



Meeting Date: 03/28/2006

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Beth Vo *B.V.* Agenda Item No. N-1

Reviewed By: City Manager *JRB* City Attorney *J* Finance *MS* Other *Public Works/Water*

DATE: March 8, 2006

TO: City Council

FROM: Michael More, Financial Services Manager *Michael More*
Finance Department

SUBJECT: Issuance of Water Revenue Project Bonds, Series 2006

RECOMMENDATION

That City Council:

1. Adopt a resolution authorizing the sale, issuance, and delivery of not more than \$60,000,000 in principal amount of City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2006, and approving certain documents and authorizing certain actions in connection therewith.
2. Adopt a resolution declaring its intent to reimburse the City of Oxnard (the "City") for capital expenditures related to the acquisition and construction of portions of Phase 1 of the Groundwater Recovery Enhancement and Treatment ("GREAT") Program and certain other water system projects from proceeds of taxable or tax-exempt indebtedness.
3. Approve a special budget appropriation in the amount of \$50,000,000 to appropriate bond proceeds.

DISCUSSION

The Water Division has taken proactive steps to responsibly address and meet the City's increasing water resource obligations and improve the financial condition of the water enterprise. In order to fund portions of the GREAT Program and essential capital and operational improvements necessary to serve the City's future water needs, staff is proposing that the City issue up to \$60 million in Water Revenue Project Bonds, Series 2006 (the "Bonds").

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The Projects ("Projects") comprising the Project to be financed through the Bonds include: (1) phase one of the GREAT Program, (2) a desalter for Blending Station No. 3, (3) a replacement and improvement program for water distribution, (4) a master planned facilities improvement project, and (5) a retrofit project for the Automated Meter Reading Program. The Projects are discussed in greater detail below.

1. GREAT Program, Phase 1

Phase 1 of the GREAT Program will be implemented in accordance with the Water System Master Plan and the GREAT Program Advance Planning Study. The Bonds will fund the construction of Phase 1 of the GREAT Blending Station No. 1 Desalter Project, which includes a power building and dispatch center, the design of an advanced water purification facility, and the design of a tertiary recycled water backbone project. The estimated cost of this component is \$30,000,000.

2. Blending Station No. 3 Project

The Desalter Project at Blending Station No. 3 will remove the majority of dissolve minerals from local brackish groundwater, producing up to 7.5 million gallons per day of high quality permeate water. The City will then blend the permeate water with groundwater produced by City wells at Blending Station No. 3 or purchased from the United Water Conservation District, producing a potable blend that will be distributed to the City's customers. The estimated cost of this component is \$7,000,000.

3. Distribution System Replacement and Improvements Program

The Distribution System Replacement and Improvements Program is expected to improve water system reliability, maintain potable water quality, and improve fire flows through ongoing replacement of aging cast iron distribution pipe and fire hydrant assemblies, and through ongoing replacements of undersized transmission and distribution pipe. The estimated cost of this component is \$4,000,000.

4. Master Planned Facilities Improvements Project

This Master Planned Facilities Improvements Project will improve water system security, operational efficiency, and environmental compliance through (1) the installation and construction of improved security equipment and facilities, (2) the construction or rehabilitation of office, shop, and warehouse buildings, (3) the grading, paving, and landscaping of open areas, (4) the acquisition of property, (5) the construction of a new well and rehabilitation of existing wells, and (6) construction of other site improvements. The estimated cost of this component is \$6,000,000.

5. Automated Meter Reading Retrofit Program

The Automated Meter Reading ("AMR") Retrofit Project is expected to improve operational

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efficiency and reduce the number of erroneous meter reads by converting the City's approximately 37,000 manual-read meter assemblies to radio-read meter assemblies. As of January 1, 2006, the City has retrofitted approximately 20,000 meter assemblies, and plans to retrofit approximately 17,000 additional meter assemblies by December 2007. The estimated cost of this component is \$3,000,000.

