

**Malibu City Council**  
**Administration and Finance Subcommittee**  
**Special Meeting Agenda**

**Monday, January 25, 2016**

**3:00 P.M.**

City Hall – Surfrider Room  
23825 Stuart Ranch Road

Mayor Pro Tem Lou La Monte  
Councilmember Joan House

**Call to Order**

**Approval of Agenda**

**Report on Posting of the Agenda** – January 21, 2016

**Public Comment** *This is the time for the public to comment on any items not appearing on this agenda. Each public speaker shall be allowed up to three (3) minutes for comments. The Subcommittee may not discuss or act on any matter not specifically identified on this agenda, pursuant to the Ralph M. Brown Act.*

**Discussion Items**

1. Approval of Minutes – October 29, 2015

Recommended Action: Approve the minutes of the Administration and Finance Subcommittee Special meeting of October 29, 2015.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

2. Fiscal Year 2015-2016 Second Quarter Financial Report and Mid-Year Budget Amendments

Recommended Action: 1) Review Fiscal Year 2015-2016 Second Quarter financial information; and 2) Provide a recommendation to the City Council regarding Fiscal Year 2015-2016 mid-year budget amendments.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

3. Appropriations for Civic Center Wastewater Treatment Facility (CCWWTF)

Recommended Action: Provide a recommendation to the City Council to: 1) Appropriate \$217,960 from the General Fund Undesignated Reserve to the Designated Reserve – CCWWTF for additional costs for the City Hall and Bluffs Park assessments; 2) Appropriate \$712,206 from the Legacy Park Project Fund to the Designated Reserve – CCWWTF for additional costs for the Legacy Park commercial properties assessment; and 3) Appropriate \$964,533 from the General Fund Undesignated Reserve to the Designated Reserve for the CCWWTF Phase Two Reimbursable for oversizing costs for Phase Two.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

4. Amendment No. 2 to Agreement with David Taussig and Associates, Inc. (DTA)

Recommended Action: Provide a recommendation to the City Council to consider amending the Professional Services Agreement with DTA and consider the appropriation of \$14,500 from the General Fund Undesignated Reserve to provide additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

5. Professional Services Agreement with Lance, Soll & Lunghard, LLP for Financial Auditing Services

Recommended Action: Provide a recommendation to the City Council to authorize the City Manager to execute a Professional Services Agreement with Lance, Soll & Lunghard, LLP for financial auditing services.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

6. Agreement with Wells Fargo Bank for Governmental Banking Services

Recommended Action: Provide a recommendation to the City Council to execute an agreement with Wells Fargo Bank for Governmental Banking Services.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

7. Additional General Fund Grant to Santa Monica-Malibu Unified School District (SMMUSD) Ballroom Madness

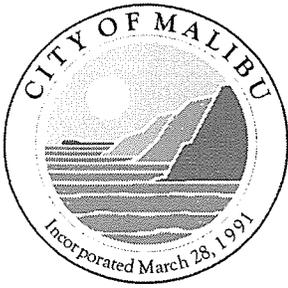
Recommended Action: Provide a recommendation to the City Council regarding awarding a General Fund Grant to SMMUSD for transportation costs for Ballroom Madness.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

**Adjournment**

*I hereby certify under penalty of perjury, under the laws of the State of California, that the foregoing agenda was posted in accordance with the applicable legal requirements. Dated January 21, 2016*

  
\_\_\_\_\_  
Mary Linden, Executive Assistant



# Administration and Finance Subcommittee Agenda Report

Administration &  
Finance Subcommittee  
Special Meeting  
01-25-16

## Item 1

To: Mayor Pro Tem La Monte and Councilmember House

Prepared by: Mary Linden, Executive Assistant *M*

Approved by: Jim Thorsen, City Manager *JT*

Date prepared: January 14, 2016 Meeting date: January 25, 2016

Subject: Approval of Minutes – October 29, 2015

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**RECOMMENDED ACTION:** Approve the minutes of the Administration and Finance Subcommittee Special meeting of October 29, 2015.

**DISCUSSION:** Staff has prepared draft minutes for the Administration and Finance Subcommittee Special meeting October 29, 2015, and hereby submits the minutes to the Subcommittee for approval.

**ATTACHMENTS:** Draft Minutes of the October 29, 2015 Administration and Finance Subcommittee Special meeting

MINUTES  
MALIBU ADMINISTRATION AND FINANCE SUBCOMMITTEE  
SPECIAL MEETING  
OCTOBER 29, 2015  
ZUMA ROOM  
3:00 P.M.

CALL TO ORDER

Mayor Pro Tem La Monte called the meeting to order at 3:04 p.m.

ROLL CALL

The following persons were recorded in attendance:

PRESENT: Mayor Pro Tem Lou La Monte and Councilmember Joan House

ALSO PRESENT: City Manager Jim Thorsen and Assistant City Manager Reva Feldman

APPROVAL OF AGENDA

MOTION Councilmember House moved and Mayor Pro Tem La Monte seconded a motion to approve the agenda. The motion carried unanimously.

REPORT ON POSTING OF AGENDA

Assistant City Manager Feldman reported that the agenda for the meeting was properly posted on October 28, 2015.

DISCUSSION ITEMS

1. Approval of Minutes – September 10, 2015  
Recommended action: Approve the minutes of the Administration and Finance Subcommittee Special meeting September 10, 2015.

MOTION Mayor Pro Tem La Monte moved and Councilmember House seconded a motion to approve the minutes of the Administration and Finance Subcommittee Special meeting September 10, 2015. The motion carried unanimously.

2. Fiscal Year 2014-2015 Fourth Quarter Financial Report  
Recommended action: Receive and file Fiscal Year 2014-2015 Fourth Quarter financial information.

MOTION Mayor Pro Tem La Monte moved and Councilmember House seconded a motion to receive and file Fiscal Year 2014-2015 Fourth Quarter financial information. The motion carried unanimously.

3. Fiscal Year 2015-2016 First Quarter Financial Report  
Recommended action: Receive and file Fiscal Year 2015-2016 First Quarter financial information.

MOTION Mayor Pro Tem La Monte moved and Councilmember House seconded a motion to receive and file Fiscal Year 2015-2016 First Quarter financial information.

ADJOURNMENT

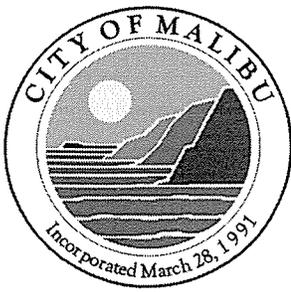
MOTION At 3:50 p.m., Councilmember House moved and Mayor Pro Tem La Monte seconded a motion to adjourn. The motion carried unanimously.

Approved and adopted by the Administration and Finance Subcommittee of the City of Malibu on \_\_\_\_\_.

\_\_\_\_\_  
LOU LA MONTE, Mayor Pro Tem

ATTEST:

\_\_\_\_\_  
MARY LINDEN, Executive Assistant



## Administration and Finance Subcommittee Agenda Report

Administration &  
Finance Subcommittee  
Special Meeting  
01-25-16

### Item 2

To: Mayor Pro Tem La Monte and Councilmember House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 15, 2016

Meeting date: January 25, 2016

Subject: Fiscal Year 2015-2016 Second Quarter Financial Report and Mid-Year Budget Amendments

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**RECOMMENDED ACTION:** 1) Review Fiscal Year 2015-2016 Second Quarter financial information; and 2) Provide a recommendation to the City Council regarding Fiscal Year 2015-2016 mid-year budget amendments.

**DISCUSSION:** The attached report provides revenue, expenditure and fund balance totals for the Second Quarter of Fiscal Year 2015-2016 and the proposed mid-year budget amendments.

The Revenues by Fund Report (pages A 1-4) reflects General Fund revenues of \$10.7 million or 42% of the annual budgeted amount for the fiscal year. General Fund revenues are meeting budget estimates to date. Total revenue of all funds received during the second quarter is \$14.3 million or 44% of the annual budgeted amount for the fiscal year. Many revenue sources are received on a quarterly or annual basis, and as such, will be reflected when the year-end report is presented.

The Expenditure by Fund Report (pages A 5-7) reflects any budget carryovers from Fiscal Year 2014-2015, as well as the appropriations approved by the City Council for the current fiscal year in the Amended Budget column. Budget Adjustments, Carryovers and Council Appropriations total \$1.7 million as of December 31, 2015. General Fund expenditures for the second quarter total \$11.6 million or 48% of the annual budgeted amount. Expenditures for all funds total \$14.1 million or 43% of the annual budgeted amount.

Projected Fund Balances for the fiscal year end are reflected on page A-8. The projected Undesignated Fund Balance at June 30, 2016 includes all expenses appropriated by the Council as of December 31, 2015. The City ended Fiscal Year

2014-2015 with \$20.8 million in the Undesignated General Fund Reserve. As of December 31, 2015, the projected General Fund Undesignated Reserve at June 30, 2016 is \$20.5 million. If the proposed mid-year budget amendments are approved, the General Fund Undesignated Reserve at June 30, 2016 will be \$20 million.

The Treasurer's Cash and Investment Report is attached on page A-9.

### **Mid-Year Budget Amendments**

Staff is recommending the following amendments to the General Fund expenditure budget:

- \$30,000 to Street Maintenance – Street Maintenance Services (100-3001-5200). The proposed budget amendment is needed for additional street maintenance services related to El Nino preparation. The budget amendment funding will be used to pay for additional services to clear and maintain City streets and drains before and after major rain events.
- \$5,000 for Street Maintenance – Operating Supplies (100-3001-6160). The proposed budget amendment is needed for additional supplies related to El Nino. Supplies purchased in connection with El Nino preparation include items such as road signs, sand bags and rain gear.
- \$50,000 for Stormwater Treatment Facilities – Stormwater Monitoring (100-3007-5656). This amendment is needed for additional monitoring services during and after El Nino storms. Additional monitoring services are required to ensure that the City is in compliance with all water regulation and pollution laws.
- \$25,000 for Public Works/Engineering – Contract Personnel (100-3008-5107). Additional administrative staffing is needed in the Public Works department. The proposed budget amendment reflects the cost of hiring a temporary employee to assist with high priority administrative functions. With the anticipated award of a contract for the construction of the Civic Center Wastewater Treatment Facility and the construction of multiple Measure R funded projects, the Public Works department needs assistance to ensure that all administrative matters are adequately addressed.
- \$25,000 for Public Works/Engineering – Traffic Engineering (100-3008-5125). Additional funds are needed for traffic engineering services for proposed traffic improvements in the Point Dume area. The City is in the process of preparing a new traffic management plan. The additional funding will be used to pay for consulting services associated with the traffic plan.

- \$49,000 for Park Maintenance – Maintenance (100-4001-5130). Repairs are needed at the Bluffs Park playground. The proposed amendment will cover the cost of repairing the wall climber and main playground area in the park.
- \$17,600 for Aquatics – Equipment (100-4002-7800). The existing trailer used as an office for City employees that is located adjacent to the Malibu High School pool needs to be replaced. The proposed budget amendment reflect the cost of removing the existing trailer and the purchase and installation of a new trailer.
- \$7,500 for City Council – Events (100-7001-6170). The City’s 25<sup>th</sup> anniversary event has been expanded to include an art exhibit opening with the Cultural Arts Commission. Additional funding is needed for costs associated with the expanded event, including the installation of a surfboard exhibit in City Hall.
- \$75,000 for Planning – Professional Services (101-2001-5100). Additional contract planning services are needed. The proposed budget amendment reflects this expense.
- \$50,000 for Wastewater Management – Professional Services (101-2010-5100). Additional contract services are needed for the review of environmental health review services.

The net impact to the General Fund for the proposed amendments is \$334,100.

Staff is recommending the following amendments to the Capital Improvements Project Fund expenditure budget:

- \$150,000 for PCH Signal Synchronization System Improvements (310-9066). This amendment reflects a new capital improvement project that will be funded from Los Angeles County Metro Measure R.
- \$100,000 for Speed Advisory Signs (310-9067). This amendment reflects a new capital improvement project to implement the Point Dume Traffic Management Plan. Work includes installing speed advisory signs in the Point Dume area and along Busch Drive, as well as potential new speed humps, signage and striping. The project will be funded from the General Fund.
- \$60,000 for Bus Stop Shelters (310-9068). This amendment reflects a new capital improvement project to install up to three bus stop shelters. The project will be funded from the General Fund.

Staff is recommending the following amendments to the Legacy Park Project Fund expenditure budget:

- \$25,000 for Stormwater Treatment Facilities – Equipment. The proposed budget amendment is for repairs to storm drains in the Civic Center area.

The proposed total amended expenditure budget is \$669,100, of which \$494,000 will be funded from the General Fund Undesignated Reserve, \$150,000 will be funded from Measure R and \$25,000 will be funded from the Legacy Park Project Fund.

If the proposed budget amendments are approved, the projected General Fund Undesignated Reserve at June 30, 2016 will be \$20 million.

The Fiscal Year 2015-2016 Second Quarter Financial Report and the proposed Mid-Year Budget Amendments will be presented to the City Council on February 8, 2016.

- ATTACHMENTS:
1. Revenues by Fund Report
  2. Expenditures by Fund Report
  3. Schedule of Projected Fund Balances
  4. Treasurer's Cash and Investment Report

# REVENUES BY FUND

December 31, 2015

Object	Description	2015-2016 Adopted	Amended Budget	Received 12/31/2015	Percentage Received	2015-2016 Projected
<b>100, 101 &amp; 103 General Fund</b>						
3111	Current Year Secured Property Tax	\$ 8,300,000	\$ 8,300,000	\$ 3,582,442	43.2%	\$ 8,300,000
3112	Current Year Unsecured Property Tax	300,000	300,000	325,416	108.5%	300,000
3113	Homeowner's Exemption	60,000	60,000	9,439	15.7%	60,000
3114	Prior Year Secured Property Tax	20,000	20,000	-	0.0%	20,000
3115	Prior Year Unsecured Property Tax	10,000	10,000	-	0.0%	10,000
3118	Property Tax In-Lieu	1,525,000	1,525,000	-	0.0%	1,525,000
	<b>Revenue from Property Taxes</b>	<b>10,215,000</b>	<b>10,215,000</b>	<b>3,917,297</b>	<b>38.35%</b>	<b>10,215,000</b>
3131	Documentary Transfer Tax	600,000	600,000	325,717	54.3%	600,000
3132	Utility User's Tax	2,485,000	2,485,000	989,867	39.8%	2,485,000
3133	Transient Occupancy Tax	1,250,000	1,250,000	588,782	47.1%	1,250,000
3133-01	Transient Occupancy Tax - Private Rentals	550,000	550,000	364,824	66.3%	550,000
3134	Franchise Fees	775,000	775,000	175,792	22.7%	775,000
3137	Sales and Use Tax	3,450,000	3,450,000	705,215	20.4%	3,450,000
3137-01	Sales and Use Tax-Triple Flip Payment	240,000	240,000	-	0.0%	240,000
3138	Parking Tax	310,000	310,000	220,575	71.2%	310,000
	<b>Revenue From Other Taxes</b>	<b>9,660,000</b>	<b>9,660,000</b>	<b>3,370,772</b>	<b>34.9%</b>	<b>9,660,000</b>
3201	Alarm Permits	25,000	25,000	15,950	63.8%	25,000
3202	Film Permits	450,000	450,000	250,274	55.6%	450,000
3203	Building Permits	500,000	500,000	350,532	70.1%	500,000
3203-01	Code Enforcement - Special Investigations	15,000	15,000	10,308	68.7%	15,000
3204	Wastewater Treatment System Permits	30,000	30,000	17,309	57.7%	30,000
3205	Plumbing Permits	80,000	80,000	43,282	54.1%	80,000
3207	Mechanical Permits	60,000	60,000	35,862	59.8%	60,000
3208	Electrical Permit Fees	110,000	110,000	70,584	64.2%	110,000
3209	Grading/Drainage Permit Fees	45,000	45,000	40,438	89.9%	45,000
3210	Misc. Permits	30,000	30,000	14,432	48.1%	30,000
3418	OWTS Operating Permit Fees	230,000	230,000	189,885	82.6%	230,000
3420	Parking Permits	2,300	2,300	1,056	45.9%	2,300
3421	Planning Review Fees	950,000	950,000	542,684	57.1%	950,000
	<b>Revenue From Licenses and Permits</b>	<b>2,527,300</b>	<b>2,527,300</b>	<b>1,582,596</b>	<b>62.6%</b>	<b>2,527,300</b>
3250	Parking Citations Fines	400,000	400,000	303,116	75.8%	400,000
	<b>Revenue From Fines and Forfeitures</b>	<b>400,000</b>	<b>400,000</b>	<b>303,116</b>	<b>75.8%</b>	<b>400,000</b>
3314	State Mandated Cost Reimbursement	10,000	78,540	78,540	100.0%	78,540
3318	Street Sweeping Reimbursements	40,000	40,000	-	0.0%	40,000
3373	Proposition A Recreation	25,000	25,000	-	0.0%	25,000
	<b>Revenue From Other Governments</b>	<b>75,000</b>	<b>143,540</b>	<b>78,540</b>	<b>54.7%</b>	<b>143,540</b>
3408	Biology Review Fees	80,000	80,000	51,386	64.2%	80,000
3409	Document Retention Fees	12,000	12,000	6,894	57.5%	12,000
3410	Building Plan Check Fees	250,000	250,000	148,359	59.3%	250,000
3410-01	Administrative Plan Check Processing Fee	15,000	15,000	10,136	67.6%	15,000
3411	Inspector Plan Check Fees	210,000	210,000	118,405	56.4%	210,000
3412	Geo Soils Engineering Fees	425,000	425,000	270,951	63.8%	425,000
3413	Other Plan Check Fees	30,000	30,000	14,436	48.1%	30,000
3414	Environmental Health Review Fees	210,000	210,000	138,750	66.1%	210,000
3415	Grading/Drainage Plan Review Fees	35,000	35,000	8,364	23.9%	35,000
3416	Code Enforcement Investigation Fees	5,000	5,000	3,172	63.4%	5,000
3419	Credit Card Fees	15,000	15,000	9,510	63.4%	15,000
3422	OWTS Practinioners Fees	2,500	2,500	2,299	92.0%	2,500
3425	CA Building Standards Surcharge	1,000	1,000	746	74.6%	1,000
3426	EIR Review Fees	50,000	50,000	19,232	38.5%	50,000
3427	Technology Enhancement Fee	8,500	8,500	5,559	65.4%	8,500
3431	Public Works/Engineering Fees	185,000	185,000	182,330	98.6%	185,000
3432	SUSMP Fees	13,000	13,000	9,206	70.8%	13,000
3433	Banner Hanging Fees	500	500	170	34.0%	500
3434	TOT Registration Fees	750	750	450	60.0%	750
3435	Admin Permit Processing Fees	65,000	65,000	38,648	59.5%	65,000
3436	Electric Vehicle Charger Fees	15,000	15,000	-	0.0%	15,000
3441	Sale of Publications and Materials	9,000	9,000	4,228	47.0%	9,000

Object	Description	2015-2016 Adopted	Amended Budget	Received 12/31/2015	Percentage Received	2015-2016 Projected
<b>General Fund (Continued)</b>						
3443	Emergency Preparedness Charges	1,500	1,500	720	48.0%	1,500
3444	Returned Check Service Fees	250	250	82	32.8%	250
3446	Vehicle Release Impound Fees	30,000	30,000	3,930	13.1%	30,000
3447	Election Fees	2,500	65,500	63,000	96.2%	65,500
3448	Subpoena Fees	2,500	2,500	1,819	72.8%	2,500
3449	False Alarm Service Charge	10,000	10,000	8,832	88.3%	10,000
3450	Residential Decals	1,000	1,000	395	39.5%	1,000
3451	Passport Processing Fees	40,000	40,000	21,625	54.1%	40,000
3461	Municipal Facility Use Fees	63,000	63,000	51,919	82.4%	63,000
3464	Youth Sports Program	78,000	78,000	60,757	77.9%	78,000
3465	Teen Program	11,000	11,000	4,583	41.7%	11,000
3466	Aquatics Program	125,000	125,000	81,228	65.0%	125,000
3467	Day Camp	85,000	85,000	22,454	26.4%	85,000
3468	Senior Adult Program	20,000	20,000	13,207	66.0%	20,000
3463/3470	Recreation/Community Class Registration	100,000	100,000	44,612	44.6%	100,000
3472	Special Events	13,000	13,000	1,775	13.7%	13,000
	<b>Revenue From Service Charges</b>	<b>2,220,000</b>	<b>2,283,000</b>	<b>1,424,169</b>	<b>62.4%</b>	<b>2,283,000</b>
3501	Interest Earnings	50,000	50,000	19,252	38.5%	50,000
3505	City Hall Use Fees	15,000	15,000	13,433	89.6%	15,000
	<b>Use of Money and Property</b>	<b>65,000</b>	<b>65,000</b>	<b>32,685</b>	<b>50.3%</b>	<b>65,000</b>
3600	Proceeds from Grants	50,000	50,000	-	0.0%	50,000
3901	Settlements	5,000	5,000	-	0.0%	5,000
3902	Legal Fees	2,500	2,500	846	33.8%	2,500
3904	TOT Private Rental Penalties	5,000	5,000	152	3.0%	5,000
3905	Miscellaneous Reimbursements	5,000	5,000	1,381	27.6%	5,000
3940	Sale of Surplus Property	500	500	-	0.0%	500
3943	Miscellaneous Revenue	5,000	5,000	2,225	44.5%	5,000
	<b>Miscellaneous Revenue</b>	<b>73,000</b>	<b>73,000</b>	<b>4,604</b>	<b>6.3%</b>	<b>73,000</b>
<b>Total General Fund</b>		<b>\$ 25,235,300</b>	<b>\$ 25,366,840</b>	<b>10,713,779</b>	<b>42.2%</b>	<b>\$ 25,366,840</b>
<b>201 Gas Tax Fund</b>						
3315	Highway User's Fees	301,356	301,356	129,043	42.8%	301,356
	Interest Earnings	100	100	-	0.0%	100
	<b>Total Gas Tax Fund</b>	<b>301,456</b>	<b>301,456</b>	<b>129,043</b>	<b>42.8%</b>	<b>301,456</b>
<b>202 Traffic Safety Fund</b>						
3312	Fines & Forfeitures	350,000	350,000	138,854	39.7%	350,000
	Interest Earnings	200	200	-	0.0%	200
	<b>Total Traffic Safety Fund</b>	<b>350,200</b>	<b>350,200</b>	<b>138,854</b>	<b>39.6%</b>	<b>350,200</b>
<b>203 Proposition A Fund</b>						
3371	Prop A Funds	215,000	215,000	117,093	54.5%	215,000
3501	Interest Earnings	100	100	-	0.0%	100
	<b>Total Proposition A Fund</b>	<b>215,100</b>	<b>215,100</b>	<b>117,093</b>	<b>54.4%</b>	<b>215,100</b>
<b>204 Proposition C Fund</b>						
3372	Prop C Funds	175,000	175,000	97,576	55.8%	175,000
3501	Interest Earnings	200	200	-	0.0%	200
	<b>Total Proposition C Fund</b>	<b>175,200</b>	<b>175,200</b>	<b>97,576</b>	<b>55.7%</b>	<b>175,200</b>
<b>205 Measure R Fund</b>						
3374	Measure R Funds	130,000	130,000	72,917	56.1%	130,000
3501	Interest Earnings	250	250	-	0.0%	250
	<b>Total Measure R Fund</b>	<b>130,250</b>	<b>130,250</b>	<b>72,917</b>	<b>56.0%</b>	<b>130,250</b>
<b>206 Air Quality Management Fund</b>						
3377	AQMD Funds	15,000	15,000	4,016	26.8%	15,000
3501	Interest Earnings	50	50	-	0.0%	50
	<b>Total Air Quality Management Fund</b>	<b>15,050</b>	<b>15,050</b>	<b>4,016</b>	<b>26.7%</b>	<b>15,050</b>

Object	Description	2015-2016 Adopted	Amended Budget	Received 12/31/2015	Percentage Received	2015-2016 Projected
<b>Special Revenue Funds (Continued)</b>						
<b>207 Solid Waste Management Fund</b>						
3311	Solid Waste Management Surcharge	120,000	120,000	29,341	24.5%	120,000
3434	Recycling Fees	15,000	15,000	6,649	44.3%	15,000
3501	Interest Earnings	100	100	-	0.0%	100
3600	Grant Proceeds	5,000	5,000	5,000	100.0%	5,000
	<b>Total Solid Waste Management Fund</b>	<b>140,100</b>	<b>140,100</b>	<b>40,990</b>	<b>29.3%</b>	<b>140,100</b>
<b>208 Parkland Development Fund</b>						
3135	Parkland Development Fees	15,000	15,000	15,084	100.6%	15,000
3501	Interest Earnings	250	250	-	0.0%	250
	<b>Total Park Development Fund</b>	<b>15,250</b>	<b>15,250</b>	<b>15,084</b>	<b>98.9%</b>	<b>15,250</b>
<b>209 Quimby Fund</b>						
3501	Interest Earnings	100	100	-	0.0%	100
	<b>Total Quimby Fund</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>0.0%</b>	<b>100</b>
<b>211 COPS (Brulte) Grant Fund</b>						
3600	Proceeds From Grants (Brulte)	100,000	100,000	73,654	73.7%	100,000
	<b>Total COPS (Brulte) Fund</b>	<b>100,000</b>	<b>100,000</b>	<b>73,654</b>	<b>73.7%</b>	<b>100,000</b>
<b>215 Community Development Block Grant Fund</b>						
3600	Proceeds From Grants	106,935	106,935	-	0.0%	106,935
	<b>Total Comm. Dev. Block Grant Fund</b>	<b>106,935</b>	<b>106,935</b>	<b>-</b>	<b>0.0%</b>	<b>106,935</b>
<b>217 Traffic Safety Grant Funds</b>						
3600	Proceeds From Grants	27,000	35,550	35,550	100.0%	35,550
	<b>Total ARRA Fund</b>	<b>27,000</b>	<b>35,550</b>	<b>35,550</b>	<b>100.0%</b>	<b>35,550</b>
<b>225 Grants Fund</b>						
3376	TDA	-	-	-	0.0%	-
3600	Proceeds From Grants	2,290,834	2,290,834	1,565,965	68.4%	2,290,834
	<b>Total Grants Fund</b>	<b>2,290,834</b>	<b>2,290,834</b>	<b>1,565,965</b>	<b>68.4%</b>	<b>2,290,834</b>
<b>290 Big Rock LMD Fund</b>						
3116	Big Rock Mesa Assessment	281,014	281,014	114,296	40.7%	281,014
3501	Interest Earnings	300	300	-	0.0%	300
	<b>Total Big Rock LMD Fund</b>	<b>281,314</b>	<b>281,314</b>	<b>114,296</b>	<b>40.6%</b>	<b>281,314</b>
<b>291 Malibu Road LMD Fund</b>						
3116	Malibu Road Assessment	50,951	50,951	20,425	40.1%	50,951
3501	Interest	10	10	-	0.0%	10
	<b>Total Malibu Road LMD Fund</b>	<b>50,961</b>	<b>50,961</b>	<b>20,425</b>	<b>40.1%</b>	<b>50,961</b>
<b>292 Calle Del Barco LMD Fund</b>						
3116	Calle Del Barco Assessment	31,982	31,982	14,129	44.2%	31,982
3501	Interest	200	200	-	0.0%	200
	<b>Total Calle Del Barco LMD Fund</b>	<b>32,182</b>	<b>32,182</b>	<b>14,129</b>	<b>43.9%</b>	<b>32,182</b>
<b>712 Carbon Beach Undergrounding CFD Fund</b>						
3915	Carbon Beach Undergrounding Assessment	287,139	287,244	114,224	39.8%	287,244
	<b>Total Carbon Beach Undergrounding CFD</b>	<b>287,139</b>	<b>287,244</b>	<b>114,224</b>	<b>39.8%</b>	<b>287,244</b>
<b>713 Broad Beach Assessment District</b>						
3915	Broad Beach Undergrounding Assessment	154,167	154,163	58,950	38.2%	154,163
	<b>Total Broad Beach Undergrounding AD</b>	<b>154,167</b>	<b>154,163</b>	<b>58,950</b>	<b>38.2%</b>	<b>154,163</b>
<b>Total Special Revenue Funds</b>		<b>4,673,238</b>	<b>4,681,889</b>	<b>2,612,766</b>	<b>55.8%</b>	<b>4,681,889</b>

Object	Description	2015-2016 Adopted	Amended Budget	Received 12/31/2015	Percentage Received	2015-2016 Projected
<b>500 Legacy Park Project Fund</b>						
3501	Interest Earnings	2,500	2,500	-	0.0%	2,500
3505	Proceeds from Rent	1,931,735	1,931,735	798,950	41.4%	1,931,735
3905	Miscellaneous Revenue	40,000	40,000	-	0.0%	40,000
<b>Total Legacy Park Project Fund</b>		<b>1,974,235</b>	<b>1,974,235</b>	<b>798,950</b>	<b>40.5%</b>	<b>1,974,235</b>
<b>Total Legacy Park Project Fund</b>		<b>1,974,235</b>	<b>1,974,235</b>	<b>798,950</b>	<b>40.5%</b>	<b>1,974,235</b>
<b>Internal Service Funds</b>						
<b>601 Vehicle Fund</b>						
3951	Vehicle Charges	60,000	60,000	30,000	50.0%	60,000
<b>Total Vehicle Fund</b>		<b>60,000</b>	<b>60,000</b>	<b>30,000</b>	<b>50.0%</b>	<b>60,000</b>
<b>602 Information Technology Fund</b>						
3952	Information Technology Charges	423,500	475,500	211,750	44.5%	475,500
<b>Total Information Technology Fund</b>		<b>423,500</b>	<b>475,500</b>	<b>211,750</b>	<b>44.5%</b>	<b>475,500</b>
<b>Total Internal Service Funds</b>		<b>483,500</b>	<b>535,500</b>	<b>241,750</b>	<b>45.1%</b>	<b>535,500</b>
<b>Total Revenue - All Funds</b>		<b>\$ 32,366,273</b>	<b>\$ 32,558,464</b>	<b>\$ 14,367,245</b>	<b>44.1%</b>	<b>\$ 32,558,464</b>

#### Reconciliation of adopted to amended budget

Total 2014-2015 Adopted budget:

\$ 32,366,273

Account	Description	Amount	
100-0000-3447	Election Fees	63,000	Budget Adjustment
100-0000-3314	Mandated Cost Reimbursements	68,540	Budget Adjustment
217-0000-3600	Office of Traffic Safety Federal Grant	8,550	Budget Adjustment
602-0000-3952	Information Technology Charges	52,000	Budget Adjustment
712-0000-3915	Carbon Beach Undergrounding Assessment	105	Budget Adjustment
713-0000-3915	Broad Beach Undergrounding Assessment	(4)	Budget Adjustment
<b>Total Amendments</b>		<b>192,191</b>	
<b>Total Amendment Budget</b>		<b>32,558,464</b>	

## EXPENDITURES BY FUND

December 31, 2015

		Adopted Budget	Amended Budget (1)	YTD Actual	% Spent	2015-16 Projected
<b>General Fund</b>						
<b>Management Services</b>						
7001	City Council	\$ 516,842	\$ 521,842	\$ 277,223	53.1%	\$ 521,842
7003	City Manager	581,761	581,761	284,278	48.9%	581,761
7005	Legal Counsel	649,777	649,777	321,328	49.5%	649,777
7007	City Clerk	556,958	556,958	178,909	32.1%	556,958
<b>Total Management Services</b>		<b>2,305,338</b>	<b>2,310,338</b>	<b>1,061,738</b>	<b>46.0%</b>	<b>2,310,338</b>
<b>Public Safety Services</b>						
7021	Emergency Preparedness	209,417	209,417	118,456	56.6%	209,417
7031	Public Safety Services	6,706,272	6,706,272	2,959,016	44.1%	6,706,272
<b>Total Public Safety</b>		<b>6,915,689</b>	<b>6,915,689</b>	<b>3,077,472</b>	<b>44.5%</b>	<b>6,915,689</b>
<b>Administrative Services</b>						
3010	Civic Center Wastewater Treatment Facility	206,000	206,000	47,057	22.8%	206,000
7002	Media Operations	289,056	289,056	119,490	41.3%	289,056
7054	Finance	1,098,130	1,132,030	613,550	54.2%	1,132,030
7058	Human Resources	154,591	154,591	67,939	43.9%	154,591
7059	Non Departmental Services	1,591,503	1,708,649	1,203,770	70.5%	1,708,649
103-9050	City Hall	2,352,664	2,352,664	1,415,276	60.2%	2,352,664
<b>Total Administrative Services</b>		<b>5,691,944</b>	<b>5,842,990</b>	<b>3,467,082</b>	<b>59.3%</b>	<b>5,842,990</b>
<b>Recreation Services</b>						
4001	General Recreation	888,688	888,688	322,883	36.3%	888,688
4002	Aquatics	253,875	253,875	138,749	54.7%	253,875
4003	Outdoor Recreation	43,995	43,995	11,045	25.1%	43,995
4004	Day Camps	95,798	95,798	52,980	55.3%	95,798
4006	Youth Sports	124,004	124,004	58,162	46.9%	124,004
4007	Community Programs	158,892	158,892	47,255	29.7%	158,892
4008	Senior Adult Programs	136,471	136,471	70,860	51.9%	136,471
4009	Teen Programs	68,340	68,340	29,063	42.5%	68,340
4010	Park Maintenance	687,155	687,155	365,834	53.2%	687,155
4011	Special Events	199,241	199,241	84,353	42.3%	199,241
<b>Total Recreation Services</b>		<b>2,656,459</b>	<b>2,656,459</b>	<b>1,181,184</b>	<b>44.5%</b>	<b>2,656,459</b>
<b>Environmental &amp; Sustainability Development</b>						
2004	Environmental & Building Safety	1,570,994	1,578,494	780,120	49.4%	1,578,494
2010	Wastewater Management	692,630	692,630	301,159	43.5%	692,630
3003	Clean Water Program	170,715	186,881	179,687	96.2%	186,881
<b>Total Env. &amp; Community Development</b>		<b>2,434,339</b>	<b>2,458,005</b>	<b>1,260,966</b>	<b>51.3%</b>	<b>2,458,005</b>
<b>Planning Department</b>						
2001	Planning	2,284,813	2,284,813	870,856	38.1%	2,284,813
2012	Code Enforcement	217,768	217,768	94,081	43.2%	217,768
<b>Total Planning Department</b>		<b>2,502,581</b>	<b>2,502,581</b>	<b>964,937</b>	<b>38.6%</b>	<b>2,502,581</b>
<b>Public Works/Engineering</b>						
3001	Street Maintenance	596,578	596,578	190,144	31.9%	596,578
3007	City Facilities	94,000	94,000	43,419	46.2%	94,000
3008	Public Works	827,539	893,539	436,524	48.9%	893,539
<b>Total Public Works</b>		<b>1,518,117</b>	<b>1,584,117</b>	<b>670,087</b>	<b>42.3%</b>	<b>1,584,117</b>
<b>Total General Fund</b>		<b>\$ 24,024,467</b>	<b>\$ 24,270,179</b>	<b>11,683,466</b>	<b>48.1%</b>	<b>\$ 24,270,179</b>

(1) The amended budget column includes the original budget amount plus encumbrance carryovers and any additional appropriations.

