



**LAKE SHASTINA COMMUNITY SERVICES DISTRICT**

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**RESOLUTION 10-11**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE SHASTINA COMMUNITY SERVICES DISTRICT (LSCSD) REGARDING THE ACCEPTANCE OF CREDIT CARD PAYMENTS.**

**WHEREAS**, it is the fiscal responsibility of the District to collect monies due for services the District provides, and

**WHEREAS**, the District Administration Staff receives numerous customer requests for online payment capability, and

**WHEREAS**, the Board has determined that it would be in the best interests of the District to implement credit, debit and E-check payments online and by phone for the LSCSD and participate in the services offered by Official Payments Corporations (OPC), such participation to be on the terms and conditions set forth in the OPC Agreement (Exhibit A).

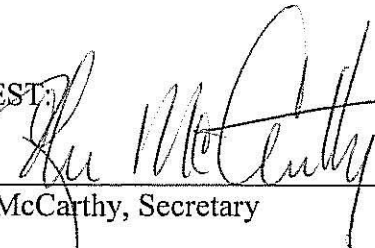
**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves the Agreement with OPC to implement acceptance of credit, debit and E-check payments online and by phone for the LSCSD and hereby authorizes the President to sign Agreement on behalf of the District.

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I hereby certify that the forgoing is a full, true and correct copy of Resolution 10-11 duly passed and adopted by the Board of Directors of the Lake Shastina Community Services District, Siskiyou County, California, at a meeting thereof duly held on the 21st day of December, 2011, by the following vote:

AYES: Directors Cupp, Moller and Wetter  
NOES: None  
ABSENT: Directors Murphy and Roths

  
\_\_\_\_\_  
Tom Wetter, President

ATTEST:  
  
\_\_\_\_\_  
John McCarthy, Secretary

Resolution 10-11  
Exhibit A  
(pages 1-11)

## ELECTRONIC TRANSACTION PROCESSING AGREEMENT

This Electronic Transaction Processing Agreement, including its exhibits, ("Agreement") is made and entered into by and between Official Payments Corporation, a Delaware corporation ("OPC"), and **Lake Shastina Community Services District, CA** ("Agency").

OPC offers electronic check payment and processing transaction services and credit/debit card payment transaction services through an Internet interface over the web and an interactive telephone voice response system ("IVR"). Agency collects taxes, fines, fees and/or other types of monetary obligations from individuals and/or entities subject to its jurisdiction. Agency desires to permit payment of amounts owed to it by means of electronic transactions through the OPC System and to have OPC perform certain related services as described below.

### *Agreement*

#### 1. DEFINITIONS.

"*Agency Designated Account*" means the direct deposit/debit account(s) established and maintained by Agency at an Automated Clearing House ("ACH") receiving depository institution reasonably acceptable to OPC for payment of Citizen obligations and debit of Chargebacks, Returned Transactions, fines and fees. Agency Designated Account is further described in Section 4.2.

"*Agency Payment*" means any payment that is owed by a Citizen to Agency and paid through a Payment Transaction.

"*Card Services*" means the services provided by OPC relating to credit card and/or pin-less debit card services provided in accordance with this Agreement and as detailed in Section 2.2 of this Agreement inclusive of payment and electronic funds transfer which enable Payment Transactions to be processed.

"*Chargeback*" means the reversal of a Payment Transaction previously credited to an Agency Designated Account.

"*Citizen*" means the person, business or entity that initiates and makes payment of the Agency Payment and Convenience Fee through a Payment Transaction.

"*Co-Brand*" means an electronic transaction containing payment and identification data which is initiated by the Citizen on the Agency website, then transferred to an OPC web page where the Citizen completes the transaction and is provided with a confirmation of the Payment Transaction.

"*Co-Brand Plus*" means an electronic transaction containing payment and identification data which is initiated by the Citizen on the Agency website, then transferred to an OPC web page where the Citizen completes the transaction. The Citizen is subsequently transferred back to the Agency web site along with confirmation of the Payment Transaction.

"*Convenience Fee*" means the fee charged to a Citizen by OPC for the convenience of Citizen making Agency Payments by use of the Services. The convenience fee schedules are set forth in Exhibit A (electronic check) and Exhibit B (credit/debit card).

"*Electronic Check Services*" means the services provided by OPC relating to electronic check services provided in accordance with this Agreement and as detailed in Section 2.1 of this Agreement inclusive of payment and electronic funds transfer that enable Payment Transactions to be processed.

"*OPC Designated Account*" means the direct deposit account(s) set up by OPC to receive payment of Convenience Fees and any other fees owed to OPC.

"*OPC System*" means OPC's and its Suppliers' electronic payment processing system, including but not limited to, its technology, hardware, software and equipment.

"*Payment Transaction*" means an electronic payment transaction initiated by a Citizen by electronic check or by credit/debit card as provided below, at the OPC or Agency website or IVR, as applicable, and processed by OPC and/or its Suppliers under this Agreement.

"*Representation*" means a Returned Transaction that was due to insufficient or uncollected funds that has been represented to Citizen's depository financial institution at the request of the Agency.

"*Returned Transaction*" means a Payment Transaction that is unable to be processed by a Citizen's depository financial institution.

"Returned Transaction Fee" means the fee charged to Agency pursuant to Section 4.1 and Exhibit A.

"Services" means the Card Services and/or Electronic Check Services provided by OPC and its Suppliers pursuant to this Agreement.

"Simple Transaction Processor" (STP) means an electronic transaction and return confirmation containing payment and identification data, initiated and received by the Citizen on the Agency website, without a link or transfer to an OPC web page.

"Suppliers" means OPC authorized vendors including, but not limited to, ACH processor(s).

