



Meeting Date: 6/12/2007

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
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other

Prepared By: Michael More / Beth Vo ^{bv} Agenda Item No. 0-1
 Reviewed By: City Manager MMH City Attorney [Signature] Finance SW Other (Specify) _____

DATE: June 5, 2007

TO: City Council
City of Oxnard Financing Authority

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

SUBJECT: Execution and Delivery of City of Oxnard Certificates of Participation (2007 Street Improvement Program)

RECOMMENDATION

That City Council adopt a resolution approving the sale, execution, and delivery of not more than \$40 million in principal amount of City of Oxnard Certificates of Participation (2007 Street Improvement Program) (the "Certificates") and approving certain actions in connection therewith, and authorizing judicial validation proceedings relating thereto.

That the City of Oxnard Financing Authority adopt a resolution approving the sale, execution, and delivery of not more than \$40 million in principal amount of City of Oxnard Certificates of Participation (2007 Street Improvement Program) and approving certain actions in connection therewith.

DISCUSSION

As part of the City's efforts to provide funding to reconstruct City streets and consistent with the City Council's mission statement, staff is proposing that the City undertakes a program for the construction, acquisition, and improvement of certain public streets and roadways within the City (collectively, the "Project"). The Project is part of the City's ongoing capital improvement program and consists of street improvements in the City, including, but not limited to, the resurfacing of various City streets and acquisition, construction, and improvement of streets, curbs, gutters, sidewalks, and other street and traffic improvements. The Project is necessary to reduce annual maintenance funding needs and raise the service level of the City's street network.

**Execution and Delivery of City of Oxnard Certificates of Participation
(2007 Street Improvement Program)**

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Financing Plan

Article 19, of the California Constitution authorizes the collection of the Motor Vehicle Fuel Tax (the "Gas Tax") to be used for operation, construction, or maintenance of public streets and highways. The Gas Tax is an 18 cent per gallon state fuel excise tax. The California State Controller allocates the Gas Tax to cities and counties on a monthly basis based on factors such as population according to Section 2105, 2106, and 2107 of the California Streets & Highway Codes.

Staff is proposing the execution and delivery of the Certificates to provide funding for the Project. The Certificates will be secured solely by Gas Tax revenues that the City receives from the State of California. Gas Tax revenues will be deposited into a special fund (the "Gas Tax Fund") to be held and administered by the City.

The Certificates are to be insured by XL Capital Assurance at a rate of 78 basis points (.78 percent). The purchase of bond insurance will cause the bonds to be assigned a 'AAA' rating, resulting in lowest possible interest rate for the Certificates. The Certificates will be repaid over 30 years with level annual payments. Debt service on the Certificates will be structured to provide at least 2.00 times coverage from the City's Gas Tax revenues. Stated differently, the City will only use one-half of its Gas Tax revenues for debt service. The remaining Gas Tax revenue may continue to be used for street maintenance. The estimated debt service on the Certificates is \$1,730,000 annually. Based on conservative interest rates, the estimated par amount of the Certificates is \$27,000,000. The proposed not-to-exceed amount of the Certificates is conservatively set at \$40,000,000, which provides the City flexibility to take advantage of favorable interest rates and raise additional proceeds at the same level of debt service payments.

Prior to the execution and delivery of the Certificates, the financing structure and pledge of Gas Tax revenues will be judicially validated pursuant to proceedings to be commenced in the Superior Court of Ventura County, pursuant to the provisions of Section 860 et. seq. of the California Code of Civil Procedure. If unchallenged by the State of California, the Superior Court of Ventura County is expected to enter a default judgment to the effect that the Certificates are valid, legal, and binding obligations of the City and that the City has the legal ability to pledge Gas Tax revenues toward the repayment of debt. Judicial validation is required so that the City can issue debt as an exception to the California Constitutional debt limit and that bond counsel can opine that the Certificates are valid and legal.

City Council and COFA are being asked tonight to authorize the sale, execution and delivery of the Certificates as well as the commencement of the judicial validation process. The validation process involves several steps that allow public response and take several weeks. Prior to the sale, execution and delivery of the Certificates and near the completion of the judicial validation process, City Council and COFA will be asked to approve the bond prospectus and related sale documents at a later date.

