized appropriation for this grant-funded project; Fund totaling \$825,000 will be appropriated in Capital Project #11282, Fund 401 pending reimbursement for design, environmental clearance, temporary construction easements and miscellaneous project expenses.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN
RAFAEL RESOLVES** as follows:

1. The Council hereby approves and authorizes the City Manager to execute seven temporary construction easement agreements with

property owners on Southern Heights Boulevard, Meyer Road, and Pleasant Lane in an aggregate total amount not to exceed \$83,113, in the form attached hereto as Exhibit 1 and incorporated herein by reference, subject to final approval as to form by the City Attorney.

2. The Director of Public Works is hereby authorized to take any and all such actions and make changes as may be necessary to accomplish the purpose of this resolution.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the Council of said City on the 15th day of April 2019, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

PARCEL NO.: 012-282-36
PROJECT: Southern Heights Boulevard. Bridge Replacement
OWNER: [REDACTED] dated January 25, 2016

TEMPORARY CONSTRUCTION EASEMENT AGREEMENT

THIS AGREEMENT is made and entered into by and between

[REDACTED] Trustees of the [REDACTED] dated
January 25, 2016 (hereinafter called "Grantor"), and

The City of San Rafael, a California municipal corporation (hereinafter called "City"),

By way of this Agreement, Grantor grants to the City temporary construction easement rights for the purposes of facilitating bridge reconstruction, public street improvements and related purposes, in, on, over, under, through, along, and across that specific portion of Grantor's property located in the County of Marin, State of California, particularly described and depicted in Exhibits "A" and "B" attached hereto (the Temporary Construction Easement Area").

In consideration of which, and the other considerations hereinafter set forth, it is mutually agreed as follows:

1. The parties have herein set forth the whole of their agreement. The performance of this Agreement constitutes the entire consideration for the temporary construction easement rights granted herein and shall relieve the City of all further obligation or claims on this account, or on account of the location, grade or construction of the proposed public improvement (the "Easement").
2. City requires said temporary construction easement rights for bridge and road reconstruction purposes, a public use for which the City may exercise the power of eminent domain. Grantor is compelled to temporarily grant these rights, and the City is compelled to temporarily use these property rights.
3. Both Grantor and City recognize the expense, time, effort, and risk to both Grantor and City in determining the compensation for the temporary property rights by eminent domain litigation. The compensation set forth herein for the property is in compromise and settlement, in lieu of such litigation.
4. The City shall:
 - (A) Pay the undersigned Grantor the sum of \$10,313 as consideration in full for the temporary construction easement rights conveyed, for the loss, replacement and moving of any improvements, and for entering into this Agreement. Said sum shall be paid within thirty days of the date of City acceptance and execution of this Agreement.

5. It is agreed and confirmed by the parties hereto that notwithstanding other provisions in this Agreement, the right of possession and use of the Temporary Construction Easement Area by the City, including the right to remove and dispose of improvements, shall commence on January 1, 2019 and terminate on January 1, 2021. Grantor shall have use of the Temporary Construction Easement Area until City takes physical possession. In case of unpredictable delays in construction, upon written notification, the term of this temporary construction easement may be extended by an amendment to this Temporary Construction Easement Agreement. In such case, Grantor shall be compensated based on the fair market value at the time of the extension. Payment shall be made to Grantor for the extension prior to the expiration of the original period. The City shall notify the Grantor at telephone number [REDACTED] 72 hours prior to the commencement of actual construction or by 10 days written notice, first class mail, delivery deemed completed on date of mailing.
6. Grantor warrants that they are the owner in fee simple of the property upon which the Temporary Construction Easement Area is located, and that they have the exclusive right to grant use of the Temporary Construction Easement Area.
7. Grantor warrants that there are no oral or written leases on all or any portion of the property to be encumbered with this temporary construction easement and Grantor further agrees to hold City harmless and reimburse City for any and all of its losses and expenses occasioned by reason of any lease of said property held by any tenant of Grantor.
8. In consideration of the City waiving the defects and imperfections in all matters of record title, Grantor covenants and agrees to indemnify and hold the City harmless from any and all claims that other parties may make or assert on the title to the premises. Grantor's obligation herein to indemnify the City shall not exceed the amount paid to Grantor under this contract.
9. City agrees to indemnify, defend and hold Grantor harmless from any claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever ("Claims") arising out of or related to the construction easement which is the subject of this Agreement. City further agrees to assume responsibility for any damages proximately caused by reason of City's operations under this Agreement and City will, at its option- either repair or pay for such damage.
10. All work done under this Agreement shall conform to all applicable building, fire and sanitary laws, ordinances, and regulations relating to such work, and shall be done in a good and workmanlike manner. All improvements shall be left in as good condition as found.
11. At no expense to the Grantor and no later than the end of this Easement, City shall restore Grantor's property to a comparable condition as it existed prior to the City's project construction, to the extent reasonably practical. The City shall photograph the Easement Area before beginning work and share all photos with Grantor. Said restoration shall include the replacement or repair of features of the easement immediately at the end of the project, including, but not limited to, trees, fencing, landscaping, culverts, irrigation lines and any other features of the Easement. Grantor understands and agrees that after

completion of construction, all fencing and improvements of other features repaired or replaced by City on Grantor's property will remain the sole property of Grantor and Grantor will be solely responsible for the maintenance and repair of such improvements, except as noted below. Notwithstanding the termination of the Easement, City shall be responsible for watering and other care of any tree replacements and other vegetation planted by the City for a period of two years after planting. The City shall take no action which will cause the drainage flow to exceed the current capacity of the water drainage system.

12. Permission is hereby granted City or its authorized agent to enter upon the Temporary Construction Easement Area for the purpose of facilitating bridge reconstruction, public street improvements and related purposes, and for completing the construction contract work described in Clause 11 and 13 of this Agreement. Permission is additionally granted to the City on the Grantor's property immediately adjacent to the Easement to complete the work described in Clause 14. All entry shall be from the bridge side of the property, except that City may request access from the home side of the property (Pleasant Lane) by an email request to Grantor, which request shall describe the nature of the access requested.
13. City shall ensure that its Contractor and other agents are responsible for controlling any erosion within the Easement during the time they are working on the property and for a reasonable time thereafter. Such responsibility shall include plantings which control soil disturbances resulting from construction activities. Orange construction fencing will also be installed on the boundary line of the Easement. Frequent inspection of the orange fencing will occur as part of project construction and any debris captured by the fencing within the Easement shall be removed. The City shall periodically photograph the work area to confirm the state of the Easement Area and share those photos with Grantor. City shall periodically inspect the slope within the Easement Area and if erosion impedes drainage devices and culverts in the areas within or adjacent to the Easement Area, the City or its contractor will promptly clear those devices and culverts. City shall also require its contractor(s) to make Grantor an additional named insured on its general liability policy and confirm in writing with contractor(s) that the general liability policy does not have an erosion exclusion.
14. Grantor hereby represents and warrants that during the period of Grantor's ownership of the property there have been no disposals, releases or threatened releases of hazardous substances or hazardous wastes on, from, or under the property, except that the property has been littered with refuse thrown from the bridge. Although there is no inventory of those items, it includes a car battery, a mail box and broken bottles, among other items. City will clear any such refuse, at its own cost, which is on or immediately adjacent to the Easement Area. Grantor further represents and warrant that Grantor has no knowledge of any disposal, release, or threatened release of hazardous substances or hazardous wastes, on, from, or under the property which may have occurred prior to Grantor taking title to the property.

The payment being made in this transaction reflects the fair-market value of the property without the presence of contamination. If the Temporary Construction Easement Area is found to be contaminated by the presence of hazardous waste which requires mitigation

under Federal or State law, the City may elect to recover its clean-up costs from those who caused or contributed to the contamination.

15. Grantor shall be responsible for maintaining the defensible space for fire protection purposes at all times on the entire property, before, during, and after construction as required by the City's Fire Department. When the City's general contractor is provided a Notice to Proceed with onsite construction of the project, only then will the City's contractor maintain the defensible space within the Easement area until construction is completed. Once the City deems the project acceptable, as defined by the City Council accepting the project, and issues a Notice of Completion to the contractor, the Grantor shall immediately reassume maintenance of the defensible space within the Easement regardless of whether or not the Easement period has expired.
16. Grantor agrees to provide all required supplemental forms necessary to complete this transaction, including a W-9 Form required for payment processing.
17. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same document.
18. This Agreement represents Grantor's settlement proposal and is expressly subject to and contingent upon approval and ratification by the City's Council. This Agreement is not binding upon the City until executed by the appropriate City official(s) acting in their authorized capacity.
19. This Agreement shall be binding upon and inure to the benefit of the heirs, devisees, executors, administrators, legal representatives, successors and assigns of the Grantor.
20. The Grantor agrees to fully disclose the existence of the Temporary Construction Easement and the City's project to any and all potential buyers in the event the Grantor should choose to sell the above described parcel during the term of the easement or after the acceptance of this Agreement.

In Witness Whereof, the Parties have executed this agreement the day and year first above written.

GRANTOR:

[Redacted] dated January 25, 2016

By: [Redacted] Date: 10/21/18

By: [Redacted] Date: 21 October 2018

GRANTOR'S MAILING ADDRESS:

[Redacted] Trustees
[Redacted]
San Rafael, CA 94901

CITY OF SAN RAFAEL

By: _____ Date: _____
Jim Schutz
City Manager

ATTEST:

By: _____ Date: _____
Lindsay Lara
City Clerk

APPROVED AS TO FORM:

By: _____ Date: _____
Robert F. Epstein
City Attorney

CITY'S MAILING ADDRESS:

City of San Rafael
Department of Public Works
111 Morphew Street
San Rafael, CA 94901

No Obligation Other Than Those Set Forth Herein Will Be Recognized

EXHIBIT "A"

APN 012-282-36

All that real property situate in the City of San Rafael, County of Marin, State of California, being a portion of the property described in the TRUST TRANSFER DEED to [REDACTED] TRUSTEES OF THE [REDACTED] DATED JANUARY 25, 2016 recorded JUNE 13, 2016 in Book 2016 at Page 0025941, Official Records of Marin County, more particularly described as:

Beginning at the southeast corner of Lot 7 as shown on that MAP OF PICOLO VALLE recorded December 15, 1878, in BOOK 17 of MAPS at PAGE 71, Official Records of Marin County, also being the northeast corner of Lot 8 as shown on said MAP OF PICOLO VALLE; thence along the southerly line of said Lot 7 South 83°36'17" West, 30.15 feet; thence leaving said southerly line North 12°06'15" West, 123.05 feet to the northerly line of said Lot 7; thence along said northerly line North 79°55'35" East, 24.63 feet to the west right of way of Southern Heights Boulevard; thence leaving said northerly line, along said west right of way the following two courses:

1. South 21°50'47" East, 31.83 feet
2. South 12°06'15" East, 93.81 feet

to the **Point of Beginning**.

Containing 3,637 square feet or 0.08 acres, more or less.

Bearings and distances shown are based on the California Coordinate System 1983 (2011), Epoch 2010.00, Zone 3. Divide distances shown by 0.99993 to obtain ground level distances.

This real property description has been prepared at Mark Thomas, by me, or under my direction, in conformance with the Professional Land Surveyors Act.








SAMUEL R. MCINTYRE LS. 9313



September 21, 2018
Date

LEGEND

- O.R. OFFICIAL RECORDS COUNTY OF MARIN
- POB POINT OF BEGINNING
- TCE TEMPORARY CONSTRUCTION EASEMENT
- o DIMENSION POINT
- () RECORD DATA
-  TCE AREA
-  EXISTING RIGHT OF WAY
-  PROPERTY LINE
-  TCE BOUNDARY
-  TIE

REFERENCES

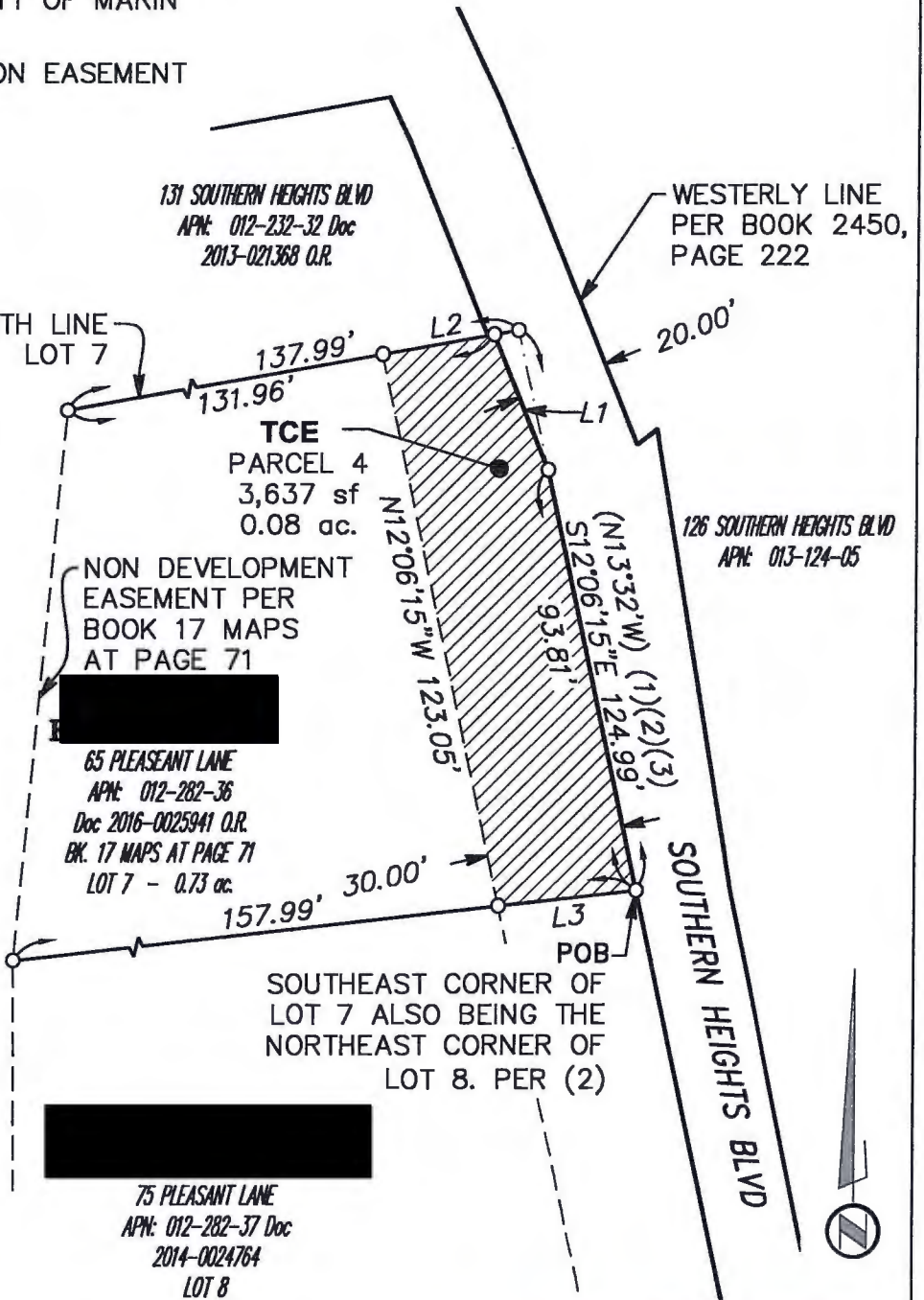
- (1) BOOK 13 OF SURVEYS AT PAGE 16
- (2) BOOK 17 OF MAPS AT PAGE 71
- (3) BOOK 20 OF SURVEYS AT PAGE 14

LINE TABLE

- L1 S21°50'47"E 31.83'
- L2 N79°55'35"E 24.63'
- L3 S83°36'17"W 30.15'




Sam Mc




BEARINGS AND DISTANCES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (2011), EPOCH 2010.00, ZONE 3. DIVIDE DISTANCES SHOWN BY 0.99993 TO OBTAIN GROUND LEVEL DISTANCES.

EXHIBIT B


MARK THOMAS
Scale: 1" = 40'
Date Sep. 2018
Drawn By MSW
Checked By SRM

**Temporary
Construction Easement
Parcel #4
APN 012-282-36
In the City of San Rafael
Marin County, California**


SAN RAFAEL
THE CITY WITH A MISSION

PARCEL NO.: 012-282-17
PROJECT: Southern Heights Boulevard, Bridge Replacement
OWNER: [REDACTED]

TEMPORARY CONSTRUCTION EASEMENT AGREEMENT

THIS AGREEMENT is made and entered into by and between

[REDACTED], his wife, as community property
(hereinafter called "Grantor"), and

The City of San Rafael, a California municipal corporation (hereinafter called "City"),

By way of this Agreement, Grantor grants to the City temporary construction easement rights for the purposes of facilitating bridge reconstruction, public street improvements and related purposes, in, on, over, under, through, along, and across that specific portion of Grantor's property located in the County of Marin, State of California, particularly described and depicted in Exhibits "A" and "B" attached hereto (the Temporary Construction Easement Area").

In consideration of which, and the other considerations hereinafter set forth, it is mutually agreed as follows:

1. The parties have herein set forth the whole of their agreement. The performance of this Agreement constitutes the entire consideration for the temporary construction easement rights granted herein and shall relieve the City of all further obligation or claims on this account, or on account of the location, grade or construction of the proposed public improvement (the "Easement").
2. City requires said temporary construction easement rights for bridge and road reconstruction purposes, a public use for which the City may exercise the power of eminent domain. Grantor is compelled to temporarily grant these rights, and the City is compelled to temporarily use these property rights.
3. Both Grantor and City recognize the expense, time, effort, and risk to both Grantor and City in determining the compensation for the temporary property rights by eminent domain litigation. The compensation set forth herein for the property is in compromise and settlement, in lieu of such litigation.
4. The City shall:
 - (A) Pay the undersigned Grantor the sum of \$1,000 as consideration in full for the temporary construction easement rights conveyed, for the loss, replacement and moving of any improvements, and for entering into this Agreement. Said sum shall be paid within thirty days of the date of City acceptance and execution of this Agreement.
5. It is agreed and confirmed by the parties hereto that notwithstanding other provisions in this Agreement, the right of possession and use of the Temporary Construction Easement Area by the City, including the right to remove and dispose of improvements, shall commence on the date payment is received by owner or on June 30, 2019, whichever occurs later and shall terminate 24 months thereafter or on June 30, 2021, whichever occurs later. Grantor shall have use of the Temporary Construction

Easement Area until City takes physical possession. In case of unpredictable delays in construction, upon written notification, the term of this temporary construction easement may be extended by an amendment to this Temporary Construction Easement Agreement. In such case, Grantor shall be compensated based on the fair market value at the time of the extension. Payment shall be made to Grantor for the extension prior to the expiration of the original period. The City shall notify the Grantor at telephone number ([REDACTED]), 72 hours prior to the commencement of actual construction or by 10 days written notice, first class mail, delivery deemed completed on date of mailing.

6. Grantor warrants that they are the owner in fee simple of the property upon which the Temporary Construction Easement Area is located, and that they have the exclusive right to grant use of the Temporary Construction Easement Area.

7. Grantor warrants that there are no oral or written leases on all or any portion of the property to be encumbered with this temporary construction easement and Grantor further agrees to hold City harmless and reimburse City for any and all of its losses and expenses occasioned by reason of any lease of said property held by any tenant of Grantor.

8. In consideration of the City waiving the defects and imperfections in all matters of record title, Grantor covenants and agrees to indemnify and hold the City harmless from any and all claims that other parties may make or assert on the title to the premises. Grantor's obligation herein to indemnify the City shall not exceed the amount paid to Grantor under this contract.

9. City agrees to indemnify, defend and hold Grantor harmless from any claims, demands, causes of action, damages, costs, expenses, , losses or liabilities, in law or in equity, of every kind and nature whatsoever ("Claims") arising out of or related to the construction easement which is the subject of this Agreement. City further agrees to assume responsibility for any damages proximately caused by reason of City's operations under this Agreement and City will, at its option, either repair or pay for such damage.

10. All work done under this Agreement shall conform to all applicable building, fire and sanitary laws, ordinances, and regulations relating to such work, and shall be done in a good and workmanlike manner. All improvements shall be left in as good condition as found.

11. At no expense to the Grantor and no later than the end of this Easement City shall restore Grantor's property to a comparable condition as it existed prior to the City's project construction, to the extent reasonably practical. The City shall photograph the Easement Area before beginning work and share all photos with Grantor. Said restoration shall include the replacement or repair of fencing, landscaping, culverts, and irrigation lines (if any). Specifically, the City will remove the three standing eucalyptus trees and one fallen large eucalyptus tree identified on the diagram attached as Exhibit "C". It is understood that the large, fallen eucalyptus tree has damaged or directly impacted the survivability of the other trees which were struck at the time the eucalyptus tree fell. If the Grantor and City both agree, additional trees may be removed to ensure the safety of all parties. It is understood that the exact number of trees damaged or directly impacted by the fallen eucalyptus tree is unknown. The City will not remove additional trees unless both the City and Grantor are in agreement as to such. Trees that

are removed shall have their stumps and root structure left in place to provide slope stability to the greatest extent feasible. Grantor understands and agrees that after completion of construction, all fencing and improvements or other features repaired or replaced by the City on Grantor's property will remain the sole property of Grantor and Grantor will be solely responsible for the maintenance and repair of such improvements. The City shall not plant new trees on Grantor's property nor will the City maintain or irrigate any trees on the Grantor's property during or following construction. The City shall take no action which will causes the drainage flow to exceed the current capacity of the water drainage system.

12. Permission is hereby granted City or its authorized agent to enter upon the Temporary Construction Easement Area for the purpose of facilitating bridge reconstruction, public street improvements and related purposes, and for completing the construction contract work described in Clause 11, 13 and 14 of this Agreement. All entry shall be from the bridge side of the property.

13. City shall ensure that its Contractor and other agents are responsible for controlling any erosion on the Easement during the time they are working on the property and for a reasonable time thereafter. Such responsibility shall include plantings and debris fences which control soil disturbances resulting from construction activities. The City shall periodically photograph the work area to confirm the state of the Easement Area and share those photos with Grantor. City shall periodically inspect the slope within the Easement Area and if erosion has filled drainage devices and culverts, it will promptly clear those devices and culverts. City shall also require its contractor(s) to make Grantor an additional named insured on its general liability policy and confirm in writing with contractor(s) that the general liability policy does not have an erosion exclusion.

14. Grantor hereby represents and warrants that during the period of Grantor's ownership of the property there have been no disposals, releases or threatened releases of hazardous substances or hazardous wastes on, from, or under the property, except that the property has been littered with refuse thrown from the street. Although there is no inventory of those items, it may include broken bottles, among other items. City will clear any such refuse, at its own cost, which is on or immediately adjacent to the Easement Area. Grantor further represents and warrant that Grantor has no knowledge of any disposal, release, or threatened release of hazardous substances or hazardous wastes, on, from, or under the property which may have occurred prior to Grantor taking title to the property.

15. The payment being made in this transaction reflects the fair-market value of the property without the presence of contamination. If the Temporary Construction Easement Area is found to be contaminated by the presence of hazardous waste which requires mitigation under Federal or State law, the City may elect to recover its clean-up costs from those who caused or contributed to the contamination. Grantor agrees to provide all required supplemental forms necessary to complete this transaction, including a W-9 Form required for payment processing.

16. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same document.

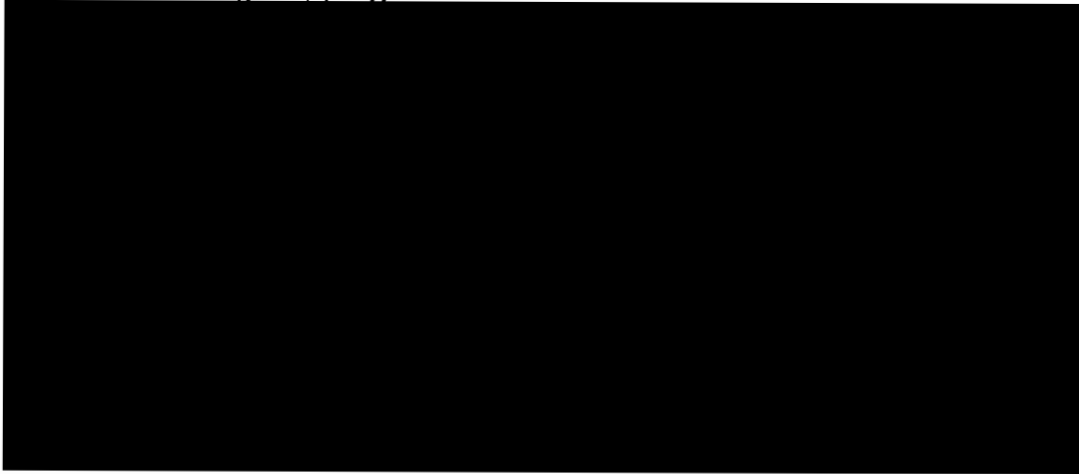
17. This Agreement is subject to and conditioned upon approval and ratification by the City's Council. This Agreement is not binding upon the City until executed by the appropriate City official(s) acting in their authorized capacity.

18. This Agreement shall be binding upon and inure to the benefit of the heirs, devisees, executors, administrators, legal representatives, successors and assigns of the Grantor.

19. The Grantor agrees to fully disclose the existence of the Temporary Construction Easement and the City's project to any and all potential buyers in the event the Grantor should choose to sell the above described parcel during the term of the easement or after the acceptance of this Agreement.

In Witness Whereof, the Parties have executed this agreement the day and year first above written.

GRANTOR:



CITY OF SAN RAFAEL

By: _____ Date: _____
Jim Schutz
City Manager

ATTEST:

By: _____ Date: _____
Lindsay Lara
City Clerk

APPROVED AS TO FORM:

By: _____ Date: _____
Robert F. Epstein
City Attorney

CITY'S MAILING ADDRESS:
City of San Rafael
Department of Public Works
111 Morphew Street
San Rafael, CA 94901

No Obligation Other Than Those Set Forth Herein Will Be Recognized

EXHIBIT "A"

APN 012-282-17

All that real property situate in the City of San Rafael, County of Marin, State of California, being a portion of the property described in the Grant Deed to [REDACTED], his wife, as community property, recorded December 24, 1987 in Book 1987 at Page 0081345, Official Record of Marin County, more particularly described as:

Beginning at the northeast corner of said Grant Deed, also being the southeast corner of Lot 9 as shown on that MAP OF PICOLO VALLE recorded December 15, 1878, in BOOK 17 of MAPS at PAGE 71, Official Records of Marin County, thence along the west right of way line of Southern Heights Boulevard, South 12°11'25" East, 30.00 feet; thence leaving said right of way line, South 79°55'34" West, 20.01 feet; thence North 12°11'25" West, 30.00 feet to the north line of said Grant Deed, also being the south line of said Lot 9; thence along said north line North 79°55'35" East, 20.01 feet to the Point of Beginning.

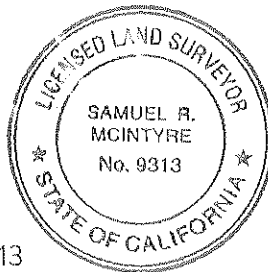
Containing 600 square feet or 0.01 acres, more or less.

Bearings and distances shown are based on the California Coordinate System 1983 (2011), Epoch 2010.00, Zone 3. Divide distances shown by .99993 to obtain ground level distances.

This real property description has been prepared at Mark Thomas, by me, or under my direction, in conformance with the Professional Land Surveyors Act.



