Meeting Date: 04/04/2006

ACTION	TYPE OF ITEM
☐ Approved Recommendation	☐ Info/Consent
☐ Ord. No(s). _____	☑ Report
☐ Res. No(s). _____	☐ Public Hearing (Info/consent)
☐ Other _____	☐ Other _____

Prepared By: Michael J. More MJM Agenda Item No. N-2

Reviewed By: City Manager City Attorney Finance Other *(Specify)*

DATE: March 27, 2006

TO: City Council

FROM: Michael More, Financial Services Manager
Finance Department

SUBJECT: **Issuance of Wastewater Revenue Bonds, Series 2006**

RECOMMENDATION

That City Council:

1. Adopt a resolution authorizing the sale, issuance, and delivery of not more than $15,000,000 in principal amount of City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks Project), Series 2006 ("2006 Bonds"), and approving certain documents and authorizing certain actions in connection therewith.

2. Approve the appropriation of funds in an amount not to exceed $13,000,000 from the sale of the 2006 Bonds for the purpose of completing the Headworks Project and appropriating a like amount of funds from other sources to complete various street improvement projects associated with the Redwood Trunk Project.

DISCUSSION

The Wastewater Division's extensive Redwood Trunk Project ("Project") is nearly complete and is projected to be finished by May 2006. The construction of the Project has, however, significantly affected the quality and integrity of certain City streets to the degree that these streets must be reconstructed as a direct result of the Project.

On January 10, 2006, City Council approved Plans and Specifications for certain streets impacted by the Project, including: the J Street Resurfacing Project (PW 06-11), the Gonzales Road Arterial Resurfacing Project (PW 06-19) and the Ventura Road Arterial Resurfacing Project (PW 06-12) (the "2006A Redwood Trunk Street Projects"). Plans and specifications for additional streets projects impacted by the Project, including but not limited to Hemlock Street and Redwood Street (the "2006B Redwood Trunk Street Projects" and collectively with the 2006A Redwood Trunk Streets Projects, the "Redwood Trunk Streets Projects"), will be presented for City Council approval in the near future.

The Plans and Specifications for the 2006A Redwood Trunk Streets Projects were approved with the financing source being the issuance of bonds from the Wastewater Enterprise Fund. These 2006A Redwood Trunk Street Projects are now an integral part of the completion of the Redwood Trunk Project.

The total estimated cost for all of the Redwood Trunk Streets Projects is $13,000,000. The Redwood Trunk Streets Projects will be paid for with bond proceeds from the existing Wastewater Revenue Bonds 2004, Series A ("2004A Bonds"), as a component of the Redwood Trunk Project. As a result, funds will be immediately appropriated from proceeds of the existing 2004A Bonds, and the 2006 Bonds will be used to replenish funding for the Headworks Project, which was funded as part of the 2004A Bonds, in an equal amount.

Financing Plan

Staff is proposing the issuance of Wastewater Revenue Bonds to finance the Headworks Project, thereby releasing funds from the 2004A Bonds to pay for the Redwood Trunk Streets Projects, which are now an integral part and discrete component of the Redwood Trunk Project. The debt service on the 2006 Bonds will be paid from net revenues of the Wastewater System, from existing wastewater 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 other outstanding wastewater 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 the insurer with the lowest bid. The 2006 Bonds are proposed to be structured as follows:

- **Fixed Rate Bonds**. The Bonds are proposed to be structured as fixed rate bonds at an annual payment amount not to exceed $800,000 annually, with 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 over the useful life of the improvements.

- **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 $15 million accomplishes the following:

- Approves the form of the following documents:

  - Installment Purchase Agreement (Attachment No. 2)
  - Trust Indenture (Attachment No. 3)

- Agency Agreement (Attachment No. 4)
- Preliminary Official Statement (Attachment No. 5)
- Continuing Disclosure Agreement (Appendix E, Attachment No. 5)
- Contract of Purchase (Attachment No. 6)
- Sale Agreement (Attachment No. 7)

- Authorizes the Mayor, Mayor Pro-Tem, City Clerk, and Finance Director 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, ML Stern & Co., LLC 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:

Sale Agreement. The Sale Agreement provides for the sale of the project to the City of Oxnard Financing Authority ("COFA"), which is then simultaneously transferred back to the City under the Installment Purchase Agreement.

Installment Purchase Agreement. The Installment Purchase Agreement between the City and COFA defines the terms by which the City purchases the project from COFA and then makes installment payments to COFA on the Project from Net System Revenues (as defined in the Installment Purchase Agreement).

