



Meeting Date: 07/27/2010

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: Michael More *MM* Agenda Item No. I-7

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

DATE: July 16, 2010

TO: City Council

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

SUBJECT: Reimbursement Resolution for Capital Expenditures Related to the Proposed RiverPark Maintenance Facility

RECOMMENDATION

That City Council:

1. Adopt a resolution declaring its intent to reimburse the City of Oxnard for capital expenditures related to the construction, acquisition, and improvement of a maintenance facility from proceeds of taxable or tax-exempt indebtedness;
2. Approve and authorize the Mayor to execute a letter addressed to the California Debt Limit Allocation Committee in support of the RiverPark Maintenance Facility.

DISCUSSION

The RiverPark Maintenance Facility ("Facility") will support the maintenance of the landscape areas and parks within the RiverPark development. The Facility will include administrative offices with associated parking, general storage, vehicle maintenance area, chemical storage, and generator storage. Staff is expecting to present the plans and specifications for the construction of the Facility to City Council on or about September 2010. Assuming City Council approval, the Facility is expected to be under construction by November 2010.

The Facility is expected to be financed with a combination of cash on hand in the RiverPark Community Facilities District No. 5 Fund and Recovery Zone Economic Development Bonds ("RZEDBs"). RZEDBs are a special class of bonds authorized under the American Recovery and Reinvestment Act of 2009 ("ARRA") that provide for the issuance of taxable debt with a direct subsidy of 45% of the interest payments by the U.S. Government, making RZEDBs more attractive than traditional tax-exempt bonds. City Council adopted Resolution No. 13,758 on January 12, 2010, which designated all of the area within the City of Oxnard as a Recovery Zone, making the Facility eligible

Reimbursement Resolution for Capital Expenditures Related to the Proposed RiverPark Maintenance Facility

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for the RZEDBs financing program. On January 26, 2010, City Council authorized the submission of a Plan of Issuance to the California Debt Limit Allocation Committee (CDLAC), which included the Facility as a proposed project to be financed under the RZEDBs program.

The attached resolution (Attachment No. 1) declares the City's intent to issue debt to finance the construction of the Facility. The resolution authorizes the City to reimburse itself for capital expenditures of the Project from the proceeds of the future bond issuance. All capital expenditures incurred sixty (60) days prior to the date of the adoption of the resolution are reimbursable expenditures to the City. Staff is recommending that the resolution reference \$5 million in project costs and up to \$6 million in a total bond issuance to cover capitalized interest and costs of issuance, including a reasonably required reserve fund. As mentioned above, the availability of cash on hand in the RiverPark Community Facilities District No. 5 Fund may lower the amount of project costs that are financed through the issuance of RZEDBs bonds.

The City of Oxnard was allocated a total of \$2,713,000 in RZEDBs as part of ARRA. Staff is currently preparing an application as part of a competitive process to seek an additional RZEDBs allocation from CDLAC. The attached letter of support (Attachment No. 2) is a requirement of the application.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the attached resolution. Staff will return to City Council for approval of a bond issue to pay for the construction of the Facility. The repayment source for the bonds will be a portion of the existing taxes levied within RiverPark Community Facilities District No. 5. The City's General Fund will not be required to contribute to the debt service payments.

MJM

Attachments

- #1 - Reimbursement Resolution
- #2 - Letter of Support

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY,
DECLARING ITS INTENT TO REIMBURSE THE CITY FOR
CAPITAL EXPENDITURES RELATED TO THE
CONSTRUCTION, ACQUISITION, AND IMPROVEMENT OF
A MAINTENANCE FACILITY FROM PROCEEDS OF
TAXABLE OR TAX-EXEMPT INDEBTEDNESS

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

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

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

WHEREAS, the City Council currently intends and reasonably expects to participate in a taxable or tax-exempt borrowing within eighteen (18) months of the date of such capital expenditures or the placing in service of the Project, whichever is later (but in no event more than three (3) years after the date of the original expenditure of such moneys), the proceeds of such borrowing to be used to finance such capital expenditures, including an aggregate amount not to exceed \$5,000,000 for reimbursing the City for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is sixty (60) days prior to the date hereof but before such borrowing; and

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

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

SECTION 1. **Declaration of Official Intent.** The City Council presently intends and reasonably expects to finance the construction, acquisition, and improvement of a City owned and operated maintenance facility located at 250 RiverPark Boulevard, inclusive of appurtenances and appurtenant work (collectively, the "Project"), with moneys currently contained in the City's General Fund or other fund legally available to the City therefor.

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

SECTION 3. **Issuance of Debt Obligations.** The City Council presently intends and reasonably expects to participate in a taxable or tax-exempt borrowing (in a principal amount not to exceed \$12,000,000) within eighteen (18) months of the date of the expenditure of moneys on

ATTACHMENT NO. 1
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the Project or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than three (3) years after the date of the original expenditure of such moneys), and to allocate an amount not to exceed \$9,000,000 of the proceeds thereof to reimburse the City for its expenditures in connection with the Project.

APPROVED AND ADOPTED this 27th day of July, 2010, by the following vote:

AYES:

NOES:

ABSENT:

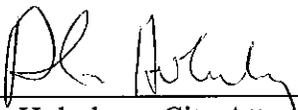
ABSTAIN:

Dr. Thomas E. Holden, Mayor

ATTEST:

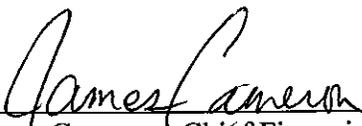
Daniel Martinez, City Clerk

APPROVED AS TO FORM:



Alan Holmberg, City Attorney

APPROVED AS TO CONTENT:



James Cameron, Chief Financial Officer



DR. THOMAS E. HOLDEN
Mayor

OFFICE OF THE MAYOR
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July 28, 2010

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, California 95814

Re: City of Oxnard – Application for an Award of American Recovery and Reinvestment Act of 2009 Recovery Zone Economic Development Bonds for RiverPark Maintenance Facility

Dear Sir or Madam:

I am the Mayor of the City of Oxnard and am writing this letter to you pursuant to Section 4 of Part II and Section 3 of Part IV of the Application for an Award of American Recovery and Reinvestment Act of 2009 Recovery Zone Economic Development Bonds (the “Application”) that the City of Oxnard is filing with the California Debt Limit Allocation Committee, and as required by Section 23.III.A.3 of the Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds, adopted January 27, 2010.

As an elected official of the City, I am writing to support the City’s Application with respect to the RiverPark Maintenance Facility project. In addition, the City Council of the City, at a meeting held on July 27, 2010, also evidenced its support by approving a reimbursement resolution with respect to such RiverPark Maintenance Facility project. Please see the attached copy of such reimbursement resolution.

The City typically has a related entity, the City of Oxnard Financing Authority, a California joint exercise of powers authority (the “Authority”), serve as the bond issuer for its various bond financing programs. It is currently the City’s intent that the Authority will serve as the issuer of the Recovery Zone Economic Development Bonds, as well.

Very truly yours,

Dr. Thomas E. Holden
Mayor

Attachment

ATTACHMENT NO. 2
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