SAMUEL R. MCINTYRE LS. 9313



June 14, 2018

Date

LEGEND

- O.R. OFFICIAL RECORDS COUNTY OF MARIN
- POB POINT OF BEGINNING
- TCE TEMPORARY CONSTRUCTION EASEMENT
- o DIMENSION POINT
- () RECORD DATA
- ▨ TCE AREA
- EXISTING RIGHT OF WAY
- PROPERTY LINE
- - - TCE BOUNDARY

REFERENCES

- (1) BOOK 13 OF SURVEYS AT PAGE 16
- (2) BOOK 17 OF MAPS AT PAGE 71
- (3) BOOK 20 OF SURVEYS AT PAGE 14

LINE TABLE

- L1 N79°55'35"E 20.01'
- L2 N12°11'25"W 30.00'
- L3 S79°55'34"W 20.01'
- L4 S12°11'25"E 30.00'



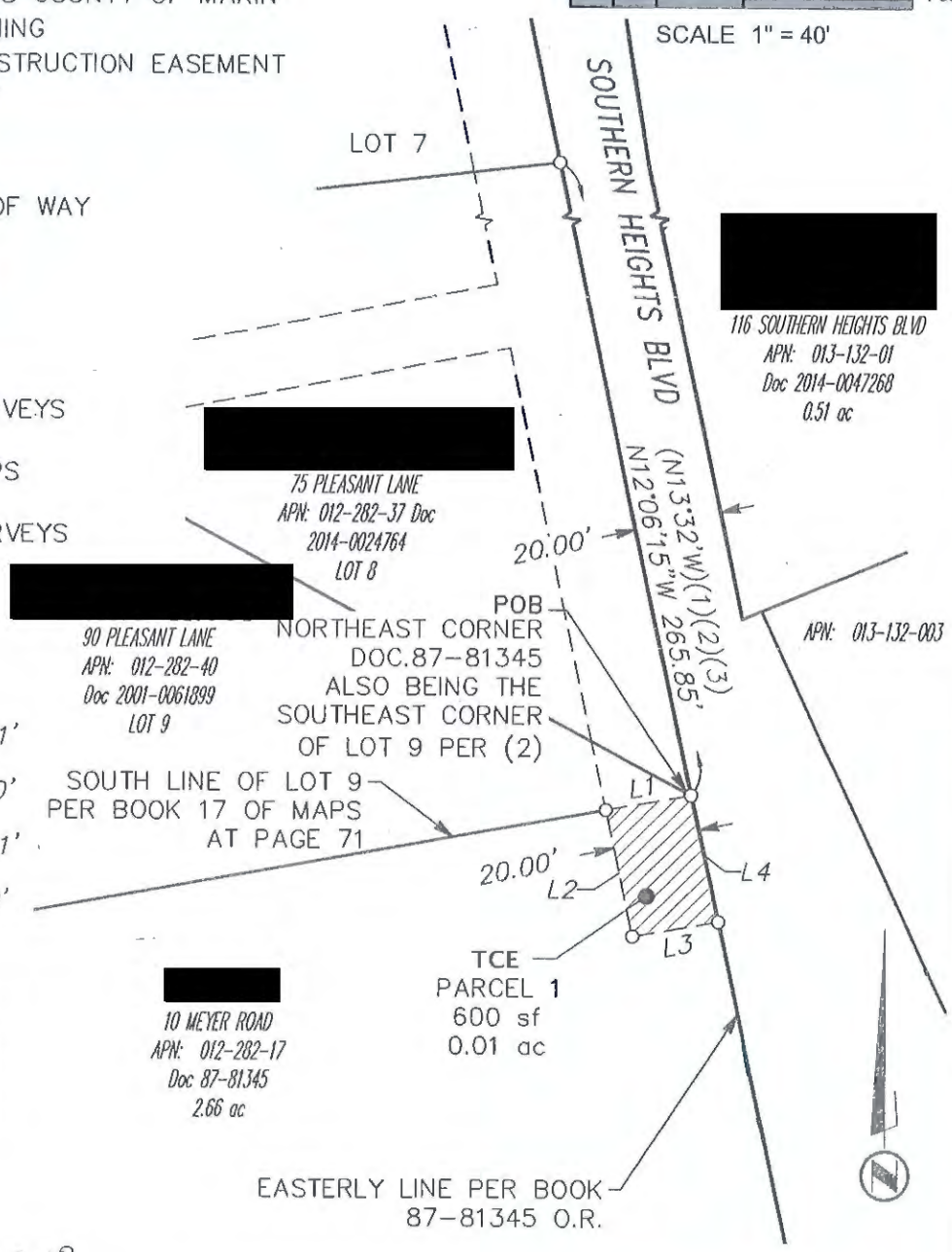
Sam Mc
June 14, 2018

BEARINGS AND DISTANCES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (2011), EPOCH 2010.00, ZONE 3. DIVIDE DISTANCES SHOWN BY 0.99993 TO OBTAIN GROUND LEVEL DISTANCES.

EXHIBIT B



SCALE 1" = 40'



MARK THOMAS
 Scale: 1" = 40'
 Date June 2018
 Drawn By MSW
 Checked By SRM

Temporary Construction Easement Parcel #1
 APN 012-282-17
 In the City of San Rafael
 Marin County, California

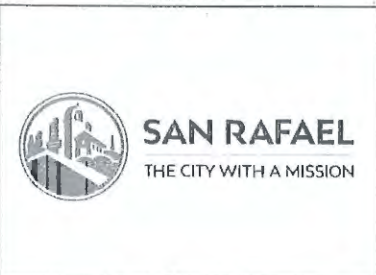


EXHIBIT C

Photo of Eucalyptus Trees to Be Removed by City



This Google Street View photo was taken in front of 101 Southern Hts., just down the hill from the intersection of Meyer Road and Southern Hts. The Southern Heights Bridge is just to the right (downhill) of the image.

The four eucalyptus trees to be removed are labeled "1" through "4" above.

On January 8, 2019, subsequent to this Google Street View image being taken, Tree "1" fell during a winter storm event (see photo below taken January 8, 2019). That tree is now lying downhill from Meyer Road, parallel to the road, near the intersection of Meyer Road and Southern Heights. Although it is shown as standing in the photo above, it is the "large, fallen eucalyptus tree" referred to in Clause 11 above.



PARCEL NO.: 013-124-07
PROJECT: Southern Heights Boulevard Bridge Replacement
OWNER: [REDACTED]

TEMPORARY CONSTRUCTION EASEMENT AGREEMENT

THIS AGREEMENT is made and entered into by and between

[REDACTED] an unmarried man (hereinafter called "Grantor"), and

The City of San Rafael, a California municipal corporation (hereinafter called "City"),

By way of this Agreement, Grantor grants to the City temporary construction easement rights for the purposes of facilitating bridge reconstruction, public street improvements and related purposes, in, on, over, under, through, along, and across that specific portion of Grantor's property located in the County of Marin, State of California, particularly described and depicted in Exhibits "A" and "B" attached hereto (the Temporary Construction Easement Area").

In consideration of which, and the other considerations hereinafter set forth, it is mutually agreed as follows:

1. The parties have herein set forth the whole of their agreement. The full performance of this Agreement constitutes the entire consideration for the temporary construction easement rights granted herein and, except for default in the performance of the terms hereof, shall relieve the City of all further obligation or claims on this account, or on account of the location, grade or construction of the proposed public improvement.
2. City requires said temporary construction easement rights for bridge and road reconstruction purposes, a public use for which the City may exercise the power of eminent domain. Grantor is compelled to temporarily grant these rights, and the City is compelled to temporarily use these property rights.
3. Both Grantor and City recognize the expense, time, effort, and risk to both Grantor and City in determining the compensation for the temporary property rights by eminent domain litigation. The compensation set forth herein for the property is in compromise and settlement, in lieu of such litigation.
4. The City shall:
 - (A) Pay the undersigned Grantor the sum of \$2,500 as consideration in full for the temporary construction easement rights conveyed, for the loss, replacement and moving of any improvements, and for entering into this Agreement. Said sum shall be paid within thirty days of the date of City acceptance and execution of this Agreement.

5. It is agreed and confirmed by the parties hereto that notwithstanding other provisions in this Agreement, the right of possession and use of the Temporary Construction Easement Area by the City, including the right to remove and dispose of improvements, shall commence on the date payment is received by owner or on January 1, 2019, whichever occurs later and shall terminate 24 months thereafter or on January 1, 2021, whichever occurs later. Grantor shall have use of the Temporary Construction Easement Area until City takes physical possession. In case of unpredictable delays in construction, upon written notification, the term of this temporary construction easement may be extended by an amendment to this Temporary Construction Easement Agreement. In such case, Grantor shall be compensated based on the fair market value at the time of the extension. Payment shall be made to Grantor for the extension prior to the expiration of the original period. The City shall notify the Grantor at telephone number [REDACTED], 72 hours prior to the commencement of actual construction or by 10 days written notice, first class mail, delivery deemed completed on date of mailing.
6. Grantor warrants that they are the owner in fee simple of the property upon which the Temporary Construction Easement Area is located, and that they have the exclusive right to grant use of the Temporary Construction Easement Area.
7. Grantor warrants that there are no oral or written leases on all or any portion of the property to be encumbered with this temporary construction easement and Grantor further agrees to hold City harmless and reimburse City for any and all of its losses and expenses occasioned by reason of any lease of said property held by any tenant of Grantor.
8. In consideration of the City waiving the defects and imperfections in all matters of record title, Grantor covenants and agrees to indemnify and hold the City harmless from any and all claims that other parties may make or assert on the title to the premises. Grantor's obligation herein to indemnify the City shall not exceed the amount paid to Grantor under this contract.
9. City agrees to indemnify and holds harmless Grantor from any liability arising out of City operations under this Agreement. City further agrees to assume responsibility for any damages proximately caused by reason of City operations under this Agreement and City will, at its option, either repair or pay for such damage.
10. All work done under this Agreement shall conform to all applicable building, fire and sanitary laws, ordinances, and regulations relating to such work, and shall be done in a good and workmanlike manner. All improvements shall be left in as good condition as found.
11. At no expense to the Grantor and at the time of construction, the City shall restore Grantor's property to a comparable or better condition as which existed prior to the City's project construction, to the extent reasonably practical. The existing fencing, entry gate, 3-slate wooden bridge fence, landscaping, shrubs and/or irrigation lines shall all be protected in place during construction, but will be restored, if affected. The City and City's contractor shall at all times maintain the integrity of Grantor's gate and fence so as to prevent escape of Grantor's pet dogs. The City shall reconstruct the existing wooden

deck access that connects the bridge to the Grantor's existing gate within the Temporary Construction Easement Area labeled as "Parcel 6" on Exhibit B. The portion of the wood deck access behind the gate on the Grantor's property shall remain "as is" and will not require the City's entry unless it shows signs of deterioration as determined by the City's licensed engineer and requires replacement. In such instance, the City, or the City's contractor shall provide not less than 24-hour advance notice of entry and the estimated duration of entry by phone or email to Grantor in order to permit Grantor to safely relocate Grantor's dogs and the City or the City's contractor shall reconstruct this portion of the deck, at no expense to Grantor.



Temporary Construction Easement Area labeled as "Parcel 6-1" on Exhibit B requires tree limb pruning under the direction of a licensed arborist. All pruning shall be done from the existing City right of way, where feasible. It may become necessary to enter the Temporary Construction Easement Area for the purposes of tree pruning and job site clean up.

Grantor understands and agrees that after completion of construction, all fencing if any and improvements on Grantor's property will remain the sole property of Grantor, and Grantor, will be solely responsible for the maintenance and repair of such improvements.

12. Permission is hereby granted City or its authorized agent to enter upon the Temporary Construction Easement Area for the purpose of facilitating bridge reconstruction, public street improvements and related purposes, and for completing the construction contract work described in Clause 11 of this Agreement.
13. Grantor hereby represents and warrants that during the period of Grantor's ownership of the property there have been no disposals, releases or threatened releases of hazardous substances or hazardous wastes on, from, or under the property. Grantor further represents and warrant that Grantor has no knowledge of any disposal, release, or threatened release of hazardous substances or hazardous wastes, on, from, or under the property which may have occurred prior to Grantor taking title to the property.

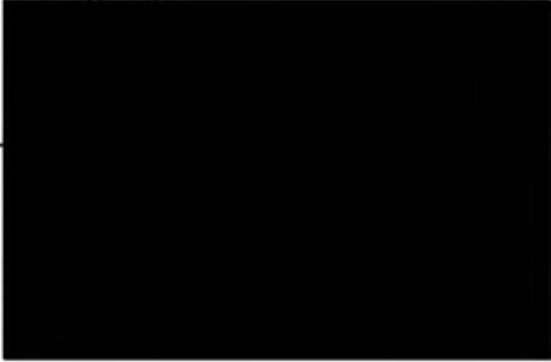
The payment being made in this transaction reflects the fair-market value of the property without the presence of contamination. If the Temporary Construction Easement Area is found to be contaminated by the presence of hazardous waste which requires mitigation under Federal or State law, the City may elect to recover its clean-up costs from those who caused or contributed to the contamination.

14. Grantor agrees to provide all required supplemental forms necessary to complete this transaction, including a W-9 Form required for payment processing.
15. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same document.

16. This Agreement is subject to and contingent upon approval and ratification by the City's Council. This Agreement is not binding upon the City until executed by the appropriate City official(s) acting in their authorized capacity.
17. This Agreement shall be binding upon and inure to the benefit of the heirs, devisees, executors, administrators, legal representatives, successors and assigns of the Grantor.
18. The Grantor agrees to fully disclose the existence of the Temporary Construction Easement and the City's project to any and all potential buyers in the event the Grantor should choose to sell the above described parcel during the term of the easement or after the acceptance of this Agreement.

In Witness Whereof, the Parties have executed this agreement the day and year first above written.

GRANTOR:



Date: 11/26/2018

CITY OF SAN RAFAEL

By: _____
Jim Schutz
City Manager

Date: _____

ATTEST:

By: _____
Lindsay Lara
City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Robert F. Epstein
City Attorney

Date: _____

CITY'S MAILING ADDRESS:

City of San Rafael
Department of Public Works
111 Morphew Street
San Rafael, CA 94901

No Obligation Other Than Those Set Forth Herein Will Be Recognized

EXHIBIT "A"

APN 013-124-07

All that real property situate in the City of San Rafael, County of Marin, State of California, being a portion of the property described in the GRANT DEED to [REDACTED] V, an unmarried man, recorded February 5, 2013 in Book 2013 at Page 0008114, Official Records of Marin County, more particularly described as:

PARCEL 6

Beginning at the northwest corner of PARCEL ONE of said GRANT DEED, being a point on the east right of way of Southern Heights Boulevard, which bears North 12°06'15" West, 74.83 feet from a 1/2" rebar with plastic cap stamped "RCE 15945"; thence leaving said east right of way along the southerly line of the land described in the TRUST TRANSFER DEED to MARY E. TURNER, Trustee of the 2014 MARY E. TURNER REVOCABLE FAMILY TRUST, dated May 1, 2014, recorded May 6, 2014 in Book at Page 0018110, Official Records County of Marin, North 74°34'45" East, 10.02 feet, thence leaving said southerly line South 12°06'15" East, 10.46 feet, thence South 77°53'45" West, 10.00 feet to the said east right of way line of Southern Heights Boulevard, thence along said east right of way North 12°06'15" West, 9.88 feet to said **Point of Beginning**.

Containing 102 square feet, more or less.

PARCEL 6-1

Beginning at the southwest corner of PARCEL ONE of said GRANT DEED being marked by a 1/2" rebar with plastic cap stamped "RCE 15945", also being a point on the east right of way of Southern Heights Boulevard, thence along said east right of way of Southern Heights Boulevard North 12°06'15" West, 54.95 feet, thence leaving said east right of way of Southern Heights Boulevard North 77°53'45" East, 10.00 feet, thence South 12°06'15" East, 49.07 feet to the northwesterly line of the land described in the GRANT DEED to Julie Lynn Shemano, trustee of the Julie Shemano Family Trust, dated October 22, 2014, recorded November 13, 2014 in Book 2014 at Page 0047268, Official Record of Marin County; thence along said northwesterly line South 47°27'45" West, 11.60 feet to said east right of way of Southern Heights Boulevard and the **Point of Beginning**.

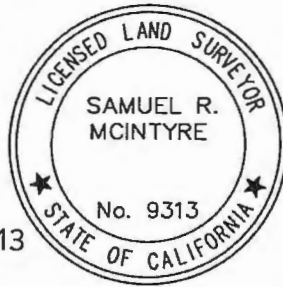
Containing 520 square feet, more or less.

Bearings and distances shown are based on the California Coordinate System 1983 (2011), Epoch 2010.00, Zone 3. Divide distances shown by 0.99993 to obtain ground level distances.

This real property description has been prepared at Mark Thomas, by me, or under my direction, in conformance with the Professional Land Surveyors Act.



SAMUEL R. MCINTYRE LS. 9313



September 21, 2018
Date

LEGEND

- O.R. OFFICIAL RECORDS COUNTY OF MARIN
- POB POINT OF BEGINNING
- TCE TEMPORARY CONSTRUCTION EASEMENT
- FOUND MONUMENT AS NOTED
- DIMENSION POINT
- () RECORD DATA
- ▨ TCE AREA
- EXISTING RIGHT OF WAY
- PROPERTY LINE
- TCE BOUNDARY



Samuel R. McIntyre

REFERENCES

- (1) BOOK 13 OF SURVEYS AT PAGE 16
- (2) BOOK 17 OF MAPS AT PAGE 71
- (3) BOOK 20 OF SURVEYS AT PAGE 14

LINE TABLE

- L1 N74°34'45"E 10.02'
- L2 S12°06'15"E 10.46'
- L3 S77°53'45"W 10.00'
- L4 N12°06'15"W 9.88'
- L5 N12°06'15"W 54.95'
- L6 N77°53'45"E 10.00'
- L7 S12°06'15"E 49.08'
- L8 S47°27'45"W 11.60'

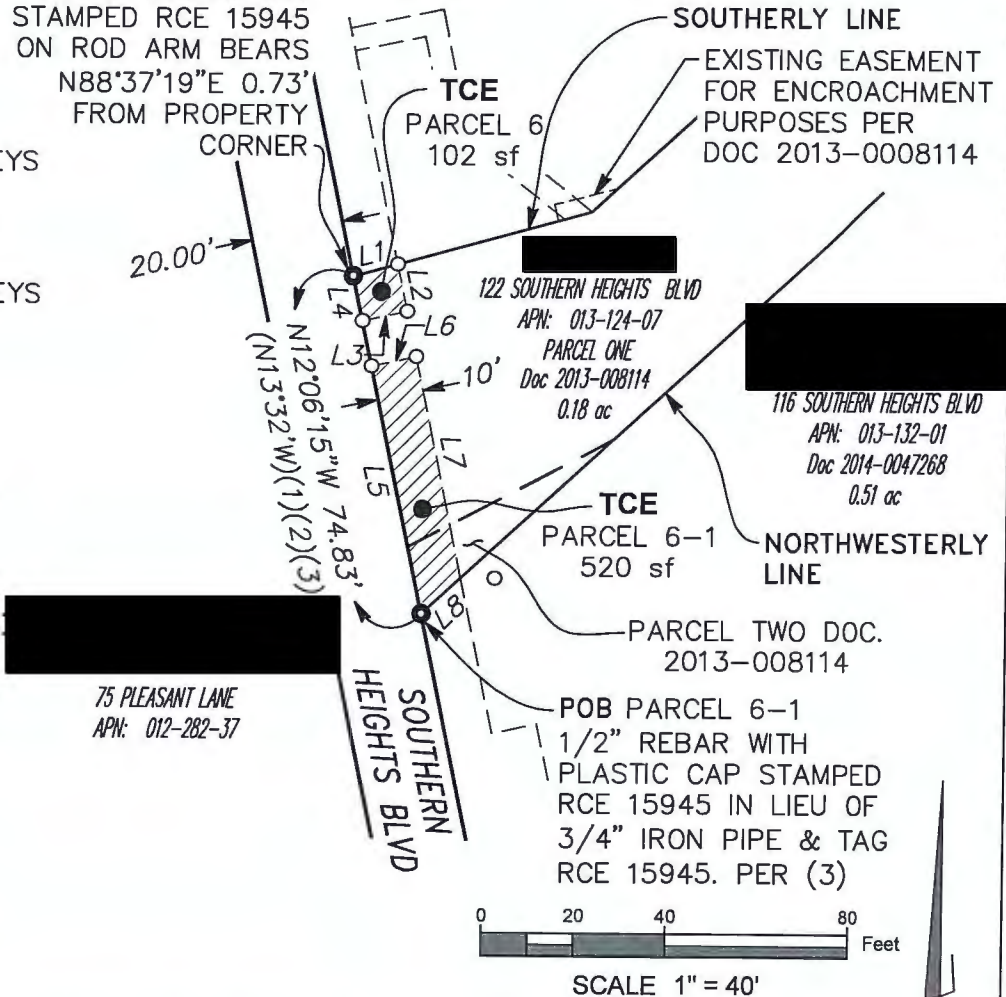
POB PARCEL 6
 FOUND BRASS TAG
 STAMPED RCE 15945
 ON ROD ARM BEARS
 N88°37'19"E 0.73'
 FROM PROPERTY
 CORNER

75 PLEASANT LANE
 APN: 012-282-37

126 SOUTHERN HEIGHTS BLVD
 APN: 013-124-06 Doc
 2014-018110

122 SOUTHERN HEIGHTS BLVD
 APN: 013-124-07
 PARCEL ONE
 Doc 2013-008114
 0.18 ac

116 SOUTHERN HEIGHTS BLVD
 APN: 013-132-01
 Doc 2014-0047268
 0.51 ac



TCE
 PARCEL 6-1
 520 sf

POB PARCEL 6-1
 1/2" REBAR WITH
 PLASTIC CAP STAMPED
 RCE 15945 IN LIEU OF
 3/4" IRON PIPE & TAG
 RCE 15945. PER (3)

SOUTHERLY LINE
 EXISTING EASEMENT
 FOR ENCROACHMENT
 PURPOSES PER
 DOC 2013-0008114

NORTHWESTERLY
 LINE

BEARINGS AND DISTANCES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (2011), EPOCH 2010.00, ZONE 3. DIVIDE DISTANCES SHOWN BY 0.99993 TO OBTAIN GROUND LEVEL DISTANCES.

EXHIBIT B

 MARK THOMAS	<p>Temporary Construction Easement Parcel #6 APN 013-124-07 In the City of San Rafael Marin County, California</p>	 SAN RAFAEL THE CITY WITH A MISSION
Scale: 1" = 40' Date Sep. 2018 Drawn By MSW Checked By SRM		

PARCEL NO.: 012-282-40
PROJECT: Southern Heights Boulevard, Bridge Replacement
OWNER: [REDACTED]

TEMPORARY CONSTRUCTION EASEMENT AGREEMENT

THIS AGREEMENT is made and entered into by and between

[REDACTED] or her successors in trust, under the [REDACTED], dated July 5, 2001, and any amendments thereto (hereinafter called "Grantor"), and

The City of San Rafael, a California municipal corporation (hereinafter called "City"),

By way of this Agreement, Grantor grants to the City temporary construction easement rights for the purposes of facilitating bridge reconstruction, public street improvements and related purposes, in, on, over, under, through, along, and across that specific portion of Grantor's property located in the County of Marin, State of California, particularly described and depicted in Exhibits "A" and "B" attached hereto (the Temporary Construction Easement Area").

In consideration of which, and the other considerations hereinafter set forth, it is mutually agreed as follows:

1. The parties have herein set forth the whole of their agreement. The performance of this Agreement constitutes the entire consideration for the temporary construction easement rights granted herein and shall relieve the City of all further obligation or claims on this account, or on account of the location, grade or construction of the proposed public improvement (the "Easement").
 2. City requires said temporary construction easement rights for bridge and road reconstruction purposes, a public use for which the City may exercise the power of eminent domain. Grantor is compelled to temporarily grant these rights, and the City is compelled to temporarily use these property rights.
 3. Both Grantor and City recognize the expense, time, effort, and risk to both Grantor and City in determining the compensation for the temporary property rights by eminent domain litigation. The compensation set forth herein for the property is in compromise and settlement, in lieu of such litigation.
 4. The City shall:
 - (A) Pay the undersigned Grantor the sum of \$1,000 as consideration in full for the temporary construction easement rights conveyed, for the loss, replacement and moving of any improvements, and for entering into this Agreement. Said sum shall be paid within thirty days of the date of City acceptance and execution of this Agreement.
-

5. It is agreed and confirmed by the parties hereto that notwithstanding other provisions in this Agreement, the right of possession and use of the Temporary Construction Easement Area by the City, including the right to remove and dispose of improvements, shall commence on January 1, 2019 and terminate on January 1, 2021. Grantor shall have use of the Temporary Construction Easement Area until City takes physical possession. In case of unpredictable delays in construction, upon written notification, the term of this temporary construction easement may be extended by an amendment to this Temporary Construction Easement Agreement. In such case, Grantor shall be compensated based on the fair market value at the time of the extension. Payment shall be made to Grantor for the extension prior to the expiration of the original period. The City shall notify the Grantor at telephone number [REDACTED], 72 hours prior to the commencement of actual construction or by 10 days written notice, first class mail, delivery deemed completed on date of mailing.
 6. Grantor warrants that they are the owner in fee simple of the property upon which the Temporary Construction Easement Area is located, and that they have the exclusive right to grant use of the Temporary Construction Easement Area.
 7. Grantor warrants that there are no oral or written leases on all or any portion of the property to be encumbered with this temporary construction easement and Grantor further agrees to hold City harmless and reimburse City for any and all of its losses and expenses occasioned by reason of any lease of said property held by any tenant of Grantor.
 8. In consideration of the City waiving the defects and imperfections in all matters of record title, Grantor covenants and agrees to indemnify and hold the City harmless from any and all claims that other parties may make or assert on the title to the premises. Grantor's obligation herein to indemnify the City shall not exceed the amount paid to Grantor under this contract.
 9. City agrees to indemnify, defend and hold Grantor harmless from any claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever ("Claims") arising out of or related to the construction easement, including but not limited to any damage that results from the neighboring property and carries over to the Grantor's property which is the subject of this Agreement. City further agrees to assume responsibility for any damages proximately caused by reason of City's operations under this Agreement and City will, at its option, either repair or pay for such damage.
 10. All work done under this Agreement shall conform to all applicable building, fire and sanitary laws, ordinances, and regulations relating to such work, and shall be done in a good and workmanlike manner. All improvements shall be left in as good condition as found.
 11. At no expense to the Grantor and no later than the end of this Easement, City shall restore Grantor's property to a comparable condition as it existed prior to the City's project construction, to the extent reasonably practical. The City shall photograph the Easement Area before beginning work and share all photos with Grantor. Said restoration shall include the replacement or repair of features of the easement immediately at the end of the
-

project, including, but not limited to, trees, fencing, landscaping, culverts, irrigation lines and any other features of the Easement. Grantor understands and agrees that after completion of construction, all fencing and improvements of other features repaired or replaced by City on Grantor's property will remain the sole property of Grantor and Grantor will be solely responsible for the maintenance and repair of such improvements, except as noted below. Notwithstanding the termination of the Easement, City shall be responsible for watering and other care of any tree replacements and other vegetation planted by the City for a period of two years after planting. The City shall take no action which will cause the drainage flow to exceed the current capacity of the water drainage system.



