

Item: E-12

SANTA ROSA CITY SCHOOLS
Office of Business Services

APPROVAL OF COMMERCIAL CASH MANAGEMENT RESOLUTION
May 25, 2005

ISSUE

The Board is being asked to approve a Commercial Cash Management Resolution E1172 and H5106 with Exchange Bank assigning authorized agents for the Clearing Account to enter into agreements allowing for Electronic Deposits.

PREVIOUS BOARD ACTIVITY

There is no previous Board activity on this issue.

EXHIBIT MATERIAL

Pages 1 -2	Exchange Bank Commercial Cash Management Resolution
Pages 3-11	Commercial Cash Management Access Agreement
Pages 12-29	ACH Origination Agreement

DISCUSSION

The District maintains a checking account titled the Clearing Account. This account is used to deposit miscellaneous payments, such as, retiree benefits, facility use fees, day care fees, etc., received by the District. Checks are written from the clearing account to deposit into the District's cash funds held at the County Treasury.

An estimated 25% of the volume of transactions deposited in this account are from retiree health benefit checks. The early retirees currently submit 12 checks at the beginning of each fiscal year. At the beginning of each month one of their checks is deposited. There are over 350 early retirees with health benefits, making the monthly deposit of checks a time consuming process for the Business Office. In order to improve efficiency and respond to the many requests for electronic banking from retirees, the Business Office is recommending switching to a Cash Management Account with Exchange Bank to allow for electronic deposits into the clearing account. With electronic deposits, the retirees will have the option of having their payment electronically transferred each month directly from their bank account to the District's account. It is estimated this will save approximately 24 hours per year in staff time.

In order to enter into an agreement with the Exchange Bank for the Cash Management Account, the Board is required to approve a resolution authorizing the authorized agents to act on behalf of the District for the banking needs. It is recommended that the agents be authorized by position as follows:

Superintendent
Associate Superintendent of Business Services
Executive Director of Fiscal Operational Services

District Accountant

FISCAL, STAFFING AND FACILITIES ISSUES

Fiscal: The fees associated with the Cash Management Account are estimated at approximately \$500 per year, depending on participation, and will be charged to the Accounting Office budget. However, it is anticipated that the efficiency gained will allow for quicker turnaround of deposits into the higher interest bearing account in the County Treasury, offsetting the fees.

Staffing: None

Facilities: None

ALTERNATIVES TO RECOMMENDATION

None provided.

SUPERINTENDENT RECOMMENDATION

The Superintendent recommends that the Board of Education adopt the Exchange Bank Commercial Cash Management Resolution E1172 and H5106 approving the authorized agents to act on behalf of the District.

Report prepared by Doug Bower and Kim Agrella



**EXCHANGE BANK
COMMERCIAL CASH MANAGEMENT RESOLUTIONS**

Business Customer:	SANTA ROSA CITY SCHOOL DISTRICT
Account Number(s)	All accounts under the ownership of <i>(If company prefers limited account access, Company will provide Bank with a list of the specific accounts to be made available)</i>

I, the undersigned, hereby certify to Exchange Bank that I am the _____ (title) (unless otherwise designated, Secretary or Assistant Secretary) and designated keeper of the records and minutes of the Business Customer identified above; I have full authority to make representations set forth in these Resolutions on behalf of the Business Customer; and that the following is a true and correct copy of Resolutions duly adopted by the Board of Directors (if a corporation), partners (if a partnership), members/managers (if a limited liability company), proprietor (if a sole proprietorship) or other governing authority of the Business Customer at a meeting held on the 25 day of May, 2005, at which a quorum was present and acting throughout, or adopted by the written consent of a majority of those entitled or required to act to bind the Business Customer, and that such Resolutions are in full force and effect and have not been amended or rescinded:

1. Resolved, that the persons shown below as "Authorized Agents" are authorized, on behalf of this Business Customer and in its name, to execute and deliver the following agreements (collectively, the "Agreements") and to bind the Business Customer to the Agreements, as amended from time to time:

Commercial Cash Management Access Agreement
ACH Origination Agreement
Tax Payment Agreement
Funds Transfer Agreement
Courier Agreement

2. Resolved, that the Authorized Agents are authorized to negotiate terms and conditions to the Agreements, amendments or supplements to the Agreements, and to enter into such other agreements as any Authorized Agent may find necessary or appropriate, including amendments or supplements. If there is more than one Authorized Agent, any one of them acting alone or together, may bind the Business Customer. All such acts and deeds are the acts and deeds of the Business Customer.
3. Resolved, each Authorized Agent shall have the authority to use the Cash Management Services, which services include (but are not limited to): obtain account information, initiate payment orders by ACH, funds transfer or bill payment (including intrabank transfers from one account to another), make payments from accounts, use passcodes and agree to security procedures for authentication of instructions and communications accomplishing the foregoing, make deposits, draw on accounts (including payments to themselves), and to otherwise engage in any banking or financial service or product approved by the Bank for Business Customer, as set forth in any agreement between Bank and Business Customer or as otherwise evidenced by the conduct of Business Customer.
4. Resolved, that the Business Customer recognizes that the Cash Management System will allow for the Business Customer to designate one or more Supervisors for the operation of the Cash Management Services. Each Supervisor, in turn, will be allowed to designate one or more persons (Designees) who will be allowed to access the Services and to engage in one or more of the Cash Management Services, subject only to such limits as may be imposed by the Services or by the Supervisor. A Supervisor may use the Cash Management System in all matters relative to the Business Customer's passcodes, including but not limited to the right to (i) establish additional passcode IDs on the Business Customer's behalf for the Supervisor's use or for use by any Designee, (ii) terminate or cancel any/all existing passcodes; (iii) change the Business Customer's account(s) associated with passcode ID, (iv) change the activity level of an account

associated with any passcode, (v) name additional persons who will have maintenance authority over Business Customer's passcodes, or terminate the authority of any person with maintenance authority over Business Customer's passcode. All transactions authenticated pursuant to the security procedures, or as otherwise provided in the Agreements described in paragraph 1 above, will be treated by Bank as a valid instruction of and binding on the Business Customer.

5. Resolved, that the foregoing Resolutions shall remain in full force and effect and the authority herein given to all of said persons shall remain irrevocable as far as Bank is concerned until three (3) business days after Bank is notified in writing of the revocation of such authority and that receipt of such notice shall not affect any action taken by Bank prior thereto; and
6. Resolved, that this authorization supersedes any resolution, signature card or other document currently on file with Bank that limits authority over the Agreements shown in paragraph 1 above or over the transactions contemplated thereunder. This authorization shall remain in force and effect notwithstanding any subsequent change in such specific or general account resolution, signature card or related documentation. Any notice of a termination or change with respect to the identity of a Supervisor or the authority of any person to use a passcode must specifically state that it relates to passcodes and must specifically describe the termination or change requested.

AUTHORIZED AGENTS:

Name	Signature	Title
		Superintendent
		Associate Superintendent, Business
		Exec. Dir. Fiscal Operational Services
		District Accountant

I certify under penalty of perjury that the foregoing is true and correct, of my own personal knowledge.

 Secretary / Assistant Secretary, or other
 appropriate authorized representative

Title: _____

Date: _____



COMMERCIAL CASH MANAGEMENT ACCESS AGREEMENT

This Commercial Cash Management Access Agreement ("Agreement") is by and between Exchange Bank, a California banking corporation ("Bank") and the corporation, limited liability company, partnership or other organization ("Customer") that agrees to the terms and conditions of this Agreement as evidenced by execution and delivery of this Agreement. The effective date of this Agreement is the earlier of the date on which Customer begins using this service or as of the date shown below.

This Commercial Cash Management Agreement establishes the terms and conditions for electronic access to your accounts using the Exchange Bank electronic banking system (the "System"). By signing below, you agree to this Agreement. Please read it carefully and keep a copy for your records.

1. Definitions

As used in this Agreement, the words "we", "our", "us" and "Bank" mean Exchange Bank. "You" and "your" refer to the account holder named below and anyone else authorized by that account holder to exercise control over the account holder's funds through the System. "Accounts" means your accounts at the Bank that are accessed through the System. "Electronic funds transfers" means transfers to or from your Accounts using the System. "System Services" means the services provided pursuant to this Agreement. Our "Business days" are Monday through Friday (holidays not included). All times are local time of Bank.

