



Meeting Date: 03/06/07

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: Michael More *mm* Agenda Item No. 0-1
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other (Specify) _____

DATE: February 20, 2007

TO: City Council

FROM: Michael More, Financial Services Manager *[Signature]*
Finance Department

SUBJECT: Allocation of Funds from Sale of 14 Acres of City Property

RECOMMENDATION

That City Council:

1. Approve a special budget appropriation in the amount of \$9,933,108 from the sale of 14 acres of City property (the "Property") to repay the loan due from the Golf Course Enterprise Fund to the Wastewater Enterprise Fund.
2. Approve a special budget appropriation in the amount of \$387,855 from the sale of the Property to the Assessment District 2000-1 (Oxnard Blvd/Highway 101) Fund.
3. Approve the allocation of \$6,793,045 from the sale of the Property toward defeasance of a portion of the bonds associated with the River Ridge Golf Course.
4. Authorize the City Manager to execute a loan agreement in the form of Attachment No. 2, providing for a loan of up to the sum of \$8,500,000 from the Water Enterprise Fund to the Golf Course Fund, such agreement to be executed and such loan to be used only in the event funds are needed in connection with the repurchase of 14 acres of property from Casden Oxnard, LLC pursuant to Agreement No. 6802, executed November 28, 2006.
5. Authorize the City Manager to execute a loan agreement providing for a loan up to the sum of \$8,500,000 from the Wastewater Enterprise Fund to the Golf Course Fund, such agreement to be executed and such loan to be used only in the event funds are needed in connection with the repurchase of 14 acres of property from Casden Oxnard, LLC pursuant to Agreement No. 6802, executed November 28, 2006.

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DISCUSSION

On November 28, 2006, City Council approved Agreement No. A-6802 (the "Agreement") between the City and Casden Oxnard LLC ("Buyer"), for the sale of 14 acres adjacent to the River Ridge Golf Course. The Property consists of an approximate 4 acres referred to as "River Ridge Fields" (the "4 Acres"), and a 10 acre parcel located west of Ventura Road, south of the Santa Clara River, and east of the River Ridge Golf Course (the "10 Acres"). Both the 4 Acres and the 10 Acres (collectively, the "Property") were declared surplus on September 19, 2000, and the City complied with all surplus property procedures as established in Government Code Section 54220.

The Agreement contains a provision that allowed the Buyer to close escrow on or before January 10, 2007. In the event the Buyer is unable to obtain entitlements to build a certain number of units on the Property (e.g., 129 units on the 10 Acres and 36 units on the 4 Acres), the City is obligated to buy back the Property within 60 days' notice of the Buyer's request. This obligation expires on March 31, 2008.

The Buyer exercised its option to close escrow early. As a result, the City received net proceeds of \$23,864,525 on January 10, 2007.

Staff is recommending that a portion of the net proceeds from the sale be appropriated to provide for the following:

- **Payment of Assessment District No. 2000-1 lien.** A total of \$387,855 must be allocated to pay off the lien on the Property associated with Assessment District No. 2000-1 (Oxnard Blvd/Hwy 101 Interchange).
- **Repayment of Wastewater Loan to Golf Course Fund.** A total of \$9,933,108 (\$9.5 million in principal and \$433,108 in interest) is due to the Wastewater Enterprise Fund from the Golf Course Fund. The Golf Course Fund will save interest expense by paying the debt.

In conjunction with the approval of the above appropriations, staff requests that City Council authorize the City Manager, if and when necessary, to execute two loan agreements, one between the Water Enterprise Fund and the Golf Course Fund in the amount of up to \$8,500,000 and one between the Golf Course Fund and the Wastewater Enterprise Fund in the amount of up to \$8,500,000. The loans would be a backup financing source that would *only* be drawn upon in the event that the Buyer of the Property exercises its option to sell the Property back to the City no later than March 31, 2008. These loans are intended to only provide an interim solution until staff could secure permanent financing. The loans cannot be drawn upon for any other purpose than the contingent obligation to buy back the Property from the Buyer.

If the above appropriations are approved, the balance remaining from the sale of the Property would be \$13,543,562. A total of \$6,750,517 will be the subject of a separate report at a future City Council meeting concerning the construction of Phase II/III of the Victoria Lakes Golf Course. Staff recommends that the remaining balance of \$6,793,045 be held as restricted cash in the Golf Course Fund until after the expiration of the time in which the Buyer can sell the Property back to the City,

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March 31, 2008. Interest earned on this money during this period would be used to offset interest expense on the debt of the original River Ridge Golf Course. After March 31, 2008, staff recommends that the \$6,793,045 be used to legally defease (but not retire, due to prepayment restrictions) a majority of the remaining debt on the original River Ridge Golf Course, which will have a remaining balance of \$8,130,249 at that time. Staff will present a proposal to City Council for the appropriation of the remaining funds in April 2008.

FINANCIAL IMPACT

A total of \$9,933,108 will be appropriated to 651-6905-896-8507/8508 (Project No. 026901) to repay the Wastewater loan. In addition, \$387,855 will be appropriated to 307-9717-826-8605 (Project No. 873113) for the Oxnard Blvd/Highway 101 project relative to special assessments on the Property. The balance from the sale of the Property, \$6,793,045, will be held as restricted cash in the Golf Course Fund, and will be appropriated at a later date, which is anticipated to be April 2008.