12. Permission is hereby granted City or its authorized agent to enter upon the Temporary Construction Easement Area for the purpose of facilitating bridge reconstruction, public street improvements and related purposes, and for completing the construction contract work described in Clause 11 and 13 of this Agreement. Permission is additionally granted to the City on the Grantor's property immediately adjacent to the Easement to complete the work described in Clause 14. All entry shall be from the bridge side of the property, except that City may request access from the home side of the property (Pleasant Lane) by an email request to Grantor, which request shall describe the nature of the access requested.
 13. City shall ensure that its Contractor and other agents are responsible for controlling any erosion within the Easement during the time they are working on the property and for a reasonable time thereafter. Such responsibility shall include plantings which control soil disturbances resulting from construction activities. Orange construction fencing will also be installed on the boundary line of the Easement. Frequent inspection of the orange fencing will occur as part of project construction and any debris captured by the fencing within the Easement shall be removed. The City shall periodically photograph the work area to confirm the state of the Easement Area and share those photos with Grantor. City shall periodically inspect the slope within the Easement Area and if erosion due to construction activity impedes drainage devices and culverts within or adjacent to the Easement Area from Southern Heights Boulevard to Pleasant Lane, the City or its contractor will promptly clear those devices and culverts. City shall also require its contractor(s) to make Grantor an additional named insured on its general liability policy and confirm in writing with contractor(s), with a copy to Grantor, that the general liability policy does not have an erosion exclusion.
 14. Grantor hereby represents and warrants that during the period of Grantor's ownership of the property there have been no disposals, releases or threatened releases of hazardous substances or hazardous wastes on, from, or under the property, except that the property has been littered with refuse thrown from the bridge. Although there is no inventory of those items, it includes a car battery, a mail box and broken bottles, among other items. City will clear any such refuse, at its own cost, which is on or immediately adjacent to the Easement Area. Grantor further represents and warrant that Grantor has no knowledge of any disposal, release, or threatened release of hazardous substances or hazardous wastes, on, from, or under the property which may have occurred prior to Grantor taking title to the property.
-

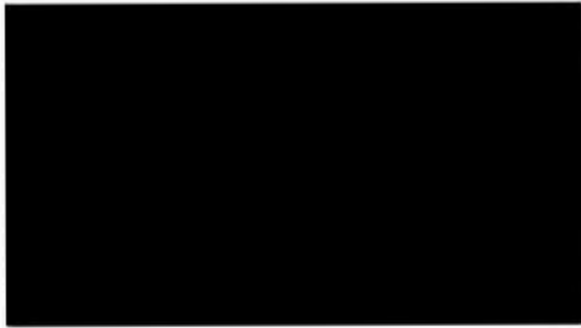
The payment being made in this transaction reflects the fair-market value of the property without the presence of contamination. If the Temporary Construction Easement Area is found to be contaminated by the presence of hazardous waste which requires mitigation under Federal or State law, the City may elect to recover its clean-up costs from those who caused or contributed to the contamination.

15. Grantor shall be responsible for maintaining the defensible space for fire protection purposes at all times on the entire property, before, during, and after construction as required by the City's Fire Department. When the City's general contractor is provided a Notice to Proceed with onsite construction of the project, only then will the City's contractor also maintain the defensible space within the Easement area until construction is completed. Once the City deems the project acceptable, as defined by the City Council accepting the project, and issues a Notice of Completion to the contractor, the Grantor shall immediately reassume maintenance of the defensible space within the Easement regardless of whether or not the Easement period has expired.
 16. Grantor agrees to provide all required supplemental forms necessary to complete this transaction, including a W-9 Form required for payment processing.
 17. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same document.
 18. This Agreement is subject to and contingent upon approval and ratification by the City's Council. This Agreement is not binding upon the City until executed by the appropriate City official(s) acting in their authorized capacity.
 19. This Agreement shall be binding upon and inure to the benefit of the heirs, devisees, executors, administrators, legal representatives, successors and assigns of the Grantor.
 20. The Grantor agrees to fully disclose the existence of the Temporary Construction Easement and the City's project to any and all potential buyers in the event the Grantor should choose to sell the above described parcel during the term of the easement or after the acceptance of this Agreement.
-

In Witness Whereof, the Parties have executed this agreement the day and year first above written.

GRANTOR:

 or her successors in trust, under the 
dated July 5, 2001, and any amendments thereto



Date: October 24, 2018

CITY OF SAN RAFAEL

By: _____
Jim Schutz
City Manager

Date: _____

ATTEST:

By: _____
Lindsay Lara
City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Robert F. Epstein
City Attorney

Date: _____

CITY'S MAILING ADDRESS:

City of San Rafael
Department of Public Works
111 Morphew Street
San Rafael, CA 94901

No Obligation Other Than Those Set Forth Herein Will Be Recognized

EXHIBIT "A"

APN 012-282-40

All that real property situate in the City of San Rafael, County of Marin, State of California, being a portion of PARCEL ONE described in the TRUST TRANSFER DEED to [REDACTED] Trustee, or her successors in trust, under the [REDACTED] [REDACTED] dated July 5, 2001, and any amendments thereto, recorded September 24, 2001 in Book 2001 at Page 0061899, Official Records of Marin County, more particularly described as:

Beginning at the northeast corner of the Grant Deed to DON LANDER DAGLOW and MARTA GALVAN DAGLOW, recorded December 24, 1987 in Book 1987 at Page 0081345, Official Records of Marin County, also being the southeast corner of Lots 8 & 9 as shown on that MAP OF PICOLO VALLE recorded December 15, 1878, in BOOK 17 of MAPS at PAGE 71, Official Records of Marin County; thence along the southerly line of said Lot 9 South 79°55'35" West, 30.02 feet; thence leaving said southerly line North 12°06'15" West, 24.40 feet to the southwesterly line of Lot 8 as shown on said MAP OF PICOLO VALLE; thence along said southwesterly line South 61°48'30" East, 39.33 feet to the **Point of Beginning**.

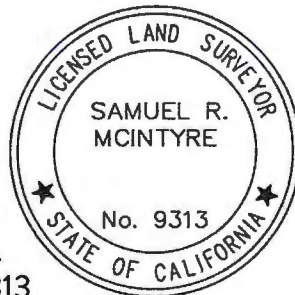
Containing 366 square feet.

Bearings and distances shown are based on the California Coordinate System 1983 (2011), Epoch 2010.00, Zone 3. Divide distances shown by 0.99993 to obtain ground level distances.

This real property description has been prepared at Mark Thomas, by me, or under my direction, in conformance with the Professional Land Surveyors Act.







SAMUEL R. MCINTYRE LS. 9313



September 21, 2018
Date

LEGEND

- O.R. OFFICIAL RECORDS COUNTY OF MARIN
- POB POINT OF BEGINNING
- TCE TEMPORARY CONSTRUCTION EASEMENT
- o DIMENSION POINT
- () RECORD DATA
-  TCE AREA
-  EXISTING RIGHT OF WAY
-  PROPERTY LINE
-  TCE BOUNDARY

NOTE: SUBJECT TO A 5' WIDE PG&E EASEMENT PER BK.3635, PG.527 O.R.

REFERENCES

- (1) BOOK 13 OF SURVEYS AT PAGE 16
- (2) BOOK 17 OF MAPS AT PAGE 71
- (3) BOOK 20 OF SURVEYS AT PAGE 14

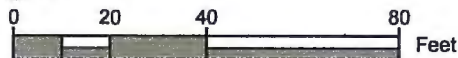
LINE TABLE

- L1 S79°55'35"W 30.02'
- L2 N12°06'15"W 24.40'
- L3 S61°48'30"E 39.33'

NON DEVELOPMENT EASEMENT PER BK 17 MAPS AT PAGE 71



Sam Mc



SCALE 1" = 40'

BEARINGS AND DISTANCES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (2011), EPOCH 2010.00, ZONE 3. DIVIDE DISTANCES SHOWN BY 0.99993 TO OBTAIN GROUND LEVEL DISTANCES.

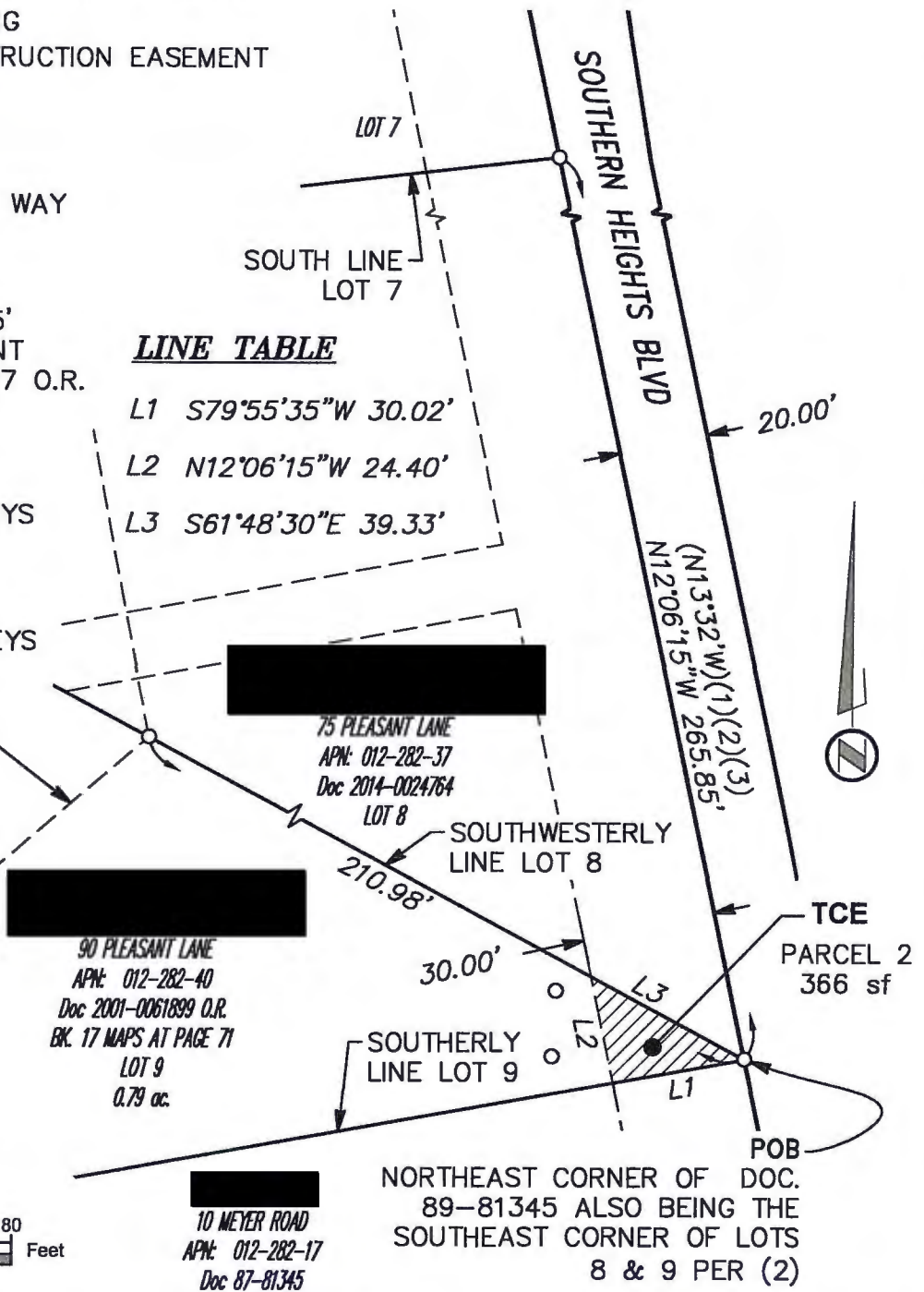




EXHIBIT B


MARK THOMAS
Scale: 1" = 40'
Date Sep. 2018
Drawn By MSW
Checked Rv SRM

**Temporary
Construction Easement
Parcel #2**
APN 012-282-040
In the City of San Rafael
Marin County, California


SAN RAFAEL
THE CITY WITH A MISSION

PARCEL NO.: 012-282-37
PROJECT: Southern Heights Boulevard Bridge Replacement
OWNER: [REDACTED]

TEMPORARY CONSTRUCTION EASEMENT AGREEMENT

THIS AGREEMENT is made and entered into by and between

[REDACTED] dated November 21, 1997 as amended and restated on May 13, 2013 (hereinafter called "Grantor"), and

The City of San Rafael, a California municipal corporation (hereinafter called "City"),

By way of this Agreement, Grantor grants to the City temporary construction easement rights for the purposes of facilitating bridge reconstruction, public street improvements and related purposes, in, on, over, under, through, along, and across that specific portion of Grantor's property located in the County of Marin, State of California, particularly described and depicted in Exhibits "A" and "B" attached hereto (the Temporary Construction Easement Area").

In consideration of which, and the other considerations hereinafter set forth, it is mutually agreed as follows:

1. The parties have herein set forth the whole of their agreement. The performance of this Agreement constitutes the entire consideration for the temporary construction easement rights granted herein and shall relieve the City of all further obligation or claims on this account, or on account of the location, grade or construction of the proposed public improvement (the "Easement").
2. City requires said temporary construction easement rights for bridge and road reconstruction purposes, a public use for which the City may exercise the power of eminent domain. Grantor is compelled to temporarily grant these rights, and the City is compelled to temporarily use these property rights.
3. Both Grantor and City recognize the expense, time, effort, and risk to both Grantor and City in determining the compensation for the temporary property rights by eminent domain litigation. The compensation set forth herein for the property is in compromise and settlement, in lieu of such litigation.
4. The City shall:
 - (A) Pay the undersigned Grantor the sum of \$20,500 as consideration in full for the temporary construction easement rights conveyed, for the loss, replacement and moving of any improvements, and for entering into this Agreement. Said sum shall be paid within thirty days of the date of City acceptance and execution of this Agreement.

5. It is agreed and confirmed by the parties hereto that notwithstanding other provisions in this Agreement, the right of possession and use of the Temporary Construction Easement Area by the City, including the right to remove and dispose of improvements, shall commence on January 1, 2019 and terminate on January 1, 2021. Grantor shall have use of the Temporary Construction Easement Area until City takes physical possession. In case of unpredictable delays in construction, upon written notification, the term of this temporary construction easement may be extended by an amendment to this Temporary Construction Easement Agreement. In such case, Grantor shall be compensated based on the fair market value at the time of the extension. Payment shall be made to Grantor for the extension prior to the expiration of the original period. The City shall notify the Grantor at telephone number [REDACTED] 72 hours prior to the commencement of actual construction or by 10 days written notice, first class mail, delivery deemed completed on date of mailing.
6. Grantor warrants that they are the owner in fee simple of the property upon which the Temporary Construction Easement Area is located, and that they have the exclusive right to grant use of the Temporary Construction Easement Area.
7. Grantor warrants that there are no oral or written leases on all or any portion of the property to be encumbered with this temporary construction easement and Grantor further agrees to hold City harmless and reimburse City for any and all of its losses and expenses occasioned by reason of any lease of said property held by any tenant of Grantor.
8. In consideration of the City waiving the defects and imperfections in all matters of record title, Grantor covenants and agrees to indemnify and hold the City harmless from any and all claims that other parties may make or assert on the title to the premises. Grantor's obligation herein to indemnify the City shall not exceed the amount paid to Grantor under this contract.
9. City agrees to indemnify, defend and hold Grantor harmless from any claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever ("Claims") arising out of or related to the construction easement which is the subject of this Agreement. City further agrees to assume responsibility for any damages proximately caused by reason of City's operations under this Agreement and City will, at its option- either repair or pay for such damage.
10. All work done under this Agreement shall conform to all applicable building, fire and sanitary laws, ordinances, and regulations relating to such work, and shall be done in a good and workmanlike manner. All improvements shall be left in as good condition as found.
11. At no expense to the Grantor and no later than the end of this Easement, City shall restore Grantor's property to a comparable condition as it existed prior to the City's project construction, to the extent reasonably practical. The City shall photograph the Easement Area before beginning work and share all photos with Grantor. Said restoration shall include the replacement or repair of features of the easement immediately at the end of the project, including, but not limited to, trees, fencing, landscaping, culverts, irrigation lines and any other features of the Easement. Grantor understands and agrees that after

completion of construction, all fencing and improvements of other features repaired or replaced by City on Grantor's property will remain the sole property of Grantor and Grantor will be solely responsible for the maintenance and repair of such improvements, except as noted below. Notwithstanding the termination of the Easement, City shall be responsible for watering and other care of any tree replacements and other vegetation planted by the City for a period of two years after planting. The City shall take no action which will cause the drainage flow to exceed the current capacity of the water drainage system.

12. Permission is hereby granted City or its authorized agent to enter upon the Temporary Construction Easement Area for the purpose of facilitating bridge reconstruction, public street improvements and related purposes, and for completing the construction contract work described in Clause 11 and 13 of this Agreement. Permission is additionally granted to the City on the Grantor's property immediately adjacent to the Easement to complete the work described in Clause 14. All entry shall be from the bridge side of the property, except that City may request access from the home side of the property (Pleasant Lane) by an email request to Grantor, which request shall describe the nature of the access requested.
13. City shall ensure that its Contractor and other agents are responsible for controlling any erosion within the Easement during the time they are working on the property and for a reasonable time thereafter. Such responsibility shall include plantings which control soil disturbances resulting from construction activities. Orange construction fencing will also be installed on the boundary line of the Easement. Frequent inspection of the orange fencing will occur as part of project construction and any debris captured by the fencing within the Easement shall be removed. The City shall periodically photograph the work area to confirm the state of the Easement Area and share those photos with Grantor. City shall periodically inspect the slope within the Easement Area and if erosion has filled drainage devices and culverts, it will promptly clear those devices and culverts. City shall also require its contractor(s) to make Grantor an additional named insured on its general liability policy and confirm in writing with contractor(s) that the general liability policy does not have an erosion exclusion.
14. Grantor hereby represents and warrants that during the period of Grantor's ownership of the property there have been no disposals, releases or threatened releases of hazardous substances or hazardous wastes on, from, or under the property, except that the property has been littered with refuse thrown from the bridge. Although there is no inventory of those items, it includes a car battery, a mail box and broken bottles, among other items. City will clear any such refuse, at its own cost, which is on or immediately adjacent to the Easement Area. Grantor further represents and warrant that Grantor has no knowledge of any disposal, release, or threatened release of hazardous substances or hazardous wastes, on, from, or under the property which may have occurred prior to Grantor taking title to the property.

The payment being made in this transaction reflects the fair-market value of the property without the presence of contamination. If the Temporary Construction Easement Area is found to be contaminated by the presence of hazardous waste which requires mitigation under Federal or State law, the City may elect to recover its clean-up costs from those who caused or contributed to the contamination.

15. Grantor shall be responsible for maintaining the defensible space for fire protection purposes at all times on the entire property, before, during, and after construction as required by the City's Fire Department. When the City's general contractor is provided a Notice to Proceed with onsite construction of the project, only then will the City's contractor also maintain the defensible space within the Easement area until construction is completed. Once the City deems the project acceptable, as defined by the City Council accepting the project, and issues a Notice of Completion to the contractor, the Grantor shall immediately reassume maintenance of the defensible space within the Easement regardless of whether or not the Easement period has expired.
16. Grantor agrees to provide all required supplemental forms necessary to complete this transaction, including a W-9 Form required for payment processing.
17. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same document.
18. This Agreement represents Grantor's settlement proposal and is expressly subject to and contingent upon approval and ratification by the City's Council. This Agreement is not binding upon the City until executed by the appropriate City official(s) acting in their authorized capacity.
19. This Agreement shall be binding upon and inure to the benefit of the heirs, devisees, executors, administrators, legal representatives, successors and assigns of the Grantor.
20. The Grantor agrees to fully disclose the existence of the Temporary Construction Easement and the City's project to any and all potential buyers in the event the Grantor should choose to sell the above described parcel during the term of the easement or after the acceptance of this Agreement.

In Witness Whereof, the Parties have executed this agreement the day and year first above written.

GRANTOR:

 dated November 21, 1997
as amended and restated on May 13, 2013



Date: 10/15/18

CITY OF SAN RAFAEL

By: _____
Jim Schutz
City Manager

Date: _____

ATTEST:

By: _____
Lindsay Lara
City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Robert F. Epstein
City Attorney

Date: _____

CITY'S MAILING ADDRESS:

City of San Rafael
Department of Public Works
111 Morphew Street
San Rafael, CA 94901

No Obligation Other Than Those Set Forth Herein Will Be Recognized

EXHIBIT "A"

APN 012-282-37

All that real property situate in the City of San Rafael, County of Marin, State of California, being a portion of the property described in the GRANT DEED to [REDACTED] dated November 21, 1997 as amended and restated on May 13, 2013, recorded June 16, 2014 in Book 2014 at Page 0024764, Official Record of Marin County, more particularly described as:

Beginning at the southeast corner of said GRANT DEED, also being the southeast corner of Lot 8 & 9 as shown on that MAP OF PICOLO VALLE recorded December 15, 1878, in BOOK 17 of MAPS at PAGE 71, Official Records of Marin County, and the northeast corner of the Grant Deed to DON LANDER DAGLOW and MARTA GALVAN DAGLOW, recorded December 24, 1987 in Book 1987, at Page 0081345, Official Records of Marin County, thence along the southwesterly line of said Lot 8, North 61°46'53" West, 39.35 feet; thence leaving said southwesterly line, North 12°06'15" West, 90.17 feet; thence North 78°52'37" West, 80.57 feet; thence North 11°07'23" East, 20.00 feet; thence South 78°52'37" East, 71.98 feet; thence North 12°06'15" West, 131.45 feet to the north line of said GRANT DEED to Laurence P. Lubka; thence along said north line North 83°36'17" East, 30.15 feet to the west right of way line of Southern Heights Boulevard, thence South 12°06'15" East, 265.85 feet along said west right of way line to the **Point of Beginning**.

Containing 9,164 square feet or 0.21 acres, more or less.

Bearings and distances shown are based on the California Coordinate System 1983 (2011), Epoch 2010.00, Zone 3. Divide distances shown by .99993 to obtain ground level distances.

This real property description has been prepared at Mark Thomas, by me, or under my direction, in conformance with the Professional Land Surveyors Act.



SAMUEL R. MCINTYRE LS. 9313



September 21, 2018
Date

LEGEND

- O.R. OFFICIAL RECORDS COUNTY OF MARIN
- POB POINT OF BEGINNING
- TCE TEMPORARY CONSTRUCTION EASEMENT
- o DIMENSION POINT
- () RECORD DATA
- ▨ TCE AREA
- EXISTING RIGHT OF WAY
- PROPERTY LINE
- TCE BOUNDARY

NOTE: SUBJECT TO A 5' WIDE PG&E EASEMENT PER BK.3635, PG.527 O.R.

REFERENCES

- (1) BOOK 13 OF SURVEYS AT PAGE 16
- (2) BOOK 17 OF MAPS AT PAGE 71
- (3) BOOK 20 OF SURVEYS AT PAGE 14



Sam R. McIntyre

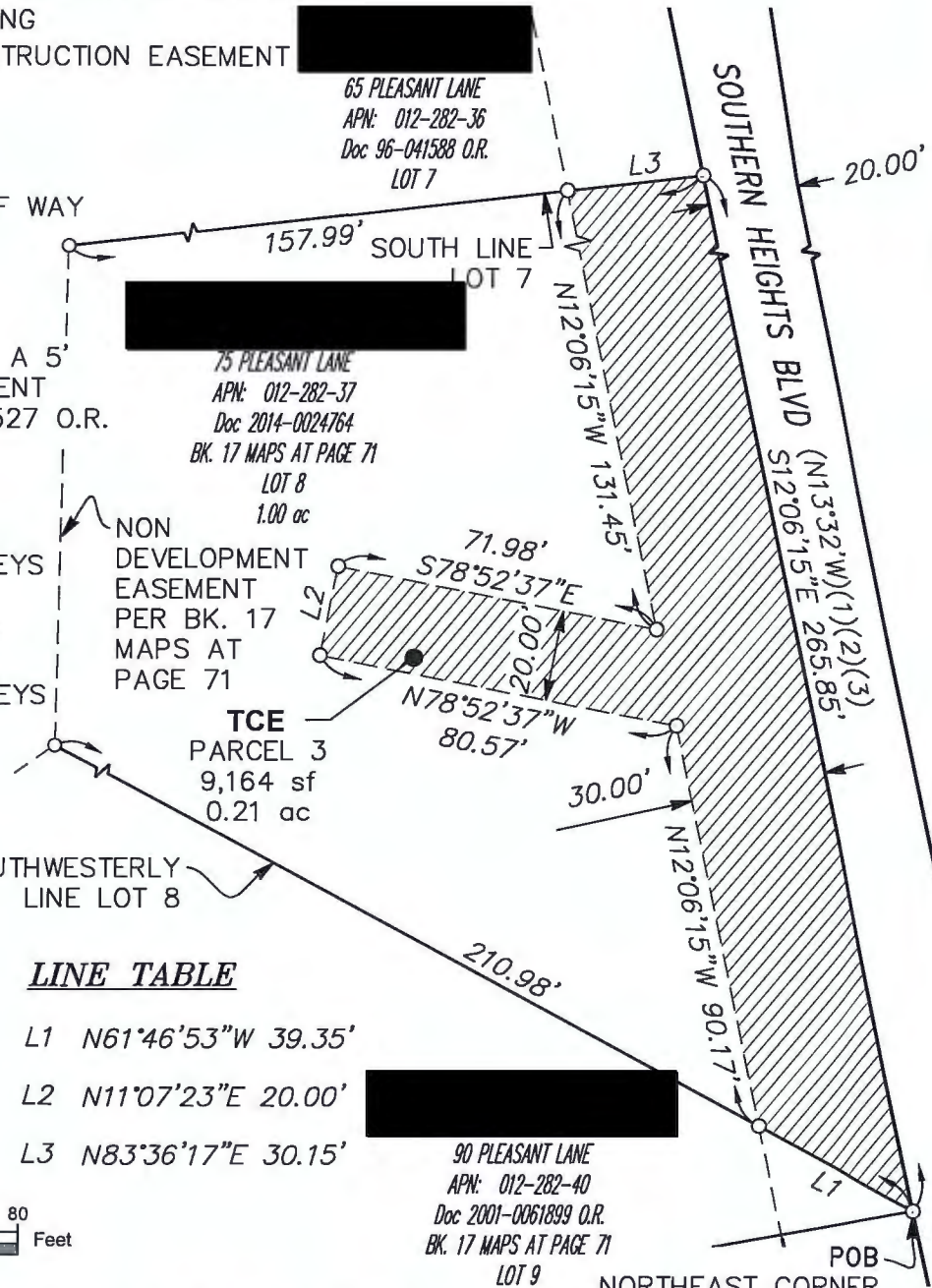


SCALE 1" = 40'

BEARINGS AND DISTANCES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (2011), EPOCH 2010.00, ZONE 3. DIVIDE DISTANCES SHOWN BY 0.99993 TO OBTAIN GROUND LEVEL DISTANCES.

LINE TABLE

- L1 N61°46'53"W 39.35'
- L2 N11°07'23"E 20.00'
- L3 N83°36'17"E 30.15'



90 PLEASANT LANE
APN: 012-282-40
Doc 2001-0061899 O.R.
BK. 17 MAPS AT PAGE 71
LOT 9
NORTHEAST CORNER
DOC.87-81345 ALSO BEING
THE SOUTHEAST CORNER
OF LOTS 8 & 9 PER (2)

EXHIBIT B

 MARK THOMAS	<p>Temporary Construction Easement Parcel #3 APN 012-282-37 In the City of San Rafael Marin County, California</p>	 SAN RAFAEL THE CITY WITH A MISSION
Scale: 1" = 40' Date Sep. 2018 Drawn By MSW Checked By SRM		

PARCEL NO.: 013-132-01
PROJECT: Southern Heights Boulevard. Bridge Replacement
OWNER: [REDACTED]

TEMPORARY CONSTRUCTION EASEMENT AGREEMENT

THIS AGREEMENT is made and entered into by and between

[REDACTED] of the [REDACTED] dated October 22, 2014
(hereinafter called "Grantor"), and

The City of San Rafael, a California municipal corporation (hereinafter called "City"),

By way of this Agreement, Grantor grants to the City Temporary Construction Easement rights for the purposes of facilitating bridge reconstruction, public street improvements and related purposes, in, on, over, under, through, along, and across that specific portion of Grantor's property located in the County of Marin, State of California, particularly described and depicted in Exhibits "A" and "B" attached hereto (the Temporary Construction Easement Area").