Trust Indenture. The Trust Indenture defines the terms and conditions of the bonds, the rights and obligations of the City of Oxnard, COFA, the Trustee (Wells Fargo Bank), and bondholders. COFA assigns to the Trustee its rights to receive installment payments from the City in the Trust Indenture.

Agency Agreement. The Agency Agreement is the document pursuant to which COFA assigns the City as agent to carry out the completion of the project.

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

Contract of Purchase. These documents define the terms and conditions under which the underwriter, ML Stern & Co., LLC, agrees to purchase the bonds from the City.

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 Wastewater Treatment Debt Service Fund (624-

6004). The first debt service payment will be budgeted in FY 07-08, and annual debt service payments will be at an amount not to exceed $800,000 annually. Proceeds from the sale of the bonds will be deposited to City Account No. 622-6733-712-7951 (Project No. 046201) in an amount not to exceed $13,000,000. An equal amount of funds will be budgeted in City Account No. 612-6613-822-8605, to complete all of the components of the Redwood Trunk Streets Project.

MJM

Attachments

#1 - Resolution Authorizing the Sale, Issuance, and Delivery of Not More than $15,000,000 in Principal amount of City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks Project), Series 2006, and Approving Certain Documents and Authorizing Certain Actions in Connection Therewith
#2 - Installment Purchase Agreement
#3 - Trust Indenture
#4 - Agency Agreement
#5 - Preliminary Official Statement
#6 - Contract of Purchase
#7 - Sale Agreement
#8 - Special Budget Appropriation

Note: Attachments Nos. 2, 3, 5, 6, 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.

RESOLUTION NO. ___

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF NOT MORE THAN $15,000,000 IN PRINCIPAL AMOUNT OF CITY OF OXNARD FINANCING AUTHORITY WASTEWATER REVENUE BONDS (HEADWORKS PROJECT), 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 and refinancing certain lease and installment payment obligations; and

WHEREAS, on June 22, 2004, the Authority issued its Wastewater Revenue Bonds (Redwood Trunk Sewer and Headworks Projects), 2004 Series A, in the aggregate principal amount of $80,000,000 (the "2004 Series A Bonds"), to finance the construction, acquisition, and improvement of certain trunk sewer facilities and a portion of a headworks project (collectively, the "2004 Series A Project"); and

WHEREAS, on November 18, 2004, the Authority issued its Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B, in the aggregate principal amount of $23,975,000 (together with the 2004 Series A Bonds, the "2004 Bonds"), to finance the construction, acquisition, and improvement of certain septic system conversion projects and the completion of the aforementioned headworks project (together with the 2004 Series A Project, the "2004 Project"); and

WHEREAS, after the issuance of the 2004 Bonds, the City determined that the proceeds of the 2004 Bonds would be insufficient to complete the construction, acquisition, and improvement of the headworks portion of the 2004 Project and that additional moneys would be required therefor; and

WHEREAS, the City desires to finance, and the Authority desires to assist the City in financing, the completion of the construction, acquisition, and improvement of the headworks portion of the 2004 Project, all as more particularly described in Exhibit A to the Installment Purchase Agreement (as defined below) (the "Project"); and

WHEREAS, the City proposes that the Authority enter into an Indenture (the "Indenture") by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to provide for the issuance of not more than $15,000,000 in aggregate principal amount of City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks Project), Series 2006 (the "Bonds"), the proceeds of which Bonds will be used to finance the costs to (1) construct, acquire, and improve the 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 a Sale Agreement (the "Sale Agreement") by and between the City and the Authority, pursuant to which Sale Agreement the City will sell to the Authority the Project; and

WHEREAS, the City proposes to complete the construction, acquisition, and improvement of the Project by having the Authority appoint the City as the Authority's agent to complete said construction, acquisition, and improvement pursuant to an Agency Agreement (the "Agency Agreement") by and between the Authority and 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 Project; and

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

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

NOW, THEREFORE, THIS 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 Sale 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 Sale 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 Agency Agreement 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 Agency 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 4. The Installment Purchase Agreement 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 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 5. The City understands, acknowledges, and agrees that each of the Indenture (to which the City is an intended third party beneficiary) 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 6. 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 $15,000,000, 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 7. 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 Preliminary Official Statement with such changes, insertions, and omissions as may be approved by the Controller.