## EXPENDITURES BY FUND

December 31, 2015

		Adopted Budget	Amended Budget (1)	YTD Actual	% Spent	2014-15 Projected
<b>Special Revenue Funds</b>						
3001	Street Maintenance	720,000	720,000	275,000	38.2%	720,000
3004	Solid Waste Management	145,779	147,363	55,292	37.5%	147,363
3005	Fleet Operations	20,000	20,000	-	0.0%	20,000
3008	Public Works	85,000	93,550	50,550	54.0%	93,550
3009	Transportation Services	208,000	208,000	82,568	39.7%	208,000
6002	Big Rock Mesa LMD	308,706	308,706	121,379	39.3%	308,706
6003	Malibu Road LMD	52,970	52,970	22,707	42.9%	52,970
6004	Calle del Barco LMD	66,604	66,604	21,580	32.4%	66,604
6005	Carbon Beach Undergrounding CFD	287,244	287,244	184,314	64.2%	287,244
6006	Broad Beach Undergrounding AD	154,163	154,163	87,676	56.9%	154,163
7031	Public Safety	100,000	100,000	75,800	75.8%	100,000
7070	Community	6,935	6,935	2,890	41.7%	6,935
<b>Total Special Revenue Funds</b>		<b>2,155,401</b>	<b>2,165,535</b>	<b>979,756</b>	<b>45.2%</b>	<b>2,165,535</b>
<b>Capital Project Funds</b>						
310	Capital Improvement Fund					
9002	Annual Street Overlay	650,000	699,469	778	0.1%	699,469
9025	Las Flores Creek Restoration	-	473,082	3,036	0.6%	473,082
9049	Civic Center Wastewater Improvements	-	25,000	87,556	350.2%	25,000
9053	Broad Beach Bioinfiltration Project	-	108,118	47,842	44.2%	108,118
9054	Wildlife Road Treatment	10,213	83,329	-	0.0%	83,329
9055	PCH Bike Route Improvements	-	425,548	-	0.0%	425,548
9057	PCH Regional Traffic Messaging System	275,000	300,000	-	0.0%	300,000
9058	PCH Intersection Improvements	610,117	656,185	-	0.0%	656,185
9059	PCH Median Improvements	400,000	400,000	-	0.0%	400,000
9060	PCH Bus Stop Improvements	-	19,066	-	0.0%	19,066
9061	Civic Center Way Improvements	375,000	375,000	-	0.0%	375,000
9063	Biofiltration Devices-Las Flores and Malibu	-	156,259	44,437	28.4%	156,259
9065	Malibu Community Labor Exchange	100,000	100,000	-	0.0%	100,000
<b>Total Capital Project Funds</b>		<b>2,420,330</b>	<b>3,821,056</b>	<b>183,649</b>	<b>4.8%</b>	<b>3,821,056</b>
<b>Legacy Park Project Fund</b>						
500	3003 Clean Water Program	375,000	375,000	-	0.0%	375,000
	3007 Stormwater Treatment Facilities	275,000	275,000	-	0.0%	275,000
	7004 Legacy Park Debt Service	1,099,220	1,099,220	769,667	70.0%	1,099,220
	7008 Legacy Park Operations	443,750	443,750	248,428	56.0%	443,750
<b>Total Legacy Park Project Fund</b>		<b>2,192,970</b>	<b>2,192,970</b>	<b>1,018,095</b>	<b>46.4%</b>	<b>2,192,970</b>
<b>Internal Service Funds</b>						
3005	Vehicle	51,000	51,000	18,340	36.0%	51,000
7060	Information Technology	419,758	471,758	273,653	58.0%	471,758
<b>Total Internal Service Funds</b>		<b>470,758</b>	<b>522,758</b>	<b>291,993</b>	<b>55.9%</b>	<b>522,758</b>
<b>Total All Funds</b>		<b>\$ 31,263,926</b>	<b>\$ 32,972,498</b>	<b>\$ 14,156,959</b>	<b>42.9%</b>	<b>\$ 32,972,498</b>

(1) The amended budget column includes the original budget amount plus encumbrance carryovers and any additional appropriations.



## PROJECTED FUND BALANCES

December 31, 2015

FUND	Fund Balance July 1, 2015 (Audited)	Revenues Projected 12/31/2015	Expenditures Projected 12/31/2015	Transfers Budgeted 2014-2015	Fund Balance Projected (Unaudited)
General Fund - Undesignated	\$ 20,824,288	\$ 25,366,840	\$ 24,270,179	\$ (1,406,692)	20,514,257
General Fund - Designated for CIPs	958,530	-	-	(958,530)	-
Designated for Deferred Maintenance	1,126,016	-	-	(70,000)	1,056,016
Designated for Landon Center	1,000,000	-	-	-	1,000,000
Designated for Water Quality Settlement	250,000	-	-	-	250,000
Designated for CCWWTF - City Share	-	-	-	1,795,000	1,795,000
Designated for CCWWTF Phase II Reimbursable	-	-	-	835,000	835,000
<b>Total General Fund</b>	<b>24,158,834</b>	<b>25,366,840</b>	<b>24,270,179</b>	<b>194,778</b>	<b>25,450,273</b>
Gas Tax Fund	34,411	301,456	335,000	-	867
Traffic Safety Fund	44,789	350,200	423,000	(40,000)	(68,011)
Proposition A Fund	204,570	215,100	208,000	-	211,670
Proposition C Fund	38,988	175,200	-	(200,000)	14,188
Measure R Fund	16,775	130,250	-	(125,000)	22,025
Air Quality Management Fund	27,970	15,050	20,000	-	23,020
Solid Waste Management Fund	38,074	140,100	167,363	-	10,811
Parkland Development In-Lieu Fund	10,516	15,250	-	-	25,766
Quimby Fund	3,498	100	-	-	3,598
COPS Brulte Grant Fund	-	100,000	100,000	-	-
CDBG	-	106,935	6,935	(100,000)	-
Traffic Safety Grant Fund	-	35,550	35,550	-	-
Grants Fund	-	2,290,834	-	(2,290,834)	-
Big Rock LMD	215,380	281,314	308,706	-	187,988
Malibu Road LMD	14,262	50,961	52,970	-	12,253
Calle Del Barco LMD	114,763	32,182	66,604	-	80,341
Carbon Beach Undergrounding CFD	-	287,244	287,244	-	-
Broad Beach Assessment District	-	154,163	154,163	-	-
<b>Total Special Revenue Funds</b>	<b>763,996</b>	<b>4,681,889</b>	<b>2,165,535</b>	<b>(2,755,834)</b>	<b>524,516</b>
Capital Improvements	-	-	3,821,056	3,821,056	-
<b>Total Cap. Imp. Funds</b>	<b>-</b>	<b>-</b>	<b>3,821,056</b>	<b>3,821,056</b>	<b>-</b>
Legacy Park Project Fund	2,744,455	1,974,235	2,192,970	(1,260,000)	1,265,720
<b>Total Legacy Fund</b>	<b>2,744,455</b>	<b>1,974,235</b>	<b>2,192,970</b>	<b>(1,260,000)</b>	<b>1,265,720</b>
Vehicle	17,003	60,000	51,000	-	26,003
Information Technology	(7,259)	475,500	471,758	-	(3,517)
<b>Total Internal Service Funds</b>	<b>9,744</b>	<b>535,500</b>	<b>522,758</b>	<b>-</b>	<b>22,486</b>
<b>Total All Funds</b>	<b>\$ 27,677,029</b>	<b>\$ 32,558,464</b>	<b>\$ 32,972,498</b>	<b>\$ -</b>	<b>\$ 27,262,995</b>

**CITY OF MALIBU**

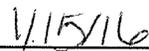
**CITY TREASURER'S CASH AND INVESTMENTS REPORT  
FOR THE QUARTER ENDING DECEMBER 31, 2015**

<u>ACCOUNT</u>	<u>ISSUER</u>	<u>TYPE</u>	<u>AMOUNT</u>	<u>CURRENT YIELD</u>	<u>EARNINGS TO DATE*</u>	<u>MATURITY DATE</u>
Cash Operating	Bank of America	Checking	\$ 3,903,855	N/A		N/A
Revolving Cash Fund	Internal	Petty Cash	700	N/A	N/A	N/A
Investments	Local Agency Investment Fund (LAIF)	State of CA	22,804,485	0.37%	\$ 21,579	1 day
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	2.05%		11/13/2018
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	1.90%		5/16/2019
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	2.20%		11/16/2020
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	2.30%		11/18/2020
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	1.20%		5/2/2016
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	0.70%		3/6/2017
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	1.05%		3/6/2018
Investments	Wells Fargo Advisors	Federal Home Loan	250,000	1.20%		3/6/2018
Investments	Wells Fargo Advisors	Federal Home Loan	<u>250,000</u>	1.05%		3/7/2018
<b>TOTAL CASH AND INVESTMENTS</b>			<b><u>\$ 28,959,040</u></b>		<b><u>\$ 21,579</u></b>	

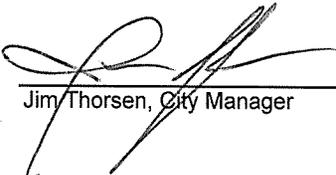
In compliance with Government Code Section 53646, the Treasurer hereby certifies that sufficient cash and anticipated revenues are available to meet the City's expenditure requirements for the next six months, and further, that all investments comply with the City Council's approved investment ordinances.

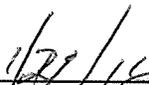
Prepared by:

  
 \_\_\_\_\_  
 Reva Feldman, Assistant City Manager

  
 \_\_\_\_\_  
 Date

Reviewed by:

  
 \_\_\_\_\_  
 Jim Thorsen, City Manager

  
 \_\_\_\_\_  
 Date

**2015-2016 PROPOSED BUDGET AMENDMENTS**

Account	Description	Amount	Detail
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**REVENUE**

**TOTAL ADOPTED REVENUE BUDGET \$ 32,558,464**

Total Adopted General Fund Revenues \$ 25,366,840

**TOTAL ADOPTED EXPENDITURE BUDGET 32,972,498**

Total Adopted General Fund Expenditures 24,270,179

**EXPENDITURES**

**General Fund**

100-3001-5200	Street Maintenance - Street Maintenance	30,000	Additional services for El Nino
100-3001-6160	Street Maintenance - Operating Supplies	5,000	Additional supplies for El Nino
100-3007-5656	Stormwater Treatment Facilities - Stormwater Monitoring	50,000	Additional services for El Nino
100-3008-5107	Public Works/Engineering - Contract Personnel	25,000	Temporary administrative staff
100-3008-5125	Public Works/Engineering - Traffic Engineering	25,000	Pt. Dume Traffic Engineering
100-4001-5130	Park Maintenance - Maintenance	49,000	Repair of Bluffs Park playground
100-4002-7800	Aquatics - Equipment	17,600	New pool office trailer
100-7001-6170	City Council - Events/Advertising	7,500	25th Anniversary & Art Opening Event
101-2001-5100	Planning - Professional Services	75,000	Contract planner services
101-2010-5100	Wastewater Management - Professional Services	50,000	WW review - contract services
	<b>Proposed Amended General Fund Expenditures</b>	<b>334,100</b>	

**Capital Improvement Projects Fund**

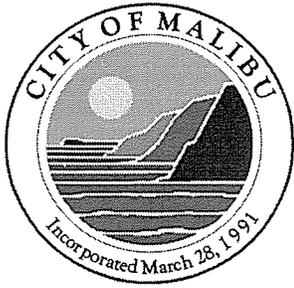
310-9066	PCH Signal Synchronization System Improvements	150,000	Measure R Funded Project
310-9067	Speed Advisory Signs	100,000	Point Dume & Busch Drive
310-9068	Bus Stop Shelters	60,000	Bus Stop Shelters
	<b>Proposed Amended CIP Fund Expenditures</b>	<b>310,000</b>	

**Legacy Park Project Fund**

100-3007-7800	Stormwater Treatment Facilities - Equipment	25,000	Repair of storm drain flaps
	<b>Proposed Amended Legacy Park Fund Expenditures</b>	<b>25,000</b>	

**TOTAL PROPOSED AMENDMENTS - ALL FUNDS 669,100**

**TOTAL AMENDED EXPENDITURE BUDGET (all funds) \$ 33,641,598**



## Administrative and Finance Subcommittee Agenda Report

Administrative &  
Finance Subcommittee  
Special Meeting  
01-25-16

### Item 3

To: Mayor Pro Tem La Monte and Councilmember House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 14, 2016

Meeting date: January 25, 2016

Subject: Appropriations for Civic Center Wastewater Treatment Facility (CCWWTF)

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**RECOMMENDED ACTION:** Provide a recommendation to the City Council to 1) Appropriate \$217,960 from the General Fund Undesignated Reserve to the Designated Reserve – CCWWTF for additional costs for the City Hall and Bluffs Park assessments; 2) Appropriate \$712,206 from the Legacy Park Project Fund to the Designated Reserve – CCWWTF for additional costs for the Legacy Park commercial properties assessment; and 3) Appropriate \$964,533 from the General Fund Undesignated Reserve to the Designated Reserve for the CCWWTF Phase Two Reimbursable for oversizing costs for Phase Two.

**FISCAL IMPACT:** Funding for these appropriations was not included in the Adopted Budget for Fiscal Year 2015-2016. The Adopted Budget includes funding of \$535,000 for the City Hall and Bluffs Park assessments; \$1,260,000 for the Legacy Park commercial properties assessment; and \$835,000 for oversizing costs for Phase Two. Due to an increase in the cost of construction, additional funding will be needed, including:

An appropriation of \$217,960 from the General Fund Undesignated Reserve to the Designated Reserve - CCWWTF City Share is needed for additional costs for the City Hall and Bluffs Park assessments.

An appropriation of \$712,206 from the Legacy Park Project Fund to the Designated Reserve – CCWWTF City Share is needed for additional costs for the Legacy Park commercial properties assessment. The City will be reimbursed for the Legacy Park assessment from the commercial tenants pursuant to their lease agreements.

An appropriation of \$964,533 from the General Fund Undesignated Reserve to the Designated Reserve for CCWWTF Phase I Reimbursable is needed to fund additional oversizing costs for Phase Two. This amount will be reimbursed to the City when an Assessment District is formed.

The projected General Fund Undesignated Reserve at June 30, 2016 before the recommended appropriations is \$20 million. If the proposed appropriation is approved, the General Fund Undesignated Reserve will be \$18.8 million.

The projected Legacy Park Project Fund Reserve at June 30, 2016 before the recommended appropriation is \$1.2 million.

DISCUSSION: Council Policy #44 requires that all proposed appropriations over \$10,000 be reviewed and discussed by the Administration and Finance Subcommittee prior to being presented to the City Council. The proposed appropriation item will be discussed by the Council on January 25, 2015.

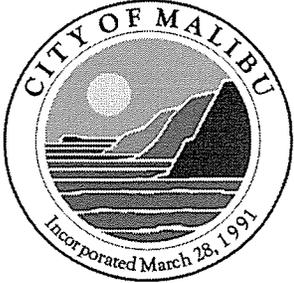
The Adopted Budget for Fiscal Year 2015-2016 included the establishment of two new designated reserve funds. The Civic Center Wastewater Treatment Facility – City Share Designated Reserve was established with \$1,795,000 from the General Fund Undesignated Reserve and Legacy Park Project Fund for the City's share of the proposed Assessment District for Phase One of the Wastewater Treatment Facility. The Civic Center Wastewater Treatment Facility Phase II – Reimbursable Designated Reserve was established with \$835,000 from the General Fund for oversizing costs of the facility attributable to Phase Two of the project.

Since the budget was adopted, the estimated costs and financing scenario for the CCWWTF project has changed and additional funding is needed.

The total amount of the assessments for City-owned properties is now \$2,725,166. Funding in the amount of \$1,795,000 was included in the Adopted Budget for Fiscal Year 2015-2016 in the Designated Reserve - CCWWTF City Share for the City's assessments. An additional \$930,166 will need to be appropriated from the General Fund Undesignated Reserve and the Legacy Park Project Fund Reserve in order for the City to make a payment during the cash collection period. The City will be reimbursed for the assessments associated with the Legacy Park commercial properties by the tenants pursuant to their leases.

The total amount of the oversizing for Phase Two is now \$1,799,533. An additional \$964,533 is needed for the oversizing costs that will be spent during Phase One of the project that are attributable to Phase Two. The costs attributable to Phase Two cannot be paid by the Assessment District formed by the property owners in Phase One. The City will be reimbursed the total \$1,799,533 once an Assessment District is formed for Phase Two.

ATTACHMENTS: None



## Administrative and Finance Subcommittee Agenda Report

To: Mayor Pro Tem La Monte and Councilmember and House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 14, 2016 Meeting date: January 25, 2016

Subject: Amendment No. 2 to Agreement with David Taussig and Associates, Inc. (DTA)

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**RECOMMENDED ACTION:** Provide a recommendation to the City Council to consider amending the Professional Services Agreement with DTA and consider the appropriation of \$14,500 from the General Fund Undesignated Reserve to provide additional consulting services for the formation of the Civic Center Wastewater Treatment Facility (CCWWTF) Assessment District.

**FISCAL IMPACT:** Funding for this amendment was not included in the Adopted Budget for Fiscal Year 2015-2016. An appropriation of \$14,500 from the General Fund Undesignated Reserve to Account No. 710-0000-2270.45 (CCWWTF) is needed to fund the additional work for the project. This amount will be reimbursed to the City when an Assessment District for Phase One is formed. As of December 31, 2015, the projected General Fund Undesignated Reserve was \$20.5 million. If approved, mid-year budget amendments and other appropriation items being discussed by the Administration and Finance Subcommittee will reduce the projected General Fund Undesignated Reserve at June 30, 2016 to \$18.8 million.

**DISCUSSION:** Council Policy #44 requires that all proposed appropriations over \$10,000 be reviewed and discussed by the Administration and Finance Subcommittee prior to being presented to the City Council. The proposed appropriation item will be discussed by the Council on January 25, 2016.

On September 23, 2013, the City entered into a Professional Services Agreement with DTA for to provide consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District. On June 8, 2015, the City entered into Amendment No. 1 to the Agreement to perform additional assessment lien and financing analysis work for the project. The requested \$14,500 in Amendment No. 2 is

needed for DTA to provide additional financing and assessment lien sensitivity analysis due to revisions to the organic loadings of each parcel, the finalized cost of the treatment plant site, revised construction costs, revised parcel flow allocation, changes in parcel character, and additional work to assist design consultant with preparation of the State Revolving Fund (SRF) loan application. DTA has submitted the scope of work for this additional work and is included in Amendment No. 2 as Exhibit A. DTA has also submitted a cost proposal in the amount of \$14,500 to perform this additional work, which is included in Amendment No. 2 as Exhibit B. Staff has reviewed the proposal and requests the approval of Amendment No. 2 to Agreement with DTA in the amount of \$14,500.

ATTACHMENTS: Amendment No. 2 to Agreement with DTA

**AMENDMENT NO. 2 TO AGREEMENT**

THIS AMENDMENT NO. 2 TO AGREEMENT is made and entered in the City of Malibu on January 25, 2016, by and between the CITY OF MALIBU, hereinafter referred to as City, and David Taussig and Associates, Inc., hereinafter referred to as Consultant.

The City and the Consultant agree as follows:

**RECITALS**

- A. On September 23, 2013, the City entered into an Agreement with Consultant for consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District (the "Agreement").
- B. On June 8, 2015, the City entered into Amendment No. 1 to Agreement with Consultant for additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District.
- C. The City desires to amend the Agreement Scope of Services and Compensation to include additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District as indicated in the Consultant's Scope of Work, Exhibit A, and the Consultant has submitted a proposal for this purpose that is acceptable to the City.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. Section 1.0 – Scope of the Consultant's Services, of the Agreement, is hereby amended as set forth in Exhibit A attached hereto.
2. Section 4.0 – Compensation for Services, of the Agreement, is hereby amended to increase the contract amount by \$14,500, as set forth in Exhibit B attached hereto.
3. All terms and conditions of the Agreement, and Amendment No. 1 to the Agreement, not amended by this Amendment No. 2 remain in full force and effect.

This Agreement is executed on January 25, 2016, at Malibu, California, and effective as of \_\_\_\_\_

CITY OF MALIBU:

\_\_\_\_\_  
JIM THORSEN, City Manager

ATTEST:

\_\_\_\_\_  
LISA POPE, City Clerk  
(seal)

APPROVED AS TO FORM:

\_\_\_\_\_  
CHRISTI HOGIN, City Attorney

CONSULTANT:

\_\_\_\_\_  
By: David Taussig  
Title: President



## Administrative and Finance Subcommittee Agenda Report

To: Mayor Pro Tem La Monte and Councilmember and House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 14, 2016 Meeting date: January 25, 2016

Subject: Professional Services Agreement with Lance, Soll & Lunghard, LLP for Financial Auditing Services

---

**RECOMMENDED ACTION:** Provide a recommendation to the City Council to authorize the City Manager to execute a Professional Services Agreement with Lance, Soll & Lunghard, LLP (LSL) for financial auditing services.

**FISCAL IMPACT:** Funding for this Agreement was included in the Adopted Budget for Fiscal Year 2015-2016 in Account No. 100-7054-5100-00 (Finance Professional Services). Funding for services in future years will be included in subsequent budgets.

**DISCUSSION:** On May 15, 2015, the City issued a Request for Proposal (RFP) for auditing services. The RFP was advertised in the local newspaper and posted to the City website and the California Society of Municipal Finance Officers (CSMFO) website.

The City received six proposals in response to the RFP from the following firms:

- Lance, Soll & Lunghard, LLP (LSL)
- Rogers, Anderson, Malody & Scott, LLP
- Moss, Levy & Hartzheim, LLP
- The Pun Group
- White Nelson Diehl Evans LLP
- Van Lant & Fankhanel, LLP

Staff reviewed all of the proposals, then invited three audit firms for an interview on August 13, 2015: The Pun Group, Lance, Soll & Lunghard, LLP (LSL), and White Nelson Diehl Evans LLP. After the interviews, LSL was selected from the three auditing firms.

The City has contracted with LSL for financial auditing services since May 2004. LSL conducts an interim audit, an annual audit and a single audit of the City each year. They prepare the City's financial statement, as well as the City's federal single audit report. Because of their familiarity with the City's finances and operations, they are extremely beneficial in the preparation of the annual financial statements. LSL is very conscientious in maintaining an unbiased and optimal auditing service by rotating the staff assigned to the City each year.

Staff recommends entering into an agreement with LSL for a three -year term in the total amount not to exceed \$82,700, which includes single audit services in the amount of \$12,300.

This item will be presented to the Council on January 25, 2016.

ATTACHMENTS: Professional Services Agreement with LSL

**AGREEMENT FOR PROFESSIONAL SERVICES**

This Agreement is made and entered into as of January 1, 2016 by and between the City of Malibu (hereinafter referred to as the "City"), and Lance, Soll & Lunghard, LLP (hereinafter referred to as "Consultant").

The City and the Consultant agree as follows:

**RECITALS**

A. The City does not have the personnel able and/or available to perform the services required under this Agreement.

B. The City desires to retain the services of the Consultant to perform the annual audit of the City's financial transactions.

C. The Consultant warrants to the City that it has the qualifications, experience and facilities to perform properly and timely the services under this Agreement.

D. The City desires to contract with the Consultant to perform the services as described in Exhibit A of this Agreement.

NOW, THEREFORE, the City and the Consultant agree as follows:

**1.0 SCOPE OF THE CONSULTANT'S SERVICES.** The Consultant agrees to provide the services and perform the tasks set forth in the Scope of Work, attached to and made part of this Agreement. The Scope of Work may be amended from time to time by way of a written directive from the City.

**2.0 TERM OF AGREEMENT.** This Agreement will become effective on January 1, 2016 and will remain in effect for a period of three (3) years from said date unless otherwise expressly extended and agreed to by both parties or terminated by either party as provided herein.

**3.0 CITY AGENT.** The City Manager, or his designee, for the purposes of this Agreement, is the agent for the City; whenever approval or authorization is required, Consultant understands that the City Manager, or his designee, has the authority to provide that approval or authorization.

**4.0 COMPENSATION FOR SERVICES.** The City shall pay the Consultant a fixed professional services fee for each of the fiscal years as follows:

<u>Engagement Service</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Financial Audit	\$22,780	\$23,460	\$24,160
Single Audit (if required)	<u>3,980</u>	<u>4,100</u>	<u>4,220</u>
Total Fee	\$26,760	\$27,560	\$28,380

The cost of services shall not exceed \$82,700. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager, or his designee.

4.1 The Consultant shall submit to the City, by no later than the 10<sup>th</sup> day of each month, its bill for services itemizing the fees and costs incurred during the previous month. The City shall pay the Consultant all uncontested amounts set forth in the Consultant's bill within 30 days after it is received.

**5.0 CONFLICT OF INTEREST.** The Consultant represents that it presently has no interest and shall not acquire any interest, direct or indirect, in any real property located in the City which may be affected by the services to be performed by the Consultant under this Agreement. The Consultant further represents that in performance of this Agreement, no person having any such interest shall be employed by it.

5.1 The Consultant represents that no City employee or official has a material financial interest in the Consultant's business. During the term of this Agreement and/or as a result of being awarded this contract, the Consultant shall not offer, encourage or accept any financial interest in the Consultant's business by any City employee or official.

5.2 If a portion of the Consultant's services called for under this Agreement shall ultimately be paid for by reimbursement from and through an agreement with a developer of any land within the City or with a City franchisee, the Consultant warrants that it has not performed any work for such developer/franchisee within the last 12 months, and shall not negotiate, offer or accept any contract or request to perform services for that identified developer/franchisee during the term of this Agreement.

**6.0 GENERAL TERMS AND CONDITIONS.**

**6.1 Termination.** Either the City Manager or the Consultant may terminate this Agreement, without cause, by giving the other party ten (10) days written notice of such termination and the effective date thereof.

6.1.1 In the event of such termination, all finished or unfinished documents, reports, photographs, films, charts, data, studies, surveys, drawings, models, maps, or other documentation prepared by or in the possession of the Consultant under this Agreement shall be returned to the City. If the City terminates this Agreement without cause, the Consultant shall prepare and shall be entitled to receive compensation pursuant to a close-out bill for services rendered and fees incurred pursuant to this Agreement through the notice of termination. If the Consultant terminates this Agreement without cause, the Consultant shall be paid only for those services completed in a manner satisfactory to the City.

6.1.2 If the Consultant or the City fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Consultant or the City violate any of the covenants, agreements, or stipulations of this Agreement, the Consultant or the City shall have the right to terminate this Agreement by giving written notice to the other party of such termination and specifying the effective date of such termination. The Consultant shall be entitled to receive compensation in accordance with the terms of this Agreement for any work satisfactorily completed hereunder. Notwithstanding the foregoing, the Consultants shall not be relieved of

liability for damage sustained by virtue of any breach of this Agreement and any payments due under this Agreement may be withheld to off-set anticipated damages.

**6.2 Non-Assignability.** The Consultant shall not assign or transfer any interest in this Agreement without the express prior written consent of the City.

**6.3 Non-Discrimination.** The Consultant shall not discriminate as to race, creed, gender, color, national origin or sexual orientation in the performance of its services and duties pursuant to this Agreement, and will comply with all applicable laws, ordinances and codes of the Federal, State, County and City governments.

**6.4 Insurance.** The Consultant shall submit to the City certificates indicating compliance with the following minimum insurance requirements no less than one (1) day prior to beginning of performance under this Agreement:

(a) Workers Compensation Insurance as required by law. The Consultant shall require all subcontractors similarly to provide such compensation insurance for their respective employees.

(b) Comprehensive general and automobile liability insurance protecting the Consultant in amounts not less than \$1,000,000 for personal injury to any one person, \$1,000,000 for injuries arising out of one occurrence, and \$500,000 for property damages or a combined single limit of \$1,000,000. Each such policy of insurance shall:

1) Be issued by a financially responsible insurance company or companies admitted and authorized to do business in the State of California or which is approved in writing by City.

2) Name and list as additional insured the City, its officers and employees.

3) Specify its acts as primary insurance.

4) Contain a clause substantially in the following words: "It is hereby understood and agreed that this policy shall not be canceled nor materially changed except upon thirty (30) days prior written notice to the City of such cancellation or material change."

5) Cover the operations of the Consultant pursuant to the terms of this Agreement.

**6.5 Indemnification.** Consultant shall indemnify, defend with counsel approved by City, and hold harmless City, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with Consultant's performance of work hereunder or its failure to comply with

any of its obligations contained in this Agreement, regardless of City's passive negligence, but excepting such loss or damage which is caused by the sole active negligence or willful misconduct of the City. Should City in its sole discretion find Consultant's legal counsel unacceptable, then Consultant shall reimburse the City its costs of defense, including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation. The Consultant shall promptly pay any final judgment rendered against the City (and its officers, officials, employees and volunteers) covered by this indemnity obligation. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.

**6.6 Compliance with Applicable Law.** The Consultant and the City shall comply with all applicable laws, ordinances and codes of the Federal, State, County and City governments.

**6.7 Independent Contractor.** This Agreement is by and between the City and the Consultant and is not intended, and shall not be construed, to create the relationship of agency, servant, employee, partnership, joint venture or association, as between the City and the Consultant.