The Reimbursement Resolution will allow the City to reimburse itself for the related capital expenditures of the Projects from the proceeds of the Bonds. All capital expenditures incurred sixty (60) days prior to the date of the adoption of the Reimbursement Resolution are reimbursable expenditures to the City.

Financing Plan

Staff recommends the issuance of Water Revenue Project Bonds in an amount not to exceed \$60,000,000 to finance the immediate capital needs of the Water Division. The debt service on the Bonds will be paid from Net Water System Revenue (as defined in the Installment Purchase Agreement) produced by existing water rates and charges. No additional rate increases are required to support the issuance of the Bonds. The Bonds will be issued on a parity basis with the Water Division's outstanding 2001 and 2004 Bonds. The Bonds have been given an underlying rating of "A" by Standard & Poor's and will carry a "AAA" rating through the purchase of bond insurance from MBIA. The Bonds are proposed to be structured as follows:

- **Fixed Rate Bonds.** The Bonds are proposed to be structured as fixed rate bonds which will result in predictable annual payments and a level debt service schedule.
- **30-Year Bond Amortization.** The Bonds are proposed to be amortized over 30 years to take advantage of the current long-term yield curve and spread the costs out equitably to existing and future users of the water system over the useful life of the improvements.
- **Capitalized Interest through June 1, 2008.** The Bonds are proposed to fund capitalized interest through June 1, 2008, which will be applied towards debt service payments during this period. This will relieve the operating cash flow of the Water System and maintain liquidity and reserve targets for FY 06-07 and FY07-08.
- **Reserve Fund Surety.** A reserve fund surety bond will be purchased to fulfill the reserve requirement of the Bonds. The reserve fund surety will reduce the bond size.

Actions

The attached resolutions authorizing the issuance of bonds in an amount not to exceed \$60 million accomplishes the following:

- Approves the form of the following documents:

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- Contract of Purchase (Attachment No. 3)
 - Installment Purchase Agreement (Attachment No. 4)
 - Trust Indenture (Attachment No. 5)
 - Assignment Agreement (Attachment No. 6)
 - Continuing Disclosure Agreement (Exhibit E to Attachment No. 7)
 - Preliminary Official Statement (Attachment No. 7)
-
- Authorizes the Mayor, Mayor Pro-Tem, City Clerk, and Finance Director, as applicable, to execute all of the above documents, and such other documents and certifications that may be necessary to consummate the transaction.
 - Approves the sale of the bonds to the underwriter, E. J. De La Rosa & Co., Inc., at a net interest cost of not more than 6 percent and an underwriter's discount of not more than 1 percent.

The documents presented for approval pursuant to the attached resolution are as follows:

Contract of Purchase. This document defines the terms and conditions under which the underwriter, E. J. De La Rosa & Co., Inc. agrees to purchase the Bonds from the City.

Installment Purchase Agreement. The Installment Purchase Agreement between the City and the City of Oxnard Financing Authority ("COFA") requires the City to make installment payments for the Project for the bond funds obtained by COFA.

Trust Indenture. The Trust Indenture defines the terms and conditions of the Bonds, the rights and obligations of the City, COFA, the trustee (Wells Fargo Bank), and bondholders.

Assignment Agreement. The Assignment Agreement is the document pursuant to which COFA will assign to the Trustee its right to receive the Installment Payments from the City. The City will then pay the Installment Payments directly to the Trustee, who will then make the principal and interest payments on the Bonds.

Continuing Disclosure Agreement. This agreement defines the continuing disclosure obligations of the City and COFA to Bondholders.

Preliminary Official Statement. This is the offering document circulated to potential investors describing the terms and conditions of the Bonds.