2. Access

To use the System, you must have at least one account at the Bank, access to Internet service and an e-mail address. You are responsible for the set-up, configuration, operation and maintenance of your computer, modem and all other hardware and software you use with the System. You agree that we are not responsible for any errors or failures from any malfunction outside of our control, including power interruption, delay resulting for high volumes of internet traffic, breach of security (other than Systems under our control) or message or transfer interception in transit, or any virus or other computer problem related to the use of the Services. You agree to use the Services solely for business purposes and not to use the System to transfer funds to or from any account established primarily for personal, family or household purposes.

3. Enrollment and Accounts

You must complete and return an Enrollment Form to us for our approval. This Agreement is not consummated unless and until we review and approve your application to use the Services, as set out in the Enrollment Form. If you are approved, we will send you confirmation of our acceptance of your enrollment and your assigned login ID and temporary password. You authorize us to obtain information about you from others (including credit reporting agencies) as part of our review of your enrollment application, and from time to time thereafter. You agree to provide us with information as we request, from time to time.

The System can be used to access only the Accounts which you have designated for access by the System in your Enrollment Form. You can add or delete any of your Accounts from this Agreement by completing the EB Online Change Request form. Access to your Accounts through the System will be based upon the identification of users specified by you in your Enrollment Form. The individual(s) you have designated as Supervisor(s) set the access and authority levels.

4. System Services

You can use the System to access the Services designated on the Enrollment Form as approved by us. Some of the following Services may not be available to you through the System without separate approval from us. Some Services may appear on your screen that have not been approved for you and, therefore, will not be available to you.

- (a) View balances in your Account(s);
- (b) View Account histories (debit and credit transactions for the most recent six months);
- (c) Transfer funds between Accounts ("transfers");
- (d) Transfers between Accounts are limited to Accounts with the exact same ownership and vesting;
- (e) Order check stock;
- (f) Make stop payment requests (on checks written by you);
- (g) Initiate Automated Clearing House (ACH) debits and Entries. Separate ACH Origination Agreement required; and
- (h) Initiate Wire Transfers. Separate Funds Transfer Agreement required.

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5. Delays in Updates

The balance and the activity information that you obtain through the System are updated after midnight each Business day. Updated information will normally be available to you after 4:00 a.m. Any same-day updates to the information appear as "Memo Posting," but balance information (even with Memo Postings) may not reflect all current transactions. For example, the "Balance After Memo Postings" may not reflect same-day over the counter transactions such as another depositor depositing a check drawn on your account.

6. Hours of Access

You can use the System seven days a week, twenty-four hours a day, although some or all System Services may not be available occasionally due to emergency or scheduled System maintenance. We will use reasonable efforts to post notice of any extended periods of non-availability on the System website.

7. You are Responsible for Your Password

For security purposes, you are required to change your password upon your initial login to the System. You determine what password you will use and that your password is not communicated to us.

8. You are Responsible for Confidentiality and Security

You accept responsibility for the confidentiality and security of your password and agree to change your password regularly. You agree to create a password that utilizes a minimum of six characters, including at least one letter, one number, and one special character (!, ?, \$, etc.), for purposes of security. Your password should not be associated with any commonly known personal identification, such as social security numbers, address, date of birth or names of children, and should be memorized rather than written down. Upon three unsuccessful attempts to use your password, your access to the System will be revoked. To re-establish your authorization to use the System, the Super User or Company Administrator must contact us to have their password reset or to obtain a new temporary password. All other users must contact their Super User or Company Administrator.

9. You are Responsible for Authorization Controls for Services

You are responsible for controlling access to the Services and for any limitations placed by you on the Services that may be used by other persons. The fact that we are or may be made aware of, or could have discovered, any limitation on access to a Service does not make us obligated to enforce or attempt to enforce any limitation. You understand that persons may utilize the System (including inquiries, Transfers, ACH or Wire Transfers) without regard to any restrictions otherwise applicable to an Account. For example, if a person directs transfers from a given Account, that person can initiate the Transfer, ACH, Wire or other Service whether or not he has been authorized to do so according to the signature card applicable to the Account. Also, if a person has signing authority over Account "A" but not over Account "B," but has access to the System Services, he or she could Transfer funds from "B" to "A" and then withdraw funds from "A." You agree that any arrangements with us to require one or more authorized signatures for transactions involving your Accounts do not apply to or limit our obligation to act upon instructions received by us through the System.

10. Risk of Loss Due to Unauthorized Instructions

We are authorized to act on instructions received under your password or otherwise authenticated using the System. Any instruction or message received by us after the System is accessed using a valid password (or other security procedure) will be deemed by us to be an authorized and valid instruction from you. We will be entitled to rely on this authority and you will be obligated and bound by all such instructions and messages even if in fact the instruction or message was not authorized by you. The risk of loss due to unauthorized instructions is yours.

11. Risk of Loss Due to Loss or Theft of Passwords or other Security Procedures

You also assume all risks associated with disclosure of any password or other security procedures to unauthorized persons, or any abuse of the System by authorized persons. We are not responsible for verifying whether a Transfer, ACH or Wire request, or other instruction, is or is not authorized by you other than through the verification process contained in the security procedures of the System. When a person is added or deleted by you (Super User), as a user of the System Services, we have no knowledge or control over who they are or what permissions they have been granted. Your company's Super User maintains complete control and responsibility for any passwords given to the additional users.

12. Compliance with Security Procedures/Protection of the Services

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You agree to limit disclosures of passwords (or other security procedures) to those who you authorize or who have a specific need to know and who have been authorized by you to use the System Services you desire. You will establish procedures to protect the confidentiality of all information relating to the Services, including all passwords and security procedures, and will promptly notify us if you know or suspect that codes, passwords or other security information is stolen, compromised, or misused. You will require authorized persons to create new passwords at reasonably frequent periods, based on your assessment of the security requirements appropriate for the System Services utilized by you.

13. Your Obligation to Review Security Procedures

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You will review and implement all security procedures available in connection with the System Services. After this review, you will notify us if your use of the System Services would necessitate or be better served by a level of security that exceeds that offered by the System. If you fail to notify us, you acknowledge and agree that the security aspects of the System Services are appropriate for your needs and will provide you with a commercially reasonable degree of security against unauthorized use.

14. Encryption of Data in Transit does Not Guarantee Privacy

Data transferred via the System is encrypted in an effort to provide transmission security. Notwithstanding our efforts to insure that the System is secure, you acknowledge that the Internet is inherently insecure and that all data transfers (including transfer requests and electronic mail) occur openly on the Internet. This means that the data transfers potentially can be monitored and read by others. We cannot and do not warrant that all data transfers utilizing the System will not be monitored or read by others. We will not send, and strongly suggest that you do not send, any confidential information unless using the electronic communication options provided in our customer Service section.

15. Fees and Charges

You agree to pay our fees and charges for your use of System Services. Our fees and charges can be reviewed on our Web site's "Commercial Enrollment" document and will be provided to you. You agree that fees and charges may be deducted from any of the Accounts maintained by you with us or any other account of yours. You agree to pay any additional charges for our services you request which are not covered by this Agreement. You are also responsible for telephone, internet service and any other third party fees you incur in connection with your use of the System. We may modify any fees or charges at any time. We will provide you with notice of any changed fees or charges, normally in advance of the effective date of the change.

16. Processing Transfers

Requests for Transfers from Account to Account received by us through the System before 4 p.m. on a Business day are posted and processed the same day. Transfer requests received by us after 4 p.m. on a Business day, or on a Saturday, Sunday or a banking holiday, will be posted and processed the next Business day.

17. Overdrafts (Order of Payments, Transfers, and other Withdrawals)

Credits to your Account will be made in accordance with our standard funds availability policy. If your Account has insufficient funds to perform all electronic fund transfers and other payments from the account for a given Business day, then:

- (a) Electronic funds transfers involving executed payment orders will have priority;
- (b) Electronic funds transfers initiated through the System which would result in an overdraft of your Account may, at our discretion, be canceled;
- (c) In the event the electronic fund transfers initiated through the System which would result in an overdraft of your Account are not canceled, overdraft charges may be assessed, pursuant to the terms of any deposit agreement for that Account;
- (d) Items may be dishonored or otherwise returned to avoid an overdraft; and
- (e) You authorize us to seek the return of any previously sent funds transfers.