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**Execution and Delivery of City of Oxnard Certificates of Participation
(2007 Street Improvement Program)**

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Tonight's Actions

City Resolution

The City Resolution (Attachment No. 1) will accomplish the following:

- Approves the form of the following documents:
 - Agency Agreement (Attachment No. 3)
 - Installment Purchase Agreement (Attachment No. 4)
 - Sale Agreement (Attachment No. 5)
 - Trust Agreement(Attachment No. 6)
- Approves the sale of the Certificates in an amount not to exceed \$40 million.
- 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 Certificates to the underwriter, E. J. De La Rosa & Co., Inc. at a net interest cost of not more than 7 percent and an underwriter's discount of not more than 1.5 percent.
- Authorizes the commencement and completion of proceedings required for the judicial validation of the validity of the foregoing documents and the pledge of Gas Tax revenues to the payment of Installment Payments (as defined below).

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

Sales Agreement. The Sales Agreement between the City and the City of Oxnard Financing Authority ("COFA") transfer certain public streets and roadways, including rights-of-way, within the City upon which the Project shall be acquired, constructed, and improved (the "Project Site") to COFA and COFA will agree to undertake the construction, acquisition, and improvement of the Project.

Installment Purchase Agreement. The Installment Purchase Agreement between the City and COFA to transfer the Project Site and the Project to the City, in consideration of which the City will obligate itself to make installment payments for the Project for COFA or its assignee in the amounts and on the dates set forth in the Installment Purchase Agreement (the "Installment Payments").

Trust Agreement. The Trust Agreement defines the terms and conditions of the Certificates, the rights and obligations of the City, COFA, the trustee (Wells Fargo Bank), and the certificate holders.

Agency Agreement. The Agency Agreement between the City and COFA appoints the City as COFA's agent to complete the construction, acquisition, and improvement of the Project.

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**Execution and Delivery of City of Oxnard Certificates of Participation
(2007 Street Improvement Program)**

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COFA Resolution

The COFA Resolution (Attachment No. 2) will accomplish the following:

- Approves the form of the following documents:
 - Agency Agreement (Attachment No. 3)
 - Installment Purchase Agreement (Attachment No. 4)
 - Sale Agreement (Attachment No. 5)
 - Trust Agreement(Attachment No. 6)
- Approves the sale of the Certificates in an amount not to exceed \$40 million.
- Authorizes the Chairman, Vice Chairman, Secretary, Controller, Assistant Controller, and the General Counsel to execute and deliver any and all documents necessary or proper for carrying out the execution and delivery of the Certificates.

FINANCIAL IMPACT

For Fiscal Year 2007-08, debt service (principal and interest) on the Certificates is estimated to be \$1,728,000. Thereafter, average annual debt service will be approximately \$1,730,000. Debt service on the Certificates will be paid solely from Gas Tax revenues. Proceeds from the sale of the Certificates will fund the Project described herein in the amount of approximately \$24,000,000.

MJM / BV
Attachments

- #1 – City Resolution approving the sale, execution, and delivery of not more than \$40 million in principal amount of City of Oxnard Certificates of Participation (2007 Street Improvement Program).
- #2 – COFA Resolution approving the sale, execution, and delivery of not more than \$40 million in principal amount of City of Oxnard Certificates of Participation (2007 Street Improvement Program), and approve certain documents and authorize certain actions in connection therewith.
- #3 – Agency Agreement
- #4 – Installment Purchase Agreement
- #5 – Sale Agreement
- #6 – Trust Agreement

Note: Attachment #4 and #6 have been provided to City Council under separate cover. Copies for review are available at the Circulation Desk in the Library after 6:00 p.m. on Thursday prior to the Council meeting and in the City Clerk's Office after 8:00 a.m. on Friday, June 8, 2007, prior to the Council meeting.