FINANCIAL IMPACT

Annual debt service payments will be budgeted in the Water Debt Service Fund (604-6004). The capitalized interest will fund the debt service payment through June 1, 2008, estimated at approximately \$3,100,234 in FY 06-07 and \$2,735,500 in FY 07-08. Thereafter, annual payments on the Bonds will be approximately \$3.5 million. Debt payments will be made solely from Net Water System Revenues. Proceeds from the sale of the bonds will be deposited in the various projects, as

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discussed in the special budget appropriation, described herein in the amount of \$50,000,000.

MJM/BV

- Attachment #1 - Resolution Authorizing the Sale, Issuance, and Delivery of Not More than \$60,000,000 in Principal amount of City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2006, and Approving Certain Documents and Authorizing Certain Actions in Connection Therewith
- #2 - Resolution Declaring Its Intent to Reimburse the City for Capital Expenditures Related to the Acquisition and Construction of Portions of Phase 1 of the Groundwater Recovery Enhancement and Treatment Program and Certain Other Water System Projects from Proceeds of Taxable or Tax-Exempt Indebtedness
- #3 - Contract of Purchase
- #4 - Installment Purchase Agreement
- #5 - Trust Indenture
- #6 - Assignment Agreement
- #7 - Preliminary Official Statement
- #8 - Special Budget Appropriation

Note: Attachments Nos. 3, 4, 5, and 7 have been provided to the City Council. Copies are available for review at the Circulation Desk in the Library after 6:00 p.m. on the Thursday prior to the Council meeting and at the City Clerk's Office after 8:00 a.m. on Monday.

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RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD
AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF NOT MORE
THAN \$60,000,000 IN PRINCIPAL AMOUNT OF CITY OF OXNARD
FINANCING AUTHORITY WATER REVENUE PROJECT BONDS, SERIES
2006, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING
CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the "Authority"), has the authority, among other things, to assist the City of Oxnard, a municipal corporation organized and existing under and by virtue of the constitution and laws of the State of California (the "City"), in financing certain installment payment obligations; and

WHEREAS, the City desires to finance the construction, acquisition, and improvement of certain water system facilities, as more particularly described in Exhibit A to the Installment Purchase Agreement (as defined below) (collectively, the "2006 Project"); and

WHEREAS, the Authority desires to assist the City in financing the construction, acquisition, and improvement of the 2006 Project; and

WHEREAS, the City proposes to enter into a Trust Indenture (the "Indenture") by and among the City, the Authority, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to provide for the issuance of not more than \$60,000,000 in aggregate principal amount of City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2006 (the "Bonds"), the proceeds of which Bonds will be used to finance the costs to (1) construct, acquire, and install the 2006 Project, (2) provide for the reserve fund with respect to the Bonds, and (3) pay costs incurred in connection with the issuance, sale, and delivery of the Bonds; and

WHEREAS, the Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the "Act"); and

WHEREAS, this City Council of the City (this "City Council") has determined that the issuance of the Bonds pursuant to the Act does not require approval of the qualified electors of the City; and

WHEREAS, the City proposes to enter into an Installment Purchase Agreement (the "Installment Purchase Agreement") by and between the Authority and the City, pursuant to which Installment Purchase Agreement the Authority will sell to the City the 2006 Project; and

WHEREAS, the City proposes to complete the construction, acquisition, and improvement of the 2006 Project by having the Authority appoint the City as the Authority's agent to complete said construction, acquisition, and improvement pursuant to the Installment Purchase Agreement; and

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WHEREAS, the Bonds will be secured by certain installment payments (the "2006 Installment Payments") to be made by the City from the Net Water System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement, which 2006 Installment Payments will be sufficient to provide the amount necessary to pay the principal of and interest on the Bonds; and

WHEREAS, the City understands that the 2006 Installment Payments will be assigned by the Authority to the Trustee pursuant to an Assignment Agreement (the "Assignment Agreement") by and between the Authority and the Trustee; and

WHEREAS, the City proposes that the Authority select a municipal bond insurer to insure payments of principal and interest with respect to the Bonds to provide additional credit support for the Bonds and to undertake all acts necessary to obtain such insurance; and

