



Meeting Date: 11/6/07

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

Prepared By: Beth Vo *B.V.* Agenda Item No. I-2
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance SW Other Public Works Director

DATE: October 26, 2007

TO: City Council

FROM: Beth Vo, Financial Analyst III *Beth*
Finance Department

SUBJECT: Extension of Financial Agreements Concerning Rose Avenue Bridge Project

RECOMMENDATION

That City Council:

1. Approve and authorize the City Manager and Public Works Director to execute a Fourth Amendment to Financial Agreement (A-5291) to extend the maturity of the loan from the Water Enterprise to the Rose Avenue Bridge Project until June 30, 2009.
2. Approve and authorize the City Manager and Public Works Director to execute a Fourth Amendment to Financial Agreement (A-5292) to extend the maturity of the loan from the Environmental Resources Enterprise to the Rose Avenue Bridge Project until June 30, 2009.

DISCUSSION

On August 29, 1996, City Council approved three separate financial agreements (“Agreements”) between the City and its Wastewater, Water, and Environmental Resources Enterprise Funds. The Agreements were used as a method to assist in the financing of the Rose Avenue/Highway 101 Interchange. The Agreements resulted in a borrowing totaling a combined \$2,233,410, which was to be paid interest only on a semi-annual basis with all principal due at maturity on September 16, 2001. Repayment of the loans was to be made from proceeds received from properties within Integrated Financing District No. 1 (Rose Avenue/Highway 101 Interchange)(“IFD”). Properties in the IFD were, at the time, not annexed to the City of Oxnard. These properties within the IFD make payments to the City upon the occurrence of two events: (1) annexation to the City and (2) issuance of a building permit. The contingent assessments were allocated to the IFD properties based upon their projected benefit from the Rose Avenue/Highway 101 Interchange.

Since 1996, the City has received over \$2.1 million as a result of IFD payments from properties in the IFD that have been annexed into the City and issued building permits. Receipts from the IFD payments

Extension of Financial Agreements Concerning Rose Avenue Bridge Project

October 30, 2007

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have been used to make semi-annual interest payments as well as \$2,104,184.42 principal reduction in the loans. As a result of the partial prepayments made under the Agreements, a total of \$129,225.58 remains outstanding on the Water Enterprise loan and remains outstanding on the Environmental Resources Enterprise loan.

Extension of the maturity of the loan to June 30, 2009 will allow additional time to collect contingent assessments from properties that annex into the City and are issued building permits. The Enterprise Funds will continue to receive interest based on the 6-month Treasury Obligation index, consistent with the term of the original Agreements.

FINANCIAL IMPACT

There is no financial impact to the General Fund related to the approval of the loan extension from the Enterprise Funds. The Enterprise Funds will continue to receive interest based upon a market-based index.

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Attachments

#1 – Fourth Amendment to Financial Agreement (Agreement No. 5291)

#2 – Fourth Amendment to Financial Agreement (Agreement No. 5292)

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**FOURTH AMENDMENT TO
FINANCIAL AGREEMENT**

This Fourth Amendment to Financial Agreement ("Amendment") is entered into as of this 13th day of September, 2005, by and between the City of Oxnard, a municipal corporation duly organized and validly existing under the laws of the State of California (the "City") and the Water Enterprise of the City of Oxnard, a public utility duly created and validly existing under the laws of the State of California (the "Enterprise").

RECITALS

WHEREAS, on or about September 17, 1996 the City and the Enterprise entered into a Financial Agreement pursuant to the terms of which and based upon the recitals of which, the Enterprise loaned to the City the sum of \$536,018 to be used by the City to pay expenses in connection with reconstruction of a bridge and interchange at Rose Avenue/Highway 101 (the "Project"); and

WHEREAS, the City formed the Rose Avenue/Highway 101 Integrated Financing District No. 1 (IFD) and Assessment District No. 96-1 (AD) to pay 61.5 percent of the cost of the Project benefiting properties in the IFD and the AD; and

WHEREAS, the City agreed that 38.5 percent of the cost of the Project is of general benefit to the residents of Oxnard, and the City agreed to coordinate the various financial mechanisms to be used to fund this 38.5 percent portion of the cost; and

WHEREAS, the City agreed to advance the IFD portion of the financing to be repaid to the City as properties in the IFD were developed; and

WHEREAS, the City borrowed from the Enterprise the sum of \$536,018, which the City used to finance the Project; and

WHEREAS, the City agreed to pay and has paid to the Enterprise a variable interest rate equal to the Treasury Constant Maturities rate for 6-month obligations on principal outstanding on the loan; and

WHEREAS, the City has also made principal payments on the loan, reducing the loan balance to a present principal balance of \$74,056.80; and

WHEREAS, a sufficient number of properties in the IFD have not, as of the date of this Amendment, been developed, so as to provide IFD funding for full payment of the loan; and

WHEREAS, under the Agreement, the Enterprise receives benefits from the loan by being able to earn a competitive interest on idle funds while retaining the ability to have a 180-day access to the funds; and

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WHEREAS, the loan benefits the City because use of the loan funds enables the City to achieve a lower overall financing cost for the Project.