SECTION 8. The Bonds, in an aggregate principal amount not to exceed $15,000,000 (which aggregate amount shall be finally determined by the Controller), designated "City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks Project), 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 9. 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 Requirement (as defined in the Indenture) and to enter into an agreement with a surety provider selected by the Controller.

SECTION 10. 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 Sale Agreement, the Agency Agreement, the Installment Purchase Agreement, the Indenture, the Purchase Contract, 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 11. 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 12. 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.

[Remainder of Page Intentionally Left Blank.]

SECTION 13. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 4th day of April, 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

03-27-06

Gary L. Gillig, City Attorney

APPROVED AS TO CONTENT:

Marcie Medina, Finance Director

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

AGENCY AGREEMENT

by and between

CITY OF OXNARD FINANCING AUTHORITY

and

CITY OF OXNARD

Dated as of April 1, 2006

RELATING TO

$[PRINCIPAL AMOUNT]
CITY OF OXNARD FINANCING AUTHORITY
WASTEWATER REVENUE BONDS
(HEADWORKS PROJECT),
SERIES 2006

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS 1
Section 1.01 Definitions 1

ARTICLE II REPRESENTATIONS, COVENANTS, AND WARRANTIES 2
Section 2.01 Representations, Covenants, and Warranties of the City 2
Section 2.02 Representations, Covenants, and Warranties of the Authority 2

ARTICLE III APPOINTMENT OF AGENT 3
Section 3.01 Appointment of City 3

ARTICLE IV AUTHORITY OF AGENT; CONSTRUCTION 3
Section 4.01 Contracts and Payments 3
Section 4.02 Prevailing Wages 3
Section 4.03 Nondiscrimination 3
Section 4.04 Performance Security 3
Section 4.05 Plans and Specifications 4
Section 4.06 Supervision of Construction and Installation 4
Section 4.07 Enforcement of Contracts 4
Section 4.08 Fixed Construction and Acquisition Price 4
Section 4.09 Inspection of Records 4
Section 4.10 Time of Completion 4
Section 4.11 No Obligation of Authority 4

ARTICLE V MISCELLANEOUS 4
Section 5.01 Notices 4
Section 5.02 Governing Law 5
Section 5.03 Binding Effect; Successors 5
Section 5.04 Headings 5
Section 5.05 Waiver of Notice 5
Section 5.06 Severability of Invalid Provisions 5
Section 5.07 Amendments, Changes, Modifications 6
Section 5.08 Agreement to Pay Attorneys' Fees and Expenses 6
Section 5.09 Entire Agreement 6
Section 5.10 Effective Date 6
Section 5.11 Execution in Counterparts 6

AGENCY AGREEMENT

THIS AGENCY AGREEMENT (this "**Agency Agreement**") is made and entered into as of the 1st day of April, 2006, by and between the CITY OF OXNARD FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "**Authority**"), and the CITY OF OXNARD, a municipal corporation organized and existing under the laws of the State of California (the "**City**").

WITNESSETH:

WHEREAS, the City desires to finance the construction, acquisition, and improvement of the headworks project (the "**Project**") more particularly described in Exhibit A to the installment purchase agreement, dated as of the date hereof (the "**Installment Purchase Agreement**"), by and between the City and the Authority; and

WHEREAS, pursuant to the sale agreement, dated as of the date hereof (the "**Sale Agreement**"), by and between the Authority and the City, the City has sold the Project to the Authority and the Authority has agreed to construct, acquire, and improve the Project with funds requisitioned from Wells Fargo Bank, National Association, as Trustee (the "**Trustee**") under that certain indenture, dated as of the date hereof (the "**Indenture**"), by and between the City and the Trustee; and

WHEREAS, under the terms of the Installment Purchase Agreement, the Authority has agreed to sell the Project to the City, and the City has agreed to purchase the Project from the Authority; and

WHEREAS, it is in the interest of the Authority and the City that the Authority appoint the City as its agent for the purpose of constructing, acquiring, and improving the Project, and the Authority has agreed to appoint the City as its agent for said purpose; and

WHEREAS, all acts and proceedings required by law necessary to constitute this Agency Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Agency Agreement has been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in Section 1.01 of the Indenture shall, for all purposes of this Agency Agreement, have the meanings therein specified.

ARTICLE II
REPRESENTATIONS, COVENANTS, AND WARRANTIES

Section 2.01 Representations, Covenants, and Warranties of the City. The City represents, covenants, and warrants to the Authority as follows:

(a) The City is a municipal corporation organized and existing under the laws of the State of California.