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RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE SALE, EXECUTION, AND DELIVERY OF NOT MORE THAN \$40,000,000 IN PRINCIPAL AMOUNT OF CITY OF OXNARD CERTIFICATES OF PARTICIPATION (2007 STREET IMPROVEMENT PROGRAM) EVIDENCING DIRECT, UNDIVIDED FRACTIONAL INTERESTS OF THE OWNERS THEREOF IN INSTALLMENT PAYMENTS TO BE MADE BY THE CITY OF OXNARD TO THE CITY OF OXNARD FINANCING AUTHORITY PURSUANT TO AN INSTALLMENT PURCHASE AGREEMENT, APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH, AND AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING THERETO

WHEREAS, the City of Oxnard (the "City") has determined to undertake a program for the construction, acquisition, and improvement of certain public streets and roadways within the City (collectively, the "Project") and the City desires to finance such program from motor vehicle fuel tax revenues received by the City from the State of California and deposited into a special fund to be held and administered by the City (the "Gas Tax Fund"); and

WHEREAS, the City of Oxnard Financing Authority (the "Authority") has been formed for the purpose of, among other things, assisting the City in financing facilities and property useful to the City and is authorized to assist the City in the financing, construction, acquisition, and improvement of the Project; and

WHEREAS, the City proposes to enter into a Trust Agreement (the "Trust Agreement"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), for the execution and delivery of the City of Oxnard Certificates of Participation (2007 Street Improvement Program) (the "Certificates"), the proceeds of which will be used to (i) finance the costs to acquire, construct, and improve the Project, (ii) provide for the reserve fund with respect to the Certificates, and (iii) pay costs incurred in connection with the sale, execution, and delivery of the Certificates; and

WHEREAS, the City proposes to transfer certain public streets and roadways, including rights-of-way, within the City upon which the Project shall be acquired, constructed, and improved (the "Project Site") to the Authority pursuant to a Sale Agreement (the "Sale Agreement"), by and between the City and the Authority; and

WHEREAS, the City proposes that the Authority purchase the Project Site from the City pursuant to the Sale Agreement and agree to undertake the construction, acquisition, and improvement of the Project, and apply a portion of the proceeds of the Certificates to the acquisition, construction, and improvement of the Project in accordance with the terms of the Trust Agreement; and

WHEREAS, the City proposes that, simultaneous with the execution and delivery of the Sale Agreement, the Authority appoint the City as its agent to complete the construction,

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acquisition, and improvement of the Project pursuant to an Agency Agreement (the “Agency Agreement”), by and between the Authority and the City; and

WHEREAS, the City proposes that, simultaneous with the execution and delivery of the Sale Agreement, the Authority transfer the Project Site and the Project to the City pursuant to an Installment Purchase Agreement (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 the Installment Purchase Agreement (collectively, the “Installment Payments”); and

WHEREAS, the Certificates will evidence direct, undivided fractional interests of the Owners thereof in the Installment Payments to be made by the City pursuant to the Installment Purchase Agreement solely from moneys on deposit in the Gas Tax Fund (which constitutes the “special gas tax street improvement fund” referred to in California Streets and Highways Code Section 2113), which moneys comprise all amounts received by the City from the State of California in accordance with California Streets and Highways Code Sections 2105, 2106, and 2107, as such provisions may be amended, and all other revenues (except revenues received by the City in accordance with Section 2107.5 of said Code), if any, received by the City from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions, or reimbursements received by the City from the State of California in lieu of such revenues (the “Gas Tax Revenues”); and

WHEREAS, the Installment Payments will be sufficient to provide the amount necessary to pay the principal and the interest with respect to the Certificates; and

WHEREAS, this City Council of the City (this “City Council”) has determined that the execution and delivery of the Certificates does not require approval of the qualified electors of the City; and

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

WHEREAS, this City Council has determined that it is desirable to sell the Certificates on a negotiated sale basis to E. J. De La Rosa & Co., Inc., as underwriter (the “Underwriter”), pursuant to a Contract of Purchase (the “Purchase Contract”) to be entered into by and among the City, the Authority, and the Underwriter; and

WHEREAS, this City Council has appointed Goodwin Procter LLP as special counsel (“Special Counsel”) and disclosure counsel to prepare proceedings for the installment purchase of the Project Site and the Project and the sale, execution, and delivery of the Certificates and to prepare and review the form and content of initial and continuing disclosure materials in connection with the execution and delivery of the Certificates; 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 (the “Finance Director”), in consultation with Special Counsel, has examined and approved each document and has recommended that this City Council direct the completion,

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where appropriate, and the execution and delivery of such documents and the consummation of such financing:

- (1) the Sale Agreement;
- (2) the Installment Purchase Agreement;
- (2) the Agency Agreement; and
- (3) the Trust Agreement; and

WHEREAS, in order to determine the validity of this Resolution, the Sale Agreement, the Installment Purchase Agreement, the Agency Agreement, and the Trust Agreement, the performance by the City of its obligations hereunder and thereunder, including without limitation, the pledge of all Gas Tax Revenues in the Gas Tax Fund to the payment of Installment Payments, and the actions authorized hereby to be taken in connection herewith and therewith, this City Council desires to authorize the City Attorney of the City (the "City Attorney"), in concert with Special Counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the foregoing matters in the Superior Court of Ventura County, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure;

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 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 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 4. 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 5. The Trust 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 Trust 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.

