CITY OF
OXNARD
CALIFORNIA

Meeting Date: 03/27/2012

ACTION	TYPE OF ITEM
☐ Approved Recommendation	☑ Info/Consent
☐ Ord. No(s). _____	☐ Report
☐ Res. No(s). _____	☐ Public Hearing (Info/consent)
☐ Other _____	☐ Other _____

Prepared By: Michael More MM Agenda Item No. I-5

Reviewed By: City Manager KLB City Attorney AH Finance JC Other *(Specify)*

DATE: March 15, 2012

TO: City Council
City of Oxnard Financing Authority

FROM: James Cameron, Chief Financial Officer James Cameron
Finance Department

SUBJECT: **Water Revenue Refunding Bonds, Series 2012**

RECOMMENDATION

That City Council adopt a resolution authorizing the sale, issuance, and delivery of not more than $10,000,000 in principal amount of City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012, and approving certain documents and authorizing certain actions in connection therewith.

That the City of Oxnard Financing Authority adopt a resolution authorizing the sale, issuance, and delivery of not more than $10,000,000 in principal amount of its Water Revenue Refunding Bonds, Series 2012, and approving certain documents and authorizing certain actions in connection therewith.

DISCUSSION

Due to extremely low interest rates, an opportunity currently exists to refinance (refund) the City's 2001 Water Revenue Bonds ("2001 Bonds") at substantial savings to the Water Enterprise Fund. The 2001 Bonds were sold on July 17, 2001 and were issued to (i) refund the City's prior 1993 Water Revenue Bonds, and (ii) provide $3.3 million in new money for water rehabilitation projects. The 2001 Bonds have a remaining principal balance of $10.035 million and a final maturity date of June 1, 2030.

The proposed City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012 ("2012 Bonds") will refund the 2001 Bonds at an estimated savings of approximately $80,000 annually, which would result in a net present value savings of approximately $1 million. The 2012 Bonds will maintain the same final maturity date as the 2001 Bonds of June 1, 2030, and no project funding will be raised in conjunction with this bond offering. The proceeds of the 2012 Bonds will be used: (i) to provide funds to retire the 2001 Bonds on June 1, 2012, and (ii) to pay costs of issuance associated with the 2012 Bonds.

The approval of the City Resolution (Attachment No. 1) accomplishes the following:

- Approves the form of the following documents:
  - Installment Purchase Agreement (Attachment No. 3)
  - Trust Indenture (Attachment No. 5)
  - Contract of Purchase (Attachment No. 7)
  - Preliminary Official Statement (Attachment No. 8)
  - Post-Issuance Tax Compliance Policy (Attachment No. 9)
- Authorizes the Mayor, Mayor Pro-Tem, the City Clerk, and the Chief Financial Officer to execute all of the above documents as necessary, and such other documents and certifications that may be necessary to consummate the transaction.
- Approves the sale of the 2012 Bonds to the underwriter, Stone & Youngberg, at a true interest cost not greater than 4.25%, at an underwriter's discount of not more than 0.75%.

The approval of the City of Oxnard Financing Authority (COFA) Resolution (Attachment No. 2) accomplishes the following:

- Approves the form of the following documents:
  - Installment Purchase Agreement (Attachment No. 3)
  - Assignment Agreement (Attachment No. 4)
  - Trust Indenture (Attachment No. 5)
  - Continuing Disclosure Agreement (Appendix E to Attachment No. 8)
  - Escrow Agreement (Attachment No. 6)
  - Contract of Purchase (Attachment No. 7)
  - Preliminary Official Statement (Attachment No. 8)
  - Post-Issuance Tax Compliance Policy (Attachment No. 9)
- Appoints Wells Fargo Bank, National Association as Trustee.
- Authorizes the Controller to select a municipal bond insurer to insure payments of principal and interest if the Controller 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 2012 Bonds.
- Authorizes the Chairman, Vice Chairman, the Secretary and the Controller 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 2012 Bonds to the underwriter, Stone & Youngberg, at a true interest cost not greater than 4.25%, at an underwriter's discount of not more than 0.75%.

It is anticipated that the 2012 Bonds will be sold on April 4, 2012 and proceeds of the sale of the 2012 Bonds are expected to be received by April 18, 2012.

The Post Issuance Tax Compliance Policy is designed to ensure compliance with all federal tax laws and regulations applicable to tax-exempt and direct pay subsidy bonds issued by the City of Oxnard.

FINANCIAL IMPACT

There is no financial impact to the current Fiscal Year 2011-12 budget resulting from the issuance of the 2012 Bonds. From Fiscal Year 2012-13 through Fiscal Year 2029-30, the Water Enterprise Fund will save approximately $80,000 annually from the issuance of the 2012 Bonds, at a net present value savings of approximately $1 million.

MJM

Attachment #1 - City Resolution
#2 - COFA Resolution
#3 - Installment Purchase Agreement
#4 - Assignment Agreement
#5 - Trust Indenture
#6 - Escrow Agreement
#7 - Contract of Purchase
#8 - Preliminary Official Statement
#9 - Post-Issuance Tax Compliance Policy

Note: Attachments No. 3, 5, 7, and 8 have been provided to the City Council. Copies are available for review at the Help Desk in the Library after 6:00 p.m. on the Thursday prior to the Council meeting and at the City Clerk's Office after 8:00 a.m. on Friday.

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF NOT MORE THAN $10,000,000 IN PRINCIPAL AMOUNT OF CITY OF OXNARD FINANCING AUTHORITY WATER REVENUE REFUNDING BONDS, SERIES 2012, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the "Authority"), has the authority, among other things, to assist the City of Oxnard, a municipal corporation organized and existing under and by virtue of the constitution and laws of the State of California (the "City"), in financing and refinancing certain installment payment obligations; and

WHEREAS, the Authority has issued, pursuant to that certain Trust Indenture, dated as of June 1, 2001 (the "2001 Indenture"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee, $12,410,000 in original principal amount of its Water Revenue Refunding and Project Bonds, Series 2001 (the "2001 Bonds"), of which $9,725,000 in principal amount is currently outstanding; and

WHEREAS, the 2001 Bonds are secured by the installment payments to be made by the City from the Net Water System Revenues (as defined in that certain Amended and Restated Installment Purchase Agreement, dated as of June 1, 2001, by and between the City and the Authority, as amended by that certain First Amendment to Amended and Restated Installment Purchase Agreement, dated as of January 27, 2004, by and between the City and the Authority (collectively, the "2001 Restated Installment Purchase Agreement"), pursuant to the 2001 Restated Installment Purchase Agreement; and

WHEREAS, in order to reduce the installment payments payable by the City under the 2001 Restated Installment Purchase Agreement, the City proposes that the Authority refund, on a current refunding basis, the 2001 Bonds and that the City and the Authority enter into an Amended and Restated Installment Purchase Agreement (the "Installment Purchase Agreement"), which will amend and restate in its entirety the 2001 Restated Installment Purchase Agreement; and