NOW THEREFORE, the City and the Enterprise hereby agree as follows:
The Agreement is amended as follows:

1. Section 4 of the Agreement is amended and replaced in its entirety with the following:

"Section 4 - Term

This Financial Agreement shall be effective from September 17, 1996 to June 30, 2009, 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 City and the Enterprise, the terms of this loan may be extended."

2. Except as amended by this Amendment, all terms and conditions of the Agreement remain in full force and effect.

3. This Amendment 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.

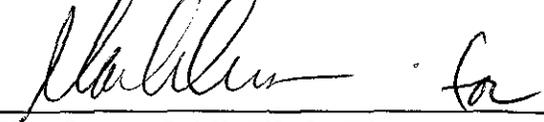
4. This Amendment constitutes the whole agreement between the parties hereto with respect to the subject matter hereof, and neither party nor any of its agents or employees has made any representation except as specifically provided herein.

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

CITY OF OXNARD

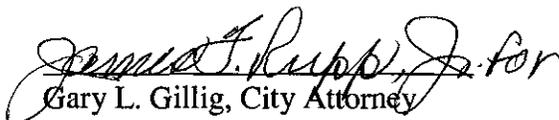
WATER ENTERPRISE OF THE
CITY OF OXNARD

Edmund F. Sotelo, City Manager



Ken Ortega, Public Works Director

APPROVED AS TO FORM


Gary L. Gillig, City Attorney

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**FOURTH AMENDMENT TO
FINANCIAL AGREEMENT**

This Fourth Amendment to Financial Agreement ("Amendment") is entered into as of this 13th day of September, 2005, by and between the City of Oxnard, a municipal corporation duly organized and validly existing under the laws of the State of California (the "City") and the Environmental Resources Enterprise of the City of Oxnard, a public utility duly created and validly existing under the laws of the State of California (the "Enterprise").

RECITALS

WHEREAS, on or about September 17, 1996 the City and the Enterprise entered into a Financial Agreement pursuant to the terms of which and based upon the recitals of which, the Enterprise loaned to the City the sum of \$402,014 to be used by the City to pay expenses in connection with reconstruction of a bridge and interchange at Rose Avenue/Highway 101 (the "Project"); and

WHEREAS, the City formed the Rose Avenue/Highway 101 Integrated Financing District No. 1 (IFD) and Assessment District No. 96-1 (AD) to pay 61.5 percent of the cost of the Project benefiting properties in the IFD and the AD; and

WHEREAS, the City agreed that 38.5 percent of the cost of the Project is of general benefit to the residents of Oxnard, and the City agreed to coordinate the various financial mechanisms to be used to fund this 38.5 percent portion of the cost; and

WHEREAS, the City agreed to advance the IFD portion of the financing to be repaid to the City as properties in the IFD were developed; and

WHEREAS, the City borrowed from the Enterprise the sum of \$402,014, which the City used to finance the Project; and

WHEREAS, the City agreed to pay and has paid to the Enterprise a variable interest rate equal to the Treasury Constant Maturities rate for 6-month obligations on principal outstanding on the loan; and

WHEREAS, the City has also made principal payments on the loan, reducing the loan balance to a present principal balance of \$55,168.78; and

WHEREAS, a sufficient number of properties in the IFD have not, as of the date of this Amendment, been developed, so as to provide IFD funding for full payment of the loan; and

WHEREAS, under the Agreement, the Enterprise receives benefits from the loan by being able to earn a competitive interest on idle funds while retaining the ability to have a 180-day access to the funds; and

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WHEREAS, the loan benefits the City because use of the loan funds enables the City to achieve a lower overall financing cost for the Project.

NOW THEREFORE, the City and the Enterprise hereby agree as follows:

The Agreement is amended as follows:

1. Section 4 of the Agreement is amended and replaced in its entirety with the following:

"Section 4 - Term

This Financial Agreement shall be effective from September 17, 1996 to June 30, 2009, 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 City and the Enterprise, the terms of this loan may be extended."

2. Except as amended by this Amendment, all terms and conditions of the Agreement remain in full force and effect.

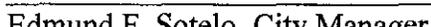
3. This Amendment may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

4. This Amendment 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.

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

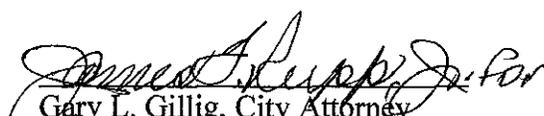
CITY OF OXNARD

ENVIRONMENTAL RESOURCES ENTERPRISE
OF THE CITY OF OXNARD


Edmund F. Sotelo, City Manager


Ken Ortega, Public Works Director

APPROVED AS TO FORM:


Gary L. Gillig, City Attorney

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