In consideration of which, and the other considerations hereinafter set forth, it is mutually agreed as follows:

1. The parties have herein set forth the whole of their agreement. The performance of this Agreement constitutes the entire consideration for the Temporary Construction Easement rights granted herein and shall relieve the City of all further obligations or claims on this account, or on account of the location, grade or construction of the proposed public improvement. However, to the extent that the City takes or damages Grantor's property in a manner not authorized by this Agreement, nothing herein shall be interpreted to preclude Grantor from pursuing a claim for inverse condemnation and seeking damages and litigation costs including reasonable attorney and engineering fees as set forth in California Code of Civil Procedure section 1036.
2. City requires said Temporary Construction Easement rights for bridge and road reconstruction purposes, a public use for which the City may exercise the power of eminent domain. Grantor is compelled to temporarily grant these rights, and the City is compelled to temporarily use these property rights.
3. Both Grantor and City recognize the expense, time, effort, and risk to both Grantor and City in determining the compensation for the temporary property rights by eminent domain litigation. The compensation set forth herein for the property is in compromise and settlement in lieu of such litigation.

4. The City shall:

(A) Pay the undersigned Grantor the sum of \$45,000 as consideration in full for the Temporary Construction Easement rights conveyed, for the loss, replacement and moving of any improvements, and for any and all access limitations during construction covered under this Agreement. It is agreed, however, that at all times, with the exception of rehabilitating the asphalt pavement in the driveway, Grantor shall be provided with a dedicated walking path for ingress and egress to the residence during the course of construction. Said sum shall be paid within thirty (30) days of the date of City acceptance and execution of this Agreement.

5. It is agreed and confirmed by the parties hereto that all other provisions in this Agreement, including the right of possession and use of the Temporary Construction Easement Area by the City, including the right to remove and dispose of improvements, shall commence on 6-30-2019 and terminate on 6-30-2021. Grantor shall have use of the Temporary Construction Easement Area until City takes physical possession. In case of unpredictable delays in construction, upon written notification, the time period of this Temporary Construction Easement may be extended by an amendment. In such case, Grantor shall be compensated based on the fair market value for the Temporary Construction Easement at the time of the extension with an additional \$400 per day of liquidated damages paid by the City's contractor for days in which the Grantor experiences access limited to only the use of the dedicated walking path. The liquidated damage and payment provisions shall be included in the bidding specifications and in the related contract for construction. Payment shall be made to Grantor for the extension prior to the expiration of the original period. The City shall notify the Grantor at telephone number [REDACTED], 72 hours prior to the commencement of actual construction or by 10 days written notice, first class mail, delivery deemed completed on date of mailing.
6. Grantor warrants that s/he is the owner in fee simple of the property upon which the Temporary Construction Easement Area is located, and that s/he has the exclusive right to grant use of the Temporary Construction Easement Area.
7. Grantor warrants that there are no oral or written leases on all or any portion of the property to be encumbered with this Temporary Construction Easement, and Grantor further agrees to hold the City harmless and to reimburse the City for any and all of its losses and expenses occasioned by reason of any lease of said property held by any tenant of Grantor.
8. In consideration of the City waiving the defects and imperfections in all matters of record title, Grantor covenants and agrees to indemnify and hold the City harmless from any and all claims that other parties may make or assert on the title to the premises. Grantor's obligation herein to indemnify the City shall not exceed the amount paid to Grantor under this contract.
9. City agrees to indemnify and holds harmless Grantor from liability arising out of City operations under this Agreement. City further agrees to assume responsibility for damages proximately caused by reason of City operations under this Agreement, and City will, at its option, either repair or pay for such damage.

10. All work done under this Agreement shall conform to all applicable building, fire and sanitary laws, ordinances, and regulations relating to such work, and shall be done in a good and workmanlike manner. All improvements shall be left in as good condition as found.
11. At no expense to the Grantor and at the time of construction, the City shall generally restore Grantor's property to a comparable or better condition as that which existed prior to the City's project construction, to the extent reasonably practical. City shall rehabilitate the Grantor's asphalt pavement in the driveway. The, 3-slat wooden bridge fence, landscaping, and/or irrigation lines are to be protected in place during construction, but shall be restored if affected. Grantor understands and agrees that after completion of construction, all fencing, if any, and improvements on Grantor's property will remain the sole property of Grantor, and Grantor will be solely responsible for the maintenance and repair of such improvements.
12. Permission is hereby granted the City or its authorized agent to enter upon the Temporary Construction Easement Area for the purpose of facilitating bridge reconstruction, public street improvements, and related purposes and for completing the construction contract work described in Clause 11 of this Agreement.
13. Grantor hereby represents and warrants that during the period of Grantor's ownership of the property there have been no disposals, releases or threatened releases of hazardous substances or hazardous wastes on, from, or under the property. Grantor further represents and warrants that Grantor has no knowledge of any disposal, release, or threatened release of hazardous substances or hazardous wastes, on, from, or under the property which may have occurred prior to Grantor taking title to the property.

The payment being made in this transaction reflects the fair-market value of the property without the presence of contamination. If the Temporary Construction Easement Area is found to be contaminated by the presence of hazardous waste which requires mitigation under Federal or State law, the City may elect to recover its clean-up costs from those who caused or contributed to the contamination.

14. Grantor agrees to provide all required supplemental forms necessary to complete this transaction, including a W-9 Form required for payment processing.
15. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same document.
16. This Agreement is subject to and conditioned upon approval and ratification by the City Council. This Agreement is not binding upon the City until executed by the appropriate City official(s) acting in their authorized capacity.
17. This Agreement shall be binding upon and inure to the benefit of the heirs, devisees, executors, administrators, legal representatives, successors and assigns of the Grantor.

18. The Grantor agrees to fully disclose the existence of the Temporary Construction Easement and the City's project to any and all potential buyers in the event the Grantor should choose to sell the above described parcel during the term of the easement or after the acceptance of this Agreement.

In witness whereof, the Parties have executed this agreement the day and year first above written.

GRANTOR:

[REDACTED] of the [REDACTED] dated October 22, 2014

[REDACTED]

Date: 3-26-19

GRANTOR'S MAILING ADDRESS:

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] OF SAN RAFAEL

By: _____
Jim Schutz
City Manager

Date: _____

ATTEST:

By: _____
Lindsay Lara
City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Robert F. Epstein
City Attorney

Date: _____

CITY'S MAILING ADDRESS:
City of San Rafael
Department of Public Works
111 Morpew Street
San Rafael, CA 94901

No Obligation Other Than Those Set Forth Herein Will Be Recognized

EXHIBIT "A"

APN 013-132-01

All that real property situate in the City of San Rafael, County of Marin, State of California, being a portion of the property described in the GRANT DEED to Julie Lynn Shemano, trustee of the [REDACTED] dated October 22, 2014, recorded November 13, 2014 in Book 2014 at Page 0047268, Official Record of Marin County, more particularly described as:

Beginning at a 1/2" Rebar with plastic cap stamped "RCE 15945" at the northwest corner of said GRANT DEED in lieu of a 3/4" iron pipe & tag "RCE 15945" as shown on that RECORD OF SURVEY recorded March 5, 1985 in BOOK 20 OF Surveys AT PAGE 14, Official Records of Marin County, thence along the north line of said GRANT DEED also being the southerly line of the property described in the GRANT DEED to Arthur W. Feidler IV, an unmarried man, in Book 2013 at page 041588, North 47°27'45" East, 11.60 feet; thence South 12°06'03" East, 34.35 feet; thence North 77°50'00" East, 10.00 feet; thence South 12°06'15" East, 13.72 feet; thence North 77°53'45" East, 20.00 feet; thence South 12°06'15" East, 9.78 feet; thence South 32°53'45" West, 42.43 feet; thence South 12°06'15" East, 8.25 feet to a point on the south line of said GRANT DEED recorded November 13, 2014 in Book 2014 at page 0047268; thence along said south line South 67°56'45" West, 10.15 feet to the east right of way of Southern Heights Boulevard marked by 3/4" iron pipe & tag "RCE 15945" as shown on said RECORD OF SURVEY; thence leaving said south line, along said east right of way North 12°06'15" West, 91.97 feet to the Point of Beginning;

Containing 1,821 square feet or 0.04 acres, more or less.

Bearings and distances shown are based on the California Coordinate System 1983 (2011), Epoch 2010.00, Zone 3. Divide distances shown by 0.99993 to obtain ground level distances.

This real property description has been prepared at Mark Thomas, by me, or under my direction, in conformance with the Professional Land Surveyors Act.



SAMUEL R. MCINTYRE LS. 9313



June 14, 2018

Date

LEGEND

- O.R. OFFICIAL RECORDS COUNTY OF MARIN
- POB POINT OF BEGINNING
- TCE TEMPORARY CONSTRUCTION EASEMENT
- FOUND MONUMENT AS NOTED
- DIMENSION POINT
- () RECORD DATA
- ▨ TCE AREA
- EXISTING RIGHT OF WAY
- PROPERTY LINE
- TCE BOUNDARY

LINE TABLE

- L1 N47°27'45"E 11.60'
- L2 N77°50'00"E 10.00'
- L3 S12°06'15"E 13.72'
- L4 N77°53'45"E 20.00'
- L5 S12°06'15"E 9.78'
- L6 S12°06'15"E 8.25'
- L7 S67°56'45"W 10.15'

REFERENCES

- (1) BOOK 13 OF SURVEYS AT PAGE 16
- (2) BOOK 17 OF MAPS AT PAGE 71
- (3) BOOK 20 OF SURVEYS AT PAGE 14



Sam Mc

June 14, 2018

FOUND 3/4" IRON PIPE AND TAG RCE 15945 PER (3)

FOUND 1/2" REBAR WITH PLASTIC CAP STAMPED RCE 15945 IN LIEU OF 3/4" IRON PIPE & TAG RCE 15945. PER (3)

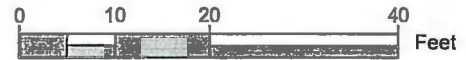
TCE PARCEL 7
1821 sf
0.04 ac

75 PLEASANT LANE
APN: 012-282-37

116 SOUTHERN HEIGHTS BLVD
APN: 013-132-01
Doc 2014-0047268
0.51 ac

108 SOUTHERN HEIGHTS BLVD
APN: 013-132-03

BEARINGS AND DISTANCES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (2011), EPOCH 2010.00, ZONE 3. DIVIDE DISTANCES SHOWN BY 0.99993 TO OBTAIN GROUND LEVEL DISTANCES.



SCALE 1" = 20'

EXHIBIT B

 MARK THOMAS	<p>Temporary Construction Easement Parcel #7 APN 013-132-01 In the City of San Rafael Marin County, California</p>	 SAN RAFAEL THE CITY WITH A MISSION
Scale: 1" = 20' Date June 2018 Drawn By MSW Checked By SRM		

PARCEL NO.: 013-124-06
PROJECT: Southern Heights Boulevard. Bridge Replacement
OWNER: [REDACTED]

**TEMPORARY CONSTRUCTION EASEMENT AND
TEMPORARY ACCESS EASEMENT AGREEMENT**

THIS AGREEMENT is made and entered into by and between

[REDACTED] (hereinafter
called "Grantor"), and

The City of San Rafael, a California municipal corporation (hereinafter called "City"),

By way of this Agreement, Grantor grants to the City temporary construction easement and temporary access easement rights for the purposes of facilitating bridge reconstruction, public street improvements and related purposes, in, on, over, under, through, along, and across that specific portion of Grantor's property located in the County of Marin, State of California, particularly described and depicted in Exhibits "A" and "B" attached hereto (the Temporary Construction Easement and Temporary Access Easement Area").

In consideration of which, and the other considerations hereinafter set forth, it is mutually agreed as follows:

1. The parties have herein set forth the whole of their agreement. The performance of this Agreement constitutes the entire consideration for the temporary construction easement and temporary access easement rights granted herein and shall relieve the City of all further obligation or claims on this account, or on account of the location, grade or construction of the proposed public improvement.
2. City requires said temporary construction easement and temporary access easement rights for bridge and road reconstruction purposes, a public use for which the City may exercise the power of eminent domain. Grantor is compelled to temporarily grant these rights, and the City is compelled to temporarily use these property rights.
3. Both Grantor and City recognize the expense, time, effort, and risk to both Grantor and City in determining the compensation for the temporary property rights by eminent domain litigation. The compensation set forth herein for the property is in compromise and settlement, in lieu of such litigation.
4. The City shall:
 - (A) Pay the undersigned Grantor the sum of \$2,800 as consideration in full for the temporary construction easement and temporary access easement rights conveyed, for the loss, replacement and moving of any improvements, and for entering into this Agreement. Said sum shall be paid within thirty days of the date of City acceptance and execution of this Agreement.

5. It is agreed and confirmed by the parties hereto that notwithstanding other provisions in this Agreement, the right of possession and use of the Temporary Construction Easement and Temporary Access Easement Area by the City, including the right to remove and dispose of improvements, shall commence on the date payment is received by owner or on January 1, 2019, whichever occurs later and shall terminate 24 months thereafter or on January 1, 2021, whichever occurs later. Grantor shall have use of the Temporary Construction Easement and Temporary Access Easement Area until City takes physical possession. In case of unpredictable delays in construction, upon written notification, the term of this temporary construction easement may be extended by an amendment to this Temporary Construction Easement Agreement. In such case, Grantor shall be compensated based on the fair market value at the time of the extension. Payment shall be made to Grantor for the extension prior to the expiration of the original period. The City shall notify the Grantor at telephone number [REDACTED], 72 hours prior to the commencement of actual construction or by 10 days written notice, first class mail, delivery deemed completed on date of mailing.
6. Grantor warrants that they are the owner in fee simple of the property upon which the Temporary Construction Easement and Temporary Access Easement Area is located, and that they have the exclusive right to grant use of the Temporary Construction Easement and Temporary Access Easement Area.
7. Grantor warrants that there are no oral or written leases on all or any portion of the property to be encumbered with this temporary construction easement and Grantor further agrees to hold City harmless and reimburse City for any and all of its losses and expenses occasioned by reason of any lease of said property held by any tenant of Grantor.
8. In consideration of the City waiving the defects and imperfections in all matters of record title, Grantor covenants and agrees to indemnify and hold the City harmless from any and all claims that other parties may make or assert on the title to the premises. Grantor's obligation herein to indemnify the City shall not exceed the amount paid to Grantor under this contract.
9. City agrees to indemnify and holds harmless Grantor from any liability arising out of City operations under this Agreement. City further agrees to assume responsibility for any damages proximately caused by reason of City operations under this Agreement and City will, at its option, either repair or pay for such damage.
10. All work done under this Agreement shall conform to all applicable building, fire and sanitary laws, ordinances, and regulations relating to such work, and shall be done in a good and workmanlike manner. All improvements shall be left in as good condition as found.
11. At no expense to the Grantor and at the time of construction, the City shall generally restore Grantor's property to a comparable condition as it existed prior to the City's project construction, to the extent reasonably practical. Said restoration shall include the reestablishment of a small portion of wooden fencing, and the entry pathway to match the grade of the new bridge. All landscaped areas, remaining fencing, trees and shrubs and/or irrigation lines are to be protected in place during construction, but shall be restored, if

affected. Grantor understands and agrees that after completion of construction, all fencing if any and improvements on Grantor's property will remain the sole property of Grantor and Grantor will be solely responsible for the maintenance and repair of such improvements.

12. Permission is hereby granted City or its authorized agent to enter upon the Temporary Construction Easement and Temporary Access Easement Area for the purpose of facilitating bridge reconstruction, public street improvements and related purposes, and for completing the construction contract work described in Clause 11 of this Agreement.
13. Grantor hereby represents and warrants that during the period of Grantor's ownership of the property there have been no disposals, releases or threatened releases of hazardous substances or hazardous wastes on, from, or under the property. Grantor further represents and warrant that Grantor has no knowledge of any disposal, release, or threatened release of hazardous substances or hazardous wastes, on, from, or under the property which may have occurred prior to Grantor taking title to the property.

The payment being made in this transaction reflects the fair-market value of the property without the presence of contamination. If the Temporary Construction Easement and Temporary Access Easement Area is found to be contaminated by the presence of hazardous waste which requires mitigation under Federal or State law, the City may elect to recover its clean-up costs from those who caused or contributed to the contamination.

14. Grantor agrees to provide all required supplemental forms necessary to complete this transaction, including a W-9 Form required for payment processing.
15. This Agreement may be executed in counterparts, each of which so executed shall irrespective of the date of its execution and delivery be deemed an original, and all such counterparts together shall constitute one and the same document.
16. This Agreement is subject to and conditioned upon approval and ratification by the City's Council. This Agreement is not binding upon the City until executed by the appropriate City official(s) acting in their authorized capacity.
17. This Agreement shall be binding upon and inure to the benefit of the heirs, devisees, executors, administrators, legal representatives, successors and assigns of the Grantor.
18. The Grantor agrees to fully disclose the existence of the Temporary Construction Easement and the City's project to any and all potential buyers in the event the Grantor should choose to sell the above described parcel during the term of the easement or after the acceptance of this Agreement.

In Witness Whereof, the Parties have executed this agreement the day and year first above written.

GRANTOR:

[Redacted signature line]

[Redacted signature block]

Date: 11/6/18

CITY OF SAN RAFAEL

By: _____
Jim Schutz
City Manager

Date: _____

ATTEST:

By: _____
Lindsay Lara
City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Robert F. Epstein
City Attorney

Date: _____

CITY'S MAILING ADDRESS:
City of San Rafael
Department of Public Works
111 Morphew Street
San Rafael, CA 94901

No Obligation Other Than Those Set Forth Herein Will Be Recognized

EXHIBIT "A"

APN 013-124-06

All that real property situate in the City of San Rafael, County of Marin, State of California, being a portion of the property described in the TRUST TRANSFER DEED to [REDACTED]

[REDACTED] recorded May 6, 2014 in Book 2014 at Page 0018110, Official Records of Marin County, more particularly described as PARCEL 5 and PARCEL 5-1:

PARCEL 5

A 10.00 foot strip of land lying easterly and parallel with the following described line:

Beginning at the northwest corner of PARCEL II as shown on said TRUST TRANSFER DEED marked by a Brass Tag stamped "RCE 15945" as shown on that RECORD OF SURVEY recorded September 30, 1983 in BOOK 18 OF Surveys AT PAGE 72, Official Records of Marin County, also being a point on the east right of way of Southern Heights Boulevard; thence along said east right of way South 12°06'15" East, 56.67 feet to the southwest corner of said TRUST TRANSFER DEED also being the northwest corner of the land described in the GRANT DEED to Arthur W. Feidler, recorded February 5, 2013 in Book 2013 at Page 041588, Official Records of Marin County, also being the POINT OF TERMINUS, which bears South 88°37'19 West 0.73 feet from a Brass Tag stamped "RCE 15945" on rod arm.

The easterly line of said 10.00 foot strip to be extended or shortened so as to terminate on the northerly and southerly lines of said TRUST TRANSFER DEED.

Containing 588 square feet or 0.01 acres, more or less.

PARCEL 5-1

A 5.00 foot strip of land, the centerline of which being described as follows:

Commencing at the northwest corner of said PARCEL II as shown on TRUST TRANSFER DEED marked by a Brass Tag stamped "RCE 15945" as shown on that RECORD OF SURVEY recorded September 30, 1983 in BOOK 18 OF Surveys AT PAGE 72, Official Records of Marin County, also being a point on the east right of

way of Southern Heights Boulevard; thence leaving said east right of way North 52°06'21" East, 11.11 feet along the northerly line of said TRUST TRANSFER DEED; thence leaving said northerly line, South 12°06'15" East, 11.27 feet along the easterly line of a 10.00 foot strip described as PARCEL 5 per this description to the Point of Beginning; thence North 78°19'36" East, 18.11 feet; thence South 11°40'23" East, 20.18 feet; thence South 52°06'15" East, 35.23 feet to a point on the southerly line of said TRUST TRANSFER DEED, also being the Point of Terminus.

The side lines of said 5.00 foot strip to be extended or shortened so as to terminate on the easterly line of said PARCEL 5 and the southerly line of said TRUST TRANSFER DEED.

Containing 368 square feet or 0.01 acres, more or less.

Bearings and distances shown are based on the California Coordinate System 1983 (2011), Epoch 2010.00, Zone 3. Divide distances shown by 0.99993 to obtain ground level distances.

This real property description has been prepared at Mark Thomas, by me, or under my direction, in conformance with the Professional Land Surveyors Act.



SAMUEL R. MCINTYRE LS. 9313



June 14, 2018

Date

LEGEND

- O.R. OFFICIAL RECORDS COUNTY OF MARIN
- POB POINT OF BEGINNING
- TCE TEMPORARY CONSTRUCTION EASEMENT
- TPE TEMPORARY PEDESTRIAN EASEMENT
- FOUND MONUMENT AS NOTED
- DIMENSION POINT
- () RECORD DATA
- ▨ TCE AREA
- ▩ TPE AREA
- EXISTING RIGHT OF WAY
- PROPERTY LINE
- TCE/TPE BOUNDARY
- TPE CENTERLINE

LINE TABLE

- L1 N52°06'21"E 11.11'
- L2 S74°34'45"W 10.02'
- L3 S12°06'15"E 11.27'
- L4 N78°19'36"E 18.11'
- L5 S11°40'23"E 20.18'

POB PARCEL 5
 FOUND BRASS TAG IN
 CONCRETE STAMPED RCE
 15945 PER BOOK 18 OF
 SURVEYS AT PAGE 72

REFERENCES

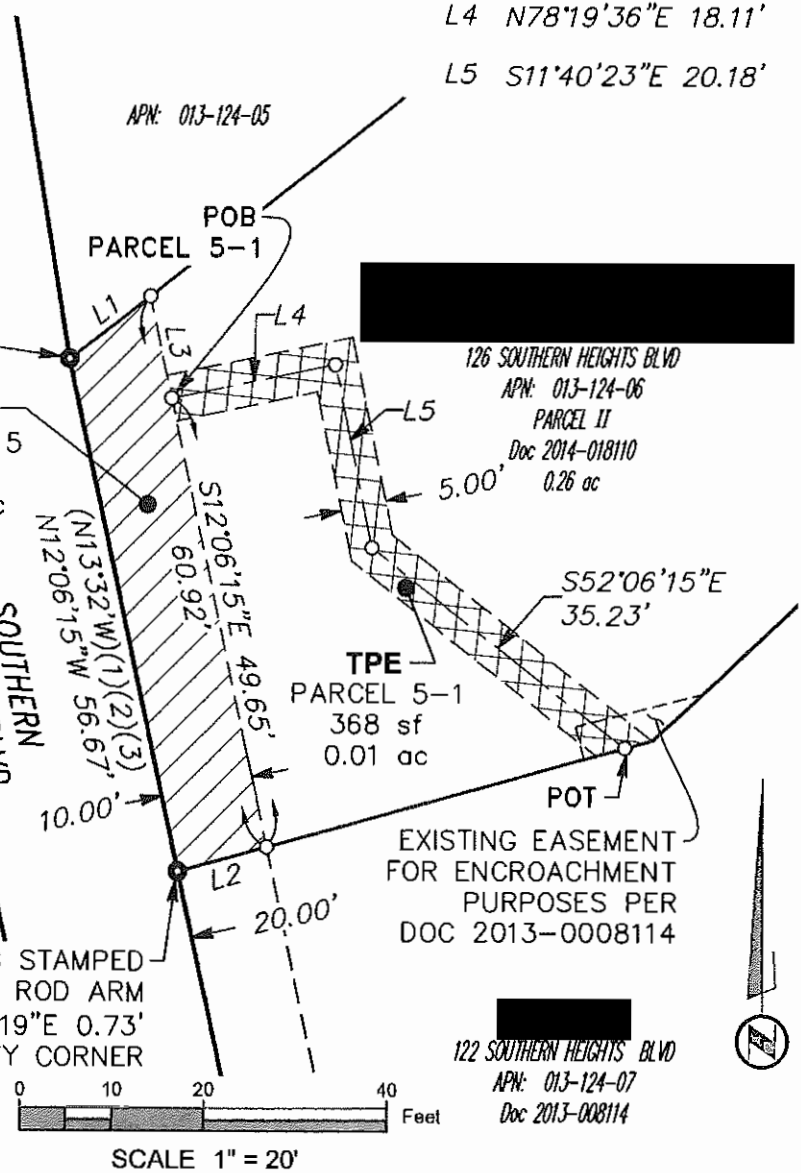
- (1) BOOK 13 OF SURVEYS
AT PAGE 16
- (2) BOOK 17 OF MAPS
AT PAGE 71
- (3) BOOK 20 OF SURVEYS
AT PAGE 14



Sam Mc
 June 14, 2018

75 PLEASANT LANE
 APN: 012-282-37

FOUND BRASS TAG STAMPED
 RCE 15945 ON ROD ARM
 BEARS N88°37'19"E 0.73'
 FROM PROPERTY CORNER



BEARINGS AND DISTANCES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (2011), EPOCH 2010.00, ZONE 3. DIVIDE DISTANCES SHOWN BY 0.99993 TO OBTAIN GROUND LEVEL DISTANCES.

EXHIBIT B

MARK THOMAS
 Scale: 1" = 20'
 Date June 2018
 Drawn By MSW
 Checked By SRM

**Temporary
 Construction Easement
 Parcel #5 & 5-1
 APN 013-124-06
 In the City of San Rafael
 Marin County, California**

SAN RAFAEL
 THE CITY WITH A MISSION



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Public Works

Prepared by: Bill Guerin,
Director of Public Works

City Manager Approval: _____

TOPIC: ANNUAL TRAFFIC MITIGATION FEE REPORT

SUBJECT: RESOLUTION ACCEPTING THE ANNUAL TRAFFIC MITIGATION FEE REPORT AND APPROVING THE DETERMINATION THAT A REASONABLE RELATIONSHIP EXISTS BETWEEN THE CURRENT NEED FOR TRAFFIC MITIGATION FEES HELD OVER FIVE YEARS AND THE PURPOSES FOR WHICH THEY WERE ORIGINALLY COLLECTED

RECOMMENDATION: Accept the Traffic Mitigation Fee Report and adopt a resolution making a finding that a reasonable relationship continues to exist between the current need for Traffic Mitigation Fees held over 5 years and the purposes for which they were originally charged.

BACKGROUND: Traffic mitigation fees are a type of development impact or public facility fee. They are charged by a local governmental agency to an applicant in connection with the approval of a development project. They are not a tax or special assessment. Rather, their purpose is to offset the cost of public facilities made necessary by the development project. In the case of Traffic Mitigation Fees, the fees are collected to provide funds for increasing street capacity to accommodate additional traffic generated by new development. Assembly Bill 1600 (California Government Codes §66000 – 66025) established requirements for how cities collect, maintain and spend impact fees. The focus of this report is on the impact fee portion of the law.