WHEREAS, pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of said Government Code) (the "Refunding Law") and the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the "Act"), the Authority is authorized to issue refunding bonds to refund the 2001 Bonds and to sell the Bonds at public sale or on a negotiated sale basis; and

WHEREAS, the City proposes to enter into a Trust Indenture (the "Indenture") by and among the City, the Authority, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to provide for the issuance of not more than $10,000,000 in aggregate principal amount of City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012 (the "Bonds"), the proceeds of which Bonds will be used to finance the costs to (1) refund the

2001 Bonds on a current refunding basis, (2) provide for the reserve fund with respect to the Bonds, and (3) pay costs incurred in connection with the issuance, sale, and delivery of the Bonds; and

WHEREAS, this City Council of the City (this "City Council") has determined that the issuance of the Bonds pursuant to the Refunding Law and the Act does not require approval of the qualified electors of the City; and

WHEREAS, the Bonds will be secured by certain installment payments (the "2012 Installment Payments") to be made by the City from the Net Water System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement, which 2012 Installment Payments will be sufficient to provide the amount necessary to pay the principal of and interest on the Bonds; and

WHEREAS, the City understands that the 2012 Installment Payments will be assigned by the Authority to the Trustee pursuant to an Assignment Agreement (the "Assignment Agreement") by and between the Authority and the Trustee; and

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

WHEREAS, this City Council has determined that, because of the need for flexibility in timing the sale of the Bonds to achieve maximum interest cost savings, it is desirable to sell the Bonds on a negotiated sale basis; and

WHEREAS, to effectuate such negotiated sale, Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, Inc., as underwriter (the "Underwriter"), expects to purchase the Bonds pursuant to a Contract of Purchase (the "Purchase Contract") by and among the Authority, the City, and the Underwriter; and

WHEREAS, this City Council has appointed First Southwest Company as financial advisor (the "Financial Advisor") to, among other things, advise the City and the Authority with respect to Bond interest rates, underwriting fees, and other financing matters relating to the issuance of the Bonds; and

WHEREAS, this City Council has appointed Goodwin Procter LLP as bond counsel ("Bond Counsel") and disclosure counsel ("Disclosure Counsel") to prepare proceedings for the issuance, sale, and delivery of the Bonds and to prepare and review the form and content of initial and continuing disclosure materials, including, without limitation, a preliminary official statement (the "Preliminary Official Statement") and a final official statement, in connection with the issuance of the Bonds; and

WHEREAS, the City proposes that the Authority enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") by and between the Authority and the Trustee, as dissemination agent (the "Dissemination Agent"), to provide for the Authority's continuing disclosure obligations with respect to the Bonds under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); and

WHEREAS, the City proposes that the Authority enter into an Escrow Agreement (the "Escrow Agreement") by and between the Authority and Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent"), to provide for the payment and redemption of all outstanding 2001 Bonds on June 1, 2012; and

WHEREAS, in order to facilitate compliance with requirements of the Internal Revenue Code of 1986 and other applicable laws and rules and regulations, the City proposes to adopt Post-Issuance Tax Compliance Policy and Procedures Relating to Tax-Exempt and Direct Pay Subsidy Bonds (the "Post-Issuance Tax Compliance Policy"); 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 Chief Financial Officer of the City, acting as such on behalf of the City (the "Chief Financial Officer") and acting as the Controller of the Authority on behalf of the Authority (the "Controller"), in consultation with the Underwriter, the Financial Advisor, Bond Counsel, and Disclosure Counsel, has examined and approved each document and has recommended that this City Council direct the completion, where appropriate, and the execution and delivery of such documents and the consummation of such financing:

(1) Purchase Contract;
(2) Preliminary Official Statement;
(3) Installment Purchase Agreement;
(4) Indenture;
(5) Assignment Agreement;
(6) Continuing Disclosure Agreement;
(7) Escrow Agreement; and
(8) Post-Issuance Tax Compliance Policy

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 Installment Purchase 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 Installment Purchase Agreement with such changes, insertions, and omissions as the Chief Financial Officer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The Indenture 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 Indenture with such changes, insertions, and omissions as the Chief Financial Officer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. The City understands, acknowledges, and agrees that the Assignment Agreement, the Continuing Disclosure Agreement, and the Escrow Agreement, in the forms on

file with the City Clerk, are subject to such changes, insertions, and omissions as the Controller shall require or approve.

SECTION 5. The Purchase Contract is approved in substantially the form on file with the City Clerk. The Chief Financial Officer is authorized and directed, for and in the name of the City, upon receipt of a complete Purchase Contract from the Underwriter, to execute and deliver the Purchase Contract with such changes, insertions, and omissions as the Chief Financial Officer or the Financial Advisor shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the aggregate principal amount of the Bonds shall not exceed $10,000,000, the interest rates or yields to maturity on the Bonds are such that the true interest cost does not exceed four and one-quarter of one percent (4.250%), and the underwriting fee payable to the Underwriter with respect to the Bonds does not exceed three-quarters of one percent (0.750%), excluding any original issue discount or premium.

SECTION 6. The Preliminary Official Statement is approved in substantially the form on file with the City Clerk, with such modifications to the Preliminary Official Statement, whether by corrections or additions thereto or by supplement or amendment thereof, as shall be approved by Disclosure Counsel and by the Controller. The Underwriter is authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the initial purchase of the Bonds and is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds. Such final Official Statement shall be in the form of the Preliminary Official Statement with such changes, insertions, and omissions as may be approved by the Controller.

SECTION 7. The Bonds, in an aggregate principal amount not to exceed $10,000,000 (which aggregate amount shall be finally determined by the Controller), designated "City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012," are authorized to be issued, sold, and delivered by the Authority in accordance with the terms and provisions of the Indenture and the Purchase Contract. The proceeds from the sale of the Bonds shall be deposited as provided in the Indenture.

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

SECTION 9. The Post-Issuance Tax Compliance Policy is approved in substantially the form on file with the City Clerk, with such changes, insertions, and omissions as the Chief Financial Officer, in consultation with Bond Counsel and the Financial Advisor, shall require or approve. The Chief Financial Officer is further authorized and directed, for and in the name of the City, to amend and update the Post-Issuance Tax Compliance Policy from time to time, with such changes therein as Bond Counsel or the Financial Advisor may require or approve.

SECTION 10. The Mayor, the Mayor Pro-Tem of the City (the "Mayor Pro-Tem"), the City Clerk, the Chief Financial Officer, 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 Installment Purchase Agreement, the Indenture, the Purchase Contract, the Assignment Agreement, the Continuing Disclosure Agreement, the Escrow Agreement, the Post-Issuance Tax Compliance Policy, and this Resolution and to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, tax certificates, and certificates concerning the preliminary or final Official Statement describing the Bonds, necessary and desirable to accomplish the transactions described in such documents or as set forth above.