18. Limits on System Transactions

Federal regulations limit the number of certain types of transfers from non-transaction accounts. You are limited to six pre-authorized electronic fund transfers and telephone transfers (including System transactions, checks and point-of-sale transactions) per month. Of these six transactions, you are limited to no more than three transactions per month payable to third parties by check, draft or similar order. Each fund transfer or payment through the System from your savings or money market deposit Account is counted as one of the transfers you are permitted each month from that Account. Demand deposit accounts are not subject to these transfer limitations. All transfers between Accounts or to third parties are subject to there being sufficient available funds to cover the amount of the transfer request in the affected account. We may at our option require pre-funding of any transfer or request before processing it. You agree to pay us in immediately available funds any amounts due to us as a result of our processing any funds transfer request or ACH Entry for you. If we allow transfers to be processed against insufficient funds, we are not obligated to continue that practice. We may from time to time impose lower limits on the amount of any funds transfer requests or on any ACH credit or debit Entries and their files, or require funding in advance of actual processing. We will communicate these limits to you if they are imposed.

19. Security Interest in Accounts

You grant us a security interest in all Accounts or other deposits (whether general or special) of yours at the Bank, and in all funds in such Accounts or other deposits, to secure your obligations to us under this Agreement. This security interest will survive termination of this Agreement. We may hold any funds on deposit with us by you after termination of this Agreement for up to 90 days following the expiration of any return or chargeback rights regarding any request or ACH Entry processed by you using the System or, if later, until any other claims to such funds have expired.

20. Disclosure of Account Information and Transfers

You agree that information about your Accounts or the transfers you make may be disclosed by us to others, both in connection with our providing the System Services and for other business purposes. For example, we may disclose personal information to third parties:

- (a) If we have entered into an agreement with another party to provide any of the Services;
- (b) If it is necessary for completing transfers or otherwise carrying out your instructions;
- (c) If it is necessary to verify the existence and condition of an Account for a third party;
- (d) In order to comply with laws, government agency rules or orders, court orders, subpoenas or other legal process or in order to give information to any government agency or official having legal authority to request such information;
- (e) In order to provide you with information about products and services that we or an affiliate offers that believe will be of interest to you; or
- (f) If you otherwise give us your specific permission.

21. Periodic Statements

You will get a monthly Account statement. It will not be a separate statement for banking transactions you make using the System. Transfers to and from your Accounts using the System will appear on the respective periodic statements for your Accounts. You will not receive separate confirmation of transfers to or from your Accounts through the System, other than the information provided to you using the System.

22. Change in Terms

We may change any term of this Agreement at any time. If advance notice of the change is not required by law, we will notify you of the change in terms after the change becomes effective. Changes will be effective on the date specified in our notice to you. If no date is specified, the change will be effective on the date of mailing to you. Your continued use of any or all of the System Services indicates your acceptance of the change in terms, but it is not necessary for you to continue to use the Services for the change to be effective. We reserve the right to waive, reduce or reverse charges or fees imposed on you or others in individual situations.

23. Your Right to Terminate

You may cancel your System Service at any time by providing us with written notice. Your access to the System may be suspended within 3 Business days of our receipt of instructions to cancel the Service from any person purporting to represent you. You will remain responsible for all transactions that occur prior to termination, whether termination by you or by us, and for any fees and charges incurred prior to the date of cancellation.

24. Our Right to Terminate

You agree that we can terminate or limit your access to the System Services for any of the following reasons:

- (a) Without prior notice, if you have insufficient funds in any one of your Accounts or breach any term of this Agreement. System Service may be reinstated, at our sole discretion, once sufficient funds are available to cover any fees, pending transfers, and debits.
- (b) Upon reasonable notice (including immediate), for cause (including the foregoing) or without cause, at our sole discretion.

25. Communications between Bank and You

You can write to us at Exchange Bank, P.O. 403, Santa Rosa, CA 95402-0403, Attn: Cash Management Services. We may write to you at the most current address shown on our records.

26. Automated Clearing House Entries

You may not process or use System Services to initiate Automated Clearing House (ACH) Entries unless and until we have specifically approved your doing so. You will be notified separately of any such approval by us and a separate ACH Origination Agreement is required. You agree to be bound by the Operating Rules of the ACH in connection with all ACH transactions, as the Rules may be amended from time to time. Even if approved, we may refuse to process any Entry or Entries at any time, and from time to time, either for cause or without cause. The term "Entry" will mean a debit or credit "Entry," as defined under the Rules, unless otherwise specified.

27. ACH Functions

The System will accommodate the following ACH functions (collectively, the "ACH Services"):

- (a) Payroll — These are credit Entries using a PPD or PPD+ code.
- (b) Collections — These are debit Entries using a CCD or CCD+ code.
- (c) ACH Payments — These are credit Entries using one of several codes (PPD, CCD or other).
- (d) ACH Receipts — These are debit Entries using one of several codes (PPD, CCD or other)

28. Other ACH Matters

In addition, as regards all ACH Services:

- (a) Compliance with OFAC Regulations You acknowledge that the ACH system may not be used in violation of, and that you must comply with, the laws of the United States, including sanctions laws administered by the Office of Foreign Asset Controls.
- (b) Provisional Payments The receiving depository financial institution ("RDFI") is the financial institution that receives Entries for credit or debit to the account of its depositor (a "Receiver"). You agree to be bound by the provision of the National Automated Clearing House (NACHA) Rules making payment of credit Entries by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for the credit transaction. You understand that if final settlement is not received, the RDFI will be entitled to a refund from the Receiver of the amount credited and you will not be deemed to have paid the Receiver. You also agree that any payment by us to you for any debit Entry, or returned credit Entry, is provisional until we receive final payment. We may delay your ability to use this provisional credit for some time.
- (c) Types of Entries You will not use the ACH Services to initiate represented checks (RCK), point of purchase (POP), PPD Account Receivable Truncated Checks or WEB Entries, unless specifically allowed by us. General approval of the ACH Services does not allow the foregoing Entries.
- (d) Authorization for Entries You agree to obtain the appropriate authorization from each

person owning or holding the account shown in Entry data delivered by you to us, and your instructions to us will conform to the authorization. Such authorization will be operative at the time of (A) sending of the related Entry to an ACH processor or (B) our crediting or debiting, as appropriate, of any Receiver's account. You will comply with any applicable state or federal laws applicable to Entries to or from consumer accounts. Where a preauthorized debit Entry from a consumer's account varies in amount from the previous debit Entry, you agree to comply with the notice requirements set forth in the Rules and in Regulation E of the Board of Governors of the Federal Reserve System, as applicable.

- (e) Processing Entries We will process Entries and settle for Entries in accordance with the Rules and this Agreement. Entry data for any reversal may or may not be processed by us, at our sole discretion.

29. Your Duty to Notify Us of Error

If you fail to notify us within 60 days after you receive notice (whether by paper statement or electronic statement) of an unauthorized or erroneous transfer or transaction, you will be precluded from asserting any lack of authorization or any error against us.

30. Limitation on Liability

As a condition precedent to any liability of ours, you must notify us in writing of any alleged negligence or breach of this Agreement by us as promptly as reasonably possible, but in no event later than 5 Business days following the day on which such alleged negligence or breach was, or could reasonably have been, discovered by you. Our entire liability and your sole remedy under this Agreement, whether or not the claim is in contract or tort, will not exceed an amount of the fees charged by us to you for your use of the Services during the 3-month period preceding the date of the alleged negligence or breach. Except as set forth herein, we will not be liable or have any responsibility of any kind or any loss or damage thereby incurred by you as a result, directly or indirectly, of any unauthorized person gaining access to, or otherwise making use of, the System. We cannot and do not warrant that the System will operate without errors, or that any or all System Services will be available and operational at all times.

31. NO CONSEQUENTIAL DAMAGES

IN NO EVENT WILL WE BE LIABLE FOR SPECIAL, GENERAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY OR SIMILAR DAMAGES, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY THEREOF. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTY OF NON-INFRINGEMENT OF THIRD PARTY PATENT OR OTHER PROPRIETARY RIGHTS. THIS PARAGRAPH WILL SURVIVE THE TERMINATION OF THIS AGREEMENT BY EITHER PARTY, AND ALSO LIMITS THE LIABILITY OF ANY AGENT, EMPLOYEE OR AFFILIATE OF OURS.