6.7.1. The Consultant shall be an independent contractor, and shall have no power to incur any debt or obligation for or on behalf of the City. Neither the City nor any of its officers or employees shall have any control over the conduct of the Consultant, or any of the Consultant's employees, except as herein set forth, and the Consultant expressly warrants not to, at any time or in any manner, represent that it, or any of its agents, servants or employees are in any manner employees of the City, it being distinctly understood that the Consultant is and shall at all times remain to the City a wholly independent contractor and the Consultant's obligations to the City are solely such as are prescribed by this Agreement.

**6.8 Copyright.** No reports, maps or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of the Consultant.

**6.9 Legal Construction.**

(a) This Agreement is made and entered into in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California.

(b) This Agreement shall be construed without regard to the identity of the persons who drafted its various provisions. Each and every provision of this Agreement shall be construed as though each of the parties participated equally in the drafting of same, and any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

(c) The article and section, captions and headings herein have been

inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) Whenever in this Agreement the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular shall refer to and include the plural.

**6.10 Counterparts.** This Agreement may be executed in counterparts and as so executed shall constitute an agreement which shall be binding upon all parties hereto.

**6.11 Final Payment Acceptance Constitutes Release.** The acceptance by the Consultant of the final payment made under this Agreement shall operate as and be a release of the City from all claims and liabilities for compensation to the Consultant for anything done, furnished or relating to the Consultant's work or services. Acceptance of payment shall be any negotiation of the City's check or the failure to make a written extra compensation claim within ten (10) calendar days of the receipt of that check. However, approval or payment by the City shall not constitute, nor be deemed, a release of the responsibility and liability of the Consultant, its employees, sub-consultants and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by the City for any defect or error in the work prepared by the Consultant, its employees, sub-consultants and agents.

**6.12 Corrections.** In addition to the above indemnification obligations, the Consultant shall correct, at its expense, all errors in the work which may be disclosed during the City's review of the Consultant's report or plans. Should the Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by the City, and the cost thereof shall be charged to the Consultant.

**6.13 Files.** All files of the Consultant pertaining to the City shall be and remain the property of the City. The Consultant will control the physical location of such files during the term of this Agreement and shall be entitled to retain copies of such files upon termination of this Agreement.

**6.14 Waiver; Remedies Cumulative.** Failure by a party to insist upon the performance of any of the provisions of this Agreement by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this Agreement, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

**6.15 Mitigation of Damages.** In all such situations arising out of this Agreement, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

**6.16 Partial Invalidity.** If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**6.17 Attorneys' Fees.** The parties hereto acknowledge and agree that each will bear his or its own costs, expenses and attorneys' fees arising out of and/or connected with the negotiation, drafting and execution of the Agreement, and all matters arising out of or connected therewith except that, in the event any action is brought by any party hereto to enforce this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees and costs in addition to all other relief to which that party or those parties may be entitled.

**6.18 Entire Agreement.** This Agreement constitutes the whole agreement between the City and the Consultant, and neither party has made any representations to the other except as expressly contained herein. Neither party, in executing or performing this Agreement, is relying upon any statement or information not contained in this Agreement. Any changes or modifications to this Agreement must be made in writing appropriately executed by both the City and the Consultant.

**6.19 Notices.** Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as follows:

<b>CITY:</b>	Jim Thorsen City Manager City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265-4861 TEL (310) 456-2489 x 226 FAX (310) 456-2760	<b>CONSULTANT:</b>	Richard Kikuchi CPA, Partner Lance, Soll & Lunghard, LLP 203 N. Brea Blvd., Suite 203 Brea, CA 92821-4056 TEL (714) 672-0022 FAX (714) 672-0331
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**6.20 Warranty of Authorized Signatories.** Each of the signatories hereto warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the party for whom he or she purports to sign.

**7.0 GENERAL TERMS AND CONDITIONS. (City and Consultant initials required at EITHER 7.1 or 7.2)**

**7.1 Disclosure Required.** By their respective initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is a "consultant" for the purposes of the California

Political Reform Act because Consultant's duties would require him or her to make one or more of the governmental decisions set forth in Fair Political Practices Commission Regulation 18701(a)(2) or otherwise serves in a staff capacity for which disclosure would otherwise be required were Consultant employed by the City. Consultant hereby acknowledges his or her assuming-office, annual, and leaving-office financial reporting obligations under the California Political Reform Act and the City's Conflict of Interest Code and agrees to comply with those obligations at his or her expense. Prior to consultant commencing services hereunder, the City's Manager shall prepare and deliver to consultant a memorandum detailing the extent of Consultant's disclosure obligations in accordance with the City's Conflict of Interest Code.

City Initials \_\_\_\_\_  
Consultant Initials \_\_\_\_\_

**7.2 Disclosure not Required.** By their initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is not a "consultant" for the purpose of the California Political Reform Act because Consultant's duties and responsibilities are not within the scope of the definition of consultant in Fair Political Practice Commission Regulation 18701(a)(2)(A) and is otherwise not serving in staff capacity in accordance with the City's Conflict of Interest Code.

City Initials \_\_\_\_\_  
Consultant Initials \_\_\_\_\_

This Agreement is executed on \_\_\_\_\_, 2015, at Malibu, California, and effective as of January 1, 2016

CITY OF MALIBU:

\_\_\_\_\_  
JIM THORSEN, City Manager

ATTEST:

\_\_\_\_\_  
LISA POPE, City Clerk  
(seal)

CONSULTANT:

\_\_\_\_\_  
By: Richard Kikuchi  
Lance, Soll & Lunghard, LLP

APPROVED AS TO FORM:

\_\_\_\_\_  
CHRISTI HOGIN, City Attorney



**PROPOSAL FOR  
PROFESSIONAL AUDIT SERVICES**

**Prepared by:**

Lance, Soll & Lunghard, LLP  
Certified Public Accountants  
203 N. Brea Blvd, Suite 203  
Brea, CA 92821  
(714) 672-0022



**Contact Person:**

Richard K. Kikuchi, CPA, Partner  
richard.kikuchi@lslcpas.com

June 19, 2015

CITY OF MALIBU  
PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

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June 19, 2015

Ruth Piyaman  
Finance Manager  
23825 Stuart Ranch Road  
Malibu, CA 90265

Lance, Soll & Lunghard, LLP is pleased to respond to your Request for Proposal for Professional Audit Services. As a leader in the field of governmental accounting and auditing, we appreciate this opportunity given to us to present our professional qualifications. Because of our extensive public sector experience, dedication to excellence and determination to retain the brightest and most talented professionals, we are certain that Lance, Soll & Lunghard, LLP (LSL) is the most qualified accounting firm to provide professional auditing services to the City of Malibu.

Lance, Soll & Lunghard, LLP agrees to provide to the City of Malibu the annual services described in the following proposal for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods.

The sections that follow describe the benefits your organization would receive from Lance, Soll & Lunghard, LLP. **We are committed to provide the services discussed in our proposal in accordance with the timetable indicated.** For purposes of this proposal, Richard K. Kikuchi, Partner, is authorized to make representations for our firm, empowered to submit this bid and authorized to sign a contract with the City of Malibu. I can be reached at the address above, by phone at (714) 672-0022 or through email at [richard.kikuchi@lslcpas.com](mailto:richard.kikuchi@lslcpas.com).

Very truly yours,



Richard K. Kikuchi, Partner  
LANCE, SOLL & LUNGHARD, LLP

## PROPOSAL

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### 1. ORGANIZATION, CREDENTIALS AND EXPERIENCE

#### a. QUALIFICATIONS, CREDENTIALS AND RELATED PAST EXPERIENCE

##### *License to Practice in California*

**Lance, Soll & Lunghard, LLP** is a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. All of our partners are Certified Public Accountants licensed by the State of California. As a firm, we are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. All key staff to be assigned to this engagement are or will be licensed by the State of California to practice as Certified Public Accountants.

##### *Independence*

**Lance, Soll & Lunghard LLP** meets the independence requirements as defined by **Auditing Standards Generally Accepted in the United States of America and the U.S. General Accounting Office's Government Auditing Standards (2011 revision)**. We are a partnership consisting of nine partners who do not own any other business organization that has in the past, or will in the future, be providing services, supplies, materials or equipment to the City of Malibu or its component units.

##### *Experience*

We are a regional public accounting firm that has met the auditing needs of governmental entities throughout California for over 85 years. This experience has led to the development of efficient procedures that provide numerous client benefits. Our clients have grown to understand that an audit from Lance, Soll & Lunghard, LLP provides them with a wealth of knowledge, confidence and value added services.

##### *Peer Review*

We are members of the American Institute of Certified Public Accountant's Private Companies Practice Section, which has the requirement for peer review along with Generally Accepted Government Auditing Standards. We have participated in the peer review program since its inception and have undergone several peer reviews. The first review was conducted by Arthur Young & Company (now Ernst & Young) and the most recent by R.H. Johnston Accountancy Inc. Overall, they confirmed what we already knew, that our approach and procedures are in compliance with technical and professional pronouncements. All of these peer reviews covered governmental engagements. Our most recent peer review, conducted by R.H. Johnston Accountancy Inc., is included in **Appendix A** to this proposal.

#### b. SIZE OF THE FIRM AND PERSONNEL ASSIGNED TO THE PROJECT

Our firm has approximately 65 employees including nine partners and professional staff of approximately forty-five. Governmental staff consists of three partners, one senior manager, four managers, two supervisors, seven seniors and fifteen staff auditors. All personnel assigned to this engagement work on a full-time basis.

# PROPOSAL

## 1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

Local government expertise is led by the following partners:

Richard K. Kikuchi, CPA, Partner  
Bryan S. Gruber, CPA, Partner  
Deborah A. Harper, CPA, Partner

We have three offices in California which provide services to the western region of the United States. Our headquarters are located in Orange County in the City of Brea, California. We also have two other offices in Temecula Valley and Silicon Valley. The audit for the City of Malibu will be staffed from our Orange County office.

### *Partner, Supervisory and Staff Assigned to the Project*

The most critical component in the successful completion of an audit is the personnel assigned to carry out the responsibilities. We have assembled a **Lance, Soll & Lunghard, LLP Team** composed of individuals with the optimum mix of talents. The individuals assigned have experience in performing the tasks for which they are responsible, as well as familiarity with all government accounting operations. In addition, each has developed extensive skills in a variety of other complementary subjects through their work with clients in other industries. Thus, the experience gained on previous assignments can be applied and tailored to the unique needs of your organization. The partners at Lance, Soll & Lunghard, LLP are an integral part of the audit process and will routinely be overseeing and supervising staff personnel in the field.

For the City of Malibu, the personnel assigned to the engagement will be as follows:



Engagement Partner  
Richard K. Kikuchi, CPA



Concurring Partner  
Deborah A. Harper, CPA



Audit Manager  
Maria-Luisa Valdez, CPA

In-Charge Auditor  
Jocelyn Esparza

Additional Professional Staff of 1 to 2 on the LSL team.

Resumes for these individuals are located in **Appendix B**.

# PROPOSAL

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## 1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

### *Continuing Education*

As a firm policy, and in compliance with the continuing education requirements promulgated by the AICPA, General Accounting Office and the California Society of CPAs, all our staff auditors (certified and non-certified) meet the requirement of 40 hours of continuing education every year, with at least 24 hours in governmental accounting and auditing in a two year period. For our educational programs, we utilize in-house programs developed by our talent Development Director, California Society of CPAs courses, AICPA Government Audit Quality Center courses, and Government Finance Officers Association courses. Our formal education program was reviewed by independent firms during our peer review process and no exceptions were noted

### *Staff Auditors*

The firm's policy of assigning in-charge to an engagement requires that the in-charge have at least three years of government auditing experience. He or she must have demonstrated a high degree of understanding of governmental accounting and auditing, as well as of the firm's overall client philosophy. Having been assigned to the engagement before is also an important factor in assigning an in-charge supervisor or senior to an engagement. Any changes in personnel at the senior level or above will be approved by the City of Malibu. Lance, Soll & Lunghard, LLP's philosophy is to provide **quality audit services with minimal disruption to City staff**. Our focused efforts to obtain and retain quality staff have further enabled us to provide this to our clients.



# PROPOSAL

## 1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

### c. LIST OF THREE SIMILAR CLIENTS

Following is a list of three similar clients with the names, titles, addresses and telephone numbers of the appropriate persons which the City can contact:

<b>City of Irwindale</b> Ms. Eva Carreon    Finance Director    (626)430-2221 <a href="mailto:ecarreon@ci.irwindale.ca.us">ecarreon@ci.irwindale.ca.us</a> 5050 N. Irwindale Avenue, Irwindale, CA 91706
<b>City of Redlands</b> Ms. Tina Kundig    Finance Director    (909)798-7543 <a href="mailto:tkundig@cityofredlands.org">tkundig@cityofredlands.org</a> 35 Cajon Street, Redlands, CA 92373
<b>City of San Marino</b> Ms. Lisa Bailey    Finance Director    (626)300-0700 <a href="mailto:lbailey@sanmarinoca.gov">lbailey@sanmarinoca.gov</a> 2200 Huntington Drive, San Marino, CA 9118

## 2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT

Lance, Soll & Lunghard, LLP agrees to provide the following annual services to the City of Malibu for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods:

- Perform an audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Malibu. The purpose of the audit will be to express our auditor's opinion on the fairness of the basic financial statements presented, and whether they comply with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The audit will be conducted in accordance with generally accepted auditing standards, the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended, and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.
- Issue an audit report with an in-relation to section for the supplementary information.
- Issue a report on compliance and on the internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
- If applicable, issue a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 and a schedule of findings and questioned costs. (Single Audit)
- If applicable, issue an "in-relation-to" report on the schedule of expenditures of federal awards. (Single Audit)

## PROPOSAL

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### 2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT (Continued)

Regarding the *management discussion and analysis*, we will apply the procedures required by the auditing standards which include obtaining an understanding of the method of preparation, the source and basis for the information presented, comparing for consistency to the audited data, and ascertaining that the *management's discussion and analysis* contains all of the required information.

At the request of the City, we will present and discuss the annual basic financial statements and results of operations at a City Council meeting. We will also be available to attend, participate and staff up to two Administrative and Finance Subcommittee meetings during the year.

At the conclusion of our audit, we will issue a management letter to report items noted during the audit and provide recommendations to improve the City's internal controls.

Upon identification or indication of irregularities or illegal acts, we will make an immediate written report to the City Manager and the Administrative Services Director.

At the start and at the conclusion of our audit, we will communicate to the Administration and Finance Subcommittee our responsibility under generally accepted auditing standards including significant accounting policies, management judgments and accounting estimates, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultation with other accountants, major issues discussed with management prior to retention and difficulties encountered in performing the audit.

Throughout the year, we will communicate periodically new state and national developments affecting municipal finance and reporting, standards and trends including changes in federal/state grant program accounting and reporting requirements. Also, the City's Finance staff will be invited to our annual GASB update which is usually held in the spring. Throughout the year, we will be available to answer questions and provide general consultation on financial reporting matters and we will assist the City with the Triple Flip true up calculation.

All working papers and reports will be retained (at our expense) for a minimum of seven (7) years, unless we are notified in writing by the City of Malibu of the need to extend that retention period. Upon written request, we will make working papers available to parties designated by the City. In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

We understand that the City will prepare the draft financial statements, notes and all required supplementary schedules and statistical by the end of November. We will review the draft for full compliance with the latest Government Accounting Standard Board (GASB) pronouncements for submission under the Government Finance Officers Association of the United States and Canada's "Certificate of Achievement for Excellence in Financial Reporting" program and provide recommendations and suggestions to the Administrative Services Director one week after receiving it.

# PROPOSAL

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## 2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT (Continued)

From time to time, the City may require special services or assistance which could be subject to a new contract or amendments to this contract entered into in accordance with all applicable City regulations. Any such additional work agreed to between the City and the firm will be performed at the rates set forth in the schedule of fees presented on the following page.

## 3. PROFESSIONAL SERVICE AGREEMENT

We reviewed the agreement for professional services attached to the request for proposals for professional audit services and have no exception to the agreement. Lance, Soll & Lunghard LLP agrees to comply with the terms and conditions of the City's standard Professional Service Agreement.

## 4. COMPLIANCE

Lance, Soll & Lunghard LLP certifies that it is in full compliance and will continue to comply with the California Labor Code including the Federal Labor Standards provisions, the Federal Prevailing Wage Decision and the State of California Prevailing Wage Rates.

It is the policy of Lance, Soll & Lunghard, LLP to conduct its relations with employees and applicants for employment without regard to race, color, religion, sex, gender, sexual orientation, pregnancy, age, disability, national origin, marital status, ancestry, medical condition, veteran's status or any other characteristics protected by federal or state law. This policy applies to all employment terms and conditions including hiring, compensation decisions, benefits, discipline, training, promotions and terminations.

## 5. LITIGATION

There have been no disciplinary actions against our organization since its inception. All of our Single Audit reports are desk reviewed either by the Federal cognizant agency or the State Controller's Office acting as the Oversight Agency. We have never had a report rejected by any of these agencies. In fact, we are highly regarded and recognized by the staff of the State controller's Office as a firm that always submits top quality reports.

## 6. REFERENCES

Similar engagements performed would be as follows:

**City of Irwindale** - Audit of a Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34, which received the GFOA award. This service has been provided to the City for the last 18 years. Last completed audit was for June 30, 2014. The engagement partner is Mr. Richard K. Kikuchi. Contact person: Ms. Eva Carreon, Finance Director (626)430-2221  
[ecarreon@ci.irwindale.ca.us](mailto:ecarreon@ci.irwindale.ca.us)

**City of Redlands** - Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award and a single audit in accordance with OMB A-133. The engagement partner is currently Mr. Richard K. Kikuchi. These services have been provided to the City for the last 5 years. Contact person: Ms. Tina Kundig, Finance Director(909) 798-7543.  
[tkundig@cityofredlands.org](mailto:tkundig@cityofredlands.org)

## PROPOSAL

### 6. REFERENCES (Continued)

**City of San Marino - Audit of a Comprehensive Annual Financial Report (CAFR)** in accordance with GASB 34. This service has been provided to the City for the last 21 years. Last completed audit was for June 30, 2014. The engagement partner is Mr. Richard K. Kikuchi. Contact person: Ms. Lisa Bailey, Finance Director (626) 300-0700  
[lbailey@sanmarinoca.gov](mailto:lbailey@sanmarinoca.gov)

A complete listing of our government audit clients, along with phone numbers of contact personnel and references as to services provided, is included in **Appendix C** of this proposal. We welcome you contacting any or all of these to get their opinion on the services we provide.

### 7. FEES

The maximum fees for professional audit services for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods will be as follows:

Nature of Services to Be Provided	2016	2017	2018	Option	
				2019	2020
Annual Audit Services	\$22,780	\$23,460	\$24,160	\$24,880	\$25,630
Single Audit Services (if required)	3,980	4,100	4,220	4,350	4,480
<b>Total All Inclusive Maximum Price</b>	<b>\$ 26,760</b>	<b>\$ 27,560</b>	<b>\$ 28,380</b>	<b>\$ 29,230</b>	<b>\$ 30,110</b>

If it should become necessary for the City to request additional service to either supplement the services required in this proposal or to perform additional work, then such additional work will be performed as an addendum to the contract between the City and our firm using the following rates:

Position	2016	2017	2018	Option	
				2019	2020
Partner	\$246	\$253	\$261	\$269	\$277
Manager	163	168	173	179	184
Senior	123	127	130	134	138
Staff	110	114	117	121	124
Clerical	Included	Included	Included	Included	Included

The fees and rates quoted above are all inclusive of clerical, typing, printing services, meals and lodging, mileage and transportation, and miscellaneous out of pocket expenses.

## PROPOSAL

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### 8. TIMELINE

The proposed schedule dates for the audit will be as follow:

**Interim fieldwork** will be conducted during the month of June and will take two to three days. Audit planning, documentation of systems of internal control and compliance, and transaction testing will be completed during the interim stage. A month prior to the start of the interim work, we will provide a list of schedules and items to be provided by the City. At the conclusion of the interim fieldwork, the plan for the year-end audit will be discussed and a list of schedules and items needed for the year-end fieldwork will be provided.

**Year-end fieldwork** will start in the middle of the month of October and will take about a week. Financial statements testing, internal controls evaluation, and preparation of reports and letters will be completed during the year-end fieldwork.

The first day of the audit fieldwork at interim and year-end will include an entrance conference to establish liaison for the audit, discuss the work to be performed and obtain an update on the City's events since the last audit contact. Upon completion of the audit fieldwork and prior to issuing any audit reports or letters, we will schedule an exit conference with the Administrative Services Director to discuss observations, proposed adjustments, findings and potential recommendations for improvements. A copy of the proposed adjustments will be provided to the City the week following the year-end field work.

**Preliminary draft of the reports and letters** will be provided during the first part of November to the Administrative Services Director. We will be available for any meetings that may be necessary to discuss the draft audit reports and letters.

**Final reports** and letters will be delivered to the Administrative Services Director no later than December 23<sup>th</sup> for timely submission to the GFOA award program.

We understand that the City will prepare the draft financial statements, notes and all required supplementary schedules and statistical by the end of November. We will review the draft for full compliance with the latest Government Accounting Standard Board (GASB) pronouncements for submission under the Government Finance Officers Association of the United States and Canada's "Certificate of Achievement for Excellence in Financial Reporting" program and provide recommendations and suggestions to the Administrative Services Director one week after receiving it.

The above timeline will stay consistent from year to year for the duration of the contract unless the City notifies us of its desire to change the above dates.

**R.H. JOHNSTON ACCOUNTANCY INC.**

A Professional Corporation  
21300 Victory Boulevard, Suite 750  
Woodland Hills, California 91367  
(818) 346-9800  
Fax (818) 346-0609

**Appendix A**

System Review Report

November 13, 2013

To the Partners of Lance, Soll & Lunghard, LLP  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, and an audit of employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

*R.H. Johnston Accountancy Inc.*

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## RICHARD K. KIKUCHI, CPA ENGAGEMENT PARTNER

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Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 1985

License: Certified Public Accountant - California 1991

Continuing Education: Total hours were 142 in last three years of which 64 were in governmental accounting and auditing subjects. Mr. Kikuchi has met the Governmental Auditing Standards requirement for governmental CPE

Memberships: California Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
California Society of Municipal Finance Officers  
(Associate Member)  
Government Finance Officers Association  
(Associate Member)

Experience: Over twenty years experience in governmental audits.

He is currently involved on the following major municipal engagements.

City of Bell Gardens	City of Canyon Lake
City of Big Bear Lake	City of Redlands
City of Pomona	City of Ontario
City of Rancho Cucamonga	City of Imperial Beach
City of Coronado	City of Santa Barbara
City of Chula Vista	City of Monrovia
City of La Quinta	City of Malibu
City of Manhattan Beach	City of Indian Wells
San Diego County Water Authority	City of Wildomar
American Water Work Association	

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.
- Mr. Kikuchi has the responsibility for overseeing federal single audits for these and other clients of our firm. These audits have met the requirements of the OMB and have been desk reviewed by the State Controller's Office.

**Richard K. Kikuchi, CPA, Partner (Continued)**

Achievements: Mr. Kikuchi recently sat on the California State Board of Accountancy's Qualifications Committee, which is an advisory committee established to examine and to make recommendations for all applicants for the license of Certified Public Accountant.

He currently serves as a technical reviewer for the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO).

Mr. Kikuchi sat on the CSMFO Special Districts Technical Committee and teaches an Introductory Governmental Accounting course through the CSMFO Career Development Committee.

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## DEBORAH A. HARPER, CPA CONCURRING PARTNER

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Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 2000

License: Certified Public Accountant – California 2005

Continuing Education: Total hours were 132 in last three years of which 68 were in governmental accounting and auditing subjects. Ms. Harper has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
California Society of Municipal Finance Officers  
(Associate Member)  
Government Finance Officers Association  
(Associate Member)  
Governmental Accounting and Auditing Committee

Experience: Over fourteen years of experience in governmental audits. During her time with the firm, Ms. Harper has performed all phases of our government audits and made numerous presentations to Boards of Directors and Audit Committees. She has been involved on the following similar engagements:

Cucamonga Valley Water District	City of Chino Hills
Moulton Niguel Water District	City of Azusa
Coachella Valley Water District	City of Glendora
City of Irvine	City of Menifee
City of Aliso Viejo	City of Corona
City of Laguna Niguel	City of Diamond Bar
City of Monrovia	City of Banning
City of Orange	City of Claremont
City of Seal Beach	City of Brea
City of Simi Valley	City of Fullerton
City of Thousand Oaks	

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.

**Deborah A. Harper, CPA, Partner (Continued)**

- Review the audit of these entities and provide technical assistance throughout the year to provide the most up to date information with current GASB pronouncement.
- Present the overall audit results to audit committees or other Board Members.

**Achievements:** Ms. Harper has developed and conducts various Lance, Soll & Lunghard, LLP municipal training courses for new associates and members of the firm.

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## MARIA-LUISA VALDEZ, CPA AUDIT MANAGER

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Education: Bachelor of Science Degree in Accountancy, Minor in Applied Mathematics – Loyola Marymount University, Los Angeles

License: Certified Public Accountant – California 2009

Continuing Education: Total hours were 160 in last four years of which 100 were in governmental accounting and Yellow Book auditing subjects. Ms. Valdez has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants  
American Institute of Certified Public Accountants

Experience: Over seven years of experience in governmental audits. Ms. Valdez has established herself as an outstanding asset and resource at LSL. She has demonstrated his talent in the area of municipal accounting and auditing. During her time with the firm, Ms. Valdez has performed all phases of our municipal audits, including CAFR audits, redevelopment agency audits and Single Audits. He has been involved in the following municipal engagements:

City of Whittier

Ms. Valdez served as the audit lead for the City of Whittier. As the audit lead, it has been Ms. Valdez's responsibility to supervise all areas of the financial audit, which includes both the basic financial statements (CAFR) and Single Audit.

City of Malibu

Ms. Valdez serves as the Audit Manager for the City of Malibu in the current year. As the Audit Manager, it has been Ms. Valdez's responsibility to oversee the fieldwork for all areas of the Financial Audit and the Single Audit in accordance with A-133. The City of Malibu receives the GFOA Award for Excellence in Financial Reporting each year.

**Maria-Luisa Valdez, CPA, Audit Manager (Continued)**

Ms. Valdez has also served the following engagements:

County of San Bernardino	City of La Habra
County of San Diego	County of Ventura
County of Los Angeles	City of Oceanside
City of Agoura Hills	City of Barstow
City of San Buenaventura	City of Garden Grove
City of Santa Ana	City of Compton
City of Malibu	City of Glendora
City of Solana Beach	City of Monrovia
California Prison Authority	First 5 Los Angeles
Ventura County Air Pollution Control District	City of Vernon
California State University System	City of Whittier
Henry Mayo Newhall Memorial Hospital	City of Covina
California State Auditor – Bureau of State Audits	City of Rialto

**Achievements:** Ms. Valdez has been involved with teaching current audit and accounting related material at Lance, Soll & Lunghard, LLP's in house training seminars.

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## JOCELYN ESPARZA AUDITOR IN-CHARGE

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**Education:** Bachelor of Arts Degree in Business Administration, Concentrations in Accounting & Information Systems – California State University, Fullerton, 2013

**License:** Certified Public Accountant – In Process

**Continuing Education:** Total hours were 125 in last three years of which 74 were in governmental accounting and auditing subjects. Ms. Esparza has met the Governmental Auditing Standards requirement for governmental CPE.

**Experience:** Ms. Esparza has progressed in an outstanding manner. During her time with the firm, Ms. Esparza has performed all phases of our government audits, including water districts, other special districts, CAFR audits, successor agency audits and Single Audits. She has been involved in the following municipal engagements:

City of Irvine  
City of Irwindale  
City of Cathedral City  
City of Diamond Bar  
City of Azusa  
City of Moreno Valley

City of Pomona  
City of Fullerton  
City of Duarte  
City of Thousand Oaks  
City of Chino Hills  
City of South Pasadena

## LISTING OF CURRENT GOVERNMENT AUDIT CLIENTS

Client	Contact Person	Service Code	Years	Telephone
Agricultural Hills	Ms. C. Pinuelas	F, S	New	818-597-7319
* Aliso Viejo	Ms. G. Tharani, Director of Financial Services/City Treasurer	F	4	949-425-2520
American Water Works Association	Ms. S. Ramakrishnan, Asst. Exec. Director	F	3	909-291-2114
* Azusa	Mr. S. Paragas, Finance Director	F, S	17	626-812-5291
Banning	Ms. M. Green, Accounting Manager	F, S	15	951-922-3118
Bell	Mr. H. Vazquez, Accounting Manager	F	1	323-588-6211
Big Bear Lake	Ms. K. Ent, Director of Admin. Services	F, S	16	909-866-5831
* Brea	Mr. L. Squire, Financial Services Manager	F, S	3	714-990-7683
Burbank	Ms. C. Giraldo, Financial Services Dir.	F, S	4	818-238-5487
Canyon Lake	Mr. T. Shea, Finance Director	F	19	909-244-2955
Cathedral City	Mr. K. Biersack, Fiscal Officer	F, S	5	760-770-0378
* Chino Hills	Ms. J. Lancaster, Finance Director	F, S	16	909-364-2600
Chula Vista	Ms. M. Kachadoorian, Finance Director	F, S	3	619-409-5815
* Claremont	Mr. A. Pirie, Acting Finance Director	F, S	9	909-399-5460
Coachella Valley Water District	Ms. Kay Godbey, Director of Finance	F, S	2	760-398-2661
* Corona	Ms. K. Eden, Administrative Service Director	F, S	5	951-736-2315
Coronado	Ms. L. Suelter, Finance Director	F, S	7	619-522-7300
* Cucamonga Valley Water District	Mr. C. Brantley, Finance Officer	F, S	3	909-483-7453
Diamond Bar	Ms. D. Honeywell, Finance Director	F, S	5	909-839-7051
Dixon	Ms. J. Michaels-Aguilar, Finance Director	F, S	New	707-678-7000 x108
Downey	Mr. A. Garland, Director of Finance	F, S	1	562-904-7265
Duarte	Ms. K. Petersen, Finance Director	F	7	626-357-7931
Emeryville	Ms. M. Oberg, Finance Director	F, S	10	510-596-4352
* Escondido	Ms. J. Ryan, Asst Finance Director	F, S	5	760-839-4338
Fullerton	Ms. J. James, Director of Admin. Services	F, S	4	714-738-6522
* Glendora	Ms. E. Stoddard, Accounting Manager	F, S	10	626-914-8238
Graber Terrace	Ms. C. Fortune, Finance Director	F	1	909-824-6622
Greater Los Angeles Vector Control	Mr. K Bayless, District Manager	F	5	562-758-6501
Hidden Hills	Ms. C. Paglia, City Clerk	F	28	818-888-9281
Imperial Beach	Ms. K. Vonachen, Administrative Services Director	F	13	619-628-1361
Indian Wells	Mr. K. McCarthy, Finance Director	F, S	4	760-346-2489
* Irvine	Ms. D. Mullally, Manager of Fiscal Services	F, S	3	949-724-6037
Irwindale	Ms. E. Carreon, Finance Director	F	18	626-480-2221
* La Mirada	Ms. M. Pasqual, Finance Manager	F, S	11	562-943-0131
Lake Arrowhead	Ms. R. Contad, Finance Director	F, S	8	760-777-7150
* Laguna Niguel	Mr. S. Erlandson, Finance Director	F, S	3	949-362-4358
Los Alamitos	Mr. J. Alham, Administrative Services Director/Treasurer	F, S	New	562-431-3538
* Malibu	Ms. R. Feldman, Finance Director	F	10	310-456-2489
Manhattan Beach	Mr. B. Moe, Finance Director	F	11	310-802-5553
* Monrovia	Mr. M. Alvarado, Director of Admin. Services	F, S	13	626-932-5510
Monterey Regional Water Pollution Control Agency	Ms. T. Hannah, Chief Financial Officer	F	New	831-645-4623
Moulton Niguel Water District	Ms. R. Yuen, Controller	F	1	949-831-2500
Oceanside	Ms. J. McPherson, Interim Finance Director	F, S	8	760-435-3839
* Ontario	Ms. D. Nunes, Director of Fiscal Services	F, S	18	909-395-2352
Orange	Mr. W. Kolbow, Finance Director	F, S	3	714-744-2235
* Orange County Fire Authority	Mr. J. Ruane, Finance Manager	F, S	3	714-573-6304
Orange County Water District	Mr. R. Fick, Chief Financial Officer	F, S	4	714-378-3271
* Palm Springs	Mr. G. Kiehl, Finance Director	F, S	5	760-323-8229
Palos Verdes Estates	Mr. R. Morreale, Finance Director	F	4	310-378-0383
* Pasadena	Mr. R. Ridley, Controller	F, S	New	626-744-7497
Placentia	Mr. M. Reynold, Management Analyst	F, S	New	714-993-8130

## Service Codes:

F - Financial Audit

S - Single Audit of Federal Grants in accordance with OMB Circular A-133

I - Internal Audit Services

\* - Participates in Award Programs and has received or anticipates receiving outstanding award

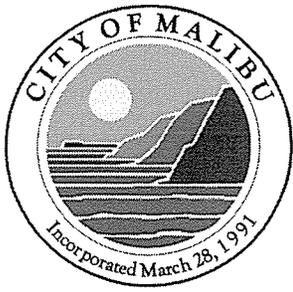
## LISTING OF CURRENT GOVERNMENT AUDIT CLIENTS

Client	Contact Person	Service Code	Years	Telephone
* Pomona	Ms. P. Chamberlain, Finance Director	F, S	4	909-620-2355
* Rancho Cucamonga	Ms. J. Layne, Finance Officer	F, S	37	909-989-1851
* Redlands	Ms. T. Kundig, Finance Director	F, S	5	909-798-7543
* Rolling Hills	Mr. T. Shea, Finance Director	F	3	310-377-1521
* San Carlos	Ms. R. Mendenhall, Acting Admin Svcs Dir.	F, S	5	650-802-4221
* San Dimas	Ms. B. Bishop, Finance Director	F, S	53	909-394-6200
* San Juan Water District	Ms. K. Motonaga, Finance Manager	F	1	916-791-6946
* San Marino	Ms. L. Bailey, Finance Director	F	21	626-300-0700
* Santa Barbara	Mr. B. Samario, Finance Director	F, S	4	805-897-1978
* Santa Cruz	Mr. M. Pimentel, Director of Finance	F, S	7	831-420-5050
* Santa Fe Springs	Mr. J. Gomez, Assistant City Mgr/Director of Finance	F, S	1	562-868-0511
* Seal Beach	Ms. V. Beasley, Finance Director	F, S	4	562-431-2527
* Solana Beach	Ms. M. Berkuti, Finance Manager/Treasurer	F	3	858-720-2466
* South Gate	Ms. Jacquelyn Acosta, Director of Administrative Services	F, S	5	323-563-9524
* Thousand Oaks	Mr. J. Adams, Finance Director	F, S	6	805-449-2235
* Three Valleys Water District	Mr. R. Hansen, General Manager	F	8	909-626-4631
* Vista	Mr. D. Nielsen, Finance Manager	F	6	760-639-6170 x1023
* Walnut	Ms. Marie Santos, Finance Manager	F	42	909-595-7543
* Wildomar	Mr. G. Nordquist, Finance Director	F	6	951-677-7751

## Service Codes:

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## Administrative and Finance Subcommittee Agenda Report

To: Mayor Pro Tem La Monte and Councilmember and House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 15, 2016 Meeting date: January 25, 2016

Subject: Agreement with Wells Fargo Bank for Governmental Banking Services

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**RECOMMENDED ACTION:** Provide a recommendation to the City Council to execute an agreement with Wells Fargo Bank for Governmental Banking Services.