(b) The City has full legal right, power, and authority to enter into this Agency Agreement and carry out its obligations hereunder, to carry out and consummate all transactions contemplated by this Agency Agreement, and the City has complied with the applicable provisions of the laws of the State of California in all matters relating to such transactions.

(c) By proper action, the City has duly authorized the execution, delivery, and due performance of this Agency Agreement, and this Agency Agreement constitutes a legal, valid, and binding obligation of the City enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' remedies generally or the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

(d) The execution and delivery of this Agency Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement, or other instrument to which the City is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of, or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement, or other instrument, or result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the City.

Section 2.02 Representations, Covenants, and Warranties of the Authority. The Authority represents, covenants, and warrants to the City as follows:

(a) The Authority is a joint exercise of powers entity organized and existing under the laws of the State of California.

(b) The Authority has full legal right, power, and authority to enter into this Agency Agreement and to carry out and consummate all transactions contemplated by this Agency Agreement, and the Authority has complied with the provisions of the Act in all matters relating to such transactions.

(c) By proper action, the Authority has duly authorized the execution, delivery, and due performance of this Agency Agreement, and this Agency Agreement has been duly authorized, executed, and delivered by the Authority, and this Agency Agreement constitutes a legal, valid, and binding obligation of the Authority enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' remedies generally or the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

(d) The execution and delivery of this Agency Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement, or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of, or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement, or other instrument, or result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

ARTICLE III
APPOINTMENT OF AGENT

Section 3.01 Appointment of City. The Authority hereby irrevocably appoints the City as its agent to carry out all phases of the supervision and completion of the Project and the City, as agent of the Authority, assumes all rights, duties, responsibilities, and liabilities of the Authority regarding such supervision and completion of the Project.

ARTICLE IV
AUTHORITY OF AGENT; CONSTRUCTION

Section 4.01 Contracts and Payments. The City, as agent of the Authority, shall enter into any purchase order, construction management agreement, architectural or engineering contract, or construction contract required for the construction, acquisition, and improvement of the Project. The City shall assure that all construction contracts or construction management agreements shall contain provisions for liquidated damages in such amounts as shall be determined by the City.

Section 4.02 Prevailing Wages. Each contract for the Project entered into between the City, as the agent for the Authority, and any contractor shall provide that such contractor shall pay not less than the general prevailing rate of wages, as determined in accordance with California Labor Code Section 1770, et seq.

Section 4.03 Nondiscrimination. Each contract for the Project entered into between the City, as the agent for the Authority, and any contractor shall provide that such contractor shall not discriminate against any other contractor or any employee or applicant for employment because of the race, religious creed, color, national origin, or sex of such person, unless based upon a bona fide occupational qualification. In addition, in determining contractors, or in employing persons for the purposes of construction or construction management, the City shall not discriminate on the basis of race, religious creed, color, national origin, or sex of such person, unless based upon a bona fide occupational qualification.

Section 4.04 Performance Security. Each contractor for the Project hired by the City, as agent for the Authority, shall be required to provide payment and performance bonds in amounts equal to the maximum price under their respective contracts. In addition, each contractor shall be required to provide an appropriate bond that guarantees workmanship and materials for a period of one (1) year after completion of the contract. In all such bonds, each of the City and the Authority shall be named as a co-insured party.

Section 4.05 Plans and Specifications. The Project shall be completed in accordance with final plans and specifications approved by the City and shall be in compliance with the California Environmental Quality Act of 1970. The City, as agent of the Authority, shall have the right to make any changes in the description of the Project or of any component thereof, whenever the City deems such changes to be necessary and appropriate; provided, however, that any such change shall not alter the essential nature of the Project, or impair the ability of the City to make Installment Payments under the Installment Purchase Agreement and, provided further, that no changes or modifications that require an amendment to a preexisting building permit shall be made in or to said final plans and specifications unless such changes or modifications are approved in writing by the City. Before approving any such changes to be undertaken by the City, the City shall assure that there has been deposited in the Project Fund moneys sufficient to pay any increased costs resulting from such changes or modifications.

Section 4.06 Supervision of Construction and Installation. The City, as agent of the Authority, shall have sole responsibility for and shall supervise completion of the Project and the purchase and installation of any personal property constituting a part of the Project. The City shall monitor the performance by any construction managers and by any construction contractors to the extent the City deems appropriate. The City shall permit the Authority or its assignee to inspect construction at any and all reasonable times as the City shall deem appropriate.