32. Indemnity

You will indemnify, defend and hold us harmless against any and all loss, liability, cost, charges or other expenses (including reasonable attorneys' fees) which we may incur or be subject to, arising out of or related directly or indirectly to any breach by you of your obligations under this Agreement.

33. Governing Law

This Agreement is also subject to applicable federal laws and the laws of the State of California (except to the extent this Agreement can and does vary such rules or laws, and excluding California rules governing conflicts of law). If any provision of this Agreement is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. The headings in this Agreement are for convenience or reference only and will not govern the interpretation of the provisions. Any waiver (express or implied) by either party of any default or breach of this Agreement must be in writing and shall not constitute a waiver of any other or subsequent default or breach. You may not assign this Agreement. This Agreement is binding upon your heirs, successors and assigns. Any of your obligations pursuant to this Agreement that by their nature would continue beyond the termination, cancellation or expiration of this Agreement shall survive termination, cancellation or expiration of this Agreement.

34. Miscellaneous

This Agreement (and any ACH Origination Agreement, or Funds Transfer Agreement) constitutes the entire agreement between you and us with respect to the subject matter hereof and there are no understandings or agreements relative hereto which are not fully expressed herein. The terms and conditions of the deposit agreements and disclosures for each of your Accounts, as well as your other agreements with us (such as for loans or other services), continue to apply except as specifically altered by this Agreement. This Agreement shall be effective when we accept and agree to it, as evidenced by our making one or more of the Services available to you. You represent and warrant that this Agreement, once duly executed and delivered by both parties, will be a valid agreement enforceable against you in accordance with its terms. You agree to cooperate with us in all manner reasonably requested by us, including providing us with information about you and executing and delivering to us any documents reasonably requested by us to further the purposes of this Agreement.

Agreed and Accepted this _____ day of _____, 2004.

SANTA ROSA CITY SCHOOL DISTRICT
COMPANY

By: _____

Type or Print Name

Title: _____

By: _____

Type or Print Name

Title: _____

EXCHANGE BANK

By: _____

Kris Briody

Type or Print Name

Title: _____
VP and Manager

Date Signed by Bank: _____ , _____



EXCHANGE BANK ACH ORIGATION AGREEMENT

This ACH Origination Agreement is made as of its effective date, by and between Exchange Bank, a California banking corporation ("Bank") and the corporation, limited liability company, partnership or other organization ("Customer") that agrees to the terms and conditions of this Agreement, as evidenced by Customer's application for Cash Management Services and/or ACH Services (each, as defined below) or by other communications from Customer, including execution and delivery of this Agreement. The effective date of this Agreement is the earlier of the date on which Customer begins using the ACH Services or as of the date shown below.

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Customer wishes to use the Automated Clearing House ("ACH") payment services and Bank is willing to provide one or more of such services to Customer, subject to the terms of this Agreement and the rules, as amended from time to time, of the National Automated Clearing House Association (NACHA), as applicable (the "Rules").

Now, therefore, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. ACH Services: Defined Terms

- (a) Subject to the terms and conditions of this Agreement, Bank agrees to allow ACH payment services (the "ACH Services") that have been selected by Customer and approved by Bank. Unless otherwise specified in writing by Bank, Customer may not initiate Entries using any standard entry code other than PPD and CCD (or CCD+), as set forth in the Rules in effect as of the date of this Agreement, and may not initiate represented checks (RCK), point of purchase (POP), PPD Accounts Receivable Truncated Checks or WEB entries, or any other entry class or code first authorized after the effective date of this Agreement. This Agreement shall not become effective with respect to any ACH Service unless Customer's access to that Service has been approved by Bank, as evidenced in a communication from Bank to Customer.
- (i) If Customer participates in Bank's Commercial Cash Management Services (the "CMS"), the ACH Services approved for Customer are those approved by Bank for Customer for use in the CMS. To the extent of any inconsistency between this Agreement and the Commercial Cash Management Access Agreement, this Agreement will govern ACH entries initiated by Customer using the CMS, including (as applicable):
- Bill Payment (where ACH credit entries are originated as part of bill payment).
 - Payroll
 - Collections
 - EFT Tax Payments
 - ACH Payments
 - ACH Receipts
- (i) If Customer does not participate in the CMS, the ACH Services approved for Customer are those listed on the attached Schedule A.
- (ii) Customer and Bank may agree from time to time to add one or more ACH Services.

- (b) Either Customer or Bank may discontinue any ACH Service upon notice to the other party. If all ACH Services are discontinued, this Agreement shall terminate automatically. Bank may terminate, or limit access to, one or more ACH Services or all ACH Services without prior notice to Customer if Bank reasonably believes that such action is necessary or appropriate to prevent loss to Bank.
- (c) Bank may electronically record any telephone communications relating to any Service and all other telephone communications with Customer. Customer shall take such steps as may be necessary or appropriate to obtain proper authorization for such recording from persons engaged in communications with Bank.
- (d) Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules. The term "Entries" shall have the meaning provided in the Rules and also shall include entries for credit or debit to an account maintained with Bank ("On-Us Entries) and (if used) any Prenotifications.

2. Compliance with Rules

Customer and Bank shall comply with and be subject to the Rules with respect to all Entries whether or not a particular Entry is distributed through the automated clearing house ("ACH") network, except as otherwise expressly provided herein. Unless the context otherwise requires, the Rules shall apply to On-Us Entries. Customer shall act as an Originator and Bank shall act as an Originating Depository Financial Institution with respect to Entries. Bank may take all action or inaction as may be required by the Rules. Customer shall comply with all Rules applicable to Customer and all Entries processed on its behalf. In the event of a fine due to any violation by Customer of any ACH Rules, or if NACHA imposes a fine on Bank because of the Customer's actions (whether or not in violation of the Rules), Bank may charge the fine to the Customer and Customer agrees to pay the same. Customer agrees not to initiate entries in excess of the maximum amount (individual or aggregate) authorized for Customer by Bank, as previously communicated by Bank to Customer and as Bank may increase or decrease from time to time. Bank may reject any file that exceeds such amounts (individual or aggregate).

3. Provisional Payments

- (a) Customer agrees to be bound by the provision of the Rules making payment of a credit Entry by the Receiving Depository Financial Institution ("RDFI") to the Receiver provisional until receipt by the RDFI of final settlement for such credit Entry. Customer understands that if final settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Customer shall not be deemed to have paid the Receiver the amount of the credit Entry.
- (b) Customer agrees that any payment by Bank to Customer for any debit Entry, returned credit Entry or credit Reversal (as "Reversal" is defined in Paragraph 13 of this Agreement) is provisional until receipt by Bank of final settlement for such Entry. If final settlement is not received, or if funds provided after final settlement are removed from the control of Bank pursuant to legal or other process binding on Bank, Bank is entitled to a refund from Customer of the amount credited and Bank may charge Customer's account for the amount credited. Bank may refuse to permit the use of any amount credited for a debit Entry or credit Reversal if it believes that there may not be sufficient funds in the Customer's account to cover chargeback or return of such Entry or Reversal.

4. Compliance with Laws; Consumer Debts

Customer agrees to comply with any applicable state or federal law in connection with its use of the ACH Services and the fulfillment of its obligations under this Agreement. Without limiting the foregoing, Customer agrees to comply with the notice requirements set forth in the Rules, the Electronic Fund

Transfer Act, and Regulation E of the Board of Governors of the Federal Reserve System, as applicable, in connection with preauthorized debit Entries from a consumer's account, including:

- (a) Before the initiation by Customer of the first Entry to a Customer's Account, Customer shall obtain from such Customer an authorization to initiate one or more Entries to the Customer's Account, which authorization shall comply with Regulation E and the Rules. Bank does not warrant or guarantee the form or substance of any sample forms provided by Bank to Customer for this purpose. Preauthorized Debit Entries to a consumer account must be authorized in writing signed by the Customer. Each Entry thereafter shall be made pursuant to such authorization, and no Entry shall be initiated by Customer after such authorization has been revoked or the arrangement between Customer and such Customer has terminated. Customer shall retain Customer authorizations for two years after they are terminated, and other documents related to Entries for a period of seven years. Customer shall at Customer's expense immediately furnish such authorizations and documents to Bank upon Bank's request. If Customer uses electronic authorization by receivers, Customer must inform the Bank in advance and must comply with all laws, rules and regulations applicable to electronic records, communications and writings.
- (b) If the amount of a Debit Entry to a consumer Customer's Account varies in amount from the previous Debit Entry relating to the same authorization or preauthorized amount, Customer shall, at least ten (10) calendar days before the Effective Entry Date of such Debit Entry, send the Customer written notice of the amount of such Debit Entry and its Effective Entry Date, unless Customer has previously been notified of Customer's right to receive such notice and Customer has elected to receive such notice only when the Debit Entry does not fall within a specified range of amounts or varies from the most recent Debit Entry by an agreed amount.
- (c) If any change is made by Customer in the scheduled Effective Entry Date of one or more consumer Debit Entries, Customer shall, at least seven (7) calendar days before the Effective Entry Date of the first such Debit Entry to be affected by such change, send the Customer a written notice of the new Effective Entry Date(s) of such Entry or Entries.