**2. PROVISION OF SERVICES.** As part of the Services, OPC shall provide the following:

**2.1 Electronic Check Services.**

2.1.1 Provide Citizens with the opportunity to make Agency Payments by electronic check through an Internet interface, and through an IVR system.

2.1.2 Provide real time processing of electronic check transactions, validate the bank transit routing number, validate the ACH eligibility of the bank transit routing, determine that the dollar amount is below or equal to the maximum and above or equal to the minimum specified by the Agency, validate checking account number for structure and validity and check against a negative file in an established proprietary database.

2.1.3 Create a transaction file and forward Payment Transactions to the Automated Clearing House (ACH), electronically debiting the Citizens' bank account and crediting the Agency Designated Account.

2.1.4 Settle Agency Payments into the Agency Designated Account within 72 hours after completion of the Payment Transaction.

2.1.5 Confirm the dollar amount of each Agency Payment made by Citizens and the corresponding Convenience Fees to be electronically debited from the Citizens' designated demand deposit account, and obtain the Citizens' authorization (electronic or otherwise) of such transaction prior to initiating the transaction.

2.1.6 Provide the Citizen with electronic confirmation of the electronic check transaction and retain electronic check authorization logs and transaction records for such period of time as required by applicable law and the regulations of NACHA – The Electronic Payments Association ("NACHA").

2.1.7 Arrange for a unique check description for the Agency Payment that references the name of the Agency and arrange for a separate unique check description for the Convenience Fee that references OPC and the nature of the fee. This description is used to identify payment transactions and the convenience fee on the Citizens' bank statement.

2.1.8 Provide Agency with a daily report detailing Payment Transactions and Chargeback transactions.

2.1.9 During the implementation process, provide Agency with OPC's standard disclosures for Agency's incorporation into the system for all STP transactions.

**2.2 Credit/Debit Card Services.**

2.2.1 OPC shall provide Citizens the opportunity to make Agency Payments by credit card and "pin-less" debit card through both an interactive telephone voice response system ("IVR") and Internet interface.

2.2.2 OPC shall, on behalf of Agency, collect and process Agency Payments from Citizens using the American Express<sup>®</sup> Card, MasterCard<sup>®</sup>, VISA<sup>®</sup>, Discover<sup>®</sup> Card or other credit card mutually agreed upon by Agency and OPC (each, a "Card").

2.2.3 OPC shall begin providing the Services to Citizens on a date to be mutually agreed upon by OPC and Agency.

2.2.4 Agency authorizes OPC to debit the Agency Designated Account in connection with (i) any "reversed" Card transaction that is approved by an authorized representative of Agency and OPC, and (ii) any "Chargeback" Card transaction that is initiated by a Citizen and approved by an authorized representative of OPC and the Card company. OPC shall refund to the Citizen the corresponding Convenience Fee. The Agency agrees that it shall not refund in cash to a Citizen any Agency Payment made by a Citizen using OPC Services.

2.2.5 OPC shall forward Agency Payment Transactions to the appropriate Card organizations for settlement to the Agency Bank Account. OPC shall retain all Convenience Fees collected by it hereunder. In the event that OPC is unable to collect all amounts owed by Agency hereunder through debiting the Agency Bank Account, Agency shall promptly pay all owed amounts to OPC in immediately available funds.

2.2.6 OPC will confirm the dollar amount of all a Citizens' Agency Payments and the corresponding convenience fees to be charged to Citizens' Cards and obtain the Citizens' approvals (electronic or otherwise) of such charges prior to initiating credit authorizations.

2.2.7 OPC will provide Citizens with electronic confirmation of Card transactions.

2.2.8 For authorization purposes, OPC will electronically transmit all Card transactions to the appropriate Card-processing center, in real time as the transactions occur.

2.2.9 OPC will retain Card authorization logs and transaction records for such period of time as required by applicable law and the regulations of the respective Card organizations.

2.2.10 OPC will arrange for a unique line merchant description for the Agency Payment that references the name of Agency and arrange for a separate unique line merchant description for the Convenience Fee that references OPC and the nature of the fee.

2.2.11 OPC will provide Agency with logos, graphics, and other appropriate marketing materials for Agency's use in its communications with Citizens.

2.2.12 OPC will provide Agency with reports summarizing use of the Services by Citizens for a given reporting period.

**3. AGENCY OBLIGATIONS.** Agency obligations include the following:

**3.1 Agency Credit/Debit Card and Electronic Check Obligations.**

3.1.1 STP Transactions. This Section 3.1.1 shall only apply in the event Agency is using the Services via STP transactions. Agency understands that STP transactions take place on the Agency website without link to the OPC web page. Accordingly, Agency shall obtain and retain all records related to the initiation and authorization of transactions, including all digital (click-wrap) or written authorizations for OPC to collect and/or initiate transactions utilizing the OPC System. Digital (or, if applicable, written) copies of such records shall be delivered by Agency to OPC within fifteen (15) days of written request by OPC and shall otherwise be retained by Agency for a period of at least two (2) years following the date of the transaction. Agency shall be liable to OPC for any and all liabilities, claims, costs, expenses, reimbursement obligations, fines and penalties which arise in connection with a failure to timely secure and produce such records, authorization agreements or receipts in accordance with applicable laws and regulations, inclusive of NACHA rules and regulations. Agency shall (i) incorporate the OPC standard disclaimers into its website, (ii) present such terms to each citizen for viewing, (iii) allow citizens to print the terms for their records, (iv) require the citizen's affirmative electronic or written agreement to the disclaimer terms prior to submitting the Payment Transaction, (v) keep written record of the citizen's agreement to the disclaimer terms. OPC may change its standard disclosures from time to time with written notice to Agency, and Agency shall incorporate such changes into the disclaimers within five (5) business days after its receipt of such changes from OPC. Agency agrees to comply with the PCI security specifications attached as **Exhibit C** to this Agreement.