Section 4.07 Enforcement of Contracts. The Authority hereby irrevocably assigns to the City all rights and powers to enforce in its own name or the name of the Authority such purchase orders or contracts as are required for the construction, acquisition, and improvement of the Project, which enforcement may be at law or in equity.

Section 4.08 Fixed Construction and Acquisition Price. The Authority shall not be responsible for payment of, nor shall it pay or permit to be paid by the Trustee pursuant to the Indenture, more than the amounts on deposit in the Project Fund for the acquisition, construction, and improvement of the Project.

Section 4.09 Inspection of Records. The Authority shall have the right to inspect periodically the books and records of the City relating to construction and acquisition of the Project, and the City shall permit the Authority to make such inspections thereof at all reasonable times as the City shall deem appropriate.

Section 4.10 Time of Completion. The City shall use its best efforts to cause the Project to be completed by the date that is three years after the Closing Date.

Section 4.11 No Obligation of Authority. The appointment of the City to act as the agent of the Authority for all purposes hereunder is irrevocable and the Authority shall have no obligation to oversee, supervise, or guarantee the performance of the City hereunder.

ARTICLE V
MISCELLANEOUS

Section 5.01 Notices. All written notices to be given hereunder shall be given by first-class mail, postage prepaid, courier, or hand delivery to the party entitled thereto at its address

set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City: City of Oxnard
300 West Third Street
Oxnard, California 93030
Attention: Finance Director

If to the Authority: City of Oxnard Finance Authority
c/o City of Oxnard
300 West Third Street
Oxnard, California 93030
Attention: Controller

Section 5.02 Governing Law. This Agency Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 5.03 Binding Effect; Successors. This Agency Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Agency Agreement either the Authority or the City is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agency Agreement contained by or on behalf of the Authority or the City shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 5.04 Headings. The headings or titles of the several articles and sections hereof and any table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Agency Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding articles, sections, or subdivisions of this Agency Agreement, and the words "herein," "hereof," "hereunder," and other words of similar import refer to this Agency Agreement as a whole and not to any particular article, section, or subdivision hereof.

Section 5.05 Waiver of Notice. Whenever in this Agency Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the party entitled to receive such notice, and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 5.06 Severability of Invalid Provisions. In case any one or more of the provisions contained in this Agency Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such invalidity, illegality, or unenforceability shall not affect any other provision of this Agency Agreement, and this Agency Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Agency Agreement and each and every section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that

any one or more sections, paragraphs, sentences, clauses, or phrases of this Agency Agreement may be held illegal, invalid, or unenforceable.

Section 5.07 Amendments, Changes, Modifications. This Agency Agreement may be amended or any of its terms modified only in accordance with the terms of Section 10.3 of the Installment Purchase Agreement.

Section 5.08 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Agency Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement, performance, or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 5.09 Entire Agreement. This Agency Agreement contains the entire understanding between the City and the Authority and supersedes any prior written or oral agreements between them on the subject matter contained in this Agency Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, between the City and the Authority on the subject matter of this Agency Agreement that are not fully expressed herein.

Section 5.10 Effective Date. This Agency Agreement shall become effective as of the Closing Date; provided that the Indenture, the Sale Agreement, and the Installment Purchase Agreement are signed and delivered contemporaneously with this Agency Agreement, and its term shall be concurrent with the term of the Installment Purchase Agreement.

Section 5.11 Execution in Counterparts. This Agency Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank.]

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

CITY OF OXNARD

By:_____
Dr. Thomas E. Holden, Mayor

ATTEST:

_____
Daniel Martinez, City Clerk

CITY OF OXNARD FINANCING AUTHORITY

By:_____
Tom Conway, Chairman

ATTEST:

_____
Jill Beaty, Secretary

APPROVED AS TO FORM:

03-27-06
Gary L. Gillig, City Attorney and
Authority General Counsel

APPROVED AS TO CONTENT:

_____
Marcie Medina, City Finance Director
and Authority Controller

SALE AGREEMENT

by and between

CITY OF OXNARD

and

CITY OF OXNARD FINANCING AUTHORITY

Dated as of April 1, 2006

RELATING TO

$[PRINCIPAL AMOUNT]
CITY OF OXNARD FINANCING AUTHORITY
WASTEWATER REVENUE BONDS
(HEADWORKS PROJECT),
SERIES 2006

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS AND EXHIBITS; AUTHORIZATION OF PARTIES 2
Section 1.01 Definitions 2
Section 1.02 Exhibits 2
Section 1.03 Authorization 2