MJM

Attachment #1 - Special Budget Appropriation
#2 - Financial Agreement Form

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CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

March 6, 2007

Request is hereby made for an appropriation of total

\$ 10,320,963

Reason for appropriation: Appropriation of proceeds from sale of real property.

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
Golf Course Operating (651)	Golf Course Operating Fund 651-6905-	
	581-7524 - Sale of Real Property	(23,476,670)
	896-8507 (026901) - Loan Principal Payment	9,500,000
	896-8508 (026901)- Loan Interest Payment	<u>433,108</u>
	Net Estimated Change to Golf Course Operating Fund Balance	\$ <u>13,543,562</u>
Assess. Distr. 2000-1 Fund (513)	Assessment District 2000-1 Fund 513-1901-591-7554 - Sp. Assessment Revenue	(387,855)
	513-1901-871-8733 - Transfers Out	<u>387,855</u>
	Net Estimated Change to Assessment District 2000-1 Fund Balance	\$ <u>-</u>
Capital Project Fund - AD 2000-1 (307)	Capital Project Fund - AD 2000-1 307-9717-	
	-711-7913 - Transfers In	(387,855)
	-826-8605 (873113) - Improvements	<u>387,855</u>
	Net Estimated Change to AD 2000-1 Capital Project Fund Balance	\$ <u>-</u>



 Program Leader

REQUIRES CITY COUNCIL APPROVAL

DIRECTOR OF FINANCE



Disposition	Approved _____
	Rejected _____
Transfer by Journal Voucher _____	City Manager _____

FINANCIAL AGREEMENT

This Financial Agreement is entered into as of this _____ day of _____, by and between the City of Oxnard, a municipal corporation duly organized and validly existing under the laws of the State of California through its Wastewater Enterprise Fund (the "Wastewater Fund") on the one hand, and the City of Oxnard, duly established under the laws of the State of California through its Golf Course Fund (the "Project Fund") on the other hand.

RECITALS

WHEREAS, the Project Fund desires to borrow an amount of _____ Dollars (\$ _____) from the Wastewater Fund in connection with repurchase of approximately 14 acres of property adjacent to the River Ridge Gold Course; and

WHEREAS, the Wastewater Fund has available funds in unreserved, undesignated fund balances to loan to the Project Fund the sum of _____ Dollars (_____).

WHEREAS, such available funds are currently invested earning interest at amounts comparable to the Local Agency Investment Fund ("LAIF") rate of interest; and

WHEREAS, such available funds are projected to remain available for the next fiscal year; and

WHEREAS, the Project Fund has agreed to pay an interest rate of LAIF during the term that such funds are used by the Project Fund; and

WHEREAS, the Wastewater Fund benefits from the loan by being able to earn a reasonable interest rate on idle funds; and

WHEREAS, the Project Fund benefits from the loan because the funds will allow timely purchase of the above-referenced property;

AGREEMENT

NOW THEREFORE, the Project Fund and the Wastewater Fund hereby agree as follows:

Section 1 Wastewater Fund Loan to Project Fund

The Wastewater Fund agrees to loan the Project Fund _____ Dollars (\$_____). The loan will accrue simple interest from the date received by the Project Fund at the average interest rate of LAIF. The LAIF rate shall be the average rate for each month ending one month prior to the payment due date.

Section 2 Fund Repayment of Loan

The Project Fund hereby agrees to repay the Wastewater Fund the principal balance then outstanding, plus interest as set out above, on or before _____, unless the Project Fund and the Wastewater Fund have negotiated an extension of the loan pursuant to Section 4 of this Financial Agreement.

Section 3 Prepayment of Loan

Without Penalty, the Project Fund may prepay all or a portion of the principal and interest at any time.

Section 4 Term

The term of this Financial Agreement shall be from _____, to _____, with the remaining amount of the loan, pursuant to Section 2 of this Financial Agreement being due and payable on that date. Upon mutual written agreement of the Wastewater Fund and the Project Fund, the term of this loan may be extended.

Section 5 Execution in Counterparts

This Financial 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.

Section 6 Governing Law

This Financial Agreement shall be interpreted in accordance with the laws of the State of California.

Section 7 Integration

This Financial Agreement constitutes the whole agreement between the parties hereto with respect to the subject matter hereof, and neither party nor any of its agents or employees has made any representation except as specifically provided herein.

Section 8 Amendment

This Financial Agreement may be modified in writing when agreed to by both the Wastewater Fund and Project Fund.

IN WITNESS WHEREOF, the parties hereto have executed and attested the execution of this Financial Agreement as of the date set forth above.

CITY OF OXNARD, through its
Golf Course Fund

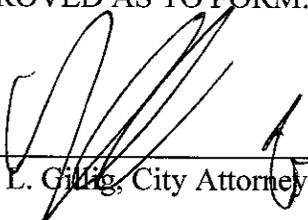
CITY OF OXNARD, through its
General Fund

Edmund F. Sotelo, City Manager

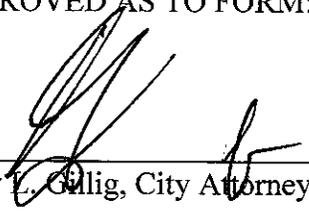
Edmund F. Sotelo, City Manager

APPROVED AS TO FORM:

APPROVED AS TO FORM:



Gary L. Gillig, City Attorney



Gary L. Gillig, City Attorney

APPROVED AS TO CONTENT:

APPROVED AS TO CONTENT:

Susan Winder, Acting Finance Director

Susan Winder, Acting Finance Director