SECTION 11. 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 Chief Financial Officer is authorized by this Resolution shall, in the absence or inability to act of the Chief Financial Officer, 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 Chief Financial Officer or by any other proper officer of the City acting on behalf of the Chief Financial Officer.

SECTION 12. 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 13. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 27th day of March, 2012, 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

RESOLUTION NO. _____

RESOLUTION OF THE GOVERNING BOARD OF THE CITY OF OXNARD FINANCING AUTHORITY AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF NOT MORE THAN $10,000,000 IN PRINCIPAL AMOUNT OF ITS WATER REVENUE REFUNDING BONDS, SERIES 2012, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Oxnard Financing Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the "Authority"), has the authority, among other things, to assist the City of Oxnard, a municipal corporation organized and existing under and by virtue of the constitution and laws of the State of California (the "City"), in financing and refinancing certain installment payment obligations; and

WHEREAS, the Authority has issued, pursuant to that certain Trust Indenture, dated as of June 1, 2001 (the "2001 Indenture"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee, $12,410,000 in original principal amount of its Water Revenue Refunding and Project Bonds, Series 2001 (the "2001 Bonds"), of which $9,725,000 in principal amount is currently outstanding; and

WHEREAS, the 2001 Bonds are secured by the installment payments to be made by the City from the Net Water System Revenues (as defined in that certain Amended and Restated Installment Purchase Agreement, dated as of June 1, 2001, by and between the City and the Authority, as amended by that certain First Amendment to Amended and Restated Installment Purchase Agreement, dated as of January 27, 2004, by and between the City and the Authority (collectively, the "2001 Restated Installment Purchase Agreement"), pursuant to the 2001 Restated Installment Purchase Agreement; and

WHEREAS, in order to reduce the installment payments payable by the City under the 2001 Restated Installment Purchase Agreement, the City has proposed that the Authority refund, on a current refunding basis, the 2001 Bonds and that the City and the Authority enter into an Amended and Restated Installment Purchase Agreement (the "Installment Purchase Agreement"), which will amend and restate in its entirety the 2001 Restated Installment Purchase Agreement; and

WHEREAS, pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of said Government Code) (the "Refunding Law") and the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the "Act"), the Authority is authorized to issue refunding bonds to refund the 2001 Bonds and to sell the Bonds at public sale or on a negotiated sale basis; and

WHEREAS, the Authority proposes to enter into a Trust Indenture (the "Indenture") by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to provide for the issuance of not more than $10,000,000 in aggregate principal amount of City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012

(the "Bonds"), the proceeds of which Bonds will be used to finance the costs to (1) refund the 2001 Bonds on a current refunding basis, (2) provide for the reserve fund with respect to the Bonds, and (3) pay costs incurred in connection with the issuance, sale, and delivery of the Bonds; and

WHEREAS, this Governing Board of the Authority (this "Board") has determined that the issuance of the Bonds pursuant to the Refunding Law and the Act does not require approval of the qualified electors of the City; and

WHEREAS, the Bonds will be secured by certain installment payments (the "2012 Installment Payments") to be made by the City from the Net Water System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement, which 2012 Installment Payments will be sufficient to provide the amount necessary to pay the principal of and interest on the Bonds; and

WHEREAS, the Authority proposes to enter into an Assignment Agreement (the "Assignment Agreement") by and between the Authority and the Trustee, pursuant to which Assignment Agreement the Authority will assign the 2012 Installment Payments to the Trustee; and

WHEREAS, this Board proposes that the Authority may select a municipal bond insurer to insure payments of principal and interest with respect to the Bonds to provide additional credit support for the Bonds and may undertake all acts necessary to obtain such insurance; and

WHEREAS, this Board has determined that, because of the need for flexibility in timing the sale of the Bonds to achieve maximum interest cost savings, it is desirable to sell the Bonds on a negotiated sale basis; and

WHEREAS, to effectuate such negotiated sale, Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as underwriter (the "Underwriter"), expects to purchase the Bonds pursuant to a Contract of Purchase (the "Purchase Contract") by and among the Authority, the City, and the Underwriter; and

WHEREAS, the City Council of the City (the "City Council") has appointed First Southwest Company as financial advisor (the "Financial Advisor") to, among other things, advise the City and the Authority with respect to Bond interest rates, underwriting fees, and other financing matters relating to the issuance of the Bonds; and

WHEREAS, the City Council has appointed Goodwin Procter LLP as bond counsel ("Bond Counsel") and disclosure counsel ("Disclosure Counsel") to prepare proceedings for the issuance, sale, and delivery of the Bonds and to prepare and review the form and content of initial and continuing disclosure materials, including, without limitation, a preliminary official statement (the "Preliminary Official Statement") and a final official statement, in connection with the issuance of the Bonds; and

WHEREAS, the Authority proposes to enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") by and between the Authority and the Trustee, as dissemination agent (the "Dissemination Agent"), to provide for the Authority's continuing

disclosure obligations with respect to the Bonds under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); and

WHEREAS, the Authority proposes to enter into an Escrow Agreement (the "Escrow Agreement") by and between the Authority and Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent"), to provide for the payment and redemption of all outstanding 2001 Bonds on June 1, 2012; and

WHEREAS, in order to facilitate compliance with requirements of the Internal Revenue Code of 1986 and other applicable laws and rules and regulations, the Authority proposes to adopt Post-Issuance Tax Compliance Policy and Procedures Relating to Tax-Exempt and Direct Pay Subsidy Bonds (the "Post-Issuance Tax Compliance Policy"); and

WHEREAS, the forms of the following documents are on file with the Secretary of this Board (the "Secretary") and have been submitted to this Board, and the Chief Financial Officer of the City, acting as the Controller of the Authority (the "Controller"), in consultation with the Underwriter, the Financial Advisor, Bond Counsel, and Disclosure 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:

(1) Purchase Contract;
(2) Preliminary Official Statement;
(3) Installment Purchase Agreement;
(4) Indenture;
(5) Assignment Agreement;
(6) Continuing Disclosure Agreement;
(7) Escrow Agreement; and
(8) Post-Issuance Tax Compliance Policy

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 Installment Purchase 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 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 3. The Assignment 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 Assignment 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 Indenture 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 Indenture 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 Continuing Disclosure Agreement is approved in substantially the form on file with the Secretary. The Controller is authorized and directed, for and in the name of the Authority, to execute and deliver the Continuing Disclosure 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 Escrow Agreement is approved in substantially the form on file with the Secretary. The Controller is authorized and directed, for and in the name of the Authority, to execute and deliver the Escrow 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 7. The Purchase Contract is approved in substantially the form on file with the Secretary. The Controller is authorized and directed, for and in the name of the Authority, upon receipt of a complete Purchase Contract from the Underwriter, to execute and deliver the Purchase Contract with such changes, insertions, and omissions as the Controller or the Financial Advisor shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the aggregate principal amount of the Bonds shall not exceed $10,000,000, the interest rates or yields to maturity on the Bonds are such that the true interest cost does not exceed four and one-quarter of one percent (4.250%), and the underwriting fee payable to the Underwriter with respect to the Bonds does not exceed three-quarters of one percent (0.750%), excluding any original issue discount or premium.