ARTICLE II REPRESENTATIONS, COVENANTS, AND WARRANTIES 2
Section 2.01 Representations, Covenants, and Warranties of the City 2
Section 2.02 Representations, Covenants, and Warranties of the Authority 3

ARTICLE III PURCHASE AND SALE OF THE PROJECT 4
Section 3.01 Purchase and Sale of the Project 4

ARTICLE IV UNCONDITIONAL OBLIGATIONS OF AUTHORITY 4
Section 4.01 Obligations of Authority Unconditional 4

ARTICLE V MISCELLANEOUS 4
Section 5.01 Further Assurances and Corrective Instruments 4
Section 5.02 Approval or Consent of Parties 5
Section 5.03 Assignment 5
Section 5.04 Notices 5
Section 5.05 Governing Law 5
Section 5.06 Binding Effect; Successors 5
Section 5.07 Headings 5
Section 5.08 Waiver of Notice 6
Section 5.09 Severability of Invalid Provisions 6
Section 5.10 Amendments, Changes, Modifications 6
Section 5.11 Agreement to Pay Attorneys' Fees and Expenses 6
Section 5.12 Entire Agreement 6
Section 5.13 Effective Date 6
Section 5.14 Execution in Counterparts 7

EXHIBIT A DESCRIPTION OF PROJECT A-1

SALE AGREEMENT

THIS SALE AGREEMENT is made and entered into as of April 1, 2006 (this "**Sale Agreement**"), by and between the CITY OF OXNARD, a municipal corporation organized and existing under the laws of the State of California (the "**City**"), and the CITY OF OXNARD FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "**Authority**").

WITNESSETH:

WHEREAS, in order to assist the City in the financing of the construction, acquisition, and improvement of the headworks project more particularly described in Exhibit A attached hereto (the "**Project**"), the Authority proposes to purchase the Project, to undertake the construction, acquisition, and improvement of the Project, to issue the City of Oxnard Financing Authority Wastewater Revenue Bonds (Headworks Project), Series 2006 (the "**Bonds**"), in accordance with the terms of that certain indenture, dated as of the date hereof (the "**Indenture**"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), and the Marks-Roos Local Bond Pooling Act of 1985, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and to apply a portion of the proceeds of the Bonds to the acquisition, construction, and improvement of a portion of the Project in accordance with the terms of the Indenture; and

WHEREAS, the City is authorized to sell the Project and any interest therein as is necessary or proper for City uses and purposes and for the common benefit of the City and its residents; and

WHEREAS, the sale of the Project by the City is necessary and proper for City uses and purposes and for the common benefit of the City and its residents; and

WHEREAS, the Authority proposes to complete construction, acquisition, and improvement of the Project and has appointed the City as its agent to complete said construction, acquisition, and improvement pursuant to an agency agreement, dated as of the date hereof (the "**Agency Agreement**"), by and between the City and the Authority; and

WHEREAS, simultaneous with the execution and delivery of this Sale Agreement, the Authority proposes to transfer back the Project to the City pursuant to an installment purchase agreement, dated as of the date hereof (the "**Installment Purchase Agreement**"), by and between the Authority and the City, in consideration of which the City will obligate itself to make installment payments to the Authority or its assignee in the amounts and on the dates set forth in Exhibit B to the Installment Purchase Agreement (the "**Installment Payments**"); and

WHEREAS, for the purpose of obtaining the moneys required to be provided by it for the acquisition, construction, and improvement of the Project, the Authority proposes to assign and transfer certain of its rights under the Installment Purchase Agreement and this Sale Agreement to the Trustee pursuant to the Indenture, and, in consideration of such assignment and the execution of the Indenture, the Trustee has agreed to authenticate and register the Bonds; and

WHEREAS, the Bonds will be secured by the Installment Payments to be made by the City from the Net System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement; and

WHEREAS, all acts and proceedings required by law necessary to constitute this Sale Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Sale Agreement have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I
DEFINITIONS AND EXHIBITS; AUTHORIZATION OF PARTIES

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in Section 1.01 of the Indenture shall, for all purposes of this Sale Agreement, have the meanings therein specified.

Section 1.02 Exhibits. The following Exhibits are attached to and by reference made a part of this Sale Agreement:

Exhibit A: The description of the Project.

Section 1.03 Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Sale Agreement, and has taken all actions necessary to authorize the execution of this Sale Agreement by the officers and persons signing it.

ARTICLE II
REPRESENTATIONS, COVENANTS, AND WARRANTIES

Section 2.01 Representations, Covenants, and Warranties of the City. The City represents, covenants, and warrants to the Authority as follows:

(a) The City is a municipal corporation organized and existing under the laws of the State of California.