3.1.2 If Agency is using Co-Brand, Co-Brand Plus, or STP application; Agency shall take all reasonable security precautions within its system, hardware and software to prevent unauthorized or fraudulent use of the OPC System by Agency, Agency employees and agents, and Citizens. OPC may, but shall not be required to, assign to Agency one or more identification numbers or passwords for Agency's use in obtaining the Services. Once such identification number(s) or password(s) have been delivered to Agency by OPC, the use and confidentiality of such numbers and/or passwords shall be the sole responsibility of Agency.

3.1.3 With respect to all Chargebacks the Agency must allow direct debiting of the Agency's Designated Account for the amount of Agency Payments previously settled into the Agency Designated Account.

3.1.4 Other than permitting OPC to charge the Convenience Fees in accordance with this Agreement, Agency will not impose any surcharge or penalty on electronic check transactions made by Citizens under this Agreement.

3.1.5 If Agency requests a customized reporting format, Agency shall provide OPC with its desired reporting format sufficiently in advance of the requested report delivery date. Customized reporting formats require OPC's prior written approval.

3.1.6 Agency will not require, as a condition to making an Agency Payment, that a Citizen agree in any way to waive such person's rights to dispute the transaction with their banking institution for legitimate reasons.

3.1.7 Subject to the restrictions of the section entitled "Intellectual Property", Agency will actively promote the Services to its Citizens at its own expense. These promotions shall include publishing the relevant URL for the OPC Website and relevant telephone number (as applicable) on all tax instruction booklets, tax preparer communications, taxpayer information publications, citations and notices, and all related marketing materials. Agency will obtain OPC's

consent prior to publishing any materials that reference the Services or OPC, and Agency agrees to incorporate all reasonable changes requested by OPC into any of the marketing materials to ensure (i) the correct usage of the OPC trademarks and logos, (ii) the accuracy of the content, and (iii) reasonably acceptable graphics and presentation.

3.1.8 Agency shall be solely responsible, at their own expense, for acquiring, installing and maintaining all of its own equipment, software and data communication service, which is not a part of the OPC System.

3.1.9 Agency shall execute and deliver to OPC an ACH authorization agreement in the format provided by OPC to authorize electronic payments/debits to and/or from the Agency Designated Account, and any other certificates, instruments or documents as required by applicable laws and regulations in order to consummate the transactions intended under this Agreement. Agency will maintain and comply with applicable NACHA rules and regulations on behalf of itself, its employees, agents and Citizens.

3.1.10 Agency shall (i) collect and verify all identification information as required by law or government regulation, and (ii) make such identifying information available to OPC if requested by a regulator, law enforcement officials, or judicial process.

## **3.2 Agency Credit/Debit Card Specific Obligations.**

3.2.1 If required by the credit card organizations, Agency will enter into all applicable merchant Card agreements and fully adhere to the rules, regulations and operating procedures of the various Card organizations, including without limitation, with respect to the use of specific Card logos and marks.

3.2.2 Agency will provide to OPC all necessary documents and correspondence in connection with Chargeback transactions or other similar refund transactions.

3.2.3 Agency will establish a reasonable adjustment policy to accommodate adjustments that are required in the normal course of Agency's daily operations.

## **4. FEES, TAXES, AND PAYMENTS.**

4.1. Electronic Check Fees and Taxes. Agency shall pay OPC fees for Services in accordance with the rates set forth on Exhibit A ("Fee Schedule"), which is incorporated into this Agreement by reference. OPC will charge Citizens a Convenience Fee for each Payment Transaction. The Convenience Fee is non-refundable. The Convenience Fee is processed with the corresponding Agency Payment as a part of a unified transaction. Agency fees are calculated on a monthly basis and are debited from the Agency Designated Account monthly in arrears by OPC or its Suppliers. In the event that OPC incurs an increase in transaction processing fees, taxes or other increase in fees required by applicable law or government or association regulation during the term of this Agreement, OPC may pass through such charges to Agency. Agency fees are subject to change by OPC after the initial term, upon thirty (30) days prior notice to Agency. Agency shall pay to OPC, and during the term of this Agreement and for sixty (60) days thereafter OPC (or its Suppliers) may debit from the Agency Designated Account, any other amounts owed by Agency under this Agreement, including, but not limited to, chargebacks, deposit charges, refunds, fines (inclusive of those imposed by NACHA), Returned Transaction Fees, ACH debits that overdraw the Agency Designated Account, and any other fines or liabilities incurred under this Agreement by Agency. Any fees and charges or other liabilities owed by Agency and not paid when due shall bear interest of 1.5% per month until paid.

4.2 Credit/Debit Card Fees. OPC may charge Citizens a Convenience Fee for each Card transaction processed, to be collected in addition to the corresponding Agency Payment as part of a unified Card transaction. A schedule of the Convenience Fees for Credit/Debit card Payment Transactions is attached to this Agreement as Exhibit B, and OPC may amend this schedule at any time upon prior written notice to Agency. Except for any fees to be paid by Agency as set forth in Exhibit B, OPC shall not charge Agency a fee in consideration for OPC providing the Card Services to Citizens. Enhancements to the Services or additional services not provided for in this Agreement, and any related fees payable by Agency in connection therewith, will be mutually agreed upon by OPC and Agency.