SECTION 8. (a) The Preliminary Official Statement is approved and authorized in substantially the form on file with the Secretary. The Preliminary Official Statement shall be deemed final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate denominational amount and maturity value, denominational amount and maturity value per maturity, delivery date, rating(s), and other terms of the Bonds that depend upon the foregoing as provided in and pursuant to the Rule, and the Controller, as the Authority officer to be authorized and directed to execute the Official Statement for the Bonds, is authorized to execute and deliver a certificate in the customary form respecting such finality.

(b) This Board authorizes such modifications to the Preliminary Official Statement, whether by corrections or additions thereto or by supplement or amendment thereof, as shall be approved by Disclosure Counsel and by the Controller, such approval to be conclusively established by delivery thereof to the Underwriter. The Underwriter is authorized to distribute the Preliminary Official Statement in connection with its public offering of the Bonds to persons who may be interested in the initial purchase of the Bonds, and the Controller, in coordination with the Underwriter and Disclosure Counsel, shall cause sufficient copies of the Preliminary Official Statement to be printed and made available to the Underwriter for said purpose.

(c) The Controller is further authorized and directed to approve, execute, and deliver the final Official Statement with respect to the Bonds, which final Official Statement shall be in the form of the Preliminary Official Statement with such changes, insertions, and omissions as may be approved by the Controller, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds.

SECTION 9. The Bonds, in an aggregate principal amount not to exceed $10,000,000 (which aggregate amount shall be finally determined by the Controller), designated "City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012," are authorized to be issued, sold, and delivered in accordance with the terms and provisions of the Indenture and the Purchase Contract. The proceeds from the sale of the Bonds shall be deposited as provided in the Indenture. The Chairman and the Secretary are authorized and directed, for and in the name of the Authority, to execute (manually or by facsimile) and deliver the Bonds 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 10. Wells Fargo Bank, National Association is appointed as Trustee under and pursuant to the Indenture, as Dissemination Agent under the Continuing Disclosure Agreement, and as Escrow Agent under the Escrow Agreement, with the respective powers and duties of each of said office as set forth therein. The Trustee is requested and directed to authenticate and deliver the Bonds to the Underwriter in accordance with written instructions to be executed on behalf of the Authority by the Controller.

SECTION 11. The Controller is authorized to select a municipal bond insurer to insure payments of principal and interest with respect to the Bonds if the Controller 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 Bonds and to undertake all acts necessary to obtain such insurance. If the Controller determines that it is in the best interest of the Authority to obtain a surety bond or similar instrument, as permitted under the Indenture, for all or a portion of the Reserve Fund Requirement (as defined in the Indenture), the Controller may enter into an agreement with a surety provider selected by the Controller.

SECTION 12. The Post-Issuance Tax Compliance Policy is approved in substantially the form on file with the Secretary, with such changes, insertions, and omissions as the Controller, in consultation with Bond Counsel and the Financial Advisor, shall require or approve. The Controller is further authorized and directed, for and in the name of the Authority, to amend and update the Post-Issuance Tax Compliance Policy from time to time, with such changes therein as Bond Counsel or the Financial Advisor may require or approve.

SECTION 13. The Chairman, the Vice Chairman of this Board (the "Vice Chairman"), the Secretary, the Controller, 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 Installment Purchase Agreement, the Assignment Agreement, the Indenture, the Purchase Contract, the Continuing Disclosure Agreement, Escrow Agreement, the Post-Issuance Tax Compliance Policy, and this Resolution and to execute and deliver any and all certificates and

representations, including signature certificates, no-litigation certificates, tax certificates, and certificates concerning the preliminary or final Official Statement describing the Bonds, necessary and desirable to accomplish the transactions described in such documents or as set forth above.

SECTION 14. 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 other person so designated in writing by the Controller or by any other proper officer of the Authority acting on behalf of the Controller.

SECTION 15. 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.

[The remainder of this page is intentionally left blank.]

SECTION 16. This Resolution shall take effect from and after its date of adoption.

APPROVED AND ADOPTED this 27th day of March, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dr. Thomas E. Holden, Chairman

ATTEST:

Daniel Martinez, Secretary

APPROVED AS TO FORM:

Alan Holmberg, General Counsel

APPROVED AS TO CONTENT:

James Cameron, Controller

ASSIGNMENT AGREEMENT

Dated as of April 1, 2012

by and between

CITY OF OXNARD FINANCING AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

relating to

$[PRINCIPAL AMOUNT]
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS
SERIES 2012

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of April 1, 2012, by and between City of Oxnard Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "**Authority**"), and Wells Fargo Bank, National Association, a banking association duly organized and existing under and by virtue of the laws of the United States, as trustee (the "**Trustee**");

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. **Assignment**. The Authority, for good and valuable consideration in hand received, does hereby convey, assign, and transfer to the Trustee, for the benefit of the owners of the Authority's Water Revenue Refunding Bonds, Series 2012 (the "**Bonds**"), to be issued pursuant to the Trust Indenture (the "**Indenture**"), dated as of April 1, 2012, by and among the City of Oxnard (the "**City**"), the Authority, and the Trustee, the Authority's rights under the Amended and Restated Installment Purchase Agreement, dated as of April 1, 2012 (the "**Installment Purchase Agreement**"), by and between the City and the Authority, including the right to receive all 2012 Installment Payments (as defined in the Installment Purchase Agreement) from the City under the Installment Purchase Agreement (but not including the right to be indemnified pursuant to, or receive notices under, the Installment Purchase Agreement), together with any and all of the other rights of the Authority under the Installment Purchase Agreement as may be necessary to enforce payment of such 2012 Installment Payments when due or otherwise to protect the interests of the owners of the Bonds.

Section 2. **Acceptance**. The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such 2012 Installment Payments from the City under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Indenture, and all such 2012 Installment Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Indenture.