**FISCAL IMPACT:** There is no direct fiscal impact associated with this agreement. If approved, the City's checking and petty cash banking services will be handled by Wells Fargo Bank. The bank service fees charged by Wells Fargo Bank are comparable to the fees currently paid by the City to Bank of America.

**DISCUSSION:** The City uses Bank of America for its checking and petty cash accounts. Bank of America informed the City that they will no longer be handling governmental accounts. The City must close all accounts with Bank of America by the end of February 2016.

On November 25, 2015, the City issued a RFP for banking services. The City received one proposal from Wells Fargo Bank in response to the RFP.

The proposal from Wells Fargo meets the criteria established by the City, including that Wells Fargo has two branches located within the City. Wells Fargo Bank will assign dedicated staff to the City's accounts. Additionally, Wells Fargo Bank is able to provide many online services which can help streamline the City's banking processes. Wells Fargo Bank's governmental services and policies meet the requirements of the City, and, additionally, the City currently uses Wells Fargo Bank for its long-term investment accounts.

The City's Treasurer reviewed the banking proposal and recommends that the City enter into a banking services agreement with Wells Fargo Bank.

This item will be presented to the City Council for consideration on February 8, 2016.

ATTACHMENTS: Banking Services Agreement with Wells Fargo Bank

**Wells Fargo Merchant Services, L.L.C. ( " WFMS " ) - Pricing Terms for CITY OF MALIBU**

Proposal Date : 12/22/2015  
Sales Consultant: AMY AUBUCHON

Credit Card Volume	\$800,000	Communications Method	IPN
Average Transaction Size	\$533	Internet Gateway	
Number of Locations	1	Pricing Option	Interchange + Fees
Anticipated Interchange (11) Levels	Public Sector	032 020/038/307/936	
MCC Code	9399	MCC Code Description	GOVERNMENT SERVICES, NOT ELSEWHERE
American Express Industry Type	Other		

**Credit Card Processing Fees (1)**

Interchange Plus the following fees :  
0.1600% On Gross Visa®, MasterCard®, Discover® Network Card and American Express® Sales

**PIN Debit Processing Fees**

\$0.30 per PIN Debit transaction (applies to completed and declined transactions)

Applicable PIN Debit Network, Switch, Service and Administrative fees are passed through on all PIN Debit transactions (completed and declined).

Applicable PIN Debit Network Interchange fees are passed through on completed PIN Debit transactions only.

**Applicable Fee Schedules(10):**

Payment Networks Qualification Matrix <https://www.wellsfargo.com/biz/interchangeplus>  
PIN Debit Networks Fee Schedule (if applicable) <https://www.wellsfargo.com/biz/merchantdebitfees>

Payment Networks Pass-Through Fees <https://wellsfargo.com/biz/merchantpassthroughfees>  
Wells Fargo Fixed Acquirer Network Fee for Visa® Accepting Merchants <https://wellsfargo.com/visanetworkfee>

Fee schedules are updated periodically. To obtain the current applicable fee schedules, please refer to the URLs above for more information. Additional schedules apply if your Pricing Option is Fixed (Non-Qual Fees). If you do not have internet access, please contact your Merchant Card Representative and request that a copy of the applicable fee schedules be mailed or faxed to you.

As noted in your Merchant Agreement, Payment Networks change their rates/fees from time to time. They are likely to revise rates/fees on 4/16/2016. To learn more about impacts to fee schedules resulting from Payment Network changes, please visit the URLs above or request an updated schedule.

**Other Processing Fees**

Set-Up Fee	\$95.00
Monthly Minimum Processing Fee(9)	\$0.00 per month
Chargeback Fee (2)	\$15.00 per chargeback
Monthly Service Fee (per location)	\$10.00 per month
Clover™ Services Fee (per Device ID) (14)	N/A
Voice Authorization Fee	\$0.75 per attempt
Annual Fee	\$95.00 per location
Authorization/EDC Fee - Visa (Credit and Non-PIN Debit) (3)	\$0.000 per attempt
Authorization/EDC Fee - MasterCard® (Credit and Non-PIN Debit)(3)	\$0.000 per attempt
Authorization/EDC Fee - Discover® (Credit and Non-PIN Debit)(3)	\$0.000 per attempt
Authorization/EDC Fee – American Express (Credit and Prepaid) (3)	\$0.000 per attempt
Interchange Clearing Fee (12) Applies to Visa, MasterCard, Discover Network Card (Credit and Non-PIN Debit) and American Express (Credit and Prepaid)	N/A

Annual Compliance Support Fee (5)		\$0.00 per location
PCI Compliance Service Program Fee (8)		\$0.00 per month, per location
Non-validation PCI Compliance Fee (8)		\$25.00 per month, per location
Equipment Installation Fee		\$0.00 One time fee
Electronic Address Verification Service Fee		\$0.010 per attempt
Voice (Manual) Address Verification Fee		\$2.000 per attempt
Card Imprinter Option	# of imprinters	N/A
Rush Shipping		\$ 0.00
Foreign Handling Fee (on Visa/MasterCard foreign card transactions)		0.20% on foreign card sales
Non Bank Card Authorization (6) Applies only to American Express EDC and Discover EDC		\$0.220 per attempt
Non Bank Card Capture Fee Applies only to American Express EDC and Discover EDC		\$0.030 per attempt
Statement Billing Fee (Paper Statement) (7)		\$10.00 per month
Terminal Reprogramming Fee (Terminal)	# of Terminals: 0	\$0.00 One time fee
Terminal Reprogramming Fee (Integrated Terminal)	# of Terminals: 0	\$0.00 One time fee
Security Swap Fee for PIN Debit	# of PIN Pads: 0	\$0.00 One time fee

### Processing Solutions

Type	Quantity	Financing Method	Total w/o TAX
First Data FD130 Duo	1	PURCHASE	\$399.00
First Data FD35 EMV	1	PURCHASE	\$219.00

(1) Clients may elect to participate in the Discover Network Card program or the Discover EDC program, but not both. Under the "Discover Network Card program," Clients receive all Discover-related authorization, processing and settlement services from WFMS. Under the "Discover EDC program," Clients enter into a direct agreement with Discover, and WFMS provides only authorization and capture services related to Discover Network Cards. Clients may also elect to participate in the American Express program or the American Express EDC program, but not both. Under the "American Express program," Clients receive all American Express-related authorization, processing and settlement services from WFMS. Under the "American Express EDC program," Clients enter into a direct agreement with American Express, and WFMS provides only authorization and capture services related to American Express Cards. In all cases, any services provided by WFMS for Discover and American Express transactions are subject to the terms of Client's Agreement with WFMS.

(2) Client acknowledges and understands that an authorization only indicates the availability of the Cardholder's credit at the time the authorization is requested. It does not warrant that the person presenting the card is the rightful Cardholder, nor is it an unconditional promise or guarantee that you will not be subject to a chargeback or debit.

(3) Authorization/EDC Fee applies to all Visa, MasterCard, Discover Network Card and American Express approvals (pre-authorizations, authorizations and authorization reversals), denials, batch inquiries, batch entry transactions and includes any transaction fees and capture fees. This fee does not apply to Discover EDC and American Express EDC.

(5) The Annual Compliance Fee will be assessed and deducted from Client's Settlement Account at each anniversary date after the effective date.

(6) Non Bank Card Authorization Fee applies to all approvals (pre-authorizations, authorizations and authorization reversals), denials, batch inquiries and batch entry transactions.

(7) The monthly Statement Billing Fee can be waived if Client elects to access the monthly statement online instead of receiving a paper copy by mail. After Business Track access has been activated, please contact Customer Service at 1-800-451-5817 to request that paper statements no longer be mailed. If Business Track access is terminated by Client or as a result of inactivity, paper statements will be reinstated with the applicable monthly Statement Billing Fee. Enroll anytime at [businesstrack.com](http://businesstrack.com).

(8) The monthly PCI Compliance Service Program Fee and Non-validation PCI Compliance Fee are part of the mandatory PCI Compliance Service Program. These fees apply to Level 4 Clients who utilize a gateway or value added reseller (VAR). The program includes access to TrustKeeper, a Trustwave PCI Compliance solution to help Client comply with the Payment Card Industry Data Security Standards (PCI DSS) requirements. Clients are required to register and complete a PCI DSS certification process by visiting <https://pci.trustwave.com/wellsfargo>. If Client does not comply or fails the PCI DSS certification process, Client will be charged a monthly Non-validation PCI Compliance Fee until the account becomes compliant.

(9) If the total discount fee for Visa, MasterCard, Discover Network Card and American Express transactions in a given month is less than the Monthly Minimum Processing Fee, then in addition to the total discount fee Client will be charged an amount equal to the Monthly Minimum Processing Fee minus the total discount fee.

(10) Dues, assessments and any applicable pass-through fees are disclosed in the schedules referenced under the "Applicable Fee Schedules" section and the related footnote.

(11) American Express charges Program Pricing fees and not Interchange, and these fees are subject to change.

(12) The Interchange Clearing Fee (ICF) will be charged on transactions that may be considered higher risk and/or are processed at a higher expense level. These types of transactions can be identified on Client's Payment Networks Qualification Matrix by looking at the "ICF applies" column. If the interchange program level has been identified by a "YES" in this column, then the ICF will apply to that type of transaction.

(14) If Client purchases or leases the Clover Mobile and/or the Clover Mini device(s) and does not have a Clover Station on the same merchant account number, then the Clover Services Fee does not apply and will not be charged. If Client purchases or leases the Clover Mobile and/or the Clover Mini device(s) with the Clover Station(s) or already has the Clover Station(s) on the same merchant account number, then the Clover Services Fee will apply only to the Clover Station(s).

If Client does not follow proper authorization procedures, a \$50 chargeback handling fee will be assessed on MasterCard transactions.

American Express may charge Client an excessive disputes fee in the amount of \$5 for each Disputed Charge if Client is in American Express' Immediate Chargeback Program or \$15 for each Disputed Charge if Client is not in the Immediate Chargeback Program.

Client is responsible for any charges assessed by outside third parties that are not disclosed on the proposal. To the extent that this pricing proposal includes pricing for third party products and services, WFMS disclaims legal liability and responsibility for said products and services. Client's agreement with the third party provider shall govern Client's relationship with the third party provider. In the event that WFMS is billed for the third party's services, Client will reimburse WFMS for such services.

Client acknowledges and understands that WFMS shall have no responsibility or liability for any third party hardware or software procured and used by Client. To the extent Client has any issues, concerns or liability related to such hardware or software, Client must deal directly with the third party provider from whom Client procured the hardware or software. In no event will WFMS be responsible for any indirect, incidental or consequential damages that Client may incur as a result of using any third party hardware or software.

WFMS proposal and associated pricing is based on the information provided. Any difference to our stated understanding may affect the proposed pricing. Without a signed agreement, this proposal expires 60 days from the proposal date stated above.

See Section 41.3 of the Program Guide for early termination fees.

Rounding. In the event the amount being billed to Client for any line item on this pricing proposal includes a total ending in less than a full cent, WFMS will either round such amount up or down to the nearest cent.

Fees for supplies, shipping, handling and applicable sales tax may apply and are subject to change without notice. Additional information is available upon request.

# Treasury Management Product Enrollment

## Customer Information

Customer Name	<u>City of Malibu</u>	CEO Company ID	_____
Street Address	_____		
City	_____	State	_____ Zip _____
Country Name	<u>United States</u>	Country Code (if applicable)	_____
Primary Contact	_____	Phone	_____
Email Address	_____	Fax	_____

## Acceptance of Services

Each person signing in the signature block at the end of this form certifies that:

the customer identified in the signature block ("Customer" or "Company") has received and agrees to be bound by the Service Documentation for the Treasury Management Services (each, a "Service") in which Customer is enrolling as of the date of this form. "Service Documentation" is defined in Wells Fargo Bank, N.A.'s ("Bank") Master Agreement for Treasury Management Services.

Customer has granted the person(s) signing the signature block the authority on Customer's behalf to (i) enter into this and other agreements with Bank for Services on or after the Effective Date of this form and (ii) amend, terminate or otherwise act on behalf of Customer with respect to this form and the Services.

Customer's use of any Service, including each Service Customer enrolls in after the Effective Date of this form, confirms Customer's receipt of and agreement to be bound by the Service Documentation relating to that Service.

"Customer" may also be referred to as "Company" in the Service Documentation.

### **Customer Entity**

Name(s)	<u>City of Malibu</u>	TIN, SSN, Int'l, or Gov ID(s)	<u>00000000</u>
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**Customer Approval - (Authorized Signature Required)**

Each person who signs this form on Customer's behalf is authorized to do so by resolution, agreement or other legally sufficient action of the governing body of Customer, if Customer is not an individual, or is an Authorized Signer on Customer's account.

Printed Name of Authorized Signer	Phone
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Signature	Date
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<b>INTERNAL BANK USE ONLY</b>	
<b>Bank Approval</b>	
Printed Name of Relationship Manager/Authorized Approver	Phone
Relationship Manager/Authorized Approver Signature*	Date
<i>*By signing this document you are approving and acknowledging this individual is authorized to make these changes on behalf of this company.</i>	



## Master Agreement for Treasury Management Services

The Service Documentation described below contains the terms under which Wells Fargo Bank, N.A. and the banks, branches or subsidiaries listed in Appendix X (each, "Bank") provide treasury management services ("Services"). The Bank customer to which the Services will be provided ("Customer") is identified in the Treasury Management Product Enrollment form or other product enrollment form(s) with acceptance of services language acceptable to Bank (e.g., Mandate Letter) (collectively, the "Acceptance").

Bank and Customer agree:

- 1. Service Documentation.** The Service Documentation contains the terms governing each Service and includes:
  - 1.1.** The Service Description;
  - 1.2.** The Acceptance;
  - 1.3.** This Master Agreement for Treasury Management Services ("Agreement");
  - 1.4.** The account agreement governing the account(s) (each, an "Account") Customer uses in connection with the Service; and
  - 1.5.** User Guides, which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices.

The documents and individual provisions of the Service Documentation are intended to complement one another, and the Service Documentation as a whole.

This Agreement and Service Descriptions are posted at Bank's *Commercial Electronic Office*<sup>®</sup> (*CEO*<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Customer's use of a Service confirms Customer's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to a Service or other change requires a change to a Service Description, Bank will post an updated Service Description on the *CEO* portal. When required by Applicable Law (as defined below), Bank will notify Customer of the update. If Customer continues to use the Service after the update takes effect, Customer will be deemed to have agreed to the update.

As used in this Agreement, the term "Applicable Law" means all applicable laws (including common or customary laws), statutes, constitutions, policies, decrees, judgments, treaties, regulations, directives, by-laws, rulings, orders or operating circulars governing the activities of Bank and/or any transaction effected under this Agreement, including, but not limited to, all applicable funds transfer system and

clearing and settlement house rules governing the transactions effected under this Agreement.

- 2. Services.** Bank and Customer will agree upon the Service(s) to be provided. Each Service in the applicable jurisdiction is subject to the approval by the applicable branch or subsidiary of Bank. Customer may not begin using a Service until Bank has received all required and properly executed forms and Customer has successfully completed any testing or training requirements. To assist in Bank's establishment or maintenance of its limits or other processing arrangements, or to assist in Bank's compliance with Applicable Law, Customer will provide Bank with all such financial and/or other information Bank reasonably requests.
- 3. Changes to Services.** Bank may change (or add to) the terms and fees in the Service Documentation at any time. When required by Applicable Law, Bank will notify Customer of the change. If Customer continues to use a Service after the change becomes effective, it will be bound by the change.
- 4. Term and Termination.** Unless earlier terminated in accordance with the Service Documentation, this Agreement and each Service will continue in effect until terminated by either party upon 30 days' prior written notice to the other party. Bank may suspend or terminate any Service: (a) following notice to Customer of a breach of any provision of the Service Documentation or any other agreement with Bank, and Customer's failure to cure the breach (if capable of cure) within 15 days of the date of such notice; or (b) without prior notice to Customer if (i) Bank reasonably suspects that an Account associated with a Service has been compromised or otherwise subject to irregular, unauthorized, fraudulent or illegal activity, (ii) Customer is subject to, voluntarily or involuntarily, or any action or step is commenced or any resolution is passed that may result in Customer being subject to any bankruptcy, insolvency, winding up, liquidation, judicial management, receivership, administrative management, reorganization or other similar proceeding in any jurisdiction, (iii) Bank determines in its sole discretion that its continued provision of a Service may place Bank at risk of financial loss or result in an unacceptable credit exposure, (iv) Customer terminates, liquidates, or dissolves its business or disposes of a substantial portion of its assets, (v) Customer fails to timely pay its debts, (vi) Customer initiates any composition with its creditors, (vii) any guaranty of Customer's obligations to Bank is terminated, revoked, or its validity contested by the guarantor, (viii) Bank determines in its sole discretion that a material adverse change has occurred in Customer's ability to perform its obligations under the Service Documentation, or in the ability of a guarantor of Customer's obligations to Bank to perform its obligations under the applicable guaranty agreement, or (ix) the Account necessary to provide a Service is closed. The termination of a Service will not affect Customer's or Bank's rights with respect to transactions occurring before termination. Bank will not be liable to Customer for any losses or damages Customer may incur as a result of any termination of any Service.
- 5. Service Fees.** Customer will pay Bank the fees described in the Service Documentation and any taxes applicable to each Service however designated exclusive of taxes based on Bank's net income. Bank may debit the Account(s) for any fees not covered by earnings credits and any taxes that are due, or it may send an invoice to Customer for such amounts, which Customer shall promptly pay.

Bank's charges and fees shall be set forth as expressed in Bank's applicable fee schedule for Services used in connection with the Account.

**6. Confidential Information.** Unless otherwise provided in the Service Documentation, all User Guides and Terms of Use constitute Bank's or its vendor's confidential information ("Confidential Information"), and Customer will not acquire any ownership interest in or rights to Confidential Information as a result of Customer's use of any Service. Customer will (a) maintain the confidentiality of the Confidential Information; (b) not disclose (or permit its employees or agents to disclose), copy, transfer, sublicense or otherwise make any of it available to any person or entity, other than Customer's employees who have a need to use the Confidential Information in connection with the applicable Service; and (c) not decompile, reverse engineer, disassemble, modify, or create derivative works of any Confidential Information. Customer will notify Bank immediately if it knows or suspects that there has been any unauthorized disclosure, possession, use or knowledge (each, an "Unauthorized Use") of any Confidential Information. If Customer (or its employees or agents) is responsible for the Unauthorized Use, Customer will, at its expense, promptly take all actions, including without limitation initiating court proceedings to recover possession and prevent further Unauthorized Use of the Confidential Information and obtain redress for any injury caused to Bank as a result of such Unauthorized Use.

**7. Currency.** When Customer requests or instructions require that Bank convert the amount of a payment order from the currency in which the Account is denominated ("Account Currency") to another currency ("Foreign Currency"), Bank will do so using its applicable rate of exchange in effect at the time on the day Bank executes the payment order. If a financial institution designated to receive the funds does not pay the beneficiary specified in the payment order, and the funds are returned to Bank, Bank will not be liable to Customer for a sum in excess of the amount of the payment order after Bank has converted it from the Foreign Currency to the Account Currency using the applicable rate of exchange in effect at the time on the day Bank confirms the cancellation of the payment order. Bank bears no liability if the rate it uses for a particular transaction, i.e., the "applicable rate," differs from rates offered or reported by Bank or by third parties, or based upon different times of day, amounts, locations or involving different systems, agents or procedures. Currency exchange rates fluctuate over time, based upon market conditions, liquidity and risk. Customer acknowledges and accepts the risks of such fluctuations between the time Customer requests a payment order and the time the payment order is either completed or is unwound due to a cancellation, an amendment, a rejection or a return.

**8. Liability and Indemnification.**

**8.1.** Bank is under no obligation to honor, in whole or in part, any payment order or other instruction that: (a) exceeds the available balance in the Account, unless otherwise provided in the Service Documentation; (b) is not in accordance with the Service Documentation or Bank's applicable policies, procedures or practices as made available to Customer; (c) Bank has reason to believe may not have been duly authorized, should not be honored for its or Customer's protection, or involves funds subject to a hold, dispute,

restriction or legal process; or (d) would possibly result in Bank's contravention of any Applicable Law.

- 8.2.** All uses of Services through Customer's ID codes, passwords, token cards, PINs, or passcodes (each, a "Code") will be deemed to be authorized by and binding on Customer, except as provided for in the Service Documentation. Customer's failure to protect Codes may allow an unauthorized party to: (a) use the Services; (b) access Customer's electronic communications and financial data; and (c) send or receive information and communications to Bank. Customer assumes the entire risk of unauthorized use of Codes and unencrypted electronic transmissions.
- 8.3.** Neither Bank nor any software vendor makes any express or implied representations or warranties with respect to the Services or any software used in connection with the Services including without limitation any warranty as to the merchantability or fitness for a particular purpose, other than those expressly set forth in the Service Documentation.
- 8.4.** Customer will promptly furnish written proof of loss to Bank and notify Bank if it becomes aware of any third party claim related to a Service. Customer will cooperate fully (and at its own expense) with Bank in recovering a loss. If Customer is reimbursed by or on behalf of Bank, Bank or its designee will be subrogated to all rights of Customer.
- 8.5.** Except as otherwise provided in the account agreement governing the Account, any claim, action or proceeding against Bank for losses or damages arising from a Service, must be brought within one year from the date of the act or omission.
- 8.6.** Bank will have no liability for failure to perform or delay in performing a Service if the failure or delay is due to circumstances beyond Bank's reasonable control. If Bank determines that any funds transfer or communications network, Internet service provider, or other system(s) it has selected to provide a Service is unavailable, inaccessible or otherwise unsuitable for use by Bank or Customer, Bank may, upon notice to Customer, suspend or discontinue the affected Service.
- 8.7.** Except in the case of Bank's negligence or intentional misconduct, Customer will indemnify and hold Bank, its directors, officers, employees and agents harmless from all losses or damages that arise out of: (a) the performance of a Service in accordance with the Service Documentation including without limitation any warranty Bank is required to make to a third party in connection with a Service; (b) an act or omission of any agent, courier or authorized representative of Customer; and (c) if the Service includes a license or sublicense of any software to Customer, the use or distribution of the software by Customer or any person gaining access to the software through Customer that is inconsistent with the license or sublicense.
- 8.8.** Bank will only be liable to Customer for actual damages incurred as a direct result of Bank's failure to exercise reasonable care in providing the Services. Reasonable care requires only that Bank follow standards that do not vary

unreasonably from the general standards followed by similarly situated banks. Bank's policies and procedures are general internal guidelines for Bank's use and do not establish a higher standard of care for Bank than otherwise established under Applicable Law. A mere clerical error or an honest mistake will not be considered a failure of Bank to perform any of its obligations. Bank's liability to Customer will be limited to an amount not to exceed 10 times Bank fees incurred during the calendar month immediately preceding the calendar month in which such loss or damages were incurred (or, if no Bank fees were incurred in such month, Bank fees incurred in the month in which the losses or damages were incurred).

- 8.9.** Except as expressly provided otherwise in the Service Documentation, neither party to this Agreement nor its respective directors, officers, employees or agents will be liable to the other party for: (a) any special, consequential, incidental (including without limitation court costs and attorneys' fees), indirect, or punitive losses or damages; or (b) business interruption, loss of profits, loss of business, loss of revenue, loss of goodwill, loss of opportunity, loss or injury to reputation or loss of anticipated savings, whether any claim is based on contract or tort, or whether the likelihood of such losses or damages was known to the other party and regardless of the form of the claim or action.
- 8.10.** Where Customer sends payments on behalf of its third party customers, Customer agrees it is solely liable to its customers for any and all losses such customers may suffer. Bank hereby excludes all and any liability of whatever nature (including those losses enumerated in subsection 8.9 of this Agreement) arising out of Customer's relationship with its customer.
- 9. Governing Law.** The Service Documentation shall be governed by: (a) U.S. federal law and (b) the law of (i) the U.S. state in which the office of Bank that maintains the Account is located or, if there is no such state or no account associated with such Service, (ii) the State of New York, without reference to its principles of conflicts of laws ("Governing Law").
- 10. Arbitration Agreement.** Upon demand of either party, any controversy or claim arising out of or relating to this Account Agreement, or the breach thereof, must be submitted to arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules, and must be heard before three arbitrators if the amount in controversy is US \$5,000,000 or more or its equivalent in any other currency, and before one arbitrator for amounts in controversy of less than US \$5,000,000 or its equivalent in any other currency. Arbitration will proceed in a location selected by AAA in the state of the applicable Governing Law, and if there is no such state, the place of arbitration must be New York, NY. The language of the arbitration must be English. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This arbitration requirement does not limit the right of either party to: (a) exercise self-help remedies including setoff or (b) obtain provisional or ancillary remedies such as injunctive relief or attachment, before, during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of either party to submit any dispute to arbitration hereunder, including

those arising from the exercise of the actions detailed in (a) and (b) of this subsection.

**11. Jurisdiction.** For any proceedings regarding this Agreement (not subject to arbitration in Section 10), Customer hereby irrevocably submits to the jurisdiction of the courts of the Borough of Manhattan, New York City, in the State of New York or the federal courts located therein over any action or proceeding arising out of or relating to this Agreement and irrevocably agrees that all claims in respect of such action or proceeding may be heard or determined in such courts.

**12. Miscellaneous.**

**12.1 Severability.** Any portion of the Service Documentation which is inconsistent with Applicable Law or Governing Law will be deemed modified and applied in a manner consistent therewith, and Bank will incur no liability to Customer as a result of the inconsistency or modification and application to any dispute regarding the Service Documentation. If any portion or provision of the Service Documentation is deemed unenforceable, it will not affect the legality, enforceability or validity of the remaining Service Documentation nor the legality, enforceability or validity of such portion or provision under the law of any other jurisdiction.

**12.2 Entire Agreement.** The Service Documentation (and any documents referred to therein) constitutes and represents the entire agreement between Bank and Customer regarding the Services we provide for all Accounts opened at Bank and supersedes and extinguishes all prior agreements, understandings, representations, warranties and arrangements of any nature (including requests for proposals and other sales material), whether oral or written, between Customer and Bank relating to any such Service (including any other Master Agreement for Treasury Management Services, but excluding the current Commercial Account Agreement or Global Commercial Account Agreement, as applicable).

**12.3 No Waiver.** Neither the failure nor any delay by Bank in exercising any right, remedy, power or privilege shall be deemed to be a waiver of such right, remedy, power or privilege. No course of dealing or waiver of any right on one occasion will constitute a modification of the Service Documentation or be a waiver of that right on a subsequent occasion.

**12.4 No Third Party Beneficiaries.** Except as otherwise provided in the Service Documentation, no person or entity other than Customer and Bank will be deemed to be a third party beneficiary under the Service Documentation.

**12.5 Financial Condition.** Customer will provide Bank promptly upon Bank's request any existing financial statements or other information pertaining to Customer's financial condition or any previously unprepared financial statements which Bank may require Customer to prepare and/or to be audited or reviewed by independent certified public accountants acceptable to Bank.

**12.6 Customer's Representations and Warranties.** Customer represents and warrants that: (a) it will not use any Service in a manner that could result in a contravention of Applicable Law by Customer or Bank; and (b) if Customer employs an agent in connection with its use of any Service, Customer represents and warrants to Bank that: (i) Customer's governing body has duly authorized the agent and (ii) Customer will exercise appropriate controls to ensure each agent so authorized does not exceed the authority so granted to it.

**12.7 Customer Communications.** Any communication to Bank regarding Customer's use of a Service from Customer's agent will be deemed to be a communication from Customer, and Customer authorizes Bank to communicate with Customer's agent regarding any such communication or Service.

**12.8 Notice.** Either party may provide notice to the other party by mail, personal delivery, or electronic transmission. Customer will notify Bank promptly in writing of any change in its name, Address, legal status, electronic contact information (including an e-mail address or otherwise), or any other changes relevant to the conduct of the Account or affecting Customer's business relationship with Bank. The term "Address" as used herein refers to a mailing or electronic address. Customer will use the Address where Customer's relationship manager or other manager is located and will address any notice to the attention of such manager.

Bank will be entitled to rely on any notice from Customer that it believes in good faith was authorized by an authorized representative of Customer and, except as expressly stated in another agreement between Customer and Bank, will have no obligation to verify the signature (including an electronic signature). Each party will have a reasonable time after receipt of any notice to act on it

**12.9 Survival.** Sections 1, 4, 5, 6, 7, 8, 9, 10, 11, and 12 will survive termination of this Agreement.

## **APPENDIX X**

### Applicable Branches or Subsidiaries of Bank

1. Wells Fargo Bank, N.A. – London Branch
2. Wells Fargo Bank, N.A. – Cayman Islands Branch

**FUNDS AVAILABILITY POLICY**  
***Wholesale Banking***  
***Effective October 1, 2014***

**WELLS  
FARGO**

The policy of Wells Fargo Bank, National Association (“Bank” or “Wells Fargo”), is to make funds from Company’s check deposits to Company’s account (in this policy, each an “account”) available to Company on the first business day after the day Bank receives the deposits, subject to the following.