4.3 Agency Designated Account. Prior to any Payment Transaction, Agency will establish an Agency Designated Account and will provide OPC with the electronic record specifications necessary for funds settlement and the posting of Agency Payment data related to payments. Agency shall maintain such account during the term of this Agreement and for at least 90 days after expiration or termination for any reason. Agency agrees to maintain sufficient funds in the Agency Designated Account to satisfy all fees, charges and other obligations of Agency under this Agreement. Agency authorizes OPC, its assignee or its Suppliers to debit via ACH transfer, the Designated Account for any such amounts Agency owes OPC under this Agreement. If the amount in the Agency Designated Account does not contain sufficient funds to cover fees and obligations of Agency, Agency agrees to pay OPC the amount it owes under this Agreement upon demand, together with all costs and expenses incurred to collect that amount, including reasonable attorneys' fees. The authority granted by this Section shall survive the termination of this Agreement.

**5. SUSPENSION; RESTRICTIONS.** OPC may immediately suspend the Services or withhold Services or individual financial settlements in the event (i) OPC has reason to believe there has been or may be a breach of security, fraud, or misrepresentation in connection with the Services, (ii) continued provision of the Services would violate any applicable law, government regulation or the NACHA rules and regulations, or (iii) the financial status or credit quality of Agency is substantially diminished in the reasonable discretion of OPC. OPC will provide notice and opportunity to cure if practical, depending on the nature of the event causing the suspension. In the event of a suspension under this Section 5, OPC may require Agency to establish a reserve account or institute other mutually agreed restrictions prior to OPC restoring Services. OPC shall have no liability for any suspension in accordance with the terms of this Section 5.

**6. TERM AND TERMINATION.**

6.1. **Term.** This Agreement shall be effective upon the date of full execution and has an initial term of two (2) years ("Initial Term"). This Agreement shall automatically renew for successive one year periods (a "Renewal Term"), unless either party provides written notification to the other party of its decision not to renew this Agreement no later than 90 days prior to the end of the then current term.

6.2. **Termination.**

6.2.1 **Termination for Cause.** Either party may terminate this Agreement for cause in the event of a material breach by the other party, which breach is not cured within thirty (30) days after written notice of such breach is provided to the other party.

6.2.2 **Termination by OPC.** OPC may terminate this Agreement at any time upon written notice to the Agency in the event the provision of the Services hereunder is determined by OPC in its sole discretion to violate any statute, regulation, rule, order or operating procedure enacted or promulgated by a governmental or judicial authority of competent jurisdiction, NACHA (or any similar industry organization with authority over the Services), or in the event that any statute, regulation, rule, order or operating procedure is enacted or promulgated which effectively reduces or eliminates the fees charged by OPC.

6.2.3 **Termination for Convenience.** Either party may terminate this agreement for convenience upon 60 days prior written notice to the other party.

**7. ACCOUNT MONITORING; SECURITY.** OPC and its Suppliers may monitor the use of Services or Payment Transaction activity and investigate unusual or suspicious activity to the extent it is with reasonable discretion and in compliance with applicable laws and government regulations, provided that in no event does OPC assume any responsibility to discover any possible breach of Agency's security or misuse of the Services. Agency and OPC shall immediately notify the other if either discovers any breach of security. OPC shall have the right, at OPC's sole cost, to inspect Agency's operation, system and web site to verify Agency's compliance with its security obligations. Agency shall be responsible for failure to use reasonable security precautions and for any fraud committed by its employees, representatives and Citizens as a result of such failure in connection with the use of the Services.

**8. INTELLECTUAL PROPERTY.** In order that Agency may promote the Services and OPC's role in providing the Services, OPC grants to Agency a revocable, non-exclusive, non transferable, royalty-free license to use OPC's logo, trademarks and other service marks (the "OPC Marks") for such purpose only, in a form as approved by OPC. Agency does not have any other right, title, license or interest, express or implied, in and to any object code, software, hardware, OPC Marks, service mark, trade name, trade dress, formula, OPC System, know-how, telephone number, telephone line, domain name, URL, copyrighted image, text, script (including, without limitation, IVR or the OPC Website scripts) or other intellectual property right of OPC (collectively "OPC Intellectual Property"). All such OPC Intellectual Property, and all rights and title therein (other than rights expressly granted in this Agreement) are owned exclusively by OPC. Agency's license to use any OPC Marks shall terminate upon the earlier of (a) the effective date of termination or expiration of this Agreement, or (b) immediately, in the event of any breach of this section of the Agreement by Agency. Agency will not utilize any OPC Intellectual Property in any manner that would diminish its value or harm the reputation of OPC. Agency agrees that any use of the OPC Marks will conform to reasonable standards of acceptable use specified by OPC.

**9. COMPLIANCE WITH LAWS, RULES AND REGULATIONS.**

The parties shall comply with all applicable laws, rules and regulations of federal, state and local governmental authorities and governing industry associations, including without limitation, Federal Reserve Regulation E (12 C.F.R. Part 205), the rules of the NACHA, the Card company rules and regulations, and all applicable privacy laws and regulations, all of which are incorporated herein by reference and made a part of this Agreement as if set forth in full herein. OPC may from time to time establish reasonable rules, regulations and operational guidelines with respect to use of the Services by Agency, and Agency agrees to be bound by and comply with such rules, regulations and

guidelines thirty (30) days after delivery thereof to Agency, unless immediate compliance is required by law or regulation or otherwise agreed upon in writing by the parties.

#### **10. WARRANTY AND DISCLAIMER.**

10.1 Warranty. Each party represents and warrants that it has the full legal right, authority and power to enter into this Agreement and perform its obligations hereunder and that the person who signs the Agreement for each party has full authorization to bind the respective party. Agency shall provide to OPC the standard set up form for electronic check transactions ("Agency Set Up Form") and deposit instruction form for Card transactions ("Electronic Deposit Instructions") within ten (10) days of full execution of this Agreement. Agency represents and warrants to OPC that all information provided in such form is current, correct and complete. Agency agrees to notify OPC in writing of any changes to such Agency information within ten (10) days of such change.