Section 3. **Conditions**. This Assignment Agreement shall confer no rights or impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF OXNARD FINANCING AUTHORITY

By:_____
Dr. Thomas E. Holden, Chairman

ATTEST:

_____
Daniel Martinez, Secretary

APPROVED AS TO FORM:

_____
Alan Holmberg, General Counsel

APPROVED AS TO CONTENT:

_____
James Cameron, Controller

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:_____
Its: Authorized Officer

ESCROW AGREEMENT

CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING AND PROJECT BONDS, SERIES 2001

THIS ESCROW AGREEMENT, dated as of April 1, 2012 (this "**Escrow Agreement**"), by and between the City of Oxnard Financing Authority (the "**Authority**"), and Wells Fargo Bank, National Association, Los Angeles, California, as Escrow Agent (the "**Escrow Agent**") hereunder with respect to the $12,410,000 in original principal amount of the City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2001 (the "**Prior Bonds**"), is entered into in accordance with the Resolution No. __ of the Governing Board of the Authority (the "**Board**") adopted on March 20, 2012 (the "**Resolution**"), and the Trust Indenture dated as of April 1, 2012 (the "**Indenture**"), by and among the Authority, the City of Oxnard (the "**City**"), and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), to refund, on a current refunding basis, the Prior Bonds, of which $9,725,000 in principal amount is currently outstanding.

W I T N E S S E T H:

WHEREAS, pursuant to the Trust Indenture dated as of June 1, 2001 (the "**Prior Indenture**"), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the "**Prior Trustee**"), the Authority issued the Prior Bonds in the original principal amount of $12,410,000; and

WHEREAS, pursuant to the Marks-Roos Local Bond Pooling Act of 1985, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of said Government Code) (the "**Refunding Law**"), the Authority is authorized to issue refunding bonds to refund the Prior Bonds; and

WHEREAS, pursuant to the Refunding Law, the proceeds of said refunding bonds, pending their application to the retirement at maturity or prior redemption of the Prior Bonds, may be placed in escrow and invested or reinvested in any obligations or securities, and any interest or other increment earned or realized on any such investment may be applied to the payment of the Prior Bonds; and

WHEREAS, the Authority shall give the Prior Trustee irrevocable instructions to mail to the owners of the Prior Bonds and to the Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company (the "**Prior Bond Insurer**"), at least thirty (30) days but not more than sixty (60) days prior to June 1, 2012 (the "**Redemption Date**"), in accordance with Section 4.3 of the Prior Indenture, a notice of the of redemption of the Prior Bonds, which notice shall be in substantially the form set forth in Exhibit A attached hereto; and

WHEREAS, the Authority has determined it is beneficial to itself and the City to refund, on a current basis, those Prior Bonds currently outstanding in the principal amount of $9,725,000 (the "**Refunded Bonds**"); and

WHEREAS, the Authority has determined that $_____ in aggregate principal

amount of the City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 2012 (the "**Bonds**"), shall be issued pursuant to the Resolution and the Indenture, for, among other purposes, the purpose of providing a portion of the funds to pay on the Redemption Date, the accrued interest on the Refunded Bonds maturing on and after June 1, 2012, the principal amount of the Refunded Bonds maturing on June 1, 2012, and the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds maturing after June 1, 2012; and

WHEREAS, the Indenture provides that a portion of the proceeds from the sale of the Bonds, excluding accrued interest, if any, received by the Authority, shall be placed in an escrow hereunder, in part for the purpose of providing funds necessary to refund and redeem the Prior Bonds, all as provided herein; and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (in accordance with the Refunding Law) the principal of and interest on which when due will provide money which, together with other moneys, if any, deposited with the Escrow Agent at the same time pursuant to this Escrow Agreement, will be sufficient to pay on the Redemption Date, the accrued interest on the Refunded Bonds maturing on and after June 1, 2012, the principal amount of the Refunded Bonds maturing on June 1, 2012, and the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds maturing after June 1, 2012;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority and the Escrow Agent agree as follows:

Section 1. Receipt of Documents. The Escrow Agent hereby acknowledges the receipt of copies of the Resolution, the Prior Indenture, and the Indenture. Any reference herein to, or citation herein of, any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

Section 2. Deposit of Moneys. The Authority hereby directs that the Escrow Agent, in its capacity as Trustee for the Bonds, deposit with the Escrow Agent $_____ **[BOND PROCEEDS AMOUNT]** by federal funds wire (which deposit may also be made via federal funds wire of said amount directly from Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as underwriter of the Bonds), representing a portion of the net proceeds of the sale of the Bonds, to be held in an irrevocable escrow by the Escrow Agent separate and apart from other funds of the Authority, the Trustee, and the Escrow Agent, in a fund hereby created and established to be known as the "**Escrow Fund**" to be applied solely as provided in this Escrow Agreement. The Authority further directs that the Escrow Agent, in its capacity as Prior Trustee under the Prior Indenture, transfer or cause to be transferred the following funds for deposit in the Escrow Fund; (i) from the Reserve Fund established under the Prior Indenture with respect to the Prior Bonds the amount of $_____ and (ii) from the Payment Fund established under the Prior Indenture with respect to the Prior Bonds the amount of $_____. All moneys in the Escrow Fund, in the amount of $_____, will be held uninvested as cash. Such moneys shall be at least an amount sufficient (i) to refund and redeem the Refunded Bonds and discharge the Prior Indenture in accordance with its terms and (ii) to pay on the Redemption Date, the accrued interest on the Refunded Bonds maturing on and

after June 1, 2012, the principal amount of the Refunded Bonds maturing on June 1, 2012, and the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds maturing after June 1, 2012.

Section 3. No Investment of Moneys. All amounts held in the Escrow Fund shall be held as cash.

Section 4. [RESERVED].

Section 5. [RESERVED].

Section 6. Irrevocable Deposit; Express Trust. The escrow created hereby shall upon the issuance of the Bonds be irrevocable, and all moneys held in the Escrow Fund shall be subject to the express trust created by this Escrow Agreement until paid out, used, and applied in accordance with this Escrow Agreement.

The deposits made pursuant to Section 2 hereof shall, upon the issuance of the Bonds, constitute an irrevocable deposit for the benefit of the Refunded Bonds, and the moneys shall be held in trust, and shall be applied solely by the Escrow Agent in accordance with the provisions of this Escrow Agreement. None of the moneys deposited with the Escrow Agent under this Escrow Agreement shall, except as provided in Sections 7 and 8 hereof, be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium, if any, and interest on the Refunded Bonds.

Section 7. Payment of Refunded Bonds.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay on the Redemption Date, the accrued interest on the Refunded Bonds maturing on and after June 1, 2012, the principal amount of the Refunded Bonds maturing on June 1, 2012, and the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds maturing after June 1, 2012. THE AUTHORITY IRREVOCABLY WAIVES ITS RIGHTS TO REDEEM THE REFUNDED BONDS ON ANY OTHER DATE. Any moneys remaining in the Escrow Fund after payment in full of the principal of, unpaid interest on, and premium, if any, on the Refunded Bonds shall be repaid by the Escrow Agent to the Authority.

(b) Notice. The Authority hereby irrevocably instructs the Escrow Agent to mail to the owners of the Refunded Bonds and the Prior Bond Insurer in accordance with Section 4.3 of the Prior Indenture, a notice that the Refunded Bonds will be redeemed in full on the Redemption Date. The form of the notice to be mailed is attached hereto as Exhibit A. The Authority further irrevocably instructs the Escrow Agent to mail a copy of such notice to the Securities Depositories (as hereinafter defined) and to the Information Services (as hereinafter defined).