(b) The City has full legal right, power, and authority to enter into this Sale Agreement and carry out its obligations hereunder, to carry out and consummate all transactions contemplated by this Sale Agreement, and the City has complied with the applicable provisions of the laws of the State of California in all matters relating to such transactions.

(c) By proper action, the City has duly authorized the execution, delivery, and due performance of this Sale Agreement, and this Sale Agreement constitutes a legal, valid, and binding obligation of the City enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, or other laws affecting

creditors' remedies generally or the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

(d) The execution and delivery of this Sale Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement, or other instrument to which the City is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of, or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement, or other instrument, or result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the City.

(e) The City has full right, interest, and legal title to the Project and shall defend said title against all challenges. If it is finally determined by a court of competent jurisdiction that the City does not hold said title, or that a defect to said title exists that would materially adversely affect the interests of the Authority hereunder or under the Installment Purchase Agreement, the City shall, to the extent permitted by law, cure such defect or obtain said title through purchase or the exercise of its powers of eminent domain.

Section 2.02 Representations, Covenants, and Warranties of the Authority. The Authority represents, covenants, and warrants to the City as follows:

(a) The Authority is a joint exercise of powers entity organized and existing under the laws of the State of California.

(b) The Authority has full legal right, power, and authority to enter into this Sale Agreement and to carry out and consummate all transactions contemplated by this Sale Agreement, and the Authority has complied with the provisions of the Act in all matters relating to such transactions.

(c) By proper action, the Authority has duly authorized the execution, delivery, and due performance of this Sale Agreement, and this Sale Agreement has been duly authorized, executed, and delivered by the Authority, and this Sale Agreement constitutes a legal, valid, and binding obligation of the Authority enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' remedies generally or the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

(d) The execution and delivery of this Sale Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement, or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of, or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement, or other instrument, or result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

ARTICLE III
PURCHASE AND SALE OF THE PROJECT

Section 3.01 Purchase and Sale of the Project. For valuable consideration, receipt of which is hereby acknowledged, the City hereby sells the Project to the Authority, and the Authority hereby purchases the Project from the City. Title to the Project shall be deemed conveyed to and vested in the Authority, as provided herein, without the necessity of any other instrument or document of conveyance.

ARTICLE IV
UNCONDITIONAL OBLIGATIONS OF AUTHORITY

Section 4.01 Obligations of Authority Unconditional. The term of this Sale Agreement shall be concurrent with the term of the Installment Purchase Agreement. The obligations of the Authority to perform and observe the agreements on its part contained herein shall be absolute and unconditional, and, until such time as the Installment Purchase Agreement shall expire or be terminated in accordance with its provisions therefor, the Authority (i) shall perform and observe all of its agreements contained in this Sale Agreement and (ii) shall not terminate this Sale Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of, or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either, or any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Sale Agreement.

Nothing contained in this Section shall be construed to release the City from the performance of any of the agreements on its part herein contained; and in the event the City should fail to perform any such agreement on its part, the Authority may institute such action against the City as the Authority may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not violate the agreements of the Authority contained in the first paragraph of this Section. The Authority may at its own cost and expense and in its own name or in the name of the City, prosecute or defend any action or proceeding or take any other action involving third persons that the Authority deems reasonably necessary in order to secure or protect its right of title, possession, and use hereunder, and in such event the City hereby agrees to cooperate fully with the Authority and to take all action necessary to effect the substitution of the Authority for the City in any action or proceeding if the Authority shall so request.

ARTICLE V
MISCELLANEOUS

Section 5.01 Further Assurances and Corrective Instruments. The City and the Authority shall, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments, including deeds, bills of sale, and other documents of transfer, as may reasonably be required for correcting any inadequate or incorrect description of the Project or for carrying out the intention of or facilitating the performance of this Sale Agreement.

Section 5.02 Approval or Consent of Parties. Whenever under the provisions of this Sale Agreement the approval or consent of either party is required, or either party is required to take some action at the request of the other party, such approval or consent shall be given or such request shall be made by an authorized representative of the requesting or approving party unless otherwise specified in this Sale Agreement, and the other party shall be authorized to act on any such approval or request.

Section 5.03 Assignment. The City acknowledges and agrees that, by its execution and delivery of the Indenture, the Authority shall assign its rights hereunder to the Trustee in trust for the benefit of the Owners of the Bonds, and the City consents to such assignment.