The City's traffic mitigation fees were enacted in 1988 in connection with General Plan 2000 and that document's projections for growth and future traffic patterns in the City. The Circulation Element of General Plan 2020 calls for continued implementation and periodic updating of Traffic Mitigation Fees in order to fund the long list of traffic improvements mentioned in the General Plan as well as other circulation needs that may arise as the City is developed. (General Plan 2020, Programs C-6, C-7)

FOR CITY CLERK ONLY

File No.:

Council Meeting:

Disposition:

Impact fees must demonstrate a reasonable connection between the fee charged and the cost of the improvements for which they are collected, must be deposited in a separate account, segregated from the City's general fund, and used only for the identified improvements. AB 1600 requires cities to spend or commit the fees within 5 years of collection, or return them to the developer unless a finding can be made that a reasonable relationship continues to exist between the current need for the fee and the purpose for which it was originally collected (Gov. Code §66001(d)).

Of the City's various development fees, the Traffic Mitigation Fee is the only such fee subject to AB 1600 reporting. Pursuant to Government Code Section §66006, cities must publish annual reports on these fees, which are to be available to the public.

ANALYSIS: The Traffic Mitigation Fee report consists of the following seven elements:

1. *Fee description:* The Traffic Mitigation Fee is charged to new development projects. It is intended to pay for those circulation system improvements identified in General Plan 2020 needed to accommodate the proposed development or, as stated in section C-6 of General Plan 2020, and for "other recommended roadway improvements, including additional improvements that may become necessary in the long-term and are desirable to enhance San Rafael's circulation system, but are not necessary to maintain Level of Service (LOS) standards. Specific improvements will be implemented as conditions require, and will be refined during the design phase. Recognize that other feasible design solutions may become available and be more effective in achieving the same goals as the improvements listed in Exhibit". The Plan lists 32 long-term roadway improvement projects, 24 of which are identified to be partially funded with Traffic Mitigation fees and as noted above, also allows other additional improvements, not in the General plan 2020 (such as improvements in the City's approved list of Capital Improvement Projects), to be made.
2. *Amount of the fee:* Each new A.M. and P.M. peak hour trip generated by a development is charged \$4,246. Fees are calculated based on land use types and their estimated trips generated.

3. *Account beginning and ending balance, fees collected and interest accrued:*

Fund balance July 1, 2017	\$7,478,592.93
Revenue (17/18)	
• Interest income	\$45,408
• Traffic Mitigation Fees	\$701,951
• Gas Tax Transfer to Downtown Rail Readiness (project #11237)	\$148,788
Total Revenue	\$896,147
Expenditures (17/18)	
• <i>Capital Projects</i>	
Freitas Las Gallinas Intersection #11171	\$2,881,908
Third & Hetherton Study #11303	\$32,811
Second & Third Street Queue Cutters Study #11335	\$59,950
Grand Avenue Pathway Connector #11173	\$223,650
Andersen Drive Rail Crossing Improvements #11276	\$487,571
Total Expenditures	\$3,685,890
Net Change Fund Balance (\$892,147-\$3,685,890)	\$(2,789,743)
Fund Balance June 30, 2018	\$4,688,850

4. *List of improvements on which fees were expended, amount of expenditure and total percentage of cost covered by fee:* A list of all major planned circulation improvements identified in the General Plan is provided in Attachment 2 of this report. Following are the projects for which Traffic Mitigation Fees were used during the 2018-2019 fiscal year:

- a. Manuel T. Freitas Parkway/Las Gallinas Avenue Intersection Improvements (#11171) – the project broke ground in FY 2016-17, but the lion share of construction took place in FY 2017-18. The project upgraded traffic signal system and operations and improve pedestrian safety and intersection geometry. The project was fully completed in early 2018, and the formal notice of completion was brought to [City Council on August 20, 2018](#). The total cost for this project was \$3,526,791, of which \$3,257,900 came from the Traffic Mitigation Fund.
- b. Third & Hetherton Intersection Study (#11303) – the City contracted with Kimley-Horn to study conceptual plans and define a project scope that will balance safety and capacity at this intersection. The total study cost was \$94,035, all of which came from the Traffic Mitigation Fund. Final recommendations from the Third and Hetherton Intersection study were brought to [City Council on December 17, 2018](#). Design and part of construction of the improvements is being funded through a \$583,000 Highway Safety Improvement Program (HSIP) grant from Caltrans.
- c. Second & Third Street Queue Cutters (#11335) – In preparation for the extension of SMART extension to Larkspur, which includes rail line crossing Second and

Third Streets, the City needs to install queue cutters to prevent vehicles from stopping on the tracks. Design was started in FY 2017-18, and construction was awarded by City Council on [December 3, 2018](#). The total cost of this project is anticipated to be \$380,000, all of which will come from the Traffic Mitigation Fund

- d. Grand Avenue Pathway Connector (#11173) – The project consists of installing a bicycle/pedestrian bridge just east of the existing Grand Avenue vehicle bridge which cross the San Rafael Canal. The structure will improve access to Francisco Blvd. East and provide a vital connection between the downtown and east San Rafael. Traffic Mitigation funds were used in the Right of Way purchase for the bridge project, as approved by [City Council on February 20, 2018](#). The total cost of this project is \$3,504,000, of which \$301,925 has been approved for use from the Traffic Mitigation Fund
 - e. Andersen Drive (#11276) – The project involves the reconfiguring of Andersen Drive, including the installation of signal systems and related improvements to allow an at grade rail crossing of Andersen Drive with SMART’s extension to Larkspur. The MOU with SMART to construct the Andersen crossing improvements was approved by [City Council on March 20, 2017](#) which authorized a total amount of \$5,070,000 which included construction, Contingency plus SMART’s Staff time. The initial design for this crossing was supported by redevelopment funds and the construction being supported by from the Traffic Mitigation Fund. While the majority of the construction is completed, additional property transfers and incidental work remain at this time.
5. *Approximate date by which construction will commence when City has determined that sufficient funds have been collected:* See No. 4 above. Projects identified in General Plan 2020 are major infrastructure improvements which often require substantial state and federal funding in addition to Traffic Mitigation resources. Scheduling of those projects therefore depends upon the availability of these supplemental funds.
 6. *Any interfund loan or transfer, including the public improvement where it will be spent:* There was a transfer of funds in from the Gas Tax in the amount of \$148,788 for the Downtown Rail Readiness project #11237.
 7. *Refunds made due to sufficient funds being collected:* No refunds were made.

An analysis of the accumulated fund balance follows. A first in, first out (FIFO) accounting method assumes the first revenue collected is the first spent. Staff analyzed the annual balances for the past 5 fiscal years and determined that \$2,193,570 has been held for more than 5 years, as shown in the following table:

Traffic Mitigation Fund #246

Revenues only:

0-1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years
Unspent & received in FY 17-18	Unspent & received in FY 16-17	Unspent & received in FY 15-14	Unspent & received in FY 14-13	Unspent & received in FY 13-12	Unspent & received 1/1/89 to 6/30/12
\$896,147	\$382,554	\$386,840	\$660,888	\$168,851	\$2,193,570

A finding must be made that a reasonable relationship exists between the current need for the fees and the purposes for which they were originally charged.

As evidenced by the projects described above, current traffic improvement projects underscore the connection between the current need for the fees and the purpose for which they were originally collected. The funds currently held by the City for more than 5 years are already planned for use in specific projects. The City anticipates the following projects will continue to incur Traffic Mitigation Funds expenses:

- Third & Hetherton Intersection Study
- Andersen Drive
- Second & Third Street Queue Cutters
- Francisco Blvd Multi Use Path (partial funding resulting from [transfer of funds from Grand Avenue Bridge project](#))

While these are the projects currently under construction, it is worth noting that the total cost of the 24 Circulation Element improvements in the General Plan 2020 is estimated at \$57.95 million, of which \$38.6 million (67%) would come from traffic mitigation fees.

FISCAL IMPACT: If the City Council makes a finding that a reasonable relationship continues to exist (staff’s recommendation), a positive fund balance shall be available for the beginning of FY 2018-19.

OPTIONS:

- Accept the report and adopt the resolution as recommended.
- Accept the report with modifications and adopt the Resolution with amended findings.
- Do not accept the report and do not adopt the resolution.

RECOMMENDED ACTION: Accept the Traffic Mitigation Fee Report and adopt a resolution making a finding that a reasonable relationship continues to exist between the current need for Traffic Mitigation Fees held over 5 years and the purposes for which they were originally charged.

ATTACHMENTS:

1. Resolution
2. Exhibit 21 from General Plan 2020: *Major Planned Circulation Improvements*

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL ACCEPTING THE ANNUAL TRAFFIC MITIGATION FEE REPORT AND DETERMINING THAT A REASONABLE RELATIONSHIP EXISTS BETWEEN THE CURRENT NEED FOR TRAFFIC MITIGATION FEES HELD OVER FIVE YEARS AND THE PURPOSES FOR WHICH THEY WERE ORIGINALLY COLLECTED

WHEREAS, the City's Circulation Element of General Plan 2020 identifies improvements necessitated by continued development in the City; and

WHEREAS, the City has adopted a Capital Improvement Program ("CIP") that has been developed to prioritize and guide the construction of the needed improvements and which allocates funds to construct the improvements as mitigation for continued development; and

WHEREAS, these improvements are scheduled to be constructed over time as sufficient funds become available; and

WHEREAS, the City imposes a Traffic Mitigation Fee on new development projects for the purpose of paying for those circulation system improvements identified in Exhibit 21 of General Plan 2020 and the CIP that are needed to accommodate the development; and

WHEREAS, General Plan 2020 recognizes and allows other recommended roadway improvements, including additional improvements that may become necessary in the long-term and are desirable to enhance San Rafael's circulation system, but are not necessary to maintain LOS standards; and

WHEREAS, General Plan 2020 allows for specific improvements to be implemented as conditions require, and will be refined during the design phase, and

WHEREAS, the Plan also recognizes that other feasible design solutions may become available and be more effective in achieving the same goals as the improvements listed in Exhibit 21, and

WHEREAS, the City's Traffic Mitigation Fee fund contains some funds that have been held for over five years; and

WHEREAS, the City expended \$3,685,890 on Traffic Mitigation funded capital projects in FY 2017-18 and anticipates expending all remaining \$2,193,570 in traffic mitigation funds held over five years in support of the construction of the Andersen Drive intersection project and other capital projects in FY 2018-19, and

WHEREAS, City staff has presented to the City Council an annual report on the Traffic Mitigation Fees as required by Government Code Section §66006; and

WHEREAS, the circulation system improvements identified in General Plan 2020 and the CIP are of such size that insufficient funds have been collected or obtained to construct these improvements within the five-year expenditure period provided by Government Code Section §66001(d); and

WHEREAS, the Traffic Mitigation Fees that have been held for over five years are currently planned for specific pending or upcoming projects; and

WHEREAS, there continues to be a distinct nexus between continued development and the necessity to mitigate development impacts on traffic circulation;

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby accepts the annual report on Traffic Mitigation Fees, and finds that a reasonable relationship exists between the current need for the Traffic Mitigation Fees held over five years and the purposes for which they were originally charged.

I, **LINDSAY LARA**, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on the Monday, the 15th day of April 2019 by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

LINDSAY LARA, City Clerk

Exhibit 21**Major Planned Circulation Improvements ^a**

	Proposed Roadway Improvements	Projected Cost	Mitigation Fee	Funding Source		Projected Project Timing (b)
				Redevelopment	State & Federal	
1	Smith Ranch Road/Lucas Valley Road Widen roadway to provide two westbound and two eastbound lanes between Redwood Highway and Los Gamos. Widen northbound 101 off ramp and southbound 101 off ramp for additional right and left turn lanes.	\$4,000,000	\$4,000,000			Depends On Development Timing
2	Lucas Valley/Los Gamos Widen Lucas Valley Road to provide two through lanes for eastbound and westbound, and provide two westbound left turn lanes. Widen southbound Los Gamos to provide 2 lanes for 300 feet and merge back to one lane. Signalize intersection and coordinate with adjacent intersections.	\$2,000,000	\$2,000,000			Depends On Development Timing
3	Las Gallinas Avenue (Merrydale to Del Presidio) Remove parking and widen street to provide four lanes (one southbound, two northbound and one two-way left turn).	\$300,000	\$300,000			Depends On Development Timing
4	Freitas/Las Gallinas Upgrade the traffic signal system and operation. Improve intersection geometry, cover portions of drainage ditch	\$650,000	\$650,000			5-7 years
5	Freitas/Del Presidio Explore feasibility of double northbound right turn and southbound 101 on ramp widening	\$900,000	\$900,000			Depends On Development Timing
6	Freitas/ Northbound 101 Ramps- Redwood-Civic Center widening and signalization. Right of Way Required.	\$7,500,000	\$7,500,000			Depends On Development Timing

	Proposed Roadway Improvements	Projected Cost	Mitigation Fee	Funding Source		Projected Project Timing (b)
				Redevelopment	State & Federal	
7	Grand Avenue (south of Grand Avenue bridge to Fourth Street)					
	Widen north/south, add one lane as required, and upgrade traffic signal system. Requires right of way and major bridge widening.	\$6,500,000	\$3,250,000	\$3,250,000		Depends On Development Timing
	Signalize Grand/ Fifth, and restrict parking to provide turn lanes.	\$200,000	\$200,000			5-7 years
	Signalize Grand/ Mission, and restrict parking to provide turn lanes.	\$200,000	\$200,000			5-7 years
8	Francisco Blvd. East (Bellam to Grand Avenue Bridge)					
	Four lanes required. One southbound, one two-way left turn and two northbound lanes. Major right of way required.	\$10,000,000	\$5,000,000	\$5,000,000		Depends On Development Timing
	Signalize Francisco Blvd. East/Harbor.	\$200,000	\$200,000			5-7 years
9	Lincoln Avenue (Second Street to southbound 101 ramps - Hammondale or as required)					
	Extend the existing PM peak northbound Tow-Away zone for AM peak as well (four lanes may be required). This parking restriction is likely to be extended north toward the southbound 101 ramps.	\$400,000	\$400,000			3-5 years
	Signalize Lincoln/ Grand, and restrict parking to provide turn lanes.	\$200,000	\$200,000			3-5 years
10	Mission/Lincoln	\$4,000,000	\$4,000,000			Depends On Development Timing
	Provide additional lanes for northbound, and westbound; upgrade traffic signal system, requires right of way.					
11	Fourth Street (Miracle Mile)	\$450,000	\$450,000			5-7years
	Re-align Ross Valley and Santa Margarita and re-design intersection operation. LOS may deteriorate but community access will be provided.					
	Additional Signalization					
12	Signalize Fifth & H Street, and restrict parking to provide turn lanes.	\$100,000	\$100,000			3 years

	Proposed Roadway Improvements	Projected Cost	Mitigation Fee	Funding Source		Projected Project Timing (b)
				Redevelopment	State & Federal	
13	Signalize First/C Street, and restrict parking to provide turn lanes.	\$150,000	\$150,000			3 years
14	Signalize First/ D Street, and restrict parking to provide turn lanes.	\$150,000	\$150,000			3 years
15	Signalize Fourth/Union Street, and restrict parking to provide turn lanes.	\$200,000	\$200,000			Depends On Development Timing
16	Signalize or Roundabout Mission/Court Street.	\$200,000	\$100,000	\$100,000		Depends On Development Timing
17	Signalize Merrydale/Southbound 101 Ramps, and provide turn lanes.	\$250,000	\$250,000			5-7years
18	Signalize Lincoln/DuBois/Irwin and re-align intersection. Right of way required.	\$2,500,000		\$2,500,000		Depends On Development Timing
19	Third/Union Street Widen Union Street to provide 4 lanes between Third and Fourth. Fire Station 4 modification required. Reconfigure Third/Union eastbound left turn pocket. Provide westbound right turn pocket. Upgrade the traffic signal system and operation.	\$900,000	\$900,000			2 years
20	Kerner Blvd or Francisco Blvd. East. To Andersen Drive Undercrossing Provide a minimum 3-lane connector near Shoreline Parkway. Signalize at both ends.	\$8,000,000	\$4,000,000	\$4,000,000		Depends On Development Timing
21	Andersen /East Sir Francis Drake-eastbound 580 Ramps Major widening and signalization.	\$2,000,000	\$500,000	\$500,000	\$1,000,000	5-7 years
22	Upgrade traffic signal system.	\$3,000,000	\$1,500,000		\$1,500,000	7 years
23	Install traffic monitoring sensors and camera system.	\$1,000,000	\$500,000		\$500,000	7 years
24	Install Fiber Optic network throughout the traffic system.	\$2,000,000	\$1,000,000		\$1,000,000	7 years
	Sub Total	\$57,950,000	\$38,600,000	\$15,350,000	\$4,000,000	

Proposed Roadway Improvements	Projected Cost	Mitigation Fee	Funding Source		Projected Project Timing (b)
			Redevelopment	State & Federal	
Other Projects	Projected Cost	City Funds	Redevelopment	State & Federal	
25 Implement Bicycle and Pedestrian Master Plan	\$5,300,000	\$2,650,000		\$2,650,000	7-20 years
26 Pedestrian bridge at Third/Hetherton – GGT Transportation Center	\$2,000,000	\$500,000	\$500,000	\$1,000,000	Depends On SMART, 10-20 years
27 Pedestrian bridge to connect Canal to Andersen Drive/Downtown.	\$4,500,000	\$1,125,000	\$1,125,000	\$2,250,000	10-20 years
28 Pedestrian bridge to connect Canal to Montecito Shopping Center.	\$4,000,000	\$1,000,000	\$1,000,000	\$2,000,000	10-20 years
29 Freitas / Northbound 101 Ramps - Redwood-Civic Center or a new flyover from Civic Center Dr. to Freitas.	\$12,000,000	\$6,000,000		\$6,000,000	Depends On Development Timing
30 Second Street (from E Street to east side of A Street). The projected volume requires right turn lanes or through/right lanes be added in the long term. Right of way required.	\$6,000,000	\$1,500,000	\$3,000,000	\$1,500,000	10-20 years
31 Pedestrian bridge over Canal between the Canal and Montecito/Happy Valley neighborhoods.	\$4,000,000	\$1,000,000	\$2,000,000	\$1,000,000	10-20 years
32 North San Rafael Promenade	\$2,000,000	\$1,000,000		\$1,000,000	10-20 years
Sub Total Other Projects	\$39,800,000	\$14,775,000	\$7,625,000	\$17,400,000	
Grand Total Project Cost	\$97,750,000				

(a) Priorities for circulation improvements are set in the Capital Improvements Program. This list may be amended as part of the five-year General Plan update.

(b) The timing for the improvements depends on the size, type and phasing of additional development. Policies LU-2 (Development Timing) requires findings when project-related traffic will not cause the LOS to be exceeded.

Source: San Rafael Public Works Department



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Finance Department

Prepared by: Mark Moses

City Manager Approval: _____

TOPIC: 400 UPPER TOYON DRIVE DETACHMENT AND PROPOSED TAX SHARING AGREEMENT

SUBJECT: CONSIDERATION OF A PROPOSED TAX SHARING AGREEMENT WITH TOWN OF ROSS RELATING TO 400 UPPER TOYON DRIVE DETACHMENT REQUEST

EXECUTIVE SUMMARY:

The property owner for 400 Upper Toyon Drive submitted an application to the Marin Local Agency Formation Commission (LAFCO) to detach from the City of San Rafael (City) and annex into the Town of Ross (Ross). The issue for the Council to consider is related to a tax sharing agreement. When there is a reorganization of city boundaries, both agencies are required to negotiate and agree upon a tax sharing agreement. LAFCO and reorganization rules require the two entities to negotiate in good faith and attempt to come to an agreement on a fair plan for sharing property tax in the future. The City and Ross have been unable to come to an agreement and are at impasse in the negotiations for a tax share agreement. The City presents to Council the June 2017 property tax share proposal for consideration, acceptance or rejection, as well as an offer by the property owner. Staff has reviewed both offers. While staff acknowledges and appreciates the parties' efforts to reach a fair agreement with the City, City staff finds that, in either scenario, absorbing the lost tax revenue from this property is not fiscally responsible for San Rafael.

RECOMMENDATION:

Staff recommends rejecting the tax share agreement and the property owner's proposal and direct staff to inform LAFCO of Council decision.

BACKGROUND:

In March 2017, the property owner for 400 Upper Toyon Drive submitted an application to LAFCO to detach from the City and annex into Ross. The property is currently developed with a single-family home and a privately-maintained road leading to the home site. The site is surrounded by Ross along the entire southern boundary of the site. There are two small properties that are also within the City's jurisdiction and border Ross that are not currently part of this request. (Exhibit B). Those two properties are owned by Marin Municipal Water District (MMWD) and are improved with a water tower.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

In June 2017, the City met with representatives of the Town of Ross to discuss the following tax sharing agreement.

- For the 1st five years following reorganization, the City and Town of Ross would split the property tax revenue 50% - 50%. This would allow the city to maintain property tax for a period of time after detachment.
- After year five, the draft agreement proposed to change the sharing of property tax revenue to 25% (San Rafael) / 75% (Ross).

This proposal was presented to the Finance Subcommittee on two occasions. Once on July 6, 2017 and again on March 12, 2018. On both occasions the Sub-committee rejected the proposal, questioning the need for the detachment and loss of City tax revenue, given that the City of San Rafael Departments of Fire, Police and Public Works would all still respond to the residence in an emergency to provide services to this property.

At the March 12, 2018 Finance Subcommittee meeting, the property owner attended along with his attorney Riley Hurd and a representative of LAFCO. At that meeting, the property owner provided several reasons for seeking detachment, primarily that confusion about jurisdiction has resulted in difficulty in receiving prompt assistance from San Rafael Police and Fire. Additional bases for seeking detachment are presented in a letter to the Mayor dated November 27, 2017 attached here as Exhibit A.

Assistant City Manager Cristine Alilovich investigated the property owner's concerns presented at the March 12 Finance Committee meeting and found the following:

- 400 Upper Toyon Drive is within the jurisdiction of San Rafael but has a Kentfield mailing address. The City's GIS system recognizes the property as within San Rafael's jurisdictional borders.
- The San Rafael Police Department (SRPD) confirmed that 400 Upper Toyon Drive is in the City's dispatch system as a San Rafael residence. In addition, in approximately March 2018, SRPD tested the 911 system from the property owner's cell phone to ensure that 911 calls come directly to SRPD dispatch. SRPD also provided the property owner with SRPD's 7-digit emergency line as an alternative to 911. Public Works responds to calls at this property, but the limit of San Rafael's maintenance responsibility generally ends at the intersection of Upper Toyon and Makin Grade.
- 400 Upper Toyon Drive shares a long private driveway with other properties on Upper Toyon Drive beyond the intersection of Upper Toyon Drive and Makin Grade.
- The 2017 slide referenced in Exhibit A was along that private driveway, not a City street. Additionally, the 2017 storm resulted in many emergency calls to the City's Public Works departments who were responding to more critical requests at the time the Upper Toyon call for service came in. Staff prioritized the demand for services and followed up with the property owner, even though the slide was not on a City maintained street, however it did take a number of days due to the volume of calls during that particular storm.

In October 2018, the property owner sent a request via his attorney for the City to continue to negotiate a tax-share agreement with the Town of Ross and to re-agendize the matter. (Exhibit F).¹ In response to that request, in January 2019, the City Manager reached out to the Ross Town Manager to further

¹ The City agreed with the property owner's request to re-agendize the matter and has scheduled it for a full Council meeting to allow public comment and a full discussion.

negotiate a tax share agreement resulting in less ongoing loss of taxes for the City of San Rafael.² In March 2019, the City Manager again re-engaged with the Town of Ross, providing a more detailed explanation of the City's fiscal concerns related to detachment and a counter offer to the original tax share proposal. (Exhibit C). The City's proposal included a 95/5 tax share split between the two cities, with 95% of the property tax for 400 Upper Toyon attributed to San Rafael and 5% to Ross, in perpetuity. Primary consideration to San Rafael in these negotiations was the ongoing tax loss, particularly in view of the continuing costs that will be incurred by the City related to this property regardless whether it is located in Ross or San Rafael. For example, there will be continued costs to maintain the only access road to the property (Upper Toyon), as well as the loss of additional City taxes such as the Library and Paramedic Special Tax, despite the property owner still having access to these services.

On March 15, the property owner submitted a letter via his attorney proposing a potential resolution of the matter. In response to the City's fiscal concerns outlined in the February 19 staff report, the property owner offered a payment to offset the loss of tax revenue (in addition to the current tax share proposed by Ross). That offer is outlined in a March 15, 2019 letter to Council. (Exhibit D). In short, the property owner offers "a one-time supplementary tax payment in the amount of \$20,000.00 to offset any perceived losses by the City from this de-annexation."

On April 8, Ross rejected the City's counter proposal. The Town of Ross was unable to provide an increased tax share agreement that would alleviate City Staff's financial concerns and the parties reached impasse on the tax share agreement as of this date.

Staff now brings the June 2017 property tax share proposal and the property owner's March 15 offer to the full Council for consideration.

ANALYSIS:

LAFCO's oversight includes the following duties:

- To review and approve or disapprove proposals for changes in the boundaries or organization of cities and special districts in the county (including annexations to or detachments from cities and districts, incorporation of cities, formation of districts, and the dissolution, consolidation or merger of special districts), applications for activation of special district latent powers, and applications to provide service outside of a city or district boundary;
- To establish and periodically update the sphere of influence or planned service area boundary for each city and special district;
- To initiate and assist in studies of existing local government agencies with the goal of improving the efficiency and reducing the costs of providing urban services; and
- To provide assistance to other governmental agencies and the public concerning changes in local government organization and boundaries.

A detachment from a city is considered a "change of organization" within LAFCO's purview and LAFCO has broad discretion to determine "changes of organization". The request for detachment for 400 Upper Toyon Drive is an individual request for detachment and according to LAFCO would not be tied or linked to a greater study or assessment of other unincorporated pockets in San Rafael. Any assessment of other unincorporated areas would need to be processed through a separate application, initiated by either the City or the property owners in that area. LAFCO has indicated that if an application was received, they would be willing to consider the detachment of other lots on Upper Toyon Drive that are part of San Rafael, such as the water tower properties, to determine whether they

² The matter was originally scheduled for the February 19 Council meeting. Due to unavailability of the property owner and a request for further negotiations by Ross, the matter was continued to the April 15, 2019 Council meeting.

should also be included in the detachment request. However, an assessment of parcels not adjacent to this individual request is not appropriate at this time and would not be considered by LAFCO as part of the 400 Upper Toyon request.

For this individual request for detachment, the Town of Ross and San Rafael must negotiate in good faith on an exchange of property tax revenues. This piece of the law limits LAFCO's ability to move forward unless or until a tax share agreement is reached. LAFCO may not continue processing an application for detachment unless the affected local agencies reach a property tax agreement. However, the City has a statutory duty to enter into genuine and vigorous negotiations with the Town of Ross concerning the property tax revenue exchange agreement, even though there is no statutory duty to reach agreement. (Rev. & Tax. Code § 99(b), *Greenwood Addition Homeowners Assn. v. City of San Marino*, 14 Cal. App. 4th 1360 (1993)). When / If a property tax agreement is reached, that agreement would need to be approved by resolution and then LAFCO can proceed with processing the detachment.³

An evaluation of revenue and services related to this property conducted by the City Manager and Finance departments shows that loss of tax income from detachment of this property would ultimately result in an approximate \$4,300 annual loss, including \$183 in library parcel, storm run-off and paramedic tax. However, the City would continue to maintain the road (Upper Toyon) leading to this property and would continue to maintain it even after detachment. The City of San Rafael Fire Department (e.g., both fire and paramedic service) would still respond to this property as part of mutual aid responses between the two entities and given the traffic patterns and location of the street leading to Upper Toyon it is extremely likely that it would be a San Rafael fire engine or ambulance responding to any 911 call at that address.