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SECTION 6. The Finance Director is authorized to negotiate the Purchase Contract for the Certificates with the Underwriter and to determine the following matters with respect to the Certificates: (a) the principal amount of the Certificates to be executed, delivered, and sold pursuant hereto, but in an aggregate principal amount not to exceed \$40,000,000; (b) the Underwriter's discount at which the Certificates are to be sold to the Underwriter, but in a percentage not to exceed two percent (2.0%) of the par amount of the Certificates, excluding any original issue discount or premium; and (c) the interest rates or yields to maturity with respect to the Certificates, but at a net interest cost not to exceed seven percent (7.0%).

SECTION 7. The Certificates, in an aggregate principal amount not to exceed \$40,000,000 (which aggregate amount shall be finally determined by the Finance Director), designated "City of Oxnard Certificates of Participation (2007 Street Improvement Program)," are authorized to be executed and delivered by the Trustee and sold in accordance with the terms and provisions of the Trust Agreement and the Purchase Contract. The proceeds from the sale of the Certificates shall be deposited as provided in the Trust Agreement.

SECTION 8. Wells Fargo Bank, National Association, is appointed as Trustee under and pursuant to the Trust Agreement, with the powers and duties of said office as set forth therein. The Trustee is requested and directed to execute and deliver the Certificates to the Underwriter in accordance with written instructions to be executed on behalf of the City by the Mayor or the Finance Director.

SECTION 9. The Finance Director is authorized to select a municipal bond insurer to insure payments of principal and interest with respect to the Certificates if the Finance Director 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 Certificates and to undertake all acts necessary to obtain such insurance. If the Finance Director determines that it is in the best interest of the City to obtain a surety bond or similar instrument, as permitted under the Trust Agreement, for all or a portion of the Reserve Requirement (as defined in the Trust Agreement), the Finance Director may enter into an agreement with a surety provider selected by the Finance Director.

SECTION 10. In order to determine the validity of this Resolution, the Sale Agreement, the Installment Purchase Agreement, the Agency Agreement, and the Trust Agreement, the performance by the City of its obligations hereunder and thereunder, including without limitation, the pledge of all Gas Tax Revenues in the Gas Tax Fund to the payment of Installment Payments, and the actions authorized hereby to be taken in connection herewith or therewith, this City Council authorizes and directs the City Attorney, in concert with Special Counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the foregoing matters in the Superior Court of Ventura County, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure.

SECTION 11. 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

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Agreement, the Installment Purchase Agreement, the Agency Agreement, the Trust Agreement, this Resolution, and the judicial validation proceedings described herein, and to execute and deliver any and all documents, certificates, and representations, including signature certificates, no-litigation certificates, tax certificates, and other certificates, necessary and desirable to accomplish the transactions described in such documents or as set forth above, including, without limitation, as required to conclude such judicial validation proceedings.

SECTION 12. 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 13. 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 14. This Resolution shall take effect immediately upon its passage.

APPROVED AND ADOPTED this 12th day of June, 2007, by the following vote:

AYES:

NOES:

ABSENT:

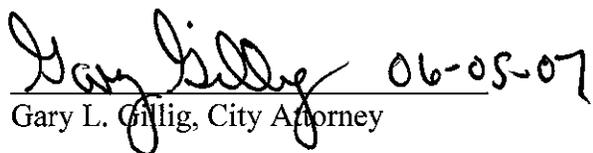
ABSTAIN:

Dr. Thomas E. Holden, Mayor

ATTEST:

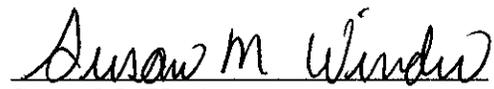
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

 06-05-07

Gary L. Gillig, City Attorney

APPROVED AS TO CONTENT:



Susan M. Winder,
Interim Finance Director

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RESOLUTION NO. _____

RESOLUTION OF THE GOVERNING BOARD OF THE CITY OF OXNARD FINANCING AUTHORITY AUTHORIZING THE SALE, EXECUTION, AND DELIVERY OF NOT MORE THAN \$40,000,000 IN PRINCIPAL AMOUNT OF CITY OF OXNARD CERTIFICATES OF PARTICIPATION (2007 STREET IMPROVEMENT PROGRAM) EVIDENCING DIRECT, UNDIVIDED FRACTIONAL INTERESTS OF THE OWNERS THEREOF IN INSTALLMENT PAYMENTS TO BE MADE BY THE CITY OF OXNARD TO THE CITY OF OXNARD FINANCING AUTHORITY PURSUANT TO AN INSTALLMENT PURCHASE AGREEMENT, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Oxnard (the "City") has determined to undertake a program for the construction, acquisition, and improvement of certain public streets and roadways within the City (collectively, the "Project") and the City desires to finance such program from motor vehicle fuel tax revenues received by the City from the State of California and deposited into a special fund to be held and administered by the City (the "Gas Tax Fund"); and

WHEREAS, the City of Oxnard Financing Authority (the "Authority") has been formed for the purpose of, among other things, assisting the City in financing facilities and property useful to the City and is authorized to assist the City in the financing, construction, acquisition, and improvement of the Project; and

WHEREAS, the Authority proposes to enter into a Trust Agreement (the "Trust Agreement"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), for the execution and delivery of the City of Oxnard Certificates of Participation (2007 Street Improvement Program) (the "Certificates"), the proceeds of which will be used to (i) finance the costs to acquire, construct, and improve the Project, (ii) provide for the reserve fund with respect to the Certificates, and (iii) pay costs incurred in connection with the sale, execution, and delivery of the Certificates; and

WHEREAS, the Authority proposes that the City transfer certain public streets and roadways, including rights-of-way, within the City upon which the Project shall be acquired, constructed, and improved (the "Project Site") to the Authority pursuant to a Sale Agreement (the "Sale Agreement"), by and between the City and the Authority; and

WHEREAS, the Authority proposes to purchase the Project Site from the City pursuant to the Sale Agreement and agree to undertake the construction, acquisition, and improvement of the Project, and apply a portion of the proceeds of the Certificates to the acquisition, construction, and improvement of the Project in accordance with the terms of the Trust Agreement; and

WHEREAS, the Authority proposes that, simultaneous with the execution and delivery of the Sale Agreement, the Authority appoint the City as its agent to complete the construction,

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acquisition, and improvement of the Project pursuant to an Agency Agreement (the "Agency Agreement"), by and between the Authority and the City; and

WHEREAS, the Authority proposes that, simultaneous with the execution and delivery of the Sale Agreement, the Authority transfer the Project Site and the Project to the City pursuant to an Installment Purchase Agreement (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 the Installment Purchase Agreement (collectively, the "Installment Payments"); and

WHEREAS, the Certificates will evidence direct, undivided fractional interests of the Owners thereof in the Installment Payments to be made by the City pursuant to the Installment Purchase Agreement solely from moneys on deposit in the Gas Tax Fund (which constitutes the "special gas tax street improvement fund" referred to in California Streets and Highways Code Section 2113), which moneys comprise all amounts received by the City from the State of California in accordance with California Streets and Highways Code Sections 2105, 2106, and 2107, as such provisions may be amended, and all other revenues (except revenues received by the City in accordance with Section 2107.5 of said Code), if any, received by the City from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions, or reimbursements received by the City from the State of California in lieu of such revenues (the "Gas Tax Revenues"); and

WHEREAS, the Installment Payments will be sufficient to provide the amount necessary to pay the principal and the interest with respect to the Certificates; and

WHEREAS, the City Council of the City (the "City Council") has determined that the execution and delivery of the Certificates does not require approval of the qualified electors of the City; and

WHEREAS, the City Council has determined that it is desirable to sell the Certificates on a negotiated sale basis to E. J. De La Rosa & Co., Inc., as underwriter (the "Underwriter"), pursuant to a Contract of Purchase (the "Purchase Contract") to be entered into by and among the City, the Authority, and the Underwriter; and