"**Securities Depositories**" means The Depository Trust Company, 55 Water Street, 22nd Floor, New York, New York 10041-0099, Attn. Call Notification Department, Facsimile transmission: (212) 855-7232, or, in accordance with the then current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories,

as the Authority may indicate in a certificate of the Authority delivered to the Escrow Agent.

"**Information Services**" means Financial Information, Inc.'s "Financial Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service "Municipal and Government," 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bonds Department; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds, or no such services, as the Authority may designate in writing to the Escrow Agent.

(c) Unclaimed Moneys. To the extent permitted by law, any moneys which remain unclaimed for (i) two years after the principal of all of the Refunded Bonds has become due and payable, if such moneys were so held at such date, or (ii) two years after the date of deposit of such moneys if such moneys were deposited after said date when all of the Refunded Bonds become due and payable, shall be repaid by the Escrow Agent to the Authority; provided, however, that before being required to make any such payment to the Authority, the Escrow Agent shall at the expense of the Authority cause to be mailed to the owners of such Refunded Bonds a notice that said money remains unclaimed and that, after a date named in such notice, the balance of such money then unclaimed will be returned to the Authority.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the Prior Indenture, upon deposit with the Escrow Agent in the Escrow Fund of moneys in the amounts set forth in Section 2 hereof, all liability of the Authority with respect to such Refunded Bonds shall cease, terminate, and be completely discharged, and the owners thereof shall thereafter be entitled only to payment out of such money deposited with the Escrow Agent as aforesaid for their payment, subject however, to Section 7(c) hereof.

Section 8. Application of Certain Terms of the Prior Indenture. All of the terms of the Prior Indenture relating to the transfer and exchange and the making of payments of principal and interest on the Refunded Bonds are incorporated in this Escrow Agreement as if set forth in full herein.

Section 9. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

Section 10. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2 and 3 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer, or otherwise dispose of the moneys held hereunder.

Section 11. Indemnity. To the extent permitted by law, the Authority hereby assumes

liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save, and keep harmless the Escrow Agent and its respective successors, assigns, agents, and employees, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses, and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery, and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, and any payment, transfer, or other application of moneys by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, agents, or employees. In no event shall the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section 11 shall survive the termination of this Escrow Agreement.

Section 12. Responsibility of Escrow Agent. The Escrow Agent shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of such moneys to pay the Refunded Bonds, or any payment, transfer, or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the amounts deposited in the Escrow Fund to accomplish the refunding of the Refunded Bonds or to the validity of this Escrow Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered, or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Authority.

Section 13. Amendments. This Escrow Agreement is made for the benefit of the Authority and the owners from time to time of the Refunded Bonds, and it shall not be repealed, revoked, altered, or amended without the written consent of all such owners, the Escrow Agent, [the Bond Insurer,] and the Authority; provided, however, that the Authority, [the Bond Insurer,] and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Escrow

Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners or the exclusion from gross income of interest payable on the Refunded Bonds for purposes of federal income taxation, and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the Prior Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers, or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Escrow Agreement additional funds, securities, or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized bond counsel, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition, or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 14. Insufficient Funds. If at any time the moneys in the Escrow Fund will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall notify the Authority in writing, immediately upon its actual knowledge of such deficiency, of the amount thereof and if actually known to it the reason therefor. The Escrow Agent shall have no further responsibility regarding any such deficiency.

Section 15. Notices. In the event that this agreement or any provision thereof is severed, amended, or revoked, the Authority shall provide written notice of such severance, amendment, or revocation to Standard & Poor's Ratings Service, 55 Water Street, 38th Floor New York, NY 10041 Attention: Public Finance Surveillance Group. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made to Wells Fargo Bank, National Association, 707 Wilshire Boulevard, 17th Floor, Los Angeles, California 90017. [**CONFIRM:**] [Any notice to or demand upon the Bond Insurer may be served or presented, and such demand may be made to the Bond Insurer at _____ [NAME], _____ [ADDRESS], _____ [CITY, STATE, ZIP CODE], Attention: _____.] Any notice to the Prior Bond Insurer shall be sent to Ambac Assurance Corporation One State Street Plaza, New York, New York 10004, Attention: Surveillance Department. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Authority at City of Oxnard Financing Authority, 300 West Third Street, Oxnard, California 93030, Attention: Authority Controller (or such other address as may have been filed in writing by the Authority with the Escrow Agent).

Section 16. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 7(c) of this Escrow Agreement.

Section 17. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Authority and any other reasonable fees and expenses approved by the Authority; provided, however, that under no

circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement.

Section 18. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement to be performed on the part of the Authority or the Escrow Agent should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 19. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 20. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF OXNARD FINANCING AUTHORITY

By:_____
James Cameron
Authority Controller

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Escrow Agent

By:_____
Authorized Officer

SCHEDULE A

On the date of issuance of the Bonds, Wells Fargo Bank, National Association, as Escrow Agent, shall receive and deposit the moneys referred to in Section 2 of the Escrow Agreement as follows:

SOURCES OF FUNDS TO BE RECEIVED
FOR DEPOSIT IN THE ESCROW FUND

Bond Proceeds ..... $_____

Reserve Fund of Prior Indenture ..... $_____

Payment Fund of Prior Indenture ..... $_____

TOTAL SOURCES ..... $_____

USES OF FUNDS DEPOSITED IN ESCROW FUND

Cash to be held in Escrow Fund ..... $[CASH AMOUNT]

TOTAL USES ..... $_____

Exhibit A

NOTICE OF REDEMPTION

TO THE HOLDERS OF
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING AND PROJECT BONDS, SERIES 2001

NOTICE OF FULL REDEMPTION

TO THE HOLDERS OF
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING AND PROJECT BONDS, SERIES 2001

NOTICE is hereby given on behalf of the City of Oxnard Financing Authority (the "**Authority**") that, pursuant to Section 4.1(a) of the Trust Indenture dated as of June 1, 2001 (the "**Indenture**"), by and among the Authority, the City of Oxnard, and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"), the above-referenced bonds (the "**Bonds**") in the aggregate principal amount of $9,400,000 as listed below are being called for redemption on June 1, 2012 (the "**Redemption Date**"), at the redemption price of 100% (expressed as a percentage of the principal amount of Bonds called for redemption) (the "**Redemption Price**") plus accrued interest to the Redemption Date. On and after the Redemption Date, interest shall cease to accrue on the Bonds.