WHEREAS, this City Council has determined that it is desirable to sell the Bonds on a negotiated sale basis; and

WHEREAS, to effectuate such negotiated sale, E. J. De La Rosa & Co., Inc., as underwriter (the "Underwriter"), has agreed to purchase the Bonds pursuant to a Contract of Purchase (the "Purchase Contract") by and among the Authority, the City, and the Underwriter; and

WHEREAS, this City Council has appointed Pillsbury Winthrop Shaw Pittman LLP, Century City, California, under the supervision of Lewis G. Feldman or Bruce J. Graham, as bond counsel ("Bond Counsel") and disclosure counsel ("Disclosure Counsel") to prepare proceedings for the issuance, sale, and delivery of the Bonds and to prepare and review the form and content of initial and continuing disclosure materials, including, without limitation, a preliminary official statement (the "Preliminary Official Statement"), in connection with the issuance of the Bonds; and

WHEREAS, the City proposes that the Authority enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") by and between the Authority and the Trustee, as dissemination agent (the "Dissemination Agent"), to provide for the Authority's continuing disclosure obligations with respect to the Bonds under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); and

WHEREAS, the forms of the following documents are on file with the City Clerk of the City (the "City Clerk") and have been submitted to this City Council, and the Finance Director of the City, acting as such on behalf of the City (the "Finance Director") and acting as the Controller of the Authority on behalf of the Authority (the "Controller"), in consultation with the Underwriter, Bond Counsel, and Disclosure Counsel, has examined and approved each document and has recommended that this City Council direct the completion, where appropriate, and the execution and delivery of such documents and the consummation of such financing:

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- (1) Purchase Contract;
- (2) Preliminary Official Statement;
- (3) Installment Purchase Agreement;
- (4) Indenture;
- (5) Assignment Agreement; and
- (6) Continuing Disclosure Agreement;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals, and each of them, are true and correct.

SECTION 2. The Installment Purchase Agreement is approved in substantially the form on file with the City Clerk. The Mayor of the City (the "Mayor") and the City Clerk are authorized and directed, for and in the name of the City, to execute and deliver the Installment Purchase Agreement with such changes, insertions, and omissions as the Finance Director shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The Indenture is approved in substantially the form on file with the City Clerk. The Mayor and the City Clerk are authorized and directed, for and in the name of the City, to execute and deliver the Indenture with such changes, insertions, and omissions as the Finance Director shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. The City understands, acknowledges, and agrees that the Assignment Agreement and the Continuing Disclosure Agreement, in the forms on file with the City Clerk, are subject to such changes, insertions, and omissions as the Controller shall require or approve.

SECTION 5. The Purchase Contract is approved in substantially the form on file with the City Clerk. The Finance Director is authorized and directed, for and in the name of the City, upon receipt of a complete Purchase Contract from the Underwriter, to execute and deliver the Purchase Contract with such changes, insertions, and omissions as the Finance Director shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the aggregate principal amount of the Bonds shall not exceed \$60,000,000, the interest rates or yields to maturity on the Bonds are such that the net interest cost does not exceed six percent (6.00%), and the underwriting fee payable to the Underwriter with respect to the Bonds does not exceed one percent (1.00%), excluding any original issue discount or premium.

SECTION 6. The Preliminary Official Statement is approved in substantially the form on file with the City Clerk, with such modifications to the Preliminary Official Statement, whether by corrections or additions thereto or by supplement or amendment thereof, as shall be approved by Disclosure Counsel and by the Controller. The Underwriter is authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the initial purchase of the Bonds and is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds. Such final Official Statement shall be in the form of the

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Preliminary Official Statement with such changes, insertions, and omissions as may be approved by the Controller.