WHEREAS, the City Council has appointed Goodwin Procter LLP as special counsel ("Special Counsel") and disclosure counsel to prepare proceedings for the installment purchase of the Project Site and the Project and the sale, execution, and delivery of the Certificates and to prepare and review the form and content of initial and continuing disclosure materials in connection with the execution and delivery of the Certificates; and

WHEREAS, the forms of the following documents are on file with the Secretary of this Governing Board (the "Secretary") and have been submitted to this Governing Board (this "Board"), and the Controller of the Authority (the "Controller"), in consultation with Special Counsel, has examined and approved each document and has recommended that this Board direct the completion, where appropriate, and the execution and delivery of such documents and the consummation of such financing:

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- (1) the Sale Agreement;
- (2) the Installment Purchase Agreement;
- (2) the Agency Agreement; and
- (3) the Trust Agreement;

NOW, THEREFORE, THE GOVERNING BOARD OF THE CITY OF OXNARD FINANCING AUTHORITY 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 Secretary. The Chairman of this Board (the "Chairman") and the Secretary are authorized and directed, for and in the name of the Authority, to execute and deliver the Sale Agreement with such changes, insertions, and omissions as the Controller shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The Installment Purchase Agreement is approved in substantially the form on file with the Secretary. The Chairman and the Secretary are authorized and directed, for and in the name of the Authority, to execute and deliver the Installment Purchase Agreement with such changes, insertions, and omissions as the Controller shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. The Agency Agreement is approved in substantially the form on file with the Secretary. The Chairman and the Secretary are authorized and directed, for and in the name of the Authority, to execute and deliver the Agency Agreement with such changes, insertions, and omissions as the Controller shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. The Trust Agreement is approved in substantially the form on file with the Secretary. The Chairman and the Secretary are authorized and directed, for and in the name of the Authority, to execute and deliver the Trust Agreement with such changes, insertions, and omissions as the Controller shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 6. The Certificates, in an aggregate principal amount not to exceed \$40,000,000 (which aggregate amount shall be finally determined by the City), designated "City of Oxnard Certificates of Participation (2007 Street Improvement Program)," are authorized to be executed and delivered by the Trustee and sold in accordance with the terms and provisions of the Trust Agreement and the Purchase Contract. The proceeds from the sale of the Certificates shall be deposited as provided in the Trust Agreement.

SECTION 7. The Controller is authorized to negotiate the Purchase Contract for the Certificates with the Underwriter; provided, however, that the City shall determine the following matters with respect to the Certificates: (a) the principal amount of the Certificates to be executed, delivered, and sold pursuant hereto; (b) the Underwriter's discount at which the Certificates are to be sold to the Underwriter; and (c) the interest rates or yields to maturity with respect to the Certificates.

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SECTION 8. The Authority understands, acknowledges, and agrees that the an authorized officer of the City has been or will be authorized by the City Council of the City (a) to select a municipal bond insurer to insure payments of principal and interest with respect to the Certificates if such authorized officer 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 Certificates and to undertake all acts necessary to obtain such insurance, and (b) if such authorized officer determines that it is in the best interest of the City to obtain a surety bond or similar instrument, as permitted under the Trust Agreement, for all or a portion of the Reserve Requirement (as defined in the Trust Agreement), to enter into an agreement with a surety provider selected by such authorized officer.

SECTION 9. The Chairman, the Vice Chairman of this Board (the "Vice Chairman"), the Controller, the Secretary, and any other proper officer of the Authority 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 Installment Purchase Agreement, the Agency Agreement, the Trust Agreement, and this Resolution and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, tax certificates, and other certificates, 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 Chairman is authorized by this Resolution shall, in the absence or inability to act of the Chairman, be executed by the Vice Chairman or by any authorized designee of the Chairman or the Vice Chairman. Any document the execution of which by the Secretary is authorized by this Resolution shall, in the absence or inability to act of the Secretary, be executed by any person so designated in writing by the Secretary or by any other proper officer of the Authority acting on behalf of the Secretary. Any document the execution of which by the Controller is authorized by this Resolution shall, in the absence or inability to act of the Controller, be executed by the Assistant Controller of the Authority or, in the absence or inability to act of such Assistant Controller, by any person so designated in writing by the Controller or by any other proper officer of the Authority acting on behalf of the Controller.