Although the June 2017 property tax share proposal provides some reimbursement to the City, staff is concerned with maintaining fiscal responsibility and has concluded that the City cannot afford to lose any property tax revenue.

FISCAL IMPACT:

Below is an overview of the total tax loss from the detachment of this property from the City. The City currently receives approximately \$5,700 annually in taxes from 400 Upper Toyon Road, including property tax, storm run-off, library parcel tax, and paramedic tax. Under the June 2017 property tax share proposal, the shared amount only includes the base property tax and that amount would be reduced to approximately \$2,796 annually for the first five years and starting the sixth year be reduced to approximately \$1,398. The City permanently loses access to the storm run-off, library parcel, and paramedic tax after the detachment.⁴

³ Revenue and Taxation code section 99, subdivision (b)(6) provides that “Notwithstanding any other provision of law, the [LAFCO] shall not issue a certificate of filing pursuant to Section 56828 of the Government Code until the local agencies included in the property tax revenue exchange negotiation, within the 30–day negotiation period, present resolutions adopted by each such county and city whereby each county and city agrees to accept the exchange of property tax revenues.” *Greenwood Addition Homeowners Assn. v. City of San Marino*, 14 Cal. App. 4th 1360, 1364 (1993).

⁴The City does not anticipate a reduction in cost of service delivery if this property were to detach. It is difficult to fully quantify the specific service cost for this property because the City does not discriminate in its tax structure (residents in isolated areas do not pay more even though it may cost more to provide them services), and we don't have a cost model that would quantify the difference in providing services to hillside versus flat land.

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 5

18/19 Tax Roll	Current San		
	Rafael Revenue	Scenario: 50/50	Scenario: 25/75
BASE TAX	5,592.85	2,796.43	1,398.21
SCHOOL BONDS	-	-	-
HEALTH BONDS	-	-	-
MS MOSQUITO #1	-	-	-
ROSS ESD SCH PRCLTX	-	-	-
SAN RAFAEL SANI	-	-	-
SAN RAFAEL-RUNOFF	28.00	-	-
MARINEMERGENCY RADIO	-	-	-
MMWD-FIREFLOW	-	-	-
S.F. BAY RESTOR AUTH	-	-	-
SAN RAFAEL LIBRARY	60.74	-	-
SR PARAMEDIC-CITY	95.00	-	-
Total Tax:	5,776.59	2,796.43	1,398.21

Based on the property owner’s proposal, the one-time payment of \$20k offsets about 7.5 years of lost revenue after the tax share agreement. The City would begin losing \$4,378 per year in year 8 after detachment (in approximately 2028).

OPTIONS:

The City Council has the following options to consider on this matter:

1. Reject the tax share agreement, including the property owner’s proposal.
2. Accept the proposed tax share agreement and the property owner’s proposal, and direct staff to return with a resolution for the tax share agreement.
3. Direct staff to return with more information.

RECOMMENDED ACTION:

By motion, staff recommends rejecting the tax share agreement and the property owner’s proposal and direct staff to inform LAFCO of Council decision.

ATTACHMENTS:

1. Exhibit A - November 27, 2017 Letter to Mayor from Riley Hurd
2. Exhibit B – Parcel Maps of relevant area
3. Exhibit C – March 8, 2019 Letter to Ross from San Rafael
4. Exhibit D – March 15, 2019 Letter to Council from Riley Hurd
5. Exhibit E - List of properties within San Rafael accessed and served by Upper Toyon
6. Exhibit F – October 26, 2018 Letter to Council from Riley Hurd



Ragghianti|Freitas LLP

Attorneys at Law

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San Rafael, CA 94901
telephone 415.453.9433
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www.rflawllp.com

Riley F. Hurd III
rhurd@rflawllp.com

November 27, 2017

Via E-Mail Only

Mayor Gary Phillips
Gary.Phillips@cityofsanrafael.org

Re: 400 Upper Toyon Drive - Annexation

Dear Mayor Phillips:

Thank you for taking the time to meet with Gary Ragghianti and myself prior to the Thanksgiving break. As we discussed, I am providing you with some additional information regarding the proposed annexation of 400 Upper Toyon Drive from San Rafael to Ross. After reading the information herein, it is my hope that you will agree that this annexation is the proper step to take from a land-use planning perspective, as well as to ensure the efficient provision of municipal services. After speaking at length with my client, I can state that this was never a pre-planned or financially motivated request, it is one born out of necessity. Also, after a detailed analysis, this annexation is fully recommended by LAFCO.

Background

400 Upper Toyon Drive is the northernmost occupied parcel on Upper Toyon Drive. The lot is entirely surrounded by open space and the Town of Ross. **All residential parcels within a quarter mile drive in either direction are in Ross** (the empty 404 and 440 Upper Toyon, as well as 341, 337, and 325 Upper Toyon). One of the reasons for this layout is that the unoccupied parcels adjacent to 400 Upper Toyon, which are now 404 and 440 Upper Toyon, were detached and annexed to Ross between 2004 and 2008.

Importantly, 400 Upper Toyon **has a Kentfield mailing address and zip code (94904), and is located in the Ross School District.** In nearly all aspects, this parcel is generally not categorized as if it were in San Rafael.



Issues with Municipal Services

The location of 400 Upper Toyon in an area that appears to be Ross, but is actually San Rafael, has created confusion in the provision of municipal services, including police and fire response, which is a serious life/safety issue. At our meeting, you requested specific examples of this confusion, so I am providing 4 examples, and have carefully chosen ones that can be fully corroborated by the public records:

1. **January 22, 2016** - The owners noticed several bicycles chained to the gate on the fire trail that bisects 400 Upper Toyon. They then discovered a camp stove and pots and pans next to the PG&E transformer on the east end of their property. This was quite alarming; the winter of 2016 was dry, and someone cooking with flame next to electrical utility equipment could cause a disaster. They called the Ross Police Department, and they responded promptly. However, when the Ross police arrived, they determined that the bicycles and stove were across the city line into San Rafael, and they were unwilling to cross the line and remove them. They said they would call the San Rafael police department to expedite a response.
 - a. After hearing nothing, my clients called the San Rafael police department, and the dispatcher initially stated that **there is no such thing as a 400 block of Upper Toyon, insisting that everything past 320 Upper Toyon is in the Town of Ross.** San Rafael police eventually responded 5 days later.
2. **September 19, 2016** - A suspicious man parked in front of 400 Upper Toyon and began to walk around. The Ross police responded, as the man and his car were in Ross (all of Toyon is actually in Ross Town limits). However, when the Ross police arrived, they had a disagreement regarding jurisdiction. **The officers were not aware that the road is entirely in Ross**, and felt it should be a San Rafael matter, even though the subject of the complaint was in Ross.
3. **January 11, 2017** - A mudslide closed Upper Toyon Drive in the morning. My clients were therefore entirely cut off, as there is only one exit from their property. They called 911 at 8:50am, and were routed through a variety of dispatchers - San Rafael, Central Marin fire, etc. At 1:56pm, having seen no action, they again tried San Rafael, and were put through to the public works department and left a message. Still stuck, they tried the fire department at 1:59pm, and was told they or public works would return the call later.



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- a. After tracking down a private contractor who cut a path through the mud that night, they received a return call from San Rafael 7 days later on January 18, asking if they still needed help.
4. **March 19, 2017** - A tree that had been weakened by the January mudslide fell into Upper Toyon, closing the road again. After some debate about which jurisdiction had the tree, the Ross fire department sawed it and removed it.

The isolated, island-like, nature of this property is causing serious, and dangerous delays in police, fire, and municipal responses. All other homes up there are in Ross, the street is in Ross, and many City staffers believe it to be in Ross. Annexation will address this issue before something even more serious occurs.

Money

At our meeting, we had a frank discussion about money, property taxes, and the motivations for this request. Prior to the issues recited above, my clients had never even heard of annexation or LAFCO. It was a process suggested to them due to the issues they were having, not something intended to add value. Their home was marketed and sold as a Kentfield address, which it is, and as being in the Ross School District, which it is. Only an incredibly informed buyer would be able to ascertain that the APN prefix means it is in San Rafael. This is not a financially driven request, it is one of safety.

If annexed to Ross, San Rafael would no longer be responsible for servicing this single home, at the end of a winding road, on top of a hill, separate from all other San Rafael homes. **The cost to the City of San Rafael of serving this home far exceeds the property tax revenue generated from its value.** For these reasons, LAFCO strongly believes annexation is proper here.

Conclusion

With these facts in mind, we would request that this matter be brought back to the San Rafael finance committee and reconsidered. LAFCO staff is prepared to attend this meeting and further explain their position. It makes sense for all parties involved, including the City of San Rafael, to reconcile the misclassification of this detached lot.

Thank you for taking the time to reconsider this important matter.



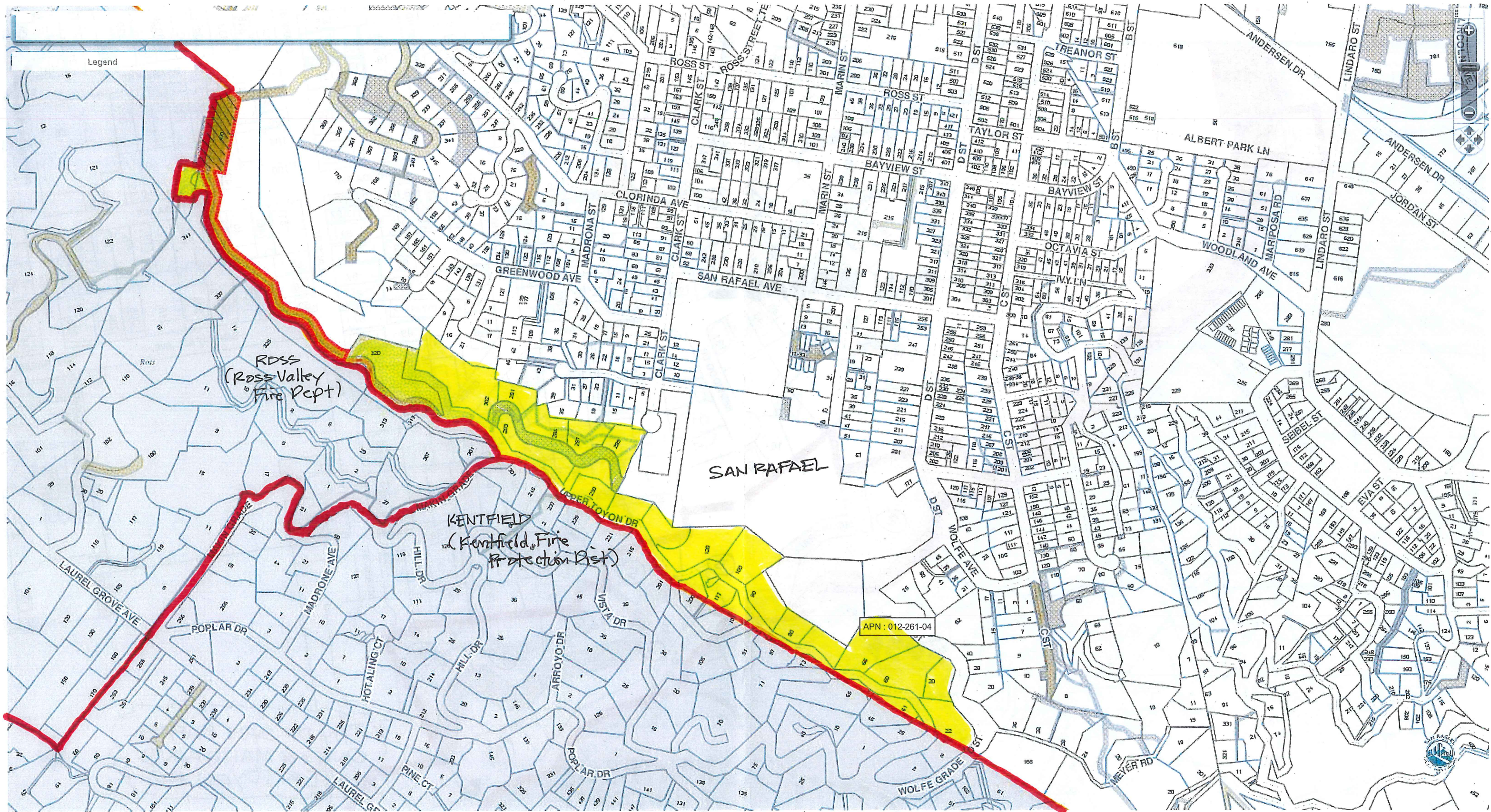
Ragghianti|Freitas LLP

Page 4 of 4

Very Truly Yours,

A handwritten signature in blue ink, reading "Riley F. Hurd III". The signature is written in a cursive, flowing style.

Riley F. Hurd III

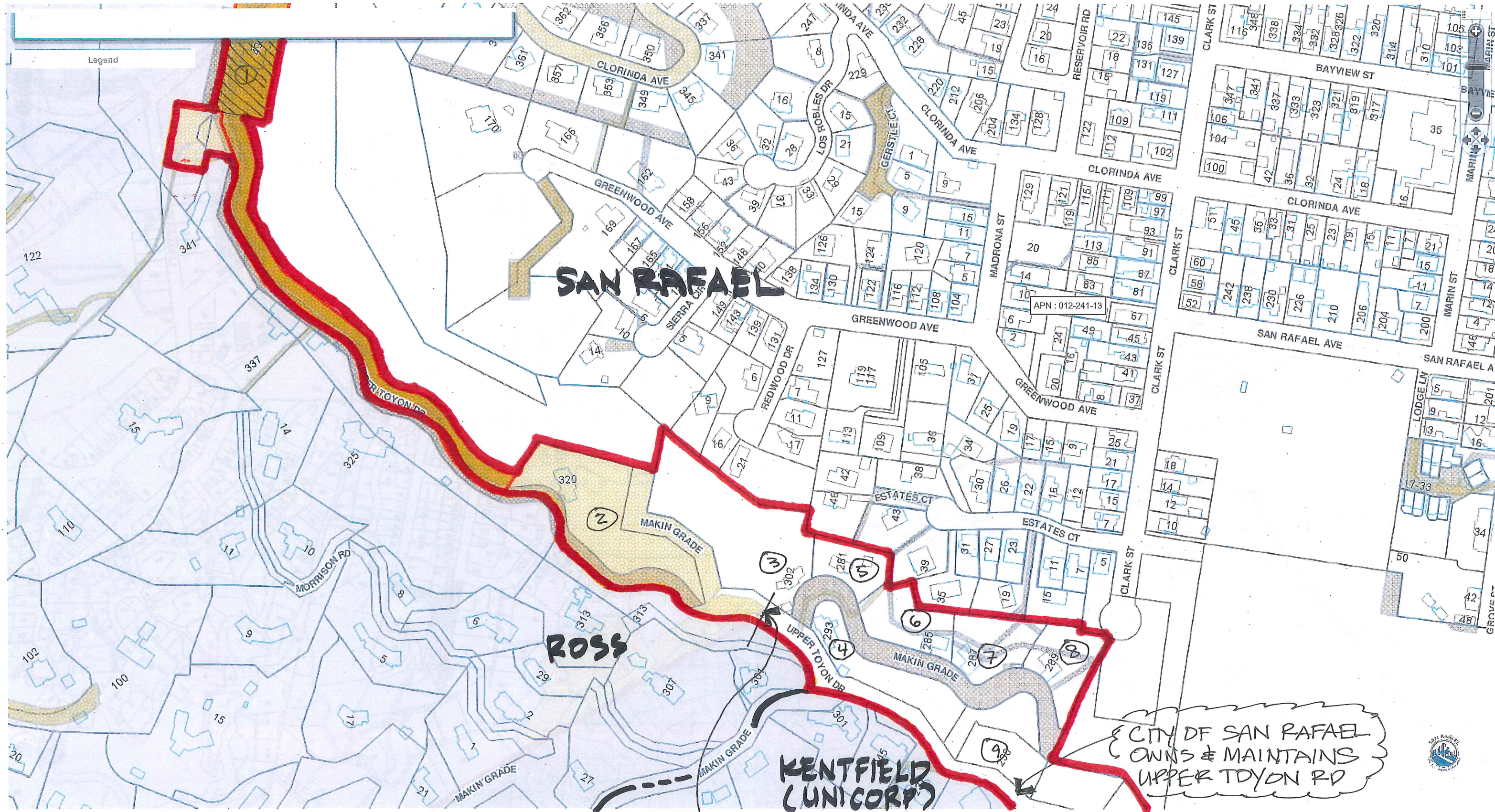


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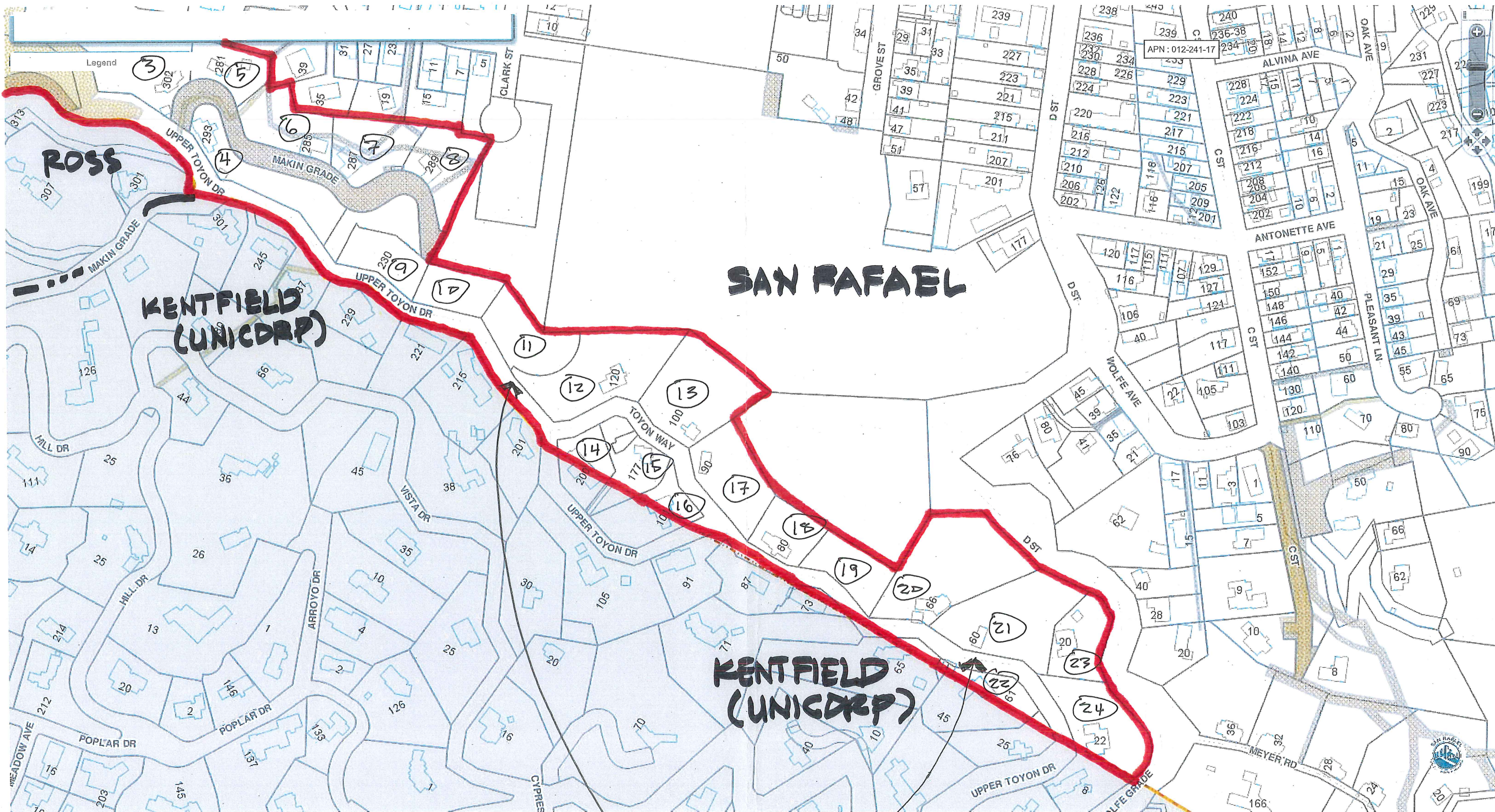
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CITY OF SAN RAFAEL
 OWNERSHIP + MAINTENANCE
 OF UPPER TOYON ROAD TERMINATES HERE



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CITY OF SAN RAFAEL
 OWNS & MAINTAINS
 UPPER TOYON RD



March 08, 2019

Joe Chinn
Town Manager
Phone: 453-1453 ext. 107

Re: Tax Share

Dear Joe:

Thank you for your continued effort regarding 400 Upper Toyon's request for detachment. As you know, the City of San Rafael's February 19, 2019 Staff Report on the matter was continued to a future meeting. The attorney for the property owner requested continuance and we are currently targeting the City Council meeting of April 2, 2019 if that date is satisfactory to all parties.

Prior to the City Council's involvement in the matter, city staff from both Ross and San Rafael met in June 2017 and discussed a potential property tax share proposal that would have included a 50/50 tax share split between our two cities for the first five years after detachment and then a 25/75 San Rafael/Ross tax share after year five. Under that proposal, the shared amount would only have included the base property tax. The City would permanently have lost access to its storm run-off, library parcel, and paramedic taxes after the detachment.

That initial staff proposal was not supported by our Council Finance Subcommittee due to concerns about the loss of City tax revenue combined with the fact that the City of San Rafael would continue to provide services to this property by maintaining roads, providing shared fire and paramedic services, and continuing to provide access to other City services such as the Library.

At various junctures, the property owner has expressed reasons for seeking detachment, primarily that confusion about jurisdiction has resulted in difficulty in receiving prompt assistance from San Rafael Police and Fire. Staff investigated the property owner's concerns and determined the following:

- 400 Upper Toyon Drive is within the jurisdiction of San Rafael but has a Kentfield mailing address. The City's GIS system recognizes the property as within San Rafael's jurisdictional borders.

- The San Rafael Police Department (SRPD) confirmed that 400 Upper Toyon Drive is in the City's dispatch system as a San Rafael residence. In addition, in or about March 2018, SRPD tested the 911 system from the property owner's cell phone to ensure that 911 calls come directly to SRPD dispatch. SRPD also provided the property owner with SRPD's 7-digit emergency line as an alternative to 911.
- 400 Upper Toyon Drive shares a long private driveway with other properties on Upper Toyon Drive beyond the intersection of Upper Toyon Drive and Makin Grade. Public Works responds to calls at this property, but the limit of San Rafael's maintenance responsibility generally ends at the intersection of Upper Toyon and Makin Grade.
- A 2017 slide referenced by the property owner was along that private driveway, not a City street. Additionally, the 2017 storm resulted in many emergency calls to the City's Public Works departments who were responding to other critical requests at the time the Upper Toyon call for service came in. Staff prioritized the demand for services and eventually followed up with the property owner, even though the slide was not on a City maintained street. The response did take a number of days due to the volume of calls received during that particular storm.

After the Council committee reacted negatively to the proposed tax share agreement, staff concluded that the City clearly wanted to retain the tax revenue from this property. However, in response to requests by the property owner's attorney that San Rafael continue to negotiate a tax-share agreement with the Town of Ross and to agendaize the matter for a future City Council meeting, I reached out to you in January of this year to continue to discuss the matter. We were not able to reach agreement and I am following up with you now to attempt to finalize the discussion.

For this individual request for detachment, Ross and San Rafael are required to negotiate in good faith on an exchange of property tax revenues. The primary concerns for San Rafael continue to be the ongoing tax loss, particularly in view of the continuing costs that will be incurred by the City related to this property regardless whether it is located in Ross or San Rafael. For example, there will be continued costs to maintain the access road to the property, as well as the loss of additional City taxes such as the Library and Paramedic Special Tax, despite the property owner still having access to these services. Furthermore, the City of San Rafael Fire Department (e.g., both fire and paramedic service) would still respond to this property as part of mutual aid responses between the two entities and given the traffic patterns and location of the street leading to Upper Toyon, it is very likely that it would be a San Rafael fire engine or ambulance responding to any 911 call at that address.

Given the City's inability to reduce its services in proportion to the estimated loss of tax revenue, the City is only able in good faith to concede a small portion of tax revenue for this property on an ongoing basis. The City proposes the following:

A property tax share that includes a 95/5 tax share split between our two cities, with 95% of the property tax for 400 Upper Toyon attributed to San Rafael and 5% to Ross, in perpetuity.

Please know that this negotiation and counter is not personally directed at Ross in any way. The City enjoys its relationship with Ross and hopes to continue working collaboratively on shared issues. This counter proposal is merely in response to the City's economic needs coupled with ongoing service demands that would not diminish with the detachment of this one parcel.

I am happy to discuss this with you further if you like and look forward to your response. As mentioned above, the property owner's attorney has requested this matter be continued to the April 2nd San Rafael City Council meeting. We are tentatively holding that date but will not proceed until these negotiations are complete.

Sincerely,



Jim Schutz
City Manager



Ragghianti|Freitas LLP

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Riley F. Hurd III
rhurd@rflawllp.com

March 15, 2019

Via E-Mail Only

City Council
City of San Rafael
1400 Fifth Avenue, Room 203
San Rafael, CA 94901

Re: De-Annexation of 400 Upper Toyon Drive, San Rafael

Dear Members of the City Council:

Our office continues to represent Raphael de Balmann, the owner of 400 Upper Toyon in San Rafael. The staff report released in advance of the Council's consideration of our de-annexation request focused nearly exclusively on the potential fiscal impacts. Very little mention was made about the numerous times the confusion about the jurisdiction over the subject property has had serious, inconvenient, and sometimes dangerous impacts on the owners.

Because the City's focus appears to be on money, and because the owners are so concerned about the ongoing confusion, the owners are prepared to offer a one-time supplementary tax payment in the amount of \$20,000.00 to offset any perceived losses by the City from this de-annexation.

The Town of Ross has agreed to an unbelievable deal for the City of San Rafael - 50/50 tax sharing for the first 5 years, and 75/25 **in perpetuity**. The City is poised to collect taxes on a house it doesn't have to service....forever. The offer of the additional \$20,000 tax payment as part of the de-annexation moves this deal from a great one for the City, to one that is objectively, financially, spectacular. By the City's math, the foregone revenue - not taking into account any cost of servicing the house - is \$2,980 per year. Accordingly, the \$20,000 would be a **6.7x multiplier** on the lost revenue, not even considering the additional ongoing revenue from the tax split.

We would ask that the City please move forward with the de-annexation on these terms such that our clients can align their delivery of municipal services, avoid the issues of the past, and still contribute to San Rafael in perpetuity. Thank you.



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Page 2 of 2

Very Truly Yours,

A handwritten signature in blue ink, appearing to read 'Riley F. Hurd III'. The signature is written in a cursive, flowing style.