Maturity Date (June 1)	Interest Rate	Redemption Price	Principal Amount Called	CUSIP No.
2013	4.500%	100%	$ 340,000	691879 BW9
2014	4.700%	100%	$ 355,000	691879 BX7
2015	4.750%	100%	$ 370,000	691879 BY5
2016	4.800%	100%	$ 385,000	691879 BZ2
2017	5.000%	100%	$ 405,000	691879 CA6
2018	5.000%	100%	$ 425,000	691879 CB4
2019	5.000%	100%	$ 445,000	691879 CC2
2026	5.000%	100%	$3,825,000	691879 CD0
2030	5.125%	100%	$2,850,000	691879 CE8

Payment of the Redemption Price on the Bonds called for redemption will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner.

By Registered or Certified Mail:	If in person, by hand:	By Air Courier:
Wells Fargo Bank Minnesota, N.A.	**Wells Fargo Bank Minnesota, N.A.**	**Wells Fargo Bank Minnesota, N.A.**
Attn: Corporate Trust Operations	Northstar East Building	Attn: Investor & Payment Services
P.O. Box 1517	608 Second Avenue South	MAC Code: N9303-121
Minneapolis, MN 55480-1517	12`h Floor-Corporate Trust Services	Sixth and Marquette
	Minneapolis, MN	Minneapolis, MN 55479

Our customer service number is 1-800-344-5128.

Registered or certified mail is suggested when submitting Bonds for payment.

When inquiring about this redemption, please have the Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Bonds.

Withholding of 30% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2001, unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please

furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

The CUSIP numbers have been assigned by Standard & Poor's Corporation and are included solely for the convenience of the Bondholders. Neither the Authority nor the Trustee shall be responsible for the selection or use of the CUSIP numbers nor is any representation made as to their correctness on the Bonds or as indicated in any redemption notice.

Dated: _____, 2012

Wells Fargo Bank, National Association
as Trustee

CITY OF OXNARD FINANCING AUTHORITY

POST-ISSUANCE TAX COMPLIANCE POLICY AND PROCEDURES RELATING TO TAX-EXEMPT AND DIRECT PAY SUBSIDY BONDS

I. General.

A. Appointment of Compliance Officer and Duties.

It is the policy of the City of Oxnard Financing Authority (the "Issuer") to comply with all federal tax laws and regulations applicable to tax-exempt and direct pay subsidy bonds and other obligations (hereinafter referred to as "Debt"). The Issuer's Controller (the "Officer") shall be primarily responsible for administering and monitoring compliance with the requirements of this Policy at least annually. Set forth below are the processes and procedures for ensuring compliance with this Policy, specifically as it relates to: (a) compliance with arbitrage and arbitrage rebate requirements relating to Debt, (b) allocation and tracking of the investment and expenditure of Debt proceeds and (c) monitoring the use of Debt-financed facilities to ensure compliance with private use limitations. The Officer shall conduct compliance reviews at least annually to ensure ongoing compliance with this Policy.

B. Consultation with Bond Counsel.

The Issuer will consult with its bond counsel regarding the processes and procedures described in this Policy to the extent necessary to ensure compliance herewith. At the request of the Officer, bond counsel will provide guidance and training to the Officer and other Issuer personnel on issues regarding compliance with this Policy and applicable federal tax laws and regulations governing Debt.

C. Training of Personnel.

The Officer will be responsible for training all Issuer personnel responsible for ensuring compliance with all or any part of this Policy, including the importance of the records retention requirements described below. In addition, when any Issuer personnel are designated to serve as a new Officer under this Policy, the resigning Officer or bond counsel to the Issuer will meet with the new Officer to acquaint such person with the Debt subject to this Policy and the tax documentation and records relating thereto and to provide the training necessary to ensure continued compliance with the policies and procedures set forth herein.

D. Compliance with Tax Certificates.

This Policy is designed to provide general policies and procedures regarding post-issuance tax compliance applicable to all Debt issues. In addition to compliance with this Policy, the Officer will take such further actions as may be necessary to comply with any

specific policies, procedures or requirements set forth in the tax certificate relating to each specific Debt issue. In furtherance of this requirement, the Officer should be familiar with any such additional procedures or requirements that may be set forth in the tax certificate for a particular Debt issue and keep appropriate records to evidence compliance with any such additional procedures or requirements.

II. Tax-Exempt Debt.

A. Arbitrage and Arbitrage Rebate.

1. Arbitrage Rebate, Yield Restriction and Yield Reduction Payments. If arbitrage rebate or yield reduction payment calculations are required for any issue of Debt, the Issuer will retain a third-party arbitrage rebate services firm to perform such arbitrage rebate or yield reduction payment calculations or otherwise develop the skills and expertise necessary to make such calculations. All necessary calculations will be made to ensure that the Issuer has satisfied its arbitrage rebate or yield reduction payment obligations, if any. The Issuer shall also perform the necessary calculations to determine whether the Debt qualifies for an exception to arbitrage rebate. In the event the Issuer owes arbitrage rebate or has a yield reduction payment liability to the Internal Revenue Service (IRS), the Issuer will timely submit to the IRS Form 8038-T, Arbitrage Rebate Yield Reduction or Penalty in Lieu of Arbitrage Rebate, as applicable, together with an amount equal to the Issuer's outstanding arbitrage rebate or yield reduction payment liability as so calculated. The Issuer will also monitor the investment and expenditure of Debt proceeds to ensure compliance with any applicable yield restriction requirements and take such actions as may be necessary to restrict the yield on such proceeds to the permitted yield or, if applicable, make the required yield reduction payments.

2. Monitoring Refunding Escrows. Escrow funds related to refunded Debt will be established so that the escrow agent or bond trustee will have the primary responsibility, in accordance with the instructions provided in the documents creating the escrow, to initiate all actions required to remain in compliance with yield limitations related to refunding escrow accounts, including the reinvestment of proceeds to maintain yield requirements.

3. Debt Service Monitoring. The Officer will verify that all payments made for fixed-rate and variable rate debt issues match the required payments under the terms and conditions of the applicable financing documents. The Officer will also verify that all payments made and/or received under interest rate swaps or similar derivative agreements match the payment requirements of the applicable documents establishing such interest rate hedging or derivative arrangements.

4. Interest Rate Hedges. The Issuer will either (a) utilize a third-party swap advisor or bidding agent to bid out interest rate swaps or similar derivative agreements and will endeavor to receive at least three bids to ensure such agreements reflect fair market value or (b) negotiate interest rate swaps or similar derivative agreements and obtain appropriate certifications from a third-party swap advisor to ensure such agreements reflect fair market value. Additionally, the Issuer will consult with its bond counsel with respect to all interest rate swaps or similar derivative agreements related to an outstanding or prospective Debt issue prior to the date on which such agreement is entered into in order to confirm compliance with applicable federal tax laws and regulations relating to interest rate hedges.

5. Reissuance Monitoring. The Officer will monitor any proposed changes to be made to the terms of the Debt subsequent to its issuance, including changes to the interest rate, principal payments, maturity, security, interest rate hedges or liquidity (the "Modifications"), and will review such Modifications with Bond Counsel to determine whether or not they would result in the Debt being treated as a new issue for tax purposes (a "reissuance"). In the event of a reissuance, the Officer, in consultation with Bond Counsel, will have the Issuer take such actions as are necessary to maintain the tax-exempt status of the Debt.