SECTION 7. The Bonds, in an aggregate principal amount not to exceed \$60,000,000 (which aggregate amount shall be finally determined by the Controller), designated "City of Oxnard Financing Authority Water Revenue Project Bonds, Series 2006," are authorized to be issued, sold, and delivered by the Authority in accordance with the terms and provisions of the Indenture and the Purchase Contract. The proceeds from the sale of the Bonds shall be deposited as provided in the Indenture.

SECTION 8. The City understands, acknowledges, and agrees that the Controller has been or will be authorized by the Governing Board of the Authority (a) to select a municipal bond insurer to insure payments of principal and interest with respect to the Bonds if the Controller determines that a municipal bond insurance policy issued by such insurer will result in a lower interest rate or yield to maturity with respect to the Bonds and to undertake all acts necessary to obtain such insurance, and (b) if the Controller determines that it is in the best interest of the Authority to obtain a surety bond or similar instrument, as permitted under the Indenture, for all or a portion of the Reserve Fund Requirement (as defined in the Indenture) and to enter into an agreement with a surety provider selected by the Controller.

SECTION 9. The Mayor, the Mayor Pro-Tem of the City (the "Mayor Pro-Tem"), the City Clerk, the Finance Director, and any other proper officer of the City are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by the Installment Purchase Agreement, the Indenture, the Purchase Contract, the Assignment Agreement, the Continuing Disclosure Agreement, and this Resolution and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, tax certificates, and certificates concerning the preliminary or final Official Statement describing the Bonds, necessary and desirable to accomplish the transactions described in such documents or as set forth above.

SECTION 10. Any document the execution of which by the Mayor is authorized by this Resolution shall, in the absence or inability to act of the Mayor, be executed by the Mayor Pro-Tem or by any authorized designee of the Mayor or the Mayor Pro-Tem. Any document the execution of which by the City Clerk is authorized by this Resolution shall, in the absence or inability to act of the City Clerk, be executed by any person so designated in writing by the City Clerk or by any other proper officer of the City acting on behalf of the City Clerk. Any document the execution of which by the Finance Director is authorized by this Resolution shall, in the absence or inability to act of the Finance Director, be executed by the Financial Services Manager of the City or, in the absence or inability to act of such Financial Services Manager, by any person so designated in writing by the Finance Director or by any other proper officer of the City acting on behalf of the Finance Director.

SECTION 11. All actions previously taken by this City Council and by the officers and staff of the City with respect to the matters addressed by this Resolution are approved, ratified, and confirmed.

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SECTION 12. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 28th day of March, 2006, by the following vote:

AYES:

NOES:

ABSENT:

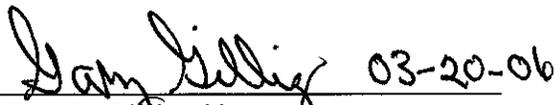
ABSTAIN:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

 03-20-06

Gary L. Gillig, City Attorney

APPROVED AS TO CONTENT:



Marcie Medina, Finance Director

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STATE OF CALIFORNIA)
) ss.
COUNTY OF VENTURA)

I, DANIEL MARTINEZ, City Clerk of the City of Oxnard, do hereby certify that the above and foregoing is a full, true, and correct copy of Resolution No. _____ of the City Council of the City of Oxnard, that the same was duly and validly adopted on March 28, 2006, and that the same has not been amended or repealed.

DATED: _____, 2006 [CLOSING DATE]

Daniel Martinez,
City Clerk of the City of Oxnard

00103

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY,
DECLARING ITS INTENT TO REIMBURSE THE CITY FOR
CAPITAL EXPENDITURES RELATED TO THE
ACQUISITION AND CONSTRUCTION OF PORTIONS OF
PHASE 1 OF THE GROUNDWATER RECOVERY
ENHANCEMENT AND TREATMENT PROGRAM AND
CERTAIN OTHER WATER SYSTEM PROJECTS FROM
PROCEEDS OF TAXABLE OR TAX-EXEMPT
INDEBTEDNESS