5. Delivery of Entry Data by Customer

Customer may, from time to time, deliver data for Entries ("Entry Data") to Bank; provided that Customer has successfully completed any required implementation testing prior to commencement of the applicable Service. The Entry Data shall be in the form, have the content, and be delivered to Bank in conformity with the Rules and any Bank Entry Data requirements provided to Customer, as amended by Bank from time to time. In the event of any conflict between Bank Entry Data requirements and the Rules, the Bank Entry Data requirements shall govern. Customer shall deliver such Entry Data in compliance with the Security Procedures (as defined in subparagraph 7(a) of this Agreement). Customer acknowledges that Entries through the ACH system may not be used by Customer in violation of, and the Entries originated by Customer must comply with, the laws of the United States, including sanctions laws administered by the Office of Foreign Asset Controls.

6. Issuance of Checks

Customer authorizes Bank to issue depository transfer checks and demand drafts ("Checks") to debit accounts at financial institutions to accomplish the same purpose as debit Entries, as instructed by Customer or as reasonably determined by Bank as appropriate for efficient processing of transfers of funds.

7. Security Procedures

- (a) The security procedure (the "Security Procedure") agreed to by Customer for use in connection with the delivery of Entry Data to Bank in the name of Customer is described in Schedule B.
- (b) Customer and Bank agree that the purpose of the Security Procedure is to verify the authenticity of Entry Data delivered to Bank in the name of Customer and not to detect an error in the transmission or content of any Entry Data. Customer agrees that Bank may act upon any Entry Data, the authenticity of which has been verified by Bank through the use of the Security Procedure.
- (c) Customer understands that any passwords, codes, security devices and related instructions (collectively "Materials") provided by Bank in connection with the Security Procedures are confidential. Customer agrees to safeguard the Materials at all times and to establish and maintain procedures to assure the confidentiality thereof. Customer agrees not to disclose the Materials to any person, firm, corporation or governmental entity, except Customer's authorized personnel. Customer shall not make or allow anyone else to make any copies, in whole or in part, of any Materials or to disassemble, decompile or reverse-engineer any security device. Customer shall notify Bank immediately if the confidentiality of any of the Materials is breached. The obligations in this subparagraph 7 (c) shall survive termination of this Agreement.
- (d) If any Service is terminated for any reason, Customer shall, with respect to the applicable Service, (i) immediately cease using the related Materials, (ii) return to Bank any related Bank-provided security devices and, (iii) at the option of Bank, either return to Bank or destroy all physical embodiments of any other related Materials. The obligations in this subparagraph 7(d) shall survive termination of this Agreement.
- (e) If Customer participates in the Commercial Cash Management, the Supervisor Function allows a designated supervisor to add and delete persons as authorized users of the ACH Services, or to modify access levels to the ACH Services for a person (a "Designee"), and Bank may accept any act of a Supervisor or of any Designee as the act and deed of Customer through its authorized agents.

8. Security Devices; Disclaimer of Warranties

- (a) Any security device provided by Bank to Customer for use in connection with a Service is the property of Bank. If Customer notifies Bank that a security device is defective or inoperable and returns such device to Bank, Bank will issue Customer a replacement security device for the device claimed to be defective or inoperable. Notwithstanding any other provision of this Agreement or otherwise, Bank's issuance of a replacement security device is Customer's sole remedy and Bank's sole obligation concerning defective and inoperable security devices.
- (b) BANK SPECIFICALLY AND EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING BUT NOT LIMITED TO THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, REGARDING EACH AND EVERY SECURITY DEVICE.
- (c) Customer shall have sole responsibility for the custody, control and use of each security device. Customer shall promptly return to Bank each security device that becomes inoperable or is removed from service.

9. Authorized Agents

Customer shall, prior to its first use of the applicable ACH Service, provide Bank with Resolutions containing the names of the persons (the "Authorized Agents") who are authorized by Customer to provide instructions or communications to Bank. Bank may rely on these resolutions until Bank receives duly authorized written notice from Customer of a change. Such notice shall be effective on the second business day following Bank's receipt of it. Bank may rely on Entry Data information and any confirming

instructions from any person Bank believes to be an Authorized Agent. Notwithstanding the foregoing, Customer understands that Entries are processed by Bank on an automated basis, and the Bank authenticates Entries pursuant to the Security Procedures rather than based on signature or other comparison with the information contained regarding any Authorized Agent. Thus, Entries may be processed by persons who are not listed as Authorized Agents, if such the communication complies with the Security Procedures.

If Customer participates in the Commercial Cash Management Services, then the Authorized Agents are those specified in the Commercial Cash Management Resolutions.

10. Processing, Sending and Settlement by Bank.

Except as provided in Paragraphs 11 and 12 and subject to subparagraph 10(a), Bank will (i) process Entry Data received from Customer, (ii) send the related Entries to the ACH processor selected by Bank, and (iii) settle for such Entries in accordance with the Rules, as applicable. Notwithstanding the foregoing, to protect itself Bank may from time to time not process Entry Data, either for cause or without cause and either with or without prior notice to Customer.

- (a) Bank will send Entries to its selected ACH processor by the applicable deadline prior to the Effective Entry Date shown in the related Entry Data, provided (i) such Entry Data are received by Bank by its applicable file input deadline on a Business Day within the applicable processing window for the distribution cycle agreed to by Customer and Bank and (ii) the selected ACH processor is open for business. For purposes of this Agreement a "Business Day" is any day, other than Saturday or Sunday, on which Bank is open for general banking business in California. Entry Data received by Bank after the applicable file input deadline on a Business Day may be treated by Bank as received on the next Business Day. Entry Data are not deemed received by Bank until the complete file in which the Entry Data are included has been received at the specific Bank ACH Operations location designated in writing by Bank.
- (b) If any of the conditions of subparagraph 10(a) is not met, Bank will use reasonable efforts to send Entries to its selected ACH processor by the ACH processor's next applicable deadline, on a day on which the ACH processor is open for business, or otherwise to handle the Entries in accordance with any exception processing arrangements agreed to between Customer and Bank.

11. On-Us Entries

Except as provided in Paragraph 12, in the case of any On-Us Entry Bank will credit or debit, as appropriate, the Receiver's account in the amount of such Entry on the Effective Entry Date contained in the related Entry Data, provided such Entry Data are received by Bank by its applicable file input deadline on a Business Day within the applicable processing window for the distribution cycle agreed to by Customer and Bank. If the condition of the immediately preceding sentence is not met, Bank will use reasonable efforts to credit or debit, as appropriate, the Receiver's account in the amount of such Entry no later than the next Business Day following the Business Day of receipt.