10.2. Disclaimer. OPC and its Suppliers are providers of the Services, not insurers, and as such, Agency acknowledges that electronic payment transactions and data processing involves the inherent risk of human and machine errors, omissions, delays and losses including inadvertent loss or misstatement of data. OPC and its Suppliers do not, and cannot, control the flow of data to or from the OPC System, which depends in large part on the Internet and third parties, including without limitation connectivity/access providers. Accordingly, neither OPC nor its Suppliers warrant that the Services will be error free, uninterrupted, and secure or virus free, and OPC and its Suppliers disclaim liability resulting from or related to such events. Except as expressly provided for herein, the Services are provided "AS IS" and "AS AVAILABLE", and OPC and its Suppliers make no other representations or warranties of any kind whatsoever, whether express or implied, by operation of law or otherwise, including, without limitation, any implied or statutory warranties of merchantability or fitness for particular purpose.

11. **INDEMNIFICATION.** The parties shall indemnify, defend, and hold each other harmless from any and all claims and suits for any losses, damages, or costs arising therefrom, including reasonable attorney's fees, alleged or asserted by a third party to the extent arising from the indemnifying party's gross negligence or willful misconduct which results in (i) bodily injury, sickness, disease or death or (ii) any loss, damage or destruction of personal tangible property. This obligation is further conditioned on the indemnifying party receiving from the other party prompt written notification of any such claim and the other party cooperating fully with the indemnifying party in the defense of any such action.

12. **LIMITATION OF LIABILITY.** OPC OR ITS SUPPLIERS SHALL NOT BE LIABLE FOR INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS, REVENUE, DATA OR DAMAGES FROM LOSS OF USE OR DELAY, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, HOWEVER ARISING UNDER ANY THEORY (INCLUDING BUT NOT LIMITED TO NEGLIGENCE, CONTRACT, STRICT LIABILITY OR UNDER STATUTE), EVEN IF OPC HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH POTENTIAL CLAIM, LOSS OR DAMAGE. OPC'S TOTAL AGGREGATE LIABILITY FOR DAMAGES FOR ANY ACTION ASSOCIATED WITH THIS AGREEMENT OR THE SERVICES PROVIDED SHALL IN NO EVENT EXCEED THE AMOUNT OF THE CONVENIENCE FEE PAID TO OPC IN CONNECTION WITH THE PARTICULAR PAYMENT TRANSACTION GIVING RISE TO DAMAGES HEREUNDER. The foregoing limitation of liability and exclusion of certain damages shall apply regardless of the success or effectiveness of other remedies. Agency acknowledges that without its agreement to the limitations contained herein, OPC would be compensated differently, and would charge Agency directly for Payment Transactions. Notwithstanding anything to the contrary contained herein, OPC shall not have any liability for delays in receipt or processing of Agency information or Payment Transactions due to causes beyond its reasonable control, including, without limitation, failures or limitations on the availability of third party telecommunications or other transmission facilities or Agency's or Citizen's failure to properly enter and/or transmit information.

13. **CONFIDENTIALITY.** The term "Confidential Information" shall mean any and all information which is disclosed by either party to the other verbally, electronically, visually, or in a written or other tangible form which is either identified or should be reasonably understood to be confidential or proprietary, including but not limited to this Agreement and the terms, conditions and pricing contained herein, Agency and Citizen personally identifiable data, the OPC System, and OPC and Agency trade secrets, computer programs, software formulas, inventions, techniques, marketing plans, documentation strategies, and forecasts. Each party agrees that it will not make use of disseminate, or in any way disclose the other party's Confidential Information to any person, firm or business, except as authorized by this Agreement and limited to the extent necessary for performance of this Agreement, except that OPC may use information for tax collection and other purposes as specifically permitted by federal or state law; may use personal information provided by Citizens to establish and maintain individual user accounts requested to be established by such Citizens with OPC for purposes of the Services; and may use certain non-personally identifiable transaction data and IVR and OPC Website traffic information which are compiled in aggregate for the purpose of preparing and distributing statistical reports and for public company reporting purposes. Each party agrees that it will disclose Confidential Information of the other party only to those of its employees and Suppliers who have a need to know such

information and who have agreed to be bound by the non-disclosure terms and conditions of this Agreement prior to disclosure. Each party agrees that it will treat all Confidential Information of the other party with the same degree of care as it accords its own confidential information, and each party represents that it exercises reasonable care to protect its own confidential information. However, neither party has responsibility for safeguarding the Confidential Information of the other party that is (i) publicly available, (ii) already rightfully in such party's possession and not subject to a confidentiality obligation, (iii) obtained by such party from third parties authorized to make such disclosure, or (iv) independently developed by such party without reference to or use of the Confidential Information of the other party. Notwithstanding the foregoing, the party receiving Confidential Information shall not be in violation of this section with regard to a disclosure that was in response to a valid order by a court or other governmental body, provided that the receiving party provides the other party with commercially reasonable prior written notice of such disclosure in order to permit the other party to seek confidential treatment of such information, and provided that the receiving party has been advised by legal counsel that such disclosure is required by law, and such disclosure is limited to the minimum extent required by law. Within ten (10) business days following the date of any termination of this Agreement or upon expiration, Agency agrees to return all confidential information and materials provided by OPC to Agency.

#### 14. GENERAL PROVISIONS.

14.1 Entire Agreement; Severability; Waiver. This Agreement, together with the attached exhibits, which exhibits are incorporated by reference into this Agreement, constitutes the entire agreement between Agency and OPC with respect to the subject matter hereof, and supersedes any prior agreement, oral or written, between Agency and OPC and/or its representatives(s) in connection with this Agreement. Agency agrees that the failure of OPC to enforce any terms or conditions of this agreement is not a waiver of such or any other terms or conditions herein contained. Except as explicitly provided by this Agreement, this Agreement may not be changed or amended except by a writing executed by authorized representatives of both parties. If any provision herein is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force without being impaired or invalidated in any way. The parties agree to replace any invalid provision that most closely approximates the intent and economic effect of the invalid provision.