Funds from the following deposits are available on the first business day after the day of Company’s deposits (i) if Company makes the deposit through an employee or agent in person to one of Bank’s employees and (ii) if it uses a special deposit slip available from Bank upon request:

- State and local government checks that are payable to Company.
- Cashier’s, certified, and teller’s checks that are payable to Company where Bank is not the issuer or drawee.

While Bank generally makes funds from Company’s check deposits available to Company on the first business day after the day Bank receives the deposits, Bank’s policy grants availability in accordance with an availability schedule or schedules provided or made available by Bank to Company contemporaneously with this policy or from time to time thereafter, subject, among other things, to the location of the deposit transaction or the manner in which the deposit is made.

Our funds availability policy relating to other types of deposits is described below. If we delay the availability of a deposit, the length of the delay varies depending on the type of deposit as explained below.

Once they are available, Company may withdraw the funds in cash and Bank will use the funds to pay checks that Company has written and fees and expenses that Company has incurred in connection with the account.

**Determining the day of receipt**

For determining the availability of Company’s deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If Company makes a deposit before Bank’s established cutoff time on a business day that Bank is open, Bank will consider that day to be the day of Company’s deposit. For deposits granted same calendar day availability as described below, the calendar day Company makes the deposit will be considered the day of deposit. For all other deposits, if Company makes a deposit after the cutoff time or on a day Bank is not open, Bank will consider the deposit was made on the next business day Bank is open. Cutoff times may vary by location and are posted in each store. The earliest cutoff time for a store is 2:00 p.m. local time. Cutoff time for checks deposited at a Wells Fargo ATM is 9:00 p.m. local time (8:00 p.m. in Alaska).

The length of the delay varies depending on the type of deposit as explained below.

**Same calendar day availability**

The following deposits will be available on the calendar day Bank receives the deposit:

- The first \$200 of a day’s check deposits made through a Wells Fargo ATM.
- Cash deposited through a Wells Fargo ATM.

**Same business day availability**

The following deposits will be available on the business day Bank receives the deposit:

- Incoming wire transfers.
- Electronic direct deposits.
- Cash deposited at a teller window.
- Checks drawn on Bank.

If Company does not make its deposit in person to one of Bank's employees (for example, if Company mails the deposit), funds from these deposits will be available on the second business day after the day Bank receives Company's deposit.

**Longer delays may apply**

In some cases, Bank will not make all the funds that Company deposits by check available to Company on the first business day after the day of Company's deposits. Depending on the type of check Company deposits, funds may not be available until the second or third\* business day after the day of deposit. The first \$200 of Company's deposit, however, may be available on the first business day.

Except as otherwise explained in this paragraph, if Bank is not going to make all funds from Company's deposit available on the business day of deposit or the first business day, Bank will notify you at the time Company makes its deposit. Bank will also tell Company when the funds will be available. If Company's deposit is not made directly to a Bank employee, or if Bank decides to take this action after Company's employee or agent has left the premises, Bank will mail the notice by the first business day after Bank receives the deposit.

In addition, funds Company deposits by check may be delayed for a longer period under the following circumstances:

- Bank believes a check Company deposits will not be paid.
- Company deposits checks totaling more than \$5,000 on any one day.
- Company redeposits a check that has been returned unpaid.
- Company has overdrawn its account repeatedly in the last six months.
- There is an emergency, such as failure of computer or communications equipment.

Bank will notify Company if it delays Company's ability to withdraw funds for any of these reasons, and Bank will tell Company when the funds will be available. The funds will generally be available no later than the seventh or eighth\* business day after the day of your deposit.

**Holds on other funds (check cashing)**

If Bank cashes a check for Company that is drawn on another bank, it may withhold the availability of a corresponding amount of funds that are already in the account. Those funds will be available at the time funds from the check Bank cashes would have been available if Company had deposited it.

**Holds on other funds (other accounts)**

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\* Bank may delay availability of funds by one additional business day for certain checks deposited at a Bank location in Alaska. This right applies only if the check is drawn on or payable at or through a paying bank not located in Alaska.

If Bank accepts a check for deposit that is drawn on another bank, it may make funds from the deposit available for withdrawal immediately but delay Company's ability to withdraw a corresponding amount of funds that Company has on deposit in another account with Bank. The funds in the other account would then not be available until the time periods that are described in this policy.

**Delays on other funds**

Funds from any deposit (cash or checks) into accounts domiciled in Iowa and Nebraska made at eligible non-Wells Fargo ATMs in those same states will not be available until the third business day after the day of Company's deposit. This rule does not apply at ATMs that Bank owns or operates. All ATMs that Bank owns or operates are identified on Bank's machines as "Wells Fargo."

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# ACH ORIGATION SERVICE DESCRIPTION

- 1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") ACH origination service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices.

This Service Description and the Master Agreement are posted at Bank's *Commercial Electronic Office*® (CEO®) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO® portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

- 2. **Description of Services.** The Service enables Company to originate automated clearing house ("ACH") credit and debit entries in accordance with the National Automated Clearing House Association Operating Rules and any applicable local ACH rules (collectively, the "ACH Rules"; see section 3). Company will maintain one or more deposit account(s) at Bank or Bank's affiliate (each, an "Account"), that Bank may use to process such Entries. An "Entry" is an ACH debit or credit entry issued in Company's name, and a "File" is the data file or batch release used to transmit one or more Entries to Bank. Section 6 of this Service Description describes (a) the means Bank offers to Company for transmitting Files to Bank (each, an "Initiation Method") and (b) the means Bank will use to verify Company's authorization of a File or a communication amending or canceling an Entry or File (each, a "Security Procedure"). When Bank acts with respect to an Entry as both the originating depository financial institution ("ODFI") and receiving depository financial institution ("RDFI"), as ODFI and RDFI are defined by the ACH Rules, the Entry is an "on-us Entry."
- 3. **ACH Rules.** Company (a) authorizes Bank to originate Entries on behalf of Company to Receivers' accounts; (b) agrees to be bound by the ACH Rules; and (c) agrees not to originate Entries that violate the laws of the United States. In addition, Company agrees Bank may audit Company's compliance with the Service Documentation and the ACH Rules.
- 4. **Preparation of Entries and Files; Processing Schedules.** Company will prepare each File in accordance with the ACH Rules and the guidelines Bank separately makes available to Company. Bank will process each File in accordance with Bank's then current processing schedule and any instructions regarding the date an Entry is to be settled that Company furnishes with the Entry provided (a) Bank receives the File by Bank's applicable cutoff time on a Business Day and (b) the ACH is open for business. Files will be deemed received by Bank when the transmission of the File to Bank is

completed and authenticated in compliance with the Security Procedure. If Bank receives a File after Bank's applicable cutoff time or on a day when the ACH is not open for business, the File will be treated as having been received prior to Bank's applicable cutoff time on the next Business Day on which the ACH is open for business. A "Business Day" is every day except Saturday, Sunday and federal holidays.

5. **Inconsistency of Name and Number.** If an Entry describes a "Receiver" (as defined in the ACH Rules), both by name and identifying number, the RDFI may pay the Entry on the basis of the identifying number, even if the number identifies a person different from the named Receiver. If an Entry describes the RDFI both by name and identifying number, Bank, a gateway operator or another financial institution handling the Entry may rely on the identifying number to identify the RDFI, even if the identifying number refers to an institution other than the named RDFI.
6. **Initiation Methods and Security Procedures.** This section lists the Initiation Methods and describes the Security Procedures Bank offers for ACH origination. Company's elections regarding Initiation Methods and Security Procedures are set forth in the Acceptance.

**6.1. Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) Initiation Method.**

The CEO<sup>®</sup> portal is Bank's electronic banking portal that is accessed via the Internet. The CEO<sup>®</sup> security procedures are log-on credentials specified by Bank including a company ID, user ID, password, token, and any other authentication or authorization process Bank requires from time to time. Bank's standard CEO<sup>®</sup> security procedures also include dual custody for select, high-risk ACH activities. With dual custody, an authenticated second user approves these activities. There is no additional charge for dual custody.

**6.2. Direct Origination Initiation Method.**

**Secure Application File Exchange Transmission ("SAFE-T").** This transmission platform offers a variety of transmission protocols including hypertext transfer protocol secured (https), FTP over SSL (FTP/S), secure FTP (S-FTP), and Applicability Statement 2 (AS2).

**IBM<sup>®</sup> Connect:Direct<sup>®</sup> with Secure Plus+.** Secure Plus+ is an add-on to Connect Direct to enhance security by means of Secure Socket Layer ("SSL") or Transport Layer Security ("TLS"). Connect Direct<sup>®</sup> is a registered trademark of Sterling Commerce, Inc. an IBM Company.

**SWIFT<sup>®</sup> FileAct.** SWIFT has established procedures for controlling access to SWIFT messaging services that may include access codes, message authentication codes, secure card readers, digital signatures, and Hardware Security Modules. In addition, SWIFT authenticates certain messages including without limitation Files based on SWIFT message type prior to accepting them for routing as SWIFT messages. This authentication may include confirming the sender and recipient of the message have exchanged bilateral keys ("BKE"), entered into a relationship management application ("RMA") agreement, or taken other steps to secure the transmission of SWIFT messages between them as SWIFT requires from time to time.

**6.3. Payment Manager<sup>®</sup> Initiation Method.**

**Secure Application File Exchange Transmission ("SAFE-T").** This transmission platform offers a variety of transmission protocols including hypertext transfer protocol secured (https), FTP over SSL (FTP/S), secure FTP (S-FTP), and Applicability Statement 2 (AS2).

**Machine-to-Machine (“M2M”).** This transmission method may use an XML message interface that is based on the Interactive Financial eXchange (IFX) message standard using SOAP structured messages or other formats and protocols such as JSON and REST. Data is communicated via the Internet using 128-bit encryption and Secure Socket Layers (SSL).

**IBM®. Connect:Direct®. with Secure Plus+.** Secure Plus+ is an add-on to Connect Direct to enhance security by means of Secure Socket Layer (“SSL”) or Transport Layer Security (“TLS”). Connect Direct® is a registered trademark of Sterling Commerce, Inc. an IBM company.

**Value-Added Network (“VAN”).** With this transmission method, a third party serves as an intermediary for transmitting data between Company and Bank. Procedures for transmitting Payment Orders may vary by VAN. Bank follows the procedures of the VAN selected by Company to authenticate each File transmitted to Bank through the VAN in Company’s name.

**SWIFT®. File Act.** SWIFT has established procedures for controlling access to SWIFT messaging services that may include access codes, message authentication codes, secure card readers, digital signatures, and Hardware Security Modules. In addition, SWIFT authenticates certain messages including without limitation Files based on SWIFT message type prior to accepting them for routing as SWIFT messages. This authentication may include confirming the sender and recipient of the message have exchanged bilateral keys (“BKE”), entered into a relationship management application (“RMA”) agreement, or taken other steps to secure the transmission of SWIFT messages between them as SWIFT requires from time to time.

**6.4. Security Procedure Elected by Company’s Third Party Service Provider.**

Company is utilizing a Third Party Service Provider (“TPSP”) as defined in the ACH Rules to originate Entries and Files on Company’s behalf. Bank will authenticate each File transmitted to Bank in Company’s name in accordance with the security procedure the Company’s TPSP has elected. Company will notify Bank of any change to Company’s TPSP in a manner affording Bank a reasonable opportunity to act on the information.

**6.5. Non-Standard Security Procedure.**

If Company has refused to utilize any of the security procedures described above, then the Security Procedure Company will use is described on Attachment B to the Treasury Management Product Enrollment form.

- 7. Company’s Payment Obligations.** As of the applicable settlement date, Company will maintain available funds in each Account sufficient to cover the credit Entries originated against it. Company’s obligation to pay Bank for each credit Entry matures when Bank transmits the credit Entry to the ACH or gateway operator or posts an on-us Entry. Bank is authorized to debit the Account for the total amount of all credit Entries originated from it at any time. If requested by Bank, Company will pay to Bank, in immediately available funds, an amount equal to all credit Entries Company originates through Bank before the date Bank delivers the credit Entries to the ACH or gateway operator or posts an on-us Entry. If Company fails to comply with Bank’s request, Bank may refuse to send the Entries to the ACH or gateway operator or post an on-us Entry. Bank may take such other actions as it deems necessary or appropriate to ensure Bank receives payment for Company’s credit Entries including without limitation (a) upon notice to Company, placing a hold on funds in any account at Bank or any affiliate of Bank that Company owns in whole or in part sufficient to cover Company’s credit Entries and (b) setting

off against any amount Bank or an affiliate of Bank owes Company. In addition, Bank may charge the Account or any other Company account at Bank or any affiliate of Bank for any debit, correcting or reversing Entry which is later returned to Bank.

8. **Provisional Credit.** A credit to Company's Account for an Entry is provisional until Bank receives final settlement for the Entry. If Bank does not receive final settlement, Bank is entitled to debit Company's Account or any other accounts Company owns in whole or in part at Bank or any affiliate of Bank for the amount of the Entry. Company will pay any shortfall remaining after such debit to Bank immediately upon demand.
9. **Rejected Entries.** Bank may reject an Entry or File if Company fails to comply with the terms of this Service Description. Bank will attempt to notify Company promptly so Company may cure the defect but will have no liability to Company for rejecting an Entry or File or any loss resulting from Bank's failure to provide notice. If Company requests Bank repair an Entry or File and Bank attempts to do so, Bank will not be liable if it is unable to make the requested repair. Company will pay all charges and expenses Bank incurs in connection with any repair or attempted repair.
10. **Cancellation, Amendment, Reversal.** Company has no right to cancel, amend or reverse an Entry or File after its receipt by Bank. If Company requests Bank cancel, amend or reverse an Entry or File, Bank may, at its sole discretion, attempt to honor such request but will have no liability for its failure to do so. Company will reimburse Bank for any expenses, losses or damages Bank incurs in effecting or attempting to effect Company's request.
11. **Returned Entries.** Bank will have no obligation to re-transmit a returned Entry or File to the ACH or gateway operator, or to take any further action with respect to a returned on-us Entry, if Bank complied with the terms of this Service Description with respect to the original Entry or File. Company will reimburse Bank for any returned debit Entries on the same day Company receives notice of such returned Entry.
12. **Reconstruction of Entries and Files.** Company will retain sufficient records to permit it to reconstruct each Entry and File it delivers to Bank for a period of five (5) Business Days after the applicable settlement date and will submit the reconstructed Entry or File to Bank upon request.
13. **Audit.** Company grants Bank ongoing access to Company's Files and the right to audit periodically such Files and Company's ACH processes and controls so Bank can verify Company's compliance with this Service Description.
14. **Bank's Internal Risk Parameters.** Bank establishes internal risk parameters to identify out-of-pattern or suspect Entries or Files and protect Company and Bank from potential losses. These parameters may include without limitation limits on debit and credit settlements on a single Business Day and/or over multiple consecutive Business Days. Bank may pend or delete an Entry or File exceeding the applicable parameters. In addition, any transaction TYPE (debit or credit) or SEC (standard entry class) as defined in the ACH Rules may, at Bank's option, be conditioned upon Bank's prior approval. Upon notice to Company, Bank may discontinue processing a TYPE and/or SEC of transactions Bank has previously processed for Company.
15. **International Entries.**
  - 15.1. **General.** This section contains additional terms applicable when the financial institution holding the account designated to receive an Entry is in a jurisdiction ("Receiving Country") other than the United States (each, an "International Entry"). Bank will process each International Entry in accordance with (a) the laws and payment system rules of the Receiving Country (b) any agreement governing International Entries between Bank and the gateway operator through which Bank processes the International Entry, the terms of which Bank communicates to Company prior to Company's use of the Service or from time to time thereafter, and (c) the ACH

Rules. If there is a conflict among these three clauses, they will govern in the order set forth in this subsection.

**15.2. Credit Entries.** With respect to credit Entries Bank agrees to originate in the currency of a designated foreign government or intergovernmental organization ("Foreign Currency"), Bank will convert the amount to be transferred from U.S. dollars ("USD") to the Foreign Currency at Bank's sell rate for exchange in effect on the Business Day the Entry is transmitted by Bank to the ACH or gateway operator. If the financial institution designated to receive the funds does not pay the Receiver specified in the Entry, or if the Entry is subsequently determined to be erroneous, Bank will not be liable for a sum in excess of the amount of the original Entry after it has been converted from the Foreign Currency to USD at Bank's buy rate for exchange at the time the Entry is returned to Bank.

**15.3. Debit Entries.** With respect to debit Entries Bank agrees to originate in a Foreign Currency, Bank will convert the amount of each Entry from the Foreign Currency to U.S. Dollars at Bank's buy rate for exchange in effect on the settlement date of the Entry. If the financial institution designated to receive the Entry subsequently returns it, Bank may charge the applicable Account (or any other accounts Company owns in whole or in part at Bank or any affiliate of Bank) for the amount equal to the value of the returned Entry, after Bank has converted the Foreign Currency to USD at Bank's sell rate for exchange at the time the Entry is returned to Bank. Bank will not be liable for a sum in excess of the original amount of the Entry after conversion.

**15.4. Acts or Omissions of Third Parties.** Bank will not be liable for any failure or delay by a gateway operator, any intermediary financial institution, or the financial institution designated to receive the Entry in the Receiving Country in processing or failing to process any Entry Bank transmits to the Receiving Country, or for acts or omissions by a third party including without limitation the delay or failure of any third party to process, credit or debit any Entry.

**16. Third-Party Sender Activities.** This section contains additional terms applicable when Company is a Third-Party Sender, as defined by the ACH Rules.

**16.1 General.** Prior to originating any Entry on behalf of a customer of Company, Company will (a) notify Bank in writing of any other financial institution Company is using to originate transactions as a Third-Party Sender and thereafter notify Bank before Company adds any new financial institution for this purpose; (b) provide Bank with the information Bank requires to enable it to understand the nature of Company's customer's business including without limitation the name, Taxpayer Identification Number, business activity, and geographic location of Company's customer; (c) if specifically required by Bank, obtain Bank's written approval to initiate or continue to initiate Entries for that customer, which approval Bank may rescind upon written notice to Company; and (d) enter into a written agreement with that customer whereby that customer agrees:

**16.1.1.** to assume the responsibilities of an originator under the ACH Rules and to be bound by the ACH Rules as in effect from time to time;

**16.1.2.** ACH entries may not be initiated in violation of the laws or regulations of the United States including without limitation the regulations issued by the Office of Foreign Assets Control;

**16.1.3.** to grant Bank ongoing access to audit it and any ACH entry that it has transmitted to Company for transmission to Bank; and

**16.1.4.** Bank may at any time refuse to process an ACH entry for that customer.

- 16.2. Representations and Warranties.** Company represents and warrants to Bank Company (a) has conducted due diligence with respect to each customer of Company for which Company is originating transactions through Bank and determined that each such customer is engaged in a legitimate business and that the type, size and frequency of transactions that each such customer is originating is normal and expected for the customer's type of business; and (b) will, in accordance with reasonable commercial standards, monitor each customer's business and transactions on an ongoing basis and notify Bank promptly if Company identifies any unusual activity by Company's customer.
- 17. Perfect NOC Service.** This section contains additional terms applicable to Bank's Perfect NOC Service. Bank maintains a database of Notifications of Change (each, a "NOC") that Bank receives and uses this database to update Company's Entries in accordance with the Service options Company selects from time to time. Bank will notify Company of each NOC Bank receives in connection with Company's Entries.
- 18. Smart Decision Service.** This section contains additional terms applicable to Bank's Smart Decision Service. Bank will process for credit to the Account specified by Company checks and other instruments payable to Company (each, an "Item") that Company delivers to Bank. Company will use the depository channels through which Bank offers the Service including electronic channels and other channels specified by Bank through which Bank accepts Items for processing. When Company uses electronic depository channels, Company transmits an "Electronic File" to Bank that includes electronic images of Items (each, an "Electronic Image") and other information regarding Items in the Electronic File. Each Business Day, Bank processes Company's Electronic File and other Items according to the processing criteria Bank has on file for Company, the issuer of an Electronic Image or Item, and Bank (each, respectively, a "Company Preference," an "Issuer Preference," or a "Bank Preference.") Based on these Preferences, Bank will (a) convert each eligible Electronic Image and Item to an ACH debit Entry on the deposit account on which it was drawn; (b) process remaining Electronic Images in accordance with Bank's separate Service Documentation governing the electronic depository channel Company used to deliver the Electronic Image to Bank; or (c) process remaining Items in accordance with Bank's Commercial Account Agreement. If a Company Preference or an Issuer Preference conflicts with a Bank Preference, Bank will follow the Bank Preference.
- 19. Warranties.**
- 19.1 General.** Company acknowledges Bank makes certain warranties under the ACH Rules with respect to each Entry. Company will reimburse Bank for any loss Bank incurs, including Bank's reasonable attorneys' fees and legal expenses, as the result of a breach of a warranty made by Bank in connection with any Entry Bank originates upon the instructions received from Company, except to the extent that the loss resulted from Bank's own gross negligence or intentional misconduct.
- 19.2 Smart Decision Service.** If Company subscribes to Bank's Smart Decision Service, Company warrants Company (a) will transmit to Bank only Electronic Images that are suitable for processing, including, but not limited to, Electronic Images that are legible and contain machine-readable MICR data; (b) will not deposit to the Account or otherwise negotiate any original Paper Item from which Company has previously created and submitted to Bank an Electronic Image, unless Bank has notified Company the Electronic Image is not legible or contains MICR data that is not machine readable; and (c) has received copies of the then-current ACH Rules and Reg E and will comply with both at all times Bank provides the Service.
- 20. Indemnification.** Company acknowledges Bank indemnifies certain persons under the ACH Rules. Company agrees to reimburse Bank for any loss Bank incurs, including its reasonable attorneys' fees and legal expenses, as the result of the enforcement of any such indemnity, except to the extent the loss resulted solely from Bank's own gross negligence or intentional misconduct. In addition, Company will indemnify Bank from and against all liabilities, losses, damages, claims, obligations, demands,

charges, costs, or expenses (including reasonable fees and disbursements of legal counsel and accountants) awarded against or incurred or suffered by Bank arising directly or indirectly from or related to any material breach in a representation, warranty, covenant, or obligation of Company contained in this Service Description.

- 21. Termination.** In addition to the termination provisions contained in the Master Agreement, Bank may terminate the Services immediately upon notice to Company if Bank determines in its sole discretion: (a) the number of returned debit Entries originated under this Service Description is excessive; or (b) Company has breached a warranty provided under the ACH Rules or this Service Description or otherwise failed to comply with the ACH Rules.
- 22. Survival.** Sections 4, 5, and 7-20 will survive termination of the Services.

## ACCOUNT RECONCILIATION PLAN SERVICE SERVICE DESCRIPTION



- 1. Introduction.** This Service Description is part of the Service Documentation governing the Wells Fargo Bank, N.A. ("Bank") Account Reconciliation Plan service ("Service"). "Service Documentation" is defined in Bank's Master Agreement for Treasury Management Services ("Master Agreement"). The Service Documentation includes the Acceptance of Services ("Acceptance"), and "Company" is the company identified in the Acceptance.
- 2. Description of Services.** Bank's ARP Services enable Company to use Bank to (a) store information about Items Company issues on demand deposit accounts that Company enrolls in the Services (each, an "Account"); and (b) process the information in accordance with the Service option(s) that Company elects during the set up process for the Services and from time to time thereafter. Bank's User Guide for the Services details the Service options. "Item" is defined in Bank's Commercial Account Agreement.
- 3. Issued Check Information.** If Company elects Bank's full ARP Service, each Business Day prior to the cutoff time Bank separately discloses, Company will provide Bank with the issue date, serial number and dollar amount of each Item Company issues on the Account ("Issued Check Information") using the communication channel(s) Company elects. If Company elects Bank's Deposit Location Reporting Service, Company will provide Bank with a list of Company's location numbers and names and may amend the list from time to time by notifying Bank in writing.
- 4. Stop Payment Orders.** If Company uses the Service to place a stop payment order on any Item, Company understands that (a) Bank's Commercial Account Agreement governs the stop payment order; (b) each stop payment order is subject to Bank's verification that the Item described in the stop payment order has not been paid; and (c) this verification may occur a minimum of ninety (90) minutes after the time Company transmits the stop payment order to Bank.

# COMMERCIAL ELECTRONIC OFFICE® (“CEO”®) SERVICE DESCRIPTION



1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. (“Bank”) *Commercial Electronic Office*® service (“Service”) and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services (“Master Agreement”);
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank’s *Commercial Electronic Office*® (*CEO*®) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company’s use of the Service confirms Company’s receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the *CEO*® portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Service.** The *CEO*® is Bank’s electronic banking portal that is accessed via the Internet. Authorized Representatives (see section 3) may use the *CEO*® to access (a) Bank Services in which Company has separately enrolled (each, an “Accessed Service”) and (b) third-party sites Bank may make available through the *CEO*®. Bank offers different channels through which Company may access the *CEO*® that may include without limitation personal computers and mobile devices. Bank may add or eliminate channels at any time. A Bank Service or third party site accessible through one channel may not be accessible through another channel. The Service Documentation includes the Service Description for each Accessed Service. In the event of a conflict between the Service Description for the Accessed Service and this Service Description, the Service Description for the Accessed Service will control.
3. **Access to the *CEO*®.** When Company enrolls in the *CEO*® and as Bank may determine is necessary after enrollment, Bank will (in accordance with section 4) provide one or more secure means of accessing the Services (each, a “Log-On Credential”) to the persons who are authorized to access the *CEO*® on Company’s behalf (each an, “Authorized Representative”). Log-On Credentials may include without limitation Company and user IDs, passwords, token IDs and other means of providing secure access to the *CEO*® Service that Bank adopts after the date Company begins using the *CEO*® and may be changed by Bank at any time. Bank will have no obligation to Company to authenticate separately any communication Bank receives in

Company's name through the CEO<sup>®</sup>, whether or not an Authorized Representative actually issued the communication. Bank may, at Bank's sole option, contact Company with respect to any communication Bank receives in Company's name, but Bank's election to contact Company with respect to one or more communication will not obligate Bank to contact Company with respect to any subsequent communication Bank receives in Company's name.

**4. Administration of the CEO<sup>®</sup>.**

**4.1. General.** Bank offers two options for administering the CEO<sup>®</sup>: (a) self-administration and (b) Bank administration.

**4.2. Self-Administration.** If Company enrolls in Bank's self-administration option, there are three categories of Authorized Representatives: Company Administrator, Administrator or User. Bank provides Bank's then-current Log-On Credentials only to Company's initial Company Administrator(s) who will (a) assign Bank's Log-On Credentials to other individuals and (b) designate each such individual as (i) a Company Administrator, who may perform all functions of Company's initial Company Administrator; (ii) an Administrator, who may perform all the functions of an Administrator including without limitation designating other Administrator(s) and User(s); or (iii) a User, who may access those Services as designated by a Company Administrator or an Administrator and those in which Bank permits a User to self-enroll. Each Company Administrator and Administrator has the authority to enroll Company in additional Services. Company will promptly revoke the Log-On Credentials of any Authorized Representative when that individual is no longer an Authorized Representative.

**4.3. Bank Administration.** If Company does not enroll in Bank's self-administration option, there is one category of Authorized Representatives: Users. Bank will assign Bank's then-current Log-On credentials to each User Company designates. Each User Company designates will remain authorized until Bank has a reasonable time to act after receiving Company's notification that the User is no longer so authorized.

**5. Restricting or Terminating Access to the CEO<sup>®</sup>.** Bank will not be obligated to permit any Authorized Representative to use any Service through the CEO<sup>®</sup> if Bank determines such use is (a) not in accordance with any term applicable to the CEO<sup>®</sup>, (b) not permitted by any state or federal law or regulation, (c) not authorized by Company or any third person whose authorization Bank believes is necessary for such use, or (d) should be denied for Company's or Bank's protection (without Bank's agreeing to, or being required to, make this determination in any circumstance).

**6. Financial Information.** Financial market data, quotes, news, research, and other financial information developed by third parties and transmitted to Bank (collectively, "Financial Information") may be available to Company at the CEO<sup>®</sup>. The posting of any Financial Information or any other information or data at the CEO<sup>®</sup> will not be a recommendation by Bank of any particular Service or transaction. Bank does not guarantee the accuracy or completeness, (a) of any Financial Information, (b) is not responsible for the actions or omissions of the third parties developing or transmitting Financial Information or (c) for any decision made or action taken by Company in reliance on any Financial Information.

**7. Cash Flow Analysis Service.** This section contains additional terms applicable to Bank's Cash Flow Analysis Service. This Service enables Company to view and use certain data for global cash positioning and forecasting and journal entry. Bank will automatically populate data from

Company's deposit account(s) at Bank and other financial institutions Company directs to provide data to Bank. Company may also manually populate data. Bank will not verify the accuracy of data from other financial institutions, customer-populated data or forecasting information. Forecasting information is not a guarantee of actual performance. If Company uses this Service to convert balances to a currency other than the currency in which the Account is denominated, the conversion rate used through the Service may differ from the conversion rate actually used when the funds are converted on a given Business Day.

- 8. Company's Representations and Warranties.** Company represents and warrants to Bank:
  - 8.1.** Company's governing body has duly authorized each Authorized Representative, regardless of whether Company enrolls in Bank's self-administration option, Bank Administration or whether the individual is designated to act as Company Administrator, Administrator or User; and
  - 8.2.** Company will preserve the confidentiality of the Log-On Credentials and immediately notify Bank if Company becomes aware or suspects that any Log-On Credential may have been compromised.
- 9. Company's Agreement to Indemnify Bank.** Company will indemnify and hold Bank, its parent company, and its affiliates and each of their respective directors, officers, employees, and agents harmless from and against all losses, damages, claims, demands, charges, costs, or expenses (including reasonable fees and disbursements of legal counsel and accountants) awarded against or incurred or suffered by any of them arising directly or indirectly from or related to any material breach in a representation, warranty, covenant, or obligation of Company contained in this Service Description.
- 10. Survival.** Sections 3, 4, 5, 6, 7, 8 and 9 will survive termination of the Service.

## CHEXSTOR® SERVICE DESCRIPTION

The Wells Fargo logo, consisting of the words "WELLS" and "FARGO" stacked vertically in a white, sans-serif font on a black rectangular background.

1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") CheXstor service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank's Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Service.** The Service enables Company to have Bank maintain microfilm records of all Items paid on each deposit account of Company at Bank that Company enrolls in the Service (each an "Account"). Bank will maintain microfilm records for a period of seven years or any longer period required by applicable law ("Record Period"). Each Item Bank microfilms will be shredded and recycled. As part of the Service, Bank will provide a photocopy of any Item posted against the Account which Company requests during the Record Period. Company may request a photocopy electronically via Bank's *Commercial Electronic Office<sup>®</sup>* or by contacting Bank at the telephone number on Company's account statement.
3. **Liability.** If Bank fails to provide in a timely manner a copy of an Item Company requests during the Record Period, Bank will reimburse Company for (and Bank's liability will be limited to) any direct monetary loss Company incurs as a result of the Item's unavailability (not to exceed the amount of the Item). Bank will require Company to substantiate any claimed loss.

## IMAGE POSITIVE PAY SERVICE DESCRIPTION



1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") Image Positive Pay service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank's Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Service.** The Service enables Company to instruct Bank to pay or return counterfeit Checks, Checks otherwise not validly issued and certain altered Checks presented to Bank for payment on the deposit account(s) at Bank that Company enrolls in the Service (each, an "Account"). Each Business Day, Bank electronically compares the serial number and numeric amount of each Check presented to Bank for payment before Bank's separately-disclosed cutoff time on the prior Business Day to Company's Check Issue Data (see section 5). In accordance with section 7, Bank will notify Company of each Check that does not match Company's Check Issue Data (each, an "Exception Item") and will pay or return each Exception Item in accordance with this Service Description. "Check" refers to each check presented for payment on Company's Account, whether it is counterfeit, not validly issued, altered or validly issued by Company. A "Business Day" is every day except Saturdays, Sundays, and federal holidays. Except as otherwise provided in this Service Description, enrollment in Bank's Account Reconciliation Plan ("ARP") Service is required.
3. **Service Options.** Company may enroll an Account in one of three options of the Service. The Service options differ based on (a) when Bank electronically compares a Check to Company's Check Issue Data (before or after posting the Check to Company's Account); (b) Bank's handling of errors on Checks; (c) the content of Bank's report to Company of discrepancies between a Check and Company's Check Issue Data ("Exceptions Report"); and (d) the time by which Company must notify Bank of Company's pay or return decision ("Decision Deadline"), as specified in the Exceptions Report. Each discrepancy is an "Exception," and each Check with a discrepancy is an "Exception Item."