12. Rejection of Entry Data or Entries

Bank may from time to time refuse to process an ACH Entry, either with or without cause and with or without prior notice to Customer. Bank will not be responsible or liable to the Customer for any costs, damages or other losses the Customer may incur arising out of or relating to any refusal by the Bank to process an Entry. Without limiting the foregoing, Bank may reject any Entry Data or Entry which does not comply with the requirements of Paragraph 5 or any other written Bank requirements provided by Bank to Customer from time to time or for any reason for which an Entry may be returned under the Rules. Bank

also shall have the right to reject any Entry Data if Bank has attempted but is unable to verify the authenticity of the Entry Data in accordance with the applicable Security Procedure or if Customer has failed to satisfy its obligations under Paragraph 14 of this Agreement. Bank will give notice of rejection to Customer by telephone, electronically, by facsimile, or in writing, as Bank deems appropriate under the circumstances. Written notices may be sent by ordinary mail. Notices of rejection shall be effective when given. Bank will give the notice of rejection within two Business Days of (i) the Business Day such Entry would otherwise have been sent by Bank to the selected ACH processor or, (ii) in the case of an On-Us Entry, the Business Day the Entry would otherwise have been credited or debited to the Receiver's account. Bank shall have no liability to Customer for the rejection of any Entry Data or Entry as permitted under this Agreement, and Bank shall have no obligation to pay interest to or otherwise compensate Customer, credit Customer's account or make any adjustment to Customer's account analysis statement (if any) with respect to any interest or interest equivalent for the period before Customer receives the notice of rejection.

13. Cancellation or Amendment by Customer

Customer may not cancel or amend any Entry Data after its receipt by Bank. Customer may deliver Entry Data to Bank for reversing Entries ("Reversals") pursuant to the Rules, subject to Paragraph 5 of this Agreement; however, Bank has no liability if such Reversals are not effected. Notwithstanding any other provision of this Agreement, Customer agrees to indemnify and hold Bank harmless from and against any and all actions, claims, demands, losses, liabilities, damages, costs and expenses whatsoever (including but not limited to reasonable attorneys' fees, expenses of litigation and allocated costs for in-house legal services) arising out of or relating to Bank's acting or attempting to act upon any Entry Data for Reversals delivered to Bank by Customer.

14. Payment with Respect to Entries

Customer is obligated to pay Bank in immediately available funds an amount equal to the sum of all credit Entries or debit Reversals related to Entry Data delivered to Bank by Customer prior to Bank's (i) sending any credit Entry or debit Reversal to its selected ACH processor or (ii) in the case of any On-Us Entry, credit or debiting, as applicable, a Receiver's account with respect to any credit Entry or debit Reversal. Bank may, in its discretion, (i) send any credit Entry or debit Reversal to its selected ACH processor or (ii) in the case of any On-Us Entry, credit or debit, as appropriate, a Receiver's account with respect to any credit Entry or debit Reversal without Customer first having paid Bank the amount of such credit Entry or debit Reversal, as required. In each such case Customer agrees to pay Bank immediately, in immediately available funds, the amount of such credit Entry or debit Reversal, whether or not demand is made. Bank is not obligated, however, to continue (i) to send any credit Entry or debit Reversal to its selected ACH processor or (ii) in the case of any On-Us Entry to credit or debit, as appropriate, a Receiver's account with respect to a credit Entry or a debit Reversal without having first been paid by Customer, and Bank is not required to give notice that it will no longer continue such action, regardless of whether it may have done so previously.

- (a) Customer shall pay Bank in immediately available funds for the amount of any rejected Entries and for the amount of any returned debit Entries, any returned Checks or any Adjustment Entries accepted by Bank, which Bank has previously credited to Customer's account. Such amounts shall be immediately due and payable by Customer to Bank. Returned debit Entries and returned Checks, if any, appear on Customer's regular returned item reports to the extent agreed to between Customer and Bank, and Customer agrees that Bank need not send a separate notice of debit Entries or Checks which are returned unpaid.

15. Payment for ACH Services; Taxes

- (a) Customer shall pay Bank its fees and charges for the ACH Services in accordance with Bank's schedule of charges. Bank shall provide Customer a copy of the current schedule of charges upon request. All fees and charges are subject to change upon prior written notice from Bank to Customer, except that any increase in fees to offset any increase in rates charged Bank by public or private or common carrier communications facilities and third-party servicers used by Bank or by Customer (collectively "Vendors") for services affecting the ACH Services shall become effective on the same day as any Vendor's rate increase. Bank will, however, use reasonable efforts to give Customer prior written notice of fee increases due to Vendors rate increases. Amounts due to Bank may at Bank's option be determined and paid according to Bank's account analysis procedures, unless Customer arranges another payment procedure acceptable to Bank.
- (b) Customer shall pay or reimburse Bank for any sales and use taxes, where applicable, and any other governmental charges payable by Bank (including property taxes) levied, imposed or assessed on any Service or any security device, equipment, documentation, printed materials, training or maintenance relating to this Agreement, and any other such taxes or charges arising out of or in any way relating to this Agreement, excluding, however, taxes based upon Bank's net income.

16. Accounts

- (a) Customer shall maintain and designate an account or accounts with Bank which Bank may use for debiting or crediting with respect to all Entries and Checks and related adjustments and charges under this Agreement (collectively the "Accounts" and individually an "Account"). Customer represents and warrants that the Accounts are, and during the term of this Agreement will be, maintained primarily for commercial, and not personal, family or household, purposes. Customer further represents and warrants that the debiting of the Accounts as provided under this Agreement is not inconsistent with any restriction on the use of the Accounts. Customer agrees that it shall be deemed to make and renew each representation and warranty made in this Paragraph 16 on and as of each day it uses any ACH Services.
- (b) Customer agrees that Bank may hold all funds in an Account if Bank reasonably determines that there are inconsistent instructions regarding settlement or claims on the Account (including, without limitation, any claim by judgement creditor of a Customer, levy or other legal process, or proceeding in bankruptcy). Bank may interplead any or all funds, freeze or hold funds, prevent withdrawals or transfers, or otherwise act to prevent or reduce loss or risk to Bank, and (in addition to any other remedy Bank may have) Customer shall reimburse Bank for any costs associated with the same.
- (c) Bank may from time to time establish minimum amounts to be funded by Customer as reserve amounts. Bank will provide notice to Customer of any reserve requirement, and Customer shall immediately fund the reserve amount with good funds. Bank may withhold and use any amounts due to Customer to maintain any required reserve amounts. To secure all obligations of Customer to Bank arising from this Agreement or any other agreement between Bank and Customer, Customer grants to Bank a security interest in all accounts of Customer at Bank, all funds in those accounts, any reserve accounts or funds therein, all Entries (including any funds in process of settlement), whether now or hereafter established by or for the benefit of Customer at Bank, and all proceeds of the foregoing. Bank's security interest will survive after termination of this Agreement. This Security Interest is supplemental to and not in lieu of the security interest granted by Customer to Bank under any other agreement.

17. Erroneous or Unauthorized Entries; Dishonor of Returned Entries

- (a) Customer understands information with respect to Entries sent by Bank to its selected ACH processor and On-Us Entries credited or debited, as appropriate, to a Receiver's account will be reflected on Customer's periodic account statements issued by Bank with respect to the applicable Account and also may be made available to Customer by an electronic report produced through one of Bank's information reporting

services if Customer has subscribed to such services (each such statement or report being a "Bank Statement"). Customer shall examine such Bank Statements and shall give Bank prompt written notice (including a statement of relevant facts) of any unauthorized or erroneous Entry or any other discrepancy between Customer's records and the information shown on the relevant Bank Statement within 10 calendar days after Customer's receipt of the first relevant Bank Statement indicating a discrepancy. If Customer fails to give Bank such written notice, Bank shall not be liable for or otherwise be required to compensate Customer (through account analysis or otherwise), with respect to any loss of interest or any interest equivalent relating to the unauthorized or erroneous Entry or discrepancy. If Customer fails to notify Bank of any discrepancy within 60 calendar days of receipt of the first relevant Bank Statement, Customer shall be precluded from asserting that Bank is not entitled to retain any payment received from Customer relating to the Entry or discrepancy. Customer shall notify Bank promptly in writing if it learns of or discovers from any source other than a Bank Statement any information concerning an unauthorized or erroneous Entry.

- (b) Customer has no right to request Bank to dishonor any returned Entry unless Customer gives Bank such request in writing, together with any relevant information required under the Rules, and Bank receives such written request and information within ten Business Days after Bank has notified Customer of Bank's receipt of the returned Entry. Bank will give notice of returned Entries by the means and to the extent agreed to between Customer and Bank for such notices. Notice by Bank of a returned Entry shall be effective when given.