SECTION 11. All actions previously taken by this Board and by the officers and staff of the Authority 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 12th day of June, 2007, by the following vote:

AYES:

NOES:

ABSENT:

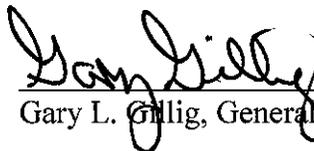
ABSTAIN:

Dr. Thomas E. Holden, Chairman

ATTEST:

Daniel Martinez, Secretary

APPROVED AS TO FORM:

 06-05-07

Gary L. Gillig, General Counsel

APPROVED AS TO CONTENT:



Susan M. Winder, Acting Controller

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AGENCY AGREEMENT

by and between

CITY OF OXNARD FINANCING AUTHORITY

and

CITY OF OXNARD

Dated as of [MONTH] 1, 2007

RELATING TO

[\$[PRINCIPAL AMOUNT]
CITY OF OXNARD
CERTIFICATES OF PARTICIPATION
(2007 STREET IMPROVEMENT PROGRAM)

000100

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AGENCY AGREEMENT

THIS AGENCY AGREEMENT (this "**Agency Agreement**") is made and entered into as of the 1st day of [MONTH], 2007, 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 has determined to undertake a program for the construction, acquisition, and improvement of certain public streets and roadways within the City (collectively, the "**Project**"), as more particularly described in Exhibit A to a Installment Purchase Agreement, dated as of the date hereof (the "**Installment Purchase Agreement**"), by and between the City and the Authority; and

WHEREAS, the Authority has been formed for the purpose of, among other things, assisting the City in financing facilities and property useful to the City and is authorized to assist the City in the financing and construction of the Project; and

WHEREAS, pursuant to a Sale Agreement, dated as of the date hereof (the "**Sale Agreement**"), by and between the Authority and the City, the City has sold certain public streets and roadways, including rights-of-way, within the City upon which the Project shall be acquired, constructed, and improved (the "**Project Site**") to the Authority and the Authority has agreed to undertake to construct, acquire, and improve the Project with funds requisitioned from Wells Fargo Bank, National Association, as Trustee (the "**Trustee**") under a Trust Agreement, dated as of the date hereof (the "**Trust Agreement**"), by and among the City, the Authority, and the Trustee; and

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

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**ARTICLE I
DEFINITIONS**

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in Section 1.03 of the Trust Agreement 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

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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

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ATTACHMENT NO. 3
PAGE 5 OF 9

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

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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 Trust Agreement, 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.

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ATTACHMENT NO. 3
PAGE 8 OF 9

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

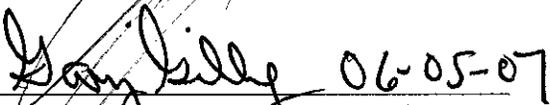
CITY OF OXNARD FINANCING
AUTHORITY

By: _____
Dr. Thomas E. Holden, Chairman

ATTEST:

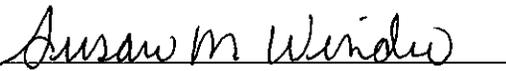
Daniel Martinez, Secretary

APPROVED AS TO FORM:

 06-05-07

Gary L. Gillig, City Attorney and
Authority General Counsel

APPROVED AS TO CONTENT:



Susan M. Winder,
City Interim Finance Director
and Authority Acting Controller

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SALE AGREEMENT

by and between

CITY OF OXNARD

and

CITY OF OXNARD FINANCING AUTHORITY

Dated as of [MONTH] 1, 2007

RELATING TO

[\$[PRINCIPAL AMOUNT]

CITY OF OXNARD

CERTIFICATES OF PARTICIPATION

(2007 STREET IMPROVEMENT PROGRAM)

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SALE AGREEMENT

THIS SALE AGREEMENT is made and entered into as of [MONTH] 1, 2007 (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, the City has determined to undertake a program for the construction, acquisition, and improvement of certain public streets and roadways within the City (collectively, the "**Project**") and the City desires to finance such program from motor vehicle fuel tax revenues received by the City from the State of California and deposited into a special fund to be held and administered by the City (the "**Gas Tax Fund**"); and

WHEREAS, the Authority has been formed for the purpose of, among other things, assisting the City in financing facilities and property useful to the City and is authorized to assist the City in the financing, construction, acquisition, and improvement of the Project; and