- 3.1. Perfect Presentment® Positive Pay.** Bank electronically compares a Check to Company's Check Issue Data prior to posting the Check to Company's Account. Each Check with error(s) that Bank can correct, such as an encoding error, will be corrected, so that the Exceptions Report includes only unresolved Exception Items. This option is offered only on an Account enrolled in Bank's Controlled Disbursement Service.
- 3.2. Positive Pay and Positive Pay Only.** Bank electronically compares a Check to Company's Check Issue Data after posting the Check to Company's Account. Bank then reviews each Exception Item, and reverses and reposts each Exception Item with error(s) that Bank can correct, such as encoding errors, so that the Exception Report includes only unresolved Exception Items. Enrollment in Bank's ARP Service is not required for Positive Pay Only.
- 3.3. Basic Positive Pay.** Bank electronically compares a Check to Company's Check Issue Data after posting the Check to Company's Account and provides Company with an Exceptions Report containing all Exception Items including Checks with encoding errors.
- 4. Payee Validation.** In addition to performing the electronic comparison described in section 2, Bank electronically compares the payee's name on each Check exceeding the dollar threshold determined by Bank to the payee's name in Company's Check Issue Data. If there is a discrepancy between the two names that is not within parameters Bank establishes, Bank will (a) include the Check as an Exception Item in Company's Exceptions Report (and the discrepancy will constitute an Exception), or (b) manually review the Check. Bank will not perform Payee Validation with respect to a Check if (i) Company fails to include the payee's name on the Check in Company's Check Issue Data; (ii) Bank does not receive Company's Check Issue Data for the Check before the cutoff time Bank separately discloses; or (iii) Company requests Bank add the payee's name manually to Check Issue Data Company has previously provided to Bank. Bank will reimburse Company for the face amount of any Check Bank pays if the Company incurs a loss as a result of an unauthorized alteration of the payee's name on the Check, except if the Check with the unauthorized alteration is hand-written or if Bank fails to identify an alteration or other exception in the payee's name because Company has (x) truncated the payee's name in Company's Check Issue Data, or (y) elected to use customized zone formatting (as detailed in Bank's Customer Guidelines for the Service).
- 5. Check Issue Data.** The "Check Issue Data" for any Check is the Check's complete serial number and numeric amount, and if Company has selected Payee Validation, the payee's name (or truncated name). As detailed in Bank's User Guide for the Service, a "truncated name" is the portion of a payee's name Company includes in its Check Issue Data based on the option it has elected from the options for truncation Bank offers. Each Business day not later than the cutoff time Bank separately discloses, Company will provide the Check Issue Data for all Checks issued through that Business Day to Bank in the format, through the medium, and at the place(s) Bank specifies. In performing the Service, Bank will use only the Check Issue Data Company provides to Bank. Bank will not electronically or manually compare a Check with an issue date after the current Business Day against the Checks presented for payment on the Account until the issue date contained on Company's future-dated Check register matches the current Business Day's calendar date. Bank will not accept Check Issue Data containing an issue date more than forty-five (45) calendar days in the future.
- 6. Payment of Matching Checks.** If a Check presented to Bank matches the Check Issue Data Company has provided to Bank (a "Matching Check"), Bank will make final payment on the Check and charge the Check to Company's Account (subject to section 13).

**7. Notification of Exception Item; Image of Exception Item.**

**7.1. Electronic Comparison.** When Bank identifies an Exception Item through its electronic comparison process, Bank notifies Company of the Exception Item through the Exceptions Report Bank makes available to Company via Bank's *Commercial Electronic Office*.<sup>®</sup> (*CEO*.<sup>®</sup>) portal.

**7.2. Manual Review.** When Bank manually reviews a Check in accordance with section 4 and identifies a payee name discrepancy, Bank will use its best efforts but in no event make more than one attempt to notify Company of the discrepancy by telephoning Company at the number Bank has on file for Company.

**7.3. Holdover Exception Items.** This subsection applies when Company has enrolled its Controlled Disbursement Account in Bank's Perfect Presentment Positive Pay Service. A "Holdover Exception Item" is an Exception Item Bank identifies after Bank prepares and transmits the Exceptions Report to Company. Bank will use its best efforts but in no event make more than one attempt to notify Company of each Holdover Exception Item by telephoning Company at the number Bank has on file for Company.

**7.4. Image of Exception Item.** Bank will use reasonable efforts to provide an image of any Exception Item (including a Holdover Exception Item) to Company, but Bank will have no liability if Bank is unable to do so prior to Company's Decision Deadline.

**8. Default Options.** A "Default Option" is the action Bank takes with respect to each Exception Listed in the Exceptions Report (see subsection 7.1) if Company does not instruct Bank to pay or return it before the Decision Deadline applicable to it (see subsection 9.3). Bank offers two Default Options: (a) "Return", under which Bank returns the Exception Item to the bank of first deposit marked "refer to maker" even if Company validly issued the Exception Item (and does not charge it to Company's Account); or (b) "Pay", under which Bank charges the Exception Item to Company's Account (even if it is counterfeit, altered or not validly issued).

**9. Company's Instructions to Bank; Failure to Instruct By Decision Deadline.**

**9.1. Company's Pay or Return Decision.** Company will make its pay or return decision based on the information about the serial number and amount of the Exception Item in the Exceptions Report, and if Company has elected Payee Validation, on any payee information Bank provides to Company.

**9.2. Instructions Prior to Decision Deadline.** If, prior to Company's Decision Deadline, Company instructs Bank to pay or return an Exception Item, Bank will follow Company's instructions (subject to section 13). For each Exception Item, Company will use the same communications channel to instruct Bank that Bank used to notify Company of the Exception Item. If Bank included the Exception Item on the Exception Report Bank makes available to Company via the *CEO* portal, Company will use the *CEO* portal to communicate its instruction regarding the Exception Item to Bank. If Bank attempted to contact Company by telephone, Company will telephone Bank to communicate its instruction.

**9.3. No Instructions Prior to Decision Deadline.** If Company does not instruct Bank prior to Company's Decision Deadline with respect to an Exception Item described in subsection 7.1, Bank will process the Check in accordance with Company's Default Option. If Bank is unable to obtain Company's instructions prior to the Decision Deadline regarding an Exception Item described in subsection 7.2, Bank will return the

Exception Item unpaid (regardless of Company's Default Option). If Bank is unable to obtain Company's instructions prior to the Decision Deadline regarding a Holdover Exception Item described in subsection 7.3, Bank will process the Holdover Exception Item in accordance with Company's Default Option.

- 10. Teller Line Checks.** A Check presented for encashment at Bank's teller line is a "teller line Check". A teller line Check that is not included in Company's Check Issue Data on file with Bank at the time it is presented for encashment is a "teller line Exception Item". Bank will take those steps to review and cash or refuse to cash a teller line Exception Item as Bank in its sole discretion determines are commercially reasonable. Company may instruct Bank to exclude all teller line Checks from this process, in which event each teller line Check will be deemed to be a Matching Check, even if it is not included in Company's Check Issue Data on file with Bank at the time it is presented for encashment.
- 11. Limitation of Liability and Indemnification.** Bank will pay each Check Company has authorized Bank to pay in accordance with this Service Description (including each Matching Check) and each Check Company is deemed to have authorized Bank to pay (including each Check Bank pays in accordance with Company's Default Option) without performing any Check verification procedure other than those procedures described in this Service Description. Bank will have no liability for paying a Matching Check or an Exception Item Company is deemed to have approved if (a) there is an alteration in its serial number or amount; (b) it is counterfeit, bears a forged or unauthorized signature; or (c) it was otherwise not validly issued. Each Check that Bank pays in accordance with this Service Description will be deemed to be properly payable, and each Check that Bank returns in accordance with this Service Description will be deemed not to be properly payable. Without limiting the indemnification provisions contained in the other Service Documentation, Company (i) indemnifies and holds Bank harmless from any and all liabilities, losses, damages, claims, obligations, demands, charges, costs, or expenses (including reasonable fees and disbursements of legal counsel and accountants) that Bank may suffer or incur as a result of Bank's payment or return of a Check at Company's instruction or otherwise in accordance with sections 9 or 10 of this Service Description, and (ii) releases and forever discharges Bank from all claims and damages, whether known or unknown, liquidated or unliquidated, contingent, direct or indirect, which Company has, or claims to have against Bank relating to the payment or return of any Check in accordance with this Service Description.
- 12. Stop Payment; Cancel and Void Instructions; Stale-Dated Checks.** Company will not use the Service as a substitute for Bank's stop payment service. Company will follow Bank's standard stop payment procedures if it desires to stop payment on a Check that was validly issued. Company will use (a) a cancel instruction only to delete an outstanding Check included in its Check Issue Data and (b) a void instruction only to notify Bank that a Check included in Company's Check Issue Data has been destroyed and will not be re-issued. If Company elects to use Bank's "stale-dated" feature, Bank will return each Matching Check that is stale-dated unless Company instructs Bank to pay the Check. A Check is "stale-dated" when it is a Matching Check with an issue date exceeding the number of months Company elects as its stale date.
- 13. Bank's Right to Return Checks.** Nothing in this Service Description will limit Bank's right to return any Check that Company has authorized Bank to pay in accordance with this Service Description if Bank determines (a) the Check is not properly payable for any reason (without Bank's agreeing to, or being required to, make such determination in any circumstance), or (b) there are insufficient collected and available funds in the Account to pay the Check. As between Company and Bank, any determination by Bank not to pay a Check will not constitute wrongful dishonor of such Check.

**14. Survival.** Sections 4, 5, 7, 9, 10, 11 and 13 will survive termination of the Service.

# INFORMATION REPORTING and IMAGE DELIVERY SERVICE DESCRIPTION



1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") information reporting and image delivery ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Service or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices.

This Service Description and the Master Agreement are posted at Bank's *Commercial Electronic Office*.<sup>®</sup> (*CEO*.<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on Bank's *CEO*.<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Services.** Through the Services, Bank makes available to Company data regarding transactions on and/or images of Items posted to (or other instruments processed through) deposit account(s) at Bank that Company enrolls in the Service (each, "Account"). The data and images are referred to collectively in this Service Description as "information". The means used to make information available to Company include without limitation BAI File Transfer, Bank's *CEO*.<sup>®</sup> portal, physical media (CD-ROM and DVD), transmission, and Machine-to-Machine (M2M). Depending on the Service Company elects, the information may include images of Items or other instruments (a) posted to or processed through the Account; (b) cashed or collected by Bank or accepted for deposit to the Account; and (c) returned unpaid to the Account. "Item" is defined in Bank's Commercial Account Agreement. Images of posted Items that have been converted pursuant to the National Automated Clearing House Association Rules may not be available through the Service. Bank also offers an optional service through which Company can place stop payment orders.
3. **Software Sublicense.** If a software license or sublicense is required for Company to access the Service ("Software Sublicense"), Bank will make the terms of the Software Sublicense available to Company as part of the set up process for the Service. Company will be required to accept the Software Sublicense before being allowed to access the Service. Bank may terminate any Service requiring use of a Software Sublicense immediately on written notice to Company, if Company fails to comply with the Software Sublicense. Company's obligations under this section 3 will survive the termination of Service.

4. **Stop Payment Orders.** If Company elects a Service through which Company is able to place stop payment orders, Company's rights and Bank's obligations with respect to any stop payment order will be determined in accordance with Bank's Commercial Account Agreement.
5. **Survivorship.** Sections 3 and 4 will survive the termination of the Service.

# WELLS FARGO REMOTE DEPOSIT CAPTURE SERVICE DESCRIPTION



(Wells Fargo Electronic Deposit<sup>sm</sup> and Desktop Deposit<sup>®</sup>)

1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") remote deposit capture services (collectively, "Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Service or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service;
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices.; and
  - (f) the then-current Electronic Check Clearing House Organization Operating Rules and Commentary ("ECCHO Operating Rules").

This Service Description and the Master Agreement are posted at Bank's *Commercial Electronic Office*<sup>®</sup> (*CEO*<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the *CEO*<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Service.** The Service enables Company to create Electronic Items from eligible paper items and transmit the Electronic Items in an electronic file ("Electronic File") to Bank for review and processing for credit to Company's deposit account at Bank ("Account") in accordance with this Service Documentation. An "Electronic Item" is the electronic image of the front and back of each eligible U.S. Dollar paper item and other information captured from the paper item including without limitation MICR data (and will be deemed to be an "item" for purposes of the Uniform Commercial Code). Bank's Reference Guide for the Service lists eligible U.S. Dollar items (and ineligible items). For each Electronic Item Bank determines is eligible for processing, Bank will:
  - 2.1. create a substitute check as defined in the Account Agreement that Bank will present directly or indirectly to the bank (a) on which the original paper item to which the Electronic Item relates is drawn, or (b) at or through which the original paper item is payable (each, the "Paying Bank");
  - 2.2. include the Electronic Item in an electronic file for presentment directly or indirectly to the Paying Bank; or

- 2.3. post any Electronic Item for which Bank is the Paying Bank.
3. **Creating Electronic Items and Transmitting Company's Electronic File to Bank.** To create Electronic Items and transmit Company's Electronic File to Bank, Company will use either (a) Bank provided software and Bank provided, certified or approved hardware, or (b) Company's software and hardware or third-party provided software and hardware, provided each generates Electronic Items and Electronic Files that meet Bank's then current standards and specifications. Any third-party processor Company uses to prepare and/or transmit Company's Electronic File is Company's agent, and Company will be responsible for ensuring its agent complies with Company's responsibilities under this Service Description. In particular, each Electronic File Company's agent transmits to Bank will include only Electronic Items payable or endorsed to Company, unless Bank expressly agrees to permit Company's agent to include Electronic Items payable to multiple customers of Bank.
  4. **Processing Company's Electronic File.** Bank will review each Electronic Item and process the Electronic Items Bank determines are eligible for processing on the Business Day Company transmits Company's Electronic File to Bank, if Bank receives Company's Electronic File before the processing deadline Bank separately discloses to Company ("Cut-Off Time") on that Business Day and on the next Business Day if Company transmits Company's Electronic File to Bank after Bank's Cut-Off Time. "Business Day" is every day except Saturday, Sunday and any federal holiday.
  5. **Exception Items.** Each Business Day on which Bank processes Company's Electronic File, Bank may, without liability to Company, reject Electronic Items Bank determines are ineligible for the Service (each, an "Exception Item"). "Exception Item" includes without limitation an Electronic Item that (a) is illegible or contains MICR data that is not machine-readable, (b) was previously processed as an Electronic Item, (c) is drawn on a bank located outside the United States and is not payable at or through a bank located within the United States, or (d) any Electronic Item other than one described in (a), (b), or (c) of this section 5 that applicable law prohibits Bank from accepting through a remote deposit capture platform. Bank will notify Company of each Exception Item through Bank's *Commercial Electronic Office*® service or other communication channel at Bank's discretion. Company will deposit an Exception Item to Company's Account only by depositing the original Paper Item to which the Exception Item relates or as otherwise agreed by Bank and Company. Even if Bank does not identify an Exception Item when Bank processes the Electronic File that includes the Exception Item, the substitute check or purported substitute check Bank creates from the Electronic Item may be returned to Bank because, among other reasons, the Paying Bank determines it is illegible or missing an image. Bank's failure to identify an Exception Item will not limit Company's obligations to Bank under section 9.
  6. **Deposits to Company's Account.** Bank will be deemed to have accepted each Electronic Item for deposit to Company's Account (other than any Exception Item) (a) on the Business Day Bank processes the Electronic Item (b) at the Bank office where Company's Account is maintained. Funds from these Electronic Items will be made available in accordance with Bank's Funds Availability Policy applicable to Company's Account and will be deemed to be collected in accordance with Bank's Electronic Deposit Collected Funds Schedule which Bank will provide to Company upon request and may amend from time to time.

## 7. **Third-Party Processors.**

- 7.1. General.** This section contains additional terms applicable when Company is a third-party processor. Company is a "third-party processor" when it uses the Service either to (a) create and process an Electronic Item on behalf of a customer or (b) process an Electronic Item one of its customers has created and transmitted to Company.
- 7.2. Prerequisites for Acting as a Third-Party Processor.** Prior to acting as a third-party processor with respect to any customer, Company will conduct due diligence appropriate to the type of Customer (consumer or business). As part of Company's due diligence, at time a customer initially opens an account with Company, Company will obtain the customer's name, Taxpayer Identification Number, and address. In addition, Company will fulfill obligations under applicable law with respect to (a) establishing and maintaining a Customer Identification Program and an Anti-Money Laundering Program and (b) suspicious activity monitoring and reporting. Company will also enter into an agreement with each of its customers which includes (i) provisions paralleling those in this Service Description relating to creating Electronic Items and maintaining the security of original Paper Items; (ii) warranties paralleling each of the warranties Company makes to Bank in this Service Description; (iii) an acknowledgement that Bank may at any time refuse to process Electronic Items for that customer; and (iv) if the customer is a business entity, an obligation that customer, upon request by Company, provide Company the information Company requires to enable Company to understand the nature of the customer's business.
- 7.3 Risk Parameters; Ongoing Monitoring.** For each customer for which Company acts as a third-party processor, Company will, in accordance with reasonable commercial standards, monitor the customer's deposits for suspicious activity including out-of-pattern, duplicate and suspicious Electronic Items on an ongoing basis and take appropriate actions with respect to the customer's account with Company, up to and including refusing to process Electronic Items for the Customer and/or preventing the Customer from transacting on its account(s) with Company. Bank will establish and maintain confidential internal risk parameters for Company's Electronic File but Company is solely responsible for monitoring its customer's Electronic Items.

## 8. **Company's Representations and Warranties.** Company represents and warrants to Bank Company will:

- 8.1.** use the Service only for eligible paper items payable to or endorsed for deposit by Company (unless Bank expressly agrees otherwise);
- 8.2.** transmit to Bank only Electronic Items suitable for processing including without limitation legible Electronic Items containing machine-readable MICR data;
- 8.3.** not transmit to Bank any Electronic Item that duplicates an Electronic Item previously transmitted to Bank or that did not originate as an eligible paper item;
- 8.4.** maintain control over and sole responsibility for secure retention and destruction of each original eligible paper item for which Company or one of Company's customers has created an Electronic Item (including the security and integrity of nonpublic personal information appearing on the original paper item throughout the transmission flow and

while in storage) and properly secure all hardware Company uses in connection with the Service at all times;

- 8.5. not transmit to Bank, deposit to Company's Account, or otherwise negotiate any original eligible paper item with respect to which Company has transmitted an Electronic Item to Bank, unless Bank has notified Company that the Electronic Item is an Exception Item;
  - 8.6. if Company uses an agent to create Electronic Items and/or transmit Company's Electronic File to Bank, Company will ensure its agent includes only Electronic Items payable to Company in an Electronic File, unless Bank expressly agrees to permit the agent to include Electronic Items payable to multiple customers of Bank; and
  - 8.7. if Company is a third-party processor as set forth in section 7 of this Service Description, comply with section 7 of this Service Description.
9. **Company's Agreement to Indemnify Bank.** Company will indemnify, defend, and save harmless Bank, its parent company, and its affiliates and each of their respective directors, officers, employees, and agents (collectively in this section 9, "Indemnitees") from and against all liabilities, losses, damages, claims, obligations, demands, charges, costs, or expenses (including reasonable fees and disbursements of legal counsel and accountants) awarded against or incurred or suffered (collectively, "Losses and Liabilities") by Indemnitees arising directly or indirectly from or related to:
- 9.1. Any negligent or intentional act or omission by Company in the performance of its obligations under this Service Description including without limitation failing to maintain control over and sole responsibility for secure retention and destruction of each original paper item for which Company has created an Electronic Item (including the security and integrity of nonpublic personal information appearing on the original paper item throughout the transmission flow and while in storage), in which event Losses and Liabilities will include without limitation consequential damages;
  - 9.2. Any material breach in a representation, warranty, covenant, or obligation of Company contained in this Service Description;
  - 9.3. Bank acting as a "reconverting bank" under the Check Clearing for the 21st Century Act through the creation of "substitute checks" or purported substitute checks using an Electronic Item, an Exception Item or an Electronic File, in which event Losses and Liabilities will include without limitation consequential damages; and
  - 9.4. Bank presenting an Electronic Item to the Paying Bank for payment.
10. **Termination.** In addition to its rights to discontinue providing Services under the Master Agreement, Bank may discontinue providing the Service to Company immediately upon notice if Bank determines in its sole discretion that Company has breached any of Company's obligations under sections 8 or 9 of this Service Description.
11. **Additional Controls on Company.**
- 11.1. **General.** In FIL-4-2009, Risk Management of Remote Deposit Capture ("RDC") Guidelines, the FFIEC sets forth guidelines for agreements between a financial institution and its RDC customers. In accordance with these guidelines, Bank has the authority upon reasonable prior notice to Company to (a) mandate specific internal

controls at Company's locations, (b) periodically audit or require audits of Company's RDC operations including Company's IT infrastructure at Company's expense, and (c) request additional information about Company.

**11.2. Company's Internal Controls.** Company will establish internal controls related to Company's RDC operations. Upon reasonable request, Company will provide Bank with information about its internal controls and will work in good faith with Bank to resolve any concerns that Bank identifies with respect to such internal controls;

**11.3. Company's Consumer Complaints.** Bank may upon reasonable prior notice to Company request information about (a) Company's procedures for handling consumer complaints relating to Company's RDC product ("consumer complaints"), (b) the number of consumer complaints Company received in the prior calendar quarter, and (c) the then current status of each consumer complaint.

**12. Survival.** Sections 8 and 9 of this Service Description will survive termination of the Service.

# RETURNED ITEM DECISIONING SERVICE DESCRIPTION



1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") Returned Item Decisioning service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank's Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **The Service.** Using the *Commercial Electronic Office*<sup>®</sup> (CEO<sup>®</sup>) portal, Bank will notify Company of returned items to its account(s) during the period specified by Bank on each Banking Day. Returned items will be listed by the default disposition (redeposit or chargeback) selected by Company. Company will review items and accept or change each item's disposition prior to the daily deadline specified by Bank. Returned items not accepted or changed by this deadline will be processed according to their default disposition.
3. **Requirement for Service.** Company shall have met requirements for receiving services offered through the CEO<sup>®</sup> portal, including the execution of any necessary documentation.

## RETURNED ITEM SERVICE DESCRIPTION

1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") Returned Item service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank's Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Bank's Returned Items Services.** Bank's Returned Item Services enable Company to have Bank (a) act as Company's returned Item processor with respect to Items payable to Company that are presented to Bank or another financial institution for payment and returned to Bank unpaid (each, a "Returned Item") in accordance with Company's Special Instructions to Bank for Returned Items ("Special Instructions") and (b) originate debits and report and process credits received for Company's returned check fee ("Returned Item Service Fee Recovery"). Company will communicate its Special Instructions regarding Company's Returned Items to Bank, and Bank will communicate to Company regarding the Services, using the media, format and communication channel(s) to which Company and Bank agree, separately.
3. **Conditions to Provision of Bank's Service.** As conditions to Bank's provision of the Services, Company will at all times (a) maintain Company's demand deposit account(s) at Bank (each, an "Account") in good standing; (b) subscribe to Bank's *Commercial Electronic Office*<sup>®</sup> ("CEO<sup>®</sup>") Service; and (c) comply with all Rules Applicable to Bank's Returned Item Services as set forth in this Service Description.
4. **Rules Applicable to Bank's Returned Item Services.** Bank will provide its Services to Company in accordance with:

- 4.1. the Service Documentation including without limitation the User Guide that Bank makes available to Company at [www.wellsfargo.com](http://www.wellsfargo.com); and
  - 4.2. State and federal laws and regulations and clearinghouse rules applicable to a Returned Item which may include Federal Reserve Board Regulation CC Subpart C relating to the collection of checks ("Reg CC"), Federal Reserve Board Regulation E ("Reg E") and, in the case of Bank's Returned Item Service Fee Recovery Service when Bank originates an ACH entry on Company's behalf, the National Automated Clearinghouse Association Operating Rules, as supplemented by any applicable operating rules of any automated clearing house of which Bank is a member (together, the "NACHA Rules"), all as amended from time to time.
5. **Special Instructions.** Bank will process Company's Returned Items in accordance with Company's Special Instructions, unless Bank determines in Bank's sole discretion that doing so with respect to a Returned Item would prevent Bank from effectively providing Bank's Service to Company.
6. **Bank's Right to Chargeback Returned Items.** Bank may chargeback a Returned Item to any account Company owns in whole or in part at Bank or any affiliate of Bank without regard to whether the Returned Item was initially deposited to the account or to an account at another financial institution.
7. **Returned Item Service Fee Recovery.** Bank determines the state whose laws establish the maximum returned check fee that Company may assess a customer who issues a Returned Item to Company based on information about Company's retail locations Company provides to Bank when Company enrolls in the Service and subsequently after Bank receives notice from Company regarding a location change in Company's retail locations. If Company fails to provide information to Bank regarding a location change in a timely fashion, Bank will assess the lowest maximum fee permitted in the states for which Company has provided location information.
8. **ACH Entries.**
  - 8.1. **Payment Obligations; Settlement; Returned Debit Entries.** In the case of Services for which Bank originates ACH debit entries on Company's behalf, each credit to Company's Account will be made on the applicable settlement date. Bank may charge Company's Account for any debit, correcting or reversing entry which is later returned to Bank. Company authorizes Bank upon prior oral or written notice to Company to place a hold on an equal amount of funds in Company's Account or to take any other action Bank deems appropriate to ensure Bank receives payment for any debit, correcting or reversing entry which is later returned to Bank.
  - 8.2. **Reimbursement.** Company will reimburse Bank for any loss or expense Bank incurs, including reasonable attorney's fees and legal expenses, as the result of (a) a breach of any warranty Bank makes under the NACHA Rules in connection with providing the Services to Company, (b) a breach of any representation or warranty that Company makes in this Service Description, or (c) an action Company asks Bank to take in connection with Bank's providing the Services to

Company. Company authorizes Bank to recover any such amount by debit to any account Company owns in whole or in part at Bank or any affiliate of Bank.

9. **Company's Representations and Warranties.** Company represents and warrants to Bank that:
  - 9.1. The information about Company's retail locations that Company provides to Bank in accordance with section 7 is accurate.
  - 9.2. Company has received and will maintain current copies of the Rules Applicable to Services including without limitation Reg CC, Reg E and the NACHA Rules and is in compliance therewith.
  
10. **Company's Agreement to Indemnify Bank.** Company will indemnify, defend, and save harmless Bank, its parent company, and its affiliates and each of their respective directors, officers, employees, and agents (collectively in this section 10, "Indemnified Persons") from and against all liabilities, losses, damages, claims, obligations, demands, charges, costs, or expenses (including reasonable fees and disbursements of legal counsel and accountants) (collectively, "Losses and Liabilities") awarded against or incurred or suffered by Indemnified Persons arising directly or indirectly from or related to:
  - 10.1. Any negligent or intentional act or omission by Company in the performance of its obligations under the Service Documentation including without limitation Company's obligation to provide Bank with information about Company's locations.
  - 10.2. Any material breach in a representation, warranty, covenant, or obligation of Company contained in the Service Documentation;
  - 10.3. The violation of any applicable law, statute, or regulation or of the Rules Applicable to Bank's Returned Items Services including without limitation Reg CC, Reg E and the NACHA Rules in the performance of Company's obligations under the Service Documentation; and
  - 10.4. A breach of any warranty Bank makes under the NACHA Rules in connection with Bank's Services under this Service Description, any failure by Bank to assess the correct Returned Item Service fee based and any delay in the return of any Returned Item.
  
11. **Bank's Assessment of Services.** Company agrees Bank may at any time or times modify this Service Description upon notice to Company, and the Service Description as modified will supersede this Addendum and be binding upon Company.
  
12. **Survival.** Sections 6, 7, 8, 9, and 10 of this Service Description will survive termination of the Service.

## SMART DECISION® SERVICE DESCRIPTION

WELLS  
FARGO

1. **Introduction.** This Service Description and the other Service Documentation as defined in the Master Agreement for Treasury Management Services between Wells Fargo Bank, N.A. ("Bank"), and the Company identified in the signature block of the Acceptance of Services ("Company") between Company and Bank govern Bank's Smart Decision Service ("Service").
2. **Description of Service.** Bank will process for credit to each account at Bank that Company enrolls in the Service ("Account") checks or other instruments payable to Company (each, an "Item") that Company delivers to Bank via the depository channels through which Bank offers the Service. These depository channels include (a) electronic channels through which Company transmits electronic files of electronic images of Items (each, an "Electronic Image") and other information (collectively, the "Electronic File") and (b) other channels through which Bank accepts Items for processing. Bank will convert each eligible Electronic Image and each eligible Item to an automated clearing house ("ACH") debit entry (each, an "Entry") on the deposit account on which it was drawn or otherwise process the Electronic Image in accordance with the separate Service Documentation governing the electronic depository channel Company uses to deliver the Electronic Image to Bank or process the original Item in accordance with Bank's Commercial Account Agreement.
3. **Rules Applicable to the Service.** Bank will provide the Service to Company in accordance with
  - 3.1. This Service Description;
  - 3.2. the Service Documentation; and
  - 3.3. the National Automated Clearinghouse Association Operating Rules, as supplemented by any applicable operating rules of any automated clearing house of which Bank is a member and Federal Reserve Board Regulation E ("Regulation E") (together, the "ACH Rules"). If Bank processes an Item as an Entry, Bank is the originating depository financial institution ("ODFI"), Company is the "Originator," and the person issuing the Paper Item is the "Receiver," as these terms are defined in the ACH Rules.

In the event of a conflict between this Service Description and the other Service Documentation, this Service Description will control.

4. **Conditions to Provision of the Service.** As conditions to Bank's provision of the Service, Company will at all times (a) subscribe to Bank's *Commercial Electronic Office*® ("CEO®") Service, (b) maintain each Account in good standing, and (c) comply with the Rules Applicable to the Service.
5. **Preferences.** A Preference is a criterion Bank uses to determine the means Bank will use to process an Item. Each Business Day, Bank will process Company's Electronic File and Items in accordance with Company Preferences and Preferences from the issuer of an Item (each, an "Issuer Preference") that Bank has on file as of Bank's Cut-Off Time on the prior Business Day. If a Company Preference or an Issuer Preference conflicts with a Bank Preference with respect to an Electronic Image or an Item, Bank will process the Electronic Image or Item in accordance with the Bank Preference.
6. **Payment Obligations; Provisional Credit, Settlement; Returned Debit Entries.** When Bank processes an Electronic Image or an Item as an Entry, Bank will credit Company's Account for the Entry on the applicable settlement date. A credit to Company's Account for an Entry is provisional until Bank receives final settlement for the Entry. If Bank does not receive final settlement for the Entry, Bank may debit Company's Account or any other accounts Company owns in whole or in part

at Bank or any affiliate of Bank for the amount of the Entry. When Bank process an Electronic Image in accordance with the applicable Service Documentation, Bank will credit Company's Account for the Electronic Image and process any chargeback related to the Electronic Image in accordance with that Service Documentation. When Bank processes the original Item in accordance with Bank's Commercial Account Agreement, Bank will credit Company's Account for the Item and process any chargeback related to it in accordance with the Account Agreement. Company will pay Bank for any shortfall remaining after such debit or chargeback immediately upon demand.

**7. Bank's Internal Risk Parameters.** Bank establishes internal risk parameters to identify out-of-pattern or suspect transactions and protect Company and Bank from potential losses. These parameters may include without limitation limits on Company's debit and credit settlements on a single Business Day and/or over multiple consecutive Business Days. Bank reserves the right to pend or delete an Entry or file exceeding the applicable parameters as Bank would if Bank had reason to believe the Entry or file had not been duly authorized or should not be honored for Company's or Bank's protection.

**8. Third-Party Sender Activities.** If Company is a Third-Party Sender, as defined by the ACH Rules, this Section will apply to Company's use of Bank's Services.