18. Customer Representations and Warranties

- (a) Customer represents and warrants that:

- (i) It has the corporate power and authority to execute, deliver and perform this Agreement:
- (ii) It has obtained the appropriate authorization from each person owning or holding the account shown in Entry Data delivered by Customer to Bank, and Customer's instructions to Bank conform to the authorization, and such authorization will be operative at the time of (A) Bank's sending of the related Entry to an ACH processor or (B) Bank's crediting or debiting, as appropriate, of the related On-Us Entry to the Receiver's account or (C) Bank's issuance of Checks: and
- (iii) Customer's execution, delivery and performance of this Agreement and the transactions contemplated herein have been duly authorized by all necessary action and do not (A) violate any provision of any applicable law, rule or regulation (including but not limited to any licensing requirement(s) or of Customer's charter or bylaws or other governing documents, as applicable, or (B) result in the breach of, constitute a default under, or require any consent under any agreement or instrument to which Customer is a party or by which Customer is bound.

- (b) Customer hereby makes the same representations and warranties to Bank with respect to Entries sent by Bank to an ACH processor upon the authorization of Customer as Bank is deemed to make under the Rules, and Bank shall have no responsibility with respect to matters so represented and warranted by Customer. The foregoing sentence shall not apply to any representation or warranty contained in the Rules relating to (i) the power of Bank under applicable law or (ii) the conformity of Entries to the file specifications contained in the Rules.

- (c) Customer agrees that it shall be deemed to make and renew each representation and warranty made in subparagraphs 18(a) and (b) on and as of each day on which it delivers Entry Data to Bank.

19. Limitation on Liability; Compensation.

- (a) For Entries other than those described in subparagraph 19(b), and for Bank's other obligations under this Agreement, Bank will not be liable for any expense, claim, loss, damage, or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result from its acts or omissions constituting negligence, subject to the limits in the next succeeding sentence. Bank's liability is limited to direct money Damages actually incurred by Customer in an amount not exceeding the greater of (i) the fees for the Service during the two months preceding the month in which the acts or omissions occurred, or (ii) compensation equivalent to interest, for the period of delay, on the amount of any debit Entry or Check which Bank delayed crediting to Customer's account, calculated in accordance with subparagraph 19(f) or (iii) the amount, if any, debited by Bank from Customer's account for (A) any credit Entries sent by Bank to an account not specified in the Entry Data or (B) any overpayments for which Bank is liable and Customer is unable to recover. If such an overpayment or incorrect transfer occurs, Bank also will calculate and pay or credit Customer compensation equivalent to interest on the overpayment or the amount incorrectly transferred, as applicable, as provided in subparagraph 19(f). Customer shall use reasonable efforts to assist Bank in recovering the amount of any overpayments.
- (b) For Entries subject to Division 11 of the California Commercial Code ("Division 11") governing funds transfers, Bank will not be liable for any Damages arising out of or relating to its performance under this Agreement other than those Damages required to be paid under Division 11; provided, however, that Bank will not be liable for any such Damages to the extent otherwise provided in this Agreement
- (c) Bank will not be responsible for the acts or omissions of Customer or Customer's officers, employees, or agents (including without limitation the amount, accuracy, timeliness of delivery or due authorization of any Entry Data received from Customer) or the acts or omissions of any other person, including without limitation any national or regional clearing house association or any other financial institution or any Vendors, and no such person shall be deemed Bank's agent.
- (d) In no event will Bank be liable for any special, indirect, exemplary, or consequential damages, including but not limited to lost profits.
- (e) Bank will be excused from failing to act or delay in acting, and no such failure or delay shall constitute a breach of this Agreement or otherwise give rise to any liability of Bank if (i) such failure or delay is caused by circumstances beyond Bank's control, including but not limited to legal constraint, emergency conditions, action or inaction of governmental, civil or military authority, fire, strike, lockout or other labor dispute, war, riot, theft, flood, earthquake or other natural disaster, breakdown of public or private or common carrier communications facilities, computer malfunction, or act, negligence or default of Customer, of (ii) such failure or delay resulted from Bank's reasonable belief that the action would have violated any guideline, rule, or regulations of any governmental authority.
- (f) In the event Bank is obligated to pay compensation equivalent to interest, Bank will pay such compensation, or credit Customer's account, as Bank determines, upon written demand by Customer. Compensation equivalent to interest for the relevant period will be calculated as follows:
- (i) if the applicable account is an analyzed account, Bank will calculate the amount using the earnings credit rate(s) for the account for the relevant period according to Bank's published account analysis procedures;
 - (ii) if the applicable account is a non-analyzed interest bearing account, Bank will calculate the amount using the interest rate(s) for the account for the relevant period; or
 - (iii) if the applicable account is a non-analyzed non-interest bearing account, Bank will calculate the amount using the average of the Federal Funds rate published by the Federal Reserve Bank of

San Francisco for the relevant period, adjusted by a percentage equal to the reserve requirement for the account.

- (g) Notwithstanding any other provision of this Agreement, if Bank would be obligated to pay compensation equivalent to interest when Customer had a withdrawable credit balance in the applicable account and such account was an analyzed account, Bank will not be obligated to pay any compensation other than in accordance with Bank's published account analysis procedures.

20. Indemnification

Customer shall indemnify and hold Bank harmless from and against any and all actions, claims, demands, losses, liabilities, damages, costs and expenses whatsoever (including but not limited to attorneys' fees, expenses of litigation and allocated costs for in-house legal services) arising out of or relating to:

- (a) any Entry Data or Entry delivered or authorized by Customer, or any Entry Data the authenticity of which was verified pursuant to the Security Procedures, including any fines assessed as a result of such Entry Data or Entries.
- (b) any claim that Bank is responsible for any act or omission of Customer or any other person described in subparagraph 19(c);
- (c) any breach of any of the representations and warranties in Paragraph 18 of this Agreement; and
- (d) any other claims, disputes or actions by third parties concerning Customer's use of the Service or Bank's acts or omissions in providing the Service, except this clause does not apply to the gross negligence or intentional misconduct of Bank.

Customer's obligations hereunder shall survive the termination of this Agreement.

21. Inconsistency of Receiver Name and Account Number

Customer acknowledges and agrees that, if Entry Data describes a Receiver inconsistently by name and account number, payment of the related Entry may be made by an RDFI (or by Bank in the case of an On-Us Entry) solely on the basis of the account number supplied by Customer even if it identifies a person different from the named Receiver.

22. Inconsistency of RDFI Name and Number

Customer acknowledges and agrees that, if Entry Data describes the RDFI inconsistently by name and identifying number, payment of the related Entry may be made solely on the basis of the identifying number supplied by Customer even if the identifying number identifies a person different from the named RDFI.

23. Advertising

Neither Customer nor Bank shall use the other party's name or refer to the other party directly or indirectly in any advertisement, new release, or other release to any publication without receiving the other party's specific prior written approval for each such use or release. In addition to the foregoing, neither Customer nor Bank shall use the other party's name or refer to the other party directly or indirectly in any solicitation or marketing materials without receiving the other party's specific prior approval for each such use or release. This paragraph shall not limit either party's ability to satisfy any governmentally or judicially required disclosure.

24. Relationship

Nothing contained in this Agreement shall create any agency, fiduciary, joint venture or partnership relationship between Customer and Bank.

25. Vendors

Bank makes no representation or warranty regarding any Vendor's service.

26. Notices; Instructions

- (a) Except as otherwise expressly provided herein, Bank shall not be required to act upon any notice or instruction received from Customer or any other person, or to provide any notice or advice to Customer or any other person with respect to any matter under this Agreement.
- (b) Except as otherwise expressly provided herein, any written notice or other written communication to be given under this Agreement shall be given by mailing the same, postage prepaid, or by personal delivery to each party at the addresses set forth on the signature page of this Agreement or to such other address as a party may specify in writing. Except as otherwise expressly provided herein, any such notice shall be effective upon receipt.