14.2 Remedies. Except as otherwise expressly provided in this Agreement, all remedies available to either party are cumulative and not exclusive, and termination, expiration or suspension shall not limit either party from pursuing other remedies available at law or in equity.

14.3 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party, provided, however, that the foregoing shall not prohibit OPC from assigning this Agreement or its rights hereunder, nor require the consent of the Agency, in connection with any change of control, corporate reorganization, merger or consolidation of OPC. Any purported assignment, transfer, or delegation in violation of this Section shall be null and void. Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

14.4 Status of the Parties; Suppliers. The parties are independent contractors, and nothing herein shall be construed to create a partnership, joint venture, franchise, employer-employee relationship by or between Agency and OPC. No party shall have the authority to commit or bind any other party without such party's prior written consent. Agency acknowledges and agrees that certain portions of the Services which enable Payment Transactions may be provided by OPC Suppliers, including, but not limited to, processing and formatting of Payment Transactions and the debiting and crediting of the Agency Designated Account in accordance with the terms of this Agreement.

14.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding its conflicts of law rules. Exclusive jurisdiction and venue for any claim or action arising out of or relating to this Agreement shall be in the state or federal courts located in the State of California.

14.6 Notices. Except as expressly provided herein, all notices and other communications required or permitted hereunder shall be given in writing and shall be delivered personally or sent by certified mail (return receipt requested), or by nationally recognized overnight courier, and shall be deemed to have been delivered upon receipted delivery to the respective addresses set forth below. Any party may change its address for notice by providing notice to all other parties as provided herein.

Notices to OPC shall be sent to:

Chief Executive Officer  
Official Payments Corporation  
3550 Engineering Drive, Suite 400  
Norcross, GA 30092

With a copy to:

General Counsel  
Official Payments Corporation  
9907 Georgetown Pike, #203  
Great Falls, VA 22066



Notices to Agency shall be sent to:

Lake Shastina Community Services District  
16320 Everhart Drive  
Weed, CA 96094

14.7 Force Majeure. OPC shall not be considered in breach of or in default of any of its obligations under this Agreement, and shall in no way be liable to the Agency hereunder, to the extent its performance hereunder is delayed, impaired or rendered impossible by acts of God, natural disasters, acts of terror, war, riots, fire, storms, quarantine restrictions, floods, explosions, labor strikes, labor walkouts, extraordinary losses of utilities (including telecommunications services), external computer "hacker" attacks, delays of common carriers or similar cause that are beyond OPC's reasonable control.

14.8 Survival. Any Section of this Agreement that logically survives the expiration or termination of this Agreement shall survive, including Sections 1, 3.1.1, 3.1.3, 4, 8, 11, 12, 13, and 14.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates set forth below.

**OFFICIAL PAYMENTS CORPORATION:**

**AGENCY:**

Lake Shastina Community Services District, CA

By: \_\_\_\_\_

By:  \_\_\_\_\_

Print Name: Jeffrey Hodges

Print Name: Tom Wetter

Title: Chief Financial Officer

Title: President

Date:

Date: 12/21/11

## Exhibit A Electronic Check Fee Schedule

**Convenience Fees to be charged to Citizen by OPC:**

\$ 3.95 per each Payment Transaction less than or equal to \$10,000.00

\$ 15.00 per each Payment Transaction greater than \$10,000.00

**Agency Fees to be charged to Agency by OPC:**

\$ 0.00. Initial Agency set-up fee

*Please indicate Agency option choice:*

Option #1

Option #2

**Agency Option #1:**

\$ 5.95 as a Returned Transaction Fee for each Returned Transaction.

Option #1 does not include a Representment option.

**Agency Option #2:**

\$ \_\_\_\_\_ as a Returned Transaction Fee for each initial Returned Transaction.

Option #2 includes one Representment.

**Exhibit B  
Credit/Debit Card Fee Schedule**

For Assessment Payments when credit cards are used, Citizen will pay OPC a Convenience Fee of 2.6% of the Agency Payment for each Payment Transaction, with a minimum fee of \$3.95. Accepted cards will be Visa, Discover, and MasterCard.

For Assessment Payments when Visa debit cards are used, Citizen will pay OPC a Convenience Fee of \$3.95 for each Payment Transaction.

For Assessment Payments when MasterCard debit cards are used, Citizen will pay OPC a Convenience Fee of:

\$0.00 up to \$1500.00	\$3.95
\$1500.01 to \$2500.00	\$6.95
\$2500.01 to \$4500.00	\$9.95
\$4500.01 or higher	1.00% of the Agency Payment amount

For Citation and Animal License Payments when credit cards are used, Citizen will pay OPC a Convenience Fee of \$1.95 for each Payment Transaction.

For Citation and Animal License Payments when debit cards are used, Citizen will pay OPC a Convenience Fee of \$3.95 for each Payment Transaction.

Maximum payment amount per transaction: N/A

**Exhibit C**  
**PCI Security Requirements**  
(Applicable to Agency using STP Payment Processing Only)

PCI Data Security Standard is a set of requirements established by the Payment Card Industry to protect cardholder and transaction data. These requirements apply to all Payment Card Industry members, merchants, and service providers that store, process, or transmit cardholder data, and apply to all "system components", which is defined as any network component, server, or application included in, or connected to, the cardholder data environment. Network components, include, but are not limited to, firewalls, switches, routers, wireless access points, network appliances, and other security appliances. Servers include, but are not limited to, web, database, authentication, DNS, mail, proxy, and NTP. Applications include all purchased and custom applications, including internal and external (web) applications.