**8.1.** Prior to originating any Entry on behalf of a customer of Company ("Customer"), Company will (a) notify Bank in writing of any other financial institution Company is using to originate transactions as a Third-Party Sender and thereafter notify Bank before Company adds any new financial institution for this purpose; (b) provide Bank with the information Bank requires to enable it to understand the nature of the business of that Customer including without limitation the name, TIN, business activity and geographic location of that Customer; (c) if specifically required by Bank, obtain Bank's written approval to initiate or continue to initiate Entries for that Customer, which approval Bank may rescind upon written notice to Company; and (d) enter into a written agreement with that Customer in which that Customer agrees:

**8.1.1.** to assume the responsibilities of an originator under the ACH Rules and to be bound by the ACH Rules as in effect from time to time;

**8.1.2.** Entries may not be initiated in violation of the laws or regulations of the United States including without limitation the regulations issued by the Office of Foreign Assets Control;

**8.1.3.** to grant Bank ongoing access to audit it and any ACH file that it has transmitted to Company for transmission to Bank; and

**8.1.4.** Bank may at any time refuse to process an Entry for that customer.

**8.2.** Company represents and warrants to Bank that Company (a) has conducted due diligence with respect to each Customer for which Company is originating transactions through Bank and determined that each Customer is engaged in a legitimate business and that the type, size and frequency of transactions that each such Customer is originating is normal and expected for the Customer's type of business; and (b) will, in accordance with reasonable commercial standards, monitor each Customer's business and transactions on an ongoing basis and notify Bank immediately if Company identifies any unusual activity.

**9. Company's Representations and Warranties.** Company represents and warrants to Bank that:

**9.1.** Company will transmit to Bank only Electronic Images that are suitable for processing, including, but not limited to, Electronic Images that are legible and contain machine-readable MICR data.

- 9.2.** Company will not deposit to the Account or otherwise negotiate any original Paper Item from which Company has previously created and submitted to Bank an Electronic Image, unless Bank has notified Company that the Electronic Image is not legible or contains MICR data that is not machine readable.
- 9.3.** Company has received copies of the Rules Applicable to the Service including without limitation the then-current ACH Rules and Reg E and will comply therewith at all times that Bank provides the Service.
- 10. Company's Agreement to Indemnify Bank.** Without limiting the indemnification provisions contained in the other Service Documentation, Company will indemnify, defend, and save harmless Bank, its parent company, and its affiliates and each of their respective directors, officers, employees, and agents (collectively in this Paragraph 10, "Indemnitees") from and against all liabilities, losses, damages, claims, obligations, demands, charges, costs, or expenses (including reasonable fees and disbursements of legal counsel and accountants) awarded against or incurred or suffered (collectively, "Losses and Liabilities") by Indemnitees arising directly or indirectly from or related to the following (except for Losses and Liabilities arising directly or indirectly from or related to Bank's own gross negligence or intentional misconduct):
- 10.1.** Any negligent or intentional act or omission by Company in the performance of its obligations under this Service Description including without limitation failing to maintain control over and properly dispose of original Items for which Company has transmitted an Electronic File to Bank in which event Losses and Liabilities will include consequential damages;
- 10.2.** Any material breach in a representation, warranty, covenant, or obligation of Company contained in this Service Description;
- 10.3.** The violation of any applicable law, statute, or regulation in the performance of Company's obligations under this Service Description; and
- 10.4.** A breach of any warranty Bank makes under the ACH Rules.
- 10.5.** Bank presenting an Electronic Item to the paying bank for payment.
- 11. Survival.** Paragraphs 6, 8 and 10 will survive termination of the Service.

# WELLS FARGO STAGECOACH SWEEP<sup>®</sup>

## SERVICE DESCRIPTION



1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") Stagecoach Sweep service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank's Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Service.** The Service enables Company to link each domestic demand deposit account Company enrolls in the Service ("Account") to (a) one of the non FDIC insured options described in Section 4 (each, an "Investment Sweep Option") or (b) Company's FDIC insured Money Market Savings Account ("Savings Account") as described in section 6. Company may also link Company's Account to Company's line of credit with Bank ("Credit Sweep Option"), as described in section 7. At the end of each Business Day, funds are transferred automatically or "swept" from the Account in accordance with Company's designation(s) in the Acceptance. The amount swept ("Transferable Balance") is the Collected Balance in the Account less the Target Collected Balance. The "Collected Balance" is the amount available for immediate withdrawal from the Account. The "Target Collected Balance" is the amount that Bank and Company have agreed will be maintained in the Account. A "Business Day" is every day except Saturdays, Sundays, federal holidays and days when the New York Stock Exchange is closed. Company may access its funds only through the Account(s) it has enrolled in the Service. Circumstances in which the entire Transferable Balance may not be invested are described in section 5. Important disclosures pertaining to the Investment Sweep Options are set forth in sections 8 through 13.
3. **Authorization.** Company appoints Bank as its agent to act with respect to the Service and the Investment Sweep Option Company has elected in the Acceptance.
4. **Investment Sweep Options.** Bank offers the following Investment Sweep Options, each of which is subject to section 5:

- 4.1. Wells Fargo Stagecoach Sweep Preferred Option.** The Transferable Balance that is (a) equal to or greater than \$100,000 will be swept to Bank's designated account at Bank's Cayman Islands Branch ("Offshore Account"), or (b) less than \$100,000 will remain in the Account and not earn interest. At the beginning of the next Business Day the entire amount held in Company's Investment Sweep Option, less any earnings, will be swept back to the Account.
- 4.2. Wells Fargo Stagecoach Sweep Preferred Option with secondary Wells Fargo Stagecoach Sweep Repurchase Agreement Option.** If the Transferable Balance is (a) equal to or greater than \$100,000, the entire amount will be swept to the Offshore Account, or (b) less than \$100,000, the entire amount will be swept to the *Wells Fargo Stagecoach Sweep*, Repurchase Agreement ("Repurchase Agreement") Option. Any portion of the Transferable Balance not swept to a Repurchase Agreement will remain in the Account and not earn interest. At the beginning of the next Business Day the entire amount held in Company's Investment Sweep Option, less any earnings, will be swept back to the Account.
- 4.3. Wells Fargo Stagecoach Sweep Repurchase Agreement Option with secondary Wells Fargo Stagecoach Sweep Preferred Option.** The Transferable Balance will be swept to the *Wells Fargo Stagecoach Sweep* Repurchase Agreement ("Repurchase Agreement") Option. Any portion of the Transferable Balance which is not swept to a Repurchase Agreement will be swept to the Offshore Account, provided such portion is equal to or greater than \$100,000; otherwise such portion will remain in the Account and not earn interest. At the beginning of the next Business Day the entire amount held in Company's Investment Sweep Option, less any earnings, will be swept back to the Account.
- 4.4. Wells Fargo Stagecoach Sweep Repurchase Agreement Option.** The Transferable Balance will be swept to the *Wells Fargo Stagecoach Sweep* Repurchase Agreement ("Repurchase Agreement") Option. Any portion of the Transferable Balance not swept to a Repurchase Agreement will remain in the Account and not earn interest. At the beginning of the next Business Day the entire amount held in Company's Investment Sweep Option, less any earnings, will be swept back to the Account.
- 4.5. Wells Fargo Stagecoach Sweep, Money Market Mutual Fund (" MMMF ") Option.** The Transferable Balance will be transferred to an omnibus deposit account at Bank. At the beginning of the next Business Day, the Transferable Balance will be transferred from the omnibus deposit account at Bank to an omnibus investment account in Bank's name at the custodian of the MMMF. MMMF shares belonging to multiple Bank customers are held in this investment account. Any portion of the Transferable Balance not swept to the MMMF will remain in the Account, and no dividends will accrue on it. If the Collected Balance in the Account on any Business Day is less than the Target Collected Balance, Bank will redeem a sufficient number of Company's MMMF shares, as determined on the Business Day following the Business Day on which this shortfall occurs, to restore the Collected Balance to the Target Collected Balance. Purchases and redemptions of MMMF shares in connection with this Investment Sweep Option may occur only through deposits to or withdrawals from the Account. This option is available only to entities having a United States presence, as demonstrated by a U.S. mailing address in Bank's records for Company.

**5. Maximum Investment Amount; Transferable Balance Not Invested; Earnings on Investment Sweep Option.**

**5.1. Maximum Investment Amount.** If Company has designated a maximum amount for investment in Company's Investment Sweep Option ("Maximum Investment Amount"), then the maximum amount invested for Company on any given Business Day will equal the lesser of the Company's Transferable Balance or Maximum Investment Amount. Any portion of Company's Transferable Balance that is not invested pursuant to this section 5.1 will remain in the Account and not earn interest.

**5.2. Transferable Balance Not Invested.** Bank will exercise reasonable efforts to invest the entire Transferable Balance but reserves the right to invest less when Bank determines in its sole discretion that the entire Transferable Balance exceeds the amount Bank is able to invest for Company in the ordinary course of business. Any Transferable Balance not invested pursuant to this section 5.2 will be held in accordance with Company's Investment Sweep Option.

**5.3. Earnings on Company's Investment Sweep Option.** Bank will handle any earnings on Company's Investment Sweep Option in accordance with Company's separate instructions to Bank.

**6. Wells Fargo Money Market Savings Account Sweep Option.** At the end of each Business Day, the Transferable Balance will be swept to the Company's Savings Account. If the Ledger Balance in the Account on any Business Day is negative, Bank will, up to five times per monthly statement period for the Savings Account, transfer collected funds from the Savings Account to the Account to restore the ledger balance in the Account to a positive status (or to the Target Collected Balance, if applicable). If the Ledger Balance in the Account is negative for a sixth time during the monthly statement period, Bank will transfer the entire collected balance in the Savings Account to the Account and initiate no more sweeps of the Transferable Balance to the Savings Account for the remainder of the monthly statement period.

**7. Credit Sweep Option.** At the end of each Business Day, the Transferable Balance will first be applied to the outstanding balance on the line of credit specified by Company in the Acceptance ("LOC"). Any remaining funds will then be deemed to be the Transferable Balance with respect to the Investment Sweep Option or MMS Account that Company may have also selected. If the Collected Balance is less than the Target Collected Balance, funds will be advanced from the LOC and credited to the Account. The application of payments to and advances from the LOC are governed by the documents governing the LOC as amended or replaced from time to time (collectively, "Loan Documentation"). Bank may terminate the Credit Sweep Option immediately without notice to Company if an event of default occurs under the Loan Documentation.

**8. Disclosures Applicable To Each Investment Sweep Option.**

**NO EMPLOYEE OR AGENT OF BANK HAS BEEN AUTHORIZED TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING A SWEEP OPTION OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THE SERVICE DOCUMENTATION AND IF SUCH INFORMATION IS PROVIDED OR SUCH A REPRESENTATION IS MADE, IT MAY NOT BE RELIED UPON AS BEING AUTHORIZED BY BANK.**

**9. Additional Disclosures Applicable to Wells Fargo Stagecoach Sweep Preferred Option.**

**FUNDS TRANSFERRED TO BANK'S OFFSHORE ACCOUNT ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION THE UNITED STATES GOVERNMENT OR ANY GOVERNMENT AGENCY; IN A LIQUIDATION HAVE LESSER PREFERENCE THAN DEPOSITS HELD IN THE UNITED STATES, AND ARE SUBJECT TO CROSS-BORDER RISKS.**

**9.1. General.** Funds held in Bank's Offshore Account in accordance with the *Wells Fargo Stagecoach Sweep Preferred Option* in sections 4.1, 4.2 and 4.3 are denominated in United States Dollars and payable only at Bank's Cayman Islands Branch. This Branch is a foreign branch located in Grand Cayman, Cayman Islands, British West Indies. Funds in Bank's Offshore Account are subject to the laws of the Cayman Islands, including existing and future laws, regulations and governmental actions regarding exchange controls, assets seizures and other restrictions. Bank does not accept responsibility for any failure to make transfers with respect to funds held in Bank's Offshore Account as a result of exchange or other governmental controls or other extraordinary circumstances beyond Bank's reasonable control.

**9.2. Interest.** Funds in Bank's Offshore Account will bear interest at a variable rate determined by Bank from time to time in its sole discretion. Interest on funds in Bank's Offshore Account will be calculated on a simple basis and credited to the Account as agreed by Company and Bank. If Company has elected to be paid interest on a monthly basis, pending any such payment, Company's interest accrued each day from the Offshore Account will continue to accrue and compound on a daily basis. For advance information about the interest rate on any given Business Day, Company may contact its relationship manager at Bank.

**9.3. Statements.** Bank will make a periodic statement available to Company showing the Account balance for each day in, and the amount of interest earned for, the statement period. Additionally, Company may elect to receive a daily confirmation showing the Account balance and the amount of interest earned for the preceding day.

**10. Additional Disclosures Applicable to Wells Fargo Stagecoach Sweep Repurchase Agreement Option.**

**INVESTMENTS IN REPURCHASE AGREEMENTS ARE NOT DEPOSITS, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND ARE NOT GUARANTEED BY THE UNITED STATES GOVERNMENT OR ANY AGENCY OF IT, OR BY BANK, NOR IS BANK'S OBLIGATION TO REPURCHASE COMPANY'S FRACTIONAL INTEREST IN ANY SECURITIES ACQUIRED UNDER REPURCHASE AGREEMENTS.**

**THE MASTER REPURCHASE AGREEMENT CONTAINS SPECIFIC PROVISIONS AND ADDITIONAL DISCLOSURES. PLEASE READ IT CAREFULLY.**

**THE REPO SECURITIES MAY OR MAY NOT BE GUARANTEED BY THE UNITED STATES GOVERNMENT BUT ANY SUCH GUARANTY DOES NOT FLOW TO COMPANY. ALL SECURITIES CARRY INVESTMENT RISK AND MAY LOSE VALUE.**

**THE RATE OF RETURN ON THE REPURCHASE AGREEMENT INVESTMENT IS NOT THE SAME AS THE RATE OF RETURN ON THE UNDERLYING GOVERNMENT SECURITIES. GENERAL BANKING ASSETS MAY BE USED TO SATISFY BANK'S REPURCHASE OBLIGATIONS TO COMPANY.**

- 10.1. General.** If Company has elected an Investment Sweep Option that includes a Repurchase Agreement, then the Master Repurchase Agreement including Annex I between Company and Bank (collectively, "Master Repurchase Agreement") is part of the Service Documentation. If there is a conflict between a term in this Service Description and a term in the Master Repurchase Agreement, the term in this Service Description will control.
- 10.2. Purchases and Sales.** In accordance with, and as more particularly described in, the Master Repurchase Agreement, and subject to the limitations described in section 10.3, Bank will sell to Company on each Business Day on which there is a Transferable Balance an interest ("Fractional Interest") in a pool of securities used by Bank as repurchase agreement collateral ("Repo Securities"), which will be described in a written confirmation to Company (see section 10.8).

Subject to section 10.3 regarding purchase increments, the price of Company's Fractional Interest ("Purchase Price") will equal the Transferable Balance. The Fractional Interest equals a fraction having the Transferable Balance as its numerator and the market value of the Repo Securities owned by Bank on the purchase date as its denominator. On each Business Day following the sale to Company of a Fractional Interest, Bank will repurchase that Fractional Interest from Company at (a) the Purchase Price thereof, regardless of any fluctuation in the market value of the Repo Securities, payable immediately, plus (b) a rate of return equal to 1/360 of the Pricing Rate, payable at the time agreed by Company and Bank. The "Pricing Rate" is a variable rate determined by Bank from time to time in its sole discretion and will be reflected in the confirmation sent to Company. For advance information regarding the Pricing Rate on any given Business Day, Company may contact its relationship manager at Bank.

The Service will be governed by all applicable federal and state laws and regulations, including without limitation any requirements applicable to "public funds". Company represents and warrants to Bank that Company (i) is authorized pursuant to its governing documents and applicable law to enter into repurchase agreements; (ii) is authorized pursuant to its governing documents and applicable law to invest in the type of securities designated by Bank in connection with Company's repurchase agreement transactions; and (iii) has obtained all necessary approvals required by its governing documents and applicable law, including but not limited to resolutions of Company's governing body to enter into the Master Repurchase Agreement.

- 10.3. Purchase Increments.** To avoid odd lot purchases of Repo Securities, Bank may require that Transferable Balances be used to purchase Company's Fractional Interest in increments of \$100 (with any unused Transferable Balance remaining in the Account).
- 10.4. Holding of Securities.** Unless required by applicable law, Bank and its custodian will be permitted to hold, transfer and deliver Repo Securities by segregation in bulk together with other securities held for the benefit of other Bank customers pursuant to other repurchase agreements. On the date that Bank repurchases Company's Fractional Interest, any Repo Securities designated to Company as collateral will be released to Bank's account. Bank acts as Company's agent and in the event of default (i.e., Bank failure) Company has the right to direct Bank to sell the Repo Securities and apply the proceeds in satisfaction of Bank's obligations to Company under this Repurchase Option.
- 10.5. Right of Substitution.** Bank will not have any right of substitution with respect to the Repo Securities.

- 10.6. Margin.** Because all repurchase transactions under the Investment Sweep Option are overnight securities transactions backed by the federal government or federal agency securities in which Bank has an interest, Bank will not be required to maintain margin (instead, Company will have the security interest described in section 13.2). In addition, because Company will purchase its Fractional Interest from Bank using the Transferable Balance, and only if a Transferable Balance is available on any given Business Day to execute such transaction, Company will not be required to maintain margin.
- 10.7. Pledge of Securities.** Although the Repo Securities may be guaranteed as to principal and interest by the federal government or by the issuing federal agency, any such guarantee runs only to Bank by virtue of its direct ownership of the Repo Securities and does not extend to Company as a Fractional Interest holder. To collateralize Bank's repurchase obligation, a security interest in certain Repo Securities is transferred to Company. This security interest is described in section 13.2. In addition, the market value of the Repo Securities may fluctuate rendering liquidation insufficient to fulfill the Bank's entire obligation to Company in a default situation. If the liquidation value of the Repo Securities is insufficient for full reimbursement, or if another creditor successfully claims rights to the securities, then Company will have to look to other assets of Bank as an unsecured general creditor for repayment of any uncovered portion of the repurchase obligation.
- 10.8. Confirmations and Statements.** Bank will make a daily confirmation available to Company showing Company's principal sweep amount, purchase date, repurchase date, Fractional Interest, market price and the CUSIP number(s) of the Repo Securities, and accrued rate of return credited for the preceding Business Day. The confirmation, together with the Service Documentation, will constitute conclusive evidence of the terms agreed between Company and Bank with respect to the transaction to which the confirmation relates, unless with respect to the confirmation specific objection is made promptly after receipt thereof. In the event of a conflict between a term of the confirmation and the Service Documentation, the confirmation will control. Bank will also make a periodic statement available to Company showing the Account balance for each day in, and the amount of interest earned for, the statement period.
- 11. Additional Disclosures Applicable to Wells Fargo Stagecoach Sweep Money Market Mutual Fund Option.**

**MONEY MARKET MUTUAL FUNDS (EACH, A "MMMF") ARE NOT FDIC INSURED, HAVE NO BANK GUARANTY AND MAY LOSE VALUE.**

**AN INVESTMENT IN A MMMF IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. ALTHOUGH THE MMMFs SEEK TO PRESERVE THE VALUE OF COMPANY'S INVESTMENT AT \$1.00 PER SHARE, IT IS POSSIBLE TO LOSE MONEY BY INVESTING IN A MMMF.**

**FOR MORE INFORMATION REGARDING WELLS FARGO FUNDS INCLUDING THE MMMF OPTION COMPANY SELECTED, OBTAIN A CURRENT PROSPECTUS BY CALLING 1-800-260-5969, OR BY VISITING [www.wellsfargofunds.com](http://www.wellsfargofunds.com). CONSIDER THE INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES OF THE INVESTMENT CAREFULLY BEFORE INVESTING. THIS AND OTHER INFORMATION ABOUT WELLS FARGO FUNDS CAN BE FOUND IN A CURRENT PROSPECTUS. PLEASE READ IT CAREFULLY BEFORE INVESTING.**

**WELLS FARGO FUNDS MANAGEMENT, LLC, A WHOLLY OWNED SUBSIDIARY OF WELLS FARGO & COMPANY, PROVIDES INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES FOR WELLS FARGO FUNDS<sup>®</sup>. OTHER AFFILIATES OF WELLS FARGO & COMPANY PROVIDE SUB-ADVISORY AND OTHER SERVICES FOR THE FUNDS. THE FUNDS ARE DISTRIBUTED BY WELLS FARGO FUNDS DISTRIBUTOR, LLC, MEMBER FINRA/SIPC, AN AFFILIATE OF WELLS FARGO & COMPANY.**

- 11.1. General.** If Company has elected the MMMF Investment Sweep Option, then it acknowledges receiving a copy of the prospectus relating to MMMF shares that will be purchased using this Investment Sweep Option. This prospectus forms part of the Service Documentation and will control over the other Service Documentation with respect to the MMMF shares.
- 11.2. Purchase of Shares.** Bank will transfer funds to purchase shares of the MMMF at their net asset value ("NAV") as determined on the Business Day following the transfer of Company's Transferable Balance to the omnibus deposit account at Bank. Company's shares of the MMMF ("Investment Balance") will be held in Bank's name, as agent on behalf of all of its customers invested in the MMMF, in an omnibus investment account at the custodian for the MMMF. Company's funds held in the omnibus deposit account at Bank are eligible for FDIC insurance; Company's Investment Balance is not FDIC insured.
- 11.3. Statements.** Bank will make a periodic statement available to Company showing the Investment Balance and Company's purchases and redemptions of MMMF shares during the statement period. Company may also telephone Bank at its customer service number (1-800-289-3557) to determine the Investment Balance as of the close of the previous Business Day.
- 11.4. Termination, Suspension of Service.** Company's investment in the MMMF shares will be credited by Bank to the Account within three Business Days from Bank's (i) receipt of a notice from Company to Bank terminating the Service or (ii) suspension of the Service, on the closing price of the Business Day on which Company's MMMF shares are sold. Accrued dividends attributable to the period when the Investment Sweep Option was in effect will be paid no later than the fifth Business Day of the month following the last month that the Investment Sweep Option was in effect.
- 11.5. Shareholder Communications.** All shareholder communications with respect to the MMMF will be forwarded to Company's current address as shown on Bank's records.
- 11.6. Dividend Accruals.** Daily dividend accruals are based on the Investment Balance at the end of each day. If Company's Account is credited for a MMMF redemption on a day preceding a non-Business Day, the redemption amount will be subtracted from the Investment Balance before the non-Business Day dividend accruals are calculated.
- 12. Additional Disclosures Applicable to Wells Fargo Money Market Savings Account Sweep Option.** Company's Savings Account is governed by Bank's Commercial Account Agreement and applicable Treasury Management pricing schedule, both of which are made available separately to Company.
- 13. FDIC Disclosures.** FDIC regulations require all insured depository institutions to disclose in writing to sweep account customers whether funds in a sweep account are deposits within the meaning of 12 U.S.C. 1813(l) and, if the funds are not deposits, the status such funds would have if the depository institution failed.

- 13.1. Wells Fargo Stagecoach Sweep Preferred Option.** Funds held on Company's behalf in Bank's Offshore Account are not deposits. If Bank were to fail, these funds would be treated as non-deposit, unsecured, general creditor claims against the receivership and will not be eligible for FDIC insurance or depositor preference status.
- 13.2. Wells Fargo Stagecoach Sweep Repurchase Agreement Option.** Company's Fractional Interest is not a deposit. The Repurchase Agreement Option meets the FDIC's requirements for a properly executed repurchase agreement. If Bank were to fail, Company's funds used to purchase Company's Fractional Interest would not be eligible for FDIC insurance. The FDIC would treat Company as a secured creditor to the extent of the then-current value of Company's Fractional Interest and as an unsecured general creditor to the extent the Repurchase Price exceeded the then-current value of Company's Fractional Interest.
- 13.3. Wells Fargo Stagecoach Sweep Money Market Mutual Funds Option.** Funds held on Company's behalf in the omnibus deposit account at Bank are deposits and are insured under applicable FDIC insurance rules and limits. Company's MMMF shares held in the omnibus investment account in Bank's name at the custodian of the MMMF are not deposits and will not be eligible for FDIC insurance. Company is the owner of its MMMF shares.
- 13.4. Wells Fargo Money Market Savings Account Sweep Option.** Funds held in Company's Savings Account are deposits.

# WellsTAX<sup>®</sup> SERVICE DESCRIPTION



1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") WellsTAX service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank's Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of Service.** With the Service, Company may transfer funds (each, a "Transfer") from its deposit account(s) with Bank (each, an "Account") to pay its federal payroll taxes to the Internal Revenue Service ("IRS") and to pay certain other federal, state or other taxes listed from time to time in the WellsTAX User Guide.
3. **Means for initiating Transfers.** Bank will originate Transfers from Company's Account(s) (each, a "Credit Entry") to third parties' (each a, "Receiver") accounts using the automated clearing house ("ACH") system. All Transfers will be made in accordance with the terms of this Service Description and, where applicable, the Operating Rules of the National Automated Clearing House Association ("NACHA Rules").
4. **Procedures for Initiating Transfers.** Company may initiate Transfers using Bank's *Commercial Electronic Office*<sup>®</sup> ("CEO<sup>®</sup>") service or a touch-tone telephone. In order to initiate a Transfer, Company must use an access code, user name, password, token and/or other secure protocol (collectively referred to as "Security Credentials").
5. **Security Procedures.**
  - 5.1. Company will manage and control the access to the Service by means of its Security Credentials.

- 5.2.** Company assumes the entire responsibility at all times for the supervision, management, control and confidentiality of its Security Credentials and the fraudulent or unauthorized thereof. Company understands the failure to protect its Security Credentials may allow an unauthorized person or entity to access the Service. Company agrees to develop and put in place internal procedures to limit this risk, including, without limitation, (a) changing the password at least once every 90 days, (b) disabling access for each person who is no longer authorized by Company to access the Service, and (c) protecting the confidentiality of the Security Credentials. Company also agrees to notify Bank immediately if it knows or suspects that the confidentiality of its Security Credentials has been breached.
- 5.3.** Company agrees that all persons or entities employed by Company to prepare, process or transmit Company's Credit Entries to Bank will be deemed Company agents and will be subject to the same requirements as Company under this Service Description, including, among other things, compliance with the Security Procedures and the NACHA Rules.
- 6. Accuracy of Data.** Company will provide to Bank the data and information necessary to enable Bank to inform the government agency or entity to be paid of the payment of the tax within the time period required by any rule or regulation governing the payment. Company authorizes Bank to rely on the accuracy of such data and information furnished by it.
- 7. Transfer Deadline.** Any Transfer initiated on any Business Day (a day on which Bank is open to provide the Service, other than Saturdays, Sundays or federal holidays) after the cutoff hour Bank establishes, or any time on a non-Business Day, will be deemed initiated on the following Business Day. Transfers must be initiated by the applicable deadline ("Transfer Initiation Deadline") as follows: Transfers to a taxing authority must be initiated at least one Business Day prior to the date payment is due to the taxing authority.
- 8. Authorized Reporting Agent.** In performing the Service, Bank is acting as Company's authorized reporting agent. If Company is a taxpayer mandated by federal law to make FTD payments and submit FTD information through the EFT system, Bank will make Company payments as FTD payments and submit Company payment information through the EFT system, regardless of Company's designation to the contrary.
- 9. Acceptance of Transfer Requests.**
- 9.1.** The Security Procedures describe the steps to be taken to attempt to prevent unauthorized Credit Entries. Company agrees to be bound by any Credit Entry authorized or transmitted by Company or made in Company's name and accepted by Bank in good faith and in compliance with the Security Procedures, even if not properly authorized by Company. If Bank takes any actions beyond those described in the Security Procedures in an attempt to detect an unauthorized Credit Entry or to detect errors in the transmission or content of a Credit Entry, Company agrees that no matter how many times Bank takes these actions (a) they will not become part of the Security Procedures; and (b) Bank will not be liable in any situation for failing to take or correctly perform these actions. Without limiting Bank's general right to reject entries or files under the NACHA Rules, Bank may reject any entry or file which does not comply with the requirements in this Service Description, the NACHA Rules or the Security Procedures, or with respect to which payment is not made in accordance with this

Section 9. A request for a Transfer may be delayed or may not be accepted by Bank if the Transfer would exceed the available funds in the Account on the Transfer Initiation Deadline, cause Bank to violate any applicable laws or regulations, or cause Bank to exceed any limitation on its intra-day net funds position established in accordance with Federal Reserve or other regulatory guidelines or violate any other Federal Reserve or other regulatory risk control program. If Bank does not accept a request for a Transfer or must delay making a requested Transfer, Bank will attempt to notify Company.

- 9.2. Company agrees to pay Bank, in immediately available funds, an amount equal to the full amount of the requested Transfer. Each such payment must be received by Bank on the date of initiation, which must be on or before the Transfer Initiation Deadline. Company expressly authorizes Bank to debit the Account for the total amount of such Transfer on the date of initiation.
- 9.3. If Bank rejects a Credit Entry Company has requested, Bank will endeavor to notify Company promptly on or before its scheduled Settlement Date, but Bank will have no liability to Company for any such rejection or for any loss resulting from Bank's failure to provide such notice.
- 9.4. Bank may process Company's Credit Entries either directly or through any mechanism it selects. Company represents and warrants with respect to each Credit Entry that Bank originates for Company that on its Effective Entry Date, on the date it is originated, and on the dates Bank debits the Account for the Credit Entry, (a) each Receiver has authorized the crediting of its account, and (b) each Credit Entry is in all other respects properly authorized. Company agrees to indemnify Bank for any losses, liabilities, costs or expenses Bank suffers or incurs as a result of any breach of these representations and warranties.
- 9.5. Bank will determine the funds transfer system or other third party communications systems and the means by which each Credit Entry will be originated.
- 9.6. Any instruction attempting to restrict Bank's acceptance of Company's Credit Entries or to reverse or delete any Credit Entry must be made in accordance with this Service Description and where applicable, the NACHA Rules. At Company's request, Bank will make reasonable efforts to reverse or delete a Credit Entry, but Bank will have no responsibility for the failure of any other person or entity to comply with Company's request.
10. **No Verification of Transfer Requests.** Bank is under no obligation whatsoever at any time to verify any Transfer request, and will have no liability for failing to investigate or verify any Transfer request.
11. **Confirmations.** Bank will confirm each Transfer by an entry on Company's account statement that Company will receive at regular intervals (or on any bank information reporting service that Bank provides Company). Company must immediately inform Bank of any Transfer that is incorrect or not authorized by Company.
12. **Debits to Accounts for Transfers.** Company hereby authorizes Bank to debit the Account for all Transfers made by Bank from such Account. Company agrees to maintain in each Account at all times good and sufficient funds to cover all Transfers out of such Account. If sufficient good funds are not maintained in an Account to cover fully a Transfer out of such Account, Bank

will have no obligation to perform the Service for Company or to make any Transfer out of such Account for Company even if Company has instructed Bank to do so.

- 13. Amendments and Cancellations of Transfer Requests.** After Bank has made a Transfer, it cannot be canceled, amended or reversed.
- 14. Records, Information and Audits.** Company agrees to determine promptly the accuracy of all records and information regarding the Service or any Transfer delivered by Bank to Company and to notify Bank immediately of any errors in such records or information. Nothing in this Service Description will relieve Company from (a) any responsibility imposed by law, regulation or contract with regard to the maintenance of records, or (b) any responsibility to perform audits and account reviews customarily conducted by persons or entities whose businesses are similar to Company's business.
- 15. Responsibility for Paying Taxes.** Any interruption in the Service will not relieve Company of any obligation to pay any tax to the IRS, or any other government agency or entity owed the tax, and Bank will have no liability to Company for any failure by Company in such circumstances to pay any tax.
- 16. Changes to Information.** Except as provided otherwise in this Agreement, the information on any Set-Up Form can only be changed by delivering a new Set-Up Form to Bank. Each completed Set-Up Form must be sent to Bank.
- 17. Survival.** Sections 9.4. and 10 will survive termination of the Service.

