

Greg Nyhoff
City Manager



Office of the City Manager

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M E M O R A N D U M

TO: Mayor and City Council

FROM: Greg Nyhoff, City Manager 

SUBJECT: **Letter from MUFG Union Bank, N.A. Regarding Letter of Credit**

DATE: March 29, 2016

This memorandum is to notify Council that MUFG Union Bank issued a letter to the City on March 24, 2016 notifying us that they need the City's financial statements no later than May 9, 2016, otherwise, they reserve the right to declare an Event of Default under the three agreements the City currently has with the bank.

Due diligence by the MUFG Union Bank, N.A. requires them to formally notify the City of the missed deadlines and to notify us of the fact that they are not waiving their right to consider this lack of compliance with the terms of the Agreements a potential Event of Default. This does not mean that they are declaring a default.

When this notice was received, staff had already scheduled a meeting with Le T. Quach, the Vice President responsible for our account. The meeting is scheduled for tomorrow, March 30, 2016. This letter, the current status of the audit and financial reports and renewal of the Agreements when they expire in August will be discussed. All of the City's dealings with MUFG Union Bank N.A. have been positive and constructive and we look forward to addressing their concerns about the delay in continuing disclosure. The bank carries a AAA rating and we value their support.

For your information. Feel free to contact me if you have any questions.

Attachment 1: 3/24/16 Letter from MUFG Union Bank re: Notice re: Reimbursement Agreements



MUFG Union Bank, N.A.
Le T. Quach, Vice President
445 South Figueroa Street, 5th Floor
Los Angeles, CA 90071
T: +1-213-236-5203
F: +1-213-236-6917
le.quach@unionbank.com

March 24, 2016

Michael More
Financial Services Manager
City of Oxnard
300 West Third Street, Suite 302
Oxnard, CA 93030
Mike.More@ci.oxnard.ca.us

Dave Millican
Interim Chief Financial Officer
City of Oxnard
300 West Third Street
Oxnard, CA 93030
Dave.Millican@ci.oxnard.ca.us

City of Oxnard
300 West Third Street
Oxnard, CA 93030
Attention: Chief Financial Officer

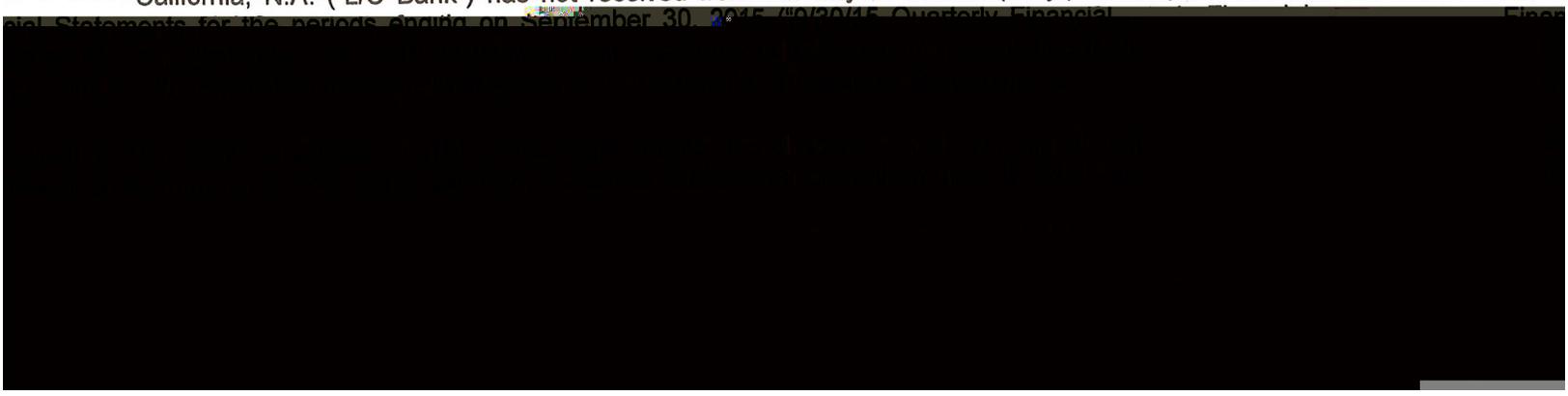
Re: Reimbursement Agreement dated August 1, 2008 among the City of Oxnard, City of Oxnard Financing Authority and MUFG Union Bank (formerly, Union Bank of California, N.A.) relating to \$13,060,000 (original amount) City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds, Series 2003B;

Reimbursement Agreement dated August 1, 2008 among the City of Oxnard, City of Oxnard Financing Authority and MUFG Union Bank (formerly, Union Bank of California, N.A.) relating to \$23,515,000 (original amount) City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds (Civic Center Phase 2 Project), Series 2006; and

Reimbursement Agreement dated August 1, 2008 among the City of Oxnard, City of Oxnard Financing Authority and MUFG Union Bank (formerly, Union Bank of California, N.A.) relating to \$23,975,000 (original amount) City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), Series 2004B (collectively, the "Agreements")

Dear Mssrs. More and Millican:

NOTICE IS HEREBY GIVEN that MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A. ("L/C Bank") has not received from the City of Oxnard ("City") the City's quarterly



February 15, 2016, respectively (forty-five (45) days after the end of each quarter of each of the City's fiscal year); and the deadline to deliver the 2014/2015 FYE Financial Statements was December 31, 2015, (six (6) months after the end of the City's fiscal year (June 30, 2015)).

In late September 2015, Anne Kupfer and I contacted the City's Chief Financial Officer to discuss the City's outstanding 2014/2015 FYE Financial Statements. During the call, the City advised the L/C Bank that such Financial Statements would be provided by January 2016. On March 16, 2016, Anne Kupfer contacted the City's Financial Services Manager regarding the outstanding quarterly and fiscal-year end Financial Statements, and was advised that the City will not be completing the 2014/2015 Quarterly Financial Statements, and the June 30, 2015 fiscal year-end Financial Statements will be delayed until at least May 2016. As you are aware, failure to deliver such Financial Statements to the L/C Bank is a violation of Section 5.01(j) of the Agreements.

L/C Bank hereby reserves the right to declare an Event of Default under the Agreements if the Financial Statements are not delivered to L/C Bank on or before May 9, 2016.

Sincerely,



Le T. Quach
Vice President - Public Finance
MUFG Union Bank, N.A.

cc: Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Attention: Corporate Trust Dept.
Los Angeles, CA 90017