The Agency shall be responsible for Information Technology (IT) security for all personnel with access to the Agency network, systems connected to the Agency network or those applications developed and/or operated by the Agency.

This includes but is not limited to information technology, hardware, software, and the management, operation, maintenance, programming, and system administration of computer systems, networks, and telecommunications systems.

Examples of tasks that require security provisions include but are not limited to acquisition, transmission or analysis of data owned by Agency and/or OPC or access to Agency networks or computers at a level beyond that granted the general public, e.g., bypassing the Agency firewall.

PCI standards require that Agency shall have a documented, implemented, and properly maintained IT Security Plan for the duration of the Agreement.

This Plan shall describe the processes, procedures and training of personnel that will be followed to support the appropriate security of IT resources that are developed, processed, or transmitted during this Agreement.

This Plan must address the security measures and safeguards that will be provided to support the privacy, confidentiality, and integrity of sensitive information. It must address the protection mechanisms used for unauthorized access, alteration, disclosure, or misuse of processed, stored, or transmitted information.

Agency shall have appropriate technical, personnel, administrative, environmental, and access safeguards; and operate effectively and accurately.

Agency shall review all PCI technical and physical security requirements, and shall ensure that connections to all Agency platforms, operating environments, and applications are protected to prevent unauthorized access and assure accountability, availability, and integrity.

**Amendment No. 1 to Electronic Transaction Processing Agreement  
Between Official Payments Corporation  
And Lake Shastina Community Services District, CA**

This Amendment No. 1 ("Amendment") is agreed to by and between **Lake Shastina Community Services District, CA** ("Agency") and **Official Payments Corporation** ("OPC"), and is made a part of the Electronic Transaction Processing Agreement between the parties dated as of **12/28/11** ("Agreement"). The terms of this Amendment shall be effective as of **01/12/12** ("Amendment Effective Date"). Unless otherwise defined herein, capitalized terms used in this Amendment shall have the same meaning as those used in the Agreement. The terms of the Agreement are incorporated herein by reference. In the event of any conflicts or inconsistencies between the provisions of this Amendment and the Agreement and/or any addenda thereto, the provisions of this Amendment shall prevail. The remainder of the Agreement shall remain in full force and effect, unamended.

The parties hereby agree that the Agreement is amended as follows:

1. As of the Amendment Effective Date, or as soon thereafter as the parties can complete procedural steps to implement changes, Exhibit A Electronic Check Fee Schedule and Exhibit B Credit/Debit Card Fee Schedule are replaced with the new Exhibit A Electronic Check Fee Schedule and Exhibit B Credit/Debit Card Fee Schedule attached hereto and incorporated herein by reference.
2. OPC's notice addresses in Section 14.6 are deleted and replaced with the following:

Notices to OPC shall be sent to:

Chief Executive Officer  
Official Payments Corporation  
3550 Engineering Drive, Suite 400  
Norcross, GA 30092

With a copy to:

General Counsel  
Official Payments Corporation  
9907 Georgetown Pike, #203  
Great Falls, VA 22066

In all other respects, the Agreement remains unchanged.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

AGREED AND ACCEPTED

**Official Payments Corporation**

By: \_\_\_\_\_

Name: Jeffrey Hodges

Title: Chief Financial Officer

Date: \_\_\_\_\_

AGREED AND ACCEPTED

**Lake Shastina Comm Sycs District, CA**

By:  \_\_\_\_\_

Name: John McCarthy

Title: General Manager

Date: 1/5/12

## **Exhibit A Electronic Check Fee Schedule**

**For Payments made through the Web or POS, Citizen will pay OPC a Convenience Fee of \$3.95 for each Payment Transaction less than or equal to \$10,000.00, and \$15.00 for each Payment Transaction greater than \$10,000.00. A fee of \$5.95 shall be charged for each Returned Transaction. There will be no representment option.**

**For Payments made through the "IVR" system, Citizen will pay OPC a Convenience Fee of \$5.45 for each Payment Transaction less than or equal to \$10,000.00, and \$16.50 for each Payment Transaction greater than \$10,000.00. A fee of \$5.95 shall be charged for each Returned Transaction. There will be no representment option.**

**For Payments made through a live operator, Citizen will pay OPC a Convenience Fee of \$6.45 for each Payment Transaction less than or equal to \$10,000.00, and \$17.50 for each Payment Transaction greater than \$10,000.00. A fee of \$5.95 shall be charged for each Returned Transaction. There will be no representment option.**

## Exhibit B Credit/Debit Card Fee Schedule

For Assessment Payments when credit cards are used through the Web or POS, Citizen will pay OPC a Convenience Fee of 2.6% of the Agency Payment for each Payment Transaction, with a minimum fee of \$3.95. Accepted cards will be Visa, Discover, and MasterCard.

For Assessment Payments when credit cards are used through the "IVR" phone system, Citizen will pay OPC a Convenience Fee of 2.6% of the Agency Payment for each Payment Transaction, plus \$1.50, with a minimum fee of \$5.45. Accepted cards will be Visa, Discover, and MasterCard.

For Assessment Payments when credit cards are used through a live operator, Citizen will pay OPC a Convenience Fee of 2.6% of the Agency Payment for each Payment Transaction, plus \$2.50, with a minimum fee of \$6.45. Accepted cards will be Visa, Discover, and MasterCard.

For Assessment Payments when Visa debit cards are used through the Web or POS, Citizen will pay OPC a Convenience Fee of \$3.95 for each Payment Transaction.

For Assessment Payments when Visa debit cards are used through the "IVR" phone system, Citizen will pay OPC a Convenience Fee of \$5.45 for each Payment Transaction.

For Assessment Payments when Visa debit cards are used through a live operator, Citizen will pay OPC a Convenience Fee of \$6.45 for each Payment Transaction.