WHEREAS, the City has determined to provide under a Trust Agreement, dated as of the date hereof (the "**Trust Agreement**"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), for the execution and delivery of the City of Oxnard Certificates of Participation (2007 Street Improvement Program) (the "**Certificates**"), the proceeds of which will be used to (i) finance the costs to acquire, construct, and improve the Project, (ii) provide for the reserve fund with respect to the Certificates, and (iii) pay costs incurred in connection with the sale, execution, and delivery of the Certificates; and

WHEREAS, the City proposes to transfer certain public streets and roadways, including rights-of-way, within the City upon which the Project shall be acquired, constructed, and improved (the "**Project Site**") to the Authority pursuant to this Sale Agreement; and

WHEREAS, the Authority proposes to purchase the Project Site from the City pursuant to this Sale Agreement and to agree to undertake the construction, acquisition, and improvement of the Project, and to apply a portion of the proceeds of the Certificates to the acquisition, construction, and improvement of the Project in accordance with the terms of the Trust Agreement; and

WHEREAS, simultaneous with the execution and delivery of this Sale Agreement, the Authority will appoint the City as its agent to complete the construction, acquisition, and improvement of the Project pursuant to an Agency Agreement, dated as of the date hereof (the "**Agency Agreement**"), by and between the Authority and the City; and

WHEREAS, simultaneous with the execution and delivery of this Sale Agreement, the Authority proposes to transfer the Project Site and 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 City and the Authority, 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 (collectively, the “**Installment Payments**”); and

WHEREAS, the City proposes to purchase the Project Site and the Project from the Authority pursuant to the Installment Purchase Agreement; and

WHEREAS, for the purpose of obtaining the moneys required to be provided by the Authority 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 Trust Agreement, and, in consideration of such assignment and the execution of the Trust Agreement, the Trustee has agreed to executed and deliver the Certificates; and

WHEREAS, the Certificates will evidence direct, undivided fractional interests of the Owners thereof in the Installment Payments to be made by the City pursuant to the Installment Purchase Agreement solely from moneys on deposit in the Gas Tax Fund, which moneys comprise all amounts received by the City from the State of California in accordance with California Streets and Highways Code Sections 2105, 2106, and 2107, as such provisions may be amended, and all other revenues (except revenues received by the City in accordance with Section 2107.5 of said Code), if any, received by the City from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions, or reimbursements received by the City from the State of California in lieu of such revenues (the “**Gas Tax Revenues**”); and

WHEREAS, the Installment Payments will be sufficient to provide the amount necessary to pay the principal and the interest with respect to the Certificates; 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 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 AND EXHIBITS; AUTHORIZATION OF PARTIES

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in Section 1.03 of the Trust Agreement 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 Site.

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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 Site 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.

(f) The Project constitutes facilities that are eligible for the expenditure of Gas Tax Revenues under applicable laws of the State of California.

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

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(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 SITE;
CONSTRUCTION OF THE PROJECT**

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

Section 3.02 Construction of the Project. The Authority shall undertake the construction, acquisition, and improvement of the Project, and shall apply a portion of the proceeds of the Certificates to the acquisition, construction, and improvement of the Project in accordance with the terms of the Trust Agreement. The Authority shall appoint the City as its agent to complete said construction, acquisition, and improvement pursuant to the Agency Agreement.

**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 Site or 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 Site or 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 Trust Agreement, the Authority shall assign its rights hereunder to the Trustee in trust for the benefit of the Owners of the Certificates, 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

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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 Trust Agreement, 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.

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.

[Remainder of Page Intentionally Left Blank.]

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:

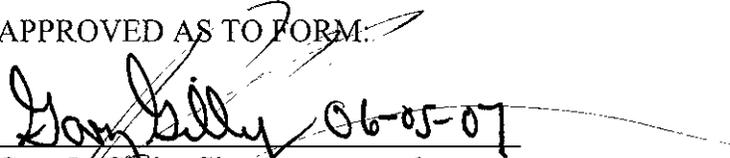
Daniel Martinez, City Clerk

CITY OF OXNARD FINANCING
AUTHORITY

By: _____
Dr. Thomas E. Holden, Chairman

ATTEST:

Daniel Martinez, Secretary

APPROVED AS TO FORM:


Gary L. Gillig, City Attorney and
Authority General Counsel

APPROVED AS TO CONTENT:

Susan M. Winder,
City Interim Finance Director
and Authority Acting Controller

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