6. Records Retention. The Issuer will maintain, or cause to be maintained, records relating to arbitrage compliance monitoring for Debt for the entire term of the applicable Debt plus six years, or, in the case of Debt refunded by one or more subsequent issues, for the combined term of the refunded and refunding Debt plus six years. Documents to be maintained include the following types of information: any calculations or reports generated internally or by an arbitrage rebate services firm relating the calculation of the bond yield or investment yields and the calculation of the potential rebate and yield reduction payment liability, interest rate hedging documents, documentation related to the investment of Debt proceeds, escrow receipts and subscriptions, investment agreements, credit enhancement documents, documentation related to the bidding of financial products and bank statements for all funds associated with a Debt issue.

7. Remedial Action. In the event that the Officer determines that the Issuer has failed to comply with any arbitrage or arbitrage rebate requirements, the Officer will promptly notify the City Manager of the City of Oxnard (the "City Manager") and, in consultation with bond counsel, will recommend any remedial action(s) necessary to avoid the Debt being declared taxable by the IRS, as described in the Treasury Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program described under Notice 2008-31.

B. Allocation and Tracking of Debt Proceeds.

1. Deposit and Investment of Proceeds. Upon closing of a Debt issue, the proceeds of the Debt shall be deposited with the bond trustee or a third-party financial institution and invested in permitted investments purchased at fair market value. In all cases, a separate and unique account in the Issuer's financial reporting system will be established to track deposit, investment and expenditure activity related to proceeds of each specific issue of Debt. If necessary, the Issuer shall establish separate accounts or subaccounts to account for certain proceeds of a particular issue of Debt that are to be used for separate purposes (i.e., separate construction fund and debt service reserve fund).

2. Records Retention. The Issuer will maintain, or cause to be maintained, records relating to the allocation and tracking of Debt proceeds for the entire term of the applicable Debt plus six years, or, in the case of Debt refunded by one or more subsequent issues, for the combined term of the refunded and refunding Debt plus six years. The Officer will also be responsible for communicating the records retention policies to any departments or employees involved in the expenditure and allocation of Debt proceeds, and such departments or employees will be responsible for adhering to the requirements outlined by the Officer with regards to records retention for expenditure of Debt proceeds. Records may be maintained in paper and/or electronic form. The Officer will obtain and retain, or caused to be obtained and retained, documentation from prior Debt issues if that documentation is available. Specifically, the information to be retained is as follows:

   a. Design and Construction Contracts. Design and construction contracts and supporting documentation relating to each project financed by the Debt.

   b. Project Files. Project files, including architects' and engineers' pay applications, appraisals, etc.

   c. Bank and Trustee Statements. All bank and/or bond trustee statements evidencing the deposit, investment and expenditure of Debt.

   d. Invoices and Payment Information. Invoices, checks and other payment information, including (1) the Debt issue to which such proceeds relate, (2) vendor names and other identification numbers, (3) invoices, purchase orders and small purchase numbers and (4) check amounts, dates and numbers. The Officer shall also maintain, or caused to be maintained, a spreadsheet or other statement detailing the deposit, investment and expenditure activity for each account or subaccount established for each Debt issue and reconcile the spreadsheet or statement to the Issuer's financial system periodically.

e. Tracking of Working Capital Expenses. Documentation of working capital expenses financed with Debt proceeds including salaries, start-up expenses, and other non-capitalized expenditures.

f. Financing Documentation. Documentation related to the Debt issue, including a copy of the closing transcript for the financing. Documentation to be retained, either as part of the transcript for a financing or otherwise, will include, as applicable, the authorizing resolution(s), Tax Certificate, copy of IRS Forms 8038-G, 8038, 8038B or 8038-TC (together with proof of filing), the certificate as to the "issue price" of the obligations, a copy of the offering document for the Debt issuance, any escrow agreements or verification reports, any official reimbursement declarations relating to the Debt and the opinion of bond counsel as to the tax-exempt status of the Debt.

C. Use of Debt-Financed Facilities.

1. Monitoring Private Business Use. To ensure compliance with laws and regulations for private business use of Debt-financed facilities, the Officer, along with personnel from other departments as required, will establish processes to identify, monitor and track any private use of Debt-financed facilities, including leases, management contracts, take-or-pay contracts, naming rights agreements and other similar agreement providing special legal entitlements to the private user, and will take all necessary actions to correct any non-compliance with private use limitations.

2. Education and Outreach Regarding Private Business Use. The Officer will be responsible for training appropriate personnel of the Issuer in identifying, monitoring and tracking private use and confirming compliance with the applicable federal laws and regulations related to private business use of Debt-financed facilities.

3. Consultation with Bond Counsel. The Officer will consult with bond counsel as necessary to determine what constitutes private use of Debt-financed facilities and to appropriately measure the percentage of private use allocable to any such facilities in order to comply with the federal laws and regulations related to private business use of Debt-financed facilities.

4. Private Business Use Records Retention. The Officer will maintain, or cause to be maintained, records relating to private use of Debt-financed facilities for the entire term of the applicable Debt plus six years, or, in the case of an issue refunded by one or more subsequent issues, for the combined term of the refunded and refunding Debt plus six years.

5. Remedial Action. In the event that the Officer determines that the Issuer is at risk for exceeding the permissible level of private use of Debt-financed facilities, the Officer

will promptly notify the City Manager and, in consultation with bond counsel, will recommend any remedial action(s) necessary to avoid the Debt being declared taxable by the IRS, as described in the Treasury Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program described under Notice 2008-31.

III. Direct Pay Subsidy Debt (Build America Bonds, Recovery Zone Economic Development Bonds and Other Tax Credit Bonds).

A. Restriction on Premium.

The Issuer will work with its underwriter and/or financial advisor when issuing direct pay subsidy Debt to ensure that none of the maturities are issued with more than a de minimis amount of premium.

B. Subsidy Filings.

For each direct pay subsidy Debt, a schedule will be developed by the Officer calculating the applicable subsidy amount related to each interest payment. This schedule will correspond to the final debt service schedule for the Debt determine after the sale is finalized. The schedule will also indicate the applicable filing window for each interest payment. The Officer will, during that window, complete the 8038-CP form, send it to the bond trustee (if applicable) to ensure accuracy, have the form executed by an appropriate authorized signatory and mail the form, certified return receipt, to the IRS. The Officer will document that the form has been submitted and will monitor the appropriate account to ensure that payment is received prior to the interest payment due date, and follow up if needed.

C. Compliance with Applicable Policies and Procedures.

The Issuer will comply with the policies and procedures outlined in Section II above to direct pay subsidy Debt in the same manner required for tax-exempt Debt to the extent applicable.