Riley F. Hurd III

CC: Client

Properties within the City of San Rafael Accessed and Served by Upper Toyon
 Exhibit D to Staff Report - February 19, 2019

	A	B	C	D	E	F	G	H
1	Jurisdiction	Number	Address	APN	Sewer	Schools	Police	Fire
2	San Rafael	1	400 Upper Toyon	012-121-28	SRSD	Ross Valley	San Rafael	San Rafael
3	San Rafael	2	320 Upper Toyon	012-121-29	SRSD	Ross Valley	San Rafael	San Rafael
4	San Rafael	3	302 Upper Toyon	012-121-45	SRSD	Ross Valley	San Rafael	San Rafael
5	San Rafael	4	293 Makin Grade	012-241-28	SRSD	Ross Valley	San Rafael	San Rafael
6	San Rafael	5	281 Makin Grade	012-241-29	SRSD	Ross Valley	San Rafael	San Rafael
7	San Rafael	6	285 Makin Grade	012-241-30	SRSD	Ross Valley	San Rafael	San Rafael
8	San Rafael	7	287 Makin Grade	012-241-39	SRSD	Ross Valley	San Rafael	San Rafael
9	San Rafael	8	289 Makin Grade	012-241-40	SRSD	Ross Valley	San Rafael	San Rafael
10	San Rafael	9	230 Upper Toyon	012-241-26	RVSD	Ross Valley	San Rafael	San Rafael
11	San Rafael	10	221 Upper Toyon	012-261-01	RVSD	Ross Valley	San Rafael	San Rafael
12	San Rafael	11	--- Upper Toyon	012-261-02		Ross Valley	San Rafael	San Rafael
13	San Rafael	12	120 Toyon Way	012-261-09	RVSD	Ross Valley	San Rafael	San Rafael
14	San Rafael	13	100 Toyon Way	012-261-10	RVSD	Ross Valley	San Rafael	San Rafael
15	San Rafael	14	200 Toyon Way	012-263-09	RVSD	Ross Valley	San Rafael	San Rafael
16	San Rafael	15	177 Toyon Way	012-263-10	RVSD	Ross Valley	San Rafael	San Rafael
17	San Rafael	16	101 Toyon Way	012-263-11	RVSD	Ross Valley	San Rafael	San Rafael
18	San Rafael	17	90 Upper Toyon	012-261-07	RVSD	Ross Valley	San Rafael	San Rafael
19	San Rafael	18	80 Upper Toyon	012-261-08		Ross Valley	San Rafael	San Rafael
20	San Rafael	19	--- Upper Toyon	012-261-07	RVSD	Ross Valley	San Rafael	San Rafael
21	San Rafael	20	66 Upper Toyon	012-272-08	RVSD	Ross Valley	San Rafael	San Rafael
22	San Rafael	21	60 Upper Toyon	012-272-07	RVSD	Ross Valley	San Rafael	San Rafael
23	San Rafael	22	61 Upper Toyon	012-273-03	SRSD	Ross Valley	San Rafael	San Rafael
24	San Rafael	23	20 Upper Toyon	012-272-04	SRSD	SRCS	San Rafael	San Rafael
25	San Rafael	24	22 Upper Toyon	012-272-03	SRSD	SRCS	San Rafael	San Rafael



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Riley F. Hurd III
rhurd@rflawllp.com

October 26, 2018

Via E-Mail

City Council
City of San Rafael
1400 Fifth Avenue, Room 203
San Rafael, CA 94901

Re: De-Annexation of 400 Upper Toyon Drive, San Rafael

Dear Members of the City Council:

Our office continues to represent Raphael de Balmann, the owner of 400 Upper Toyon in San Rafael (APN 012-121-28, "Property"), where he lives with his wife and two young children.

Background

The Property is at the end of a long road. To access the Property from downtown San Rafael, one must leave the City of San Rafael, enter unincorporated Marin County, enter the Town of Ross, then re-enter the City of San Rafael. This location, and constant confusion about jurisdiction, has led to a whole host of issues for the de Balmann family. Their mail is often returned to sender. Their children attend the Ross School District, and will attend the Tamalpais Union High School district. Most significantly though, is that, while their property taxes fund San Rafael services, on multiple occasions when they have requested services in cases of emergencies, they have been told that their property is not in San Rafael and therefore would not be served by San Rafael Police or Fire.

A thorough explanation of the issues faced by the de Balmann family was set forth in our November 27, 2018 letter to Mayor Phillips.

As the jurisdictional issues progressed, Mr. de Balmann started communicating with the City of San Rafael, the Town of Ross, and the Marin LAFCO seeking a resolution to the confusing boundary issue. He was greeted with support by LAFCO for detaching



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from the City of San Rafael and concurrently annexing into the Town of Ross. Also, staff members from each of the municipalities met and agreed on tax sharing agreement in support of the annexation. Specifically, The Town of Ross suggested a 50% property tax split for the first five years, then a 25% San Rafael and 75% Town of Ross split forever. In other words, the City of San Rafael could collect, in perpetuity, 25% of the tax revenue for a property it doesn't even have to serve.

In November 2017, we met with Mayor Phillips to discuss this issue. We followed that meeting with a formal request for the proposed reorganization to be brought to the City of San Rafael Finance Committee. On March 12, 2018, we attended the Finance Committee meeting ("Finance Meeting") with our client. The meeting included the Mayor and Vice Mayor and City staff.

At the Finance Meeting, with the presence and support of the Interim Executive Officer of LAFCO, Rachel Jones, and the oral support of a representative from the Town of Ross, we requested that the City reorganize the Property so that it would become part of the Town of Ross.

The Finance Committee did not meaningfully discuss the merits of the request, refused to make a formal recommendation, and suggested we reconvene at a later date.

We have just learned that after this first meeting, a second Finance Committee meeting was held, with no notice to us or our client as required by law, and action was taken formally deferring the request. We hereby request reconsideration by the Finance Committee and that the City of San Rafael take steps to de-annex the Property, beginning with an agreement for property tax exchange.

Legal Standard

In a letter to Mayor Phillips dated March 8, 2018 ("March LAFCO Letter"), Interim Executive Officer Rachel Jones stated that before reorganization, the Town of Ross and City of San Rafael need to adopt a property tax exchange agreement under Revenue and Taxation Code section 99(b). Marin LAFCO requested, both at the Finance Meeting and in the March LAFCO Letter, that the "agencies act in good faith and determine if the existing master tax agreement shall apply or commence a 60-day negotiation period to determine the amount - if any - of property tax revenue to be exchanged"

As alluded to in the Marin LAFCO Letter, upon receiving an application for reorganization, the County auditor must estimate the property tax impacts and report them to the affected governing bodies who must then commence negotiations.



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(Revenue and Taxation Code section(b)(1-4).) LAFCO may not approve the reorganization until the local agencies agree to accept the exchange in property tax revenues. (Revenue and Taxation Code section 99(b)(6).)

The controlling case on this subject is *Greenwood Addition Homeowners Assn. v. City of San Marino* (1994)(14 Cal.App.4th 1360). While *Greenwood* does not mandate that the cities reach an agreement, it does impose a duty to “enter into genuine and vigorous negotiations” and the negotiations must be “in good faith.” (*Greenwood*, 360-61.) The City has utterly failed to meet this legal standard in this particular matter. No attempt to negotiate in good faith was made, and the proposal was dismissed while our clients were accused of simply “wanting to live in Ross.” The letter attached hereto explains the actual impetus for the request.

Logical Jurisdictional Divide

At the first Finance Committee meeting, there was brief discussion regarding a fear that this annexation would lead to other properties leaving the City. This fear is unfounded, as LAFCO has opined that other annexations would not be appropriate.

Upper Toyon Drive and Makin Grade create a quadrant that acts as dividing lines for three jurisdictions – San Rafael, Ross, and the County. The homes in the two quadrants northeast of Upper Toyon Drive are all in San Rafael. The homes southwest of Upper Toyon Drive are in either the Town of Ross or unincorporated Marin County, not the City of San Rafael - homes below Makin Grade are in the unincorporated County; homes above Makin Grade are in the Town of Ross, except for this one. The requested annexation fits and continues a clear jurisdictional divide.

400 Upper Toyon Drive Is Unique

All the properties along Upper Toyon are on one side of the road or another except number 400. 400 Upper Toyon *is* the road, and falls on both sides of the road.

The Property is designated to be served by the San Rafael Sanitation District, San Rafael Fire District, and the Ross Elementary School District, and Tamalpais Union High School District.

The three closest homes (341, 337, and 325 Upper Toyon Drive), the only homes within 1/4 mile, are all in the **Town of Ross** - they are southwest of Upper Toyon Drive and above Makin Grade. They are each served by the Sanitary District Number 1, rather than the San Rafael Sanitation District. They are each served by the Ross Fire



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Page 4 of 6

Department, rather than the San Rafael Fire Department. The next closest home, more than 1/4 mile away, is 320 Upper Toyon Drive. It is on the northeast side of Upper Toyon Drive, and is in the City of San Rafael for that reason.

Each of the properties beyond that are below Makin Grade, and if they were not in San Rafael, they would be in the unincorporated County.

These properties can be differentiated. Each fits a logical category, except this Property, which is hanging more than 1/4 mile up the road from the next San Rafael home, requiring San Rafael police and fire services to leave their jurisdiction before re-entering it to serve this Property.

Brown Act Violation

It has only recently come to our attention that on April 26, 2018, the City Council Finance Committee met a second time regarding the request to de-annex the Property. No notice was given to this office or the Property owner as required by law. Also, the agenda for the meeting was severely deficient in its description of the item.

Attached as **Exhibit A** is the agenda for the April 26, 2018, Finance Committee meeting. Item 5(b) is listed as "Deannexation Request" under "Future Topics." No address was given, thereby giving no indication what property this was about, and the topic of discussion was definitely not that of a "future" item. Instead, we are only now informed that a substantive discussion was held about this particular request, for this particular property, and it was decided that the issue would be referred to the LAFCO for inclusion on its work plan.

The Brown Act requires a brief general description of each item of business to be discussed. (Gov't Code 54954.2(a)(1).) Many cases have interpreted this standard, and these interpretations make it clear that description here was woefully inadequate. Agenda drafters must give the public a fair chance to participate in matters of particular or general concern by providing the public with more than mere clues from which they must then guess or surmise the essential nature of the business to be considered by a local agency. (*San Diegans for Open Government v. City of Oceanside* (App. 4 Dist. 2016) 209. Cal.Rptr.3d 305.) (See also *Moreno v. City of King* (App. 6 Dist. 2005) 25 Cal.Rptr.3d 29.)



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In lieu of a formal Cease and Desist letter at this time, which can be brought under the delayed discovery rule, we simply request that the City reconsider the action taken in the April 26, 2018 Finance Committee meeting, and provide us with written notice of the agenda item in advance. (Govt Code 54960.2(a)(1); 54960.2(b); 54960.2(c)(1-2).)

Conclusion

In conclusion, we ask that you meaningfully consider the Town of Ross' proposed property tax split. If this is not agreeable, we ask that you have vigorous negotiation to determine a property tax split that would be acceptable.

We also ask that you remedy the Brown Act violation by re-agendizing this matter.

We look forward to moving forward with annexing 400 Upper Toyon Drive into the Town of Ross in a way that has minimal impact on both the City and the Town. Thank you.

Very Truly Yours,

A handwritten signature in blue ink that reads "Riley F. Hurd III". The signature is written in a cursive, flowing style.

Riley F. Hurd III

CC: Client



Exhibit A



CITY COUNCIL FINANCE COMMITTEE

SAN RAFAEL CITY HALL
CITY MANAGER'S CONFERENCE ROOM
1400 FIFTH AVENUE SAN RAFAEL, CA 94901
THURSDAY, APRIL 26, 2018 5 P.M. TO 6 P.M.

MEETING AGENDA

1. Call Meeting to Order (Chair)

2. OPEB (Retiree Medical) Actuarial Valuation
 - a. Draft as of June 30, 2017
 - b. Discount Rate

3. Items for May 7 City Council
 - a. Paramedic Tax Rates
 - b. Classification Change

4. Animal Services Contract

5. Future Topics
 - a. May 8 for May 21 City Council
 - i. FY17-18 budget update
 - ii. Measure A – Open Space FY18-19 Planned Spending
 - iii. FY18-19 preliminary budget
 - b. Deannexation Request

6. Adjourn



Anyone who requires an auxiliary aid or service for effective communication, or a modification of policies or procedures to participate in a City program, service, or activity, should contact the office of the ADA Coordinator as soon as possible, but no later than 48 hours before the scheduled event: Public Works, 111 Morpheus St, P.O. Box 151560, San Rafael, CA 94915; Phone: 415-485-3354; Fax: 415-485-3100; TTY: 415-485-3198



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: City Manager's Office

Prepared by: Ethan Guy,
Professional Analyst

City Manager Approval: _____

TOPIC: FLAVORED TOBACCO PRODUCT BAN

SUBJECT: INFORMATIONAL REPORT ON POTENTIAL BAN ON THE SALE OF FLAVORED TOBACCO PRODUCTS IN SAN RAFAEL

RECOMMENDATION:

Accept report regarding draft ordinance and provide direction to staff.

BACKGROUND:

Over the last 12 months, several neighboring jurisdictions have approved bans on flavored tobacco and the sale of tobacco at pharmacies (**Table 1**). The purpose of these bans is to combat significant increases in youth tobacco and nicotine use attributed to the availability of flavored tobacco products such as e-cigarettes and vaping products. Staff was asked to examine a potential regulation banning the sale of flavored tobacco products in San Rafael.

Table 1. Tobacco Bans in Marin Jurisdictions

Jurisdiction	Ban Type	Effective Date
County of Marin	Flavored Tobacco Ban Pharmacy Tobacco Retail Ban	July 1, 2019
San Anselmo	Flavored Tobacco Ban Pharmacy Tobacco Retail Ban	January 1, 2020
Fairfax	Flavored Tobacco Ban Pharmacy Tobacco Retail Ban	January 1, 2019
Larkspur	Flavored Tobacco Ban Pharmacy Tobacco Retail Ban	January 1, 2020
Corte Madera	Flavored Tobacco Ban Pharmacy Tobacco Retail Ban	January 1, 2020
Sausalito	Flavored Tobacco Ban	November 1, 2018
Novato	Flavored Tobacco Ban Pharmacy Tobacco Retail Ban	January 1, 2019

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

Flavored Tobacco

Flavored Tobacco refers to any product containing or derived from tobacco or nicotine which imparts a “characterizing flavor”. The term “characterizing flavor” refers to a distinguishable taste or aroma or both, other than the taste or aroma of tobacco. Characterizing Flavors include, but are not limited to, tastes or aromas relating to any: fruit, chocolate, vanilla, honey, candy cocoa, dessert, alcoholic beverage, menthol, mint, wintergreen, herb, or spice.

Legislative History

On August 16, 1999, the City Council adopted Ordinance No. 1741 enacting Chapter 8.15 of the San Rafael Municipal Code establishing a permitting process for tobacco retail sales and regulating tobacco advertising and promotion.

On February 18th, 2003, the City Council adopted Ordinance No. 1797 amending Section 14.03 and Section 14.05 of the San Rafael Municipal Code establishing a new definition of “Significant Tobacco Retailer” as “a retail establishment that devotes 20% or more of its sales or display area to, or derives 75% or more of its gross sales receipts from, the sale of tobacco products and/or tobacco paraphernalia. Ordinance No. 1797 further prohibited the establishment of significant tobacco retailers within 1,000 feet of schools (public and private elementary, junior high, and high schools), public parks, public libraries, arcades, youth/teen centers, community/recreation centers, licensed daycare centers for children, shopping malls, and houses of worship with organized youth programs.

In 2012, the City Council passed amendments to the City’s smoking ordinance that enhanced outdoor and indoor air regulations. The ordinance was designed to meet three goals:

1. Reduce the negative health impacts related to secondhand smoke;
2. Reduce the risk of smoking-related fires; and
3. Reduce non-biodegradable cigarette litter (cigarette butts).

The notable new elements of the 2012 ordinance were:

- Prohibits smoking in all duplexes and multi-family housing (any unit with a share wall), as well as all common areas of multi-family residential properties. Property owners may elect to create “designated smoking areas” should they meet certain criteria. These rules apply to renter and owner-occupied units.
- Prohibits smoking in our parks and recreation areas.
- Prohibits smoking on all sidewalks, pedestrian areas, and public places such as plazas in our Downtown, except while actively passing on the way to another destination.

In 2016, the City Council passed further amendments to the City’s smoking ordinance to include the following elements:

1. Prohibit use of e-cigarettes in public places, but allow them in private residences;
2. Eliminate the exception that allows smoking while actively passing throughout the entire Downtown area; and
3. Add pedestrian-friendly signage to the Downtown.

Tobacco Retailer Permit

San Rafael currently requires any business wanting to sell Tobacco to obtain a Tobacco Retailer License (TRL). The business is required to apply for the TRL by paying an initial fee of \$48 and submitting the following as part of their business license:

1. The name, address, telephone and fax numbers of the applicant.

2. The business name, address, telephone and fax numbers of each location for which a tobacco retailer's permit is sought.
3. Such other information as the city deems reasonably necessary for implementation and enforcement of this chapter.

Once a TRL is obtained, businesses are charged an annual renewal fee of \$3 as part of their business license renewal.¹

As of December 31st, 2019, San Rafael has 54 active TRLs (**Table 2**). Grocery stores and Service Stations had the highest number of TRLs at 15 licenses for each building type. A complete list of all active TRLs can be found in **Attachment 2**.

Table 2. Active Tobacco Retailer Licenses by Business Type (as of 12/31/18)

Business Type	Total
Bakery (Retail)	1
Cocktail Lounge	2
Drug Store	5
Grocery	15
Liquor Store	5
Motor Vehicle Repair	1
Restaurant	5
Service Station	15
Take Out Food	2
Tobacco	2
Warehouse	1
Total	54

Enforcement of the TRL program is conducted as part of a Memorandum of Understanding (MOU) with the Marin County Sheriff's Department. Funds for this enforcement are provided each year with county general fund monies. As part of this enforcement, the Sheriff conducts compliance checks at every tobacco retailer outlet in the county at least once each year. In addition to this MOU, the Sheriff began a three-year California Department of Justice grant on April 1st that will provide additional compliance checks through at least March 2022.

American Lung Association State of Tobacco Control

The American Lung Association (ALA) is an advocacy group whose goals are to eliminate tobacco use and tobacco-related lung disease, improve the air so that it will not cause or worsen lung disease, and reduce the burden of lung disease on patients and their families. They produce an annual report called State of Tobacco Control (SOTC). In the most recent 2018 SOTC, San Rafael received an overall "A" grade as well as "A" grades in all three components of this grade: Smokefree Outdoor Air, Smokefree Housing, and Reducing Sales of Tobacco Products.² The ALA has also included an "Emerging Issues" category providing bonus points for jurisdictions with regulations addressing the following topics: Emerging Products Definition: Secondhand Smoke & Licensing, Retailer Location Restrictions, Sale of Tobacco Products in Pharmacies, Flavored Tobacco Products, Minimum Pack Size Cigars, and Flavored Tobacco. In 2018, San Rafael received bonus points for existing regulations covering Secondhand Smoke and Retailer Location Restrictions.

¹ Fees are lower than other Marin jurisdictions with comparable programs which charge \$50 for the initial and annual renewal fee.

² <https://www.lung.org/local-content/california/documents/state-of-tobacco-control/2018/counties/marin-countypdf.pdf>

ANALYSIS:

Youth Tobacco Use

While California law prohibits the sale or furnishing of tobacco products and smoking paraphernalia to minors under the age of 21³, there were alarming increases in current use of any tobacco product among both middle and high school students between 2017 and 2018, primarily because of an increase in e-cigarette use.⁴ In 2018 at San Rafael City Schools, 17% of seventh-grade students have reported ever using e-cigarettes (**Exhibit A**) and 17% of tenth-grade students currently use e-cigarettes (**Exhibit B**).⁵

Exhibit A. Tobacco Lifetime Use, California Healthy Kids Survey (2018)

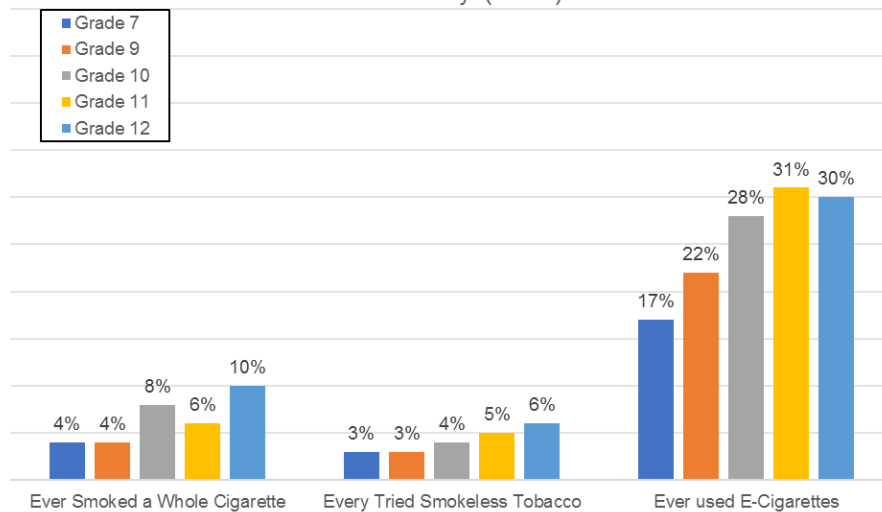
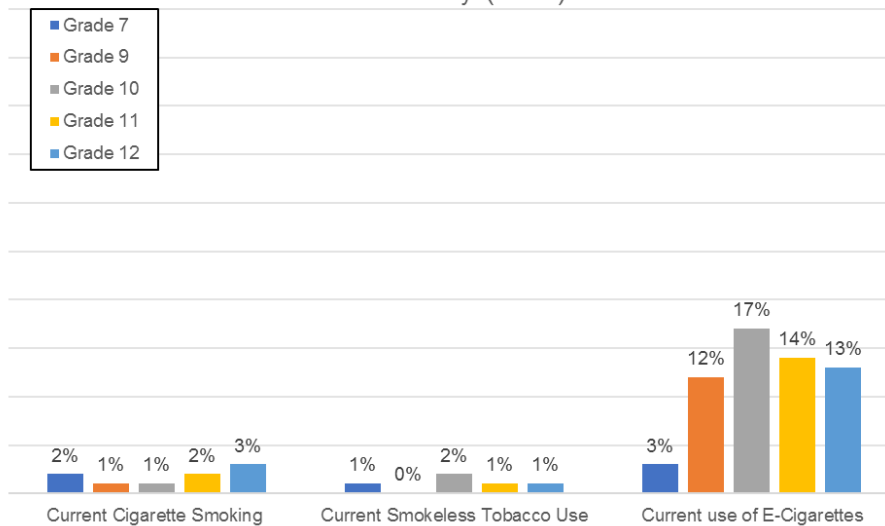


Exhibit B. Tobacco Current Use, California Healthy Kids Survey (2018)



³ (Cal. Penal Code § 308), (Cal. Bus. & Prof. Code § 22956)

⁴ <https://www.fda.gov/TobaccoProducts/PublicHealthEducation/ProtectingKidsfromTobacco/ucm405173.htm>

⁵ <https://calschls.org/reports-data/search-lea-reports/>

According to the U.S. Food & Drug Administration:

In the 2016 National Youth Tobacco Survey, the three reasons youth respondents selected for their e-cigarette use:

1. Use by "friend or family member" (39.0%)
2. Availability of "flavors such as mint, candy, fruit, or chocolate" (31.0%)
3. The belief that "they are less harmful than other forms of tobacco such as cigarettes" (17.1%)⁶

During the one-year period between 2017 and 2018, among high school students who currently used e-cigarettes, use of flavored e-cigarettes increased as well. 68% more high school students used flavored e-cigarettes. Use of any flavored e-cigarette went up among current users from 60.9 percent to 67.8 percent, and menthol use increased from 42.3 percent to 51.2 percent among all current e-cigarette users—including those using multiple products—and from 21.4 percent to 38.1 percent among exclusive e-cigarette users. Additionally, kids whose first tobacco product was flavored are more likely to become current tobacco users than those whose first product was tobacco-flavored.⁷

While Flavored Tobacco bans restrict all sales of flavored tobacco products at “brick-and-mortar” retail locations in San Rafael, it does not completely end all sales. Flavored Tobacco products are still available for purchase online as well as in neighboring jurisdictions without a ban. Anecdotal evidence indicates that youth can access vaping products purchased by individuals of legal age as well parents buying the products, “thinking they emit harmless water vapor instead of nicotine-infused vapor.”⁸

Potential Amendments to the San Rafael Municipal Code Chapter 8.15

Staff has attached a draft of the following potential changes to the San Rafael Municipal Code Chapter 8.15 necessary for a potential ban on the sale of flavored tobacco and tobacco sales in pharmacies. **(Attachment 1)**

If the City Council moves forward with a Flavored Tobacco ban like those enacted by neighboring jurisdictions, the following amendments will be needed to the San Rafael Municipal Code Chapter 8.15:

- **Update Section 8.15.005-Definitions.** Updates will be required to include corresponding definitions for a “Characterizing Flavor” and expanding the definition of “Tobacco Product” to include products from both tobacco leaf and nicotine.
- **New Section 8.15.110- Prohibition Against Sale or Offer for Sale of Flavored Tobacco Products.** A new section to Chapter 8.15 will be required specifically outlining the ban on sale or offer for sale of Flavored Tobacco Products.

These changes would impact nearly all businesses with a TRL, as they would prohibit the sale of menthol cigarettes and single use flavored electronic cigarettes. San Rafael currently has one business specializing in the sale of e-cigarettes and vaping liquid:⁹

1. VIP Vape Store- 826 2nd St. Suite B, San Rafael, CA 94901

⁶ <https://www.cdc.gov/mmwr/volumes/67/wr/mm6706a5.htm>

⁷ <https://www.fda.gov/TobaccoProducts/PublicHealthEducation/ProtectingKidsfromTobacco/ucm625887.htm>

⁸ <https://www.sfchronicle.com/business/article/Why-Juul-is-thriving-despite-the-crackdown-on-13746124.php>

⁹ https://www.yelp.com/search?find_desc=Vape%20Shops&find_loc=San%20Rafael%2C%20CA

While this location does have valid business license—approved as a video store—both businesses are operating without a Tobacco Retailer License due to the ambiguity regarding the sale of products derived from nicotine but not tobacco leaf.

If the City Council decides to move forward with a ban on tobacco sales in pharmacies like those enacted by neighboring jurisdictions, the following amendments will be needed to the San Rafael Municipal Code Chapter 8.15:

- **Update Section 8.15.005-Definitions.** Updates will be required to include corresponding definitions for a “Pharmacy”.
- **New Section 8.15.110- Prohibition Against Tobacco Products Sales at Pharmacies.** A new section to Chapter 8.15 will be required specifically outlining the ban on sale of Tobacco Products at Pharmacies.

While there are five active TRLs at “Drug Stores”—two Rite Aide stores, two Walgreen stores, and one CVS—CVS does not carry tobacco products due to a nationwide corporate ban on tobacco sales. Anecdotal

FISCAL IMPACT:

There is no direct fiscal impact of this informational report to the City. As discussed earlier, enforcement of the TRL program is conducted as part of a Memorandum of Understanding (MOU) with the Marin County Sheriff’s Department. Funds for this enforcement are provided each year with county general fund monies. Any expansion of the TRL ordinance, including a Flavored Tobacco ban, would be enforced through this mechanism at no additional cost to the City.

OPTIONS:

The City Council has the following options to consider on this matter:

1. Direct staff to return with draft ordinance as written.
2. Direct staff to return with draft ordinance with modifications.
3. Direct staff to return with more information.
4. Take no action.

RECOMMENDED ACTION:

Accept report regarding draft ordinance and provide direction to staff.

ATTACHMENTS:

1. Draft Amendments to SRMC 8.15- “Tobacco Retail Sales, Advertising and Promotion”
2. Tobacco Retailer Licenses in San Rafael (as of 12-31-2018)

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY OF SAN RAFAEL CITY COUNCIL
AMENDING CHAPTER 8.15 OF THE SAN RAFAEL MUNICIPAL CODE,
ENTITLED "TOBACCO RETAIL SALES, ADVERTISING AND PROMOTION"**

THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES ORDAIN AS FOLLOWS:

DIVISION 1. FINDINGS.