Section 5.04 Notices. All written notices to be given under this Sale Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, first-class postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the City: City of Oxnard
300 West Third Street
Oxnard, California 93030
Attention: Finance Director

If to the Authority: City of Oxnard Finance Authority
c/o City of Oxnard
300 West Third Street
Oxnard, California 93030
Attention: Controller

If to the Trustee: Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017
Attention: Corporate Trust Department

Section 5.05 Governing Law. This Sale Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 5.06 Binding Effect; Successors. This Sale Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Sale Agreement either the Authority or the City is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Sale Agreement contained by or on behalf of the Authority, the Trustee, or the City shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 5.07 Headings. The headings or titles of the several articles and sections hereof and any table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Sale Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding

articles, sections, or subdivisions of this Sale Agreement, and the words "herein," "hereof," "hereunder," and other words of similar import refer to this Sale Agreement as a whole and not to any particular article, section, or subdivision hereof.

Section 5.08 Waiver of Notice. Whenever in this Sale Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the party entitled to receive such notice, and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 5.09 Severability of Invalid Provisions. In case any one or more of the provisions contained in this Sale Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such invalidity, illegality, or unenforceability shall not affect any other provision of this Sale Agreement, and this Sale Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Sale Agreement and each and every section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Sale Agreement may be held illegal, invalid, or unenforceable.

Section 5.10 Amendments, Changes, Modifications. This Sale Agreement may be amended or any of its terms modified only in accordance with the terms of Section 10.3 of the Installment Purchase Agreement.

Section 5.11 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Sale Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement, performance, or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 5.12 Entire Agreement. This Sale Agreement contains the entire understanding between the City and the Authority and supersedes any prior written or oral agreements between them on the subject matter contained in this Sale Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, between the City and the Authority on the subject matter of this Sale Agreement that are not fully expressed herein.

Section 5.13 Effective Date. This Sale Agreement shall become effective as of the Closing Date; provided that the Indenture, the Installment Purchase Agreement, and the Agency Agreement are signed and delivered contemporaneously with this Sale Agreement, and its term shall be concurrent with the term of the Installment Purchase Agreement.

[Remainder of Page Intentionally Left Blank.]

Section 5.14 Execution in Counterparts. This Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

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

CITY OF OXNARD

By:_____
Dr. Thomas E. Holden, Mayor

ATTEST:

_____
Daniel Martinez, City Clerk

CITY OF OXNARD FINANCING AUTHORITY

By:_____
Tom Conway, Chairman

ATTEST:

_____
Jill Beaty, Secretary

APPROVED AS TO FORM:

Gary Gillig 03-27-06
Gary L. Gillig, City Attorney and
Authority General Counsel

APPROVED AS TO CONTENT:

_____
Marcie Medina, City Finance Director
and Authority Controller

EXHIBIT A

DESCRIPTION OF PROJECT

The "**Project**" consists of the construction, acquisition, and improvement of (1) the Headworks Project, which generally includes: (a) new headworks area; (b) new mechanical bar screen facilities; (c) new grit removal and dewatering facilities; (d) influent pump station; and (e) new odor control facilities and support facilities; and (2) appurtenances and appurtenant work relating to the foregoing project, including right-of-way acquisition.

CITY OF OXNARD

REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager: April 4, 2006

Request is hereby made for an appropriation of total . . . . . $ 13,000,000

Reason for appropriation: Receipt/Appropriation of Wastewater Revenue Bonds, Series 2006.
Not-to-exceed' amounts only. Budget to be adjusted with actual amounts.

FUND	DESCRIPTION/ACCOUNT	AMOUNT
WW Collection CIP (612)	Redwood Trunk Streets Projects	
	612-6613- (xxxxxx)	
	711-7908 - Transfer from WW Treatment CIP Fund	(13,000,000)
	822-8605 - Capital Outlay-Improv other than Bldg -Major	13,000,000
	Net Estimated Change to WW Collection CIP Fund Balance	0
WW Treatment CIP (622)	WWTP - Headworks Project	
	622-6733- (046201)	
	712-7951 - Proceeds from Sale of Bonds	(13,000,000)
	849-8731 - Transfer to WW Collection CIP Fund	13,000,000
	Net Estimated Change to WW Treatment CIP Fund Balance	0

Program Leader

REQUIRES CITY COUNCIL APPROVAL

DIRECTOR OF FINANCE

Disposition

Approved _____

Rejected _____

Transfer by Journal Voucher _____

00041

City Manager

ATTACHMENT NO. 8

PAGE 1 OF 1