27. Termination of Agreement

Subject to termination of a particular Service pursuant to subparagraph 1(b), ACH Services shall continue until this Agreement is terminated as provided below:

- (a) This Agreement may be terminated by either party upon ten (10) days prior written notice to the other.
- (b) This Agreement may be terminated by Bank at any time by written notice if (i) Customer breaches any of the terms of this Agreement or any other agreement with Bank or any agreement involving the borrowing of money or the extension of credit; (ii) Customer suffers any seizure, levy or other legal process, investigation or regulatory enforcement action, liquidates, dissolves, merges into or consolidates with another entity, or sells, leases or disposes of a substantial portion of its business or assets; (iii) Customer terminates its business, fails generally to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or if any bankruptcy, reorganization, arrangement, insolvency, dissolution or similar proceeding is instituted with respect to Customer, or if Customer makes any assignment for the benefit of creditors or enters into any composition with creditors or takes any corporate action in furtherance of any of the foregoing; or (iv) suffers any material adverse changes occurs in Customer's financial condition or results of operations or ability to perform its obligations hereunder. Customer shall promptly given written notice to Bank of the occurrence of any of the foregoing events.
- (c) Termination of a Service or of this Agreement shall not affect (i) the rights and obligations of the parties with respect to any Entries initiated or Checks issued prior to termination or (ii) the payment obligations of Customer with respect to ACH Services performed by Bank prior to termination or (iii) any other obligations which survive termination of this Agreement.

28. Agreement

This Agreement supersedes any prior agreement(s) between Customer and Bank with respect to the subject matter hereof. In the event of conflict between this Agreement and the Rules, the Rules shall govern. Except as otherwise expressly provided herein, in the event of any conflict between this Agreement and any other document or oral statement (including without limitation any deposit agreement between Customer and Bank) the terms of this Agreement shall govern.

29. Severability

In the event that any provision of this Agreement or the application of any such provision to any person or set of circumstances shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

30. Non-Assignment

Neither Customer nor Bank may assign any of its rights under this Agreement without the prior written consent of the other party.

31. Binding Agreement; Benefit

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against Customer or Bank hereunder.

32. Headings

Headings are used for reference purposes only and shall not be deemed a part of this Agreement.

33. Governing Law

This Agreement shall be interpreted in accordance with California law without reference to California principles of conflicts of law.

34. Waiver

No delay or omissions by Bank to exercise any right under this Agreement shall impair any such right, nor shall it be construed to be a waiver thereof. No waiver by Bank of any single breach or default under this Agreement shall be deemed a waiver of any other breach or default. Any waivers under this Agreement must be in writing.

Agreed and Accepted this _____ day of _____, 2004.

SANTA ROSA CITY SCHOOL DISTRICT
COMPANY

By: _____

Type or Print Name

Title: _____

By: _____

Type or Print Name

Title: _____

EXCHANGE BANK

By: _____

Kris Briody

Type or Print Name

Title: _____ VP and Manager

Date Signed by _____ ,

Bank: _____

**ACH ORIGATION AGREEMENT
SCHEDULE A**

TRANSMISSION LOCATION: Exchange Bank
Operations Center
440 Aviation Blvd.
Santa Rosa, Ca 95403

COMMUNICATIONS PHONE NUMBER: 707-521-5074 (EB Online)
707-573-1012 (Norton PCAnywhere v. 5.0-8.0)
707-579-2594 (Norton PCAnywhere v. 9.0)

FACSIMILE NUMBER: 707-573-8293

BANK CONTACT(s)	PHONE NUMBER
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Account Officer:

ACH Representatives: Heidi McKeever, Cash Management Services	707-524-3235
Susan Hawkyard, Cash Management Services	707-524-3008

FORMAT REQUIREMENTS:

EB ONLINE: Requires a PC and access to the internet.

PC ANYWHERE:

The Company PC will automatically dial-up Bank at the location cited above.

All entries shall be in "NACHA" format, as specified in the ACH Rules, including an Originator Status Code of [1] identifying the originator as a depository financial institution.

TRANSMISSIONS TO BANK INITIATED BY:

- ☐ Company, using Exchange Bank's "EB Online" Cash Management System
- ☐ Company, using Direct-Send method, such as PC Anywhere

<input type="checkbox"/> Service Bureau		
	Company Name	Phone

ACH ORIGATION AGREEMENT SCHEDULE B

SECURITY PROCEDURES

EB ONLINE SECURITY

The minimum encryption for using EB Online is 128-bit encryption. Each user is assigned a User ID and must choose a password of 6 or more characters which should include alpha and numeric characters. As a security standard, Exchange Bank recommends a process of dual control where the functions of setup, draft, and authorization are segregated for any ACH origination transaction.

PC ANYWHERE AND THIRD PARTY PROVIDERS SECURITY

An Authorized Representative of the Company must contact Bank prior to sending an ACH file, and provide the total dollar amount and the number of records on the transmission, tape or diskette. The preferred notification method is a Facsimile (FAX) notice with authorized signature. Telephone contact may be used in lieu of the FAX.

Bank will contact an Authorized Representative of the Company to confirm receipt of transmission, tape or diskette and the total amount of entries. The preferred method of contact is by return Facsimile (FAX) of the File Verification signed and dated with the following text: "File Received and Processed". Telephone contact may be used in lieu of the FAX.

Company must contact Bank (Schedule A: Telephone Notification Number or an ACH Representative) if File Verification is not received by 4:00 p.m. on the day the ACH file is sent to Bank. The ACH File may not have been processed if Company does not receive File Verification.

CANCELLATION OF DATA

Bank may, at its option, cancel an entire file prior to transmission to the ACH if:

- 1) Total dollar amount exceeds established limits;
- 2) Authorized Representatives of the Company have requested this of the Bank.

Once a file is transmitted to the ACH, Bank will make every effort to arrange a reversal of the entry if an Authorized Representative of the Company requests this action.

ACH ORIGATION AGREEMENT SCHEDULE C

FEE SCHEDULE:

PRODUCT

ANALYSIS FEE

Cash Management Balance Reporting EB Online Transaction Origination

Basic Access with Balance Reporting	\$20.00 per month
Balance Reporting with ACH and/or Federal & CA Tax origination	\$25.00 per month
Transaction fee – ACH	\$5.00 per file
Item fee – ACH	\$0.10 per item
Transaction fee – Federal & CA Tax Payment	\$3.00 per tax payment
Balance Reporting with ACH, Wire Transfer and Federal & CA Tax Payments origination	\$35.00 per month
Transaction fee – ACH	\$5.00 per file
Item fee – ACH	\$0.10 per item
Transaction fee – Federal & CA Tax Payment	\$3.00 per tax payment
Transaction fee – Outgoing Domestic Wire Transfer	\$20.00 per wire transfer
Transaction fee – Outgoing Foreign Wire Transfer	\$35.00 per wire transfer

ACH Payroll Direct Deposits

Direct send initial set up fee	\$150.00
Transaction fee	\$12.50 per electronic file
Third party initial set up fee	\$50.00
Transaction fee	\$12.50 per electronic file

RELATED SERVICES

Returned Items - per item	\$ 5.00
Notification of Changes - per item.....	\$ 5.00
Deletions	\$ 10.00
Reversals	\$ 10.00

**ACH ORIGATION AGREEMENT
SCHEDULE D**

TRANSMISSION SCHEDULE

Input Specifications:

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Daily | <input type="checkbox"/> Weekly |
| <input type="checkbox"/> Bi-Weekly | <input type="checkbox"/> Semi-Monthly |
| <input type="checkbox"/> Monthly | <input type="checkbox"/> Other (please specify)-
_____ |

Notes: _____

CREDIT LIMIT REQUEST

	PPD	CCD
Maximum projected ACH file:	\$ 50,000	\$ _____

Note: PPD = Payment to personal or payroll. CCD = Payment to company or taxes.

TRANSMISSION DEADLINE

Bank Cut-off time: Transmission must be received from company/service bureau by 4:00 p.m. two business days before Effective Entry Date.

OFFSET ACCOUNT

Account Number for Settlement Entry: _____
Settlement Date for Company Offset Entry will be the Effective Entry Date.

**ACH ORIGATION AGREEMENT
SCHEDULE E**

AUTHORIZED COMPANY REPRESENTATIVES - Names and Signatures

Please enter the names and obtain signatures of your contacts that will make operational decisions. These contacts are authorized by the account signers, however, do not have to be signers on the account.

Transmission Confirmation Calls

Name: _____ Signature: _____ Phone: _____

Name: _____ Signature: _____ Phone: _____

Service Bureau: _____
(if applicable)

Cancellation of File

Name: _____ Signature: _____ Phone: _____

Name: _____ Signature: _____ Phone: _____

Returned Item Notification

Name: _____ Signature: _____ Phone: _____

Name: _____ Signature: _____ Phone: _____

General Administration

Name: _____ Signature: _____ Phone: _____

Name: _____ Signature: _____ Phone: _____