For Assessment Payments when MasterCard debit cards are used through the Web or POS, Citizen will pay OPC a Convenience Fee as follows:

Agency Payment Amount	Convenience Fee
\$0.00 up to \$1500.00	\$3.95
\$1500.01 to \$2500.00	\$6.95
\$2500.01 to \$4500.00	\$9.95
\$4500.01 or higher	1.00% of the Agency Payment amount

For Assessment Payments when MasterCard debit cards are used through the "IVR" phone system, Citizen will pay OPC a Convenience Fee as follows:

Agency Payment Amount	Convenience Fee
\$0.00 up to \$1500.00	\$5.45
\$1500.01 to \$2500.00	\$8.45
\$2500.01 to \$4500.00	\$11.45
\$4500.01 or higher	1.00% of the Agency Payment amount + \$1.50

For Assessment Payments when MasterCard debit cards are used through a live operator, Citizen will pay OPC a Convenience Fee as follows:

Agency Payment Amount	Convenience Fee
\$0.00 up to \$1500.00	\$6.45
\$1500.01 to \$2500.00	\$9.45
\$2500.01 to \$4500.00	\$12.45
\$4500.01 or higher	1.00% of the Agency Payment amount + \$2.50

**For Citation and Animal License Payments when credit cards are used through the Web or POS, Citizen will pay OPC a Convenience Fee of \$1.95 for each Payment Transaction.**

**For Citation and Animal License Payments when credit cards are used through the "IVR" phone system, Citizen will pay OPC a Convenience Fee of \$3.45 for each Payment Transaction.**

**For Citation and Animal License Payments when credit cards are used through a live operator, Citizen will pay OPC a Convenience Fee of \$4.45 for each Payment Transaction.**

**For Citation and Animal License Payments when debit cards are used through the Web or POS, Citizen will pay OPC a Convenience Fee of \$3.95 for each Payment Transaction.**

**For Citation and Animal License Payments when debit cards are used through the "IVR" phone system, Citizen will pay OPC a Convenience Fee of \$5.45 for each Payment Transaction.**

**For Citation and Animal License Payments when debit cards are used through a live operator, Citizen will pay OPC a Convenience Fee of \$6.45 for each Payment Transaction.**



DISCUSSION / ACTION ITEMS

4. Fire Department: monthly report: The Board received IFC Paulus' monthly report; Dir. Moller asked for clarification on item under Fire Department News.
5. Police Department: monthly report: PC Alves updated the Board on Police Department activities.
6. Consideration of proposed ordinance regarding Building Address Numbers: Pres. Wetter stated that, due to public safety issues, building address numbers need to be visible from the street. The Board asked staff to proceed with the first reading and public hearing for proposed ordinance.
7. Wastewater Ponds Construction: approval of Final Payment

**Motion by Dir. Cupp second by Dir. Moller to approve the Progress Payment #3-Final to Hat Creek Construction of Burney CA for the Sewer Pond Rehabilitation Project in the amount of \$50,410.60.**

**Ayes: Directors Cupp, Moller and Wetter**

**Noes: None**

**Absent: Directors Murphy and Roths**

8. Consideration of resolution regarding enforcement of District fees: GM McCarthy reviewed Government Code Section 61115 and the District's Collection Policy regarding authorized enforcement for collection of District fees. This resolution would enable the turning off of services for non-payment of any CSD fees billed on the same invoice.

**Motion by Dir. Moller second by Dir. Cupp to adopt Resolution 9-11 regarding enforcement of District fees.**

**Ayes: Directors Cupp, Moller and Wetter**

**Noes: None**

**Absent: Directors Murphy and Roths**

9. Consideration of allowing Credit Card Payments: SAC Nelle reviewed proposed agreement with Official Payments Corporation (OPC) to implement credit, debit and E-check payments online and by phone for the LSCSD. The Board discussed.

**Motion by Dir. Cupp second by Dir. Moller to adopt Resolution 10-11 regarding the acceptance of credit card payments for the LSCSD and authorizing the President to sign agreement with OPC.**

**Ayes: Directors Cupp, Moller and Wetter**

**Noes: None**

**Absent: Directors Murphy and Roths**

10. Item addressed after Item 2.

11. Appointment of Officers for 2012 Calendar Year

- A. President
- B. Vice President
- C. Secretary / Treasurer

The Board agreed to table Item 11.A and 11.B until the January meeting.

**Motion by Dir. Cupp second by Dir. Wetter to appoint General Manager McCarthy as the District Secretary/Treasurer.**

**Ayes: Directors Cupp, Moller and Wetter**

**Noes: None**

**Absent: Directors Murphy and Roths**

BOARD MEMBER COMMENTS: Dir. Moller thanked LSPOA for participating in the Christmas Tree Lighting Event and stated that the tentative date for next year is Saturday, December 1. Dir. Cupp thanked LSPOA and staff for the very nice Holiday Luncheon.

ADJOURNMENT:

**Motion by Dir. Moller second by Dir. Cupp to adjourn meeting at 6:54 p.m. to the next Regular Meeting on January 18, 2012 at 5:00 p.m.**

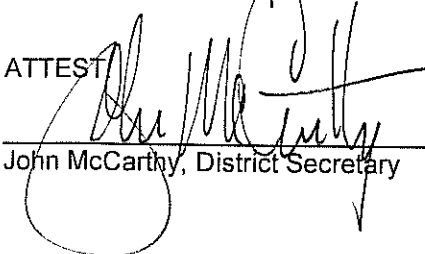
**Ayes: Directors Cupp, Moller and Wetter**


**Noes: None**

**Absent: Directors Murphy and Roths**

Approval Date: 12/18/12

ATTEST

  
John McCarthy, District Secretary

  
Tom Wetter, President