WHEREAS, the City of Oxnard (the "City") is duly organized and existing pursuant to the Constitution and laws of the State of California; and

WHEREAS, the City Council of the City (the "City Council") is the governing body of the City; and

WHEREAS, the City Council has determined that it is in the best interest of the City to make certain capital expenditures on the Project, as defined in this Resolution; and

WHEREAS, the City Council currently intends and reasonably expects to participate in a taxable or tax-exempt borrowing within eighteen (18) months of the date of such capital expenditures or the placing in service of the Project, whichever is later (but in no event more than three (3) years after the date of the original expenditure of such moneys), the proceeds of such borrowing to be used to finance such capital expenditures, including an aggregate amount not to exceed \$50,000,000 for reimbursing the City for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is sixty (60) days prior to the date hereof but before such borrowing; and

WHEREAS, the City Council hereby desires to declare its official intent, pursuant to 26 C.F.R. Section 1.150-2, to reimburse the City for such capital expenditures with the proceeds of the City's future taxable or tax-exempt borrowing.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD HEREBY RESOLVES AS FOLLOWS:

SECTION 1. *Declaration of Official Intent.* The City Council presently intends and reasonably expects to finance the construction, acquisition, and improvement of portions of Phase 1 of the Groundwater Recovery Enhancement And Treatment Program and certain other projects relating to the City's water system, which projects are further described in Exhibit A attached hereto and incorporated herein by this reference (collectively, the "Project"), with moneys currently contained in the City's General Fund or other fund legally available to the City therefor.

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SECTION 2. *Dates of Capital Expenditures.* All of the capital expenditures covered by this Resolution were made not earlier than sixty (60) days prior to the date of this Resolution.

SECTION 3. *Issuance of Debt Obligations.* The City Council presently intends and reasonably expects to participate in a taxable or tax-exempt borrowing (in a principal amount not to exceed \$60,000,000) within eighteen (18) months of the date of the expenditure of moneys on the Project or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than three (3) years after the date of the original expenditure of such moneys), and to allocate an amount not to exceed \$50,000,000 of the proceeds thereof to reimburse the City for its expenditures in connection with the Project.

APPROVED AND ADOPTED this 28th day of March, 2006, by the following vote:

AYES:

NOES:

ABSENT:

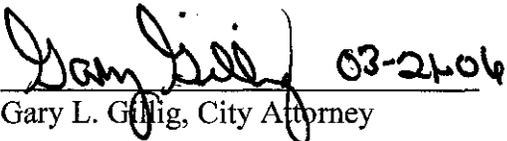
ABSTAIN:

Dr. Thomas E. Holden, Mayor

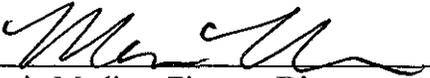
ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

 03-21-06
Gary L. Gllig, City Attorney

APPROVED AS TO CONTENT:


Marcie Medina, Finance Director

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EXHIBIT A

DESCRIPTION OF PROJECT

I. Portions of Phase 1 of the Groundwater Recovery Enhancement and Treatment ("GREAT") Program. The GREAT Program is a comprehensive regional water resources project that involves treating wastewater to produce high-quality purified water, desalting brackish groundwater, creating seawater intrusion barriers, reducing groundwater pumping in vulnerable coastal areas, diversifying water supply, reducing dependence on imported water purchases, conservation education and incentives, and potentially restoring coastal wetlands at Ormond Beach. Phase 1 of the GREAT Program includes the following:

A. GREAT Blending Station Number 1 Desalter and Power Building Projects. The GREAT Blending Station Number 1 Desalter Project, Phase I, will remove the majority of dissolved minerals from local brackish groundwater, producing up to 7.5 million gallons per day of high-quality permeate water. The City will then blend the permeate water with groundwater produced by City wells at Blending Station Number 1 or purchased from United Water Conservation District, producing an aesthetically-pleasing potable blend that will be distributed to the City's customers. The Desalter will be expandable to 15 million gallons per day capacity. Plans and specifications are completed and the project is ready to bid in February 2006. Construction should commence in May 2006, and the facility should be operational in late 2007. During 2005, the City completed the permeate tank adjacent to the Desalter, purchased the reverse osmosis system equipment for the Desalter, and completed the Blending Station Number 1 Wellfield Number 2, which will supply water to the Desalter. The City also completed plans and specifications for the Blending Station Number 1 Power Building Number 2 and Dispatch Center Project, which will provide electrical service, motor control centers, and 100% emergency power backup for the Desalter and Wellfield Number 2, as well as a small dispatch center building. This project is also ready to bid in February 2006. Construction should commence in May 2006, and the systems should be operational in April 2007. These facilities will all be constructed at the City's Blending Station Number 1 site.

B. Advanced Water Purification Facility ("AWPF") Phase I. The AWPF will treat secondary treated wastewater from the City's Wastewater Treatment Plant to produce 6.5 million gallons per day of high-quality purified water. The purified water will be used for landscape and agricultural irrigation, industrial processes, groundwater recharge, and as a seawater intrusion barrier. The AWPF will produce a new local water source, as the secondary treated wastewater that it will treat is now discharged to the Pacific Ocean. The facility is expandable to 20 million gallons per day capacity. The City recently purchased a 4.65-acre parcel for the AWPF, near the City's Wastewater Treatment Plant. The City expects to complete preliminary design and procurement documents for the critical treatment equipment by September 2006, conduct pilot testing and complete detailed design by July 2007, award the construction contract in September 2007. Construction should commence in November 2007, and the facility should be operational in May 2009.

C. Recycled Water Backbone ("RWB") Project. The RWB Project will convey the purified water produced by the AWPF to existing and new landscape irrigation customers, existing and new industrial customers, and potential groundwater recharge sites

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ATTACHMENT NO. 2
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within the City limits. The City plans to design and construct the RWB in phases, starting at the AWPf site. The RWB will be operational and ready to receive purified water by the time that the AWPf Phase I is constructed and operational in May 2009.

II. Blending Station Number 3 Desalter Project. The Blending Station Number 3 Desalter will remove the majority of dissolved minerals from local brackish groundwater, producing up to 7.5 million gallons per day of high quality permeate water. The City will then blend the permeate water with groundwater produced by City wells at Blending Station Number 3 or purchased from United Water Conservation District, producing an aesthetically-pleasing potable blend that will be distributed to the City's customers. The City plans to complete design of the Blending Station Number 3 Desalter by September 2007, and award the construction contract by the end of 2007. Construction should commence in early 2008, and the facility should be operational by mid-2010.

III. Distribution System Replacements & Improvements Program. The Distribution System Replacements & Improvements Program will improve system reliability, maintain potable water quality, and improve fire flows, through ongoing replacements of aging cast iron distribution pipe and fire hydrant assemblies, and through ongoing replacements of undersized transmission and distribution pipe.

IV. Master Planned Facilities Improvements Project. The Master Planned Facilities Improvements Project will improve water system security, operational efficiency, and environmental compliance by the installation and construction of improved security equipment and facilities; the construction or rehabilitation of office, shop, and warehouse buildings; the grading, paving, and landscaping of open areas; the acquisition of property; the construction of a new well and rehabilitation of existing wells; and construction of other site improvements.

V. Automated Meter Reading ("AMR") Program Retrofit Project. The AMR Program Retrofit Project will improve operational efficiency and reduce the number of erroneous meter reads by converting the City's approximately 37,000 manual-read meter assemblies to radio-read meters assemblies. The City has retrofitted approximately 20,000 meter assemblies to date, and plans to retrofit approximately 17,000 additional meter assemblies by December 2007.