## WIRE TRANSFER SERVICE DESCRIPTION

1. **Introduction.** The Service Documentation contains the terms governing the Wells Fargo Bank, N.A. ("Bank") Wire Transfer service ("Service") and includes:
  - (a) this Service Description;
  - (b) the Acceptance of Services or Treasury Management Product Enrollment form;
  - (c) the Master Agreement for Treasury Management Services ("Master Agreement");
  - (d) the account agreement governing the account(s) Company uses in connection with the Service; and
  - (e) User Guides which include Terms of Use, software, software licenses, price schedules, specifications, instructions, and notices;

This Service Description and the Master Agreement are posted at Bank's Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) portal. If there is a conflict among the documents comprising the Service Documentation, they will govern in the order listed above. Company's use of the Service confirms Company's receipt of and agreement to be bound by the applicable Service Documentation. If an enhancement to the Service or other change requires a change to this Service Description, Bank will post an updated Service Description on the CEO<sup>®</sup> portal. When required by applicable law, Bank will notify Company of the update. If Company continues to use the Service after the update takes effect, Company will be deemed to have agreed to the update.

2. **Description of the Service.** The Service enables Company to instruct Bank to transfer funds in accordance with Article 4A of the Uniform Commercial Code as amended from time to time ("UCC 4A") and the rules and regulations of any funds transfer system Bank uses to effect the transfer. In this Service Description, an instruction to Bank (including any communication cancelling or amending an instruction) in Company's name to transfer funds from Company's account at Bank or Bank's affiliate (each, an "Account") is a "Payment Order" (as defined in UCC4A). Section 5 of this Service Description describes (a) the means Bank offers to Company for transmitting Payment Orders to Bank (each, an "Initiation Method") and (b) the means Bank will use to verify Company's authorization of a Payment Order or a communication amending or canceling a Payment Order (each, a "Security Procedure").
3. **Preparation of Payment Orders; Processing Schedules.** Company will prepare each Payment Order in accordance with guidelines Bank separately makes available from time to time. Bank will execute each Payment Order in accordance with Bank's then current processing schedule and any instructions Company furnishes with the Payment Order regarding the date a Payment Order is to be executed. A Payment Order will be deemed received by Bank when Bank has verified it in compliance with the Security Procedure. If Bank receives a Payment Order after Bank's applicable cutoff time on any Business Day, Bank will treat the Payment Order as having been received prior to Bank's applicable cutoff time on Bank's next Business Day. A "Business Day" is every day except Saturday, Sunday, and federal holidays.

4. **Inconsistency of Name and Number.** If a Payment Order describes the person to receive the funds that are the subject of the Payment Orders both by name and identifying number, Bank may execute the Payment Order on the basis of the identifying number, even if the number identifies a person different from the named person. If a Payment Order describes a financial institution both by name and identification number, the identification number may be relied upon to identify the financial institution, even if the identification number refers to a financial institution other than the named financial institution.
5. **Initiation Methods and Security Procedures.** This section lists the Initiation Methods and Security Procedures Bank offers for wire transfers. Company's elections regarding Initiation Methods and Security Procedures is/are set forth in the Acceptance.

**5.1. Commercial Electronic Office<sup>®</sup> (CEO<sup>®</sup>) Initiation Method.**

The CEO<sup>®</sup> portal is Bank's electronic banking portal that is accessed via the Internet. The CEO<sup>®</sup> security procedures are log-on credentials specified by Bank including a company ID, user ID, password, token, and any other authentication or authorization process Bank requires from time to time. Bank's standard CEO<sup>®</sup> security procedures also include dual custody for select, high-risk wire transfer activities. With dual custody, an authenticated second user approves these activities. There is no additional charge for dual custody.

**5.2. Payment Manager<sup>®</sup> Initiation Method.**

**Secure Application File Exchange Transmission ("SAFE-T").** This transmission platform offers a variety of transmission protocols including hypertext transfer protocol secured (https), FTP over SSL (FTP/S), secure FTP (S-FTP), and Applicability Statement 2 (AS2).

**Machine-to-Machine ("M2M").** This transmission method may use an XML message interface that is based on the Interactive Financial eXchange (IFX) message standard using SOAP structured messages; or it may use other formats and protocols such as JSON and REST. Data is communicated via the Internet using 128-bit encryption and Secure Socket Layers (SSL).

**IBM<sup>®</sup> Connect:Direct<sup>®</sup> with Secure Plus+.** Secure Plus+ is an add-on to Connect:Direct<sup>®</sup> to enhance security by means of Secure Socket Layer ("SSL") or Transport Layer Security ("TLS"). Connect:Direct<sup>®</sup> is a registered trademark of Sterling Commerce, Inc., an IBM company.

**Value-Added Network ("VAN").** With this transmission method, a third party serves as an intermediary for transmitting data between Company and Bank. Procedures for transmitting Payment Orders may vary by VAN. Bank follows the procedures of the VAN selected by Company to authenticate each Payment Order transmitted to Bank through the VAN in Company's name.

**SWIFT<sup>®</sup> File Act.** SWIFT has established procedures for controlling access to SWIFT messaging services (each, an "Access Control") that may include access codes, message authentication codes, secure card readers, digital signatures, and Hardware Security Modules. In addition, SWIFT authenticates certain messages including without limitation Payment Orders based on SWIFT message type prior to accepting them for routing as SWIFT messages. This authentication may include confirming that the sender and recipient of the message have exchanged bilateral keys ("BKE"), entered into a relationship management application ("RMA") agreement, or taken other steps to secure the

transmission of SWIFT messages between them as SWIFT requires from time to time.

**5.3. Voice Initiation Method.**

Bank's voice initiation security procedure consists of confirming (a) the personal identification number ("PIN") accompanying a Payment Order corresponds with a valid PIN assigned to Company for voice-initiated Payment Orders and (b) the voice print provided when placing a Payment Order matches the voice print registered for the PIN holder.

**5.4. SWIFT® (FIN) Initiation Method.**

SWIFT has established procedures for controlling access to SWIFT messaging services that may include access codes, message authentication codes, secure card readers, digital signatures, and Hardware Security Modules. In addition, SWIFT authenticates certain messages including without limitation Files based on SWIFT message type prior to accepting them for routing as SWIFT messages. This authentication may include confirming that the sender and recipient of the message have exchanged bilateral keys ("BKE"), entered into a relationship management application ("RMA") agreement, or taken other steps to secure the transmission of SWIFT messages between them as SWIFT requires from time to time.

**5.5. Non-Standard Security Procedure.**

If Company has refused to utilize any of the security procedures described above, then the Security Procedure Company will use is described on Attachment B to the Acceptance.

- 6. Authorization to Pay.** Company authorizes Bank to (a) execute any Payment Order Bank verifies in accordance with the Security Procedure and (b) debit the account specified in the Payment Order (and if no account is specified, the Account or any other account of Company at Bank or an affiliate) even if a debit results in an overdraft on the execution date (as defined in UCC4A). Company will maintain sufficient available funds in the account specified in the Payment Order at the time of each debit.
- 7. Company's Duty to Report Erroneous or Unauthorized Transfer Instructions.** Company will exercise ordinary care to determine whether a Payment Order accepted by Bank was either erroneous or not authorized and to notify Bank of the relevant facts within a reasonable time not exceeding fourteen (14) days after Company receives notification from Bank that the Payment Order was accepted or that the Account was debited with respect to the Payment Order, whichever is earlier. Company will be liable to Bank for the loss Bank incurs as a result of Company's failure to act in accordance with this section.
- 8. Rejected Payment Orders.** If a Payment Order is rejected for any reason Bank will attempt to notify Company promptly so Company may cure the defect but will have no liability to Company for a rejected Payment Order or any loss resulting from Bank's failure to provide notice.
- 9. Cancellation, Amendment, Reversal.** A Payment Order will be final and not subject to cancellation, amendment or reversal by Company, except Bank may, at Company's request, make an effort to effect such cancellation, amendment or reversal without incurring any liability for its failure or inability to do so.
- 10. International Wire Transfers.** A Payment Order expressed in U.S. Dollars will be sent in U.S. Dollars. Company may request that prior to executing a Payment Order, Bank convert the amount to be transferred from U.S. Dollars to the currency of a designated foreign government or intergovernmental organization ("Foreign Currency") at Bank's sell rate for exchange in effect on the date Bank executes the Payment Order. If the financial institution designated to receive the funds does not pay the beneficiary specified in a Payment Order payable in Foreign Currency and the funds are returned to Bank, Bank will not be liable for a sum in excess of the value of the funds after they have been converted from Foreign Currency to U.S. Dollars at Bank's buy rate for exchange at the time the cancellation of the Payment Order is confirmed by Bank. Bank will not be liable for any failure or delay by any financial institution or other third party in the designated foreign country in executing or failing to execute any Payment Order Bank transmits to a foreign country.
- 11. Drawdown Requests.** A "drawdown request" is an instruction from Company to another depository institution to debit (a) an account at that institution and transfer the funds to Bank (each, an "outgoing drawdown request") or (b) the Account and transfer the funds to that institution (each, an "incoming drawdown request"). In this Service Description, "Payment Order" includes drawdown requests. Bank may execute an incoming drawdown request that conforms with instructions it receives through Fed Wire, SWIFT, CHIPS or any other funds transfer system, provided such instructions are not inconsistent with instructions Company separately provides in writing. The authority to execute the incoming drawdown request will

continue until Bank receives express written notice from Company that such authority is revoked.

- 12. Limitation of Bank's Liability.** If Bank executes Company's Payment Order by sending instructions to another financial institution, Bank may send the payment order by any transmission method and by any route Bank in its sole discretion considers reasonable. Bank will not be liable for any third party's failure to or delay or error in processing a Payment Order. If the beneficiary bank does not pay the beneficiary specified in the Payment Order, a refund will be made only after Bank has received confirmation of the effective cancellation of the Payment Order and Bank is in free possession of the funds debited or earmarked in connection with the Payment Order. If Bank is notified it did not transfer the full amount stated in a Payment Order, Bank's sole obligation will be to promptly execute a second Payment Order in the amount of the stated deficiency. If Bank executes a Payment Order in excess of the amount stated in the Payment Order, to the extent Company does not receive the benefit of the Payment Order, Bank will only be liable for any loss of the principal amount transferred in excess of the amount stated in the Payment Order. Additionally, Bank will be liable for the amount of interest Company has lost due to the transfer of the excess amount, computed at the then current Federal Funds rate. However, Bank's liability for loss of interest will be limited to twenty (20) calendar day's interest. This section sets forth Bank's complete liability for a Payment Order issued or received under this Service Description.
- 13. Survival.** Sections 4, 5, 6, 7, 8, 9, 10, 11 and 12 will survive the termination of Services.



Wells Fargo & Company Risk & Insurance Management  
 Wells Fargo Center, MAC# N9305-144  
 Sixth and Marquette  
 Minneapolis, MN 55479

DIRECT QUESTIONS/COMMENTS REGARDING THIS EVIDENCE OF INSURANCE TO YOUR WELLS FARGO CONTACT.

Date: 12/21/2015

## EVIDENCE OF CASUALTY INSURANCE COVERAGE

**Insured:**

Wells Fargo & Company and Its Subsidiaries including  
 Wells Fargo Bank, N.A

**Insurance Company:**

Old Republic Insurance Company

This form certifies that the insurance policy described below has been issued to Wells Fargo & Company and its Subsidiaries.

Coverage	Covered Location(s)	Limits of Liability	Policy Period	Policy Number
Commercial General Liability Including premises operations, occurrence form; blanket contractual liability; host liquor liability coverage	Omnibus Additional Insured endorsement extends coverage to any person or organization for whom Wells Fargo & Company or its Subsidiaries have agreed under contract or agreement to provide insurance. In no event shall the insurance provided hereunder exceed the scope of coverage required by contract or agreement	\$10,000,000 Each Occurrence \$10,000,000 Aggregate \$10,000,000 Personal & Adv. Injury \$10,000,000 Products and Completed Operations	4/01/15 - 4/01/20	MWZY304056
Automobile Liability	Covers all owned, non-owned and hired automobiles	\$10,000,000 Each Occurrence Combined Single Limit	4/01/15 - 4/01/20	MWTB304054
Workers' Compensation and Employers' Liability	Provides workers' compensation coverage for employees in all states - except statutory workers' compensation provided either through a Monopolistic State Fund or Self-Insurance in the following states: Ohio, North Dakota, Washington and Wyoming or by the Wells Fargo Injury Benefit Plan in Texas.	Statutory - WC \$1,000,000 - EL Each Accident \$1,000,000 - EL Disease Each Employee	4/01/15 - 4/01/20	MWC302638 00

**Evidence of Insurance Issued To:**

City of Malibu

Malibu, CA 90265

Wells Fargo & Company Risk & Insurance Management

Jill M. Combs  
 Risk & Insurance Manager

The information provided in the Evidence of Insurance document is basic in nature and should not be viewed as a definitive position to any coverage issue, claim or loss scenario. In the event of a claim or loss, the actual policy terms shall apply.



Wells Fargo & Company Risk & Insurance Management

Wells Fargo Center, MAC# N9305-144

90 South 7th Street, 14th Floor

Minneapolis, MN 55402

DIRECT QUESTIONS/COMMENTS REGARDING THIS EVIDENCE OF INSURANCE TO YOUR WELLS FARGO CONTACT.

Date: 12/21/2015

## EVIDENCE OF PROFESSIONAL (Errors & Omissions) LIABILITY COVERAGE

**Insured:**

Wells Fargo & Company and Its Subsidiaries including  
Wells Fargo Bank, N.A

**Insurance Company:**

National Union Fire Ins. Co. of Pittsburgh, PA

This form certifies that the insurance policy described below has been issued to Wells Fargo & Company and its Subsidiaries.

Coverage	Coverage Details	Limits of Liability	Policy Period	Policy Number
Professional Liability	Provides Wells Fargo & Company and its Subsidiaries with coverage for claims arising out of an Employee's error or omission that occurs in performing professional services for others.	\$100,000,000 Per Occurrence and Aggregate	11/15/14 - 11/15/16	01-840-56-07

**Evidence of Insurance Issued To:**

City of Malibu

Malibu, CA 90265

Wells Fargo & Company Risk & Insurance Management

Jill M. Combs  
Risk & Insurance Manager

The information provided in the Evidence of Insurance document is basic in nature and should not be viewed as a definitive position to any coverage issue, claim or loss scenario. In the event of a claim or loss, the actual policy terms shall apply.



**Summary Position**

<b>Total Monthly Activity Charges</b>	\$	<b>584.67</b>
<b>Available Balance (Month Avg)</b>	\$	<b>1,465,000</b>
<b>Earnings Credit Rate Balances (0 % Federal Reserve Requirement)</b>	\$	<b>1,465,000</b>
<b>Earnings Credit Rate</b>		<b>0.18%</b>
<b>Earnings Allowance</b>	\$	<b>216.74</b>
<b>Estimated Net Position (Shortfall)</b>	\$	<b>(367.93)</b>
<b>Panini MyVision X50 - (One-Time Fee) + shipping &amp; handling</b>	\$	<b>740.00</b>

**Activity Charge Detail**

<u>Service Description</u>	<u>Charge Basis</u>	<u>Price</u>	<u>Monthly Volume</u>	<u>Activity Charges</u>
<b>ACH</b>				
ACH CEO RETURN SUBSCRIPTION - ITEM	Item accessed	0.20000	1	0.20
ACH CEO RETURN SUBSCRIPTION-ACCOUNT	Company ID	5.00000	1	5.00
ACH RECEIVED ITEM	Transaction	0.15000	85	12.75
ACH RET ITEM-INFO REPORTING ADVICE	Transaction	0.00000	0	0.00
ACH PAYMENTS ONLINE BATCH RELEASE	Batch/file	2.50000	2	5.00
ACH DELETE - ITEM	Delete	5.00000	0	0.00
ACH REVERSAL - ITEM	Reversal	5.00000	0	0.00
ACH PAYMENTS BASE FEE	Company ID	10.00000	1	10.00
ACH PAYMENTS TWO DAY ITEM	Transaction	0.07000	243	17.01
ACH NOC - INFO REPORTING ADVICE	Transaction	6.50000	0	0.00
ACH DELETE/REVERSE - BATCH/FILE	Batch/file	5.00000	0	0.00
ACH CEO SUBSCRIPTION - ACCOUNT	Account	7.50000	1	7.50
ACH CEO Subscription - Item	Item accessed	0.00750	243	1.82
<b>Subtotal</b>				<b>59.28</b>
<b>ACH Fraud Filter</b>				
ACH CEO FRAUD FILTER REVIEW MO BASE	Account	5.00000	1	5.00
ACH CEO FRAUD FILTER REVIEW - ITEM	Transaction filtered	2.00000	0	0.00
<b>Subtotal</b>				<b>5.00</b>
<b>Cash Branch/Store Channel</b>				
CASH DEP/\$1 VERIFY IN CASH VAULT T4	Dollar	0.00200	5,400	10.80
POST VERIFY DEPOSIT	Deposit bag	0.75000	1	0.75
Non Acct Holder Chk Cashing - Full	Check cashed	7.50000	0	0.00
DEP CORRECTION NIGHT DROP	Adjustment	7.50000	0	0.00
<b>Subtotal</b>				<b>11.55</b>

Together we'll go far



# City of Malibu

Wells Fargo Treasury Management Proposal - December 2015

<u>Service Description</u>	<u>Charge Basis</u>	<u>Price</u>	<u>Monthly Volume</u>	<u>Activity Charges</u>
<b>Desktop Deposit/Electronic Check</b>				
SMART DECISION ELEC CHECK ACH ONUS	Check deposited	0.07000	40	2.80
SMART DECISION ELEC CHK ACH TRANSIT	Check deposited	0.07000	229	16.03
DESKTOP DEPOSIT CREDIT POSTED	Credit	0.50000	28	14.00
DESKTOP DEPOSIT-WFARGO DEPOSIT ITEM	Check deposited	0.07000	61	4.27
DESKTOP DEPOSIT-NON WFARGO DEP ITEM	Check deposited	0.07000	343	24.01
DESKTOP DEPOSIT MONTHLY BASE	Account	25.00000	1	25.00
<b>Subtotal</b>				<b>86.11</b>
<b>General Account Services</b>				
ACCOUNT MAINTENANCE-CHEXSTOR	Account	10.00000	1	10.00
DEBITS POSTED	Debit	0.15000	82	12.30
ELECTRONIC CREDITS POSTED	Credit	0.15000	38	5.70
<b>Subtotal</b>				<b>28.00</b>
<b>General Disbursement Services</b>				
DDA CHECKS PAID	Check paid	0.05000	236	11.80
STOP PAYMENT - AUTO RENEWAL	Stop payment	3.00000	0	0.00
STOP PAYMENT - ONLINE	Stop payment	15.00000	0	0.00
<b>Subtotal</b>				<b>11.80</b>
<b>Information Reporting</b>				
CEO EVENT MESSAGING SERVICE - EMAIL	Item reported	0.25000	25	6.25
CEO PREV DAY SUBSCRIPTION MTHLYBASE	Account	10.00000	1	10.00
CEO PREVIOUS DAY ITEM LOADED	Item loaded	0.06000	357	21.42
ELECTRONIC WINDOW EXTENDED STOR 90	Item loaded	0.02000	893	17.86
CEO BASIC BANKING - MONTHLY BASE	Company	20.00000	1	20.00
CEO BASIC BANKING - TRANSFER	Transaction	0.00000	0	0.00
CEO BASIC BANKING ADDL ACCT-MO BASE	Account	10.00000	0	0.00
<b>Subtotal</b>				<b>75.53</b>
<b>Other Non TM</b>				
RECOUPMENT MONTHLY	Deposit assessment	0.12750	1,465	186.79
<b>Subtotal</b>				<b>186.79</b>

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Wells Fargo Bank, N.A.

2015 | Treasury Management Consulting

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# City of Malibu

Wells Fargo Treasury Management Proposal - December 2015

## Returned Items

CEO RETURN ITEM RETRIEVAL-IMAGE	Transaction	4.00000	0	0.00
RETURN ITEM - CHARGEBACK	Transaction	6.00000	1	6.00
ARC/BOC CHARGEBACK NO IRD	Return	2.50000	0	0.00
RETURN ITEM REDEPOSITED	Transaction	4.00000	2	8.00
CEO RETURN DECISIONING PER ITEM	Transaction	4.00000	0	0.00
<b>Subtotal</b>				<b>14.00</b>

<u>Service Description</u>	<u>Charge Basis</u>	<u>Price</u>	<u>Monthly Volume</u>	<u>Activity Charges</u>
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## Wire Transfers

WIRE IN DOMESTIC	Transfer	15.00000	0	0.00
WIRE - BOOK TRANSFER - CEO	Transfer	8.00000	0	0.00
WIRE-OUTGOING DOMESTIC-CEO	Transfer	9.00000	2	18.00
OUTGOING WIRE RETURNED	Transfer	55.00000	0	0.00
WIRE IN REPAIR SURCHARGE	Exception	9.00000	0	0.00
WIRE INVESTIGATION	Investigation	65.00000	0	0.00
WIRE OUT REPAIR SURCHARGE	Exception	9.00000	0	0.00
<b>Subtotal</b>				<b>18.00</b>

## Image Delivery

CEO SEARCH	Inquiry	1.05000	0	0.00
ONLINE IMAGE VIEW < 90 DAYS - ITEM	Image retrieved	2.50000	0	0.00
<b>Subtotal</b>				<b>0.00</b>

## Account Reconciliation

CEO REGISTER INPUT - ITEM	Check issued	0.05000	236	11.80
ARP FULL RECON-ITEM	Check issued	0.05000	236	11.80
ARP MONTHLY BASE - FULL	Account	25.00000	1	25.00
ARP OPTIONAL REPORTS	Report	5.00000	1	5.00
CEO ARP STMT & RPTS MONTHLY BASE	account	7.50000	1	7.50
<b>Subtotal</b>				<b>61.10</b>

## Positive Pay

PAYEE VALIDATION MANUAL REVIEW/ITEM	Check	0.25000	1	0.25
PAYEE VALIDATION STANDARD-ITEM	Check	0.03500	236	8.26
POSITIVE PAY EXCEPTION - CEO IMAGE	Image retrieved	2.00000	2	4.00
POS PAY CHECK VERIFICATION CALL	Call	15.00000	0	0.00
POSITIVE PAY EXCEPTION CHECKS RETND	Check returned	15.00000	0	0.00
POSITIVE PAY EXCEPTIONS - ITEM	Exception	6.00000	0	0.00
POSITIVE PAY MONTHLY BASE	Account	15.00000	1	15.00

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General Banking Services				
Service Fees				
Activity Charge Detail (based on October 2015 information)				
Service Description	Unit Charge	Volume	Service Charge	Explanation
<b>BALANCE &amp; COMPENSATION INFORMATION</b>				
Dep Insurance - Bank Assessment	0.12750	1,465	186.79	
<b>GENERAL ACCOUNT SERVICES</b>				
Account Maintenance	10.00	1	10.00	
Debits posted-other	0.15	2	0.30	
Credits posted-other	0.15	79	11.85	
Paper deposit statement mailed	5.00	1	5.00	Statements are available online
<b>DEPOSITORY SERVICES</b>				
Banking center deposit	0.50	29	14.50	Desktop is \$0.50, Branch is \$0.75
Curr/coin Dep/\$100-Bkg Ctr	0.20	54	10.80	
Cks Dep un-encoded items	0.07	673	47.11	
Returns-chargeback	6.00	1	6.00	
Returns-reclear	4.00	2	8.00	
<b>PAPER DISBURSEMENT SERVICES</b>				
General checks paid truncated	0.20	236	47.20	
Stop pay automated >12 months	15.00		-	
Image maintenance CPO	1.05	1	1.05	
<b>GENERAL ACH SERVICES</b>				
ACH monthly maintenance	10.00	1	10.00	
ACH LV-monthly maintenance	N/A	1		
ACH consumer on us credits	0.07	56	3.92	
ACH consumer off us credits	0.07	187	13.09	
ACH debit received item	0.15	9	1.35	
ACH credit received item	0.15	77	11.55	
ACH optional rpts-electronic	7.50	4	30.00	
ACH input-file	2.50	2	5.00	
<b>WIRE &amp; OTHER FUNDS TRANSFER SERVICES</b>				
Book credit	9.00	2	18.00	
Wire advice-fax		2	-	Please see PDR
<b>INFORMATION SERVICES</b>				
CPO prem PDR account	10.00	1	10.00	
CPO prem CDR account	20.00	1	20.00	**Basic Banking
CPO prem PDR ltm stored	0.06	596	35.76	
CPO prem CDR item	N/A	252		
CPO online subscription	N/A	1		
CPO prem IR maintenance	N/A	1		
CPO prem research item				

Institution Name: Wells Fargo Bank, N.A.

Address: 14144 Ventura Blvd, Suite 200, Sherman Oaks, CA 91423

By: *Jeannie Kabilafkas*

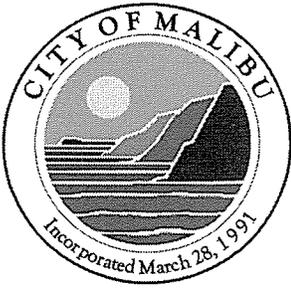
Contact Name: Jeannie Kabilafkas

Date: 12/21/2015

Fax: 866-798-4855

Title: VP, Relationship Manager

Phone: 805-338-7327



## Administration and Finance Subcommittee Agenda Report

Administration &  
Finance Subcommittee  
Special Meeting  
01-25-16

### Item 7

To: Mayor Pro Tem LaMonte and Councilmember House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 15, 2016

Meeting date: January 25, 2016

Subject: Additional General Fund Grant to Santa Monica-Malibu Unified School District (SMMUSD) Ballroom Madness

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**RECOMMENDED ACTION:** Provide a recommendation to the City Council regarding awarding a General Fund Grant to SMMUSD for transportation costs for Ballroom Madness.

**FISCAL IMPACT:** Funding for an additional General Fund grant was not included in the Adopted Budget for Fiscal Year 2015-2016. The Adopted Budget for Fiscal Year 2015-2016 includes \$125,000 for the General Fund Grant program. An appropriation of \$1,000 from the General Fund Undesignated Reserve will be needed for an additional grant. As of December 21, 2015, the projected General Fund Undesignated Reserve was \$20.5 million. If approved, the mid-year budget amendments and other appropriation items being discussed by the Administration and Finance Subcommittee will reduce the projected General Fund Reserve at June 30, 2016 to \$18.8 million.

**DISCUSSION:** The City provides funding to many non-profit organization through the annual General Fund Grant program. The General Fund Grant program was developed to fund services that non-profit organizations provide that the City would otherwise have to provide.

On May 5, 2015, the Administration and Finance (A&F) Subcommittee reviewed the Fiscal Year 2015-2016 General Fund grant applications and recommended that the Council award \$125,000 in grants. SMMUSD did not submit a grant application for the 2015-2106 General Fund grant cycle.

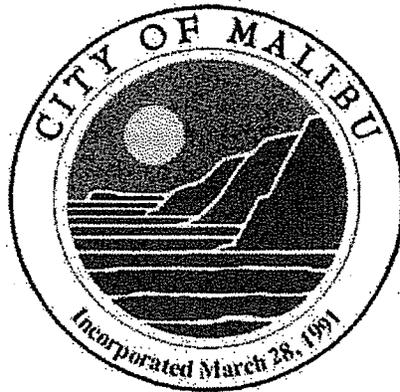
On June 8, 2015, the Council discussed the General Fund grant recommendations from

the A&F Subcommittee and approved a total of \$125,000 for the Fiscal Year 2015-2016 General Fund Grant program.

On November 19, 2015, SMMUDS submitted a General Fund Grant application in the amount of \$1,000 for transportation of students to the Ballroom Madness program.

ATTACHMENTS: SMMUSD General Fund Grant Application

**GENERAL FUND**  
**GRANT APPLICATION**



**FISCAL YEAR**

**2015-2016**

**CITY OF MALIBU  
GENERAL FUND GRANT PROGRAM  
Fiscal Year 2015 – 2016 (July 1, 2015 – June 30, 2016)**

**GRANT APPLICATION**

NAME OF ORGANIZATION: Santa Monica-Malibu USD (Cabrillo, Pt. Dume and Webster)

CONTACT: Tom Whaley

ADDRESS: 1630 17th St. Santa Monica, Ca 90404

TELEPHONE: 310-450-8338 ext. 70287 FAX: 310-255-1164

EMAIL ADDRESS: twhaley@smmusd.org

Name/Title of Project: Dancing Classrooms

Amount Requested: \$1,000

**PROJECT ABSTRACT (Limit statement to space provided):**

Each year, the SMMUSD hosts a ballroom dance event at Barnum Hall in Santa Monica where 5th graders and their teachers from all elementary schools in the district are transported by bus to the hall for a ballroom dance showcase. The city of Santa Monica covers the cost of buses for all the Santa Monica schools and I am requesting funding from the city of Malibu to cover the cost of the 3 Malibu

Have you previously received grant funds from the City of Malibu?  (Yes)  (No)

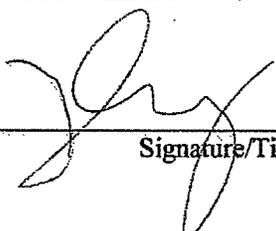
If yes, did you receive a grant under another organization name?  (Yes)  (No)

If yes, please provide your other organization name \_\_\_\_\_

Year(s) Received: 2014 Amount: \$1,000

**CERTIFICATION**

I certify that the information contained in this grant application is true and correct to the best of my knowledge and belief, and that I have the authority to apply for the funds requested on behalf of the organization named above:

  
\_\_\_\_\_  
Signature/Title

11/19/15

\_\_\_\_\_  
Date

**CITY OF MALIBU**  
**GENERAL FUND GRANT PROGRAM**  
**Fiscal Year 2015 – 2016 (July 1, 2015 – June 30, 2016)**

**NARRATIVE**

Please describe your organization, including organizational structure and geographical location. Identify in measurable terms the desired outcomes, benefits of the project, and specific needs that your project is designed to meet. Discuss how your project will be administered, describing the mechanism and time frame that your agency will use to monitor the project's progress and evaluation of its effectiveness. **If your organization received a grant from the City of Malibu in the previous fiscal year, describe how those funds were used.**

SMMUSD has been holding the "Ballroom Madness" team match event for years, but this year, the dance provider vendor is called "Dancing Classrooms", a nationally recognized Ballroom dance program. The event will function exactly as it has in past years with students, parents, teachers, and administrators filling Barnum Hall to watch a team of 12 students representing each school compete in a dance competition showcasing tango, swing, fox trot, merengue and the waltz. The other 5th graders are in the audience with their teachers and administrators cheering for their team. A team of dance judges score the dancers during their performance and at the end, each team is given either a bronze, silver or gold level award. The gold teams will have the opportunity to represent the district in a larger dance competition in Los Angeles. The director of the program is Ms. Carmen Doane- Barkan. After ten weeks (20 lessons) of instruction, the outcome is that students can demonstrate how to respectfully interact with others, and execute high levels of skill and accomplishment in the 5 dances that were taught. The funding requested will cover the cost of Cabrillo, Pt. Dume and Webster students' bus expense to attend. The event will take place on April 21, 2016 in Barnum Hall from 9-11am. Everyone is invited to attend!

**CITY OF MALIBU  
GENERAL FUND GRANT PROGRAM  
Fiscal Year 2015 – 2016 (July 1, 2015 – June 30, 2016)**

**ORGANIZATION BUDGET**

	<u>Budget FY-2015</u> (7/1/14 – 6/30/15)	<u>Projected Budget</u> <u>FY-2016</u> (7/1/15 – 6/30/16)
<b><u>REVENUES:</u></b>		
City of Malibu Grant Request	\$ 1,000.00	\$ 1,250.00
Fees for Services	\$ 1,000.00	\$ 1,250.00
Fund Raising/Donations	\$ 0.00	\$ 0.00
Other	\$ 0.00	\$ 0.00
<b>TOTAL REVENUES</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b><u>EXPENSES:</u></b>		
Salary and Benefits	\$ 50,000.00	\$ 50,000.00
Operating Costs	\$ 300.00	\$ 300.00
Capital Outlay	\$ 0.00	\$ 0.00
<b>TOTAL EXPENSES</b>	<u>                    </u>	<u>                    </u>
<b>TOTAL ORGANIZATIONAL</b>		
<b>BUDGET</b>	<u>\$ 51,300.00</u>	<u>\$ 50,550.00</u>

**All amounts should be rounded to the nearest dollar**