WHEREFORE,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES ORDAIN AS FOLLOWS:

DIVISION 2. AMENDMENT OF MUNICIPAL CODE.

Chapter 8.15 of the San Rafael Municipal Code, entitled "Tobacco Retail Sales, Advertising and Promotion" is hereby amended to read in its entirety as follows:

Chapter 8.15 - TOBACCO PRODUCT RETAIL SALES, ADVERTISING AND PROMOTION

8.15.005 - Definitions.

The following words and phrases, whenever used in this chapter, shall have the meaning defined in this section unless the context clearly requires otherwise:

~~A.—A. —"Advertising display sign" means a sign, billboard, poster, freestanding sign, balloon, pennant or banner that is temporarily or permanently placed on or affixed to the ground, the sidewalk, a pole or post, a fence, or a building, or is displayed in the windows or doors of a commercial establishment, and that is used to advertise or promote products. "Tobacco product" means any substance containing tobacco leaf, including but not limited to cigarettes, cigars, pipe tobacco, snuff, chewing tobacco, dipping tobacco, or any other preparation of tobacco, including Indian cigarettes called "bidis."~~

~~B.—"Tobacco paraphernalia" means cigarette papers or wrappers, pipes, holders of smoking materials of all types, cigarette rolling machines, and any other item designed for the smoking or ingestion of tobacco products.~~

~~B. "Characterizing Flavor" means a distinguishable taste or aroma or both, other than the taste or aroma of tobacco, imparted by a Tobacco Product or any byproduct produced by the Tobacco Product. Characterizing Flavors include, but are not limited to, tastes or aromas relating to any fruit, chocolate, vanilla, honey, candy cocoa, dessert, alcoholic beverage, menthol, mint, wintergreen, herb, or spice. A Tobacco Product shall not be determined to have a Characterizing Flavor solely because of the use of additives or flavorings or the provision of ingredient information. Rather, it is~~

the presence of a distinguishable taste or aroma, or both, as described in the first sentence of this definition, that constitutes a Characterizing Flavor.

C. "Constituent" means any ingredient, substance, chemical, or compound, other than tobacco, water, or reconstituted tobacco sheet that is added by the manufacturer to a Tobacco Product during the processing, manufacture, or packing of the Tobacco Product.

D. "Distinguishable" means perceivable by either the sense of smell or taste.

E. "Flavored Tobacco Product" means any Tobacco Product that contains a Constituent that imparts a Characterizing Flavor.

CF. "Labeling" means written, printed, pictorial, or graphic matter upon any Tobacco Product or any of its Packaging.

~~"Tobacco retailer" means any person who sells, offers for sale, or does or offers to exchange for any form of consideration, tobacco, tobacco products or tobacco paraphernalia; "tobacco retailing" shall mean the doing of any of these things.~~

~~D. "Advertising display sign" means a sign, billboard, poster, freestanding sign, balloon, pennant or banner that is temporarily or permanently placed on or affixed to the ground, the sidewalk, a pole or post, a fence, or a building, or is displayed in the windows or doors of a commercial establishment, and that is used to advertise or promote products.~~

EG. "Mobile billboard" means any sign, placard, billboard, or other advertisement display upon or affixed to a vehicle which display is used to advertise a product illegal to sell to minors, when the supporting vehicle or trailer is parked within a public right-of-way or on private property and visible to the public for a duration of time and in a manner which clearly indicates that the sign is for advertising products illegal to sell to minors or which carry a specific brand name, logo, or indicia of a product illegal to sell to minors. For the purpose of this chapter, a mobile billboard shall not include any advertisements on the side of a van, truck, or other vehicle which is primarily used for the transportation of goods or products.

H. "Packaging" means a pack, box, carton, or container of any kind or, if no other container, any wrapping (including cellophane) in which a Tobacco Product is sold, or offered for sale, to a consumer.

I. "Person" means any individual person, firm partnership, association, corporation, company, organization, or legal entity of any kind.

J. "Pharmacy" means a retail establishment in which the profession of pharmacy by a pharmacist licensed by the State of California in accordance with the Business and Professions Code is practiced and where prescription products are offered for

sale. A pharmacy may also offer other retail goods in addition to prescription pharmaceuticals.

FK. "Promote" or "promotion" means a display of any logo, brand name, character, graphics, colors, designs, or recognizable color or pattern of colors, or any other indicia or product identification with, or similar to, or identifiable with, those used for any particular brand of ~~tobacco~~ Tobacco product Product.

GL. "Publicly visible location" means any outdoor location that is visible from any street, sidewalk, or other public thoroughfare, or any location inside a commercial establishment immediately adjacent to a window or door where such location is visible from any street, sidewalk, or other public thoroughfare.

M. "Tobacco product" means:

1. Any product containing, made, or derived from tobacco or nicotine that is intended for human consumption, whether smoked, heated, chewed, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, including but not limited to, cigarettes, cigars, little cigars, chewing tobacco, pipe tobacco, and snuff.
2. Any electronic device that delivers nicotine or other substances to the person inhaling from the device, including, but not limited to, an electronic cigarette, electronic cigar, electronic pipe, or electronic hookah.
3. Notwithstanding any provides of subsections (1) an (2) to the contrary, "Tobacco Product" includes any component, part, or accessory intended or reasonably expected to be used with a Tobacco Product, whether or not sold separately. "Tobacco Product" does not include any product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product or for other therapeutic purposes where such product is marketed and sold solely for such approved purpose.

N. "Tobacco Retailer" means any store, stand, booth, concession or any other enterprise that engages in the retail sale of Tobacco Products, including but not limited to pharmacies and stores that engage in the retail sale of food; "Tobacco Retailing" shall mean the doing of any of these things.

8.15.010 - Restriction on advertising ~~tobacco~~ Tobacco products Products.

No person shall place or maintain, or cause or allow to be placed or maintained, in any manner, any advertising or promotion of ~~cigarettes or tobacco products~~ Products on an advertising display sign in a publicly visible location within five hundred feet (500') of the perimeter of an elementary or secondary school, high school, public playground or playground area in a public park (e.g., a public park with equipment such as swings and seesaws, baseball diamonds or basketball courts), day care center, public community center ~~and or~~ public library.

8.15.~~020-020~~ - Exceptions.

The restrictions contained in Section 8.15.010 shall not apply to advertising or promotions for ~~tobacco~~ Tobacco products ~~Products~~; however Applicant is required to comply with all the provisions of city's sign ordinance Chapter 14.19 of this Code shall apply:

- A. ~~A.~~—Located inside a commercial establishment, unless such advertising display sign or promotion is attached to, affixed to, leaning against, or otherwise in contact with any window or door in such a manner that it is visible from a street, sidewalk or other public thoroughfare.
- B. On vehicles, other than mobile billboards.
- C. On any sign located inside or immediately outside a commercial establishment if the sign provides notice that the establishment sells ~~tobacco~~ Tobacco products ~~Products~~, so long as the sign does not promote any brand of ~~tobacco~~ Tobacco product ~~Product~~.
- D. On ~~tobacco~~ Tobacco product ~~Product~~ packaging.

~~Applicant is required to comply with all provisions of city's sign ordinance Chapter 14.19.~~

8.15.~~030-030~~ - Distribution of promotional items to minors.

No person may market, license, distribute, sell, or cause to be marketed, licensed, distributed or sold any item or service to a minor, which bears the brand name, alone or in conjunction with, any other word, logo, symbol, motto, selling message, recognizable color or pattern of colors, or any other indicia or product identification identical with, or similar to, or identifiable with, those used for any brand of ~~tobacco~~ Tobacco product ~~Product~~.

8.15.~~100-040~~ - Self-service displays.

It is unlawful for any person to sell, permit to be sold, offer for sale, or display for sale, any ~~tobacco~~ Tobacco product ~~Product~~ by any means of self-service merchandising, including but not limited to self-service display, rack, countertop or shelf, or any means other than vendor-assisted sales. All ~~tobacco~~ Tobacco products ~~Products~~ shall be offered for sale exclusively by means of vendor assistance, and all ~~tobacco~~ Tobacco products ~~Products~~ shall be either in a locked case or in an area not accessible to the public prior to sale.

8.15.~~110-050~~ - Signs.

Any person, business, or ~~tobacco-Tobacco retailer-Retailer~~ shall post plainly visible signs at the point of purchase of ~~tobacco-Tobacco products-Products~~ which state "THE SALE OF TOBACCO PRODUCTS TO PERSONS UNDER EIGHTEEN YEARS OF AGE IS PROHIBITED BY LAW. PHOTO ID REQUIRED." The letters of said signs shall be at least one inch (1") high.

8.15.~~120-100~~ - Sale to minors prohibited.

No person, business, or tobacco retailer shall sell, offer to sell or permit to be sold any tobacco product to an individual without requesting and examining identification establishing the purchaser's age as eighteen (18) years or greater.

8.15.110 – Prohibition Against Sale or Offer for Sale of Flavored Tobacco Products.

A. The sale or offer for sale, by any person or Tobacco Retailer of any Flavored Tobacco Product is prohibited and no person or Tobacco Retailer shall sell, or offer for sale, any Flavored Tobacco Product.

B. There shall be a rebuttable presumption that a Tobacco Product is a Flavored Tobacco Product if a manufacturer or any of the manufacturer's agents or employees, in the course of their agency or employment, has made a statement or claim directed to consumers or to the public that the Tobacco Product has or produces a Characterizing Flavor including, but not limited to, text, color, and/or images on the product's Labeling or Packaging that are used to explicitly or implicitly communicate that the Tobacco Product has a Characterizing Flavor.

8.15.120 – Prohibition Against Tobacco Products Sales at Pharmacies.

No person shall sell Tobacco Products in a pharmacy.

8.15.130 - Tobacco vending machines prohibited.

No person, business, or ~~tobacco-Tobacco retailer-Retailer~~ shall locate, install, keep, maintain or use, or permit the location, installation, keeping, maintenance or use on his, her or its premises any vending machine for the purpose of selling or distributing any ~~tobacco-Tobacco product-Product~~.

8.15.200 - Requirement for ~~tobacco-Tobacco retailer-Retailer~~ permit.

It is unlawful for any person to act as a ~~tobacco-Tobacco retailer-Retailer~~ without first obtaining and maintaining a valid ~~tobacco-Tobacco retailer's-Retailer's~~ permit pursuant to this chapter for each location at which that activity is to occur.

No permit may be issued to authorize ~~tobacco-Tobacco retailers-Retailers~~ at other than a fixed location; peripatetic ~~tobacco-Tobacco retailing-Retailing~~ and ~~tobacco Tobacco retailing-Retailing~~ from vehicles are prohibited. Permits are valid for one year. Each ~~tobacco-Tobacco retailer-Retailer~~ must apply for the ~~tobacco-Tobacco retailer's-Retailer's~~ permit or for the renewal of the ~~tobacco-Tobacco retailer's-Retailer's~~ permit at the same time the applicant applies for, or renews their city business license.

8.15.210 - Application procedure.

A. Application for a ~~tobacco-Tobacco retailer's-Retailer's~~ permit shall be submitted in the name of the person or entity proposing to conduct retail ~~tobacco~~ sales of Tobacco Products and shall be signed by such person or an authorized agent thereof. All applications shall be submitted to the city and shall contain the following information:

1. The name, address, telephone and fax numbers of the applicant.
2. The business name, address, telephone and fax numbers of each location for which a tobacco retailer's permit is sought.
3. Such other information as the city deems reasonably necessary for implementation and enforcement of this chapter.

B. A fee for the tobacco retailer's permit shall be established by city council in its fee schedule resolution as amended from time to time. The applicant shall pay the fee at the time the application is submitted. The application shall be submitted at the same time as the applicant's initial application for or renewal of a city business license.

8.15.220 - Issuance of permit.

A. Upon the receipt of an application for a tobacco retailer's permit, the city shall issue a permit unless the Community Development Director, or designee, determines that evidence demonstrates one of the following bases for denial:

1. The application is incomplete or inaccurate.
2. The application seeks authorization for ~~tobacco-Tobacco retailing-Retailing~~ by a person or at a location for which a suspension is in effect pursuant to Section 8.15.250 of this chapter.
3. The application seeks authorization for ~~tobacco-Tobacco retailing-Retailing~~ that is otherwise unlawful under provisions of state or federal law or the provisions of the San Rafael Municipal Code.

8.15.230 - Display of permit.

Each permittee shall prominently display the permit at each location where ~~tobacco~~ Tobacco retailing-Retailing occurs.

8.15.240 - Permits nontransferable.

A ~~tobacco-Tobacco retailer's-Retailer's~~ permit is nontransferable. In the event a person to whom a permit has been issued changes business location or sells the business referenced in that person's permit, that person must apply for a new permit prior to acting as a ~~tobacco-Tobacco retailer-Retailer~~ at the new location. The transferee of the permittee must apply for a permit in the transferee's name before acting as a ~~tobacco-Tobacco retailer-Retailer~~. Any permit reissued pursuant to this section shall expire on the date the previous permit for the business or person would have otherwise expired.

8.15.250 - Suspension or revocation of permit.

A. Grounds for Suspension or Revocation.

1. A ~~tobacco-Tobacco retailer's-Retailer's~~ permit shall be revoked if the ~~city~~ Director of Community Development, or designee, finds, after not less than 10 days' notice and opportunity to be heard, that one or more of the ~~basis-bases~~ for denial of a permit under Section 8.15.220 of this chapter exists. The revocation shall be without prejudice to the filing of a new application for a permit following correction of the conditions which required revocation.

2. A ~~tobacco-Tobacco retailer's-Retailer's~~ permit shall be suspended if the ~~city~~ Director of Community Development, or designee, finds, after not less than 10 days' notice and opportunity to be heard, that the permittee or his or her agent or employee has violated any federal, state or local law governing the sale, promotion, advertisement or display of ~~tobacco, t~~obacco productsProducts, ~~or tobacco paraphernalia.~~

B. Suspension of Permit.

1. If the ~~city~~ Director of Community Development, or designee, finds that there are grounds for suspension of a permit, ~~the following sanctions shall be imposed:~~

~~a. Upon a first finding by the city of a violation by a permittee or any agent or employee of a permittee within any twelve (12) month period,~~ the permit shall be suspended for ninety (90) days unless (a) :- (1) the permittee submits a training plan within a reasonable time established by the city, in form and content acceptable to the city, for the training of all sales employees in the laws pertaining to the sale, advertisement, and display of ~~tobacco, t~~obacco productsProducts, ~~or~~

~~tobacco paraphernalia~~ to minors, and, techniques to ensure future compliance with said laws; and ~~(2b)~~ the permittee files with the city, within such time as is reasonably established by the city, satisfactory evidence that the training described in the training plan has been completed.

2. Upon the second finding by the ~~city~~ Director of Community Development, or designee, off a violation by a permittee or by any agent or employee of a permittee within any twelve (12) month period, the permit shall be suspended for one hundred twenty (120) days.

3. Upon each subsequent finding by ~~the the city~~ Director of Community Development, or designee, of a violation by a permittee or by any agent or employee of a permittee within any twelve (12) month period, the permit shall be suspended for one year.

C. Appeal of Suspension and/or Revocation. The decision is appealable pursuant to the provisions of Chapter 14.28 of the San Rafael Municipal Code.

8.15.260 - Penalties for violations.

A violation of any provision of this chapter is hereby declared a public nuisance, and shall be punishable as provided for in Chapters 1.42, 1.44 and 1.46 of this code. These remedies shall be in addition to all other legal remedies, criminal or civil, which may be pursued by the city to address any violation of this chapter.

8.15.270 – No conflict with Federal or State law.

Nothing in this chapter shall be interpreted or applied so as to create any requirement, power, or duty that is preempted by federal or state law.

8.15.280 – Not applicable to cannabis businesses.

Notwithstanding anything in this chapter to the contrary, this chapter shall not be applicable to any matter regulated by Chapter 10.96 of this code entitled "Cannabis Business".

DIVISION 3. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).

The City Council finds that adoption of this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to section 15061(b)(3) of the State CEQA Guidelines because it can be seen with certainty that there is no possibility that the adoption of this Ordinance or its implementation would may have a significant effect on the environment, (14 Cal. Code Regs. Section 15061(b)(3)). in that this ordinance applies residential tenant

~~protection measures to existing residential units in San Rafael, which is solely an administrative process resulting in no physical changes to the environment.~~

DIVISION 4. SEVERABILITY.

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance. The Council hereby declares that it would have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

DIVISION 5. EFFECTIVE DATE; PUBLICATION.

This Ordinance shall be published once, in full or in summary form, before its final passage, in a newspaper of general circulation, published, and circulated in the City of San Rafael, and shall be in full force and effect thirty (30) days after its final passage. If published in summary form, the summary shall also be published within fifteen (15) days after the adoption, together with the names of those Councilmembers voting for or against same, in a newspaper of general circulation published and circulated in the City of San Rafael, County of Marin, State of California.

GARY O. PHILLIPS, Mayor

ATTEST:

LINDSAY LARA, City Clerk

The foregoing Ordinance No. _____ was read and introduced at a Regular Meeting of the City Council of the City of San Rafael, held on the _____ day of _____, 2019 and ordered passed to print by the following vote, to wit:

AYES: Councilmembers

NOES: Councilmembers

ABSENT: Councilmembers

and will come up for adoption as an Ordinance of the City of San Rafael at a Regular Meeting of the Council to be held on the _____ day of _____, 2019.

LINDSAY LARA, City Clerk

Attachment 2. Active Tobacco Retailer Licenses in San Rafael (as of 12.31.18)

Business Name	Business address	Bus City, State	Business type
4th Street Shell	1833 4TH ST	SAN RAFAEL, CA 94901	SERVICE STATION
7-Eleven Store 14132	80 MEDWAY RD	SAN RAFAEL, CA 94901	GROCERY
7-Eleven Store 14139	703 B ST	SAN RAFAEL, CA 94901	GROCERY
Al's Food & Liquors	36 MEDWAY RD	SAN RAFAEL, CA 94901	LIQUOR STORE
Asian Market	5 MARY ST	SAN RAFAEL, CA 94901	GROCERY
Azteca #2	802 4TH ST	SAN RAFAEL, CA 94901-3224	GROCERY
Belli Deli, LLC	1304 2ND ST	SAN RAFAEL, CA 94901	TAKE OUT FOOD
Beverages & More, Inc.	760 FRANCISCO BLVD W	SAN RAFAEL, CA 94901	LIQUOR STORE
Caffe Villa At Villa Inn	1600 LINCOLN AVE	SAN RAFAEL, CA 94901	RESTAURANT
Chevron Stations Inc #2208	949 DEL PRESIDIO BLVD	SAN RAFAEL, CA 94903-3615	GROCERY
Chevron/ Grand Gasoline	440 3RD ST	SAN RAFAEL, CA 94901	SERVICE STATION
Circle K #5784	981 FRANCISCO BLVD E	SAN RAFAEL, CA 94901	SERVICE STATION
Colonial Liquors Of San Rafael	1015 TAMALPAIS AVE	SAN RAFAEL, CA 94901	LIQUOR STORE
CVS/Pharmacy #4952	909 GRAND AVE	SAN RAFAEL, CA 94901	DRUG STORE
Dandy Market	100 EL PRADO AVE	SAN RAFAEL, CA 94903-3963	GROCERY
El Palmar	757 LINCOLN AVE STE 28	SAN RAFAEL, CA 94901-3335	RESTAURANT
Famous Market & Deli	1492 LINCOLN AVE	SAN RAFAEL, CA 94901	GROCERY
Francisco 76- Marin Express Lube, Inc.	831 FRANCISCO BLVD E	SAN RAFAEL, CA 94901-4725	SERVICE STATION
Fuel 24:7 @ Northgate	930 DEL PRESIDIO BLVD	SAN RAFAEL, CA 94903	SERVICE STATION
Gateway Gas One	1005 NORTHGATE DR	SAN RAFAEL, CA 94903-2500	SERVICE STATION
Golden Creme Donut	911 LINCOLN AVE	SAN RAFAEL, CA 94901	BAKERY (RETAIL)
Irwin Shell	834 IRWIN ST	SAN RAFAEL, CA 94901	SERVICE STATION
Kosmos Kafe	890 TAMALPAIS AVE	SAN RAFAEL, CA 94901-3308	RESTAURANT
Mi Rancho Market #2	4140 REDWOOD HWY STE 4	SAN RAFAEL, CA 94903-2791	GROCERY
Mighty Quinn, The	1099 4TH ST STE G	SAN RAFAEL, CA 94901	TOBACCO
Mini Market Store	842 B ST	SAN RAFAEL, CA 94901	GROCERY
More For Less	141 BELLAM BLVD	SAN RAFAEL, CA 94901-4836	GROCERY

Northgate Shell	950 DEL PRESIDIO BLVD	SAN RAFAEL, CA 94903	SERVICE STATION
Perry's Delicatessen	909 LINCOLN AVE	SAN RAFAEL, CA 94901	TAKE OUT FOOD
Peter's Beacon/ Beacon's Service	108 BELLAM BLVD	SAN RAFAEL, CA 94901	SERVICE STATION
Pint Size Lounge	1615 4TH ST	SAN RAFAEL, CA 94901-2714	COCKTAIL LOUNGE
Power Petroleum Corporation	1320 2ND ST	SAN RAFAEL, CA 94901-3829	SERVICE STATION
Redwood Cafe	175 PAUL DR	SAN RAFAEL, CA 94903	RESTAURANT
Rite Aid 5957	471 3RD ST	SAN RAFAEL, CA 94901	DRUG STORE
Rite Aid 5958	1500 NORTHGATE DR	SAN RAFAEL, CA 94903	DRUG STORE
Safeway #653	700 B ST	SAN RAFAEL, CA 94901-3808	GROCERY
Safeway #932	350 NORTHGATE ONE	SAN RAFAEL, CA 94903-3415	GROCERY
San Rafael 76	34 RITTER ST	SAN RAFAEL, CA 94901-3323	SERVICE STATION
San Rafael Smog Test And Repair Station	1401 2ND ST	SAN RAFAEL, CA 94901-2754	MOTOR VEHICLE REPAIR
San Rafael Smoke Shop	2222 4TH ST STE A	SAN RAFAEL, CA 94901	TOBACCO
San Rafael Valero	475 3RD ST	SAN RAFAEL, CA 94901	SERVICE STATION
Scotty's Market	620 MANUEL T FREITAS PKWY	SAN RAFAEL, CA 94903-3198	GROCERY
Shineology Car Wash @ Second St.	1515 2ND ST	SAN RAFAEL, CA 94901	SERVICE STATION
Silada Unocal 76	1125 LINCOLN AVE	SAN RAFAEL, CA 94901	SERVICE STATION
Smith Ranch Deli & Cafe	101 SMITH RANCH RD	SAN RAFAEL, CA 94903	GROCERY
Smoky's Deli	21 GOLDEN GATE DR STE K	SAN RAFAEL, CA 94901	RESTAURANT
Supermercados Mi Tierra	175 BELVEDERE ST	SAN RAFAEL, CA 94901-4779	GROCERY
Supermercados Mi Tierra Warehouse	97 LOUISE ST STE C	SAN RAFAEL, CA 94901	WAREHOUSE
Terra Linda 76 & Pro Car Wash	921 DEL PRESIDIO BLVD	SAN RAFAEL, CA 94903	SERVICE STATION
Trevor's Pub, LLC	927 TAMALPAIS AVE	SAN RAFAEL, CA 94901	COCKTAIL LOUNGE
United Liquors, Inc.	1556 4TH ST	SAN RAFAEL, CA 94901	LIQUOR STORE
Walgreens #13584	155 NORTHGATE ONE	SAN RAFAEL, CA 94903-3417	DRUG STORE
Walgreens 04625	830 3RD ST	SAN RAFAEL, CA 94901	DRUG STORE
Winton News & Liquors	1149 4TH ST	SAN RAFAEL, CA 94901-3006	LIQUOR STORE



**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
AGENDA REPORT**

Department: Finance Department

Prepared by: Van Bach
Accounting Manager

City Manager Approval: _____

A handwritten signature in black ink, appearing to be 'AS', written over a horizontal line.

TOPIC: QUARTERLY INVESTMENT REPORT

SUBJECT: ACCEPTANCE OF SUCCESSOR AGENCY QUARTERLY INVESTMENT REPORT

RECOMMENDATION: Accept investment report for the quarter ending March 31, 2019, as presented.

BACKGROUND: Pursuant to the State of California Government Code Section 53601 and the City's investment policy, last approved by the City Council on June 18, 2018, staff provides the governing body a quarterly report on the Successor Agency's investment activities and liquidity.

ANALYSIS: The Successor Agency checking account had a balance of \$180,140 at quarter-end. These funds were available for the administration of the activities of the Agency, as well as for approved agency commitments.

FISCAL IMPACT: No financial impact occurs by adopting the report.

RECOMENDATION: Accept investment report for the quarter ending March 31, 2019, as presented.

ATTACHMENT:

1. Successor Agency Cash & Investment Report January through March 2019.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

TREASURER'S CERTIFICATION

I CERTIFY THAT ALL INVESTMENTS MADE ARE IN CONFORMANCE WITH SUCCESSOR AGENCY'S APPROVED INVESTMENT POLICY AND STATE INVESTMENT REGULATIONS. THE SUCCESSOR AGENCY HAS SUFFICIENT LIQUIDITY TO MEET ALL OF THE OBLIGATIONS REQUIRED DURING THE NEXT SIX-MONTH PERIOD, SUBJECT TO OVERSIGHT BOARD APPROVAL OF OBLIGATIONS AND THE SUBSEQUENT TIMELY COUNTY DISBURSEMENT OF FUNDS.

VAN BACH
ACCOUNTING MANAGER

SUCCESSOR AGENCY TO SAN RAFAEL REDEVELOPMENT AGENCY

CASH and INVESTMENTS
 QUARTER ENDED 3/31/2019

ISSUER	PURCHASE TYPE	PURCHASE DATE	MATURITY DATE	YIELD	PURCHASE PRICE	PAR VALUE	MARKET VALUE	Days to Maturity	% OF TOTAL	AS OF
<u>CASH ACCOUNTS:</u>										
WESTAMERICA	DD	N/A	N/A		\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	1/31/2019
WESTAMERICA	DD	N/A	N/A		\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	2/28/2019
WESTAMERICA	DD	N/A	N/A		\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	3/31/2019
TOTAL INVESTMENTS					\$ -	\$ -	\$ -			
TOTAL CASH & INVESTMENTS - QUARTER-END BALANCE					\$ 180,140.35	\$ 180,140.35	\$ 180,140.35		300.00%	

% Portfolio held 1 year or less

100%

TYPE:
 DD - Demand Deposit

SUCCESSOR AGENCY TO SAN RAFAEL REDEVELOPMENT AGENCY

CASH and INVESTMENTS
 QUARTER ENDED 3/31/2019

ISSUER	PURCHASE TYPE	PURCHASE DATE	MATURITY DATE	YIELD	PURCHASE PRICE	PAR VALUE	MARKET VALUE	Days to Maturity	% OF TOTAL	AS OF
<u>CASH ACCOUNTS:</u>										
WESTAMERICA	DD	N/A	N/A		\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	1/31/2019
WESTAMERICA	DD	N/A	N/A		\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	2/28/2019
WESTAMERICA	DD	N/A	N/A		\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	3/31/2019
TOTAL INVESTMENTS					\$ -	\$ -	\$ -			
TOTAL CASH & INVESTMENTS - QUARTER-END BALANCE					\$ 180,140.35	\$ 180,140.35	\$ 180,140.35		300.00%	

% Portfolio held 1 year or less

100%

TYPE:
 DD - Demand Deposit