VI. Appurtenances and Appurtenant Work. The Project may include appurtenances and appurtenant work relating to the projects described in Items I through V above, including right-of-way acquisition.

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ASSIGNMENT AGREEMENT

Dated as of April 1, 2006

by and between

CITY OF OXNARD FINANCING AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

relating to

[\$[PRINCIPAL AMOUNT]]
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE PROJECT BONDS
SERIES 2006

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of April 1, 2006, by and between City of Oxnard Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "**Authority**"), and Wells Fargo Bank, National Association, a banking association duly organized and existing under and by virtue of the laws of the United States, as trustee (the "**Trustee**");

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment. The Authority, for good and valuable consideration in hand received, does hereby sell, assign, and transfer to the Trustee without recourse, for the benefit of the owners of the Authority's Water Revenue Project Bonds, Series 2006 (the "**Bonds**"), to be issued pursuant to the Trust Indenture (the "**Indenture**"), dated as of April 1, 2006, by and among the City of Oxnard (the "**City**"), the Authority, and the Trustee, all of its rights, title, and interest in the Installment Purchase Agreement, dated as of April 1, 2006 (the "**Installment Purchase Agreement**"), by and between the City and the Authority, including the right to receive all 2006 Installment Payments (as defined in the Installment Purchase Agreement) from the City under the Installment Purchase Agreement (but not including the right to be indemnified pursuant to, or receive notices under, the Installment Purchase Agreement), together with any and all of the other rights of the Authority under the Installment Purchase Agreement as may be necessary to enforce payment of such 2006 Installment Payments when due or otherwise to protect the interests of the owners of the Bonds. The assignment herein is absolute and presently effective.

Section 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such 2006 Installment Payments from the City under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Indenture, and all such 2006 Installment Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Indenture.

Section 3. Conditions. This Assignment Agreement shall confer no rights or impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

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IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Tom Conway, Chairman

ATTEST:

Jill Beaty, Secretary

APPROVED AS TO FORM:

 03-20-06

Gary L. Gillig, General Counsel

APPROVED AS TO CONTENT:

Marcie Medina, Controller

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Its: Authorized Officer

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CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

March 28, 2006

Request is hereby made for an appropriation of total \$ 50,000,000

Reason for appropriation: 2006 Water Bonds

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
Water Bond-2006 (609)	Water Cip 609-65XX- 712-7951 - Proceeds from Sale of Bonds	(50,000,000)
	Great Program 609-6531 - (016002) 821-8604 - Improve Not Bldg-New	4,100,000
	Great - Station #1-Desalter 609-65XX - (0660XX) 821-8604 - Improve Not Bldg-New	24,000,000
	Great - AWPf 609-65XX - (0660XX) 821-8604 - Improve Not Bldg-New	1,900,000
	Blending Station #3 Expansion 609-6577- (916006) 821-8605 - Imp Not Bldg-Major Repair	1,000,000
	Blending Station #3 Desalter 609-65XX (0660XX) 821-8604 - Improve Not Bldg-New	6,000,000
	Cast Iron Pipe Replacement 609-6510 - (026001) 821-8605 - Imp Not Bldg-Major Repair	4,000,000
	Blending Station #5 609-6528 - (026004) 821-8605 - Imp Not Bldg-Major Repair	1,200,000
	Blending Station Improv 609-6539 - (066001) 821-8605 - Imp Not Bldg-Major Repair	4,800,000
	Auto Meter Reading Retro 609-6545- (036010) 829-8608 - Auto Meter Readers	<u>3,000,000</u>
	Net Estimated Change to Water Bond 2006 Fund Balance	<u>-0-</u>



 Manager

REQUIRES CITY COUNCIL APPROVAL

DIRECTOR OF FINANCE



Disposition _____

Approved _____

Rejected _____

Transfer by Journal Voucher _____

 City Manager

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ATTACHMENT NO. 8
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