



Meeting Date: 10/12/2010

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

Prepared By: Steven L. Kinney, EDCO President *ZK* Agenda Item No. **K-1**

Reviewed By: City Manager *[Signature]* City Attorney *SmF* Finance *JLC* Other (Specify) _____

DATE: September 30, 2010

TO: City Council

FROM: Steven L. Kinney, IDFA Administrator *[Signature]*
James Cameron, Chief Financial Officer *[Signature]*

SUBJECT: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing and Resolution Approving the Issuance of \$10,000,000 of California Enterprise Development Authority Revenue Bonds for the Benefit of Quattro-Del Norte, LLC

RECOMMENDATION

That the City Council: 1) Conduct a public hearing as required under TEFRA; 2) Adopt a resolution approving the issuance by the California Enterprise Development Authority (the "Authority") of not to exceed \$10,000,000 of the Authority's Revenue Bonds (the "Bonds") for the benefit of Quattro-Del Norte, LLC (the "Company"), for development of an automotive testing, research, and service facility at 201 Del Norte Blvd.

DISCUSSION

The Company owns approximately 4.5 acres of land located at 201 Del Norte Boulevard, Oxnard, California 93030. The Company has signed a lease agreement with Volkswagen Group of America, Inc. ("Volkswagen") to construct and lease to Volkswagen an approximately 63,650 square foot concrete tilt-up building (the "Facility"). The lease term is 20 years. Volkswagen expects to acquire and install approximately \$10 million of equipment in the Facility. The Facility will be used for the following purposes: (1) Emissions Testing - a portion of the Facility will be devoted to the installation and operation of sophisticated emissions testing equipment, including climatic chambers, dynamometers and other related equipment which will provide emissions testing of automobiles. The emissions testing is part of Volkswagen's strategic research and development efforts to engineer fuel efficient, super ultra low emission vehicles, including hybrid and clean diesel; (2) Technical Center - a portion of the Facility will be devoted to prototype and test vehicle fleet management, repairs and maintenance, and car quality research and development analysis, as well as individual automotive power-train parts analysis; (3) Bugatti Service Center - a portion of the Facility will be devoted to the maintenance, repair and fault diagnosis on Bugatti customer and test vehicles, similar to an automotive service at a dealership; and (4) Office Uses - a portion of the Facility will be devoted to the ancillary administrative/technical offices associated with the emissions testing and technical center described above.

The Company has requested the City's and the Authority's assistance in financing the construction, installation and equipping of the Facility with tax-exempt and/or taxable recovery zone facility revenue bonds.

The financing of the Facility for the Company involves the issuance of tax-exempt and/or taxable bonds and may be completed through the Authority only if the City approves the financing. On September 28, 2010, the City Council approved the City becoming a member of the Authority to enable the City to participate in the Authority's programs. The Authority is a joint powers authority that was formed by the California Association for Local Economic Development (CALED), a statewide organization composed of economic development professionals at cities, counties, utilities and nonprofit organizations. The Authority was formed to further economic development efforts of CALED's members by assisting in the issuance of conduit revenue bonds.

Joint powers authorities have served as issuers in conduit bond issues for many years. In each conduit bond issue, the local agency in which the project is located is required to be a member of the joint powers authority and approve the bond issue and the project for state and federal tax law purposes. The Authority's Joint Powers Agreement and the Associate Membership Agreement make very clear that the bonds issued by the Authority are not obligations of any of the members.

FINANCIAL IMPACT

There is no fiscal impact to the City. The adoption of the resolution approving the financing of the Facility and the issuance of the Bonds complies with the requirements of Section 147(f) of the Internal Revenue Code. The City of Oxnard does not bear any responsibility for the tax exempt status of the Bonds, the debt service on the Bonds or any other matter related to the Bonds.

Attachment #1 – Resolution

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD
APPROVING THE ISSUANCE BY CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY OF NOT TO EXCEED \$10,000,000
AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S REVENUE
BONDS FOR THE PURPOSE OF FINANCING THE COST OF
CONSTRUCTION, INSTALLATION AND EQUIPPING OF FACILITIES FOR
THE BENEFIT OF QUATTRO-DEL NORTE, LLC, PROVIDING THE TERMS
AND CONDITIONS FOR SUCH BONDS AND OTHER MATTERS RELATING
THERE TO HEREIN SPECIFIED

WHEREAS, Quattro-Del Norte, LLC, a California limited liability company (the "Company"), has submitted and the California Enterprise Development Authority (the "Authority") has accepted, an application requesting the Authority to issue, from time to time, pursuant to a plan of finance, its tax-exempt and/or taxable revenue bonds in an aggregate principal amount not to exceed \$10,000,000 (the "Bonds") for the benefit of the Company pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State, (commencing with Section 6500) (the "Act") the proceeds of which will be used in part to (a) finance the cost of construction, installation and equipping of an approximately 63,650 square feet concrete tilt-up building on approximately 4.5 acres of land at 201 Del Norte Boulevard, Oxnard, California 93030 (the "Facilities"); and (b) pay capitalized interest, credit enhancement costs and certain costs of issuance in connection with the Bonds; and

WHEREAS, the issuance of the Bonds must be approved by the governmental unit on behalf of which the Bonds are issued and a governmental unit having jurisdiction over the territorial limits in which the Facilities are located pursuant to the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Facilities are located within the territorial limits of City of Oxnard (the "City") and the City Council of the City (the "City Council") is the elected legislative body of the City; and

WHEREAS, the City is an Associate Member of the Authority and is authorized to participate in the Authority's conduit financing programs; and

WHEREAS, pursuant to Resolution No. 13,758, the City Council designated the entire geographic area of the City as a recovery zone (the "Recovery Zone") for purposes of Section 1400U-1 of the Code; and

WHEREAS, the Facilities are located within the Recovery Zone and the Facilities will create employment opportunities for residents of the City; and

WHEREAS, the Facilities are expected to provide significant benefits to the residents of

the City through the creation of new employment opportunities for residents of the City; and

WHEREAS, the Authority and the Company have requested that the City Council approve the issuance of the Bonds by the Authority and the financing of the Facilities with the proceeds of the Bonds pursuant to Section 147(f) of the Code; and

WHEREAS, the Authority's issuance of the Bonds will result in a more economical and efficient issuance process because of the Authority's expertise in the issuance of conduit revenue bonds; and

WHEREAS, it is intended that this Resolution shall comply with the public approval requirements of Section 147(f) of the Code; *provided, however*, that this Resolution is neither intended to nor shall it constitute an approval by the City Council of the Facilities for any other purpose; and

WHEREAS, a public hearing was held by the City Council on this October 12, 2010, at the meeting which commenced at the hour of 7:00 p.m., at the City of Oxnard, City Council Chambers, located at 305 West Third Street, Oxnard, California, following duly published notice thereof in a newspaper of general circulation in the City of Oxnard, September 28, 2010, and all persons desiring to be heard have been heard.

NOW, THEREFORE, the City Council of the City of Oxnard resolves as follows:

A. The City Council hereby finds and determines that all of the recitals are true and correct.

B. The Authority is hereby authorized to issue the Bonds in an amount not to exceed \$10,000,000 under Section 1400U-3 of the Code and loan the proceeds thereof to the Borrower to finance the Facilities.

C. The City Council hereby approves the issuance of the Bonds by the Authority, which Bonds may be tax-exempt and/or taxable as approved by the Authority in its resolution, in an amount not to exceed \$10,000,000 to finance the cost of the Facilities. This resolution shall constitute "host" approval of the issuance of the Bonds within the meaning of Section 147(f) of the Code and shall constitute the approval of the issuance of the Bonds within the meaning of the Act; provided, however, that this Resolution shall not constitute an approval by the City Council of the Facilities for any other purpose. The City shall not bear any responsibility for the tax-exempt status of the Bonds, the repayment of the Bonds or any other matter related to the Bonds.

D. All actions heretofore taken by the officers, employees and agents of the City with respect to the approval of the Bonds are hereby approved, confirmed and ratified, and the officers and employees of the City and their authorized deputies and agents are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents which they or bond counsel may deem necessary or advisable in order to consummate the Bonds and otherwise to effectuate the purposes of this Resolution.

E. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED AND ADOPTED this 12th day of October, 2010, by the following vote:

AYES:

NOES:

ABSTAIN:

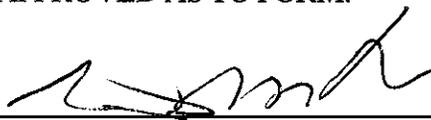
ABSENT:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:



Alan Holmberg, City Attorney